



ROUNDTABLE BRIEF

Rethinking the Future of Decentralization and Multilevel Governance

Takeaways from the 2026 Global Roundtable on Decentralization and Multilevel Governance

On February 26-27, 2026, the Local Public Sector Alliance (LPSA), together with a broad coalition of partners—including the Forum of Federations, NYU’s Wagner Graduate School of Public Service, NYU’s Center on International Cooperation (CIC), the Commonwealth Local Government Forum, the Organisation for Economic Cooperation and Development (OECD), United Cities and Local Governments (UCLG), UNDP, the SDSN Global Commission for Urban SDG Finance, and the World Bank—convened global thought leaders, practitioners, researchers, and policymakers for the 2026 Global Roundtable on Decentralization and Multilevel Governance at NYU’s Wagner School in New York City.

The roundtable took place at a moment of significant transition in the global development landscape. As official development assistance declines, countries face growing pressure to rely on their own public sector systems to deliver responsive, efficient, and accountable services. Against this backdrop, discussions focused on the role of inclusive and effective multilevel governance systems in enabling global stability, sustainable development, climate resilience, and stronger public financial management.

By bringing together a diverse set of actors across disciplines and institutional perspectives, the roundtable provided a space for candid reflection, shared learning, and strategic dialogue. It reinforced the need for stronger collaboration and more deliberate field-building within the decentralization and multilevel governance community. The discussions surfaced a set of insights that cut across regions, sectors, and institutional perspectives. The following ten points synthesize the roundtable’s central messages.

1. Decentralization and multilevel governance reforms are not neutral, technical processes

Decentralization and multilevel governance (MLG) have traditionally been pursued as a means to a specific end, such as strengthening democratic systems or improving service delivery. However, multilevel governance reforms cannot be treated as neutral, technical processes. They are fundamentally shaped by political economy dynamics, institutional incentives, and implementation realities. The picture is complicated by the different types of reforms at stake. Political decentralization devolves political power and decision-making authority, thereby determining the extent to which subnational actors have meaningful institutional and legal autonomy. But in practice, regional and local empowerment is often limited by the extent of administrative decentralization and subnational administrative capacity, as well as by fiscal decentralization, which allocates revenue instruments and intergovernmental transfers, determining whether subnational governments have the resources to act. These three dimensions often move at different speeds and sometimes even in different directions. Treating them as a single process—or pushing one dimension without due consideration of the others—produces reform strategies that risk addressing the wrong constraint.

In many contexts, political actors at the center have limited incentives to devolve authority or resources. Decentralization may threaten established power structures, fiscal control, or patronage networks. At the same time, decentralization does not automatically follow from democratic governance: in some cases, regimes adopt the appearance of decentralization while retaining effective control through administrative, fiscal, or political mechanisms. As a result, formal reforms can coexist with highly centralized decision-making in practice.

Often, political economy obstacles are misdiagnosed as capacity problems. Capacity building, in the form of training, technical assistance, or diagnostic tools, has been the default response of external actors. This is partly because external actors can more easily fund and implement these interventions rather than promoting systems-change that requires political economy contestation. As a result, traditional investments in decentralization reforms have yielded limited returns. For example, collecting or increasing property taxes is not only a technical or capacity issue; it requires different incentive structures. The implication is that successful multilevel governance depends less on the adoption of formal frameworks (as important as they are) but also more on understanding and shaping how incentives shape behavior. Reforms must therefore be grounded in political reality and context-specific analysis. Purely formal reforms will underperform if they do not account for the incentive structures that determine whether these frameworks are implemented, circumvented, or simply ignored.

2. Eroding trust, reduced legitimacy, and a global tendency toward greater centralization

The degree of centralization versus decentralization in government tends to shift over time, much like a pendulum, in response to changing political, economic, and institutional conditions. The current global moment suggests that this pendulum is swinging decisively back toward centralization.

In many countries, recent crises—including geopolitical tensions, security challenges, and financial instability—have reinforced centralizing reflexes, as national governments consolidate authority in response to uncertainty. At the same time, many international processes and institutional arrangements reinforce central government dominance, with limited space for effective engagement of subnational actors. Meanwhile, citizens’ trust in public institutions is eroding. Governments may retain formal authority, but declining service quality, weak accountability, and limited responsiveness contribute to a growing disconnect between citizens and the state.

Globally, decentralization reforms have stalled or reversed, especially in countries where local democratic institutions are under pressure. Even where multilevel governance frameworks remain formally intact, broader governance dynamics are shifting in ways that weaken multilevel systems. In this environment, a reform trajectory towards more inclusive and effective multilevel governance cannot be assumed. It must be justified through demonstrable performance – specifically through improvements in the provision of the public services that citizens experience firsthand—and sustained through measurable results, attributable to subnational actors and visible to the public. The field’s persistent difficulty in producing evidence—whether, and under what circumstances, specific decentralization interventions produce positive results—is one reason why decentralization remains vulnerable to centralizing pressure.

3. Collapse of the global development architecture is placing the focus on effective multilevel country systems

The global development architecture is undergoing a profound transformation, with important implications for decentralization and multilevel governance. Declining levels of official development assistance, the withdrawal of major development actors, shifts from grant-based financing toward lending, and continued fragmentation in global cooperation are reshaping the context in which development objectives are pursued.

Traditional models of externally driven reform are receding as donors retreat. Development partners have historically played a central role in shaping decentralization agendas, providing both financial resources and technical guidance. However, as external support

becomes more limited and more selective, countries must increasingly rely on their own political, fiscal, and institutional capacities to drive reform processes.

This shift places greater emphasis on the domestic commitment to multilevel governance and the effectiveness of country systems. External actors can still play an important role, but it is increasingly clear that global development partners cannot substitute for domestic political and institutional commitment.

As roles are rebalanced and development partners step back, it is important that new coalitions are formed that continue to pursue inclusive and efficient multilevel governance systems in a sustainable fashion. In many countries, domestic actors must not only take over the management of subnational governance reforms, but also sustain and deepen the broader policy reform ecosystem that underpins them. Too often, progress has depended on individual champions rather than on durable institutions. Lasting MLG reform therefore requires investment in institutional infrastructure—administrative routines, accountability mechanisms, and professional norms—that can endure beyond external support and individual leadership. Country experiences suggest that the full impact of reforms may only become visible over decades, highlighting the need to move beyond short-term horizons and focus on building systems that can sustain reform over time.

At the same time, the role of parallel delivery structures—such as special purpose vehicles, parastatals, project implementation units, and quasi-public entities—deserves far greater attention within multilevel governance reform efforts. Many of these structures were established—often with development partner support, but sometimes also by national governments themselves—to vertically channel resources and implementation authority to the frontline while bypassing regional and local governments and retaining central control over resources and decision-making. The decentralization and MLG community has often treated these parallel sectoral systems as peripheral to governance reform, focusing instead on strengthening subnational governments within formal institutional frameworks. As a result, reforms have frequently failed to engage with the reality that service delivery authority, financing, staffing, and accountability are often exercised through these intermediary structures rather than through conventional intergovernmental systems. As external support recedes, these hybrid arrangements are likely to remain central to frontline service delivery, despite remaining poorly integrated into MLG reform strategies.

4. Public finance *is* development finance

Public finance sits at the core of effective multilevel governance. Development outcomes are increasingly shaped not by external resources, but by how domestic public finances are mobilized, allocated, and managed across different levels of government. In this sense, public finance *is* development finance—especially at the regional and local levels, where frontline public services are provided.

While external assistance has not failed, it has been too limited in its ambition. Perhaps as a result, at the subnational level, structural constraints remain significant. Many local governments lack reliable own-source revenues and depend heavily on intergovernmental transfers that are frequently excessively conditional, unpredictable, or politically contested. Access to borrowing is limited, and infrastructure financing frequently prioritizes new investments over maintenance, leading to the accelerated deterioration of public assets. These challenges are compounded by fiscal pressures at the national level, which can weaken the ability and incentives to devolve resources.

Assigning responsibilities without ensuring adequate and predictable funding—through both own revenue sources and transfers—undermines both service delivery performance and public sector legitimacy. Strengthening intergovernmental fiscal systems therefore requires moving beyond transfer systems that tightly constrain subnational decision-making. It requires providing a (context-specific) optimal mix of conditional and unconditional transfers, building subnational own-source revenue capacity, developing workable borrowing frameworks with appropriate safeguards, and creating the domestic capital market conditions that make subnational finance viable over time.

While the fiscal dependency of subnational governments is partly structural and partly by design, the details of the intergovernmental fiscal system can either reinforce or constrain the centralizing political dynamics that define the current moment. Systems grounded in transparent rules and formula-based allocations make discretion and manipulation more visible, subject to public scrutiny, and—where legal frameworks allow—challengeable. Country experiences of successful devolution reforms over the past four decades—such as the Philippines, Indonesia, or South Africa—illustrate how such institutional design choices can help discipline central authority while preserving or improving predictability and equity in intergovernmental finance.

5. Service delivery exposes multilevel governance failures most clearly

Service delivery is where multilevel governance systems are ultimately put to the test—and where their strengths and weaknesses are most visible to citizens. Everyday manifestations of weak multilevel governance include government teachers who do not show up for work, health providers who divert patients to private practices, police officers seeking bribes, and other forms of frontline absenteeism and rent-seeking. These are not isolated failures, but symptoms of deeper systemic problems in how authority, incentives, and oversight are structured across levels of government.

In many countries, sectoral efforts to improve public services—whether in education, health care, water supply, or other sectors—tend to be organized in a top-down manner, often with weak linkages between frontline service providers and subnational governments and insufficient attention paid to the vertical aspects of accountability. Even when powers or

functions are devolved to local governments by law, it is not uncommon for central government ministries or agencies to de facto retain control over decision-making and resources. This often reflects underlying political economy forces—such as incentives to preserve authority, control fiscal flows, or maintain patronage networks—that can override formal institutional arrangements and limit the effective transfer of power.

A more effective approach would require governance experts and sector specialists at all relevant levels to work together, identifying concrete service delivery problems and using multilevel governance reforms as a framework for addressing them. If citizens do not experience tangible improvements, multilevel governance reforms will struggle to gain credibility.

6. Limited data weakens reform design and constrains reform advocacy

The lack of reliable, comparable, and actionable data remains a critical constraint in decentralization and multilevel governance, both within and between countries.

At the country level, policymakers are often unable to ensure that public resources are shared and spent efficiently and equitably without knowing exactly—vertically, horizontally, and by function—where public sector resources are currently being put to work. Data limitations also weaken the ability of citizens and reform advocates to engage effectively with key stakeholders and hold public officials to account. Without robust evidence, it is difficult to diagnose problems, design effective reforms, or build the political case for change.

The lack of publicly available subnationally disaggregated data is not always a technical or resource problem. Data unavailability can also arise by design. For instance, city managers have little interest in publishing data showing poor service delivery, while central governments have no interest in publicizing failures of systems for which they bear responsibility. As a result, weak subnational data systems often become self-reinforcing: the actors best placed to publish the data may have limited incentives to do so.

While global research and data collection efforts on decentralization and multilevel governance have expanded over the past two decades, significant gaps remain in understanding how multilevel governance arrangements affect outcomes such as service delivery, coordination, and accountability. Data on intergovernmental fiscal flows, subnational performance, and locally disaggregated service outcomes are often incomplete or inconsistent. The absence of comparable and timely subnational data—both within and between countries—limits the ability of policymakers to make informed decisions about decentralization and multilevel governance.

Strengthening data systems—and ensuring the public availability of more granular subnational data—is therefore a critical element of any reform. At all levels—from global to local—this requires improving access to administrative and fiscal data, developing comparable indicators, and investing in analytical tools that link governance arrangements to outcomes.

7. Asymmetry and adaptation are essential to effective multilevel governance

There is no universal model of decentralization or a one-size-fits-all solution to how a multilevel governance system must function. While general principles can provide guidance in improving the effectiveness of multilevel governance systems, the application of these principles must be carefully adapted to specific country contexts. This makes it difficult to transpose specific decentralization approaches or local governance practices from one place to another: political systems, administrative capacity, fiscal structures, and historical trajectories all influence how multilevel governance systems function.

In addition, effective public sector systems often involve nuanced and sometimes asymmetric arrangements within countries, where functions and authority may be distributed differently across levels of government, between urban and rural jurisdictions, or across regions. Even within the same categories of subnational governments, jurisdictions often vary in terms of institutional capacity, administrative readiness, fiscal management systems, and performance track records. Failure to recognize such variations, imposing overly uniform structures, or transplanting practices without sufficient attention to context can all lead to inefficiencies and mismatches between responsibilities and capabilities.

Decentralization should therefore be understood as an adaptive and iterative process. Policymakers and development partners should prioritize flexibility, learning, and institutional adaptation over rigid blueprint approaches, introducing carefully differentiated arrangements where appropriate. The effectiveness of multilevel governance lies not in conformity to a model, but in its ability to respond to context and deliver results.

8. Climate, cities, and crises are (re-)shaping the agenda

Climate change, rapid urbanization, and a series of recent crises—including pandemics, migration pressures, war, and energy disruptions—should not be seen as pressures competing for attention alongside multilevel governance challenges; instead, they are closely interrelated. Climate change, urbanization, fragility, and other global challenges amplify the demands on regional and local governments, often exposing the same underlying governance failures: diffuse responsibility, upwardly controlled financing, and local governments left to manage emergencies with neither the fiscal resources nor the administrative discretion the situation requires. These pressures frequently expose

coordination failures across levels of government, revealing weaknesses in communication, resource allocation, and accountability.

At the same time, crises can create openings for reform by highlighting the limitations of highly centralized approaches and the need for more responsive, locally grounded systems. For instance, regional and local governments—especially larger cities—are increasingly recognized as indispensable actors in climate adaptation, resilience, infrastructure planning, land use management, and local economic transitions. Many climate-related actions ultimately depend on decisions taken at the subnational level, even when policy frameworks and financing remain centralized.

Positioning multilevel governance in relation to concrete challenges helps demonstrate its practical relevance and mobilize broader support. Issues such as climate change, urbanization, conflict and fragility, and territorial inequality increasingly highlight the need for effective coordination across levels of government and stronger subnational institutions. These challenges currently provide some of the most compelling entry points for reframing the importance of multilevel governance in global and national debates. However, this framing must remain adaptive, as priorities and political attention will continue to shift over time.

9. The world needs multilevel governance more than ever—but the conditions for achieving it are getting harder

Multilevel governance is increasingly recognized as an essential precondition for sustaining the social contract, managing economic disparities, and addressing complex, cross-cutting challenges. Yet multilevel governance and decentralization are rarely seen as politically compelling or high-visibility policy agendas in their own right. Sector practitioners working on climate adaptation, urban development, health systems, fragility, migration, or public financial management increasingly recognize that many of the obstacles they face are fundamentally multilevel governance challenges—relating to coordination failures, unclear mandates, fragmented accountability, or mismatches between responsibilities and resources. However, these communities do not necessarily identify their challenges using the language or frameworks of decentralization and multilevel governance, and may not realize that a broader field of practice and evidence already exists around these issues.

At the same time, the conditions for achieving effective multilevel governance are becoming more difficult. Trends toward centralization, fiscal constraints, and declining trust in institutions all create barriers to reform. Political economy forces and institutional incentives often favor concentration of authority, even as effective service delivery increasingly requires coordinated and distributed systems that operate across levels of government.

This tension underscores the need for the global community of practice working on decentralization and multilevel governance to rethink how the field is framed and pursued. Rather than presenting decentralization or multilevel governance as a standalone sectoral or technical reform agenda, the field must position itself more explicitly as an enabling framework for solving concrete policy problems. This requires deeper engagement with sectoral communities, greater effort to translate multilevel governance concepts into operational language that resonates with practitioners in adjacent fields, and stronger demonstration of how MLG approaches can improve outcomes in areas such as climate resilience, conflict and fragility, territorial inequality, urban development, and public service delivery.

10. There is a need for a renewed, more coordinated global community of practice

Finally, it is important to recognize that the effectiveness of the decentralization and multilevel governance field is also shaped by the way its own community operates. Unlike other communities, there is no natural global lead institution. Instead, fragmentation across organizations, networks, and initiatives has led to duplication, gaps, and missed opportunities for impact.

Strengthening the decentralization and multilevel governance community of practice requires greater investment in shared public goods, including comparative evidence, diagnostic tools, performance data, and knowledge platforms. Improved coordination can help align efforts and increase collective effectiveness, but such coordination must ultimately be grounded in country priorities and domestic reform processes rather than externally driven agendas. In practice, this means supporting nationally identified challenges and reform pathways, while adapting global frameworks and comparative lessons to specific institutional and political contexts.

At the same time, there is a need to engage more systematically with adjacent practice communities working on climate, gender, urban development, and public financial management. Positioning multilevel governance as an enabling framework—rather than a parallel agenda—will be critical to ensuring its continued relevance and impact.

LPSA / Global Roundtable Brief
“Rethinking the Future of Decentralization and Multilevel Governance”
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The Local Public Sector Alliance (LPSA) is a global professional network of advocates for inclusive and efficient decentralization, localization, and multilevel governance.

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