

Decentralization and equity of resource allocation: Evidence from Colombia and Chile

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Objective: To investigate the relation between decentralization and equity of resource allocation in Colombia and Chile. **Methods:** The "decision space" approach and analysis of expenditures and utilization rates were used to provide a comparative analysis of decentralization of the health systems of Colombia and Chile. **Findings:** Evidence from Colombia and Chile suggests that decentralization, under certain conditions and with some specific policy mechanisms, can improve equity of resource allocation. In these countries, equitable levels of per capita financial allocations at the municipal level were achieved through different forms of decentralization - the use of allocation formulae, adequate local funding choices and horizontal equity funds. Findings on equity of utilization of services were less consistent, but they did show that increased levels of funding were associated with increased utilization. This suggests that improved equity of funding over time might reduce inequities of s