Decentralization of public expenditure responsibilities has spread in recent years in both developed and developing countries. However, only a part of these expenditures is funded by sub-central taxes and debt the rest is funded by grants. Fiscal autonomy is further reduced by the fact that only a part of these taxes are under effective sub-central control a high percentage of grants are earmarked, and debt autonomy is usually limited. Improving equity in the access to public services, avoiding tax competition and other inefficiencies, saving on administration costs, and ensuring financial sustainability, are arguments often put forward to justify the centralization of revenue decisions. Lack of revenue autonomy, however, is also said to negatively affect sub-central governance, public service efficiency and even the long-term fiscal stance. The aim of this workshop is to bring together original research papers that cast some light on these issues. Both theoretical and empirical papers are welcome. Keynote speakers: Robert P. Inman, University of Pennsylvania Dennir Epple, Carnegie Mellon University Kau A.Konrad, WZB Berlin