Fiscal Decentralization and Local Public Finance in Japan
Decentralization in Developing Countries
Externalities and Bailouts
Fiscal Decentralization and Fiscal Policy Performance
Fiscal Decentralization and Budget Control
Does Fiscal Decentralization Improve Health Outcomes?
OECD Fiscal Federalism Studies Measuring Fiscal Decentralisation Concepts and Policies
Fiscal Federalism in Theory and Practice
Local Public Financial Management
Fiscal Decentralization and Local Public Finance in Japan
The Impact of Fiscal Decentralization and Market Transition on Local Public Finance in China
Reforming Regional-local Finance in Russia
Intergovernmental Fiscal Relations
Macro Federalism and Local Finance
Financing Local Government
Fiscal Decentralization and the Challenge of Hard Budget Constraints
Multi-level Finance and the Euro Crisis
Fiscal Federalism and Political Decentralization
Local Finance
Fiscal Decentralisation and Decentralised Planning
On the Measurement and Impact of Fiscal Decentralization
Local Finance, Fiscal Decentralisation and Decentralised Planning
Restructuring Local Government Finance in Developing Countries
Sequencing Fiscal Decentralization
Municipal Finances
Central and Local Government Relations in Asia
Local Finance
Fiscal Decentralization and Local Finance Reforms in the Philippines
Fiscal Decentralisation, Local Government and Policy Reversals in Southeastern Europe
Fiscal Decentralization in Developing Countries
Fiscal Decentralization and Fiscal Performance
Local Accountability and National Coordination in Fiscal Federalism
The Oxford Handbook of State and Local Government Finance
Decentralization in Asia and Latin America
Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia
The Challenge of Fiscal Decentralization in Transition Countries
Strengthening Local Government Finance
Fiscal Decentralization and Local Finance in...
Transparent and prudent local financial management has come to be recognized as critical to the integrity of local public sector and to gaining and retaining trust of local residents. Such integrity and trust is sometimes lacking in some local governments in developing countries, especially in the Africa region. This volume attempts to provide practical guidance to local governments interested in establishing sound financial management systems. Leading international experts have contributed to all relevant aspects of local public financial management—cash management, internal controls, accounts, audits, and debt management.

One of the frequently observed issues related to fiscal decentralisation in developing and transition countries is that subnational governments may not have adequate resources to finance the expenditure responsibilities decentralised to them. This often results in expenditure needs not being met in poorer areas. In China, fiscal decentralisation has taken place in an extreme form, where the social security responsibility, a conventional central government function, has been devolved to subnational governments during the fiscal reforms. While existing studies have anatomised the problem of unmet fiscal needs in poorer areas of China using economic and political economy theories of fiscal federalism, they tend to under-estimate or neglect the fiscal needs induced by market transition—the increasing demand for social security by workers from state and non-state sectors since the mid-late 1990s. This research illustrates that excess fiscal decentralisation, as in the case of China, could also create serious fiscal burdens for relatively affluent local areas and generate unmet social security needs in these localities. It is discovered that in response to the emerging social security burdens, even the relatively affluent local governments are forced to adopt measures that may counter the intent of social benefit programs or produce other detrimental consequences. In addition, this dissertation applies statistical analysis to ascertain a few inconclusive issues raised by the China-
specific literature. It is perceived that the negative correlation between the share of consolidated provincial budgetary spending on social security and health sector has become stronger and more significant in more recent time. This suggests that the expansion of social security expenses at subnational levels might have bid away budgetary resources for health. The result from the multiple regression analysis indicates that the degree of market transition has explanatory power on the size of provincial government, even when a number of other independent variables are controlled for. However, the explanatory power of market transition on the size of central-provincial fiscal transfer is not robust.

Finding a proper way of financing in the process of fiscal decentralization is a challenging task facing many countries across the globe. This is also a critical issue in the Republic of Azerbaijan. That is, significant deficiencies observed in local governance financing present one of the challenging problems at present. This research identifies that the key problem hindering the effective functioning of municipalities is closely related to the present form of financing. Through examining available sources of municipal financing in the Azerbaijani context, it is concluded that that there should be more focus on a grant type of intergovernmental transfers with an emphasis on county-specific corrections. The research is based on a content analysis of documents, laws and background research, as well as an evaluation of semi-structured (e-mail) interviews conducted with twelve fieldworkers who have been closely involved in work with local governments in Azerbaijan. The research could a useful source for researchers, experts in the field, policy practitioners and students.

Sustainable and inclusive growth in emerging Asian economies requires high levels of public investment in areas such as infrastructure, education, health, and social services. The increasing complexity and regional diversity of these investment needs, together with the trend of democratization, has led to fiscal decentralization being implemented in many Asian economies. This book takes stock of some major issues regarding fiscal decentralization, including expenditure and revenue assignments, transfer programs, and sustainability of local government finances, and develops important findings and policy recommendations.
Representing a unique contribution to the analysis and discussion of the unfolding Eurozone crisis in terms of the relationship between central and local government, this book addresses a number of important fiscal and political economy questions. To what extent have local and regional governments contributed to the crisis? To what degree have sub-national services and investments borne the brunt of the adjustments? How have multi-level fissures affected tensions between different levels of government from the supranational to the local? This volume covers these and many other critical issues that have been largely ignored despite their relevance. The book first addresses general issues of fiscal coordination and management across levels of government in the context of incentives, which can be altered by the existence of a supranational tier. The country-specific chapters, prepared by leading experts, provide a thorough review of the key problems of multi-levels of government in the biggest economies in the Eurozone (France and Germany) and Southern Europe (Portugal, Spain, Italy and Greece). In further chapters the juxtaposition of Barcelona and Turin provides an opportunity to evaluate large investments in a multi-level context, associated, in this case, with the Olympics. Macedonia provides a discussion of the related issues in an EU accession country. As a whole, the book explores the long-term impact of the crisis on local service delivery and investment, and the consequences for sustainable growth and political cohesion. It also offers rarely found insights and suggestions to increase the stability and strength of multi-level European institutions. This is an enlightening resource for all those, from academics and graduates to policy makers and practitioners, seeking a comprehensive understanding of European fiscal, federal and financial issues.

'... this compilation of articles to fiscal federalism and local finance is of highest quality and a must for each scholar interested in this field. Moreover, it is edited by Wallace Oates who is the father of the analysis of fiscal federalism. Thus, it is no surprise that the book contains the most outstanding classical papers in the field. All in all, this selection of papers is the best that can be drawn from the literature. ... this volume ... has been published right in time to set the pace for the future.' - Lars P. Feld, Kyklos This volume presents an authoritative
collection of the most significant papers on fiscal federalism and local finance. In addition to some classic papers, it offers clear and insightful presentations of conventional wisdom in the field as well as recent papers which illuminate important issues and point the way to ongoing research. Topics covered include federal tax structure and the division of fiscal functions among levels of government, the effect of local taxes on economic growth, the systems of governmental grants, income redistribution, the theory and practice of local finance and fiscal decentralization in developing countries and transitional economies.

Greater fiscal decentralization is consistently associated with lower mortality rates. And its positive effects on infant mortality are greater in institutional environments that promote political rights.

The exposition is based on an analytical framework covering all ?building blocks? of fiscal federalism: size and structure of jurisdictions, expenditures, revenues, transfers, and borrowing. The application of this framework to Russian settings results in a comprehensive assessment of the state of intergovernmental fiscal relations in Russia.

This paper examines key aspects of the ongoing decentralization process in transition economies and identifies areas where the present systems can have potentially adverse impacts on both service delivery and macroeconomic performance. We discuss three critical principles of a sound and efficient decentralized fiscal system—and then show the contrasts between these and actual trends and policies in transition countries.

The intergovernmental fiscal issue is highly relevant given the worldwide movement toward more decentralized governance in both industrial and developing countries. Over the course of five decades Japan has developed a robust system of decentralized governance. This book investigates fiscal decentralization and local finance in Japan with a view to understanding how the process of decentralization has unfolded there and what the rest of the world can learn. The author sheds light on the drives leading up to a need for decentralization reform over the last decade and evaluates so-called ‘Trinity Reform’ implemented by the Koizumi
administration during 2004–2006. Finally, the book considers the decentralization process in Asian developing countries and discusses what lessons might be drawn from Japanese experiences. This excellent study of an important subject area will be particularly useful for all those studying intergovernmental fiscal relations, public finance and public sector economics. It will also be of interest to specialist international organizations and policy makers who are involved in intergovernmental issues.

The design of a federal system to deal with growth, stabilization, and regional and local development issues is the primary concern of this volume, edited by Anwar Shah. The book provides analytical tools to address issues arising from globalization, localization, and regional integration. It discusses tax harmonization issues associated with subnational value added tax administration. It provides a framework for fiscal discipline in a federal system. Lessons from international experiences from policies to deal with lagging regions are drawn. The book empirically examines the effect of fiscal decentralization on the overall size of the public sector. Finally, it draws lessons from industrial countries' experiences on local governance. This important new series represents a response to several independent evaluations in recent years that have argued that development practitioners and policy makers dealing with public sector reforms in developing countries and, indeed, anyone with a concern for effective public governance could benefit from a synthesis of newer perspectives on public sector reforms. This series distills current wisdom and presents tools of analysis for improving the efficiency, equity, and efficacy of the public sector. Leading public policy experts and practitioners have contributed to the series.

How can governments control spending pressure from influential groups, often representing powerful regional interests? This book is concerned with institutional solutions that allow modern nation states to balance historically grown cultural, political and economic diversity. Laura von Daniels combines different literatures in economics and political science, and draws on interviews with former government leaders, and country experts from international organizations. She applies this research to topics such as fiscal institutions and budget balances,
presenting a critical review of different institutional approaches to resolving fiscal imbalances and public indebtedness. Students and scholars of various disciplines, including politics, public and social policy, economics and business will find the discussions and detailed description of institutional reforms in emerging market nations to be of use to their research. It will also be of interest to practitioners working on fiscal decentralization and budget control.

Recent years have seen an increasing trend in worldwide fiscal decentralization. In particular, many developing countries are turning to various forms of fiscal decentralization as an escape from inefficient and ineffective governance, macroeconomic stability, and inadequate growth. Fiscal Decentralization in Developing Countries: An Overview edited by Professors Bird and Vaillancourt and featuring important, original and up-to-date research from leading scholars assesses the progress, problems and potentials of fiscal decentralisation in a variety of developing countries around the world. With rich and varied case-study material from countries as diverse as India, China, Colombia, Bosnia-Herzegovina and South Africa this volume complements neatly the recent collection Fiscal Aspects of Evolving Federations edited by David Wildasin and also published by Cambridge, which presented theoretical advances in the area of research. Fiscal Decentralization in Developing Countries: An Overview is the latest volume in the distinguished Cambridge series Trade and Development.

The question of what makes fiscal decentralization work is faced by many policymakers around the world. This book draws on both the relevant literature and policy and technical advice provided by the IMF to a wide range of member countries, and discusses the key factors that help make decentralization sustainable, efficient, and equitable from a macroeconomic perspective. It focuses on institutional reforms (in the revenue and expenditure assignments to different levels of government, the design of intergovernmental transfers, and public financial management systems) that are suited to different countries circumstances, and their appropriate sequencing.

This book evaluates two decades of Kerala's experience on fiscal decentralization, finances and decentralized planning
of rural and urban local governments and draws lessons for achieving sound fiscal decentralization in developing countries.

A multi-country study of the conditions under which decentralized countries might ensure fiscal discipline. In many parts of the world, lower levels of government are taking over responsibilities from national authorities. This often leads to difficulty in maintaining fiscal discipline. So-called soft budget constraints allow these subnational governments to expand expenditures without facing the full cost. Until now, however, there has been little understanding of how decentralization leads to large fiscal deficits and macroeconomic instability. This book, based on a research project at the World Bank, develops an analytical framework for considering the issues related to soft budget constraints, including the institutions, history, and policies that drive expectations for bailouts among subnational governments. It examines fiscal, financial, political, and land market mechanisms for subnational discipline in Argentina, Brazil, Canada, China, Germany, Hungary, India, Norway, South Africa, Ukraine, and the United States. The book concludes that the dichotomy between market and hierarchical mechanisms is false. Most countries—and virtually all developing countries—must rely on market mechanisms as well as hierarchical constraints to maintain fiscal discipline. When bailouts cannot be avoided, they present important opportunities to reform underlying institutions. Successful market discipline—where voluntary lenders perform important monitoring functions—is most likely to emerge from a gradual process that begins with carefully crafted rules and oversight.

A collection of most of the papers and comments presented at the conference held in honor of Richard Bird in the spring of 2001. Section I: Intergovernmental fiscal relations; Section II: Tax evasion, tax administration and the role of government; Section III: Fiscal policy.

This paper explores the impact of fiscal decentralization on fiscal policy performance in a large sample of advanced and developing economies. The findings suggest that a larger share of decentralized expenditure is associated with a stronger fiscal balance; however, fiscal decentralization can lead to more pro-cyclical fiscal policy. Thus, the
design and pace of fiscal decentralization need to be tailored to the specificities of the economy. Countries that have already established strong accountability and budget management capacity at the local level can benefit from fiscal decentralization. In contrast, in economies prone to large volatility from internal and external shocks, the central government may need to retain a sufficient share of expenditure and revenue to conduct counter-cyclical policies. Finally, the pace of expenditure and revenue decentralization should be aligned.

Fiscal rules binding on all levels can help sustain political commitment in countries having coalitions or fragmented regimes in power. Coordinating institutions help in the use of moral suasion to encourage a coordinated response. Industrial countries' experiences also show that unilaterally imposed federal controls and constraints on subnational governments typically do not work. Instead, societal norms based on fiscal conservatism such as the Swiss referenda and political activism of the electorate play important roles. Ultimately capital markets and bond-rating agencies provide more effective discipline on fiscal policy. In this context, it is important not to backstop state and local debt and not to allow ownership of the banks by any level of government. Transparency of the budgetary process and institutions, accountability to the electorate, and general availability of comparative data encourages fiscal discipline.

Explores how fiscal decentralisation takes place alongside administrative decentralisation. This book considers the revenue sources available, systems of intergovernmental transfers between central and local government, and the procedures necessary to ensure that local governments use their financial resources appropriately.

This book tells a fascinating story on municipal finances for local government practitioners with rich examples, global practices, and good and bad experiences the authors gained in decades of field work.

"While there is extensive knowledge about how to design fiscal decentralization policies, considerably less is understood about how a decentralization program should be sequenced and implemented. Countries embarking on
decentralization often struggle with decisions about the essential components of decentralization, including the order of an introduction of decentralization policies, the number of years necessary to bring a full program on line, and the components of the transition strategy. The authors argue that the sequencing of decentralization policies is an important determinant of its success. The consequences of a poorly sequenced decentralization program can range from minor delays and complications to ineffectiveness and subsequent failing support of decentralization efforts, macroeconomic instability, and fundamental failure in public sector delivery. At a minimum, the strategy of "making it up as we go" will not lead to the same structure of decentralization as will a planned strategy. The paper raises two questions: First, is there an optimal sequencing for decentralization policies and implementation? The answer is that there is, and that following these sequencing rules can reduce the costs and risks of implementing fiscal decentralization. Second, to what extent do countries follow these optimal sequencing rules? The answer is, in general, they do not. The gap between theory and practice is a result of the complexity of sequencing design, which discourages fiscal planners from implementing the full process. In addition, sequencing requires a sustained discipline and vision for its implementation, as well as overcoming pressures from political actors, especially in developing countries. "-- World Bank web site.

Over the past few decades, a clear trend has emerged worldwide toward the devolution of spending and, to a lesser extent, revenue-raising responsibilities to state and local levels of government. One view is that the decentralization of spending responsibilities can entail substantial gains in terms of distributed equity and macroeconomic management. The papers in this volume, edited by Teresa Ter-Minassian, examine the validity of these views in light of theoretical considerations, as well as the experience of a number of countries.

The main objective of this book is to restate the important theories and evidence from economic analysis concerning intergovernmental fiscal issues. More importantly, the second objective of the book is to identify gaps in
knowledge, empirical uncertainties, and missing theoretical structures and then to establish a preliminary agenda for new research on this topic. The book is organized in two sections. The first covers the core body of intergovernmental fiscal relations, including optimal size for jurisdictions and assignment of public sector functions, the formulation and execution of tax policy in an intergovernmental setting, and the appropriate structure and use of intergovernmental transfers. In the second section, the core knowledge is applied to four major policy areas: education, welfare, fiscal interaction in urban areas, and economic development. In thinking about a new research agenda, the authors call for more current and authoritative estimates of fiscal incidence, including interjurisdictional spillovers, for more fundamental research about the federation process and effects of consolidation, for new evidence about the long run, general equilibrium effects of interjurisdictional competition, and for basic research about the choice process and establishment of intergovernmental fiscal institutions and policies by federal and subnational governments.

This book draws on experiences in developing countries to bridge the gap between the conventional textbook treatment of fiscal decentralization and the actual practice of subnational government finance. The extensive literature about the theory and practice is surveyed and longstanding problems and new questions are addressed. It focuses on the key choices that must be made in decentralizing, on how economic and political factors shape the choices that countries make, and on how, by paying more attention to the need for a more comprehensive approach and the critical connections between different components of decentralization reform, everyone involved might get more for their money.

Indonesia is currently facing some severe challenges, both in political affairs and in economic management. One of these challenges is the recently enacted decentralization program, now well underway, which promises to have some wide-ranging consequences. This edited volume presents original papers, written by a select group of widely recognized and distinguished scholars, that take a hard, objective look at the many effects of decentralization on economic and political issues in Indonesia. There are many questions
This highly original book analyzes political decentralization and fiscal federalism in Canada and Germany, both traditional federal countries, and in Spain, a unitarian country engaged in the last two decades in a process of decentralization. The three key issues required for a well designed financing system are analyzed in depth herein, namely: tax assignment, equalization grants (i.e. redistribution of money from the wealthy regions or the national government to poorer regions) and the role of regional government in the administration of taxes. Fiscal Federalism and Political Decentralization will be of particular interest to academics and researchers of economics, public economics, public finance and public choice. It will also appeal to politicians and policy makers as well as organizations and agencies related to the economy and fiscal federalism.

This handbook evaluates the persistent problems in the fiscal systems of state and local governments and what can be done to solve them. Each chapter provides a description of the discipline area, examines major developments in policy practices and research, and opines on future prospects.

This book argues that fiscal federalism will consistently deliver on its governance promises only when democratic decentralization is combined with the integration of political parties. It formalizes this argument and, using new data on subnational political institutions, tests it
with models of education, health, and infrastructure service delivery in 135 countries across 30 years. It also presents comparative case studies of Senegal and Nigeria. The book emphasizes that a “fine balance” in local governance can be achieved when integrated party structures compensate for the potential downsides of a decentralized state.

The book examines Kerala’s experience of fiscal decentralization, finances and decentralized planning of rural and urban local governments, and draws lessons for achieving sound fiscal decentralization. It presents the 5th State Finance Commission’s approach and methodology on the devolution of the State taxes to local governments. This book presents a number of lessons on the transfer of financial powers, mobilization of own sources of revenue and inter-governmental transfer of funds, and argues that the outcome of fiscal decentralization in Kerala is poor or unsatisfactory due to partial and distorted implementation. It shows that transferring a large number of expenditure functions at an early stage of fiscal decentralization without the assignment of adequate administrative and financial powers has resulted in poor execution of all the functions. The study points out the need to move from partial to full fiscal decentralization.

The intergovernmental fiscal issue is highly relevant given the worldwide movement toward more decentralized governance in both industrial and developing countries. Over the course of five decades Japan has developed a robust system of decentralized governance. This book investigates fiscal decentralization and local finance in Japan with a view to understanding how the process of decentralization has unfolded there and what the rest of the world can learn. The author sheds light on the drives leading up to a need for decentralization reform over the last decade and evaluates so-called ‘Trinity Reform’ implemented by the Koizumi administration during 2004-2006. Finally, the book considers the decentralization process in Asian developing countries and discusses what lessons might be drawn from Japanese experiences. This excellent study of an important subject area will be particularly useful for all those studying intergovernmental fiscal relations, public finance and public sector economics. It will also be of interest to specialist international organizations and policy makers who are involved in intergovernmental issues.
This edited collection provides a comprehensive geographic and chronological overview of the decentralisation processes in the successor states of former Yugoslavia and Albania during their transition and EU integration years, from 1990 until 2016. These countries present a unique laboratory for the analysis of economic, social and political change, having traversed armed conflicts, dramatic economic and political changes, and EU pre-accession processes involving deep institutional reform. They have also endured the Eurozone crisis, which has led to high levels of unemployment, wide fiscal gaps and dangerously high levels of indebtedness. Observing the quarter century-long transition from socialism to capitalism through the prism of decentralisation sheds new light on studying the political economy of the region and the current status of the individual countries in terms of economic development and their EU integration progress. The contributors enrich the wider literature on fiscal decentralisation in transition countries by exploring several broad questions on democratisation, the political economy of post-communist transition, the role of external actors in policy transfer and the issue of financial stability in the post-crisis period.

'Some think that decentralization has not gone "far enough" to be considered successful; others argue that it has already "failed". As the studies of decentralization in 15 developing countries in this volume clearly show, every case is different, and persuasive generalizations are hard to find. Fortunately, the introductory chapter usefully pulls this diverse reality together to highlight some key obstacles to successful decentralization and to suggest some approaches that might - provided that those in power are sufficiently supportive - lead to better outcomes in the future.' - Richard M. Bird, University of Toronto, Canada

This book deals with two issues. The first concerns the various measurement of fiscal decentralization in general and their usefulness for policy analysis. The second and more specific issue concerns the taxonomy of intergovernmental grants and the limits of the current classifications.

Public sector decentralization has emerged prominently in
many Asian and Latin American countries as a strategy to promote development and political reform. Results in both cases have been mixed. Despite broad similarities in intent and outcome, contextual differences between the regions have led to striking differences in the way decentralization has been structured and implemented. This volume takes an atypically historical and interdisciplinary perspective on decentralization, highlighting how fiscal and political forces together have been shaping its evolution in the two regions.

Examining cutting-edge issues of international relevance in the ongoing redesign of the South African local government fiscal system, the contributors to this volume analyze the major changes that have taken place since the demise of apartheid. The 1996 Constitution and subsequent legislation dramatically redefined the public sector, mandating the development of democratic local governments empowered to provide a wide variety of key public services. However, the definition and implementation of new local functions and the supporting democratic decision-making and managerial capabilities are emerging more slowly than expected.