

## Rethinking Decentralization in Developing Countries

1

JENNIE LITVACK Junaid Ahmad Richard Bird

THE WORLD BANK Washington, D.C.

## Contents

· · · ·
Foreword v
Abstract vii
1. Why Should We Worry about Decentralization? 1
2. Decentralization: A Complex Phenomenon 4   Why Is Decentralization Happening? 4   What Is Decentralization? 4   What Are the Implications of Decentralization? 6   Successful Decentralization Depends on Institution-Specific Design 7
<b>3. Designing Decentralization: The Building Blocks of Fiscal Federalism</b> 10   Assigning Expenditure Responsibilities 10   Raising Revenue 11   Overseeing Subnational Borrowing 12   Designing Intergovernmental Transfers 12   Assembling the Building Blocks: A Systems Approach 13
4. Designing Decentralization: Incorporating Institutions16Adjusting the Regulatory Framework and Decentralizing Borrowing16Organizing Service Delivery20Establishing Information Systems and Competitive Governments21Adopting Asymmetric Decentralization23Synchronizing Policy24
5. Rethinking Decentralization in Developing Countries26Incentives for Accountability26The Role of Capacity27Policy Dialogue and Project Design28More Case Studies, Data, and Research29
Annex. World Bank Economic and Sector Work on Decentralization, 1988–Present

1.

32

References 37