

Strengthening the Finances of Local Governments: The Role of Institutions

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Topics

- Importance of Institutions
- What is Fiscal Decentralization?
- Why is Expenditure Assignment so Important?
- What is the Way Forward for India?

Importance of Institutions

- Institutions?
- Institutions should match the goals of FD
- Economies change faster than institutions
- Culture Matters
- Politics are the wild card

What is Fiscal Decentralization?

- Empower local populations by empowering local governments
- Advantages of FD
 - Match local budgets and local preferences
 - Give incentives for better services and more revenue mobilization
- Why Third tier local governments add value
- Necessary Fiscal Instruments

Why is Expenditure assignment so Important?

- Important Public Services will bring more public Involvement
- Clarity vs concurrent assignments will avoid duplication,etc.
- Local Autonomy will bring local accountability
- Finance follows function

Institutional Reform and the Way Forward for India

- What role for F/S/L governments?
- SFC are a good idea waiting to happen
- The key policy reforms are urban
- Is there a learning curve for rural local governments?
- Where are the data?