# **NYU Wagner logo**

# **PADM-GP 2245: Financing Local Governments in Developing Countries**

# **Fall 20****24**

# **Instructor Information**

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* Office Hours: Tuesday 3:00-5:00 pm and by appointment

## Course Information

* Class Time: Mondays, 9/9 – 12/9, 4:55-6:35 p.m.

(October 14th class is held on Tuesday, October 15th due to NYU holiday)

* Class Location: Silver Center, Room 514

## Course Description

Many developing countries have been significantly reforming the scope and organization of the public sector in recent years and attention has only increased as countries have faced fiscal challenges, climate change, and the COVID-19 pandemic. This course critically examines the changing structures and operations of government fiscal systems in developing countries, with particular emphasis on the growing trend to strengthen subnational levels. Major topics covered include understanding broader national fiscal reform processes; determining an appropriate division of fiscal responsibilities among levels of government; evaluating major mechanisms for subnational government revenue mobilization; and, assessing the prospects and options for pursuing pragmatic and productive decentralization and intergovernmental fiscal reform. The course focuses on economic analysis, but attention is also given to political, institutional and cultural considerations that are critical for effective policy design and implementation.

## Main Learning Objectives

* To familiarize participants with key public finance issues and challenges in developing countries with an emphasis on the subnational level;
* To enable participants to apply basic public finance principles for analysis of fiscal decentralization and local government finance in developing countries with diverse political, institutional, and cultural contexts; and
* To expose participants to the practice of fiscal decentralization and local government finance reform in developing countries.

## Course Format

The class meets weekly. The format blends lecture, discussion, and in-class participatory assignments, with occasional guest speakers. Class participation is encouraged and expected.

## Requirements

The grade will be based on the following requirements:

* Policy Analysis Assignment 1 (15%)
* Mid-term Examination (25%)
* Policy Analysis Assignment 2 (20%)
* Class Participation (10%)
* Final Examination or Individual Term Paper (30%)

***Policy Analysis Assignment 1:*** This policy analysis assignment involves an assessment of a fiscal system. It may be done by a small team.

### ***Midterm Exam:*** The midterm exam (take-home) consists of short answer questions with some choice provided.

### ***Policy Analysis Assignment 2:*** The policy analysis assignment involves evaluation of a particular aspect of an intergovernmental fiscal system (choices allow each person to focus on a topic of interest to them). Each individual produces an analytical policy memo.

### ***Class Participation:*** Active class participation consists of coming to class prepared to engage in a reflective discussion and to ask good questions. There will be ungraded in-class exercises and your participation in these exercises will also contribute to your class participation grade. Please note that the attendance requirement is subject to the [NYU Policy on Religious Holidays](https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-calendar-policy-on-religious-holidays.html), which states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays so that we can plan to deal with any material you might miss.

***Final Examination or Individual Term Paper:*** The final assignment offers a choice of a final exam (take-home) or term paper. The final exam offers a choice of essay questions that focus on synthesis of concepts and applications covered in the course. The term paper (+/- ten pages) may be on (a) any course topic you would like to do additional work on; or (b) the intergovernmental fiscal system or some aspect of it in one or more countries. Paper topics must be cleared in advance with the instructor.

More details on each of these requirements and assignments will be provided at an appropriate time as per the course schedule.

## Academic Integrity and Grading Policy

The course will abide by the NYU Wagner School policy guidelines on academic integrity and grading.It is each student’s responsibility to be familiar with these policies**.** All Wagner students have already signed the [Wagner Academic Oath](https://wagner.nyu.edu/portal/students/policies/academic-oath) and are expected to meet the highest standards of academic excellence and integrity. Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student is unsure about what is expected of you and how to abide by the academic code, you should consult me. Please see the NYU Wagner Student Portal for detailed information on the academic code and grading policy.

* [Academic Code](https://wagner.nyu.edu/portal/students/policies/code) (https://wagner.nyu.edu/portal/students/policies/code)
* [Grading](https://wagner.nyu.edu/portal/students/policies/grading) (https://wagner.nyu.edu/portal/students/policies/grading)

## Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities (CSD) website](https://www.nyu.edu/students/communities-and-groups/students-with-disabilities.html) and click on Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

**Required Readings**

We read materials from two books. Neither are formal textbooks in the sense that we follow them closely, but we use them selectively as needed for specific topics. One is older so the data are not current, but it systematically covers conceptual material very well. The books are:

R. Bahl, J. Linn and D. Wetzel, eds. **Financing Metropolitan Governments in Developing Countries** (Cambridge, MA: Lincoln Institute Press, 2013). It is available in electronic form from the NYU library or can be purchased or downloaded as a PDF for free from the Lincoln Institute of Land Policy website: [Financing-Metropolitan-Governments-in-Developing-Countries](https://etd723z5379.exactdn.com/app/uploads/2024/04/financing-metropolitan-governments-developing-full_0.pdf)

D. Jackson, ed. **Local Government Finance is Development Finance.** (New York, NY: United Nations Capital Development Fund, 2022). It can be downloaded from the [UNCDF website](https://www.uncdf.org/article/7589/local-government-finance-is-development-finance):

**Readings are divided into primary and supplementary. All primary readings not from the two downloadable books are on Brightspace in the appropriate section folder.** There is a of reading listed because the course seeks to expose you to a range of the vast literature on this topic, but you need not read everything with the same level of care. Primary readings are listed in order of priority–the most fundamental readings are marked with a star (★). In some cases, only one or two readings are essential, with others, for example, focused on how a finance instrument is used in specific countries. In such cases, you can read one more carefully and skim others. **Guidance about the most important readings will be given in advance of each class.**

In addition, although each reading is included because it makes a unique contribution, some readings are partly redundant (i.e., more advanced readings and empirical papers often spend time reviewing basic principles covered in earlier readings) and thus can be partly skimmed or read more rapidly once you have read other related materials. In addition, a few readings involve sophisticated theoretical arguments or econometrics--you are not expected to follow technical details, only to take note of basic findings and implications.

The reading list also provides **supplementary readings**—some are older foundational papers and others are more recent treatments of major topics. Those with an interest in particular issues, methods, regions or countries can consult these additional readings as desired. Some supplementary readings--many of the papers and articles, but mostly not books and larger volumes--are posted on Brightspace, but you will have to find others you are interested in--most books and journals listed are available in Bobst Library or online.

**Several overview volumes that do not include required readings are listed or posted in the General Background Readings and Reference Materials folder under Course Readings on Brightspace.** These are provided for you to consult only if you wish to do so. These include:

* R. Bahl and R. Bird, **Fiscal Decentralization and Local Finance in Developing Countries: Development from Below** (Cheltenham, UK: Edward Elgar, 2018). This is the most recent volume from two leading scholars and practitioners of fiscal decentralization. The introductory chapter is in the reading list and the rest. of the book can be accessed through NYU Libraries/Bobcat
* C. Farvacque-Vitkovic and M. Kopanyi, eds. Municipal Finances: A Handbook for Local Governments (Washington, DC: The World Bank, 2014). This includes practical summaries of fiscal decentralization issues and examples of practice in developing countries.
* The Challenge of Local Government Financing in Developing Countries (Nairobi: UN Habitat, 2015). This includes a set of papers focused on subnational revenues and issues related to the environments in which they are managed.
* Local Government Finances: The Challenges of the 21st Century. Global Observatory on Local Democracy and Decentralization—GOLD II. (Barcelona: United Cities and Local Governments, 2010). This is an overview of local government finance issues and reform directions, and it is particularly useful for those who have regional interests because it is one of the few publications that offers individual chapters on different regions of the world.
* Subnational Governments Around the World: Structure and Finance. (Barcelona: United Cities and Local Governments and Paris: OECD, 2019). This provides a more synthetic overview of subnational governments globally. Although there are likely nontrivial issues with the data, it demonstrates the considerable diversity of intergovernmental systems, usefully compares different types of systems around the world, and provides some snapshots of the systems in selected countries.
* Financing Sustainable Development in the Least Developed Countries. New York, NY: United Nations Department for Economic and Social Development, Financing for Development Office and United Nations Capital Development Fund, 2017). This provides an overview of subnational finance in least developed countries and includes selected country case studies.

A number of additional volumes with relevance for fiscal decentralization and decentralization more generally are listed at the end of the syllabus.

**PADM-GP 2245: Financing Local Governments in Developing Countries**

**Course Meeting Schedule: Fall 2024**

**I. Economic and Fiscal Reform in Developing Countries**

September 9: **Fiscal Policy, Public Expenditures and Development**

September 16: **Tax Reform in Developing Countries**

###### **II. Theories and Models of Multi-level Government Finance**

###### September 23: **An Overview of Fiscal Federalism**

###### **(Policy Analysis Assignment 1 Distributed)**

###### September 30: **Fiscal Federalism in Practice and Relevance for Developing Countries**

###### October 7: **Expenditure and Revenue Assignment in Developing Countries**

###### **(Policy Analysis Assignment 1 Due)**

**III. Subnational Government Own-Source Revenues**

October 15: **Property Taxation**

###### (**Note this is Tuesday**--**no class Monday October 14th, an NYU holiday**)

October 21: **Other Local Own-Source Revenues**

October 28: **User Charges**

 ***(Midterm Exam Distributed)***

**IV. Intergovernmental Fiscal Transfers, Subnational Borrowing and Privatization**

November 4: **Intergovernmental Transfers**

 ***(Midterm Exam Due; Policy Assignment 2 Distributed)***

November 11: **Subnational Borrowing**

November 18: **Privatization/Public Private Partnerships**

 ***(Policy Assignment 2 Due; Final Exam Distributed)***

**V. Prospects and Strategies for Fiscal Decentralization**

November 25: **Linking Intergovernmental Fiscal Reform Components**

December 2-9 **Strategically Implementing Decentralization and Intergovernmental**

 **Reform**

**Take-home Final Exam or Final Paper: due by 5 pm on December 16th**

**PADM-GP 2245** **Reading List: Fall 2024**

**Priority primary readings** **are signified by** **★**. All primary and many optional supplementary readings are available on Brightspace, in Bahl, Linn and Wetzel (2013) or in Jackson (2022).

### **Economic and Fiscal Reform in Developing Countries (September 9-16)**

#### **Fiscal Policy, Public Expenditures and Development (September 9)**

##### **Primary Readings**

* **★**S. Devarajan and R. Kanbur "Development Strategy: Balancing Market and Government Failure." In B. Currie-Alder et. al., eds. International Development: Ideas, Experience, Prospects**.** (Oxford: Oxford University Press, 2014).
* **★**E. Alberola. “The Transformation of Fiscal Policy in the Turbulent Era.” **In Fiscal Policy in a Turbulent Era: Tectonic Shifts**. (Cheltenham, UK and Northampton, MA: Edward Elgar Publishing, 2024). ***(Focus on 1.1 and 1.3, skim 1.2 (details on chapters) as desired).***
* **★**S. Gupta, et. al. “Fiscal Policy for Economic Development,” in Helping Countries Develop: The Role of Fiscal Policy (Washington, DC: IMF, 2004), pp.1-22.
* M. Brahmblatt and O. Canuto. “Fiscal Policy for Growth and Development,” **Economic Premise**, No. 91 (2012).
* “Rethinking Fiscal: Public Finance and Fairness in a Changed World.” **Finance and Development** (March 2022), pp. 2-9 (Bhatt, Gaspard and Blanchard)
* ["Bold Public Spending the Only Way to Recover Better from COVID-19"](https://unctad.org/news/bold-public-spending-only-way-recover-better-from-covid-19). (Geneva: United Nations Conference on Trade and Development, 2020).
* R, Sharma. [“The Pandemic Spending has Backfired in Emerging Markets](https://www.ft.com/content/37e8e350-71a7-4c00-a4de-a5a6ba776bfb).” **Financial Times**, October 25, 2021.

##### **Supplementary Readings**

* Y. Zouhar, J. Jelema, N. Lustig and M. Trebelsi. **Public Expenditure and Inclusive Growth: A Survey** (Washington, DC: International Monetary Fund, 2021).
* I. Steele and T. Harris. **Covid-19 Economic Recovery: Fiscal Stimulus Choices for Low-Income Countries.** (London: Overseas Development Institute, 2020).
* [“The Future of Public Spending: Responses to Covid-19.”](https://content.unops.org/publications/The-future-of-public-spending-Responses-to-covid19_EN.pdf?mtime=20200921154832&focal=none)  *The Economist*, 2020.
* C. Carrere and J. de Melo. "Fiscal Spending and Economic Growth: Some Stylized Facts." **World Development**, Vol. 40, No. 9 (2012), pp. 1750-161.
* W. Reed and N. Sidek. "A Replication of ‘Meta-Analysis of the Effect of Fiscal Policies on Long-run Growth’" **Public Finance Review**, Vol. 44, No. 3 (2016).
* W. Chen, S. Yang and L. Zanna. “Government Spending Effects in Low-Income Countries,” **Journal of Development Economics**, Vol. 133 (2018), pp. 201-219.
* J. Ostry, A. Berg and C. Tsangarides, "Redistribution, Inequality and Growth." **Staff Discussion Note** No.14/02 (Washington, DC: International Monetary Fund, 2014).
* J. Ahrens, R. Schweickert and J. Zenker. "Varieties of Capitalism and Government Spending." **Journal of Economic Development**, Vol. 40, No. 1 (2015), pp. 113-136.
* S. Paternostro, A. Rajaram, and E. Tiongson, “How Does the Composition of Public Spending Matter?” **Oxford Development Studies**, Vol. 35, No. 1 (2007), pp. 45-82.
* A. Lopez-Claros. "Fiscal Challenges after the Global Financial Crisis: A Survey of Key Issues." Policy Research Working Paper No. 6805 (Washington, DC: World Bank, 2014).
* A. Shonchoy. "Political Institutions, Governance and Consumption Expenditure in Developing Countries." **Contemporary Economic Policy**. Vol. 34 (2016), pp. 701-728.

#### **Tax Reform (September 16)**

##### **Primary Readings:**

* **★**R. Bird and A. Das Gupta. "Public Finance in Developing Countries." In B. Currie-Alder, et.al. International Development: Ideas, Experience, Prospects**.** (Oxford: Oxford University Press, 2014).
* **★**T. Besley and T. Persson, "Why Do Developing Countries Tax So Little?" **Journal of** **Economic Perspectives**, Vol. 28, No. 4 (2014), pp. 99-120.
* M. Everest-Phillips, “State-Building Taxation for Developing Countries: Principles for Reform.” **Development Policy Review**, Vol. 28, No. 1 (2010), pp. 75-96.
* “Rethinking Fiscal: Public Finance and Fairness in a Changed World.” **Finance and Development** (March 2022), pp. 31-33 (Cobham) and pp. 52-53 (de Mooij and Swistak).
* [“Stuck in the Past: Overhaul Tax for the 21st Century.”](https://www.economist.com/leaders/2018/08/09/overhaul-tax-for-the-21st-century) **The Economist,** August 9, 2018.
* A. Custers et. al. [How Governments Can Use the Coronavirus Pandemic to Build Better Tax Systems.](https://blogs.worldbank.org/governance/how-governments-can-use-coronavirus-pandemic-build-better-tax-systems) Blogpost.. (Washington, DC: The World Bank, 2020).
* M. Moore and W. Prichard. [How Should We Tax after the Pandemic?](https://www.ictd.ac/blog/how-tax-after-pandemic-covid/) Blogpost (Brighton: International Center for Tax and Development, 2020).

##### **Supplementary Readings**

* W. Prichard. “Reassessing Tax and Development Research: A New Dataset, New Findings and Lessons for Research.” **World Development**, Vol. 80 (2016), pp. 48-60.
* R. du Mooij et. al. **Tax Policy for Inclusive Growth After the Pandemic** (Washington, DC: International Monetary Fund, 2020).
* R. Dom and M. Miller. **Reforming Tax Systems in the Developing World: What Can We Learn from the Past?** (London: Overseas Development Institute, 2018).
* J. Martinez-Vazquez and R. Bird, "Sustainable Development Requires a Good Tax System." In Taxation and Development: The Weakest Link (Cheltenham: Edward Elgar, 2014).
* T. Addison. M. Nono-Zarazua and J. Pirttila. “Fiscal Policy, State Building and Economic Development.” **Journal of International Development**, Vol. 30 (2018), pp. 161-172.
* R. Bahl and R. Bird, "Tax Policy in Developing Countries: Looking Back--and Forward," **National Tax Journal**, Vol. 61, No. 2 (2008), pp. 279-301.
* M. Moore and W. Prichard. **How Can Governments of Low-Income Countries Collect More Tax Revenue?** (Brighton: International Center for Tax and Development, 2017).
* T. Besley and T. Persson. "Taxation and Development." in A. Auerbach, et.al., eds. Handbook of Public Economics. (Amsterdam: Elsevier, 2013, pp. 51-110).
* O. Morrisey, et. al. "Tax Revenue Performance and Vulnerability in Developing Countries." **Journal of Development Studies**. Vol. 52, No. 12 (2016), pp. 1689-1703.
* R. Gordon and W. Li, "Tax Structure in Developing Countries: Many Puzzles and a Possible Explanation." **Journal of Public Economics**, Vol. 93 (2009), pp. 855-866.
* S. Rao. Tax Reform: GSDRC Topic Guide. (University of Birmingham (UK), 2014).
* R. Bird, “BBLR Approach to Tax Reform.” in M.G. Rao and M. Rakshit, Public Economics: Theory and Policy. (Thousand Oaks, CA: Sage, 2011, pp. 37-63).
* R. Bird, “Managing Tax Reform.” **Bulletin of International Fiscal Documentation**, Vol. 58 (2004), No. 2, pp. 42-55.

### **Theories and Models of Multi-Level Government Finance (September 23-October 7)**

#### **Overview of Fiscal Federalism (September 23)**

##### **Primary Readings**

* **★**R. Bahl, J. Linn and D. Wetzel. "Governing and Financing Metropolitan Areas in the Developing World," in Bahl, Linn and Wetzel (2013), pp. 1-30. (***Skim as an overview***).
* **★**W. Oates, “An Essay on Fiscal Federalism,” **Journal of Economic Literature**, Vol. 37 (1999), pp. 1120-1149.
* **★**B. Weingast, “Second Generation Fiscal Federalism: Political Aspects of Decentralization and Economic Development.” **World Development**, Vol. 53 (2014), pp. 14-25. ***(skim).***
* D. Vo, "The Economics of Fiscal Decentralization," **Journal of Economic Surveys**, Vol. 24, No. 4 (2010), pp. 657-679.
* P. Smoke, **Fiscal Federalism and Decentralization**. (New York, NY: UN Department of Economic and Social Affairs, 2023). ***(Skim for an initial overview of coming topics).***

##### **Supplementary Reading**

* E. Ahmad and G. Brosio, eds. Handbook of Multilevel Finance. Cheltenham, UK: Edward Elgar, 2015).
* W. Oates, “Toward a Second-Generation Theory of Fiscal Federalism,” **International Tax and Public Finance**, Vol. 12, No. 4 (August 2005), pp. 349-373.
* S. Gomes, "Fiscal Powers to Subnational Governments: Reassessing the Concept of Fiscal Autonomy," **Regional & Federal Studies**, Vol. 22, No. 4 (2012), pp. 387-406.
* W. Fox and T. Gurley, “Will Consolidation Improve Subnational Governments?” **Policy Research Working Papers** No. 3912 (Washington, DC: World Bank, 2006).
* G. Grossman and J. Lewis, "Administrative Unit Proliferation," **American Political Science Review**, Vol. 108, No. 1 (2014), pp. 196-217.
* D. Mookherjee, “Decentralization, Hierarchies and Incentives: A Mechanism Design Perspective,” Jo**urnal of Economic Literature**, Vol. 44 (June 2006), pp. 367-390.
* J. Rodden, G. Eskeland and J. Litvack**,** Fiscal Decentralization and the Challenge of Hard Budget Constraints (Cambridge, MA: MIT Press, 2003).
* G. Di Bona et. al. “The concept of Decentralization through Time and Disciplines: A Quantitative Exploration,” **EPJ Data Science**, 12 (2023).

#### **Fiscal Federalism in Practice & Relevance for Developing Countries (September 30)**

##### **Primary Readings**

* **★**R. Bahl and R. Bird. “Fiscal Decentralization 101.” In R. Bahl and R. Bird, Fiscal **Decentralization and Local Finance in Developing Countries: Development from Below**. (Cheltenham, UK: Edward Elgar, 2018), pp. 1-35.
* **★**P. Smoke, "Metropolitan Cities in the National Fiscal and Institutional Structure," in Bahl, Linn and Wetzel (2013), pp. 57-84. (***Skim tables to get a sense of key trends/variations***).
* **★**V. Tanzi, "Pitfalls on the Road to Fiscal Decentralization,” **Global Policy Working Paper** No. 19. Washington, DC: Carnegie Endowment for International Peace, 2001.
* **★**J. Martinez-Vazquez and F. Vallencourt, “An Overview of the Main Obstacles to Decentralization," In Decentralization in Developing Countries: Global Perspectives on the Obstacles to Fiscal Devolution. (Cheltenham, UK: Edward Elgar, 2011), pp. 1-21.
* R. Bird. "Are There Trends in Local Finance? A Comparative Look at Data and Models of Local Government Finance." **International Studies Program Working Paper** 12-05. Atlanta, GA: Andrew Young School, Georgia State University, 2012), focus pp. 1-11.
* J, Martinez-Vazquez, S. Lago-Penas and A. Sacchi. "The Impact of Fiscal Decentralization: A Survey." **Journal of Economic Surveys**, Vol. 30 (2017), 1095-1129. (***Skim key points***).

##### **Supplementary Readings**

* R. Bahl, "The Decentralization of Governance in Metropolitan Areas," in Bahl, Linn and Wetzel (2013), pp. 85-106.
* J.P. Faguet. “Understanding Decentralization Theory, Evidence and Method, with a Focus on Least-developed Countries.” ***LSE DID Working Paper*** 21-203. (London: London School of Economics and Political Science, Department of International Development, 2021).
* Local Development International. **The Role of Decentralization/Devolution
in Improving Development Outcomes at the Local Level: Review of the Literature and Selected Cases**. (London: UK Department for International Development, 2014).
* J. P. Faguet and C. Poschl. Is Decentralization Good for Development? Perspectives from Academics and Policy Makers. (Oxford: Oxford University Press, 2015).
* M. Sow and I. Razafimahefa. "Fiscal Decentralization and Fiscal Policy Performance." **Working Paper** No. 17/64. (Washington, DC: International Monetary Fund, 2017).
* T. Canare. “Decentralization and Development Outcomes: What Does the Evidence Really Say?” **Review of Public Economics**, 237(2021), pp. 11-151.
* L. Eyraud and L. Lusinyan. "Decentralizing Spending More than Revenue: Does It Hurt Fiscal Performance?" **Working Paper** No. 11/226. (Washington, DC: International Monetary Fund, 2011).
* M. Sow and I. Razafimahefa. "Fiscal Decentralization and Public Service Delivery Efficiency." **Working Paper** No. 15/59. (Washington, DC: International Monetary Fund, 2015).
* H. Smith and K. Revell. "Micro-Incentives and Municipal Behavior: Political Decentralization and Fiscal Federalism in Argentina and Mexico." **World Development**, Vol. 77 (2016), pp. 231-248.
* S. Fardoust and V. Ravishankar. "Subnational Fiscal Policy in Large Developing Countries: Some Lessons from the 2008-09 Crisis for Brazil, China and India." **Policy Research Working Paper** No. 6409. (Washington, DC: The World Bank, 2013).
* T. Madies and J. Dethier, **Fiscal Competition in Developing Countries: A Survey of the Theoretical and Empirical Literature.** (Washington, DC: World Bank, 2010).
* M. Ivanyna and A. Shah. “Decentralization and Corruption: New Cross-Country Evidence.” **Policy Research Working Papers** No. 5299. (Washington, DC: World Bank, 2010).
* M. Jametti and M. Joanis. "Electoral Competition as a Determinant of Fiscal Decentralization." **Fiscal Studies**, Vol. 37 (2016), No. 2, pp. 285-300.
* R. Ponce-Rodriguez, et.al. "Rethinking the Political Economy of Decentralization: How Elections and Parties Shape Provision of Local Public Goods." **Governance and Economics Research Network Working Paper** A-2016-3 (Vigo: Universidad de Vigo, 2016).
* C. Dziobek, C. Gutierrez Mangas, and P. Kufa. "Measuring Fiscal Decentralization – Exploring the IMF’s Databases." **IMF Working Paper** (Washington, DC: IMF, 2011).
* P. Smoke, Fiscal Decentralization in Developing Countries: A Review of Concepts and Practice, (Geneva: UN Research Institute for Social Development, 2001).

#### **Expenditure and Revenue Assignment in Developing Countries (October 7)**

##### **Primary Readings**

* **★**R. Bird and E. Slack, "Metropolitan Public Finance: An Overview," in Bahl, Linn and Wetzel (2013), pp. 135-158.
* **★**C. McClure and J. Martinez-Vasquez, “The Assignment of Revenues and Expenditures in Intergovernmental Fiscal Relations” (Washington, DC: The World Bank, 2004).
* **★**P. Smoke, “Why Theory and Practice Differ: The Gap Between Principles and Reality in Subnational Revenue Systems.” in R. Bird and J. Martinez-Vazquez, eds. Taxation and Development: The Weakest Link (Cheltenham, UK: Edward Elgar, 2014).
* R. Bahl and R. Bird, “Subnational Taxes in Developing Countries: The Way Forward.” **Public Budgeting and Finance**, Vol. 28, No. 4 (2008), pp. 1-25.

##### **Supplementary Readings**

* R. Bird and E. Slack. "Local Taxes and Local Expenditures in Developing Countries: Strengthening the Wicksellian Connection." **Public Administration and Development**, Vol. 34, No. 3 (2014), pp. 359-369.
* J. Boex. **The Vertical Assignment of Functions and Expenditure Responsibilities.** (Washington, DC: Local Public Sector Alliance, 2015).
* R. Bahl and M. Cyan, “Tax Assignment: Does the Practice Match the Theory?” **Environment and Planning C: Government and Policy**, Vol. 29, (2011), pp. 264-280.
* H. Arends. “The Dangers of Fiscal Decentralization and Public Service Delivery: a Review of Arguments.” **Politische Vierteljahresschrift**, 61 (2020):599–622
* P. Chili et. al. “Assessing Service Delivery Challenges in a South African Municipality.” **Journal of Public Administration, Finance and Law**, 28 (2023), pp. 36-47.
* P. Smoke, “Expenditure Assignment under Indonesia’s Emerging Decentralization:” in J. Alm, J. Martinez-Vasquez, and S. Indrawati, eds., Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia (Cheltenham, UK: Edward Elgar, 2005).
* N. Loayza et. al. “More Than You Can Handle: Decentralization and Spending Ability of Peruvian Municipalities**.” Economics and Politics**, Vol. 26, No. 1 (2014), pp. 56-78.
* O. Fjeldstad and J. Semboja, “Why People Pay Taxes: The Case of the Development Levy in Tanzania,” **World Development**, Vol. 29, No. 12 (2001), pp. 2059-2074.
* R. Ebel and R. Taliercio, “Subnational Tax Policy and Administration in Developing Economies,” **Tax Notes International**, March 7, 2005, pp. 919-93.

### **Subnational Government Own-Source Revenues (October 15-28)**

#### **Property Taxation (October 15)**

##### **Primary Readings**

* **★**W. McCluskey and R. Franzen, "Property Taxes in Metropolitan Cities," in Bahl, Linn and Wetzel (2013), pp. 159-182.
* **★**R. Bahl. J. Martinez-Vazquez and J. Youngman, “The Property Tax in Practice,” in Making the Property Tax Work (Cambridge, MA: Lincoln Institute, 2008), pp. 3-18.
* **★**W. Prichard. **Linking Property Tax Revenue and Public Services.** (Brighton: Institute for Development Studies, International Center for Tax and Development, 2017).
* B. Lewis, “Property Tax in Indonesia: Measuring and Explaining Administrative (Under-) Performance,” **Public Administration and Development**, Vol. 23 (2003), pp. 227-239.
* S. Jibao and W. Pritchard. "The Political Economy of Property Tax in Africa: Explaining Reform Outcomes in Sierra Leone." **African Affairs**, Vol. 114, No. 456 (2015), pp. 404-431.
* M. Piracha and M. Moore. "Revenue-Maximizing or Revenue-Sacrificing Government? Property Tax in Pakistan." **Journal of Development Studies**. Vol. 52 (2016), pp. 1776-1790.
* O. Fjeldstad, M. Ali and L. Katera. “Policy Implementation Under Stress: Central-Local Government Relations in Property Tax Administration in Tanzania.” **Journal of Financial Management of Property and Construction**. Vol. 24 (2019).
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### **Intergovernmental Transfers, Borrowing and Privatization (November 4-19)**

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### **Prospects and Strategies for Fiscal Decentralization (November 25 and December 2-9)**

#### **Linking Components of Intergovernmental Fiscal Reform (November 25)**

##### **Primary Readings**

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#### **Strategically Implementing Decentralization and Intergovernmental Reform (December 2-9)**

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## Selected Volumes of Relevance for Fiscal Decentralization

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