**Background on EDI and LGI**

Dramatic reform is taking place worldwide. The countries of Central and Eastern Europe (CEE) and the former Soviet Union (fSU) are struggling to change the structures and functioning of their economies and governments. The most widely discussed aspect of the reform is the decentralization of the economic system - the transition from command to market. A second, often equally important aspect is the decentralization of the government itself.

EDI’s fiscal decentralization program encompasses a wide spectrum of public sector economics. Fundamentally, it concerns the division of public functions and finances in a logical way among multiple layers --or types--of government.  In this context it includes topics ranging from models for assignment of fiscal powers, intergovernmental spill-overs and grants, to vertical fiscal imbalance and building in incentives to promote/insure integrity in budget practices. As the discipline has evolved, both in the scholarly literature as well as within the World Bank’s agenda, it encompasses the politics and economics of not only intergovernmental (government-to-government) economics, but also the fiscal functions and processes of those governments--central and subnational.

LGI holds that the development of democratic and effective government at sub-national levels remains one of the central tasks of the transition. The sharing of expertise between countries can contribute significantly to the reform process in the region.  Thus an important overall goal of the Initiative is the forging of sustainable regional networks of institutions and specialists involved in the study and reform of local government, as well as strengthening the capacity of institutions, policy centers, local government associations, non-governmental organizations and specialists involved in policy analysis and advocacy.

**Course Description, Objectives and Format**

This two week in-depth course on Intergovernmental Fiscal Relations and Local Financial Management will provide a review as well as an advanced discussion and analysis of (i) worldwide trends in fiscal decentralization; (ii) alternative models for structuring a multilevel public sector; (iii)  the concept and practice of  the assignment of expenditure responsibilities and revenue authority; (iv) the design of various forms of central -- subnational transfers; (vi) creditworthiness
and the financial risks of local authorities; (vii) models for strengthening local own-source revenues, and (viii) the emerging topic of the relationship between the structure of governmental institutions and anti-corruption (institutional integrity) practices. The activity will bring together a worldwide set of fiscal experts in a format that will stress faculty--participant interaction.

The objectives of the course are to (i) provide participants with the analytical framework for understanding intergovernmental fiscal economics and various modules of the central--subnational (e.g., local) relationship, and (ii) enhance participants’ capacity for successful implementation of public sector resource management reform by analyzing mechanisms for the transfer of resources among governments and identifying ways to address the issue of regional disparities and local resource mobilization.

The course will be offered as a series of nine modules over a ten day period. The core course materials were developed by an international group including: Professors Roy Bahl, Jorge Martinez-Vazquez, Sally Wallace from Georgia State University, USA, Prof. Paul Bernd Spahn from Goethe University, Frankfurt am Main, Germany, Samir El Daher from the World Bank. The instructors will be drawn from this group as well as from a select group of CEE professionals like Dr. Gabor Peteri.

Attuned to new teaching techniques, the course aims to achieve the right mix of exercises, lectures, and interactive learning methods. This includes the dissemination of materials prior to the course presentation (paper and/or electronically) and supplementing the content with distance learning technologies, videos, electronic mail, internet linkages, teleconferencing and satellite presentations and interactive discussions.

**Evaluation**
The participants will be evaluated according to their attendance and contribution to class discussions and workshop exercises.

**Participants**
The course is aimed at (i) public officials who have an important say in the reform of intergovernmental relations or hold teaching positions in addition to the public office, (ii) faculty of CEE and fSU universities with a background in economics, finance, public policy, law, etc., who want to improve their current courses or introduce elements of intergovernmental relations into the curricula, and (iii) other professionals who are in a position to apply the concepts of the course.

The course intends to build on the debate of theoretical as well as current practical perspectives brought by the participants, so learning occurs not only from the information supplied by the course professors but also from peer exchange.