

Why Decentralization ? The Puzzle of causation

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Abstract

Most countries especially the developing ones around the world are facing external as well as internal pressures to decentralize and are actually becoming part of the trend which if not universal is nonetheless the dominant trend. General causes include systemic forces like democratization and economic development; specific causes however are different for different countries. In some countries the policies of opening up of economy and policies devised to deal with the challenges posed by new 'globalized' world are interacting with domestic political and economic institutions in such a way so as to create incentives for decentralization. In addition there is external pressure coming from IMF and WB who implicitly and explicitly have declared 'decentralization' as their most favoured policy prescription especially for the developing world.


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