***Introduction to the International Research Seminar:***

***An Overview of the Main Aspects of the Moroccan Initiative of Autonomy for the Sahara Region Related to the Distribution of Resources on the basis of National Solidarity***

**Dr Gyula Csurgai**[[1]](#footnote-1)

The objective of this introduction note is to give a short overview of the main aspects of the Moroccan Autonomy Initiative related to the distribution of resources between the central government and the autonomous Sahara Region. Although these aspects of distribution of resources and equalisation policies should be considered according to the socio-economic, cultural, historical, geographic and political contexts of the Sahara Region, the lessons learned from other regional equalisation experiences can provide the basis for useful reflections in relation to the Sahara autonomy project. Consequently, some concluding remarks on the Spanish, French, Council of Europe and Canadian experiences related to fiscal autonomy, solidarity and equalisation between regions are integrated into the last section of this text. These conclusions were drawn from the contributions of the experts taking part of the International Research Seminar Autonomy Statutes and Regionalisation: Solidarity and Equalisation between Regions.

The 2007 Moroccan Initiative for Negotiating an Autonomy Statute for the Sahara Region represents an important instrument of a strategy seeking to find a long-lasting political settlement for the Sahara region and to improve the socio-economic development of this conflict-torn region. This autonomy project has to be considered in the context of an important regionalisation process that gradually results in increased powers for the different regions constituting the Moroccan Kingdom. The 2011 Constitution of the Kingdom provides an enhanced normative framework to implement this regionalisation process.[[2]](#footnote-2)

Socio-economic factors and fiscal policies can considerably impact regionalisation processes in the context of the distribution of resources between central government authorities and autonomous regions. This is why it is important to note that the Moroccan regionalisation process is based on solidarity between the more developed and less developed regions by the institution of different mechanisms for sharing resources by equalisation.

French historian Fernand Braudel examined the interactions between *core* and *periphery* regions in his world system analysis approach.[[3]](#footnote-3) While Braudel analysed these interactions in different historical contexts between states situated in core areas, and others situated in periphery geographic zones, the centre-periphery approach can be applied within states as well. In fact, in most states there are pole regions, favoured by geographic, historical, political and economic factors, among others, in which the main economic activities of the state are concentrated. Additionally there are also periphery regions in the same states that are less developed economically for various reasons, such as non-advantageous geographic location, lack of natural resources, political instability etc. These development differences can negatively impact the stability and legitimacy of a given state. However, efficient policies of distribution of resources in the framework of decentralisation processes, in forms of regionalism or federalism, can increase political and socio-economic integration of the different territories of a given state and consequently reinforce its national cohesion and political legitimacy. States apply financial equalisation policies to reduce the disparities of resources between different regions and to provide equal opportunities to all citizens of the state. These policies can contribute to *territorial equity*.

For the above-mentioned reasons the resource distribution factor plays an important role in the regionalisation process of the Kingdom of Morocco and can be considered as an essential tool for the successful implementation and functioning of the autonomy regime for the Sahara region.

States developed and implemented different kinds of financial equalisation policies depending on their culture, history, size, administrative and political structures, and economic development. These equalisation policies represent dynamic and evaluative processes depending on internal and external factors of the state. For instance, the on-going financial and economic crisis and sovereign depth situation negatively impacted the capacity of most European states to maintain an efficient resource allocation policy. Moreover, economically strong regions, coping better with the current economic crisis than other regions within the same state, can become more reluctant to participate in fiscal transfer policies which in turn can impact negatively not only the national cohesion of a given state but can contribute as well to separatist tendencies and represent a geopolitical challenge for states.

The processes of globalisation and regional integration trends influence as well the role of the state in defining effective financial equalisation policies. These processes reduce state sovereignty and at the same time enhance the power of sub-state entities such as the regions. In this context, it can be mentioned that the European Union (EU) considers financial equalisation to be an essential means to reduce disparities of socio-economic development levels between different regions in Europe by using structural and cohesion funds.

***Stipulations in the Moroccan Autonomy Initiative Related to the Distribution of Resources***

The Moroccan Initiative of Autonomy for the Sahara Region stipulates in Article 5 that the Sahara populations will themselves run their affairs democratically through legislative, executive and judicial bodies enjoying exclusive powers, and will have the financial resources needed for the region’s development in all fields, and will take an active part in the nation’s economic, social and cultural life.

Article 12 of the Autonomy Initiative affirms that, in keeping with democratic principles and procedures, and acting through legislative, executive and judicial bodies, the populations of the Sahara Autonomous Region shall exercise powers, within the Region’s territorial boundaries, over the following:

* In the economic sector: economic development, regional planning, and promotion of investment, trade, industry, tourism and agriculture;
* The Region’s budget and taxation.

Article 13 of Moroccan Autonomy Initiative stipulates that the Sahara autonomous region will have the financial resources required for its development in all areas. Resources will come, in particular, from:

* Taxes, duties and regional levies enacted by the Region’s competent authorities;
* Proceeds from the exploitation of natural resources allocated to the Region;
* The share of proceeds collected by the State from the exploitation of natural resources located in the Region;
* The necessary funds allocated in keeping with the principle of national solidarity;
* Proceeds from the Region’s assets.

***The Geographical and Socio-Economic Context***

The Moroccan Economic, Social and Environmental Council (ESEC) received the mandate to develop and promote viable approaches for an integrated and sustainable regional development model for the Southern Provinces within a time frame of 10 to 15 years.[[4]](#footnote-4) The geographical zone covered by this regional development strategy includes the Sahara Region, the provinces of the Guelmin region due to the historical, social links and geographic continuity with the administrative regions of Laayoune-Boujdour-Sakia Al Hamra, Oued Ed-Dahab-Lagouira and Guelmim-Es Smara of Sahara.

The territory of the Southern Provinces is an area of 416,500 km2, representing 59% of the entire territory of Morocco; however only 3% of population of the Kingdom lives in this huge geographical zone mainly in cities. This region is covered by deserts and has limited water resources and arable land. The region is also characterised by a strong cultural identity that is influenced by nomadic and oasis ways of life. Tribal logic plays as well an important role in the culture, organisation and function of local societies.

 The socio-economic and human development indicators[[5]](#footnote-5) of the Southern Provinces are among the highest in the Kingdom: the literacy rate is higher than the national average, the poverty rate is 6.5% compared to 10% nation-wide, access to electricity is 84% versus 70% on the national level, and access to drinking water and sanitation is considerably higher as well in the region than on the national level. These achievements resulted from important subsidies and massive investments that the central government provided to the Southern Provinces since the end of the Spanish colonial rule over the Sahara region. In spite of the fact that these development indicators are higher than those on the national level, the high unemployment rate (17%) remains one of the major problems in the region. The unemployment rate reaches 29% among young people and women.

The Southern Provinces have a coastline of 1500 km that is rich in fishery resources. The agriculture sector represents 2% of the Regional GDP (RGDP), with livestock farming as a predominant activity. The issue of fresh water scarcity is a major hindrance to agricultural development. Although the region has a rich cultural and natural heritage, the economic impact of tourism is rather low, at 1.5% of the RGDP. The phosphate sector plays an important role in the local economy by contributing 6% of RGDP. The region has a good potential for renewable energy production (wind and solar). Trade represents a major sector of the economy of the Southern Provinces (32% of RDGP). Craft making has a strong tradition in the region that includes weaving, tapestry, leather goods and jewellery, among others. The region’s transport infrastructure is above the national level.

**Subsidiarity, Regional Development and Financial Sustainability of the Sahara Autonomous Region (SAR)**

The ESEC Concept Note highlights that in spite of the important subsidies and investments from the different agencies of the central government, these policies did not result in a satisfactory situation as the Southern provinces did not achieve an autonomous development model but rather a government assisted one.[[6]](#footnote-6) A great degree of dependence on external financial sources cannot lead to a sustainable development process. The funding of the development of the Sahara Autonomous Region (SAR) cannot be envisaged without an innovative financing scheme, along with national equalisation resources.[[7]](#footnote-7)

As mentioned previously, the natural resource sector plays an important role in the economy of the Sahara region. The considerable power over budget, taxation and natural resource management attributed to the Sahara region by the Autonomy Initiative is an important instrument to enhance the financial viability of its regional autonomy and could provide a solid base to improve the socio-economic development of the region in the context of subsidiarity. The concept of subsidiarity refers to the idea that the central authority of the state should have a subsidiary function, performing only those tasks that cannot be performed effectively at a more immediate or local level. If a smaller unit of a larger entity, such as a region of a given state, can deal with greater efficiency with a political, social, economic cultural or other issue, then regulatory power should be given to this unit to manage policies regarding matters that are relevant to this unit. The principle of subsidiarity implies a process of legitimizing authority structures from the bottom up, rather than from the top down. Consequently, the effective application of this principle can enhance power sharing among various levels of government and the democratic legitimacy of a given state and its political regime. The principle of subsidiarity has played an important role in the European Integration process. The EU considers that in areas which do not fall within its exclusive competence the Union shall take action in accordance with the principle of subsidiarity only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action be better achieved by the EU. It is important to note that the subsidiarity principle of the EU refers not only to the state level but seeks to guarantee the protection of sub-state, regional, and local authorities of the member states. The concept of subsidiarity can be perceived as well as a division of power and a sharing of sovereignty among supranational (EU), member state (national) and sub-state (regional) levels in the EU.

The principle of subsidiarity is enshrined in the 2011 Constitution of Morocco in article 140, which stipulates that local territorial entities dispose of their own respective competencies and regulatory powers defined by the Constitution. Article 143 stipulates the important role of the region in the elaboration and development of its territorial planning.

 One of the major issues to be examined is how to achieve an adequate balance between local financial resources of the SAR and national equalisation resources. A transition has to occur from the current situation that is characterised by an overwhelming dependence on national equalisation resources to a more autonomous and sustainable model of development of the Southern Provinces. A new model of economic organisation taking into consideration the socio-economic, political, cultural and geographic characteristics of the Southern Provinces is to be elaborated on and implemented within the framework of the current process of regionalisation in Morocco. This new economic development strategy can involve both the private and public sectors of Morocco and foreign investors as well. This strategy seeks to significantly increase employment rates in the Southern Provinces, social protection, efficiency and transparency of natural resource management, as well as promote the cultural heritage of the region as a constituent of identity and vehicle of wealth creation.[[8]](#footnote-8) Overall, this new economic development strategy seeks to enhance the financial sustainability of the Southern Provinces and consequently reduce their considerable dependence on national equalisation resources. This new development model will be based on endogenous resources and dynamics as well as government support and articulation with other provinces of Morocco. Moreover, the Southern Provinces have the potential to increase their interactions with the regional subgroup of great North-West Africa and therefore represent a bridge between Africa and a regional hub for cooperation, prosperity and peace.[[9]](#footnote-9)

**Concluding remarks on and lessons learned from the Spanish, French, Council of Europe and Canadian Equalisation Experiences**

Professor Duran-Cabré highlighted that the Spanish approach to enhance territorial equalisation is immensely complex, not fully transparent, and results in a rather arbitrary financial resource allocation. The financing system is inefficient because it penalises the richer regions such as Catalonia, which in turn contributes to the growing nationalist and secessionist sentiments of this region. The Spanish equalisation system is perceived as unfair due to the fact that it does not show a clear pattern in its results: some rich regions benefited more from the regime than others and its impact on the poorer regions resulted in disparities as well. Based on the lessons learned from the Spanish equalisation policy experience Professor Duran-Cabré recommended that the Autonomous Communities should dispose of sufficient tax power that should be used in a transparent way with effective democratic control by citizens of these Communities. Moreover, it is important to periodically re-evaluate the efficiency and impact of resource distribution policies and adapt these policies to the changing socio-economic conditions of Spain. Concerning the Moroccan Autonomy project, it is important to note that the recognition of an autonomy statute is a political decision, however in order to ensure the effective and sustainable function of an autonomy regime the technical issues should be dealt with. For instance, as Professor Duran-Cabré emphasised, significant technical issues related to decentralising tax collection and auditing policies should be addressed in the context of the capacity of the autonomous region to manage these matters in an efficient way. Consensus between the government and the regional entity plays also an important role not only in the introduction phase but also in the future functioning of equalisation mechanisms.

Professor Michel Bouvier stated that in light of the French experience the concept of equalisation should be reconsidered: the interpretation and application of equalisation in a rather strict way of accounting of public finances does not correspond to the contemporary challenges and dynamics that the French state has been facing in particular since the 2008 financial and economic crisis. The impact of this crisis manifested in the reduction of the state redistributive capacities and had a considerable effect on its equalisation policies. Moreover, there was the imposition of rather strict financial measures imposed by the 1992 Maastricht Treaty of the European Union (EU) seeking to reduce the deficit and public dept of EU member states. The 2012 EU Stability Pact reinforced this policy in a period in which several European states, including France, have to deal with the consequences of the on-going, very severe economic crisis. In the context of these constraints it is important to reconsider, as Professor Bouvier argued, that equalisation is a factor of regulation and harmonisation of a local system as well as an instrument that can allow the reorientation of financial circuits and the restructuring of the local financial network. Furthermore, the concept of equalisation should be inserted in the logic of financial autonomy, in other words accountability, meaning enhanced responsibility and empowerment for a given region. This process should prevail that the poorest territorial entities get settled in a situation of assistance and result in the increasing capacity of these sub-state entities by relying on their own means to improve their socio-economic development. According to Professor Bouvier, this new type of public management with emphasis on the principle of responsibility of the sub-state territorial entities can enhance the notion of good governance and could be a useful basis for the implementation and future function of resource distribution policy in the context of the Moroccan Autonomy Project for the Sahara Region.

Marie-Madeleine Mialot Muller emphasised that the promotion of regional democracy and local autonomy by the Council of Europe increased the stability of European states. In this context she highlighted the importance of the European Charter of Local Self-Government that was adopted under the auspices of the Congress of the Council of Europe in 1985. Furthermore, she argued that the Draft European Charter of Regional Democracy defines in a complete manner the rights and responsibilities of local and regional entities and that it can be the source of inspiration for countries seeking to reform their governance and to enhance the interactions between national, regional and locals levels of decision-making. In this context, it is important to note that the European Charter of Regional Democracy integrates three main principles: subsidiarity, territorial cohesion, and solidarity. Subsidiarity can empower the citizen’s participation in decision-making processes, territorial cohesion seeks to provide equal opportunities and services to all citizens of the state, and solidarity refers to the exercise of autonomous power by local and regional entities by respecting the interests of all other constitutive entities. The Charter defines in details the stipulations that guarantee the political, administrative and financial independence of local authorities. Concerning equalisation, the Charter stipulates that regional authorities should have at their disposal all necessary resources for carrying out the tasks of local and regional entities. Equalisation should be defined in a manner that it could correct the effects of unequal distribution of resources to improve territorial equity. The transfer of resources should be based on clearly defined rules and parameters. According to Marie-Madeleine Mialot Muller, successful equalisation policies can enhance the functioning of regional autonomies and reduce the risk of eventual separatist tendencies of the regions.

 Professor Jean-Louis Roy stated that, although the equalisation mechanism in Canada has a permanent basis due to its incorporation in the Constitution, its application has been changing due to the evolving economic circumstances of the Provinces of Canada. The province of Ontario has been facing a serious economic recession in recent years due to the appreciation of the Canadian dollar that impacted negatively its exports and consequently its industrial base entered into a decline. This economic downturn had a detrimental effect on the collection of tax revenues in Ontario. On the other hand, other Provinces, mainly due to the rising prices of natural resources, such as oil in Alberta, could cope much better with the rising exchange level of the Canadian currency and could maintain a rather prosperous economic situation. In the fiscal years of 2009 and 2010, the federal government of Canada installed a mechanism of a spending cap that resulted in limiting the equalisation transfer by stating that a Province cannot be beneficiary of any transfer if it is richer than the average of the provinces benefiting from equalisation. Until the 2009-2010 fiscal years, Ontario was the only province to have never received equalisation payments; due to its economic recession Ontario received 347 million Canadian dollars in 2009 and 2010 and 3.16 billion in 2013-2014. A certain shift of the economic power gravity of Canada towards the Western Provinces and the relative economic decline of Ontario will significantly impact the 2014 equalisation negotiations, particularly in consideration of the admissibility of a given Province in this resource distribution mechanism. In light of the Moroccan Autonomy Project for the Sahara Region, it is important to note that despite the changes and permanent evolution of the Canadian system of equalisation, the transfer payments to the Provinces help guarantee reasonably comparable levels of health care, education, and welfare in all the provinces based on the principle of equality of citizens.

1. *Academic Director, School for International Training University Program in International Studies and Multilateral Diplomacy, Geneva.* [↑](#footnote-ref-1)
2. Articles 135, 136, 137, 138, 139, 140, 141, 142, 143,144,145 and 146 of the 2011 Constitution define this framework. [↑](#footnote-ref-2)
3. Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip, Harper Collins*, New York, 1992. [↑](#footnote-ref-3)
4. The presentation of the main aspects of this approach related to resource distribution, solidarity and equalisation is based on the document “*Regional Development Model for the Southern Provinces”,* Concept Note, December 2012, Economic, Social and Environment Council ([www.ces.ma](http://www.ces.ma)). [↑](#footnote-ref-4)
5. Data obtained from “*Regional Development Model for the Southern Provinces”,* Concept Note, December 2012. [↑](#footnote-ref-5)
6. “Regional Development Model for the Southern Provinces”, Concept Note, December 2012 [↑](#footnote-ref-6)
7. Ibid. p. 15. [↑](#footnote-ref-7)
8. Ibid, p.14. [↑](#footnote-ref-8)
9. Ibid, p.13. [↑](#footnote-ref-9)