**Concluding Remarks on and Lessons Learned from the Spanish, French, Council of Europe and Canadian Equalisation Experiences**

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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, 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, rather strict financial measures were imposed by the 1992 Maastricht Treaty of the European Union (EU) seeking to reduce the deficit and public debt of EU member states. The 2012 EU Stability Pact reinforced this policy in a period in which several European states, including France, had 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, so 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.

Ms 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 citizens’ 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 detail the stipulations that guarantee the political, administrative and financial independence of local authorities. Concerning tax 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 and Territories 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** wherever they reside.

In sum, many of the findings of this research seminar could be applicable, with the required adaptations and as part of a negotiation process with all the parties, to the autonomy of the Sahara Region.