

PREFACE

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In more and more countries with challenged statehood, federalism is being discussed as a model for reform. Particularly, stakeholders in countries with a high degree of ethnic, religious, social and / or cultural heterogeneity increasingly consider federal reforms as a potential tool to maintain national unity while also accommodate minority aspirations. In this context, the ability of federalism to integrate diverging interests, autonomy movements and territorial conflicts is emphasised.

It has to be noted however that peaceful coexistence achieved through federalism is by no means guaranteed. For federal reforms to successfully contribute to conflict resolution a wide range of critical factors need to be considered. For example, the interaction between different institutions and different levels of government is of paramount importance for the regulation of conflicts within a country. Federalism will not be able to end all conflicts but ideally will provide an institutional tool to deal with conflict effectively and most importantly non-violently. A second critical factor for successful federal reforms is the effective distribution of competences and responsibilities. "Who decides on what and on what basis?" is a pivotal question for any state with an institutional design that transfers powers to lower levels of government. Taking into consideration that many conflicts in divided societies can be traced back to the struggle for more autonomy and legislative competences for minorities, a suitable distribution of responsibilities has the potential to significantly contribute to sustainable conflict resolution.

While taking the importance of an effective distribution of competences into account, it is also of crucial importance for any federalising or decentralising state to ensure that each level of government has appropriate financial capacities to carry out their assigned tasks. Therefore, fiscal arrangements and financial relations between the different levels of government are essential for the very existence of any multi-level state. Fiscal federalism always aims at balancing financial and thus political autonomy on the one hand as well as ensuring equality and solidarity across the entire country on the other.

These three overarching themes have been discussed in great detail during the International Munich Federalism Days 2017 and this publication mirrors the identified challenges and potential solutions. While acknowledging the significant contribution of all participants including the international experts guiding the conference, I would also like to stress that federalism should not be seen as an "one-size-fits-all" approach. The proposed ideas and solutions presented in this publication are the product of a fruitful international exchange but may not be applicable to all contexts. Each country and each society faces different challenges and requires different mechanisms. At the same time, federalism has to be seen as a *process* in which countries have to constantly re-evaluate their structures and adapt to a changing environment if necessary.

Against this backdrop, the issues raised in this volume are relevant for countries in initial stages of federalisation or decentralisation as well as for countries with an already established system of multilevel governance. For this reason, I am confident that this publication can stimulate discussions on the various aspects of federal reforms.

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