



Conference Report

Forum25

The Relevance of the Federal Idea in a **Changing World**

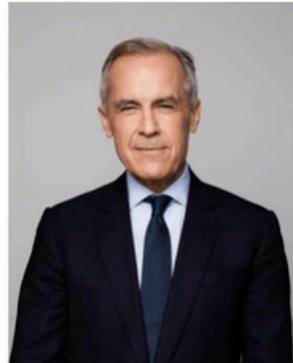


PRIME MINISTER • PREMIER MINISTRE

Message from the Prime Minister of Canada

I proudly offer my sincere greetings to everyone gathered to celebrate the 25th anniversary of the Forum of Federations.

For a quarter of a century, the Forum has played an invaluable role in developing and sharing important expertise among our member nations. Through its work, it has helped strengthen institutions, promote inclusive governance, and support peace and development in countries around the world. Canada is proud to have been a founding partner of this important organization and to witness the growth of its influence around the world.



As we mark this milestone, we also take a moment to recognize and honour the remarkable contributions of the Honourable Bob Rae. His lifelong dedication to public service, diplomacy, and international cooperation has left an indelible mark both here at home and abroad. His commitment to global leadership by-example has made him a true champion of international dialogue, and mutual understanding and respect. His promotion of our global responsibility to one another also truly embodies the very spirit of the Forum of Federations—to which he has also greatly contributed.

To all who have contributed to the Forum's success over the past 25 years—thank you for your vision and hard work. May this celebration inspire continued cooperation and innovation in the years ahead, as we work together to build a more just, inclusive, and peaceful world.

Please accept my very best wishes for a memorable celebration.

Ottawa
2025

Conference Keynote

The Honourable Randeep Sarai, PC MP

Secretary of State for International Development



Good morning everyone. Bonjour. It's an honour to join you today, to celebrate 25 years of the Forum of Federations.

An organization born from a simple but powerful idea: That countries can learn from one another in building systems of governance that reflect their diversity, strengthen their unity, and improve the lives of their people. From its beginnings here in Canada to its work today in more than 20 countries, the Forum has acted as a bridge. Connecting nations and regions, practitioners and policymakers, local leaders and citizens.

All working to make federalism a living, evolving practice. In fact, the Forum has shown that federalism is not a static model. But one that adapts to the needs and realities of people everywhere. And this work has never been more relevant than it is today. Obviously, we're living in a time of profound uncertainty. Marked by global conflict, economic volatility, climate disasters, and the rapid pace of technological change.

In times like these, the strength of federations is tested. People look to their governments for stability, clarity, and compassion. The Forum's mission — to share knowledge, build trust, and strengthen systems that balance unity with diversity — offers a compass in these uncertain times. It reminds us that when governments work together across levels and across borders, they can respond to crises more effectively. And rebuild more resiliently.

Looking through an international development lens, I can tell you this is especially important. We're living in a time when budgets around the world are tightening—even as needs continue to grow. Canada, like so many of our partners, needs to rethink how we use our resources. We have to ensure that every dollar we invest abroad advances global progress, but also supports our national interests—a safer, more stable, and more prosperous world for Canadians.

So how do we prepare for the challenges ahead? Canada believes the answer lies in smarter, more equitable, and more sustainable global partnerships. We need to be deliberate about where and how we invest—focusing on partnerships that deliver the greatest impact for our partners—and create enabling environments for Canadian trade and innovation. We need to reimagine development ... not just as aid ... but as an investment in our own economic prosperity. In this context, shared governance and accountability are essential. And federalism has shown us what's possible: how to share power, how to build trust across different levels of government, how to find common ground in the face of competing priorities—and how to do more with limited resources.

Just as provinces and territories bring local insight to national challenges—local and regional partners in developing countries must be empowered to shape their own futures. To deliver services more effectively and build resilience in times of crisis. That's how we ensure solutions are sustainable, long after the funding ends.

Throughout my travels these past few months, I've seen this firsthand. When local voices have a say in how decisions are made, governments are more accountable, and communities drive their own progress. From chocolate producers in Peru, to training programs for health workers in Tanzania, I've seen that strong, inclusive governance is the foundation for everything else we're trying to achieve. Today, as we mark this 25-year milestone, we also look ahead.

Let's take this anniversary not just as a moment to celebrate the past. But to recommit to the values that have guided the Forum from the beginning: Partnership, inclusion, and respect for diversity. On behalf of the Government, let me thank the Forum's leadership, staff, international partners, and all those who have contributed to this remarkable journey. Your work has made a tangible difference in communities around the world. And you remind us that good governance is not just about power. It's about people.

Before I close, let me take this opportunity to recognize the remarkable legacy of the Honourable Bob Rae. A man whose unwavering dedication to public service has left an indelible mark on Canada and the world. His decades of service reflect a deep commitment to justice, inclusion, and global cooperation. And of course, as a founding Chairman of the Forum of Federations, Mr. Rae has championed the principles of federalism, dialogue, and democratic governance.

His distinguished service as Canada's Ambassador to the United Nations and Special Envoy on Humanitarian and Refugee Issues also exemplifies his dedication to justice, human rights, and international solidarity. Your efforts have certainly elevated Canada's voice on the world stage. On behalf of the Government I extend our heartfelt gratitude for your enduring contributions to public life, to the Forum, and to the global community at large.

With that, I trust today's panels will be insightful. Once again, my congratulations to the Forum for 25 years of impact. Here's to 25 more years of building stronger, fairer, and more resilient federations together.

Thank you. Merci.



The Honourable Randeep Sarai, PC MP, Secretary of State for International Development, Government of Canada recognizing Bob Rae, Ambassador and Permanent Representative of Canada to the United Nations for his lifetime of public service.

Forum25



On 5th and 6th November 2025, the Forum of Federations celebrated its 25th anniversary with Forum25: The Relevance of the Federal Idea in a Changing World, held in Ottawa, Canada. This report summarizes the key insights to emerge from the conversations at the conference.

Marking 25 years of the Forum's work in mobilizing knowledge, enhancing capacity, and supporting governance development processes in federal and multilevel contexts, the Forum25 conference brought together politicians, officials, academics and civil society to explore the role of federalism in today's world, and the role it can play in the future. A series of panels comprised of international experts discussed how the federal idea can address today's most pressing issues.

Discussion focused on key governance challenges facing governments in the 21st Century, reflecting the changing international context and the emergent forces shaping the world we live in. In six panels over two days, contributors addressed crucial topics in today's global landscape:

- The Future of Canadian Federalism
- Building Stability in Fragile and Divided Societies
- Cities and Climate Action in Federal Systems
- Intergovernmental Fiscal Relations
- Managing and Harnessing Technological Change
- Is the Federal Idea Relevant and If So—How?

The Forum of Federations thanks the contributors to this report: Gabriel Imbeau, Tara Lihi, Aliyah Dato, and Junchi Li. The Forum also thanks Liam Whittington, Jamie Thomas and Mohamed Islam Ounalli for their work in preparing the report for publication.

Welcome Remarks

Rupak Chattopadhyay, President and CEO, Forum of Federations



The Forum of Federations was established in the year 2000 as a permanent, ongoing organization dedicated to advancing understanding and practice in the field of federalism and multilevel governance. Its creation followed the landmark 1999 International Conference on Federalism held at Mont-Tremblant, Quebec, an event chaired by the Honourable Bob Rae under the stewardship of Canada's Prime Minister at the time, the Right Honourable Jean Chrétien. That conference brought together political leaders, scholars, and practitioners from around the world to reflect on how federal systems could better respond to the complex governance challenges of a rapidly changing global environment.

The founding of the Forum occurred during a particularly tumultuous period in Canada's political history. Questions of national unity, regional diversity, and the accommodation of difference were at the forefront of public debate. In this context, the Forum was originally designed as an arm's-length institution with a clear mandate: to bring global best practices on federalism into Canada, and to ensure that Canadian policymakers and practitioners could learn from the experiences of other countries facing similar challenges. From the outset, the Forum was conceived not as a political advocate, but as a neutral, knowledge-based organization committed to learning, dialogue, and practical problem-solving.

Very quickly, however, it became clear that the value of the Forum’s work extended well beyond Canada’s borders. Countries around the world recognized the need for a dedicated institution that could convene diverse perspectives, curate comparative experience, and translate theory into practice. Over the last two decades, this unique Canadian initiative has grown into a truly global partnership. Australia, Brazil, Ethiopia, Germany, India, Mexico, Nigeria, Pakistan, and Switzerland have joined as partner countries, contributing their own experiences and perspectives. We look forward to welcoming Argentina, Papua New Guinea, and South Africa into the Forum family in the near future, further strengthening the global reach and diversity of the organization.

Since its founding, the Forum of Federations has worked in more than 40 countries across every region of the world, supporting initiatives related to federalism, decentralization, multilevel governance, and peace-building. These engagements have taken many forms: advising on constitutional and institutional reforms, facilitating dialogue among political actors, supporting intergovernmental relations, strengthening local governance, and building capacity among public servants, civil society actors, and scholars. Through this work, the Forum has earned a reputation as the world’s leading “think and do” organization in its field—one that combines rigorous, policy-relevant research with hands-on implementation and practical support in complex political environments.



At the heart of our work lies a fundamental challenge shared by all federations and multilevel systems: how to ensure that governments at different levels work together in an effective, inclusive, and accountable manner. This challenge is not merely technical; it is deeply political and profoundly human. It involves balancing unity and diversity, managing competition and cooperation, and creating institutions that are capable of responding to citizens' needs while respecting local autonomy and identity. These tensions are not unique to federal countries, but they are particularly pronounced in systems where authority and responsibility are shared across multiple levels of government.

The Forum was founded as a learning and knowledge-sharing organization, and over the past quarter century we have remained true to that original spirit. We do not advocate for federalism as a one-size-fits-all solution, nor do we promote any particular constitutional model. Instead, we recognize that there is no single “correct” way to be federal. Each federation—and indeed each multilevel system—is unique, shaped by its own social, historical, political, and economic circumstances. Our role is to facilitate learning across contexts, helping practitioners understand what has worked elsewhere, why it worked, and how those lessons might be adapted to their own realities.



Marie-France Lalonde, Member of Parliament, and Former Ontario Provincial Minister, Canada and Anita Vandenbeld, Member of Parliament presenting a message on behalf of Prime Minister Mark Carney.

One of the most important lessons we have learned over the past 25 years is that the world of governance is not binary. It is not simply divided into federal and non-federal countries. Rather, it exists along a continuum of increasingly complex multilevel systems, including devolved, decentralized, and even constitutionally unitary states. While constitutionally federal systems may be distinctive in theory, in practice all multilevel systems confront similar challenges and can learn from one another. This insight has fundamentally shaped the way the Forum approaches its work, encouraging openness, flexibility, and cross-fertilization of ideas.

A second key lesson is that even within federal countries, national and constituent unit governments (states, cantons, provinces) are no longer the only—or even the primary—actors in governance. Cities and large metropolitan regions now play a critical role in economic development, service delivery, and innovation. At the same time, Indigenous peoples and First Nations are increasingly asserting their rights and responsibilities as self-governing partners within broader constitutional frameworks. Recognizing and engaging with these actors is essential to building inclusive and resilient systems of governance.

We have incorporated these lessons into our work, along with a growing recognition that the federalism toolkit is remarkably versatile. Elements of federal thinking—such as shared rule, self-rule, subsidiarity, and intergovernmental cooperation—can be applied even in constitutionally non-federal countries to improve the quality of governance. The Forum’s involvement in constitutional reform processes in countries such as Cuba, Kenya, and Tunisia demonstrates how federal ideas can be transformative when adapted thoughtfully to local contexts. Similarly, decentralized governance reforms in Jordan and Morocco have created new opportunities for political participation, particularly for women, helping to broaden leadership and strengthen democratic inclusion.



In an era defined by overlapping and interconnected crises—often described as an age of “polycrisis”—the federal idea offers a valuable framework for managing some of the most pressing challenges of our time. These include democratic backsliding, the fragility of states emerging from conflict, the urgent need to build climate resilience, the pursuit of equitable and inclusive economic growth, and the governance implications of rapid technological change. Multilevel governance systems, when designed and implemented effectively, can enhance flexibility, innovation, and responsiveness, enabling societies to navigate uncertainty and complexity more successfully.

As the Forum of Federations completes a quarter century of work, our core mission remains as relevant as ever. We continue to curate global best practices for practitioners, provide trusted platforms for dialogue and learning, and connect innovators across regions and disciplines. By amplifying success stories and honestly examining failures, we seek to equip successive generations of scholars, policymakers, and practitioners with the tools they need to improve the quality of governance in their own countries.

The achievements of the Forum are the result of collective effort. They build on the dedication and professionalism of our highly motivated staff, the guidance and commitment of our Board of Directors, and the steadfast support of our host country, Canada, along with our partner countries—Australia, Brazil, Ethiopia, Germany, India, Mexico, Nigeria, Pakistan, and Switzerland. Their continued engagement reflects a shared belief in the importance of learning, cooperation, and innovation in governance.

I am truly privileged to lead such an organization.

The Conversations

Day 1 – November 5th 2025

The Future of Canadian Federalism



The inaugural panel of Forum25 welcomed former provincial premiers Christy Clark (British Columbia, 2011-2017), Phillippe Couillard (Québec, 2014-2018), and the Canadian Ambassador to the United Nations (2020-2025) Bob Rae (also a former premier of Ontario, 1990-1995) to discuss the future of Canadian federalism.

The Forum was founded by the Canadian Government in the aftermath of Québec's second referendum on sovereignty: a divisive moment in Canadian history. While sovereigntists' rationale for exit was largely in reaction to federal cultural policy, Western Canadian provinces were also beginning to feel alienated by federal energy policy. In both cases, the perception of jurisdictional overreach by a centralizing federal government soured relations between Ottawa and the provinces. The panellists' interventions reminded us that, twenty-five years later, these constitutional and jurisdictional challenges are ongoing amidst renewed interest in a third referendum in Québec and in the context of the growing sovereignty movement in Alberta.

Nevertheless, the panellists highlighted emergent structural opportunities for including First Nations and municipalities in the federal conversation. The panel concluded on a positive note, stressing that despite radical changes since Confederation, Patriation or the Charlottetown Accord, the 'Federal Idea' is still at the heart of Canadian national identity.

Bob Rae guided the discussion towards constitutional challenges, a testament to his involvement in constitutional reform since Patriation. During his time in Ottawa as an elected official, Mr. Rae supported the government's Patriation of the Constitution and the adoption of the Charter of Rights and Freedoms (the Charter). Later, as Premier of Ontario, Rae represented his province in the Charlottetown conference and pushed for the formal inclusion of Québec and First Nations into Federation. Ms. Clark stressed tensions between the federal and provincial governments over jurisdictional issues, as well as the challenges faced by the Western Canadian energy industry due to the Supreme Court's interpretation of the Constitution and the Charter. As Premier of British Columbia, Clark's Liberal government ran on an economic mandate centred on an energy policy that required First Nation consultation and included royalties on Albertan energy exports. Mr. Couillard shed light on the (de facto) 'locked' nature of the Canadian Constitution, the abuse of the notwithstanding clause, emerging actors in Canadian federalism and the need to defend federalism on identitarian rather than pragmatic grounds. As leader of a Liberal administration in Québec, he operated as a staunchly federalist premier. This was seen through his support of the Charter in his government's position on the province's secularism debate, as well as through his proposal to reopen the Constitution to properly integrate Québec into the Federation.

Constitutional issues were a recurring theme in the conversation, as on the one hand, the Supreme Court has acted as the sole vector for constitutional change, while on the other hand, excessive pre-emptive use of the notwithstanding clause by the provinces has delegitimized the Charter. Both observations were tied to the (de facto) locked nature of the Canadian Constitution, which the panelists argued prevents formal adaptation to changing federal dynamics and circumstances. Speaking from her experience in British Columbian politics, Christy Clark argued that the Supreme Court's rulings with respect to Aboriginal Title or over resources diminished the sovereignty of the provinces within their formally defined jurisdictions. Along with diminished sovereignty, there was a clear indication of accompanying diminished trust in federalism. While Clark supported First Nations' rights and economic development, she found that creating a space for them through the judicial branch's interpretation of clause 35 of the Charter was a poor way of doing so. This clause was seen as an experiment and as a means to facilitate the passage of the Charter, with less-than-ideal forethought as to its consequences and potential implications for the federal structure.

From the Québécois perspective, Mr. Couillard shone a light on the risk of the abuse of clause 33 of the Charter, also known as the notwithstanding clause. He argued that such an abuse challenges the integrity of the federation as a democratic guarantor of minority rights. While this clause was a necessary compromise to make Patriation and the adoption of the Charter possible, it has been used pre-emptively by Québec in legislation such as Bill 21, banning certain public servants from wearing visible religious symbols, or Bill 2, which bans anyone from encouraging doctors to leave the province or from contesting the province's reforms to physician remuneration. Both Mr. Couillard and Mr. Rae stressed it was the duty of a democratic state to protect its minorities and that the Supreme Court's role was to act as an unbiased guarantor of these rights in the face of populist governments. The notwithstanding clause should, for them, be used only after the courts have invalidated a law, after which its use should be limited to five years to give the province the time to make the problematic, but time-sensitive, law compatible with the Charter. However, as Mr. Couillard often reminded the panel, the fact that the Constitution is 'locked' prevents the formal change that would preclude the abuses alleged by the panellists, requiring cultural changes from all involved parties to resolve these differences.

Jurisdictional competition between the federal and provincial levels of government has often been the most visible issue in the Canadian federation. Both Ms. Clark and Mr. Couillard pointed to federal intrusion into provincial responsibilities as a sore point. Ms. Clark, in particular, noted that, while the current government appeared to be headed in the right direction, over the past decade, relations between the federal government and the provinces were the worst they had been in her lifetime. She ascribed Western Alienation and separatist sentiment to a feeling that, in terms of the balance of power on economic policy, Western Canadians "feel like something's been taken away and that they need to take it back." For her, Western Canada, as well as more prosperous provinces such as Ontario and Québec, are more reactive to this overreach since they already possess the capacity to develop their own economies independently, with federal intervention often being a brake on growth. For smaller provinces, on the other hand, federal intervention is less contested since they require outside assistance. This is especially true with respect to energy and resources, which are nominally the responsibility of the provinces but where the federal government, by using its jurisdiction over First Nations or the environment, is able to intervene to slow or halt construction of energy infrastructure. These vertical challenges from above are further complicated by the introduction of First Nations as potentially equal partners and of cities as genuine federal actors instead of simple creatures of the provinces.



While introducing more complex federal dynamics, the inclusion of First Nations and municipalities as partners in Federation was seen as an opportunity to make a more equitable and responsive Canada. Ms. Clark highlighted that by moving beyond the “legal infantilization” of First Nations towards a relationship of equals, First Nations will be able to better create wealth for their communities by being involved at the negotiating table for critical energy and resource projects. While this currently involves a sometimes-tenuous balancing act between federal jurisdiction of First Nations and provincial jurisdiction over resources, Mr. Couillard stressed that this juncture can be an opportunity for change. He pointed to how the Québec Cree were able to partner with the provincial government in la Paix des Braves, allowing them to play a greater role in northern resource management and development and capture economic value locally. Cities, meanwhile, were identified as critical actors in the fight against climate change and social crises. As the most local level of government, municipal leaders and administrators were described as more in tune with the needs and expectations of their communities. Nevertheless, the panelists found that their emergent role was built on uncertain ground: while in provinces like Québec municipalities have been given legal autonomy from the province, they remain constitutionally undefined creatures of the provinces. In provinces such as British Columbia, however, a local shift was accompanied by an expansion in bureaucracy and interorganizational complexity. These diverse treatments of municipalities by provinces pointed to a need for the formal inclusion of cities in the federation to balance regional and institutional particularities to succeed in satisfying both existing and emerging partners.

In response to a question from the audience about how provinces and cities can tackle digital sovereignty, Ms. Clark noted the need for greater collaboration between provinces. Due to hostility from other nations in the region, in whose data centres Canadians' medical information is stored and analyzed, she highlighted the need to repatriate Canadians' personal data to Canadian territory. More than simply bringing this data home, she argued that to increase collective sovereignty, channels to share data between provincial services are needed to ensure that, regardless of the province, "a Canadian is a Canadian is a Canadian".

Mr. Couillard stressed that Canadian federalism cannot, in the face of dissent, be justified through pragmatic arguments based on financial or diplomatic advantages. For him, federalism is more than numbers on a spreadsheet; it represents an identity. While Canada is full of tensions between East and West, English and French, Indigenous and settler, or increasingly between old-stock and newcomer, this is what makes Canada Canadian. Bob Rae recalled the words of an Indigenous leader from northern Ontario who very poignantly stated: "ours is the power of unity and the dignity of difference." While federalism is not without its challenges, and dissent to the federal idea is no longer restricted to Québec nationalists, the future remains bright as Canadians become increasingly aware of the importance of their collective sovereignty, of the Charter, and of our unique ways of life.



• Key Takeaways

- First Nations and municipalities are more than a jurisdiction; they are key partners that federal and provincial governments must include throughout their respective policy processes.
- To be a truly federal government, Ottawa must collaborate with provinces to deliver policies that achieve national objectives while respecting provincial jurisdictions and contexts.
- The window of opportunity for nation-building is brief; future generations will live with the consequences of politically expedient choices.



The Conversations

Day 2 – November 6th 2025

Keynote Address



The Honourable Randeep Sarai PC MP, Secretary of State for International Development delivering the keynote address.

Building Stability in Fragile and Divided Societies

The first panel of Day 2 of Forum25 brought together scholars and practitioners to examine a paradox central to contemporary governance: Why has federalism, often perceived as a mechanism for achieving greater peace and inclusion in fragile settings, not always produced the expected results? Moderated by Leslie Norton, Assistant Deputy Minister at Global Affairs Canada, the panel featured Marie-Joëlle Zahar (Université de Montréal), David Cameron (University of Toronto), and Paul King (international development professional). Drawing on decades of field experience across continents, the discussion illuminated both the promise and the profound challenges of federalism in conflict-affected societies. A common thread ran through the conversation: the success of federal arrangements depends less on constitutional design than on the quality of leadership, political will, social cohesion, and sustained international engagement.

- **Understanding Fragility: Beyond Institutional Weakness**

The panel began by unpacking fragility, a term often invoked but rarely dissected. Professor Zahar approached fragility as the collapse of a social contract between the state and its citizens. While economic, social, and governance problems are visible consequences, she argued, the triggers are often exogenous: climate pressures, aggressive foreign policies, or broader regional instability with spillover effects. At the core, however, lies a fracture of unity - a weakening of common identity. Rebuilding resilience, therefore, requires restoring a sense of belonging that accommodates difference. Professor Zahar illustrated this with examples of inclusive multilevel governance, such as the integration of Kurds in Iraq and women's participation in India's Panchayat system, highlighting the potential of institutional design to reintegrate marginalized groups.

Dr. Cameron offered an institutional perspective. He contrasted fragility with resilience, defining the latter as the capacity of a system or institution to absorb shocks and adapt effectively, while fragility denotes rigidity and incapacity to respond. Drawing on Tocqueville's observation—"In the beginning, leaders made institutions. Later, institutions made leaders."—Cameron underscored a central puzzle: in societies with no history of effective institutions, establishing formal structures is insufficient if the people who inhabit them lack the values and knowledge required for functionality. Well-established institutions endure because they embody a legacy of interlocking systems, practices, and norms; fragile societies face the challenge of instilling these foundations from scratch.

Mr. King contributed a practitioner's lens. Based on two decades of development assistance experience across Nigeria, Afghanistan, Haiti, Zimbabwe, Sri Lanka, and the Maldives, he described fragility as a spectrum, marked by declining legitimacy of central authorities, weak capacity, and socio-economic vulnerability. He warned that federalism can be a double-edged sword: while designed to unify diverse groups, it may also be perceived as exacerbating division if institutions are poorly constructed or political actors resist genuine power-sharing. Across these perspectives, fragility emerges as multidimensional - social, institutional, and political - shaping how federalism may succeed or fail.

- **The Obstacles: Leadership, Political Will, and the “F-Word”**

Implementing federalism in fragile contexts is fraught with obstacles. Leadership quality emerged as a central concern. Professor Zahar observed that peace negotiations often bring “the worst kind of leaders” to the table: non-state armed actors or authoritarian figures motivated by power consolidation rather than democratic governance. For example, in Bosnia, despite over 25 years of international support, power-sharing arrangements entrenched corrupt leaders who manipulated ethnic divisions for personal gain.

Dr. Cameron illustrated that fragility is not limited to emerging states, arguing that even the United States, with its historically strong federal institutions, courts, and legislatures, exhibits erosion of democratic norms. Another obstacle is the so-called “F-word” problem. In states with centralized governance traditions, such as Sri Lanka and Mali, the word “federalism” carries negative connotations of weakness, fragmentation, secession or colonial imposition. Advocates must highlight the benefits of principles of multilevel governance and devolution without triggering resistance associated with the federal label. Political will, however, remains the most critical obstacle. Professor Zahar recounted Mali's peace agreement, where federal arrangements were negotiated under international pressure but systematically undermined by the central government. Authoritarian leaders perceive the dispersal of power as a direct threat to their control.

The withdrawal of development assistance, Mr. King emphasized from his own experience, deepens fragility in ways that go far beyond money. When USAID programs shut down, decades of expertise, relationships, and institutional memory disappear almost overnight. Entire knowledge bases and archives are taken offline, erasing the very record of what worked and what did not. For many fragile states, sustained international engagement provides continuity as much as funding, helping preserve institutional learning, leadership capacity, and long-term planning.

Without that support, even well-designed federal arrangements can falter, weakened by gaps in skills, training, and the historical memory needed to make institutions function over time.



- **Case Studies: Lessons from Failure**

The panel's discussion of country-specific experiences illuminated the challenges of translating federal theory into practice. Mr. King identified resource control and insufficient fiscal federalism as the primary drivers of fragility in Nigeria. The Constitution gives control over major natural resources to the central government, yet states bear the environmental costs of extractive industries while receiving a disproportionately small share of revenue. Over-centralization and corruption, legacies of military rule, Mr. King argued, are deeply embedded in Nigerian institutions. A third source of fragility lies in the Constitution's distinction between constitutional citizens and indigenous or local ethnic groups, creating layers of political and economic discrimination regarding land, jobs, and political office.

Professor Zahar spoke on Sudan and South Sudan together, emphasizing their intimately tied experiences and that their current crises are receiving insufficient attention.

In both countries, she identified authoritarianism as the primary source of fragility, with leadership bent on excluding others and imposing a superior identity. The 2006 Comprehensive Peace Agreement established a federal system that made some positive contributions between 2006 and 2011, including relative stability and institution-building in the South. However, federalism was challenged from the start. The Khartoum government was never serious about relinquishing power, and critical provisions regarding power-sharing, resource-sharing, and security sector reform remained unimplemented.

Dr. Cameron focused on the peace negotiations in Sri Lanka beginning in 2002, which was the first major international development assistance initiative undertaken by the Forum of Federations. Dr. Cameron identified the source of fragility as a ping-pong pattern of communal injustice. The majority insisted that the island was Sinhalese and Buddhist, excluding others from that category, a systematic injustice made explicit in language law, educational opportunities, and other areas, creating a capacity for communal violence that ultimately degenerated into civil war with the LTTE from 1983 to 2002. After military victory, the government clearly chose not to pursue peacemaking with the defeated population, returning instead to the communal dominance that had informed the country's history.

- **Conclusion: Rethinking Engagement for Federal Resilience**

Addressing these challenges requires a fundamental rethinking of international strategies. Use of federalism as a tool to tackle fragility must move beyond short-term workshops or rigid funding cycles toward long-term engagement, emphasizing trust-building, dialogue, and humility. Recognizing local expertise and adapting to the specific political, social, and cultural context is essential. Panelists stressed that separating the principles of federalism from the politically loaded label allows for practical decentralization and multilevel governance even in states resistant to the term itself. During the question-and-answer period, Mr. George Anderson commented that, despite resistance to the federal label, global trends over the past 35 years have shown a massive expansion of devolved governance. This demonstrates that the core ideas of federalism; participation, inclusion, and subsidiarity can gain traction when implemented pragmatically and sensitively.

Ultimately, the path forward requires acknowledging past failures, committing to sustained partnerships, and recognizing that institutional development operates on generational timescales. Promoting federal principles that balance unity with respect for difference is simultaneously more difficult and more essential than ever.

As Dr. Cameron observed, the wheel of governance will turn, but whether federal ideas contribute to that turning depends on learning from the lessons that practitioners have experienced firsthand. Leadership quality, political will, and long-term engagement are therefore not optional; they are the sine qua non of successful federalism in fragile and divided societies.

• **Key Takeaways**

- Rebuilding stability in fragile states requires political leaders who are genuinely willing to share power. Without this commitment, well-designed institutions cannot deliver peace or inclusion.
- Long-term international engagement is more important than short aid cycles because fragile systems depend on continuity, local capacity and preserved institutional memory in order to avoid repeating past failures.
- When federalism is a politically sensitive issue, it is better to focus on practice than on labels. Policymakers can promote decentralization and power-sharing using different terminology while maintaining the core principles of federalism.

Cities and Climate Action in Federal Systems

As federations become tested by new and increasingly complex problems, new actors are increasingly taking their place at the table. This panels convened practitioners from multilateral agencies and municipal and regional governments to discuss the theme of cities and climate action in federal systems. The vast experiences of the panellists allowed for a rich discussion on the future of locally-led climate action. As the level of governance most directly impacted by the climate crisis, cities have been at the frontlines by building up their capacity to act, by negotiating collaborative relationships to achieve common policy goals, and by maintaining grassroots ties to local communities impacted by climate change. Moderated by Kate Higgins (CEO, Cooperation Canada), the panel featured Jedah Ogweno (Economist, World Bank), Cathy Curry (Councillor, Kanata North Ward, Ottawa), Bernardus Djonoputro (CEO, Rebana Metropolitan Management Authority) and Carsten Sieling (Former Mayor, City of Bremen).

The panel highlighted capacity-building in various aspects as significant to climate action at the local level. Ms. Ogweno and Mr. Djonoputro drove home the difficulty of accessing climate finance for local governments due to gaps in the technical capacities required to draft projects that fit grant or subsidy guidelines from the private sector or international sponsors.

Mr. Sieling and Ms. Curry, meanwhile, underlined the difficulties in securing scarce financial resources for climate projects from higher-order levels of government, especially when these larger federal actors do not share the same political agenda. In response to this misalignment risk, Ms. Curry argued in favour of developing the capacity to act independently. She gave the example of Hydro-Ottawa, a municipally owned utility company which not only provides green electricity to the city's residential and commercial customers but also shares its expertise with industries in the largest technology park in Canada, based in her ward. This type of collaboration not only allows greater energy efficiency by circulating excess heat from servers to residential buildings, but also supports climate-conscious infrastructure development by facilitating the sharing of technical expertise with these industries on how best to retrofit their buildings. Furthermore, citizens were described as a part of this green energy capacity-building by becoming micro-producers capable of feeding the grid. Nevertheless, Mr. Sieling reminded us of the limits of retrofits, with limited financial and political resources sometimes being better directed towards planning and implementing best practices in new neighbourhoods.



- **The Importance of Vertical and Horizontal Collaboration**

Collaboration was another key aspect of successful local climate action in federal systems, raised by the speakers. Vertical collaboration was presented by Mr. Sieling, Ms. Curry and Ms. Ogweno as positive when cities, subnational governments and national governments were aligned on climate policy objectives.

However, misaligned interests could cause serious friction for implementation. Ms. Ogwen pointed to issues with both top-down and bottom-up federations: while the former's policies are often bad fits for local issues, the latter's policies often lack national cohesiveness. Ms. Curry noted that the disparity in the size of national, provincial and municipal governments' budgets forces a certain amount of collaboration between levels as well as coordination with national objectives in the Canadian context. However, when political orientations were too dissimilar, exemplary municipal leadership is needed to broker a compromise between contrasting political aims.

Horizontal collaboration between cities in a metropolitan area was highlighted by Mr. Djonoputro as key to delivering shared climate mitigation infrastructure. This points to the growing necessity to federate metropolitan areas in second-tier governance units, such as the Rebana Metropolitan Management Authority in Indonesia or the Montréal Metropolitan Community in Canada. Ms. Ogwen built on this line of thought, stressing that horizontal collaboration was not limited to cities but could and should include collaboration across sectors, such as between the waste management and transportation sectors.

- **Partnerships Outside Government**

Engagement with the private sector was another dimension of collaboration highlighted during the panel. For Ms. Curry and Mr. Djonoputro, these collaborations represent opportunities not only for climate action but also for economic development. Nevertheless, Mr. Sieling's experiences with private sector collaboration brought necessary nuance: While private companies can both initiate and adapt to climate policy, they can also act against municipal climate agendas when public policy threatens short-term profits. Mr. Sieling drew on an example from his own experience of this dynamic - Bremen's challenges in greening a major local steel mill by replacing coal with hydrogen in the ore reduction process.

Finally, working with communities to ensure continued grassroots support for climate action is seen as critical to maintaining cities' political mandates to pursue their climate agendas. Grassroots involvement can be a boon for cities, as it provides a sustainable base of expertise for developing projects that can unlock climate finance. Mr. Sieling emphasized that citizens should be made aware of how their behaviour could support climate action, which in turn might lead them to internalize green values and legitimize municipal policy. In the same vein, Mr. Djonoputro noted that community activism remains highly relevant to justify micro-level climate actions.



Ms. Curry cautioned that municipal officials still needed to lead climate responses, as grassroots organizations are occasionally ill-equipped to distinguish truth on climate issues from disinformation and misinformation. Additionally, she shed light on governments' need to calm climate anxiety, both for the sake of citizens' mental health and for climate activists to maintain their drive. This climate anxiety was described as a growing threat to citizen support as it can lead to climate cynicism, undermining progress on the issue.

The panelists engaged in a rich discussion of the positive role cities can play in federal systems to tackle climate action. If collaboration with senior federal partners, neighbouring cities, private companies and local communities can be achieved, cities could unlock their potential to take decisive climate action that fits their situation, while contributing to national climate objectives and providing value to businesses and communities. Collaboration, however, is not to be taken lightly: politics are instrumental to creating this positive policy environment.

• Key Takeaways

- Grassroots expertise in accessing climate finance must be nurtured by smaller municipalities to ensure that their climate policies remain financially viable in the long-term.
- Retrofitting municipal infrastructure is costly, however, ensuring that new neighbourhoods are built sustainably reduces both carbon emissions and financial burdens.
- Municipalities should develop sovereign capacity for climate action for cases when national and sub-national governments cannot or will not provide assistance.

Intergovernmental Fiscal Relations

The structure of intergovernmental fiscal relations is a key element of federal systems, constantly challenged by competing demands for national unity, regional independence, and fair development. This panel explored these complex dynamics, focusing particularly on instances of imbalance within these relationships manifest in taxation powers, spending responsibilities and the distribution of revenues from natural resources. The conversation, moderated by George Anderson (Distinguished Fellow, Forum of Federations), brought together Patricia Farah (Coordinator, Argentinean Federal Council on Fiscal Responsibility), Dr. Patience Nombeko Mbava (Chairperson, South African Financial and Fiscal Commission), and Prasad Panda (former Alberta Minister for Infrastructure and Transportation). Outlining the specific forms of imbalance in Argentina, South Africa, and Canada, the panelists discussed the mechanisms used to address these imbalances and evaluated the ongoing challenges of maintaining a stable fiscal system. The speakers collectively highlighted that although fiscal asymmetry is a structural characteristic, the effort to achieve balance is an ongoing, adaptive process influenced by various factors, including institutional change, political power dynamics, and continuous adjustment of fiscal transfer systems.



- **Argentina: Institutional Mediation and the Natural Resource Paradox**

Ms. Farah outlined Argentina's attempt to manage fiscal relations through structured intergovernmental dialogue, albeit with limited efficacy.

A central feature of Argentina's system is the existence of a federal tax commission - Public Income Federal Administration (AFIP). This body is designed as a platform for coordination, comprising members from both provincial and national governments. Its mandate is advisory, involving the review of budget reports and the provision of recommendations for governmental action. The existence of this commission signifies an acknowledgment of the need for a formalized space to negotiate the competing fiscal interests of the national and subnational governments. It represents an institutional effort to incorporate technical analysis and collaborative discussion into Argentina's fiscal system, aiming to reconcile national priorities with provincial needs.

However, as Ms. Farah pointed out, the commission's influence is circumscribed. Its recommendations are followed only "sometimes" on "limited occasions." This gap between advisory capacity and implementation highlights a critical weakness: institutional mechanisms cannot, by themselves, overcome political and economic divisions. The commission identifies points of equilibrium, but the political will to act upon them is often lacking.

The most profound source of fiscal imbalance in Argentina, as in many federations, stems from natural resources. Provinces hold ownership over the resources within their territories and receive the corresponding revenues, but they are simultaneously taxed by the central government. This creates a layered fiscal relationship. More critically, the geographical distribution of resources like minerals is inherently unequal. This creates a self-reinforcing cycle of disparity: resource-rich regions accumulate significantly greater revenues, enhancing their capacity for service delivery, while resource-poor regions fall further behind. The national fiscal system is thus responsible for redistributing these "windfall" revenues to promote equity among provinces without removing incentives for resource-rich regions. The automatic and discretionary distribution of funds through the national bank, as Ms. Farah mentioned, is a tool for this, but the fundamental tension between provincial ownership and national solidarity remains unresolved.

- **South Africa: Confronting Historical Legacies in the Pursuit of Equity**

Dr. Mbava's analysis presented South Africa's fiscal relations as a project of corrective justice, aimed at addressing the severe imbalances engendered by its history. South Africa faces a stark vertical fiscal imbalance. The national government collects the vast majority of public revenues, while the responsibility for actual service delivery—the domain where the state interacts most directly with citizens—falls predominantly to local governments.

Compounding this structural issue is the extremely limited taxation power of municipalities, which Dr. Mbava quantified at less than 10%. This creates a fundamental misalignment: those tasked with spending lack the means to raise adequate funds, leaving them heavily dependent on central transfers. This dependency is not merely a fiscal technicality; it is a legacy of historical trajectories and colonization that deliberately created inequalities epitomized by the apartheid era. The core issue facing South Africa, as framed in the 1999 White Paper on Local Government, is “development,” and the fiscal framework is a primary instrument for its pursuit.

Dr. Mbava emphasized that the key institution in this quest for a more “egalitarian and just model” is the Financial and Fiscal Commission (FFC). The FFC is constituted as an independent body comprised of experts and serves a dual function: it assesses the distribution of resources, and acts as a coordinating institution for negotiations between different levels of government. The FFC champions an “egalitarian model” of distribution, using a formula-driven approach to fiscal transfers designed to bring regions to a similar level of fiscal capacity, thereby directly addressing the “large level of inequalities” that characterize South Africa.



Despite this sophisticated design, the system faces significant operational challenges. Dr. Mbava was critical of conditional grants, noting that their complexity and often unattainable conditions can lead to the perverse outcome that funds are not spent when they are most needed. This underscores the tension between the national government’s desire to steer policy and the local governments’ need for predictable funding. The solution proposed is a move toward a new “equilibrium model” that is both fair and politically acceptable to all parties.

Furthermore, new challenges like climate change are exacerbating existing imbalances. Cities (or regions) that are on the frontline of climate impacts are forced to bear the costs of mitigation and adaptation, straining their already limited budgets. The call for fiscal reform that incorporates these new vulnerabilities while maintaining the focus on historical equity is a central theme. Ultimately, as with Argentina's commission, the FFC's effectiveness hinges on its advice being taken, a step that remains a political challenge.

- **Canada (Alberta): The Considerations of a Resource-Rich Province**

Mr. Panda's perspective offered a starkly different view of imbalance—one seen from the vantage point of a province that perceives itself as a net contributor unfairly “penalized” by the federal system.

As Mr. Panda argued, from Alberta's perspective, the Canadian fiscal framework is fundamentally unbalanced. He highlighted the distribution of tax revenue, where approximately two-thirds flow to the federal government, while provinces are responsible for funding social programs. The mechanism of federal transfer payments, which channels more revenues to poorer provinces, is framed in Alberta not as an instrument of national solidarity but as an “unjust punishment” for Alberta's economic success. This perspective challenges the purported principle of “sharing the prosperity,” which Mr. Panda explicitly disagreed with. The core conflict here is not between national and local governments, as in South Africa, but between rich and poor provinces within the federation.

Mr. Panda's proposed solution is a radical recalibration of the federation towards greater provincial autonomy, a model he sees exemplified in the United States. This would involve a significant shift in the distribution structure, granting provinces greater control over their fiscal resources and reducing the scale of interprovincial redistribution. Prasad's call for “reviewed” fiscal transfers is a demand for a system that, in his view, better rewards fiscal responsibility and economic productivity.

The fiscal imbalance is compounded by a strategic economic one. Alberta's resource-based economy, heavily reliant on the oil sands, is constrained by its limited export capacity. As Prasad noted, the province is dependent on the U.S. as its sole export market due to a critical lack of infrastructure, such as pipelines, to reach other international markets. The high cost of constructing this infrastructure and the federal-provincial conflicts of interest that often surround such projects create a further layer of imbalance.

Alberta feels that its economic potential is held back not only by the problematic fiscal system but also by a national framework that inhibits its ability to diversify its trade partnerships, thereby perpetuating its vulnerability to a single market.



- **Comparative Analysis of Argentina, South Africa, and Canada**

Both Argentina and South Africa have invested in creating specialized institutions to manage fiscal relations. Argentina's federal tax commission and South Africa's FFC are both designed to be advisory and coordinating. Strikingly, both face the same fundamental limitation: their recommendations are not consistently acted upon. This suggests that while technical expertise is necessary for finding balance, it is insufficient without sustained political commitment. These institutions can propose a point of equilibrium, but they can never enforce it.

The design and implementation of fiscal transfers are the primary battlefield in the struggle for balance. South Africa grapples with the efficiency and conditionality of grants, where well-intentioned conditions can stifle local execution. Canada confronts the political legitimacy of its equalization system, where the principle of horizontal equity is contested by contributing provinces. The debate consistently oscillates between the poles of conditionality vs. unconditionality and equity vs. incentive, demonstrating that there is no single formula that can satisfy all political constituencies in all federations.

Natural resources were frequently highlighted as a common source of fiscal tension in discussions, although institutional arrangements vary significantly across the three cases.

In Argentina, provinces own the resources, creating a direct link between geography and revenue, which the national government then attempts to address through taxation and redistribution. In South Africa, resources are state-owned, and revenue is collected centrally before being shared with local governments, thereby severing the direct link of ownership while centralizing the redistribution challenge. In Canada, provinces own and manage their natural resources, but they operate within a strong federal system that redistributes this prosperity nationally through equalization, which has led to political backlash in the province of Alberta. In three countries, natural resources are less a simple blessing and more a complex challenge to equity.



• Conclusion

The experiences of Argentina, South Africa, and Canada provide a multifaceted portrait of the perpetual struggle to manage fiscal imbalances in (quasi-)federations. “Balance” is not a technical formula to be discovered, but rather a dynamic and politically contested process. It is a continuous negotiation between the legitimacies of national solidarity and regional autonomy.

Argentina emphasizes the need for, and the limitations of, institutional mediation in tackling geographically rooted inequality. South Africa exemplifies a strong effort to use fiscal policy as a tool to address historical injustices, while also managing the practical challenges of implementation. From Alberta’s viewpoint, Canada shows how mechanisms intended to create balance can be perceived by economically powerful subnational units as sources of significant imbalance, threatening the political consensus underpinning the federation.

Ultimately, a sustainable balance is one that is perceived as legitimate by all key actors. This requires more than just efficient institutions or transfer formulas; it demands accommodating conflicts of interest and adapting to changing realities. The search for balance in the imbalanced intergovernmental fiscal relations remains a lasting but essential process for the sustainable continuation of any federal state.

• Key Takeaways

- Fiscal imbalance is structural. Whether driven by uneven natural resources (Argentina, Canada) or historical legacies of inequality (South Africa), intergovernmental fiscal tensions persist not merely because of poor system design but because federations must reconcile fundamentally asymmetrical economic and political landscapes.
- Institutions matter, but only when their recommendations are taken and implemented. Advisory institutions like Argentina's AFIP and South Africa's FFC play crucial coordinating roles, yet their effectiveness depends on political will and bureaucratic capacity.
- Future fiscal reforms must integrate new vulnerabilities, including climate change and infrastructure constraints, which are reshaping intergovernmental relations and requiring adaptive transfer systems that balance regional autonomy and national cohesion.



Managing and Harnessing Technological Change

Rapid technological change presents both opportunities and challenges for federal systems. Holger Greve (Senior Policy Advisor, German Federal Ministry of the Interior), Benoît Meyer-Bisch (Senior Policy Advisor Governance, Swiss Agency for Development and Cooperation) and Taki Sarantakis (President, Canada School of Public Service) discussed the complexities of these opportunities and challenges in this conversation moderated by Kristel Van der Elst (Director General, Policy Horizons Canada), focusing on the transformation of public services through digitalization and integration of artificial intelligence.

- **Implementing Digital Services in Federal Frameworks**

Ms. Van der Elst asked the panelists first to reflect on technological implementation in each of their respective countries (Germany, Canada and Switzerland). In the case of infrastructure projects, Mr. Sarantakis emphasized the need to consider the concept of jurisdiction in terms of broader infrastructure development. In the Canadian case, multilevel governance can foster or present barriers to cooperation between orders of government. Mr. Greve added that in the German case, bureaucratic processes and legislation can support these technological developments, but at a much slower pace than necessary and generally, there is a lack of competency on and cooperation around these issues. Mr. Meyer-Bisch, in contrast, highlighted the efficiency and the relative novelty of digitalization as key takeaways from the Swiss experience. He further raised the issue that, as these emergent technologies are primarily controlled and developed by a small number of private companies, they present a potential challenge to state sovereignty, reinforcing Anglo-American norms and worldviews.

Ms. Van der Elst raised the important issue of fragmentation and duplication of digital services in a federal structure. Mr. Greve and Mr. Meyer-Bisch agreed that the digitalization of services seemingly contributes to delays in some cases in countries with multiple levels of government able to develop their own approaches to digitalization independently. Mr. Greve also argued that to better handle potential delays or issues in implementing relevant projects, opting for uniformity and centralization of standards, services, and administrative processes could contribute to more efficiency, effectiveness, and problem-solving. In contrast, Mr. Meyer-Bisch emphasized how federalism in the digital age can promote out-of-the-box thinking and healthy competition, therefore contributing to further innovation and creativity at the regional level. For Mr. Sarantakis, before discussing whether federalism frustrates or furthers the goals of states in harnessing technology, there is a need to reflect on the roots of federalism and jurisdiction. In his view, common values above all else contribute to functional federations in the age of AI.

• Trust and Digital Sovereignty

Another key issue tackled by the panel was digital sovereignty, defined by Ms. Van der Elst in terms of the multitude of data and information that a nation can possess, as well as the infrastructures and frameworks of multilevel governance. Mr. Sarantakis emphasized the need to define the concept of sovereignty itself before returning to digital sovereignty, homing in on infrastructure and various data types that comprise this type of sovereignty: open public data, security data, and sovereign data. Mr. Meyer-Bisch highlighted the interconnectedness of systems, but also the importance of unified and codified processes for storing data and the implementation of local technologies. Mr. Greve elaborated further on this point, identifying the importance of implementing new technologies to decrease dependency on foreign infrastructures.

Trust in digital governance in the age of AI was another key dynamic discussed by the panelists. Ms. Van der Elst introduced the concept of trust as one of the many considerations when it comes to implementing change, especially when it comes to citizens having trust in their government. Generally, the closer an order of government to the citizen, the more trust citizens feel toward that government. Mr. Meyer-Bisch drew on the Swiss case of national identity cards, which demonstrates both the importance of digital sovereignty and trust, with citizens preferring their personal data to be handled by local government rather than the private sector. Mr. Greve agreed, adding that transparency, freedom of information laws and open access data can also support the government in becoming more accountable and further reinforce trust. Mr. Sarantakis further added that there is currently a “trust deficit” in government among citizens generally, which will, in turn, make integrating and harnessing technology in public services more challenging.



- **Ethical Multilevel Governance in the Age of AI?**

The subject of ethical use of AI in multilevel governance prompted debate among the speakers. Ms. Van der Elst proposed some pros and cons for governments in terms of delegation, the size of public service workforces, and anxiety about negative impacts on labour markets. Mr. Sarantakis and Mr. Meyer-Bish proposed an alternative of framing the problem at hand, such as how to achieve “legal AI” or “responsible AI”. For Mr. Sarantakis, the legality of AI is a source of debate, with many larger moral and practical questions also coming to the surface in terms of multilevel governance and the larger bureaucratic systems. Mr. Greve approached the question of ethical AI as a question of fundamental rights, with the usage of data within governance structures possibly provoking conflict and therefore requiring communication to achieve a compromise on the issues facing the state. Mr. Meyer-Bisch’s interpretation of responsible AI came down to questions about practicality and timing coming to the surface, but also a need to put guardrails in place to better manage risk and mitigate harm. Mr. Sarantakis commented on the role of the courts and how they determine legality, emphasizing that timing is of the essence and by waiting for the justice system to render a judgement on what is ethical practice, there is a risk that societies fall behind given the rapidity of technological change.

Ms. Van der Elst closed the panel with a rapid-fire question period, asking participants what they hoped the audience would take away from the discussion. Mr. Greve highlighted the importance of working out the necessary processes and responsibilities for technological implementation earlier to better cope with change. Mr. Sarantakis focused on working as a society to figure out where we want to be and what we want to see, and from there, figure out how to use AI to get there. Mr. Meyer-Bisch reinforced the need to evolve alongside technological changes, but to also focus on what unites us to move forward together.



• Key Takeaways

- Digitization and technological development can both support innovation and hinder multilevel governance and cooperation.
- Key values need to be maintained between both the federal governing body and the people when it comes to implementing AI and digitization, including trust, transparency and privacy.
- There is an ongoing debate about the ethics and morals of AI use, meaning that federations need to communicate and take the time to understand how technological changes should be implemented in their given context.



Is the Federal Idea Relevant and If So—How?

The concluding panel of Forum25 tackled one of the most pressing questions facing diverse societies today: Is federalism still relevant, and if so, how should it be applied in our rapidly changing world? Moderated by Christian Paradis, former Canadian federal minister and current Forum Treasurer, the panel brought together distinguished voices from three continents to explore federalism's capacity to address contemporary challenges. The discussion featured Ana Carolina Lorena (Distinguished Fellow, Forum of Federations); André Lecours (Professor, University of Ottawa's School of Political Studies); and Idee Inyangudor, (Vice President, Wellington Advocacy). Their diverse perspectives illuminated both the enduring promise and evolving challenges of federal governance.



- **Federalism's Paradox: Managing or Reinforcing Division?**

The opening question posed by Mr. Paradis cut to the heart of federalism's dual nature: Can it resolve deep societal divisions, or does it risk reinforcing them? Professor Lecours introduced what political scientists call “the paradox of federalism”: the tension between federalism's capacity to accommodate diversity and its potential to empower separatist movements. On one hand, federalism provides minority groups with autonomy, allowing them to make policy decisions that reflect their distinct identities and needs while removing contentious cultural and religious issues from central government control. On the other hand, decentralizing political authority can strengthen regional political classes and build administrative capacity that might later fuel secessionist movements.

Despite this paradox, Professor Lecours argued that empirical evidence suggests federalism remains the best available system for governing diverse societies democratically. Drawing on the wisdom of the late Richard Simeon, he offered "two cheers for federalism" (not three, but two), acknowledging its imperfections while recognizing that the alternatives are often worse. Without federal structures, deeply diverse societies governed through unitary systems face increased risk of violence and civil conflict. The key, Professor Lecours emphasized, lies not only in self-rule but equally in "sharing rule" - creating institutional bridges and forums where different communities can participate in collective decision-making.

Ms. Lorena reinforced this perspective by emphasizing that federalism works best when communities can coexist on the same territory - a criterion that excludes many conflict situations but captures federalism's essential premise. Her compelling example from Brazil illustrated the unpredictability of federal partnerships: São Paulo, accounting for 27% of Brazil's GDP, once resisted sharing oil royalties with poorer states. However, recent discoveries of 5.1 billion barrels of oil in one of Brazil's poorest states reversed this equation entirely. São Paulo will now receive equalization payments, demonstrating that federal partnerships involve long-term reciprocity where today's contributors may become tomorrow's beneficiaries.

Mr. Inyangudor brought a vital perspective from emerging markets and developing economies, where colonial legacies continue shaping federal arrangements. He emphasized that federalism's relevance depends on fostering trust, creating spaces for diversity and dialogue, and continuously managing gaps. In contexts from Nigeria to Ethiopia to South Africa, federalism represents not just constitutional design but a response to history, identity, and the complex task of governing diverse societies.



- **Beyond Traditional Boundaries: Indigenous Peoples, Municipalities, and Emerging Actors**

The panel's most challenging and innovative discussion centred on actors traditionally excluded from federal frameworks. Professor Lecours acknowledged that in virtually all federations, in part because of when they were created, indigenous peoples are not formal constitutional partners. He referenced Native studies researcher Emily Grafton's recent scholarship, suggesting that Canadian federalism represents an insurmountable obstacle to reconciliation because existing structures prevent indigenous agency. The conspicuous absence of indigenous peoples from federal-provincial-territorial tables reflects provincial reluctance to add new constitutional actors, particularly when provinces like Quebec already feel constitutionally precarious within the federation. However, Professor Lecours drew a crucial distinction between federal structures and the federal idea itself. While existing constitutional arrangements may hinder indigenous self-determination, the underlying principles of federalism - pluralism, reciprocity, recognition, and anti-majoritarianism - align closely with indigenous aspirations. This suggests potential for what some scholars call treaty federalism, where individual indigenous nations interact with the Crown through bilateral relationships based on mutual recognition, rather than being subsumed into existing federal-provincial dynamics.

Ms. Lorena's Brazilian perspective added vital context. Indigenous peoples occupy 33% of the Amazon with formal ethnic ownership of their lands, and Brazil recognizes over 200 indigenous nationalities, including 119 isolated tribes that have never contacted the outside world. More remarkably, as indigenous land rights became formalized, the number of Brazilians self-identifying as indigenous grew from fewer than half a million in the 1990s to 1.7 million today. This dramatic increase reflects how federal policies recognizing indigenous rights encouraged people to claim identities previously suppressed or unacknowledged. Similarly, affirmative action measures led to increases in Brazilians self-identifying as "Brown" (from under 20% to 46%) and "Black" (to 27%), demonstrating that identity responds to policy recognition.

Mr. Inyangudor emphasized that traditional rulers and indigenous communities across Africa are increasingly demanding seats at the constitutional table, not merely predetermined resource-sharing formulas. Technology and e-commerce enable these communities to bypass multiple government levels and trade directly with distant partners, making their exclusion from governance structures increasingly untenable. Moreover, Africa's young, growing population maintains strong loyalty to traditional authorities, meaning their exclusion risks future instability. Federalism must evolve to create inclusive spaces for these pluralistic dialogues.

The municipal dimension received equally important attention. Ms. Lorena described Brazil's remarkably decentralized system, adopted in 1988 following democratization, where municipalities possess constitutional autonomy, their own courts, legislative chambers, and law-making authority over basic education, local transportation, and daily public services. This reflects the constitutional framers' recognition that "people don't live at a state level or on the province or on the federal government. They live [in] the cities." She contrasted this with systems where provinces control municipal boundaries, sometimes amalgamating high-income areas with indigenous communities to achieve cost savings, thereby creating new internal power struggles.

- **Identity, Evolution, and Practical Federalism**

A thoughtful question from the audience challenged the panel to address how federalism accommodates fluid, changing identities rather than fixed, primordial ones. Professor Lecours responded by emphasizing that federalism itself constructs and politicizes identities. Drawing boundaries on a map, establishing autonomous institutions, and creating distinct political classes inevitably generate regional identities, whether in Alberta, Quebec, or elsewhere. Yet this identity-building occurs over long timescales, while federal systems must address immediate political challenges that cannot wait for identities to gradually evolve. The discussion of Canada as a multinational federation crystallized these tensions. When asked whether Canada contains one nation, two (Quebec and the rest of Canada), three (adding indigenous peoples), or 75+ (recognizing individual indigenous nations), Professor Lecours offered Hugh Seton-Watson's principle: "If enough people tell you that they form a nation, then they do." Nations emerge from subjective feelings of solidarity at a sufficient scale. By this standard, Canada clearly qualifies as multinational, accommodating Quebec nationalism and numerous indigenous nations while maintaining an overarching Canadian identity.

Mr. Inyangudor contributed the insight that "nation" operates differently depending on context, time, manner, and place. Canadians might unite as "Blue Jays Nation" during baseball playoffs, identify as one nation in international forums, yet embrace subnational identities in domestic contexts. This fluidity suggests that multinationalism and overarching national identity need not conflict; they operate at different scales and circumstances. Ironically, the current crisis with the United States has created opportunities for reducing internal trade barriers that decades of negotiation failed to achieve. Canada's integrated economy with the U.S. since 1965 faced sudden disruption, forcing provinces to consider domestic market integration more seriously. This illustrates how external pressures can catalyze federal adaptation where internal negotiations stall - a reminder that federal evolution responds to circumstances rather than following predetermined paths.

- **Conclusion: Building Bridges, Not Just Autonomy**

The panel's discussion demonstrated that federalism remains not only relevant but increasingly necessary in our interconnected yet fractured world. Its relevance derives not from providing permanent solutions but from offering flexible frameworks for managing diversity, accommodating change, and facilitating dialogue across differences. As Mr. Inyangudor emphasized, federalism represents "a constant negotiation," not a fixed system. What matters most is fostering trust, creating spaces for diversity and dialogue, and continuously identifying gaps requiring management. However, the panel also revealed significant gaps between federal ideals and existing structures, particularly regarding indigenous peoples, municipalities, and emerging forms of identity and governance. Bridging these gaps requires creativity, a willingness to challenge inherited constitutional arrangements, and a commitment to inclusive dialogue. Ms. Lorena's observation about Brazil's indigenous populations captures a crucial insight: sometimes formal recognition unleashes previously suppressed identities, transforming demographic and political landscapes in ways that strengthen rather than threaten federal stability. This is federalism as bridge-building, creating connections that empower rather than boundaries that isolate.

Professor Lecours's central insight proves essential here: federalism must focus as much on "shared rule" as on "self-rule." The underlying principles he identified - pluralism, anti-majoritarianism, self-rule balanced with shared rule, and recognition of multiple legitimate identities - address fundamental challenges facing diverse societies precisely because they emphasize connection alongside autonomy. These principles can be operationalized in various ways, from Brazil's empowered municipalities to emerging models of treaty federalism with indigenous nations. The federal idea's enduring strength lies not in drawing boundaries between communities but in building institutional bridges across them, forums, spaces, and mechanisms for collective participation. Federalism succeeds when it recognizes that unity need not mean uniformity, and that diversity becomes a source of strength through connection rather than isolation, through dialogue rather than separation.

• Key Takeaways

- Federal systems are effective when they strike a balance between autonomy and shared decision-making. This ensures that diverse communities can govern locally while still contributing to national goals.
- Recognising the identities of Indigenous peoples and other historically excluded groups strengthens social cohesion. Inclusive policies encourage participation and reshape identities in constructive and sustainable ways.
- As an idea rather than a rigid institutional model, federalism can continually evolve to encompass more minorities, new governance actors and emerging forms of collective identity.



Program

Day 1 – November 5th 2025

- Welcome: Rupak Chattopadhyay, President and CEO, Forum of Federations, Canada
- Opening Address, Hans Altherr, Chairman of the Board of Directors, Forum of Federations, Switzerland
- **Message from the Prime Minister:** Presented by Marie-France Lalonde, Member of Parliament, and Former Ontario Provincial Minister, Canada and Anita Vandenberg, Member of Parliament

The Future of Canadian Federalism

- Bob Rae, Ambassador and Permanent Representative of Canada to the United Nations
- Christy Clark, Former Premier of British Columbia, Canada
- Philippe Couillard, Former Premier of Quebec, Canada

Day 2 – November 6th 2025

- Welcome: Salma Siddiqui, Vice Chair of the Board of Directors, Forum of Federations, Canada
- **Keynote Address:** The Honourable Randeep Sarai, PC MP, Secretary of State for International Development, Government of Canada

Building Stability in Fragile and Divided Societies

- Jamie Thomas, Program Manager, Forum of Federations, Canada
- Leslie E. Norton, Assistant Deputy Minister, International Assistance Partnerships and Programming Branch, Canada
- Marie-Joëlle Zahar, Professor and Director of the Research Network on Peace Operations, Université de Montréal, Canada
- David Cameron, Professor Emeritus, University of Toronto, Canada
- Paul King, International Development Professional, Canada

Cities and Climate Action in Federal Systems

- Diana Chebenova, Vice President (Partnerships), Forum of Federations, Canada
- Kate Higgins, CEO, Cooperation Canada
- Jedah Nyabo Ogweno, Economist, World Bank
- Cathy Curry, Ottawa City Councillor, Ward 4 Kanata North, Canada
- Bernardus Djonoputro CEO, Rebana Metropolitan Management Authority, Indonesia
- Carsten Sieling, Former Premier of the State of Bremen, Germany

Intergovernmental Fiscal Relations

- Olakunle Adeniran, Program Manager, Forum of Federations, Canada
- George Anderson, Distinguished Fellow, Forum of Federations
- Patricia Farah, Coordinator, Federal Council on Fiscal Responsibility, Argentina
- Patience Nombeko Mbava, Chairperson, Financial and Fiscal Commission, South Africa
- Prasad Panda, Former Alberta Minister for Infrastructure and Transportation, Canada

Managing and Harnessing Technological Change

- Liam Whittington, Senior Program Manager, Forum of Federations, Canada
- Kristel Van der Elst, Director General, Policy Horizons Canada
- Taki Sarantakis, President, Canada School of Public Service
- Benoît Meyer-Bisch, Senior Policy Advisor, Swiss Agency for Development and Cooperation
- Holger Greve, Senior Policy Advisor, Federal Ministry of the Interior, Germany

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- Ana Carolina Lorena, Distinguished Fellow, Forum of Federations, Brazil
- Idee Inyangudor, Vice President, Wellington Advocacy, Canada

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