Well, if we consider the fiscal system in the wide sense, i.e. as revenue and expenditure and therefore the different revenue and expenditure items, we see, first of all, that revenue has to be sufficient in quantity and quality and simple and all those other things mentioned at this seminar, and second, in expenditure, regional and local governments have to be able to decide how to spend. Therefore, revenue sufficiency has to do with locally generated revenue and this is highly asymmetrical in most countries, if not all. So the fiscal system cannot be based on locally generated revenue. Efforts have to be made in tax collection and to set up an appropriate local taxation system, i.e. in line with the real context, but the State has to provide a set of mechanisms to the municipal system that guarantee that this revenue is sufficient for the context, in accordance with the responsibilities assigned under the constitutional or legal framework, whether this be municipal government law or municipal codes, etc., i.e. via a process of transfer of new responsibilities. The State must guarantee, with this different context criterion, the revenue, the fiscal mechanisms that guarantee this sufficiency in very different municipal areas. And, having said this about revenue, on the expenditure I have to say that local governments, which have to follow democratic public management and development policies, have to have a democratic criterion, a rational criterion and procedures that are established nationally and then regulated at the corresponding local level. Budgets will be fixed and approved accordingly. We are thus assuming that the determination of spending, resource assignation in the local context's various spheres, is democratic and rational and that its procedures are governed and regulated at the local level in question. Budgets will be set and approved accordingly. This autonomy of expenditure has to be guaranteed in order for there to be some measure of municipal autonomy.

With guarantees that there is no possibility of a return...

Yes...Of course…And here we have to distinguish transfers from resources, which are fixed by the local government constitutions and laws and therefore cannot be argued over … I insist that, given the context of the municipalities in Latin American countries, the idea that locally generated revenue, local taxation, will solve things is not realistic. So there has to be an umbrella, especially today, of mining revenue, which can distort the picture and there are many policies that argue that this is local and therefore royalties apply to it. I think there has to be a general regulation, because, in the end countries have to be solid, strong, in order to redistribute wealth, develop coherently, etc. Therefore, resource transfer policies have to be oriented towards these objectives, not just compensating local areas with industrial, mining activities.