

**Study on the Competencies, Financing  
and Actions Undertaken by Local and  
Regional Authorities in International  
Development**

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# Executive Summary

- The 27 Member States of the EU offer an extraordinarily wide array of approaches to decentralised development cooperation.
- Patterns for the provision of Official Development Assistance (ODA) are shaped first and foremost by the overall political-administrative structures in place for the governance of each individual state.
- EU Member States with more established patterns of local and regional governance tend to exhibit a greater degree of decentralised development cooperation.
- Some of these Member States, such as Spain, have an exemplary record in decentralised development cooperation, with 20 percent of Spanish ODA emanating from local and regional authorities.
- In the smaller Member States, and in particular the small EU-15 Member States, development cooperation tends to be coordinated centrally.
- The majority of the 12 new Member States (NMS) are in only the early stages of formulating ODA plans, particularly in those cases where states have themselves only recently – according to the World Bank – moved from a status of “recipient” state to “donor” state.<sup>1</sup>
- In the new Member States with an emerging international donor profile, evidence of decentralised development cooperation with LRAs is quite rare.
- The impact of the global financial-economic crisis has exerted a disproportionately negative effect on these emerging donor states, further diminishing the already small ODA budgets for these states.
- Local and regional authorities’ block grants tend to finance decentralised development cooperation, with very little evidence to suggest that local taxation revenue is used as a means to sustain international development assistance in any of the EU-27 countries.
- Whilst many local and regional authorities form partnerships with non-governmental organisations (NGOs) on the issue of development cooperation, in instances where there is a highly decentralised model of development cooperation, the model of a regional international development corporation tends to be most common.
- Alternatively, decentralised development assistance is co-funded through EU-funded schemes, and in particular, the financing instrument for development cooperation (DCI).

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<sup>1</sup> See Florian Kitt ‘EU Aid Architecture: Recent Trends and Policy Directions’. World Bank, January 2010.

- Data availability for decentralised development cooperation is patchy and is not standardised across the Member States, a factor which impedes both comparison and the identification of good practice.
- LRAs should work to facilitate the collation of standardised data on decentralised development cooperation across the EU-27 Member States.
- Collective and individual action on the part of LRAs should be tailored to the needs of each individual member state. The analysis presented in this report identifies countries by the level of their requirements. There are 5 clusters of country types identifiable in the EU:

<b>Cluster</b>	<b>Features</b>	<b>Member States</b>
1	Legal frameworks clearly define the parameters of LRA activity in the provision of ODA	BE, FR, ES, IT, HU, PL, LV, RO
2	No formal legal framework shaping LRA ODA provision, yet significant levels of decentralised development cooperation	SE, UK, FI
3	No clear supporting legal frameworks that define LRA capacities to engage in ODA provision. No evidence of officially sanctioned LRA activity.	NL, DE, AT, PT, EE
4	No legal framework supporting LRA activity in ODA provision. No evidence of significant LRA activity in ODA provision. No legal prohibition of such action.	DK, MT, SI, LT, BG
5	No legal frameworks supporting LRA activity in ODA provision. No evidence of significant LRA activity in ODA provision. Legal frameworks actively constrain the ability of LRAs to engage in ODA provision	LU, IE, EL, CY, CZ, SK

# Introduction

Decentralised development cooperation is growing in importance across the globe. Many developed nations are finding that increasing multi-level cooperation in development assistance can make a significant and positive impact on overall foreign aid programmes and policies. In a number of federal and politically decentralised countries, such as Belgium, Germany and Spain, this trend is the most pronounced. Within the EU, the additional funding which local and regional governments contribute to overseas development assistance is allowing Member States to move more rapidly towards meeting the long-term goal of assigning 0.7 percent of gross domestic product (GDP) towards ODA. Thus decentralised development cooperation not only improves the quality of aid but the quantity as well.

This report provides a qualitative assessment of the role of decentralised cooperation in international development and paints a comprehensive picture of the nature of development strategies across the EU Member States.

The first – and largest – section of the report describes the types of activities undertaken by local and regional authorities in each of the EU-27 Member States. The outline for each country includes an overview of: (a) the essential characteristics of each country's administrative structure; (b) a description of the national legislative framework for local or regional government action; (c) a description of the national legislative framework for local or regional government action in the sphere of decentralised development cooperation within the international arena; (d) a description of the key actors in the provision of ODA at the local or regional level, or, where no such actors exist, at the national level; (e) an overview of the main financial mechanisms through which local and regional actors are able to provide the necessary resources to support their development cooperation activities; and (f) a summary of the main issues relating to the capacity of local and regional actors in the sphere of development cooperation.

Taken together, the individual country reports deliver a coherent assessment of the framework and capacities among Member States to undertake multi-level actions in international development. The information contained within these country reports is used to generate a short comparative overview which summarises the main characteristics of Members States' approaches to decentralised development cooperation, grouping countries together according to their common characteristics. This comparative overview should provide a firm foundation for further discussion of how the role of local and regional authorities in international development can be both

facilitated and harnessed across the EU's 27 Member States, and points to areas for potential future development for each group of countries.

Based on the evidence presented in section one, the second section sets out a number of policy recommendations and proposals for decentralised development cooperation. Not only does it highlight areas of good practice in regulatory frameworks, it also notes models of good practice in the multi-level governance of development cooperation across the 27 EU Member States. This section also highlights those areas where LRAs can work together to facilitate good practice in the area of decentralised development cooperation, multiplying innovative ideas and developing spaces for the exchange of ideas and experience between local and regional actors across the EU. This segment of the report also recommends approaches which might improve cooperation across the other levels of EU authority in an effort to further support decentralised development cooperation.

The third and final section of the report provides a description of the principal sources of information on decentralised development cooperation in the Member States. This includes an overview of the primary documentary evidence relating to decentralised cooperation in the 27 Member States. This evidence can serve as a reference point on decentralised development cooperation.



# Section One: The Legal and Financial Framework for Decentralised Development Cooperation: Member State by Member State

This chapter presents a descriptive analysis of the differences in the meaning, understanding, competences, and practice of decentralised cooperation on development issues across the 27 Member States. It sets out the key differences in interpretations of the role that local and regional authorities can and do play in international development actions. It also illustrates the practice of decentralised cooperation in each of the EU-27 Member States.

Descriptions of the relationships developed by authorities at and between the municipal, local and regional levels tend to take many names, with no clear, universally accepted definition available to help categorize these relationships. This causes problems in performing comparative analysis of decentralised development cooperation activities, with different objects of analysis in decentralised development cooperation – such as the study of “Municipal International Cooperation”<sup>2</sup> (MIC), city-to-city cooperation, twinning or *jumelage*, and local development policy – all subsumed within the same category.

However, the common denominator in all these different activities is cooperation based on an agreement between two or more sub-state actors, aiming to work together and facilitate the exchange of information and activities. Overall, such linkages aim to contribute to local development and capacity building of local government bodies. Activities are varied and can range from cultural exchanges to sharing expertise on town planning or waste management, as well as good governance and public administration. Such programmes also work as confidence-building measures and aim to promote mutual understanding between the EU LRAs and partners in developing countries.

Thus, for the purposes of this report, the term “decentralised development cooperation” is used to describe activities related to cooperation or collaboration between local or regional authorities in the European Union, acting as, or on behalf of, donors on the one hand, and recipients of assistance in a developing country on the other hand. Recipients of

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<sup>2</sup> On this point, see, for example, <http://www.observ-ocd.org/temp/libreria-361.pdf>.

development assistance may be local or regional authorities within a developing country – but the definition of decentralised development cooperation employed here is not limited to these kinds of bilateral cooperation projects between LRAs within and outside of the EU. Thus, partnerships between LRAs in the EU and other levels of government, NGOs or associations are also included in this definition of decentralised development cooperation. This definition is somewhat narrower than that outlined by the EU in Regulation 625/2004, which not only includes cooperation between LRAs, but also cooperation between EU-based NGOs, religious organisations, lobby groups, trade unionists and so on.

Drawing on national legislation, this chapter provides an analysis of the differing approaches to decentralised development cooperation on the basis of the different legal and institutional frameworks within each of the 27 EU Member States. These different legal and institutional frameworks regulate decentralised development actions and cooperation on international development between levels of governmental authority. Thus, this section provides a clear overview of the scope and limitations of local and regional authorities' international development capacities in each Member State.

As well as addressing the legal and institutional frameworks which exist in each country, this section also provides an outline of the main financial mechanisms through which local and regional actors are able to provide the necessary resources to support their development cooperation activities, focusing on the opportunities and capabilities which exist (if any) for local and regional authorities across the EU Member States to mobilise the financial capacity necessary to undertake international development actions. The descriptive analysis which is presented in this chapter thus provides a vivid outline of the sheer diversity that exists across the EU's 27 Member States in the sphere of LRAs and international development.

Each country profile contains the following information:

- First, the essential characteristics of each country's administrative structure;
- Second, a description of the national legislative framework for local or regional government action;
- Third, a description of the national legislative framework for local or regional government action in the sphere of decentralised development cooperation within the international arena;
- Fourth, a description of the key actors in the provision of ODA at the local or regional area, or, where no such actors exist, at the national level;

- Fifth, an overview of the main financial mechanisms through which local and regional actors are able to provide the necessary resources to support their development cooperation activities;
- Sixth, a summary of the main issues relating to the capacity of local and regional actors in the sphere of development cooperation.

The information described in the individual country profiles is then used to categorise the Member States by their characteristics in the sphere of decentralised development cooperation. This comparative exercise facilitates the identification of possible measures that might be undertaken by Member States to develop at least a basic degree of coherence amongst Member States in terms of the capacities available to local and regional authorities in decentralised development cooperation.

## **1.1. Federal Republic of Austria**

### ***Administrative Overview***

Austria has a federal structure composed of nine *Länder*, each with its own Constitution, *Landtag* (parliament) and a regional government (*Landesregierung*). Policy areas that lie within the competence of the *Länder* are defined as those not reserved to the Federal Government. The next level of government beneath the States is the district administrative authority (of which there are 99), comprising decentralised administrative structures of both the Federation as a whole and the individual *Länder*. Each of these exercise executive power and oversee the activities of the municipalities. The head of each district authority is appointed by the *Land* government. There are some 2357 municipalities (including 15 cities): administrative subdivision of the *Land*, each has a directly elected local Council, a local administrative board proportionally representing parties and a mayor (executive).

### ***National Legislative Framework for Local/Regional Government Action***

- Article 116 of the Constitution deals with self-administration and the recognition of the principle of local autonomy;
- Articles 118.1 and .2, 119, para. 1 and 4 and 119a deal with the recognition of the principle of general competence;
- Article 118.3 concerns the distribution of responsibilities and local competences;
- Part V of the Constitution maps local self-government;
- Ratified the European Charter of local self-government in 1987;

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- *There is no law specifically regulating the basis for international cooperation on the part of LRAs;*
- The legal basis for LRAs to undertake international cooperation is therefore based on Article 116 of the Constitution (setting out general competences) and the Federal government has the right to supervise this action as established in Art 119a;
- The Austrian *Länder*/regions are allowed under the Constitution (Art 16,1,3) to sign cross border cooperation agreements with neighbouring

governments they share a border with – although these countries are now all EU Member States;

- *The Constitution further authorises Länder and municipalities to engage in international cooperation within their fields of competence (Between the local and the global, p. 314);*
- Austrian Federal Act on Development Cooperation of 2002 was amended in 2003 to create the Austrian Development Agency (ADA).

## ***Key Actors***

The Austrian aid system is fragmented between many institutional actors and there is no single consolidated overseas development aid (ODA) budget. Furthermore, because there is no law specifically regulating the basis for international cooperation at the LRA level, nearly all activities are coordinated at the national level, with the Bundesländer (provinces) and local authorities are under the responsibility of Home Affairs. They implement a small part of the development programme, i.e., mainly in terms of assistance to refugees. Refugee assistance can only be imputed as ODA for the first year of stay in the host country.

The Austrian development cooperation policy thus suffers from a lack of coherence, with at least eight separate ministries funding aid-related activities from their own budget. The Federal Ministries Act of 1986 assigns responsibility for humanitarian policy to the Federal Ministry for European and International Affairs. The Federal Ministry of the Interior is responsible for international disaster relief in both ODA and non-ODA countries. The Ministry of Foreign Affairs can also delegate authority to another federal ministry. The Ministry of Foreign Affairs is mandated to execute the 1986 Act and to coordinate aid policy in Austria.

## ***Financing of Cooperation and Type of Aid***

The Austrian system is in practice highly centralised and Länder rely heavily upon the federal government, particularly with regard to finance. In 2008, the Länder collectively spent around EUR 18.8 million on development cooperation,<sup>3</sup> out of a total of EUR 1.19 billion for Austrian ODA in that same year.<sup>4</sup> The majority of these funds are spent on the care and integration of asylum seekers in the Austrian Länder themselves, but under the Austrian legal understanding of development assistance, this is calculated as

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<sup>3</sup> Austrian Development Cooperation Agency (EZA):  
<http://www.eza.at/index1.php?menuid=2&submenuid=232>.

<sup>4</sup> OECD Aid Statistics by Donor Country:  
[http://www.oecd.org/countrylist/0,3349,en\\_2649\\_34447\\_1783495\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/countrylist/0,3349,en_2649_34447_1783495_1_1_1_1,00.html).

decentralised development cooperation.<sup>5</sup> Consequently, there is little evidence of LRAs making a significant contribution to overseas development cooperation. Notwithstanding this point, LRAs may contribute to the financing of smaller aid projects, although they do not fund such projects themselves on an exclusive basis.

The Federal Ministry for European and International Affairs coordinates development policy and plans Austrian development cooperation. The Austrian Development Agency implements programmes and projects with important contributions also being made by other ministries, federal states, municipalities and the Austrian development bank.

The present three-year programme on development policy is designed to implement the legislation outlined above. The main strategy is prepared by the Ministry of Foreign Affairs in collaboration with the Ministry of Finance. In theory, the Ministry of Foreign Affairs has a mandate to execute the strategy overall, but in practice, each aid spending ministry has responsibility for aligning their activities with Austria's development cooperation objectives.

As noted above, and in common with many other aid donors, the conditions for LRA cooperation on international development within domestic legislation is vague, giving considerable flexibility to those Länder who do wish to engage in such initiatives. Two Austrian Länder have established an advisory council to advise on development cooperation issues.<sup>6</sup> Länder and municipalities make up for less than 2 percent of Austrian ODA). Crucially, however, Austria's contributions to humanitarian aid through ODA channels remain modest, and well below that of other countries with similar economic profiles.<sup>7</sup>

#### *Management and Coordination of Aid from the Austrian Foreign Ministry – DG VII Development Cooperation*

The funding for what limited decentralised cooperation is enacted comes from local budgets, although federal funding can be complementary.<sup>8</sup> The

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<sup>5</sup> Austrian Development Cooperation Agency (EZA):  
<http://www.eza.at/index1.php?menuid=2&submenuid=232>.

<sup>6</sup> Austrian Development Cooperation Agency (EZA):  
<http://www.eza.at/index1.php?menuid=2&submenuid=232>.

<sup>6</sup> OECD Aid Statistics by Donor Country.

<sup>7</sup> Alberdi, Jokin (2010) "The Role of Local and Regional Authorities", in Paul Hoebink (2010) (ed.) *European Development Cooperation. In Between the Local and the Global*, Amsterdam University Press pp. 291-319.

<sup>8</sup> Austrian Development Cooperation Agency (EZA):  
<http://www.eza.at/index1.php?menuid=2&submenuid=232>.

Länder coordinate with the central aid authority. Cooperation varies between the levels of authority in Austria. The majority of aid from the Länder takes the form of projects co-financed with federal agencies, NGOs or even in some cases third-country organisations. Scholarships and experts are also financed. The Länder do not manage their own “aid programmes” as such, but rather the grants are distributed in accordance with certain principles, for instance, strong historical linkages or connections.

The geographical focus of Länder aid is in line with the defined priority partner countries of the Austrian federal government, although certain Länder do have their own privileged partner countries, for instance in neighbouring central and Eastern Europe, although since these countries joined the EU this assistance is declining. Crucially, the Länder do have specific budgets for development cooperation, but may also draw on other regional budgets to finance development cooperation actions. Most Länder also have dedicated staff working on development cooperation, but these are not usually full-time responsibilities.

Although Austria’s federal Constitution reserves “foreign relations” to the national level (BVG Article 10 (1) 2), the federal government and the Länder do often implement common projects abroad, most commonly in the field of development cooperation. This intergovernmental action is provided for by Article 22 of the Federal Constitution, which states that “All authorities of the Federation, the Länder and the local authorities are bound within the framework of their legal sphere of competence to render each other mutual assistance”.

At the local level, each municipality assigns a specific amount to fund international cooperation, though this can relate to “twinning” projects in the developed world and does not refer specifically to development cooperation. Where they do engage in development cooperation actions, the municipalities tend to finance primarily NGO-initiated development projects. However, they have also on occasion supported scholarships for students coming to study in Austria. Only the very largest Austrian towns and cities manage their own development cooperation budgets, so these are quite rare.

## *Summary*

- Austria is an average donor in international development terms, spending 0.32 percent of GNI on international development projects in 2010 (OECD, 2011)<sup>9</sup>;
- Only 2 percent is spent by LRAs;
- *There is no law specifically regulating the basis for international cooperation on the part of LRAs;*
- The legal basis for LRAs to undertake international cooperation is therefore based on Article 116 of the Constitution (general competence) and the State or Federal government can supervise this action as established in Art 119a;
- LRAs do participate in international development cooperation, but on a very small scale;
- Development aid is supplied principally as co-funding for larger projects funded by other national and international donors;
- Aid is supposed to be managed centrally in collaboration with the Austrian Ministry of Foreign Affairs, which is responsible for managing development assistance nationally.

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<sup>9</sup> OECD (2011), available at: <http://www.oecd.org/dataoecd/54/41/47515917.pdf>.



## **1.2. Federal State of Belgium**

### ***Administrative Overview***

Belgium has a federal structure, composed of Regions (based on the notion of territory – Wallonia, Flanders and Brussels Capital) and Communities (based on the notion of language – French, Flemish, and German). All national levels of government – Federal, Regional, and Community – have equal constitutional standing. At the local and regional level, the country is sub-divided into 10 provinces, 43 districts and 589 City Councils or municipalities.

The Belgian regions' sphere of competence covers the management of living conditions, the economy, and they also hold administrative control over the provinces and municipalities except in those areas which are defined responsibilities of the State or the Communities. Regional governments also coordinate foreign trade with the national government. The communities' responsibilities relate to issues of personal interest, such as health, welfare, cultural issues, housing and education and training.

Of the total government spending, 40 percent is controlled by regional and community governments. The Federal State has maintained power over national policy fields including justice, defence, railways, energy, and telecommunications.

### ***National Legislative Framework for Local/Regional Government Action***

Control over the municipalities has been transferred to the regional level as part of Belgium's on-going decentralisation reforms (Flemish municipal decree in Flanders (2005); Wallonia has the "code for local democracy and decentralisation" and the "new municipal law" (2005); in the Brussels Capital Region, there has been an adaptation of existing municipal law). The regions are thus the supervising authority of the municipalities.

- Recognition of the principle of local autonomy the Constitution Articles 41 ("Interests which are exclusively of a municipal or provincial nature are ruled on by municipal or provincial councils, according to the principles laid down by the Constitution") and 165 (organisation and responsibilities).
- Recognition of the principle of general competence: Article 165 (2) guaranteeing the attribution to provincial and municipal councils of all

that is of provincial and municipal interest, without prejudice to the approval of their acts in the cases and in the manner that the law determines; and (3) the decentralisation of competences to provincial and municipal institutions.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

The legal competence for international relations in Belgium is shared by the federal government, the regions and the communities. The issue of development cooperation by sub-national authorities is intrinsically related to constitutional reforms that have been taking place since the 1970s. Since then Regions and Communities have been created with their own powers, competences, parliaments and governments, i.e. the Walloon Region, the Flemish Region, the Brussels Capital Region, the Francophone Community, the Flemish Community and the German-speaking Community. From that time onwards all the different Regions and Communities have experimented with development cooperation activities.

Two aspects of the Belgian institutional reform have far reaching effects on the way decentralised development cooperation is being organised and evolving. First, there is the legal equality between the federal government level and the Regions and Communities. There is no hierarchy between these levels.

Second, within their own spheres of competence, the Regions and Communities are entitled to define and conduct their own external relations, including the signing of agreements with governments (national and sub-national) abroad. This principle of *in foro interno, in foro externo* has prompted almost all Regions and Communities to conclude development cooperation agreements with other countries, most notably in Africa and in eastern Europe. In addition, several of these sub-national authorities give financial support to their NGO community, to other institutions involved in development cooperation (e.g. Universities) as well as to international organisations such as UNESCO and the ILO.

### ***Constitutional Level***

Article 167 of the Belgian Constitution highlights the “shared responsibility” of international relations management across the tiers of government. This states that Belgium’s regions and communities, as well as the federal government, may sign treaties with international partners, when these relate to issues which fall within their domestic sphere of competence. Foreign

policy is within the sphere of competence of the Federal State, development cooperation pursued by regions cannot interfere with the overall foreign policy of the Federal State.

Art. 128 of the Belgian Constitution indicates that French and Flemish Communities “rule by decree, in as much as each is concerned, on personal issues, in addition ... and international cooperation, including the ratification of treatments”.

### ***Broader legal framework***

- **Lambermont Agreement 2000 and its 2001 legislation (fifth state reform):**

Agreement was reached in 2000 to de-federalise the international cooperation budget by 2004, and the resulting framework for multi-level cooperation was enshrined in the Lambermont agreement. This transferred a substantial number of implementation rights to the Regions – including aspects of international cooperation – and granted greater fiscal autonomy over Belgium’s official development assistance. Since 2004, the Regions and Communities have therefore been empowered to implement independent development programmes. However, Federal legislation remains in place until the Regions have adopted relevant decrees.

- **1999 National Law on Belgian International Cooperation:**

In 1999, a new law on Belgian International Cooperation was passed in Belgium, allowing local government actors as well as regions and communities to engage in international development cooperation. However, all domestic actors are under pressure to focus their actions on the priority countries which are set out by the Federal Government. This measure is an attempt to ensure a degree of coherence in Belgian international development cooperation, given the process of “de-federalisation” of the cooperation budget which has been ongoing since 2000. The OECD’s Development Assistance Committee (DAC) has warned that through de-federalisation, internal consistency of the Belgian aid system as a whole could be lost, as it would be more difficult to ensure appropriate linkages between ODA and other policies with a significant impact on developing countries.<sup>10</sup>

The Flemish Decree on municipal development cooperation (2004) recognises the role of local government and provides financial incentives. For instance, Chapter VI Article 15 states that every year, funds are allocated

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<sup>10</sup> OECD (2010), see:  
[http://www.oecd.org/document/17/0,3746,en\\_2649\\_34603\\_45415825\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/17/0,3746,en_2649_34603_45415825_1_1_1_1,00.html).

in the budget of the Flemish Community for municipal development cooperation. Chapter VI Article 17 states that the Government of Flanders can provide incentives to control the policy of councils on development cooperation.

### ***Key Actors***

The Regions and Communities have dedicated international development assistance agencies in place. They include:

- - The Flemish International Cooperation Agency (FICA), which was created in 2006, supports the international policies of the Flemish Community in Brussels, and manages over half the resources that the Flemish government allocates for development cooperation;
- - The Vlaamse Vereniging voor Ontwikkelingssamenwerking en technische Bijstand (VVOB) is the Flemish Association for Development Cooperation and Technical Assistance. This is a non-profit organisation commissioned by the Flemish and Belgian governments as a means to improve educational quality in developing countries. VVOB is subsidised directly by the Flemish Community Foreign Policy Administration and indirectly via the administration costs of the grant from the Directorate-General for Development Cooperation (DGDC).

At the national level, the Federal Directorate General of Development Cooperation (DGDC) is the main body responsible for Belgian Development cooperation and manages two-thirds of Belgium's aid budget. It organises and devises development cooperation. The DGDC is overseen by Minister of Development Cooperation. The Belgian Development Agency (BTC) is responsible for the implementation of governmental cooperation.

### ***Financing of Cooperation and Type of Aid***

In 2008, the latest year that the OECD DAC undertook a peer review of Belgium, approximately 4 percent of Belgian official development assistance was funded by Belgium's Communities, Regions, Provinces and Local Authorities, with the remaining 96 percent of ODA provided by the Federal Government<sup>11</sup>. However, whilst these actors are empowered to undertake independent action in international development assistance, the Federal law on international cooperation from 1999 stipulates that development aid must aim to foster sustainable human development, with a focus also on the Millennium Development Goals (and subsequent Paris Declaration and Accra Agenda for Action).

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<sup>11</sup> OECD Development Assistance Committee (2010) "Peer Review Belgium", p.48.

In addition, the 1999 law on international cooperation limits the number of privileged partner countries to 18; these are Algeria, Benin, Bolivia, Burundi, DRC, Ecuador, Mali, Morocco, Mozambique, Niger, Palestinian territories, Peru, Rwanda, Senegal, South Africa, Tanzania, Uganda and Vietnam. However, this restriction to 18 countries only concerns bilateral direct aid programmes, and does not apply to projects carried out by regions, communities and local authorities. The Flemish government, for instance, has emphasised its own set of bilateral partners, with an emphasis on southern Africa: Mozambique, Malawi and South Africa.

The Flemish government is an interesting example of the increasing role of local and regional authorities in international development cooperation. The new global tendency for local and regional authorities to sign partnership agreements with multilateral agencies such as the UNDP, UNESCO and FAO has fostered the creation of innovative cooperation programmes that have radically altered old routines of multilateralism. By way of example, Flanders is currently amongst the top 25 international donors to UNAIDS, thanks to the activities of its development agency, which was created in 2006, and as a result of a number of important bilateral instruments and specific formal agreements with multilateral institutions such as the WHO and FAO.

Perhaps the most prominent – and arguably most successful - example of decentralised development cooperation under the Belgian “de-federalised” system relates to local authority interaction between municipalities in Belgium and in Benin. The local government associations from Wallonia and the Brussels-Capital region of Belgium have been working with the federal government to deliver the “CIC” programme, that is, the programme of municipal international cooperation. Under the CIC Benin programme, for the period of 2009-2012, a group of 6 Belgian communes are working with 6 municipalities from Benin. The objective here is to assist the partners in Benin to consolidate local democracy and operate good governance strategies, through a strengthening of their capacity to mobilise and generate their own resources – a precondition for effective governance and service provision. The overall aim of this project is to develop practical tools which will help the municipalities in Benin generate both internal resources (mainly fiscal) and external resources. The CIC programme has provided EUR 960,000 for the 2009-2012 period. No specific co-financing is required, but the costs of staff from the northern partners are not covered by the

programme; these are covered by the communal administrations themselves<sup>12</sup>.

### *Summary*

- Belgium is a relatively generous donor, spending 0.64 percent of GNI on ODA in 2010 (OECD, 2011);
- In line with its decentralised domestic governance structure, Belgium has an extensive framework for decentralised development cooperation;
- There is an effective legal framework to facilitate decentralised development cooperation across the tiers of governmental authority within Belgium;
- Local and regional actors in Belgium are highly active in international development cooperation and have well defined strategies of engagement;
- Given their extensive remit in development cooperation, the Belgian regions and communities offer a good example of effective decentralised development cooperation in practice.

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<sup>12</sup> PLATFORMA The European voice of Local and Regional authorities for Development (2010) “Decentralised Development Cooperation: European Perspectives”, available at: [http://www.ccre.org/docs/Platforma\\_European\\_perspectives\\_EN.pdf](http://www.ccre.org/docs/Platforma_European_perspectives_EN.pdf).

## **1.3. Bulgaria**

### *Administrative overview*

Bulgaria is a unitary state composed of 264 municipalities and 28 administrative regions.

### *National Legislative Framework for Local/Regional Government Action*

- The Local Self-Government and Local Administration Act was adopted in 1991 (and has undergone several amendments since). In 1995, an administrative-territorial reform was carried out, in 1998/99 new administrative divisions were introduced and the number of regions increased from 9 to 28;<sup>13</sup>
- Chapter 7 of the Constitution deals with local government and local administration;
- Article 136 (1) states that the municipality is the basic administrative territorial unit at which self-government is practiced;
- Article 137 (1) states that the municipality is free to associate in solution of common matters;
- Article 141 (1) states that municipalities have their own budget;
- Under Article 144 the central bodies of the state and their local representatives exercise control over compliance with the regulations of the bodies of local government only when delegated to do so by law;
- Ratified European Charter on Local Self-Government.

### *Legislative Framework for Local/Regional Government Action within the International Arena*

- Local Self-Government and Administration Act;<sup>14</sup>
- Under Article 9.3, the National Association of Municipalities has the right to establish contacts and interaction with similar organisations in other countries, and become a member of international associations;
- The “Concept on the policy of Bulgaria for participation in the international development cooperation,” adopted in 2007 by the Council of Ministers, which stipulates that Bulgarian aid must be based on a

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<sup>13</sup> For an English-language version, see:

«<http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan016312.pdf>».

<sup>14</sup> For an English-language version, see:

«<http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan016312.pdf>».

number of principles, including partnership, ownership, coherence, effectiveness, conditionality, transparency and non-discrimination;

- *There is no evidence of specific overseas development tasks undertaken by LRAs as donors.*

### ***Key Actors***

Because no basic legal framework which permits LRA activity in ODA is in existence, the Ministry of Foreign Affairs leads and coordinates international development cooperation, as is the case in many Member States. The Council for International Development Cooperation supports the Ministry and approves general guidelines and objectives as well as geographic and thematic priorities. The Ministry of Finance determines the selection of financial mechanisms and instruments. Since 2005, the Bulgarian Platform for International Development (BPID) NGO informal network has existed to support civil society engagement and promote effective development aid. Bulgaria adheres to the MDGs, the European Consensus on Development and OECD/DAC requirements. Bulgarian aid is mainly focused on South Eastern Europe and the Black Sea region, but also includes Iraq and Afghanistan.

Bulgaria's policy focuses on no more than two thematic areas in which the country has an advantage in providing assistance. ODA financing targets for new Member States are 0.17 percent of GNI in 2010 and 0.33 percent in 2015 (depending on economic development trends). Bulgaria also contributes to development cooperation within the UN. The initial focus, however, is on bilateral aid. The approach is heavily influenced by legal bases of EU approach to external assistance.

### ***Financing of Cooperation and Type of Aid***

In common with some of its central European neighbours, Bulgaria is both a donor of aid and a recipient. Once again, like most countries in the region, it is not, however, a major donor of aid, with its level of total aid contribution significantly below that of all the other Member States at 0.04 percent of GNI 2008 and 2009,<sup>15</sup> although this is a marked increase on the figure of 0.008 percent for 2005–06. Although data are not available for 2010, there is no evidence of any LRAs providing funding for international development.

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<sup>15</sup> World Bank (2011) available at: <http://data.worldbank.org/indicator>.



## *Summary*

- *There is no law specifically regulating the basis for international cooperation on the part of LRAs;*
- *But there are legal foundations for LRAs to engage with other countries/regions;*
- *Aid is managed centrally by the Ministry of Foreign Affairs;*
- *Bulgaria is both a donor of aid and a recipient;*
- *It is not a major donor of aid, indeed its contribution is below that of all other Member States at 0.04 percent of GNI 2008 and 2009;*
- *There is no evidence of LRAs providing funding for international development.*

## **1.4. Cyprus**

### ***Administrative Overview***

Cyprus is a unitary state composed of 6 districts, 33 municipalities and 491 communities.

### ***National Legislative Framework for Local/Regional Government Action***

- Elected municipal corporations function in the chief towns and larger villages. The smaller villages are managed by commissions comprising a headman (*mukhtar*) and elders (*azas*);
- Voluntary district committees are responsible for activities outside the scope of the major government development projects;
- There are six administrative districts for the island: Famagusta, Kyrenia, Larnaca, Limassol, Nicosia, and Paphos. Each is headed by a District Officer, who is a senior civil servant appointed nationally;
- The Union of Cyprus Communities and the Union of Cyprus Municipalities coordinate local governments and represent them abroad;
- Municipalities are responsible for the condition of the municipal zone which includes construction and maintenance of buildings, parks and public gardens, street lighting, the protection of public health with rubbish collection, sanitation and waste disposal and treatment, and the protection of the environment;
- Where budget permits, municipalities are also responsible for promoting their area through the development of tourism, arts and sports;
- Municipal Law means that the municipality has jurisdiction over Streets and Buildings Regulation Law, the Town Planning Law, the Civil Marriages Law and the Sewerage Systems Law;
- Communities (or Village Authorities) enjoy similar responsibilities to those exercised by municipalities, but in rural areas.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- There is no legislation in place on the participation of LRAs in international development activities.

## ***Key Actors***

Cyprus Aid is the Development Cooperation Service of Cyprus. Decision-making is centralised in the Ministry of Foreign Affairs although implementation tends to be decentralised. The coordinating body for development cooperation is headed jointly by the MFA and Minister of Finance. They are responsible for achieving the targets on the basis of international obligations/EU policy recommendation and national priorities.

The Union of Cyprus Communities and the Union of Cyprus Municipalities coordinate local governments and represent them abroad, but they do not undertake international development. Nor do LRAs independently undertake decentralised development cooperation activities.

## ***Financing of Cooperation and Type of Aid***

Cyprus does not have an implementing mechanism for aid of its own and implements development projects in cooperation with other EU Member States. In 2008 and 2009, Cyprus donated 0.17 percent of its GNI to international development,<sup>16</sup> which was managed and funded entirely by central government. Data for 2010 are not yet available.

## ***Summary***

- Cyprus is a very small member state with a centralised, unitary administration;
- *There is no legislation in place on the participation of LRAs in international development activities;*
- Aid policy is centralised in the Ministry of Foreign Affairs with *LRAs playing no role* in ODA provision;
- Given its very small size, Cyprus is a marginal player in the provision of ODA, although it spent 0.17 percent of GNI on ODA in 2008 and 2009.

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<sup>16</sup>World Bank (2011) see: <http://data.worldbank.org/indicator>.

## **1.5. Czech Republic**

### ***Administrative Overview***

The Czech Republic is a unitary state composed of 14 self-governing regions and 6250 municipalities.

### ***National Legislative Framework for Local/Regional Government Action***

- The Law on Municipalities No. 367/1990 (and later amended by Law No. 128/2000) defined independent competencies (self-government) and delegated functions of state administration in a generally balanced and clear fashion.
- The Czech Republic Constitution, Chapter VII, Article 9 defines the principle of local autonomy - municipalities are fundamental self-governing territorial divisions, and regions, which shall be superior self-governing territorial divisions.
- The Constitutional Act on the Higher Self-Governing Territorial Units No. 347/1997 defined the higher self-governing unit and its territory whilst the Act on Regions No. 129/2000 defined this second tier of local government (*kraj*) as a joint system of independent competencies (self-government) and delegated functions of state administration.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

*There is no legal framework regulating or indeed facilitating the international development cooperation of local and regional authorities within the Czech Republic.* Overall, the international relations strategy for development cooperation is *highly centralised*, and what little international development cooperation local and regional actors do engage in tends to be multilateral, through international membership associations, ad hoc and sporadic.

Within the Constitution of the Czech Republic, there is no reference to sub-state competences within international arena. Furthermore, whilst the President of the Republic represents the state in external affairs, negotiating and ratifying international treaties, he may transfer these negotiation rights to the Government, or to individual members of the government. He is not

empowered to delegate this right to any sub-state authority, such as a local or regional government, or an association thereof.

The Czech Republic's official development assistance is regulated by the Act on Development Cooperation and Humanitarian Aid of April 2010. This does not provide legal regulation for the role and actions of local and regional authorities in development cooperation.

The Act established the Czech Development Agency, whose role it is to identify, formulate, implement and monitor projects in priority partner countries and to award grants to NGOs. The Agency states that its key partners for cooperation within the Czech Republic are NGOs and private sector donors. They do not suggest that engagement with local and regional authorities is either a reality or a short to medium term objective.

### ***Key Actors***

Because LRAs have neither the legal nor practical capacities to provide ODA, the Ministry of Foreign Affairs is the responsible authority within development cooperation, and presents the government with medium term plans and draft budgets. The Czech Development Agency reports directly to the Ministry of Foreign Affairs.

The main association of local authorities, the Union of Towns and Municipalities of the Czech Republic (SMOCR), does not have an international profile and does not undertake significant international projects, as can be found in the majority of EU-15 states. There is also no evidence of Czech LRAs undertaking international development projects by themselves.

### ***Financing of Cooperation and Type of Aid***

Independent financing of development cooperation by local and regional authorities in the Czech Republic is not well defined in legislation, and is not widely undertaken. At present, international development cooperation spending is highly centralised, despite any rationale for a greater involvement of local and regional actors in policy development and delivery. The Czech Development Agency is responsible for tendering procedures and has now become the implementation agency for bilateral cooperation, multilateral cooperation of the Ministry of Foreign Affairs.

## *Summary*

- *There is no legal framework regulating or indeed facilitating the international development cooperation of local and regional authorities within the Czech Republic;*
- The Czech Republic is only beginning to develop a profile as an international donor, having traditionally been a recipient of international aid assistance;
- It spent 0.12 percent of GNI on ODA in 2008, 2009 and 2010;<sup>17</sup>
- At present, the coordination and management of international development cooperation funds is highly centralised;
- Local and regional authorities in the Czech Republic have an extremely limited international profile and do not undertake autonomous development cooperation strategies;
- Consequently, decentralised development cooperation remains a relatively untested concept in the Czech Republic.

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<sup>17</sup> Aid Watch (2011), see:  
[http://www.concordeurope.org/Files/media/0\\_internetdocumentsENG/3\\_Topics/Topics/Aidwatch/AidWatch-briefing-final.pdf](http://www.concordeurope.org/Files/media/0_internetdocumentsENG/3_Topics/Topics/Aidwatch/AidWatch-briefing-final.pdf).

## **1.6. Denmark**

### ***Administrative overview***

Denmark is divided into 5 regions and 98 municipalities (kommuner). The prefect (statsforvaltningerne) represents the national government in each region and supervises the municipalities on the government's behalf.

### ***National Legislative Framework for Local/Regional Government Action***

- Legislation on self-government: *Section 82 – local autonomy and principle of general competence*;
- Denmark has ratified the European Charter on local self-government.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- *There is no specific law which sets out the legal framework for international action on the part of LRAs*;
- International cooperation is therefore carried out on the basis of the principle of general competence;
- The Act on international development cooperation of 1972 (amended several times, last amendment 2002) makes no reference to local government's international cooperation.

### ***Key Actors***

There is no specific law regulating or facilitating international action on the part of LRAs. As a result, the Agency for Danish International Development Assistance (Danida) (located within the Ministry of Foreign Affairs) plans and implements the vast majority of Danish cooperation programmes with developing countries. LRAs do form relationships with other countries/regions, suggesting that there is – at the legal level, at least – the potential for LRAs in Denmark to engage in decentralised development cooperation. However, the central government dominates ODA provision at the present time.

### ***Financing of Cooperation and Type of Aid***

*LRAs play a negligible role in the provision of ODA in Denmark.* Denmark is, however, one of the most generous donors of ODA in the EU, spending

around 0.83 percent of GNI in 2010. Funding is disbursed by Danida in the Ministry of Foreign Affairs. Local and regional authorities do not participate in the provision of international development assistance.

Beyond the framework of Danida, some individual LRAs have undertaken autonomous development cooperation actions, in line with particular priorities for their area. A survey undertaken by LGDK in 2008 found that 72 municipalities in Denmark undertake international activities in line with a written policy, such as defined international strategy or a local council resolution.<sup>18</sup> However, town twinning remains the most significant area of international cooperation between Danish municipalities and overseas actors, with the overwhelming majority of those overseas actors based in the developed world, principally the EU. Therefore, the role of LRAs in providing ODA to developing countries appears to be nominal at best.

In a separate survey, assessing the international activities of the 79 largest Danish local authorities in 2006, none of the LRAs approached could indicate to the researchers exactly what percentage of the local budget was spent on international cooperation for development activities, nor the absolute amount. International orientation is not contingent on nor a direct function of the economic resources set aside for it.<sup>19</sup> This same study also identified a limited tradition of engaging in any form of international activities on the part of local authorities in Denmark; the predominant view was that international action was, by definition, outside of the scope of local government, i.e., it should be the business of actors at the *national* level. This culture of centralised management of classic *international* activities, including development cooperation and assistance, underscores the centralised framework of development cooperation within Denmark.

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<sup>18</sup> Local Government Denmark (2011), see: <http://www.kl.dk/English/Artikler/39893/2008/08/International-Activities--Impact-of-the-Local-Government-Reform/>.

<sup>19</sup> Salskov-Iversen, D. (2006) 'Learning across borders: the case of Danish local government', *International Journal of Public Sector Management*, Vol. 19, No. 7, pp. 673-686, p. 675.



## *Summary*

- *There is no specific law which sets out the legal framework for international action on the part of LRAs;*
- There is, however, no clear law prohibiting international action;
- Rather, the constraints on LRA activity appear to be cultural rather than legal;
- Denmark is an exceptionally generous donor, spending 0.83 percent of GNI on ODA in 2010;
- Consistent with Denmark's culture of centralised aid provision, aid policy is centralised through Danida in the MFA, with all significant funding disbursed through this agency;
- Despite its small size, Denmark is a generous provider of ODA and a significant player in international development;
- However, the role of LRAs in ODA appears to be insignificant.

## 1.7. Estonia

### *Administrative Overview*

Estonia is a unitary state composed of 193 rural municipalities (*vald*) and 33 cities (*linn*). There is no regional level of administration.

### *National Legislative Framework for Local/Regional Government Action*

- Local Government Act adopted in 1989;
- The 1992 Constitution provides guarantees for autonomy of local governments (granting of local autonomy Art . 154), but does not mention international engagement on the part of LRAs;
- International treaties and foreign relations are the responsibility of Parliament;
- New local government legislation was promulgated in 1993;
- Since 1999, an upwards process of nationalisation has led to mergers between fragmented local governments;
- Ratified European Charter of local self-governance.

### *Legislative Framework for Local/Regional Government Action within the International Arena*

- The 2003 Local Government Associations Act specifies the right of associations of LRAs to engage in international action;
- In the Estonian development cooperation and humanitarian aid plan for 2006–10, local governments were described as active partners shaping development policy and implementing projects, and referred to as displaying a “growing interest and readiness to participate in development cooperation and to implement development assistance projects”;
- In the 2003 procedure for the provision of development assistance and humanitarian aid no specific mention is made of LRAs, but they could potentially submit a proposal for consideration under the terms of Article 3 (1) of Regulation of the Government of the Republic No. 124<sup>20</sup>;
- The Association of Municipalities of Estonia (AME) operates a 5-point international action strategy. None of these relates explicitly to development cooperation, though there is an emphasis on establishing good links with the local authorities and their associations of neighbouring countries, including both Ukraine and Moldova.

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<sup>20</sup> This is the “Procedure for the provision of development assistance and humanitarian aid”, of 21 May 2003.

## ***Key Actors***

While the majority of ODA provision is overseen by the central government – primarily through the Ministry of Foreign Affairs (MFA), there is a role for local and regional actors at the policy level. Alongside the MFA, other government ministries and local governments in Estonia are involved in both drafting and implementing the Strategy for Estonian Development Cooperation and Humanitarian Aid<sup>21</sup>. The priority countries for development cooperation which have been identified by the 2010 Strategy of Estonian Development Cooperation and Humanitarian Aid 2011-2015 are Georgia, Moldova, Ukraine and Afghanistan.

## ***Financing of Cooperation and Type of Aid***

The MFA is in charge of aid financing. Estonia is not a major donor of aid given its small size, but spending has been increasing in recent years to around 0.1 percent of GNI in 2010 (up from 0.07 percent in 2005).<sup>22</sup> This figure is ahead of some other new Member States.

There are examples of cooperation projects which have been initiated and managed by LRAs in Estonia, with the financing coming from the national ODA budget. For instance, in 2010, the Foreign Ministry's budget for development cooperation allocated EUR 8,462 to a cooperation project between the Kehtna rural municipality in the county of Rapla, Estonia, and the Petrovka rural municipality in the Krasnogvardeiski region of the Ukraine. The Estonian local authority shared knowledge and expertise in how to implement principles and methods for engaging young people and youth associations in the local community. This project ran for 6 months in 2010.<sup>23</sup>

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<sup>21</sup> Ministry of Foreign Affairs (2010) "Development Plan for Estonian Development Cooperation and Humanitarian Aid, 2006-2010", see: <http://www.vm.ee/?q=node/8322>.

<sup>22</sup> Aid Watch (2011), see: [http://www.concordeurope.org/Files/media/0\\_internetdocumentsENG/3\\_Topics/Topics/Aidwatch/AidWatch-briefing-final.pdf](http://www.concordeurope.org/Files/media/0_internetdocumentsENG/3_Topics/Topics/Aidwatch/AidWatch-briefing-final.pdf).

<sup>23</sup> Ministry of foreign Affairs (2011), see: <http://www.vm.ee/?q=en/node/4082>.

## *Summary*

- Estonia is a small new Member State and not a major donor of ODA, although spending is increasing in this area;
- LRAs have the right to participate in international development under Estonian law, although the great bulk of ODA which is not managed by the MFA is disbursed through NGOs rather than LRAs;
- Estonia is an emerging donor and it is likely that the participation of LRAs in ODA will increase in the future;
- LRAs do not appear to play a role in Estonia in financing ODA; however, they are engaged in international development cooperation projects which are funded by the central state authorities, and operate internationally through their collective associations.

## **1.8. Finland**

### ***Administrative Overview:***

Finland is a unitary state with 342 municipalities. It has six regional state administrative agencies, created in 2010; Åland retained a special status, and was designated a seventh region. These six regions are each made up of 19 smaller regions, each governed by regional councils.

### ***National Legislative Framework for Local/Regional Government Action***

- The Constitution of 11 June 1999 outlines in Article 121, 1-4 provisions for Municipal and other regional self-government;
- The Finnish Local Government Act of 17 March 1995 (number 365) sets out the functions of local authorities.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

Section 2 of the Local Government Act, whilst stating that local authorities are to operate primarily in their own area serving local interests, has also been interpreted as allowing for a degree of international action as local interest can also be served by extra territorial action and international cooperation.

The right of local authorities to engage in international cooperation is recognised in the European Charter of Local Self-Government, which Finland has ratified. According to the provisions of this Charter, local authorities are entitled to cooperate with their counterparts in other states.

### ***Key Actors***

- Department of Development Policy within Ministry of Foreign Affairs responsible for development cooperation;
- Association of Finnish Local and Regional Authorities;
- International development is monitored by Development Policy Committee, which is appointed by the government.

## *Financing of Cooperation and Type of Aid*

While there are considerable legal grounds for the expansion of decentralised development cooperation, its role in overall ODA is still quite small. However, where assistance to date has been funded at the LRA level it has primarily come from local authorities' own budgetary resources.

Recently, new initiatives have seen local authorities take on a greater role in development cooperation assistance. For instance, the Finnish Ministry of Foreign Affairs has established a "North-South Local Government Cooperation programme" in cooperation with the Association of Finnish Local and Regional Authorities (AFLRA). This allows for project development between individual Finnish local authorities and partner authorities in sub-Saharan Africa.

This scheme is funded by the Central Government, with EUR 5 million allocated for the period between 2008 and 2010.<sup>24</sup> Local governments in Finland can apply for funding to develop a cooperation partnership with a local government from sub-Saharan Africa. Municipalities can apply for an average of EUR 100 000 per year for the implementation of a project, and up to EUR 20 000 for the planning of a partnership arrangement. The municipalities themselves cover 20 percent under this co-financing scheme. This programme is running again from 2011-2013, with a budget of EUR 7 million for this phase.

So far, the Finnish city of Lahti has since 1996 had an active partnership with the South African District Municipality of Bojanala Platinum (BPDM), which has a population of 1.2 million, and forms part of North-West Province. More recently, it has developed a new partnership with the Ghanaian city of Ho, the capital of the Volta region, in the south-east of the country. The three municipalities are embarking on a trilateral north-south-south cooperation, in addition to the bilateral working.

Under the North South Local Government Cooperation Programme, for the 2008-2010 period the Lahti-BPDM partnership received EUR 320,000. In addition, there is an in-kind contribution from the local governments, of EUR 117,000. In 2010, the Lahti-Ho cooperation received around EUR 87,000 from the programme.

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<sup>24</sup> A full list of projects and levels of financial support granted to cooperation actions can be found in the most recent evaluation of the project, "Mid-Term Review of the North-South Local Government Cooperation Programme", available online at [http://www.kunnat.net/fi/palvelualueet/pohjoinen-  
etela/selvitykset/Taustamateriaalit/Vper centC3per centA4liarviointiper cent202009.pdf](http://www.kunnat.net/fi/palvelualueet/pohjoinen-etela/selvitykset/Taustamateriaalit/Vper centC3per centA4liarviointiper cent202009.pdf).

This programme is the biggest area of international development cooperation undertaken by Finnish LRAs. The aim of the programme is to build the capacities of elected and appointed representatives and local officials in local authorities in sub-Saharan Africa. Funding is granted for activities related to the different functions of local governments, i.e., provision of basic public services. The programme promotes interaction, reciprocity (such as mutual learning) and equality. Northern and southern local governments plan and implement their cooperation activities together; in fact, AFLRA recommends that the southern and northern local governments write their cooperation plans and official agreements together so that both partners are involved equally during the entire cooperation process. There have been projects in the fields of education, health, the environmental and cultural sectors, with the activities being carried out under the authority of both local governments. In Finland, funding is also granted for international awareness and tolerance education projects.

In addition, several individual local authorities, primarily the bigger cities, have drawn up specific strategies for their international cooperation actions. The majority of local authorities have also included a chapter of their international cooperation in the general operation strategy for the coming years, or for a longer period. Most often, these plans also include consultation or joint formulation of projects with third party actors, such as business leaders or universities.

Overall within decentralised cooperation actions undertaken in Finland, there is a focus on the transfer of knowledge and expertise, justified by the size of Finnish local and regional authorities, which are small and medium sized in global comparison.

Finnish local authorities have also developed a strategy of building international relationships through town twinning arrangements. In recent years, Finnish local authorities, and in particular the AFLRA, have been seeking to build these relationships into more strategic international relationships, whereby a long-term commitment to development cooperation can be established, supported by a concrete action plan. However, they contend that as so much of development aid is still routed through the central governments of the recipient developing countries, they are still struggling to fully integrate local actors in these countries into the development agenda.

One of the immediate aims of AFLRA is to achieve a permanent status for Local Government Cooperation enshrined in official Finnish Development Policy, which it currently does not have.

## *Summary*

- Finland is a mid-ranking donor of ODA, spending 0.55 percent of GNI on ODA in 2010;<sup>25</sup>
- The Association of Finnish Local and Regional Authorities is the main vehicle for the implementation of decentralised development cooperation;
- The North-South Local Government Cooperation Programme has proven to be a highly successful form of decentralised development cooperation, and the programme is now in its fourth funding phase;
- However, funding for such programmes is determined by grants from the national government;
- Finnish development cooperation thus remains highly centralised, although – as demonstrated by the experiences illustrated above - there is clear legal and practical potential for expanding the role of LRAs in development cooperation.

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<sup>25</sup> OECD (2011) see: <http://www.oecd.org/dataoecd/54/41/47515917.pdf>.



## **1.9. France**

### ***Administrative Overview***

France is a unitary state composed of 26 regions, 100 departments, 342 districts, 183 metropolitan areas and 36,782 municipalities (including overseas departments, regions and territories).

### ***National Legislative Framework for Local/Regional Government Action***

Moving away from a traditionally highly centralised system of government, France has been undergoing a decentralisation process since 1982, when greater autonomy was devolved to local authorities. A number of constitutional provisions enshrine the territorial framework of power distribution in France:

- Article 1 of the Constitution states that the organisation of the French Republic is decentralised;
- Article 72 of the Constitution recognises regions as territorial units;
- Article 72 also establishes the principle of financial autonomy;
- Article 72 of the French Constitution also fully recognises the principle of subsidiarity: “Territorial communities may take decisions in all matters arising under powers that can best be exercised at their level. In the conditions provided for by statute, these communities shall be self-governing through elected councils and shall have power to make regulations for matters coming within their jurisdiction”.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

There are three primary sources of legislation which regulate the international activities of French local authorities.

The major sources are the Constitution (1958), and in particular Title XII on the territorial units of the state, and the General Code of Territorial Units (CGCT). The CGCT also contains a body of law relating to the international action of French local authorities. Chapter V of the CGCT regulates decentralised cooperation. This law allows French local authorities to sign agreements with counterparts in foreign countries, provided these agreements are in line with central government policy (Article L. 1115-1). This law also established the “Commission Nationale de la Coopération Décentralisée”

(CNCD), which acts as a space for dialogue between local authorities and central government, and also aims to improve the coordination of international activities which are being developed by the various local and regional actors within France. The French system therefore operates an institutional framework to centralise information and monitor developments in the field of international cooperation, with a view to improving the system for decentralised cooperation in France. French local authorities can also sign agreements with international organisations if the purpose of the agreement is related to decentralised cooperation activities.

The current rules governing decentralised cooperation and legal financing procedures date from the 2003 constitutional reform and the ensuing legislation. More specifically, the area is covered by Act 2004-758 of 29 July 2004.

Financial elements of the decentralised cooperation framework in France are covered by Act 2005-95 of 9 February 2005, published in the Official Journal of 10 February 2005.

Act 2004-809 of 13 August 2004, published in the Official Journal of 17 August 2004 and in force since 1 January 2005 covers participation in decentralised cooperation through a third-party organisation.

Despite the provisions of Article L.1115-1, of the CGCT, local authorities are prohibited from entering into a contract with a foreign state, under the terms of Article L.1115-5 of the CGCT. The unitary nature of the French state and its legal tradition prohibit this type of association.

The city of Paris is regulated by a specific legal framework, established in Article L.2515-11 of the CGCT. This enables the city to act in the field of decentralised cooperation.

In addition, France's overseas departments and regions, which have a special status under French constitutional law and a resulting greater level of autonomous competence, can also provide development assistance through decentralised cooperation.

The CNCD Secretariat, the Delegation for the Action of Local Authorities, can help to mediate between contracting parties in decentralised cooperation activity, for example, by explaining existing cases to them and proposing ways of resolving the crisis. The Commission provides a forum for dialogue with French local and regional authorities, and brings together:

1. Three equally represented major national associations of elected officials (Municipalities, Departments and Regions);
2. Those specialised at the international level (United Cities of France, CUF and the French Association of the Council of the Communes and Regions of Europe, AFCCRE);
3. The national development agency, (the French Development Agency or Agence Française de Développement (AFD)).

### ***Key Actors***

- DG for Global Affairs, Development and Partnerships (DGM within MFA);
- Ministry of Economic Affairs, Finance and Industry – Treasury;
- ADF (French Development Agency) – principal executing agency for bilateral activities, supports decentralised aid cooperation;
- Ministry of Foreign and European Affairs;
- National Commission for Decentralised Aid (CNCD) – provides LAs with practical guidance;
- AFCCRE - (the French Association of the Council of European Municipalities and Regions, Association Française du Conseil des Communes et Régions d'Europe);
- Some French regions have created their own bodies to coordinate development cooperation, e.g. Regional institute for Development Cooperation Alsace Region, Centre for international Cooperation and Solidarity by Centro Region, and such like. These are not, however, in place in all regions.

### ***Financing of Cooperation and Type of Aid***

The General Code of Territorial Units establishes a specific set of financial rules for decentralised cooperation activities via French or foreign-law public or private organisations. The rules concern clauses that must state the duration, conditions, financial terms and conditions of control of membership or equity interest. Similarly, the equity interest in or share of the expenses of any one foreign legal entity must not exceed 50 percent of the equity capital or expenses of any individual decentralised cooperation activity.

In 2006, the French Ministry of Foreign Affairs made water and sanitation one of its three priorities for co-financing decentralised cooperation<sup>26</sup>. The Oudin-Santini law (Article L.1115-1-1 of the CGCT), for example, allows

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<sup>26</sup> The others being education and training, and development of infrastructure in sub-Saharan Africa. See <http://www.diplomatie.gouv.fr>.

municipalities, regions and public authorities responsible for water and sanitation services to allocate up to 1 percent of their budgets for these services to decentralised cooperation.

The Ministry has subsidised actions undertaken by French local and regional authorities in the sector. For instance, the Vienne department, in cooperation with the French Development Agency (AFD), has assisted the Burkinabe municipality in Burkina Faso, establishing a new water management system<sup>27</sup>. For this, Vienne is providing expertise in the form of officials and staff from the department with knowledge and skills in the governance of water management systems, as well as engineers from the departmental water and sanitation authorities. With an overall budget of EUR 12 million, financed by the national government through the French Development Agency, this project forms an element of a larger programme focused on “water supply for city-edge areas”, involving the extension of the water distribution system.

### *Summary*

- France is the third largest donor of ODA in the world (behind in the USA and the UK), spending 0.5 percent of GNI on ODA in 2010;
- The concept of decentralised development cooperation is well established in France;
- Decentralised development cooperation has a legal and financial framework, and as such the concept is widely practiced across the different levels of governmental authority;
- An increasing amount of French official development assistance is being operationalised as decentralised development cooperation as a means of sharing knowledge, skills and expertise at the local and regional level;
- The French system therefore offers a strong model of decentralised development cooperation in practice.

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<sup>27</sup> Ministry of Foreign Affairs, Directorate General for International and Development Cooperation (Ministère des Affaires Étrangères, Direction Générale de la Coopération Internationale et du Développement) (2006) “Decentralized Cooperation by Local Authorities for Water and Sanitation”.

## **1.10. Federal Republic of Germany**

### ***Administrative Overview***

Germany is a federal republic, with extensive powers being exercised by the Länder (regions). The system of local government is a two-tier one, based on the municipality and on the Kreis (county). Germany is constructed of 16 self-governing Länder, alongside 323 districts (Kreise) and 14,865 municipalities.

### ***National Legislative Framework for Local/Regional Government Action***

- Article 28 of the Basic Law confers the right to self-government to local authorities;
- This is generally held to legitimate – at least from a legal perspective - local development policy, as this can be interpreted as entitling local authorities to undertake activities outside the Federal Republic of Germany, provided these activities do not interfere with federal or state-level legislation;<sup>28</sup>
- Article 28 also regulates local finance, subject to the provision of Article 106 Basic Law (right to tax revenue, VAT);
- According to Article 32(2) Basic Law international relations fall under the authority of the Federal State. Art 28 (2) guarantee of self-government to local authorities;
- Article 71: grants exclusive legislative power to the Federation – in matters within the exclusive legislative powers of the Federation, the Länder have authority to legislate only if, and to the extent that, a Federal law explicitly authorises them;
- Article 73 is a full list of the Federation’s exclusive competences;
- Municipalities have full competence to deal with matters of local interest, subject to county functions with regard to municipalities included in the territory of a county.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

Responsibility for development policy lies with the Federal State according to Art 32 (1)GG – relating to foreign affairs which also covers development policy. Individual competences of LRAs in this area are not stipulated in

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<sup>28</sup> Fröhlich, K and Lämmlin, B. (2009) *Kommunale Entwicklungspolitik in Deutschland*. Deutsche Institut für Entwicklungspolitik.

either Constitution at the Federal or Länder level. The Länder can conclude treaties with foreign states in areas that belong to their jurisdiction. -Neither the provisions in the German Basic Law, nor the Constitutions of the individual *Länder* explicitly delegate power to local and regional authorities to engage in international affairs or stipulate their engagement. This right could at best be deduced from article 28 (2) stipulating independence of self-administration/self-government. *Cities and local authorities are active within development policy, but their legal basis for doing so is not without contention.*

### ***Actors in development cooperation in state***

The basis for Federal Länder-involvement in development cooperation has been laid by decisions going back as far as the 1960s. It has been reiterated that the Federal level is responsible for development cooperation, but that Länder can contribute. On this basis, through systematic dialogue with the Federal level the regional authorities have increasingly become involved in development activities. Although the Länder are the driving force behind the increasing decentralised development efforts, this process is broadly coordinated through a *Federal-Länder Committee for Development Cooperation*.

The Committee on Development Cooperation coordinates development cooperation of the Federation and the Länder (acts as a forum for cooperation including Foreign Ministry, Ministry for Economics and Labour and implementing agencies), Federations and Länder also hold annual meetings between ministers responsible for development.

The Länder, also, work closely with the federal executing agencies (mainly the Agency for Development Cooperation, or GIZ to use its well-known German acronym) through the secondment of experts for projects that relate directly to their competencies (e.g. water management).

A prominent feature of the German system is the way in which the decentralised cooperation fits into the federal cooperation. For example, the German Foundation for International Development (DSE) is an institution for development policy dialogue and training offering advanced courses to specialists and executive personnel from developing countries. The DSE is supported jointly by the Federal Government and some of the Länder. The bulk of the DSE programmes are financed by the Federal Ministry for Economic Cooperation and Development (BMZ).

## *Financing of Cooperation and Type of Aid*

- Länder tend to concentrate their development cooperation on education. They support education and training in Germany and in the developing countries, as well as development education in Germany. They also provide financial support to NGOs and send personnel with technical skills and expertise to developing countries;
- The support of foreign students takes up approximately 90 percent of all the ODA support from decentralised cooperation.<sup>29</sup> This kind of decentralised cooperation is obviously a highly specialised one. By specialising in a certain field, the decentralised authorities become complementary partners of the federal government;
- Länder also finance experts and support projects in recipient countries;
- Municipal cooperation focuses on twinning, which is financed through municipal budgets. The BMZ has noted an upward tendency in town twinning arrangements<sup>30</sup>;
- Germany has neither a budget item in the national budget, nor any across-the-board state-level financing arrangement for decentralised development cooperation;
- The most-common type of third-party funding attracted by local authorities remains donations, sponsoring and direct funding allocated by churches and charitable foundations, as well as through local government cooperation arrangements with these.<sup>31</sup>

Bilateral cooperation is the main instrument of German development cooperation. In 2009 Germany was the world's third largest bilateral donor – bilateral is seen as more effective and “visible” than multilateral aid. The recipient countries were reduced to 58, with Africa as the main regional focus. The BMZ channels about a third of its aid through multilateral institutions.

Development cooperation between LRA/cities and cities in third countries only plays a marginal role. LRA cooperation with cities within Western Europe is much larger – but this is not the same as international development.

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<sup>29</sup> OECD (2010), see: <http://www.oecd.org/dataoecd/61/51/46439355.pdf>.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

## *Summary*

- Germany is a major player in the development cooperation sphere and is the fourth largest donor of development assistance in the world, spending 0.4 percent of GNI on ODA in 2010;<sup>32</sup>
- German LRAs are active within development policy, but their legal basis for doing so is not without contention;
- Two-thirds of German aid is provided on a bilateral basis, which is unusual;
- German Länder focus their aid efforts on education and the training of specialists, although they also finance experts and support projects in recipient countries.

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<sup>32</sup> OECD (2011).



## **1.11. Greece**

### ***Administrative Overview***

Greece is a unitary state. Since 1 January 2011, it has been divided into 7 decentralised administrations, 13 peripheries and 325 municipalities in accordance with the Kallikratis Plan.

### ***National Legislative Framework for Local/Regional Government Action***

- Under Chapter IV, Art. 102 of the Constitution, LRAs have responsibility for local affairs and administrative independence;
- The central state guarantees funding for LA action;
- The law 3463/2006 on first level local authorities and the presidential order 30/1996 on the provincial self-government form the Charter which sets out the responsibilities of first and second level local authorities and lays down their system of governance;
- Local authorities are excluded from making decisions in areas that fall outside their competence (particularly foreign affairs, defence, justice);
- Where a local authority exceeds its competences, the Secretary General of the Region can strike down its decisions.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

No legislation exists permitting LRAs to operate in this area.

### ***Key Actors***

Because of the legal constraints imposed on LRA activity in the provision of ODA, the Ministry of Foreign Affairs (MFA) is responsible for foreign aid, which is distributed through the International Development Cooperation Department, Hellenic Aid (which is subdivided by competence into 6 directorates).

Hellenic Aid was established in 1999, and is responsible for the supervision, coordination, monitoring and promotion of emergency humanitarian and food aid actions, as well as aid for the reorganisation and restoration of the infrastructures of developing countries conducted by ministries, universities, NGOs or other players. No mention is made of aid disbursed or provided by LRAs.

Most ODA is focused on the Balkan and Black Sea Region. Multilateral aid is mainly disbursed through EU aid programmes.

### ***Financing of Cooperation and Type of Aid***

All Greek ODA is financed centrally. Greece spent half the EU average, 0.19 percent of GNI, on ODA in 2010, a reduction on the 2008 figure of 0.2 percent.<sup>33</sup>

Some municipalities are engaged in twinning activities with partners in developing countries, but no official reference is made to regions and municipalities' activities in international cooperation, nor is there a specific entitlement in legislation.

### ***Summary***

- Greece is not a major donor of ODA, spending only half the EU average as a percentage of GNI on assistance in 2010 (0.19 percent). ODA is also falling as a percentage of GNI;
- *No legislation exists permitting LRAs to operate in ODA* – indeed the legislation appears to preclude them from doing so;
- Despite this, some municipalities are engaged in twinning activities with partners in developing countries, but no official reference is made to this or to activities in international development cooperation;
- The MFA is responsible for foreign aid, which is distributed through the International Development Cooperation Department, Hellenic Aid.

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<sup>33</sup> OECD (2011).

## **1.12. Hungary**

### ***Administrative Overview***

Hungary is divided into 19 counties plus the capital city. These counties are further subdivided into 174 sub-regions. Budapest is its own sub-region. Since 1996, the counties and the City of Budapest have been grouped into 7 regions for development purposes. There are additionally 3152 municipalities comprising towns and villages. There are also 23 towns with ‘county rights’ (extended powers between those of a municipality and those of a sub-region).

### ***National Legislative Framework for Local/Regional Government Action***

- The Constitution’s Article 44a defines responsibilities of LRAs;
- Act LXV 1990 is on Local Government;
- Ratified European Charter of local self-governance.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Under Chapter IX of the Constitution on local government, Article 44a defines the rights of LRAs: local representative bodies may freely merge with other local representative bodies and create associations of local government for the representation of their interests, *may cooperate with the local governments of other countries and may be a member of international associations of local government*;
- Local governments Act 1990, Chapter 1, Section 1, states that LRAs may freely associate with local governments abroad;
- Article 44a provides LRAs with Financial autonomy over their own revenues.

### ***Key Actors***

While a legal framework to facilitate LRA activity in development cooperation exists, LRAs are barely active in this area. Consequently, the Ministry of Foreign Affairs is responsible for planning and coordination via the International Development Cooperation Department (IDC). The main decision-making body is the Development Cooperation governmental Committee, which is an inter-ministerial forum. It is assisted by a civil advisory board.

## *Financing of Cooperation and Type of Aid*

Hungary's development assistance programmes are financed from the central state budget. The MFA administers approximately 20 percent of Hungary's total contribution to international development, and the remaining part of Hungarian official development assistance is provided by other government departments. In 2009, Hungary spent 0.09 percent of its GNI on ODA. 2010 figures are not yet available.<sup>34</sup>

Hungarian LRAs are entitled to undertake development cooperation but there is no evidence of any purely locally financed and coordinated projects. Thus, while it is true that Hungary has financed the training of local government officials in Kosovo (2008–10),<sup>35</sup> this project was financed and coordinated centrally. At the same time, the focus on knowledge transfer from Hungary's own development experience meant that local government officials were involved.

### *Summary*

- *Hungarian LRAs possess the legal capacity to cooperate with the local governments of other countries;*
- However, all aid is coordinated by the MFA and disbursed by central government ministries;
- Hungary is an emerging donor and is not a major player in ODA, although the share of GNI spent on aid has been increasing rather modestly to 0.09 percent of GNI;
- Although Hungarian LRAs are legally entitled to undertake development cooperation projects, there is no evidence of any such projects taking place to date.

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<sup>34</sup> OECD (2011).

<sup>35</sup> Ministry of Foreign Affairs (2010) <http://www.mfa.gov.hu/NR/rdonlyres/09524B2E-76D7-4DCC-ADF6-67D3E1A14FA7/0/InspiredByExperience.pdf>.

## **1.13. Ireland**

### ***Administrative Overview***

Ireland is a highly centralised state, composed of 80 town councils (municipalities – 5 of these are Borough Councils, with 75 Town Councils) at the local level, and 29 County Councils and 5 City Councils at the intermediary level. There are, furthermore, 8 regions formed in 1994 under the terms of the Local Government Act of 1991.

### ***National Legislative Framework for Local/Regional Government Action***

- Under Article 28a of the Irish Republic's Constitution, the State recognises the role of local government in providing a forum for the democratic representation of local communities, in exercising and performing at local level powers and functions conferred by law and in promoting through its initiatives the interests of such communities;
- No reference is made to local government and international relations in the Irish Constitution;
- Part 9 of the Local Government Act 2001, Chapter 1 (General Functions of Local Authorities), Art. 63: (d) mentions that LRAs are able to take such action as they deem necessary or desirable to promote the community interest (i.e. the principle of general competence).

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Under the terms of the Local Government Act of 2001's twinning provisions (Art. 75): (1) A local authority may enter into arrangements for the twinning of its administrative area or a part of it or establish other similar links with any other area, whether within or outside the State;
- However, there is no decentralised aid contribution through LRAs, and *neither regional nor local authorities and assemblies have any competence in international aid.*

### ***Key Actors***

Because LRAs have no competencies in the realm of ODA provision, all Ireland's development cooperation policy is treated as an integral part of national foreign policy. ODA is therefore focused on the Ministry of Foreign Affairs (MFA). Within the MFA, the Development Cooperation Directorate

administers Irish development cooperation through Irish Aid. A 2002 review concluded that Development Cooperation should remain within the MFA. The Institute of Public Administration is the Irish national centre for development and best practice in third countries.

### ***Financing of Cooperation and Type of Aid***

Ireland is an above-average donor of development assistance, spending around 0.52 percent of GNI in 2010 (the average was 0.40 percent amongst the old EU-15). Ireland's aid budget is highly centralised and paid for by the Ministry of Foreign Affairs.

Approximately 65 percent of the aid budget is delivered bilaterally through Ireland's Embassies abroad, and other partners such as non-governmental organisations. The remainder is provided through the multilateral system by organisations such as the EU or the UN. As such, there is no *official* role for LRAs to play in funding or disbursing Irish ODA, notwithstanding the following example.

Despite the lack of formal framework for LRAs to engage in development cooperation assistance, there are instances of innovative projects being devised and managed. For instance, in the aftermath of the Boxing Day tsunami of 2004, a project was launched by South Dublin County Council to contribute to sustainable development efforts in Ethiopia. The funding for this project came from two official sources – Irish Aid and South Dublin County Council itself – and one charitable source of donations, staff contributions to the project from the South Dublin County Council workforce.

The project has focused on the transfer of skills and knowledge particularly in the areas of project and budget planning, from South Dublin's County Council to the Ethiopian partners. The key emphasis is on capacity building measures within two Ethiopian local authorities, Butajira and Werabe, through training and skills transfer, coupled with a series of pilot projects focused on, for instance, town planning, sanitation, water supply, waste management and general corporate governance<sup>36</sup>.

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<sup>36</sup> South Dublin Country Council (2010), see: [http://ethiopianproject.southdublin.ie/index.php?option=com\\_content&task=view&id=85&Itemid=134](http://ethiopianproject.southdublin.ie/index.php?option=com_content&task=view&id=85&Itemid=134).

## *Summary*

- Ireland is an above-average donor of development assistance, spending 0.52percent of GNI on ODA in 2010;<sup>37</sup>
- LRAs may enter into arrangements for twinning and partnership, whether within or outside the State;
- However, there is no decentralised aid contribution through LRAs, with neither regional nor local authorities and assemblies possessing any competence in international aid;
- ODA provision is centrally controlled by the Ministry of Foreign Affairs.

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<sup>37</sup> OECD (2011).

## **1.14. Italy**

### ***Administrative Overview***

Italy is composed of 20 regions, 15 with ordinary status, 5 with special status (Bolzano and Trento have autonomous status).

### ***National Legislative Framework for Local/Regional Government Action***

- The 2001 constitutional reform completed the reform process of local self-government under legislative decree 267/2000;
- Article 5 of the 1947 Constitution defines the Italian Republic as: "a republic that is one and indivisible and that recognises and encourages local self-government; achieves extensive administrative decentralisation in the services that depend on the State; and adapts its legislative principles and methods to the requirements of self-government and decentralisation";
- Municipalities, provinces, regions and metropolitan cities are autonomous entities with their own statutes, powers and functions according to the principles defined in the Constitution;
- Title V Articles 114 and 115 also state that "the Republic is divided into regions, provinces and municipalities and the regions are established as autonomous bodies with their own specific powers and functions in accordance with the principles laid down by the Constitution";
- Under Article 117 LRAs have competence for all matters not exclusively assigned to the state and in matters concerning implementation and organisation of functions assigned to them – this entitles regions to engage in international cooperation;
- Article 118 concerns administrative functions assigned to municipalities;
- Article 119 concerns financial autonomy and own revenues;
- Ratified European charter of local self-government.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- National legislation on international development is set out in the 1979 law nb.38 and 1987 law nb. 49;
- *The International development law stipulates that LRAs can implement international cooperation activities* as well as submit proposals for international development cooperation;



- The Italian State has exclusive competence for foreign policy including international cooperation, but state and regions have concurrent legislative competence regarding the EU, international relations and foreign trade;
- The autonomous regions of Bolzano and Trento have additional rights as regards international action (i.e. the right to sign “executive and applicative agreements with governments of other countries with regard to agreements already in force or agreements of a programmatic nature aimed at fostering economic, social and cultural development” – Law no. 131 (known as La Loggia Law) of 2006, Art 6, para. 3;
- La Loggia Law also legislates on “twinning” Art. 6, para. 7;
- Guidelines for development cooperation activities of LRAs were approved by the Committee for Development Cooperation in 1989 and 2000;
- Decentralised cooperation is governed by EU regulation<sup>38</sup> nb. 1659 of July 1998 and amended March 2004;
- Law and guidelines define specific sectors for LRAs contributions focusing on training, cultural exchanges, collaboration with NGOs in development activities (involvement of local community, twinning is considered to be a platform on which to build cooperation activities);
- Development cooperation is not explicitly mentioned in the Constitution;
- Ministry of Foreign Affairs, through the Directorate General for Aid and Development, establishes the means of cooperation with decentralised aid (between the global and the local);
- 12 out of 15 regions have regional laws on international cooperation and humanitarian aid.

### ***Key Actors***

The key actors for international development are the DG for Cooperation and Development (DGCS) created by *Law 49 in 1987* within the Ministry for Foreign Affairs, the Association of Italian Regions, the Interregional Observatory for Cooperation Development (OICS) and the Unit for the Country System and Autonomous Administrations has organisation, development and responsibilities.

Italy has devised a system approach to cooperation. The “Sistema Italia” for development cooperation includes a wide range of stakeholders in development cooperation: businesses, NGOs, decentralised regions, universities and research and training centres.

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<sup>38</sup> EU regulations do not require further domestic secondary legislation to bring them into effect, although it is true that most EU Member States prefer to pass additional secondary legislation. In the Italian case, this regulation functions exactly as any Italian law would.

## *Financing of Cooperation and Type of Aid*

Overall, the budget for development aid has decreased in Italy in recent years. Italy spends about 0.16 percent of GNI on ODA in 2010 (and this figure itself has been falling now for several years) – well below the EU-15 average of 0.40 percent. According to the 2009 DAC peer review, LRAs are not obliged to report their aid spending to the MFA, though in 2008, it is reported that EUR 26.2 million of the overall Italian ODA budget of EUR 3763 million came from regional, provincial and municipal government, equating to 0.7 percent of ODA.<sup>39</sup> Multi-level cooperation on development assistance was in February 2009 strengthened with the signing of an agreement between MFA and the regions and local administrations, which further boosts engagement on development cooperation.

Decentralised development cooperation activities have increased in recent years, with a number of LRAs drafting specific laws to guide development cooperation. Given that the primary responsibility for development cooperation as a strand of Italian foreign policy rests solely with the MFA, regions and local authorities should, as a general principle, request the approval of MFA prior to any internationally relevant initiative. Decentralised cooperation is either financed by the authorities themselves, or the financing is raised from external sources, such as EU funding programmes. On occasion, decentralised cooperation is funded by DGCS.

DGCS programme guidelines state that aid allocated through decentralised cooperation was estimated to amount to EUR 50 million in 2010, EUR 60 million in 2011 and EUR 70 million in 2012, including programmes co-financed by the EU<sup>40</sup>.

For the 2010-2012 period, DGCS is encouraging enhanced decentralised cooperation between Italian local and regional governments and the Balkans, as well as the southern shore of the Mediterranean. This will involve the launching and completing of projects to implement the programme for the support of regional cooperation in the Balkans and the countries of the southern shore of the Mediterranean, financed with CIPE-FAS funds. Decentralised cooperation will also continue to give priority to Central and South America, where the initiatives of local governments can gradually be integrated into more traditional development cooperation initiatives in a perspective of subsidiarity. Italian cooperation will also support greater

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<sup>39</sup> OECD (2011).

<sup>40</sup> Ministry of Foreign Affairs (2010), see:

[http://www.cooperazioneallosviluppo.esteri.it/pdgcs/italiano/LineeGuida/pdf/Linee\\_Guida2010-2012\\_engl.pdf](http://www.cooperazioneallosviluppo.esteri.it/pdgcs/italiano/LineeGuida/pdf/Linee_Guida2010-2012_engl.pdf).

projection of local and regional governments in Sub-Saharan Africa, both for humanitarian and emergency assistance and to promote emerging economic realities<sup>41</sup>.

One such project is Italian action in Lebanon through decentralised cooperation. Italian regions, provinces and municipalities can offer important knowledge and expertise for the provision of services at the local level. This has been useful in Lebanon, for example, in the areas of waste management, forest conservation and renewable energy. A central coordination mechanism in Italy for decentralised cooperation with Lebanon has been created by the Unità Tecnica Centrale (Central Technical Unit), a specialist development unit housed in the DGCS, allowing local administrations to identify partners, projects and priorities, taking into account the comparative advantage of the different actors involved. The existence of this focal point is appreciated by Italian local administrations because it helps coordinate multiple actors and gives coherence and creates opportunities for collaboration between different activities carried out<sup>42</sup>.

### *Summary*

- Italy is a major donor of ODA in absolute terms, although it still punches below its weight given its economic might – it spends the lowest share of GNI on ODA of any EU-15 country;
- The “Italian System” of development cooperation allows for an integral role for local and regional authorities;
- International development law stipulates that LRAs can implement international cooperation activities as well as submit proposals for international development cooperation;
- There are, as a result, a wide range of decentralised cooperation activities ongoing, where Italian LRAs take the lead;
- Aid allocated through decentralised cooperation was estimated to amount to EUR 50 million in 2010.

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<sup>41</sup> *Ibid.*

<sup>42</sup> *Ibid.*

## **1.15. Latvia**

### ***Administrative Overview***

Latvia is a unitary state, which as of 1 July 2009, comprises 109 municipalities and 9 republican cities.

### ***National Legislative Framework for Local/Regional Government Action***

- The principles of local government reform in Latvia are based on the demands of the European Charter of Local Self-government, which was accepted by the national parliament in 1996, and legislation of the Republic of Latvia;
- The highest governing document addressing public administration in Latvia is the law “On Local Governments”, passed in May 1994. However, no provisions are made on this issue in the Constitution.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

A relatively recent legal move has paved the way for decentralised development cooperation in Latvia. The Latvian Law on International Assistance, in force since May 2008, provides a framework for decentralised international cooperation. Title 4, on responsible institutions, Article (3) entitles institutions of the state administration and municipalities to undertake activities in the area of international assistance. The legislation states that:

“Institutions of state administration, which are not mentioned in this Law, and municipalities may undertake activities in the area of international assistance, not complying with the conditions of this Law on the application of regulatory instruments”.

### ***Key Actors***

Official development assistance for Latvia is exclusively managed by the Development Cooperation Policy Division within the Ministry of Foreign Affairs. This body cooperates with the Consultative Council for Development Cooperation Affairs, a body which has no local and regional membership profile.

One of the main collective action bodies for local and regional actors, the Union of Local and Regional Governments of Latvia (ULRGL), has a core task to promote collaboration with local authorities and their associations in other countries, as well as to promote relations between the local authorities and international institutions.

Latvian local governments, through their association, the Latvian Association of Local and Regional Governments (LALRG), have since 2005 taken part in some important aspects of development cooperation.<sup>43</sup>

### ***Financing of Cooperation and Type of Aid***

Latvia transformed itself from a recipient of international aid to a donor country of official development aid relatively recently, in 2007.

International development cooperation assistance in Latvia remains a highly centralised system for the time being. There is no specific framework for decentralised development cooperation.

The Latvian Development Cooperation Policy Division of the Ministry of Foreign Affairs is the primary actor in overseas development assistance. However, the formulation of a coherent development cooperation policy and project administration still remains in the early phase of development.

Overall, Latvia's development policy is guided by a 2003 document entitled the "Basic Principles for the Development Cooperation Policy", supplemented by a second paper entitled the "Development Cooperation Policy Programme 2006-2010". These set out in broad brush terms the steps by which Latvia could strengthen its role as an emergent donor country and defined areas of cooperation where Latvia could offer added value to the international development community. Neither of these documents provides a framework for decentralised development cooperation and they do not mention any specific role for local and regional actors in overseas development assistance.

Key countries to receive Latvian assistance were located in the immediate geographical area: Georgia, Moldova, Ukraine and Belarus. In addition, some early spending from the national budget for development cooperation supported a development education project within Latvia itself. However, most of the bilateral aid that is delivered from Latvia to its partner countries

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<sup>43</sup> LALRG (2011), see: <http://www.lps.lv/LARLG/>.

is in the form of either project support or technical cooperation. There is only minimal use of programme-based modalities.

There have been criticisms of the overall Latvian procedure for supporting international development aims; in 2008, for instance, the grant competition was announced late to development partners, with a very short timeframe for application and project completion. As a consequence, many experienced development stakeholders refused to participate.

Despite these criticisms, and notwithstanding the still centralised nature of ODA provision in Latvia, there have been some notable initiatives from LRAs. Latvian local governments, through the LALRG, have since 2005 taken part in some important aspects of development cooperation with Moldova.<sup>44</sup>

However, despite plans for official development aid to increase as a proportion of Latvian GDP and to reach a government target of 0.1 percent of GNI by 2010, the global financial crisis led to a revision of these figures, and a severe cutback in overseas development assistance spending. In 2009 (the last year for which figures are available), Latvia actually spent 0.08 percent of GNI on ODA.

## *Summary*

- Latvia has only a very short history (since 2007) as a donor of international development assistance, and spent 0.08 percent of GNI on ODA in 2009;<sup>45</sup>
- The global financial crisis has a significant impact on Latvia's spending on international development cooperation assistance, with the budget being cut drastically in 2010;
- Whilst a framework for decentralised development cooperation has been instituted, it is not at present fully operationalised, although there are some early signs of promise, as illustrated by the example of cooperation between Latvian Association of Local and Regional Governments and municipalities from Moldova.

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<sup>44</sup> PLATFORMA (2011), p.16-17, see: <http://www.platforma-dev.eu/en/publicationEN.htm>.

<sup>45</sup> OECD (2011).

## **1.16. Lithuania**

### ***Administrative Overview***

Lithuania is a unitary state, comprising municipalities and counties.

### ***National Legislative Framework for Local/Regional Government Action***

- Under the Lithuanian Constitution Chapter X Arts. 119–221 deal with self-government;
- Local government is supported by the central state but is allowed to levy taxes to fund its activities.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Under chapter 5 of the Law on Local Government (1994), the Local Government Association represents local government internationally.

### ***Key Actors***

ODA provision is highly centralised in Lithuania, despite the legal potential for enhanced levels of LRA activity. Consequently, the Ministry of Foreign Affairs is responsible for ODA. Within the MFA the Development Cooperation and Democracy Department coordinates ODA. Most Lithuanian aid is channelled through multilateral institutions. This is a common strategy in small countries that do not have the resources (financial, administrative or technical) to manage their own international development programmes. By donating directly to multilateral agencies responsible for managing international development projects they can reach their targets for ODA as a percentage of GDP and not be responsible for actually running projects themselves – which is time-consuming and expensive.

### ***Financing of Cooperation and Type of Aid***

The State funds ODA through the MFA. In 2010, Lithuania spent 0.11 percent of its GNI on ODA, a slight decline on the 2008 figure of 0.13 percent.

Some LRA cooperation is in place at the regional level in the business sector with contacts established between Telšiai–Crimea, and Taurage–Ternopilis

on improving the Ukrainian business environment and improving its capacity to cope with the economic crisis.

### *Summary*

- Lithuania is one of the smaller emerging donors in the EU and this makes it a marginal player in ODA – the share of GNI spent on ODA has also declined since the Great Recession to 0.11 percent of GNI in 2010;
- There is evidence of some LRA cooperation in place at the regional level in the business sector with contacts established between Telšiai–Crimea, and Taurage–Ternopilis on improving the Ukrainian business environment;
- ODA provision is highly centralised at this stage, and is funded by the state through the MFA.



## **1.17. Luxembourg**

### ***Administrative Overview***

Luxembourg is a unitary state, which is divided into three districts (Luxembourg, Diekirch and Grevenmacher), comprising 12 cantons, which in turn make up 118 communes or municipal authorities.

### ***National Legislative Framework for Local/Regional Government Action***

- The Constitution of the Grand Duchy of Luxembourg respects the principle of local autonomy. Title IX, Article 107 grants full local autonomy to the municipalities.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

Overall, the national legislative framework regulating decentralised development cooperation is minimal. The 1996 Development Cooperation Act, which established the national Development Cooperation Fund in Title II, does not refer to decentralised cooperation explicitly, but rather considers local authorities only to the extent that it provides a framework for the payment of civil servants engaging in development cooperation sabbaticals (Articles 24-26).

However, Luxembourg's national official development assistance programme is highly regarded in the international community, and was showcased in 2008 as part of the United Nations Economic and Social Council (ECOSOC) Annual Ministerial Review as one of a number of examples of "Development Strategies that Work".

The key reasons why Luxembourg was singled out for merit was due to the fact that its ODA increased by 60 percent in the 5-year period 2003-2008, and there was a concentration of focus, with the number of project countries reduced from 20 in 2003 to just 12. Equally important was the fact that relations with multilateral partners had become more structured.

### ***Key Actors***

*LRAs do not engage in significant ODA provision.* As such, the Luxembourg Ministry of Foreign Affairs has overall responsibility for development aid,

and cooperation agreements are handled by Development cooperation Directorate (DCD) within the Ministry of Foreign Affairs. ODA tends to be delivered through Lux-Development (a separate executing agency).

### ***Financing of Cooperation and Type of Aid***

Luxembourg's official development assistance budget comes entirely from state budget credits, either from specific, annualised budget lines or from the Development Cooperation Fund, which receives an annual allocation from the State budget that is not subject to the principle of annual budgeting with regard to commitments and disbursements.

Development assistance is managed through Lux-Development, the Luxembourg Agency for Development Cooperation.<sup>46</sup> This is a private limited company (société anonyme), and its shareholders are the Luxembourg state (98 percent) and the Société nationale des Crédits à L'Investissement (2 percent). Its board of directors are made up of representatives of the national government of Luxembourg, professional associations, unions, the federation of development NGOs, two private individuals and the Agency's managing director. Significantly, local and regional government had no role in this key institution of international development assistance for Luxembourg.

International development cooperation assistance focuses primarily on Luxembourg's 10 privileged partner countries, which is a list defined by the Luxembourg government primarily on the basis of the human development index, published by the UNDP.

The primary association of local and regional authorities, SYVICOL (Syndicat des Villes et Communes Luxembourgeoises) does not undertake international projects or programmes of its own. It has no independent international relations policy. Yet in spite of this, a large number of towns and cities in Luxembourg do engage in twinning partnerships, though the vast majority of these are within the EU and the USA. Three other partnership agreements are in place. The town of Préziderdau is twinned with both San Agustin in El Salvador and with Péni in Burkina Faso. The town of Wiltz is twinned with Zavidovici in Bosnia. These one-to-one partnerships allow for a basic form of decentralised development cooperation; individual twinning partnerships facilitate the exchange of expertise and experience, allowing the towns in the partner countries to learn from the EU LRAs' technical capacity.

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<sup>46</sup> Lux Development (2011), see: <http://www.lux-development.lu/agence.lasso?lang=uk>.

## *Summary*

- Luxembourg is the second most generous donor of ODA in the EU (after Sweden), spending 1 percent of GNI on ODA in 2010;<sup>47</sup>
- Development cooperation in Luxembourg remains highly centralised in character;
- The key local government association has no international role and therefore does not undertake or facilitate decentralised development cooperation;
- In spite of this, Luxembourg's approach to development cooperation has been singled out internationally as an example of good practice;
- Whilst this does suggest that in a very small state such as Luxembourg, there are certain economies of scale which can be reached at the national level, a wealth of local and regional expertise and experience is being overlooked.

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<sup>47</sup> OECD (2011).

## **1.18. Malta**

### ***Administrative Overview***

Malta is a unitary state consisting of 68 local authorities and 3 planning regions.

### ***National Legislative Framework for Local/Regional Government Action***

- Local governance is provided for through the Maltese Constitution. Chapter XI on Local Councils and in particular Article 115a on the adoption of a local government system outline legal frameworks and responsibility for local government. This is supported further by the Local Councils Act.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- The Local Councils Act of Malta, Art. 35 (3) permits local authorities to form associations “recognised as such by the Government for the protection and promotion of their common interests as well as belong to international associations of local government authorities”. The Maltese Local Councils Association was established in 1994, through the issuing of a specific regulation known as the Local Councils (Association) Regulations. It represents all 68 Local Councils in Malta. The international activities of this collective association are, however, restricted to European matters, and do not encompass development assistance.
- International activity undertaken by local and regional authorities is further regulated through Article 79 of the same act, which permits local authorities to “make twinning arrangements with any other city, town, village or other locality in any foreign country”.
- Development assistance in Malta remains primarily a national concern; policy and strategy are determined at a strategy level by national actors. Objective 18 of the Maltese Ministry of Foreign Affairs’ Strategic Objectives focuses on the elaboration and actioning of a policy and work programme of “humanitarian and development assistance, based on the value of solidarity”. The Malta Overseas Development Policy of 2009 has been elaborated as a means to meet this particular strategic objective. This

is the core text in which a strategic vision of Maltese overseas development assistance is elaborated. It does not provide any framework for the development of a legal process for decentralised development cooperation.

### ***Key Actors***

Because LRAs play no role in development cooperation or ODA provision, the two main organisations tasked with ODA provision in Malta are central state agencies: the International Development Cooperation (IDC) within the MFA; and the Global Issues Directorate, also within the MFA.

### ***Financing of Cooperation and Type of Aid***

Malta's multilateral aid is channelled mainly through UN agencies and Commonwealth organisations as is the case for many small countries, as mentioned above. The key focus of international assistance priorities is shaped by a focus on the Millennium Development Goals.

Whilst local authorities are not directly involved in development cooperation and are not formally part of the agreed legislative framework for overseas development assistance at the national level in Malta, there is a framework through which they are able to engage in relevant action. Local authorities in Malta work with local NGOs in the delivery of international development assistance. For instance, one project which is funded by the EU Development Cooperation Instrument, Priority 3 involves cooperation between the Maltese NGO Kooperazzjoni Internazzjonali Malta (KOPIN), the Maltese NGO platform SKOP and the Local Council of Valletta, the capital of Malta. This is a peer-to-peer programme for NGOs and local councils, and aims to build the capacities of both civil society and local councils in the fields of development and migration. This project is within the framework of the EU funded "Mediterranean Development Network" project (MeDevNet) which targets capacity and synergy building among NGOs and local authorities in Greece, Cyprus, and Malta for development.<sup>48</sup> This project allows for institution building for future, enhanced decentralised development cooperation.

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<sup>48</sup> MevDevNet (2011), see: <http://www.medevenet.org/medevenet/>.

## *Summary*

- Malta is not a major donor of ODA, spending 0.2 percent of GNI on ODA in 2009 (the last year for which figures are available);
- Malta has only recently moved to define a specific policy on ODA;
- The framework which has been developed for Maltese ODA remains highly centralised;
- Individual Maltese local governments are active in development assistance, in partnership with other actors such as NGOS, and supported by EU financial frameworks for cooperation.

## **1.19. Netherlands**

### ***Administrative Overview***

The Netherlands is composed of 12 regions and 443 municipalities.

### ***National Legislative Framework for Local/Regional Government Action***

- Chapter VII of the Constitution, Art. 124, sets out the principles of local autonomy and financial autonomy.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- The ability of LRAs to engage in international regional and municipal cooperation is neither prohibited nor facilitated by legislation. However, LRAs do not appear to play a large role and their contribution is small in comparison with the total ODA budget of the Netherlands as a whole.

### ***Key Actors***

Because ODA provision in the Netherlands is highly centralised, LRAs are not key actors in this sphere. Rather, the Ministry for Foreign Affairs has overall responsibility for development cooperation, which is defined as one of the most prominent pillars of Dutch foreign policy. Of the LRAs, the Association of Netherlands Municipalities is the most significant organisation.

### ***Financing of Cooperation and Type of Aid***

The provision of most ODA in the Netherlands is centralised through national ministries and the Ministry of Foreign Affairs in particular. Within the MFA, the Directorate-General for International Cooperation (DGIS) is responsible for development cooperation policy, its coordination, implementation, and funding. The large majority of the Netherlands' ODA comes from the budget of the Ministry of Foreign Affairs.

Although decentralised cooperation does not play an important role within the overall aid contributions of the Netherlands, VNG International (the executive agency of the Association of Dutch Municipalities, founded in 1993) manages a (50/50) co-financing scheme for municipal cooperation

with funding from the Dutch Ministry of Foreign Affairs. At the beginning the objective was two-fold: to strengthen municipalities in developing countries (South Africa and Mexico amongst others) and to promote development awareness in the Netherlands. Following an independent evaluation carried out in 2003, its focus was placed entirely on strengthening local governance in developing countries.

The activities of VNG International remain the most significant component of decentralised development cooperation for LRAs in the Netherlands, providing a robust framework for cooperation at the sub-national level. VNG International has a primary focus on strengthening local intergovernmental structures in the partner countries, such as associations of municipalities or training institutions. The organisation's approach is characterised by colleague-to-colleague cooperation and institutional linking.<sup>49</sup>

VNG International supports linkages between Dutch LRAs and their international partners through two primary co-financing programmes, the Local Government International Capacity Building Programme (LOGO South ACB) and the LOGO South Programme (MIC – Municipal International Cooperation), which aims to strengthen good local government as a condition for poverty reduction. An Eastern European Partnership Programme (LOGO East) has now been phased out. The LOGO South ACB programme and the LOGO South programme (MIC) are financed by the Netherlands Ministry of Foreign Affairs.

VNG International's turnover in 2009 was EUR 19,333,000. The majority of their budget (58.6 percent) comes from the Netherlands Ministry of Foreign Affairs and Netherlands Embassies in developing countries. The second largest tranche of funding for VNG International is derived from the European Commission (20 percent). Collectively, the Netherlands Municipalities and VNG, the Association of Netherlands Municipalities contribute 5.8 percent of the VNG International budget, amounting to EUR 1,121,314 in 2009.<sup>50</sup>

Around 72 percent of Dutch municipalities were involved in some form of international cooperation in 2006<sup>51</sup>. This figure was even higher for the largest municipalities with 5,000 to 100,000, where 95 percent undertook some form of international cooperation. However, it was found that most of

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<sup>49</sup>VNG International (2011), see: [www.vng-international.nl](http://www.vng-international.nl).

<sup>50</sup> VNG International (2010) *Highlights 2009*, Annual report, see: <http://www.vng-international.nl/about-us/home-office/annual-report.html>.

<sup>51</sup> VNG (2006). *Een wereld aan kansen, de stand van zaken op het beleidsterrein Gemeentelijke Internationale Samenwerking in 2006*, HEGA Drukkerij 2006, Den Haag.



this international action related to the developed world, with only 10 percent of municipalities' international activity relating to developing countries<sup>52</sup>. This suggests that overall, decentralised development cooperation is a relatively small field in the Netherlands.

Two recent trends are in evidence within patterns of decentralised development cooperation in the Netherlands. Firstly, local and regional actors are looking to establish projects that do not focus solely on issues such as strengthening local governance in developing countries, but rather, they are looking for some element of reciprocity from the projects which they initiate, such as economic benefits and promoting the integration of migrants. The second trend is in part a consequence of the first; important shifts have been noted in the geographical focus of decentralised development in the Netherlands. Today, there is an increasing emphasis on linkages with municipalities located in the main migrant countries – Turkey, Suriname and Morocco<sup>53</sup>.

## *Summary*

- The Netherlands is a major donor of ODA, spending 0.7 percent of GNI on ODA in 2010;
- The provision of most ODA in the Netherlands is centralised through national ministries and the Ministry of Foreign Affairs in particular;
- The ability of LRAs to engage in international regional and municipal cooperation is neither prohibited nor facilitated by legislation;
- LRAs' contribution is marginal in comparison with the total ODA budget of the Netherlands as a whole;
- There are, however, some examples of successful LRA initiatives which demonstrate the potential for future progress in decentralised development cooperation.

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<sup>52</sup> NCDO (2006). *Barometer Internationale Samenwerking 2006, trends en ontwikkelingen*, NCDO, Amsterdam.

<sup>53</sup> NCDO (2008) *Decentralised cooperation between Dutch municipalities and municipalities in migrant countries*.

## **1.20. Poland**

### ***Administrative Overview***

Poland is divided into 16 regions, 379 counties (including 65 cities with county status) and 2,478 communes.

### ***National Legislative Framework for Local/Regional Government Action***

- Chapter VII of the Constitution sets out the responsibilities of local government, which perform public tasks not reserved by the Constitution or statutes to the organs of other public authorities;
- LRAs may also raise their own revenues in addition to central government grants.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Under the Constitution's Article 172: local government has the right to associate and assigns local government "the right to join international associations of local and regional communities as well as cooperate with local and regional communities of other states". The latter shall be specified by statute;
- Since 2006, LRAs have been invited to submit proposals for development cooperation for consideration by Polish Aid.

### ***Key Actors***

Because LRAs do not play a significant role in development cooperation, most ODA is coordinated by a central government organisation, Polish Aid, as is the case in many other Member States. It is based in the Ministry of Foreign Affairs (MFA). The MFA annually outlines geographic and thematic initiatives. The Development Coordination Department (DCD) is responsible for planning and practical implementation Development Programmes in collaboration with the Ministry of Finance and the Ministry of Science and Higher Education.

### ***Financing of Cooperation and Type of Aid***

LRAs are not active in the provision of ODA. Consequently, funding is centralised in the MFA, although LRAs can apply for funding annually from

Polish Aid. In 2008 and 2009, Poland donated 0.08 percent of its GNI in ODA.

In 2009, 14 out of 319 projects were administered and run by LRAs. Typical examples include capacity building of women and personnel at maternity wards and hospitals in Azerbaijan; support for marginalised groups in Belarus to help them find employment; and improving access to clean water for 25,000 residents of the city of Kochkor-Ata in Kyrgyzstan.

LRAs also participate in the Cross-border Cooperation Programme between Poland-Belarus-Ukraine over the period from 2007-2013. This programme is dedicated towards trans-boundary development in Poland, Belarus and Ukraine. The programme supports the projects that have the potential to benefit border areas in terms of tourism development, economic growth, easy transportation, environment protection, security of borders, and cooperation among people.<sup>54</sup> The project is funded by the European Regional Development Fund.

### *Summary*

- Poland is the largest of the emerging donors in the EU's new Member States, although it has far to travel in bringing its ODA budget in line with the EU average – it spent only 0.08 percent of GNI on ODA in 2009 (the last year for which figures are available);
- Since 2006, LRAs have been invited to submit proposals for development cooperation for consideration by Polish Aid, although in practice their contribution remains rather marginal;
- Polish law allows LRAs to cooperate with the local and regional communities of other states.

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<sup>54</sup> Fundsforngos (2011), see: <http://www.fundsforngos.org/ukraine/crossborder-cooperation-programme-call-proposals-programme-poland-belarus-ukraine-20072013/>.

## **1.21. Portugal**

### ***Political and administrative set-up of the State/ local and regional governmental structure***

Portugal is a unitary state, divided into 18 districts and 308 municipalities plus the overseas autonomous regions of Azores and Madeira.

### ***National Legislative Framework for Local/Regional Government Action***

- Constitution: Title VII Autonomous Regions, Title VIII Local Government;
- VIII Art 235: principle of local autonomy. Autonomous regions of Azores and Madeira (Articles 225 and 226).

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Art 253 of the Constitution mentions that municipalities may form associations and federations to administer common interests; no specification is given as to whether this applies at the national or international level;
- Sub-state authorities are involved in development aid, but this is not coordinated with the central state.

### ***Key Actors***

The MFA and IPAD (the Portuguese Institute for Development Support) are the crucial institutions that provide a central body for the planning, supervision and coordination of development aid.

### ***Financing of cooperation and type of aid***

Portugal spent 0.23 percent of GNI on ODA in 2010.

Inter-municipal cooperation accounts for small proportion of the overall aid programme, although some cooperation initiatives are long-standing. Seventeen municipal authorities were engaged in development cooperation in 2008. IPAD does not have co-financing arrangement or a coordination framework with the municipalities and has not been able to coordinate their activities. The OECD DAC in its most recent peer review recommended the

introduction of a mechanism that ensures municipalities coordinate and share information with IPAD and the MFA<sup>55</sup>.

The most active municipalities in development are those with greatest financial resources in main urban areas in the south, according to the National Association of Portuguese Municipalities (ANMP) 153 cooperation agreements have been recorded in the spheres of education, culture, aid to local institutions, heritage conservation and social action.

ANMP offers further opportunities for decentralised development cooperation. The international relations strategy of the ANMP is focused in particular on decentralised cooperation relations with African countries whose official language is Portuguese: Angola, Cap Verde, Guinea-Bissau, Mozambique, Sao Tomé and Príncipe, and more recently with East Timor. Decentralised cooperation with these countries is coordinated at the governmental level by the Portuguese Institute for Help with Development (IPAD), assisted by the Ministry of Foreign Affairs.

The ANMP has signed a cooperation protocol with the Ministry of Foreign Affairs which “establishes forms of cooperation in view of undertaking joint actions in the context of the organisation of local authority structures requested by developing countries, conforming with the strategic options of Portuguese cooperation policy. Cooperation takes place in sectors considered to be priorities, including education and training of executives; cultural and historical heritage; infrastructures, basic sanitary problems, urban planning and environment; help with material and equipment.

### *Summary*

- Portugal is not a major player in ODA, spending only 0.23 percent of GNI on ODA in 2010;
- The ability of LRAs to engage in international regional and municipal cooperation is neither prohibited nor facilitated by legislation;
- LRAs are involved in development aid, but this is not coordinated with the central state.

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<sup>55</sup> OECD DAC (2010) Peer review of Portugal: [www.oecd.org/dataoecd/33/19/46552896.pdf](http://www.oecd.org/dataoecd/33/19/46552896.pdf), p. 54.

## **1.22. Romania**

### ***Administrative Overview***

Romania is divided into 41 counties and the municipality of Bucharest. Each county has an elected council plus a prefect appointed nationally. 103 of the larger cities have the status of municipality, which gives them greater administrative power over local affairs.

### ***National Legislative Framework for Local/Regional Government Action***

- The Romanian Constitution deals with local administration in Articles 119 and 120 where the principle of local autonomy is set out;
- Under the Law of local public administration (2003 revision): Art. 11 LRAs can join national or international associations;
- Local councils can also establish cooperation agreements with Romanian or foreign localities.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Law of local public administration: Art. 11 LRAs within border regions can conclude across the border cooperation agreements with similar authorities in neighbouring countries – as long as they are in a field within LRA competence and they observe internal legislation and international commitments;
- Cooperation with foreign LRAs needs to be communicated to the MFA, which needs to endorse agreements (Art. 14);
- Article 38 – the Local Council’s right to cooperate with similar authorities in other countries, join national and international associations;
- Art. 95 – refers to Bucharest’s municipal’s rights to engage internationally (as in Art 38);
- Art. 120 – sets out County Councils’ right to cooperate internationally.

### ***Key Actors***

LRAs are barely active in the provision of ODA. Consequently, the Ministry for Foreign Affairs (MFA) is responsible for coordination of policy and its corresponding budget. The Development Assistance Division manages development policies and projects. The non-governmental development organisation (NGDO) Platform FOND which was set up in 2006 brings

together around 40 NGOs does allow some scope for LRAs in Romania to engage in international development projects, despite their lack of formal role at the national level.

Twinning programmes have also provided scope for local and regional level actors in Romania to undertake roles in international development cooperation.<sup>56</sup>

### ***Financing of Cooperation and Type of Aid***

The focus is placed on meeting the MDGs. Within the annual budget the majority of aid is distributed through multilateral channels, in 2010 aid had been granted to only one priority country – Moldova – through a financing agreement. Romania spent 0.08 percent of GNI on ODA in 2009.

### ***Summary***

- Romania is an emerging donor in the EU and spent 0.08 percent of GNI on ODA in 2009 (the last year for which figures are available);
- In principle, LRAs can establish cooperation agreements with foreign partners;
- In practice, the role of LRAs in ODA appears to be marginal.

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<sup>56</sup> PLATFORMA (2011), p.32-33, see: <http://www.platforma-dev.eu/en/publicationEN.htm>.

## **1.23. Slovak Republic**

### ***Administrative Overview***

Slovakia is a unitary state composed of 8 regions, 79 districts and 2931 municipalities.

### ***National Legislative Framework for Local/Regional Government Action***

- Title IV of the Slovak Constitution provides the provisions for territorial self-administration;
- Law 221/1996 on the territorial and administrative subdivision of the Slovak Republic provides the legal framework for the execution of local self-government.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- *Provisions for decentralised development cooperation are not formalised in any legal framework under existing Slovak law;*
- Individual municipalities may establish “friendship” or “twinning” relationships with municipalities in foreign countries. These relationships are initiated on a voluntary basis and by bilateral agreement. In the past, such relationships received governmental support and were mediated by the Ministry of Foreign Affairs;
- Other relations, especially participation in international associations of municipalities, cross-border cooperation and similar activities, are not yet highly developed, due to an insufficient legal basis;
- There is however a strong degree of collective action at the local and regional level in Slovakia –the “Union of Towns and the Union of Spa Towns” operates alongside the Association of Towns and Municipalities of the Slovak Republic (ZMOS). ZMOS is the most important interest group in public administration in Slovakia. However, whilst this organisation is active in engaging with European actors, it does not have an international profile in the area of development cooperation.

### ***Key Actors***

Slovak international development assistance remains highly centralised, and is coordinated by the Ministry of Foreign Affairs. The Slovak Agency for International Development Cooperation was established on 1 January 2007.



Following the adoption of Act No. 617/2007 Coll. on Official Development Assistance, the Ministry continued to build an institutional and legal environment that would allow for the more effective provision of Slovak Aid.

### ***Financing of Cooperation and Type of Aid***

A large proportion of Slovak aid is targeted at the Western Balkans Fund of the European Bank for Reconstruction and Development (EBRD). This received EUR 250,000 from Slovakia. Of the 14 priority countries for Slovak aid assistance, the largest majority are in Eastern Europe, the Western Balkans and Central Asia.

In 2008, Slovakia took part in the funding of the Multilateral Debt Relief Initiative (MDRI), contributing SKK 1.9 million. Within the framework of the World Bank group, Slovakia was one of the donor countries for the regular fundraising of the International Development Association (IDA). In 2010, Slovakia spent 0.08 percent of GNI on ODA.

### ***Summary***

- The Slovak Republic has only recently begun to develop a stronger international development profile and spent only 0.08 percent of GNI on ODA in 2010;
- At the present time, development cooperation is a highly centralised process, with little role for local and regional Slovak authorities;
- The key association of Slovak local and regional authorities has a limited international profile beyond the European Union, and does not have a decentralised development cooperation strategy.

## **1.24. Slovenia**

### ***Administrative Overview***

Slovenia is a unitary state with 190 municipalities. Laws creating regions at the second level of local self-government are in preparation, but these will be primarily for the purposes of regional economic development programmes.

### ***National Legislative Framework for Local/Regional Government Action***

- The Constitution of the Republic of Slovenia establishes local government autonomy and states that its citizens exercise local government powers and functions through representative bodies and other organisations. The Law on Local Self-Government, enacted in 1993 and revised six times since, defines the operations, rights and authority of local self-governments and their relationship to the state;
- Within the Constitution, Article 9 guarantees local self-government; Chapter V: Articles 138-140 enshrine the principle of local autonomy.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- Within the Slovene Law on Local Self-Government, Article 6 provides that: “Self-governing local communities, and their communities, unions and associations may also cooperate with local communities from other countries and with international organisations of local communities”;
- Article 86 of this same legal regulation states that municipalities can set up communities, unions and associations amongst each other which can operate within an international context. The Association of Municipalities and Towns of Slovenia (SOS) is the largest actor in this regard; its international profile however relates solely to the European Union rather than to international cooperation;
- The Ministry of Foreign Affairs has established a Council of Experts for International Development Cooperation, whose Advisory and Technical Boards include representatives from national government ministries, contracting agencies and chambers of commerce, but do not include representatives of local and regional government in Slovenia.

## ***Key Actors***

The practice of development cooperation assistance in Slovenia remains highly centralised at the national government level, with very limited levels of LRA activity in this area.

The Department for International Development Cooperation and Humanitarian Assistance is the key actor in development assistance, and is located within the within the Ministry of Foreign Affairs (MFA). Until recently, a wide number of ministries and government offices have had competing roles in development assistance programmes, and have been carrying out their activities with little coordination. Since 2009, administrative restructuring has attempted to coordinate these responsibilities.

## ***Financing of Cooperation and Type of Aid***

Slovenia only graduated from recipient country to donor country at the World Bank in 2004, so therefore has a relatively short history of providing international aid.

In 2008, the government developed its resolution on International Development Cooperation until 2015. This outlines the main sectoral and geographical priorities for international cooperation and assistance. This does not foresee any specific role for local and regional authorities in international development assistance, nor does it articulate a specific framework for decentralised development cooperation.

The geographical priorities of central government aid focus on three areas: the Western Balkans, Eastern Europe the Caucasus and Central Asia, as well as Africa, and in particular, the Cape Verde Islands.

## ***Summary***

- Slovenia has only recently progressed from a recipient of international aid to a donor and spends rather less than half the EU average on ODA at 0.15 percent of GNI in 2010;
- The practice of international development assistance in Slovenia remains highly centralised;
- Despite a growing role for NGOs within international cooperation frameworks, the role of local and regional authorities remains marginal.

## 1.25. Spain

### *Administrative Overview*

Spain is a unitary state with autonomous regions and nationalities, defined by the Constitution of 1978. Today, there exist 17 Autonomous Communities and 2 Autonomous Towns, 50 provinces and 8108 municipalities. Spain has an asymmetrical constitutional architecture, with some regional level authorities empowered to undertake more autonomous governance than others. This has wider implications in the sphere of international development cooperation.

### *National Legislative Framework for Local/Regional Government Action*

- The Spanish state is highly decentralised, and is divided into self-governing communities, each with autonomous legislative power. Articles 148 (competences of ACs) and 149 (exclusive competences of the state) state the responsibilities of the Autonomous Communities. There are some differences between the “historical communities” of Galicia, Andalusia, the Basque Country and Catalonia, compared with the remaining 13 Autonomous Communities, which were created after 1978. At the sub-regional level, in the Constitution of 1978, Title VIII “Territorial Organisation”, Article 137 guarantees the territorial organisation of the state into municipalities, provinces and self-governing communities. Article 140 guarantees the autonomy of the municipalities;
- The roles and competences of the central state authorities and the autonomous communities are set out clearly in the Spanish Constitution. Article 148 of the Constitution lists the competences where regions are autonomously empowered to legislate; Article 149 itemises the policy areas where the central state regulates exclusive control;
- The Competences of Spanish municipalities are listed in the separate State and Autonomous Communities legislation, with the Basic Law for local government (Ley de bases del regimen local) signed in 1985. Of this Article 1 provides for the recognition of general competence and Article 2 states the distribution of responsibilities;
- Spain has ratified the European Charter of Local Self-Government.

## ***Legislative Framework for Local/Regional Government Action within the International Arena***

Decentralised development cooperation is a key characteristic of development assistance in Spain. The legal framework for decentralised development cooperation was created more than 20 years ago.

Section 149 of the Spanish Constitution, which sets out clearly the powers of the central state authorities, lists international relations as a policy field for the national government to regulate, rather than the Autonomous Communities.

However, in 1998, a national law (23) on development cooperation provided an opportunity for local governments to take on a greater role in development cooperation assistance. Article 20 of this law states that local government international cooperation, undertaken either by the Autonomous Communities or a local government, must meet certain criteria, set out in Article 2 of the same law:

- Recognition of the human being as principal recipient of the development cooperation policy;
- Respect of human rights and fundamental liberties, no discrimination, peace, democracy and citizen participation;
- Promotion of global human development;
- Promotion of economic growth together with redistribution policies and access to well-being;
- Respect to compromises adopted by international organisations.

Crucially for the participation of local and regional authorities in international development cooperation, this law also sets out a clear differentiation between the “external action of the state”, comprising all international activities of the different tiers of governmental authority), and the “foreign policy of the government”, that is to say, the exclusive “international” action of the national government, and that which is mentioned in Article 149 of the Constitution as an exclusive competence of the national level.

The Cooperation Act of 1998 entitles local and regional authorities to engage in decentralised cooperation consistent with the international cooperation of States, that is, with the same global focus in terms of countries and aid actions. The Ministry of Public Administration issued a note to local and regional governments regarding development cooperation. This note enunciated several conditions to be respected, including:

- Respect of the national law of local public finances (Ley de Hacienda Local);
- The need to avoid duplication of action with other public bodies;
- A formal requirement to report to the Ministry for Foreign Affairs, though this is non-binding.

The National Law 23/1998 highlights a number of key target areas that international development cooperation assistance should prioritise. These are Latin America, the Maghreb and the Middle East. However, the law does not forbid cooperation with other areas of the world.

A number of the Spanish Autonomous Communities have already established a new legal framework to sustain their own international development actions. These define the principles, priorities, instruments and players within Autonomous Community aid programmes, standardising their development cooperation policies. For example:

- Catalonia (Regional Law 26 of 2001): This law creates a “coordination commission” of both regional and local governments (Article 23);
- Andalusia (Regional Law 14 of 2003): This law applies to cooperation undertaken by the Autonomous Community government, including its agencies, foundations and public-owned enterprises. Chapter III of this text establishes a Regional Council for international cooperation, a consultative body. Local governments also form part of this Council;
- Navarra (Regional Law 5 of 2001): Article 9 states that local governments can engage in international cooperation.

Similar laws exist in Aragon (Law 14/12/2000), Castilla-La Mancha (Law 13/02/2003), Galicia (Law 3/ 2003) and the Balearic Islands (Law 9/2005).

All of these legal frameworks recognise the role of local government in development cooperation. These laws also specifically recognise the role of “cooperation funds”, established by several municipalities in order to maximise the impact of their cooperation. These funds collect contributions from a number of different municipalities, and make the resources jointly available for the purposes of both direct and indirect cooperation.

Autonomous community governments have their own legislation covering development aid and humanitarian assistance, which is developed to varying degrees. In order to consolidate their administrative machinery for development assistance, some Autonomous Communities have created their own autonomous development cooperation agencies.

Local and regional authorities are further involved in the formulation of development cooperation policy (“the master plan”, also referred to as the “director plan”) through their participation in the Inter-territorial commission on development cooperation. They also function as independent donors (see below).

### ***Key Actors***

- Ministry of Foreign Affairs and Cooperation;
- Spanish Agency for International Development (AECI);
- Inter-territorial Commission of Development Cooperation;
- Consultative council for cooperation;
- Secretary of State for International Cooperation Assists the Minister of Foreign Affairs and Cooperation in managing, formulating and executing the policy of international cooperative development;
- Development cooperation Councils, which exist in ten autonomous communities.

The Ministry of Foreign Affairs and Cooperation, Secretariat of State for International Cooperation (SECI) and the Spanish Agency for International Development (AECI – part of SECI) hold the main responsibility in formulating and implementing development cooperation. The Inter-territorial commission of development cooperation is most the important actor in overseeing local and regional authorities’ activities in international cooperation. The Inter-territorial Development Cooperation Commission is responsible for coordination between central and regional authorities involved in development cooperation.

The Council operates on the basis of six thematic working groups which manage the following policy sectors:

- Planning;
- Evaluation;
- Development education;
- Statistics;
- Humanitarian Aid;
- Harmonisation of NGO funding.

One notable feature of the Spanish system of decentralised development cooperation is the important role played by local governments in the formulation of development cooperation policy. Through their participation in the Inter-territorial Commission on Development Cooperation, local

governments are actively involved in the drafting of the Development Cooperation Master Plan, as well as various country and sector strategies.

However, beyond their participation in the Inter-territorial Commission on Development Cooperation, no national system for the coordination of local government action for development cooperation exists. In fact, two-thirds of decentralised cooperation spending in Spain originates from the autonomous communities, with one-third coming from the municipalities themselves<sup>57</sup>. Nevertheless, there is a multitude of local and regional Councils for development cooperation which all exchange information about their own activities.

In addition, local governments are collectively active in decentralised cooperation actions through the MUNICIPIA programme, jointly managed by the cooperation agency, AECI, and the national association of municipalities and provinces, the FEMP<sup>58</sup>. This programme supports municipalities, with incentives to coordinate international actions whenever possible.

### ***Financing of Cooperation and Type of Aid***

The National law for grant assignation (Law 30/2003) has been locally adapted both at the regional and local level. This legislative framework applies to all kinds of attributions of public funds. The law establishes both open competition mechanisms as well as mechanisms for the direct assignment of funds, in instances where the recipient is the only actor which can effectively undertake the assigned function.

In addition, local and regional authorities can benefit from Regional Development Cooperation funds. Furthermore, multi-stakeholder partnerships have access to financing from the Autonomous Communities. The Regional Development Cooperation Funds allow for enhanced cooperation between local and regional actors in international development assistance. These funds involve a number of partners such as municipalities, provincial governments and other public and private institutions, with the aim of creating an economic fund to contribute to the development of poor countries, and to carry out campaigns to raise awareness about the causes of poverty and inequality. The existence of these funds is based on the need to coordinate activities carried out by different governments with different responsibilities and activities with respect to decentralised aid, a principle

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<sup>57</sup> OECD (2011).

<sup>58</sup> Spanish Agency for International Development Cooperation (2011), see: [www.aecid.es](http://www.aecid.es).



recognised by the Spanish International Development Cooperation Act. Nevertheless, the Development Cooperation Funds still do not have a very significant weight within the total volume of Official Development Assistance (ODA); they currently represent less than 5 percent of total decentralised aid.

As noted previously Spain's autonomous communities have created their own development agencies. Development assistance is formalised and strongly institutionalised in Andalusia, the Basque Country and Catalonia, and to a lesser extent in Aragon, Valencia, Galicia and other regions.

The Catalan Agency for Development Cooperation (ACCD) for example employs over 60 people, and had a budget of more than USD 110 million in 2010. A minimum of 55 percent of Catalan development funds are channelled through NGOS. Direct bilateral cooperation counts for 20-35 percent, and other bilateral cooperation schemes account for 10-25 percent.

As a result of this heavily decentralised framework for development cooperation, the Spanish government has adopted a number of measures aimed at better coordination and planning of aid. Both the Spanish Development Cooperation Act (1998) and the Master Plan for Development Cooperation (2009-2012) recognise the growing importance of aid provided at the local and regional level. An Inter-Territorial Commission on Development Cooperation and a Consultative Council for Development Cooperation have been established as means to establish better intergovernmental coordination and dialogue.

At present, around 20 percent of Spain's bilateral official development assistance consists of contributions from regional governments.

In recent years there has been a marked increase in activities undertaken by local and regional actors in Spain in the field of international development cooperation. This is perceived as being the result primarily of the 1998 Cooperation Act granting LRAs increasing rights in international cooperation. Currently, 9 out of 17 autonomous regions have their own development cooperation plans, 5 have earmarked 0.7 percent of their budget to development assistance, and some have created special funds for the participation of municipalities in development cooperation (Funds Confederation).

Individual actions, particularly on the part of the Autonomous Communities, have yielded positive results. The Basque Government, in close cooperation with civic associations and universities, and in partnership with a range of

UN institutions, has successfully established a Young Professionals Programme with an annual budget of around EUR 1 million. Over the past 10 years, the programme has provided funding for internships undertaken by around 400 young graduate students; these individuals have been able to work as interns in UN missions and country offices around the world.

### *Summary*

- Spain is a major donor of ODA, spending 0.48 percent of GNI on ODA in 2010;
- The Spanish case stands out as a highly decentralised system of development cooperation, in that 20 percent of official development assistance from Spain comes from local and regional authorities;
- Spain offers a strong model of effective decentralised development cooperation in practice;
- The legal framework underpinning decentralised development cooperation in Spain is well established;
- The financial framework supporting decentralised development cooperation in Spain is also well defined and promotes activity in this field.

## **1.26. Sweden**

### ***Administrative Overview***

Sweden has three levels of government. At the local level there are two tiers of government: 290 municipalities and 21 counties.

### ***National Legislative Framework for Local/Regional Government Action***

- Local self-government is recognised in the Constitution as one of the cornerstones of Swedish democracy;
- The Local Government Act of 1992 sets out the powers assigned to LRAs. Section 20 of the same allows municipalities and county councils to form local federations and to transfer to such federations the management of local government concerns;
- The responsibilities of LAs are partly regulated by the Local Government Act and partly by laws and statutes covering specific policy areas;
- Ratified the European charter of local self-government.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

- No reference is made to international action in the Local Government Act and in 2005, Sweden in 2005 communicated that local authorities were not involved in development cooperation in any significant way. It referred to the Local Government Act, which states that municipalities and county councils do not have the authority to deal with matters which are under the responsibility of the State;
- No reference is made to LA action in Sweden's policy for global development (of 2003, and amended in 2009);
- However, according to the UN Habitat Survey 2007<sup>59</sup> and information provided by the Director of international affairs of SALAR more than a quarter of Swedish LAs currently participate in some form of a Municipal Partnership with SIDA (Swedish International Development Cooperation Agency) partnership countries;
- According to Swedish municipal legislation, LRAs should not engage in tasks that other authorities such as the state or other administrative body is specifically responsible for;

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<sup>59</sup>UN HABITAT (2007) "National Legal Frameworks for Local Government International Action", see: <http://www.unhabitat.org/downloads/docs/National%20legal%20framework%20for%20local%20government%20international%20action.pdf>.

- A “special law” states that Swedish LRAs can offer development aid in the form of equipment, advice, or training to countries that also receive state development aid, through their own budgets;
- Thus, crucially, whilst LRAs are officially not supposed to engage in international development aid, this does in fact happen in practice (see below and ICLD information), using their own budgets to provide for the specific aspects of development cooperation itemised in the above bullet point.

### ***Key Actors***

The Swedish International Development Cooperation Agency (SIDA) is responsible for implementing Sweden’s development policy and operates under the supervision of the Ministry of Foreign Affairs within a framework laid down by the Swedish parliament, which specifies both its annual budget and the focus of development cooperation.

The Swedish Association of Local Authorities and Regions also plays a role in coordinating development aid. Other actors include SwedFund international AB and SKL international (formerly SALA IDA, created by SALAR). SKL International supports democratic community planning and administration at the local and regional levels, using knowledge and experience from Swedish local and regional governments. The company is owned by the Swedish Association of Local Authorities and Regions (SALAR).

### ***Financing of Cooperation and Type of Aid***

Municipal partnerships (Municipal Cooperation) are financed through Swedish State funds, thus local authority participation in development cooperation does not conflict with the day-to-day functions of LRAs in Sweden. This finance covers all related LRA costs including working hours<sup>60</sup>. There is a special legal provision in Sweden concerning municipal service exports and municipal international aid. This states that Swedish LRAs may engage in service exports and aid, irrespective of the regulations set out in municipal legislation. According to this law, Swedish LRAs can offer development aid in the form of equipment, advice, or training to countries that also receive state development aid<sup>61</sup>.

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<sup>60</sup> Swedish Association of Local Authorities and Regions (2010) “Municipal Partnership. International Cooperation for Mutual Benefit”.

<sup>61</sup> Swedish International Development Cooperation Agency: [www.sida.se](http://www.sida.se).

Much of Sweden's state development aid is channelled through multilateral organisations, such as the UN, development banks and global funds, as well as through the EU. Aid delivered through civil society organisations (CSOs) as opposed to LRAs (support through CSOs for development projects accounted for 25 percent of total ODA in 2007). Swedish LRAs do not tend to cooperate with NGOs in the areas of development.

Many municipalities in Sweden have signed cooperation agreements with partner authorities in developing countries covering one or more areas with clearly defined targets on the basis of 12-months projects (which are extendable). These partnerships are offered through two programmes: the north-south municipal partnership and the municipal partnership in central and eastern Europe. Programmes are open to Swedish LRAs, county councils and regions.

Applications for municipal cooperation funding can be made three times a year and LRAs are obliged to follow this route. Applications are considered by SALAR, SALA IDA/SKL and ICLD with the final decision made by SIDA after consultation with the Swedish embassy in the partnership country.

### *Summary*

- Sweden is a highly experienced donor and a key player in ODA; it is the most generous donor in the EU spending 1 percent of GNI on ODA in 2010;
- More than a quarter of Swedish LRAs currently participate in some form of a municipal partnership with SIDA;
- Whilst LRAs have only a vague legal mandate to engage in international development aid, in practice they frequently do.

## **1.27. United Kingdom**

### ***Administrative Overview***

The United Kingdom is a decentralised unitary state with three regional legislatures covering Scotland, Wales and Northern Ireland. The United Kingdom does not have a single system of local government, but rather operates four systems, in England, Scotland, Wales and Northern Ireland. The system of governance at regional level is highly asymmetrical, with Scotland having the most extensive autonomous legislative capacity.

### ***National Legislative Framework for Local/Regional Government Action***

An asymmetrical legal framework exists, in line with the asymmetrical devolution settlement which has been instituted for the United Kingdom.

For England, the principle of local autonomy is regulated through the “Local Government Act 2000”. Similar legislation exists in Scotland, Wales and Northern Ireland, and guarantees local autonomy in these territories too.

Despite the different legal arrangements, the principles concerning local governance in each of the UK’s four regional territories are broadly similar. Local authorities rely heavily on fiscal transfers from central government and raise on average only 25 percent of their funds from direct local taxation.

In addition to local service provision, national and regional governments are empowered to make decisions on issues of broad territorial concerns, such as transportation, urban planning, and local infrastructure. International relations and international cooperation remains a competence which is technically “reserved” for the United Kingdom government.

### ***Legislative Framework for Local/Regional Government Action within the International Arena***

The key legislation regulating local authority engagement in development cooperation is the Local Government Overseas Assistance Act (1993), which applies to England and Wales but not to Scotland or Northern Ireland. This enables local authorities to provide advice and assistance as respects matters in which they have skill and experience to local government actors internationally. The power to provide assistance is conferred by Article 1(1) of the text and limited through 1(3) – whereby prior consent to take action is

required at ministerial level, by the Secretary of State - and 1(6) - finances. There is no similar legislation covering the remaining parts of the UK (Scotland and Northern Ireland).

Regional international development cooperation is permitted under the “Soft Law” framework that regulates relations on international policy issues between the UK’s regional governments and the national government. Specifically, the “Overarching Concordat on International Relations” and the supplementary “Concordat on Co-Ordination of EU, International and Policy Issues on Public Procurement” allow for a degree of autonomous international action, within a framework of mutual understanding and the exchange of information between all levels of governmental authority. Under the terms of this arrangement, the Scottish Government has developed the most extensive development cooperation assistance programme.

### ***Key Actors***

The UK’s national Department for International Development (DFID) is responsible for planning and implementation. The majority of UK aid is channelled through DFID.

At the regional level, the Scottish Government, the Welsh Assembly Government and Northern Ireland Executive have each developed their own policy and strategy for international development cooperation.

At the local level, in addition to small scale bilateral partnerships, local authorities are members of a number of partnership associations which are engaged in development cooperation projects. These are:

- United Cities and Local Governments (UCLG);
- The Commonwealth Local Government Forum (CLGF);
- Local Governments for Sustainability (ICLEI).

### ***Financing of Cooperation and Type of Aid***

Rather than drawing on their own resources, councils in the United Kingdom raise a significant amount of funding for development cooperation from external sources. The most popular of these are the British Council, the European Commission and Commonwealth Local Government Forum (CLGF) Good Practice Scheme. Less significant sources of revenue, but which local councils also exploit in an effort to carry out international development cooperation are the UK Department for International Development (DFID) Country programme scheme, Beacon Scheme Funding,

World Wildlife Fund (WWF) partnership, and funding from their overseas partners. From their own resources, councils do self-fund a large proportion of development activities, including in-kind support and staff time.

There is no legal framework governing the financial dimension of British LRA engagement in international development cooperation. Instead, if public money is involved, all expenditure has to stand up to the scrutiny of local government financial regulations, and all activities have to demonstrate a clear benefit to the local community in the UK. Normal international or twinning activities pose no legal problems and tend to be subject to the normal local government rules. Therefore, as no specific rules exist to manage the finances to support development cooperation by LRAs, the expectation is that common sense should be used and political agreement sought when appropriate.

- The Scottish Government has maintained its 2010-2011 regional International Development budget at a level of GBP 9 million for 2011-12. This funding is used to directly support a number of initiatives, in line with the Scottish Government's International Development Policy. The funding programmes directly relate to the geographical and sectoral emphasis of this policy.

Three main funding mechanisms are used to disperse the annual Scottish International Development Fund:

- Challenge Fund Model - a funding round is announced with pre-defined criteria outlining broad areas of interest. Any organisation meeting the basic eligibility criteria may bid for funds. There is no limit to the number of organisations who can bid.
- Targeted Competitive Tendering - a requirement for a specific piece of work is identified with the developing country. Organisations working in relevant sectors will be invited to express an interest in bidding and those that meet the basic criteria will be invited to bid for the required work. Usually 4 or 5 organisations will be invited to bid in any one exercise.
- Block Grant Funding - a direct grant will be awarded (through a competitive process) to a key organisation or a consortium of organisations to deliver a strategic programme. Decisions as to how the grant is spent will be under the direction of the organisation/s holding the block grant.

This framework for the disbursement of funds for development cooperation is quite rigorously managed and is more robustly managed than in many comparable EU regions (e.g. the Austrian Länder).



- Wales' international development assistance focuses primarily on its partner country of Lesotho. The Welsh Assembly Government's flagship international development strategy is its "Wales for Africa" scheme; this policy meets the criteria of the devolution Act which obliges Welsh regional government to promote sustainable development "through the exercise of [the Assembly's] functions. Wales for Africa provides a framework for Welsh contribution towards the achievement of the Millennium Development Goals in Africa. In 2010/11, a total of GBP 270 000 was awarded to organisations which intend to build links between Welsh and African communities.

As well as funding existing organisations, the scheme encourages initiatives jointly managed by NGOs and Welsh government departments. For example, an International Learning Opportunities scheme, allowing public-sector managers to share skills while spending eight weeks in Zambia, Lesotho, Cameroon or Uganda, is managed by the government body Public Sector Management Wales, and supported by Adopt a Business, an organisation which helps arrange sabbaticals.

- In March 2011, the Northern Ireland Assembly, one of the UK's regionally elected authorities unanimously accepted a proposal to include an international development strategy in its international relations focus. This is this particular regional legislature's first engagement in international development cooperation and is likely to follow the model adopted by its Scottish and Welsh counterparts in the first instance, albeit on a much smaller scale. The strategy will see Northern Ireland focus on Uganda as a main partner country, in much the same way that Scotland partners Malawi.

In line with the provisions of the Local Government Overseas Assistance Act 1993, the local authority membership association from the UK covering England and Wales, the Local Government Association (LGA), conducts international development programmes of its own. The finances for these schemes are raised through general income, which is largely generated from subscriptions to the association, the organisation of conferences, and income from shared service provision.

The key aim of the LGA's international cooperation strategy is a focus on improving local governance worldwide through the exchange of expertise and leadership capacity development, as well as introducing improvements in service delivery.

There are three local authority membership associations in the UK.

1. The Local Government Association (covering England and Wales);
2. The Convention of Scottish Local Authorities;
3. The Northern Ireland Local Government Association.

However, given the asymmetric legal status of international assistance given by local authorities in UK, the latter two associations, covering Scotland and Northern Ireland, these do not undertake a specific international development cooperation role.

### *Summary*

- The UK is the second largest donor of ODA in the world (after the USA), spending 0.56 percent of GNI on ODA – the largest proportion of the EU's big economies;
- British development cooperation is a multi-level process, with local and regional actors operationalising strategies alongside the national authorities;
- The legal framework for decentralised cooperation is highly asymmetrical and weakly articulated;
- However, there is little effort made to coordinate these separate strands of engagement;
- Regional funding for decentralised development cooperation comes from national government resources, with regional authorities able to determine spending priorities from a block grant;
- At the local level, international development cooperation is concentrated primarily through the association for local authorities of England and Wales.

## **Section 2: Policy Analysis and Recommendations**

### **Patterns of Decentralised Development Cooperation across the EU**

The EU's 27 Member States represent an extraordinarily wide range of experiences in decentralised development cooperation. Some Member States, particularly Spain, have an exemplary record in this field. Others are only just beginning to enter the ODA world in a somewhat hesitant fashion. Clearly, patterns for the provision of ODA are path-determined first and foremost by the overall political-administrative structures in place for the governance of a state. Unitary, centralised states have little decentralised development cooperation in place, with federal states making the greatest advances in this field. Nonetheless, there are a few outlying cases (notably Portugal) whose decentralised cooperation cannot readily be categorised, in part due to an absence of records.

The second key factor that determines a state's participation in ODA is also path-dependent: that is, past experience as a donor country counts for a lot. Many of the 12 new Member States are only just beginning to assume the role of donors, rather than recipients, of development assistance. Incongruously, Bulgaria was in 2008 simultaneously both a recipient and a donor of foreign aid. Thus, for a large number of Member States, the propensity to act as significant donors should be expected to be quite limited. This tendency is likely to be exacerbated by the fact that the countries of eastern Europe were among the worst affected by the Great Recession. Further economic distress in other Member States means that fiscal restraint is very much the order of the day across a large number of countries; thus, expanding ODA provision in such circumstances is likely to be challenging.

#### *Financial frameworks*

On the issue of financing, it is likewise the highly decentralised and federal states of the EU27 which have developed the most innovative funding models to support local and regional engagement in development cooperation. In highly centralised systems of development cooperation, local and regional authorities are much more restricted in their capacities to undertake autonomous action in this field, and as a result, tend to work largely through central state authorities, if at all, or to engage in minimal partnerships with development NGOs.

Development assistance in many states falls under the heading of ‘foreign policy’ (Ireland, for example, makes quite an explicit link here) and therefore tends to be centralised in most Member States in the ministry of foreign affairs. The UK is different in this respect, shifting the Department for International Development out of the Foreign Office in 1997. Although the legal framework for decentralised cooperation is firmly in place in many Member States, the necessary finance for international development is nearly always provided centrally, as for example, is the case in Sweden, despite the fact that more than a quarter of LRAs have some sort of partnership (municipal cooperation, see entry on Sweden) with a municipality in a Swedish partner country through the Swedish International Development Agency.

On the whole, EU Member States do not actively pursue a policy to increase decentralised development through a legislative framework that devolves responsibility and encourages an increasing amount of multi-level cooperation. Even Spain, the Member State with the highest degree of autonomous spending in local and regional level development cooperation still channels 80 percent of its overall ODA through national budget lines. However, the legislative framework to support innovation in decentralised development cooperation is particularly well advanced in Spain. Also of note in this regard is the legislative framework for decentralised development cooperation that has been established in France.

#### *Clusters of approaches to decentralised development cooperation*

The Member States’ diverse experiences of decentralised development cooperation are summarised in Table 1. Countries are grouped according to the characteristics of their legal and practical capabilities in the area of decentralised development cooperation. Seven dimensions are used to group the countries of the EU according to their potential for decentralised development cooperation: (1) by the level of ODA expenditure as a share of gross national income (GNI); (2) by whether a country possesses a clear legal framework to support LRA provision of ODA; (3) by whether officially sanctioned decentralised cooperation occurs; (4) by whether unofficial decentralised cooperation occurs; (5) by whether there is the legal potential for decentralised cooperation (i.e., where existing laws do not explicitly prohibit decentralised ODA provision); and (7) by whether financial frameworks exist to support LRA activity in the sphere of ODA provision. According to an analysis based on evidence along these seven dimensions, five clusters of countries can be identified.

The **first** cluster includes those countries which possess legal frameworks which clearly define the parameters of LRA activity in the provision of ODA. This group comprises four ‘old’ Member States with high per capita incomes: Belgium, France, Spain and Italy; and four ‘new’ Member States: Hungary, Poland, Latvia, and Romania. While the legal frameworks which facilitate decentralised cooperation are in place, considerable heterogeneity in actual provision exists. This heterogeneity can be observed along three dimensions. First, it is clear that the richer countries tend to commit a higher share of GNI towards ODA, although even here Italy seems closer to the countries of central and Eastern Europe. Second, while all countries within this group possess clear overall legal frameworks which permit decentralised cooperation, only three countries have developed supporting financial frameworks (France, Spain and Italy). Third, one country – Romania – does not in fact engage in any significant decentralised development cooperation despite possessing the supporting institutional framework. Finally, it should also be noted that while these countries have the most sophisticated institutional frameworks to support decentralised ODA provision, it is still the case that in all countries the vast majority of ODA provision is coordinated at the central level. Clearly, the countries from within this cluster have the most potential to move more quickly towards more decentralised models of ODA provision.

*Key areas for development:* (1) shifting greater responsibility for ODA provision to LRAs; and (2) increasing overall ODA resources available to LRAs in countries with lower levels of per capita income; (3) improve financial frameworks to support LRAs in ODA provision.

The **second** cluster includes those countries which, while not possessing formal legal frameworks shaping LRA ODA provision, do in fact engage in significant levels of decentralised development cooperation. These countries are Sweden, the United Kingdom, and Finland. All three are rich countries with high levels of per capita income. Moreover, they all commit relatively high shares of GNI – i.e., between 0.5 and 1 percent – towards ODA provision. In all cases there is some evidence of LRA activity, although this ranges from the quite limited levels observed in Finland to more sophisticated examples of decentralised cooperation that are evident in the UK, and to a lesser extent, Sweden. Of the three, only the UK possesses a clearly functioning financial framework to support LRAs in ODA provision. In all cases, the central authorities control the overwhelming majority of funding for ODA provision.

*Key areas for development:* (1) develop clear legal frameworks which reflect the *de facto* LRA provision of ODA; and (2) shifting greater responsibility

for ODA provision to LRAs; (3) improve financial frameworks to support LRAs in ODA provision.

The **third** identifiable cluster of countries includes countries in which there are no clear supporting legal frameworks that define LRA capacities to engage in ODA provision, and also no evidence of significant officially sanctioned LRA activity. Where this does occur, it tends to be in narrowly defined areas (e.g., Germany's provision of education, Austria's care for refugees) and not part of a more comprehensive ODA delivery programme. There are, however, instances of unofficial decentralised development cooperation, although these tend to be on only a small scale. These countries have the legal potential to expand the range of ODA activities delivered at the LRA level, although because this legal potential is as yet unrealised, no clear supporting financial frameworks exist. Some of the countries from within this cluster – Austria, Germany and the Netherlands – are among the richest countries in the world; consequently, if realised, the potential expansion of LRA activity in ODA provision would likely have a significant impact.

*Key areas for development:* (1) develop clear legal frameworks which reflect the limited *de facto* LRA provision of ODA; and (2) shifting greater responsibility for ODA provision from centralised state agencies to LRAs; and (3) expand the range and scope of activities delivered by LRAs.

**Table 1. Clusters of approaches to decentralised cooperation**

Cluster	Member State	ODA expenditure, 2010 (per cent of GNI)	Legal Framework for LRA ODA Co-operation	Decentralised Co-operation in Place	Unofficial Decentralised Co-operation in Place	Potential for Decentralised Co-operation	LRA ODA Financial Framework in Place
One	Belgium	0.64	✓	✓	N/A	✓	✗
	France	0.50	✓	✓	N/A	✓	✓
	Spain	0.48	✓	✓	✓	✓	✓
	Italy	0.16	✓	✓	N/A	✓	✓
	Hungary	0.09	✓	✓	N/A	✓	✗
	Poland	0.08	✓	✓	N/A	✓	✗
	Latvia	0.08	✓	✓	✗	✓	✗
	Romania	0.08	✓	✗	✗	✓	✗
	Two	Sweden	1.00	✗	✓	✓	✓
United Kingdom		0.56	✗	✓	✓	✓	✓
Finland		0.55	✗	✓	✓	✓	✗
Three	Netherlands	0.70	✗	✗	✓	✓	✗
	Germany	0.40	✗	✗	✓	✓	✗
	Austria	0.32	✗	✗	N/A	✓	✗
	Portugal	0.23	✗	✗	✓	✓	✗
	Estonia	0.10	✗	✗	✓	✓	✗
Four	Denmark	0.83	✗	✗	✗	✓	✗
	Malta	0.20	✗	✗	✗	✓	✗
	Slovenia	0.15	✗	✗	✗	✓	✗
	Lithuania	0.11	✗	✗	✗	✓	✗
	Bulgaria	0.04	✗	✗	✗	✓	✗
Five	Luxembourg	1.00	✗	✗	✗	✗	✗
	Ireland	0.40	✗	✗	✗	✗	✗
	Greece	0.19	✗	✗	✗	✗	✗
	Cyprus	0.17	✗	✗	✗	✗	✗
	Czech Republic	0.12	✗	✗	✗	✗	✗
	Slovakia	0.08	✗	✗	✗	✗	✗

The **fourth** cluster includes countries where there is currently no legal framework supporting LRA activity in ODA provision, and no evidence of significant LRA activity in ODA provision at either the official or unofficial level. However, in all cases, LRA activity in this area is not prohibited, indicating that there is clear potential for progress. These countries are, with the exception of Denmark, generally those with per capita income levels below the EU average. Thus, these countries' limited capacities in LRA provision of ODA are likely to be a function of the fact that they (a) have little prior experience of acting as donors; and (b) have no experience of decentralised development because of the presence of strong central authorities. In all cases an increase in resources and a shift in culture is required if they are to become more successful in decentralised ODA provision.

*Key areas for development:* (1) develop clear legal frameworks which support LRA provision of ODA; and (2) generate an attitudinal shift towards a greater appreciation of the role of LRAs in ODA provision; and (3) increase the resources available to poorer countries.

The **fifth** and final cluster comprises countries in which not only are there no legal frameworks supporting LRA activity in ODA provision, and no evidence of significant LRA activity in ODA provision, at either the official or unofficial level, but in which the existing legal frameworks actively constrain the ability of LRAs to engage in ODA provision. In these cases, ODA is generally considered to be a function of the central state, with LRAs possessing little, if any, room for autonomous provision of ODA. In these cases, clearly the most pressing issue is to develop legal frameworks which permit decentralised development cooperation.

*Key areas for development:* (1) develop clear legal frameworks which support LRA provision of ODA.



## **Encouraging Decentralised Cooperation for Development**

The preceding analysis highlighted the differences between the degree to which LRAs in the EU's Member States engage in decentralised cooperation for development.

All actors should lead in development cooperation and their roles should be tailored to fit their strengths and the requirements of the developing country in such a way that the comparative advantages that LRAs enjoy as international development actors can be exploited fully. This means that:

- The conditions under which LRAs should be considered as the best actors in ODA will generally be those where LRAs have experience on which to draw (i.e. reform of local and regional government);
- The responsibilities enjoyed by LRAs vary from Member State to Member State. Some are responsible for education or tourism policy and some are not. Clearly not all LRAs across the EU are equally qualified to participate in ODA;
- The obvious countries who have most to offer from close collaboration on the theme of decentralised development cooperation are France, Spain, Sweden, Belgium and the United Kingdom plus Germany, the Netherlands and Portugal;
- There are also a number of innovative programmes for development cooperation at the local level, which Member States may wish to learn from or even to emulate. The Finnish North–South Local Government Cooperation Programme and Dutch LOGO South Programme are key examples in this regard;
- A very large number of newer Member States are emerging donors with highly centralised provision of rather small amounts of ODA;
- One option for the Committee of the Regions and LRAs could be to work to form coalitions of the willing on ODA between the large donors with experience of decentralised development cooperation (e.g., Belgium, France, Spain and the UK) and the emerging donors who would like to do more in this area (e.g., Hungary, Latvia and Poland);
- While it might appear that smaller, poorer countries possess only limited potential to be important actors in this area, it should be noted that their prior experience as recipients of aid means that they will have much to offer in terms of lessons learnt from the ODA provision process from a recipient perspective. This experience may be invaluable and help compensate for their more limited material resource capacities.

## **Policy Recommendations**

This report has highlighted the diversity of provision that exists across the Member States of the EU in the area of decentralised cooperation for development. The report highlights the heterogeneity of institutional frameworks that exist across the EU, illustrating that there is clearly considerable scope for the promotion and development of enhanced capacities for local and regional authorities in the provision of overseas development assistance. Indeed, whilst the idea of decentralised development cooperation is increasingly gaining recognition across the global development community, most EU Member States are not currently reflecting these suggestions on best practice through their own policy and legislative frameworks. This can be done by (a) identifying best practice in this area; and (b) encouraging Member States to acquire the appropriate institutional and material resources to implement best practices.

Expertise in decentralised development cooperation is useful for a number of reasons. Knowledge of, and relationships with, local and regional authorities across the EU can be used to help increase the awareness of the role that local and regional authorities can play in decentralised cooperation for development, and also to generate support at both the local and national levels to translate this heightened awareness into effective action. These tasks can be performed in two ways.

First, because some of the local and regional authorities identified within the report are already engaged in the delivery of best practice overseas development assistance, the successful experiences of such Member States can be drawn upon to develop a clear model of best practice in LRA provision of ODA. Countries like France and the UK are already world leaders in this area and can provide excellent examples of how ODA can be delivered at the decentralised level.

Second, by utilising existing relationships among local and regional authorities from within the EU, a greater uptake of the tools required at Member State level to advance further decentralisation within this policy area is facilitated. At the national level, central governments of those Member States could be persuaded to provide the necessary institutional and material resources to empower LRAs in this policy area. Local and regional authorities in the EU should seek to transfer knowledge of best practice in the provision of decentralised ODA to authorities that are currently lacking in expertise. Such activities can be conducted in conjunction with other stakeholders from the European and wider international community.

Based on the preceding analysis contained within this report, the following general policy recommendations can be advanced:

- Those local and regional authorities that are most interested in the issue could act as models of best practice in the development of policy, legislative and financial frameworks to support decentralised cooperation for development;
- One way of performing the functions described above, is to promote the most important and reliable sources of information and assistance in the sphere of decentralised development cooperation. It is imperative that LRAs across the EU do this in order to be successful in promoting decentralised cooperation for development;
- The development of independent research and analysis capacity is required so that LRAs can make a credible claim to being at the forefront of the 'decentralised development assistance frontier'. This report can be considered as a starting point in this respect; however, a series of workshops, conferences, exchange programmes and other knowledge-exchange activities would help synthesise existing knowledge of the technical, legal and institutional aspects of decentralised development assistance. Success in this area will require the creation of a small, permanent staff focused exclusively on the latest developments in this policy area;
- If resources are a constraint here, this role could also be performed by a Decentralised Development Cooperation Association, formed and resourced by those LRAs who have made the greatest progress in the area. The budget needed for such an organisation in the first instance would be rather small, i.e. less than EUR 3 million per annum, to include the costs of an office, a small staff and the direct costs related to organising conferences and workshops;
- These seminars should build on the Assizes of Decentralised Cooperation for Development that have taken place recently, but with the specific aim of transferring knowledge from experienced LRAs to those countries with more limited exposure to decentralised cooperation for development;
- These activities can be coordinated with other development organisations active across the EU within this field, or with international organisations, such as the World Bank. In practice, it would be sensible to organise two pilot events in order to raise awareness and to prove the demand for the creation of a Decentralised Development Cooperation Association;
- Representatives from national governments – especially in countries with weak institutional capacities in decentralised cooperation for development – could also be invited to these awareness-raising seminars. Highlighting the important role that LRAs can play in this policy area can help generate national level support for creating the legislative framework for decentralised action in those countries in which such legislation does not already exist;

- The proposed Decentralised Development Association might also perform an ‘audit’ of all available sources of funding across the EU including, where possible, the funding available from international organisations to support decentralised development cooperation. Such funds will be of interest to those LRAs possessing the legal capacity to engage in decentralised development cooperation;
- The proposed Decentralised Development Cooperation Association could also engage in active cooperation with other international organisations with an interest in the promotion of decentralised cooperation for development. Such active cooperation would, at a minimum, entail involving other stakeholders in knowledge-exchange seminars. More significant action would include multilateral development assistance involving Member State LRAs, recipient country LRAs, and third party stakeholders. This engagement should be used to both promote EU best practice where possible, and also to absorb other practices that may be proving effective elsewhere to improve the delivery of development assistance in Member States;
- A central objective should be to ensure that all Member States possess at least a minimum level of capacity in the area of LRA provision of ODA. Thus, particular effort should be made in encouraging those clusters identified in Section II as containing countries with weakly developed institutional frameworks for decentralised cooperation for development – i.e. clusters four and five – to develop at least the minimum legislative capacities to participate in decentralised development cooperation. There is a clear role to play here in acting as a high profile advocate of such measures, especially in those countries with historically centralised approaches to ODA provision;

If implemented, the policy proposals outlined above will enhance the practical effectiveness of Member States in the provision of development cooperation assistance. Within the EU, this enhanced position should be used to deliver a tailored response to the varied needs of Member States in the realm of decentralised cooperation for development. These needs were identified in Table 1 and lead to the following proposals for each group of countries:

*Proposals for LRAs with high levels of experience in decentralised cooperation development*

- In instances where countries possess clear legal frameworks to support the activities of LRAs in the provision of decentralised development assistance (Cluster One), national governments could shift greater responsibility for decentralised development assistance to LRAs;
- Countries from Clusters One and Two with experience of decentralised development assistance could be at the forefront of the promotion of LRA

activity and knowledge transfer of best practices in the realm of ODA provision;

- *Key points:* countries from this group could be encouraged to *deepen* their level of involvement in decentralised cooperation for development, and to *share* their expertise with less experienced countries.

*Proposals for LRAs with some experience in decentralised development cooperation*

- Countries with extensive experience of decentralised development cooperation, but which do not currently possess corresponding levels of legal and financial infrastructure, should be encouraged to develop such infrastructure as soon as possible (Clusters Two and Three). This will help clear administrative obstacles to decentralised development cooperation in LRAs that are otherwise willing to increase their level of involvement in this area;
- *Key point:* countries from within this group should focus on developing the *formal infrastructure* to match their existing activities in decentralised development cooperation.

*Proposals for LRAs with limited or no experience in decentralised development cooperation*

- Countries which adopt highly centralised approaches to decentralised development cooperation (Clusters Four and Five) should be encouraged to develop the essential elements of a supporting legal framework that will enable LRAs to participate in decentralised development cooperation;
- Such encouragement could be directed at national governments, which should be persuaded of the merits of decentralised development cooperation. Representatives from such governments should be a key focus for any events aimed at raising awareness in this area;
- Such countries could also be encouraged to initiate pilot projects involving LRAs to illustrate how local and regional authorities can help to achieve national objectives. By participating in such projects, both national governments and LRAs from these countries can gain hands-on experience of decentralised development cooperation;
- Organisations from outside the Member States could aim to foster cooperation between LRAs and their respective national governments so that the central authorities can assist in training, expertise, etc., while at the same time relinquishing some functions so that LRAs can step in. This is especially important in an era of fiscal austerity;
- For smaller countries which have historically tended to channel their budgets through multilateral organisations, efforts should be made to help them

allocate their limited resources in alternative ways that empower LRAs across the EU. For example, multilateral cooperation between several small country LRAs from Member States in providing decentralised assistance might mitigate some of the problems associated with the limited material resources available to small country LRAs;

- Finally, countries which remain recipient countries, or were until recently, should be encouraged to share their experience of being the object of aid provision to help improve the delivery of decentralised assistance. This will help countries lacking in financial resources to still make important contributions to decentralised development cooperation;
- *Key points:* countries should be encouraged to develop the *basic institutional frameworks* to participate in decentralised development cooperation, and to gain *experience* in this area through participation in pilot projects;
- Finally, it would be appropriate for the parameters of a basic minimum institutional and legal framework for decentralised development cooperation, to be applicable across the whole EU-27, to be agreed by the Member States.

## Section 3: Sources of Information

City Mayors

[www.citymayors.com/index.html](http://www.citymayors.com/index.html)

City-to-City cooperation (C2C)

<http://ww2.unhabitat.org/programmes/agenda21/c2c.asp>

Commonwealth Local Government Forum

<http://www.clgf.org.uk/index.cfm>

CONCORD – European NGO Confederation for Relief and Development

[www.concordeurope.org](http://www.concordeurope.org)

Development Cooperation Forums (DCF) of ECOSOC

[www.un.org/en/ecosoc/newfunct/develop.shtml](http://www.un.org/en/ecosoc/newfunct/develop.shtml)

Development Cooperation Directorate (DCD-DAC) of the OECD

[http://www.oecd.org/department/0,2688,en\\_2649\\_33721\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,2688,en_2649_33721_1_1_1_1_1,00.html)

FAO Decentralized Cooperation Programme (DCP)

[http://www.fao.org/tc/dcp/index\\_en.asp](http://www.fao.org/tc/dcp/index_en.asp)

Interregional Observatory on Development Cooperation (OICS)

<http://www.oics.it/>

The Municipal Development Partnership (MDP)

<http://www.mdpafrica.org.zw/>

Network of Association of Local Authorities of South-East Europe (NALAS)

<http://www.nalas.eu/>

Overview of the Decentralized Cooperation Programme (DCP)

<http://dcp.unitar.org/>

PLATFORMA: The European Voice of Local and Regional Authorities for Development

<http://www.platforma-dev.eu>

UN Economic and Social Council (ECOSOC)

[www.un.org/en/ecosoc/](http://www.un.org/en/ecosoc/)

UN HABITAT

[www.unhabitat.org](http://www.unhabitat.org)

United Cities and Local Governments

<http://www.cities-localgovernments.org/index.asp>

World Alliance of Cities Against Poverty (WACAP)

<http://www.wacapcities.org/>



# International Sections of Local / Regional Government Associations

Member State	Local / Regional Government Association
A	<a href="#">Austrian Association of Cities and Towns</a> <a href="#">Austrian Association of Municipalities</a>
BE	<a href="#">Association for Municipalities in the Brussels Region</a> <a href="#">Flemish Association of Towns and Municipalities</a> <a href="#">Walloon Association of Towns and Municipalities</a>
BG	<a href="#">National Association of Municipalities in the Republic of Bulgaria</a> <a href="#">Foundation for Local Government Reform, Bulgaria</a>
CY	<a href="#">Union of Cyprus Municipalities</a>
CZ	<a href="#">Union of Towns and Communities of the Czech Republic</a>
DK	<a href="#">Association of Danish County Councils</a> <a href="#">National Association of Local Authorities in Denmark</a>
EE	<a href="#">Association of Estonian Cities</a>
FI	<a href="#">Association of Finnish Local and Regional Authorities</a>
FR	<a href="#">Agence Française de Développement (AFD)</a>
DE	<a href="#">German Association of Cities and Towns</a> <a href="#">German Association of Towns and Municipalities</a> <a href="#">German Counties Association</a>
EL	<a href="#">Central Union of Greek Municipalities and Communities (KEDKE)</a>
HU	<a href="#">Hungarian national association of local authorities (TÖÖSZ)</a> <a href="#">Partnership of Hungarian local government associations</a>
IE	<a href="#">Institute of Public Administration (Ireland)</a>

IT	<a href="#"><u>Interregional Observatory on Development Cooperation (OICS)</u></a>
LV	<a href="#"><u>Union of Local and Regional Governments in Latvia</u></a>
LT	<a href="#"><u>Association of Local Authorities in Lithuania</u></a>
LU	<a href="#"><u>Association of Luxembourg Towns and Municipalities</u></a>
MT	<a href="#"><u>Maltese Local Councils' Association</u></a>
NL	<a href="#"><u>Association of Netherlands Municipalities</u></a> <a href="#"><u>Association of Provinces of the Netherlands</u></a>
PL	<a href="#"><u>Association of Polish Cities</u></a>
PT	<a href="#"><u>National Association of Portuguese Municipalities</u></a>
RO	<a href="#"><u>Romania Local Government Reform Project</u></a>
SI	<a href="#"><u>Association of Municipalities and Towns (Slovenia)</u></a>
SK	<a href="#"><u>Association of Towns and Communities of Slovakia</u></a>
ES	<a href="#"><u>Spanish Federation of Municipalities and Provinces</u></a>
SE	<a href="#"><u>Joint Swedish Associations International Secretariat</u></a> <a href="#"><u>Nordic local government resource</u></a> <a href="#"><u>Swedish County Council Association</u></a> <a href="#"><u>Swedish District Council Association</u></a>
UK	<a href="#"><u>Local Government Association (England and Wales)</u></a> <a href="#"><u>Convention of Scottish Local Authorities (COSLA)</u></a> <a href="#"><u>Northern Ireland Local Government Association (NILGA)</u></a>