



**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

DCD/DAC/STAT(2005)10/REV
For Official Use

Working Party on Statistics

AID EXTENDED BY LOCAL AND STATE GOVERNMENTS

14-15 June 2005

This revised version of the report on aid extended by local and state governments, following discussions at the Working Party on Statistics meeting, 14-15 June, is circulated to members FOR INFORMATION. It will be published in early September.

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JT00188145

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AID EXTENDED BY LOCAL AND STATE GOVERNMENTS

1. This report examines aid extended by local and state governments (hereafter referred to as local governments). It presents the results of a special study carried out by the DAC Secretariat in collaboration with the members of the Working Party on Statistics (WP-STAT) between March 2004 and May 2005. The study benefited from a voluntary contribution from Spain.

2. The report attempts to give a clear picture of the coverage of DAC statistics in relation to aid provided by local governments: Which members report and how much? Which members do not report and why not? How much ODA may not be captured in DAC statistics? These largely technical matters are dealt with in sections II and III and Annex 1. Sections IV and V describe the characteristics of aid extended by local governments. Annex 2 gives an overview of the institutional and judicial framework for the participation of local governments in development co-operation. Section VI draws some conclusions related to the collection of data from local governments.

Main conclusions

- Aid extended by local governments forms a significant part of the aid programme of three members: Belgium, Germany and Spain. For the other nine members that undertake regular data collection, local government contributions represent only a small share of total bilateral aid.
- Eleven members do not report aid extended by local governments in DAC statistics. Their local governments may be involved in some international co-operation but do not finance projects from their own resources.
- Aid extended by local governments amounted to USD 800 million in 2002 and USD 1.2 billion in 2003, about half of which is for imputed student costs that are met by the *Länder* in Germany. The figures can be considered as broadly accurate since no member believed that significant amounts were missing from their ODA statistics.
- Only the largest municipalities extend any significant amounts of aid.
- Aid extended by local governments consists of a wide range of activities varying from small projects through cultural co-operation to imputed students' costs. Only rarely do the activities result from strategic planning or country/sector programming. A few members have recently started to elaborate policy papers aiming at better integration of local government contributions within their overall aid programmes.
- Proliferation of aid activities financed by local governments generally does not add to the administrative burden of partner countries' central governments, as local governments are usually only permitted to provide aid to their counterparts in developing countries.
- Much local government aid is proposed and implemented by non-governmental organisations, rather than directly administered by municipal or regional governments.
- Despite the limited sums involved, several members consider that local governments can make a significant contribution to development co-operation, in particular by transferring their know-how and experience of local administration to partner countries. With regard to financing aid activities local governments remain small actors but, being well-placed to reinforce pro-development public opinion in donor countries, they can help to mobilise additional resources for aid.

I. Background

3. During the last two decades several DAC members have gone through major decentralisation processes. These have expanded the areas of authority of local governments. While central governments retain prime responsibility for international relations (and exclusive responsibility for signing international conventions and treaties), local governments are increasingly represented on the international political scene.

The term “**local government**” (in French “*collectivités territoriales*”) is used in this report in a wide sense to refer to various sub-national levels of government:

- **Municipalities** (cities, towns, wards, boroughs);
- **Provinces**; and
- **Regions** (including federal states).

Note that the terminology varies from one member to another and that not all members have three levels of local government. The above terms are used in the report in general but notes concerning individual members have been drafted using their own terminology. Note also that in some countries the term local government is used for municipalities and provinces but not for regions or federal states.

4. European integration has been a major factor in expanding the powers of local authorities in EU member countries in the area of international relations. An initial impetus came from European regional policy, which from the late 1980s aimed to narrow development gaps between certain regions of new member states. Subsequently, under pressure mainly from the German *Länder* and the Spanish autonomous communities, the European Union started to bring local authorities into decision-making processes. The regions in particular grew accustomed to involvement in the European scene (e.g. through the Committee of Regions) and wanted to expand their role in the area of international relations.

5. The role of local governments in development co-operation has been formally recognised since the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992. The “Agenda 21” plan of action raised awareness of global linkages and called for all actors of society to contribute to sustainable development. The prominence of local authorities was reiterated four years later at the UN Conference on Human Settlements in Istanbul and at the World Summit on Sustainable Development in Johannesburg in 2002. The fact that successive international development action plans acknowledged the important role played by local governments helped position them on the international scene. Some studies note that the involvement of regional authorities in development co-operation is largely a consequence of the general increase in the international activity of these authorities.¹

6. Over the same period, changes in aid thinking have also promoted the role of local governments. As part of a sharpened focus on good governance, donors increasingly link decentralisation with democratisation, and support decentralisation in aid recipient countries. Local authorities in donor countries are well placed to share skills, experience and good practices with their counterparts in developing countries.

7. Following the increasing involvement of local governments in aid activities, the DAC Secretariat is frequently asked if DAC statistics on Official Development Assistance (ODA) and Official Aid (OA) cover contributions of the local governments. In principle they do. The term “official” in the definition of ODA covers undertakings of central, state or local governments (or their executing agencies).

¹ See for example A.Desmet and P. Develtere: Sub-national authorities and development co-operation in the OECD-DAC member countries, Catholic University of Louvain, January 2002.

Consequently, in their statistical reporting on ODA, DAC members are requested to take account of not only the expenditure of the central government but also any aid provided by state and/or local governments. Some DAC members do so, others do not. Reporting practices vary depending on the magnitude of local government contributions in relation to members' total ODA, the political significance of local government participation in development co-operation in member countries and, last but not least, the availability of resources in the statistical units to collect data from local governments.

This report examines “aid extended by local governments”, defined as aid provided by the public sector other than the central government.

The expressions “decentralised aid” or “decentralised co-operation” are sometimes used as synonyms of aid extended by local governments, but are avoided here since their coverage is often broader. For example, in some EU institutions “decentralised aid” also includes aid by non-governmental organisations and other civil society actors, whereas other members use this term to refer to aid extended by central government departments other than the main aid agency. “Decentralised co-operation” can allude to activities that do not comply with the definition of ODA, such as trade fairs for promoting donor country exports. It can also cover trans-frontier co-operation in Europe and twinning within OECD countries. (See also Glossary in Annex 2.)

II. Aid extended by local governments: overview of reporting in DAC statistics

8. Tables 1-2 below give an overview of members' present reporting in DAC statistics of aid extended by local governments. Twelve members collect data from local governments regularly and report these flows. Eleven members do not collect such data because local governments either provide very little aid or do not have the authority to extend aid. Furthermore, several members have stated they have a budget for co-financing projects initiated by local governments but that their reporting in DAC statistics only relates to the central government's investment in such schemes.

9. Table 1 shows that aid extended by local governments can be considered as a significant part of the aid programme of three members (Belgium, Germany² and Spain). For the other nine members that undertake regular data collection, local government contributions represent a small share of total bilateral ODA (2% for Italy and Switzerland; less than 1% for the others). However, the inclusion of these flows in official statistics on development co-operation can be important politically. In Switzerland data collection is a legal obligation; Austria stresses its impact on raising development awareness.

10. It should be highlighted that the coverage of the data presented in Table 1 varies from one donor to another and that some estimates are included. Detailed explanations are given in section III below. Data collection can be considered as fairly comprehensive for Austria, Belgium, Italy, Spain and Switzerland. For Australia, Canada, France, Germany, Greece, Japan and Portugal it is more selective but still likely to cover the bulk of ODA extended by local governments.

11. Table 2 lists those members who do not presently report on aid extended by local governments. In response to the Secretariat's request the majority stated that the total amount of aid extended by local governments is assessed to be small and thus not to justify the administrative burden of data collection.

² In Germany the expression local government (Kommunalverwaltung) is associated with municipalities, towns and districts but not with state governments. Data for Germany in this report mainly relate to aid extended by the federal states (*Länder*).

Table 1. ODA from local governments reported in DAC statistics in 2002-03

Member	Amount reported 2002 USD million	Amount reported 2003 USD million	As % of bilateral ODA** average 2002-03	Systematic data collection from:
Spain	246.4	321.0	18%	- Autonomous governments
Germany*	465.4	687.3	11%	- Federal states
Belgium	46.6	59.8	5%	- Regions, communities, provinces, municipalities
Italy	15.8	27.3	2%	- Regions, provinces, municipalities
Switzerland	16.1	22.4	2%	- Cantons - Active municipalities (about 300); complete survey (2912 municipalities) every 5 years
Austria	2.7	3.9	0.9%	- Federal states - Most active municipalities
Canada	14.0	17.5	0.9%	- Provinces
Portugal	..	1.0	0.5%	- National Association of Municipalities
France	6.6	39.5	0.4%	- In 2002: Regions - In 2003: Regions, departments, 500 largest towns.
Japan	5.2	9.9	0.1%	- Prefectures, biggest cities.
Australia	0.7	0.8	0.08%	- State and territory governments
Greece	0.2	0.1	0.07%	- Regions, active prefectures (29) and municipalities (65)

* Over 90% of the amounts reported by Germany relate to imputed students' costs.

** As a share of bilateral ODA commitments. (Similar results are obtained if calculated as a share of gross disbursements.)

Table 2. No data collection from local governments

Members stating that total amount too small to justify administrative burden of data collection	Members stating they have no such aid
Finland, Luxembourg, Netherlands, New Zealand, Norway, United Kingdom	Denmark, Ireland, Sweden, United States, European Commission

12. Four members commented that local governments were not involved in development co-operation in any significant way. The United States noted that development co-operation had historically been the responsibility of the central government. Sweden 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.

13. Seven members (Finland, France, Italy, Netherlands, Norway, Spain, European Commission) explained that the central government or aid agency supports local governments' aid activities by granting funds to local government associations, mainly for co-financing schemes. These are further described below in section V.

14. No member thought that any significant amounts of ODA were missing from DAC statistics. All countries in which local governments are actively involved in financing development co-operation do report on these flows. However, Italy considered that its statistics underestimated aid extended by local governments.³

III. Data collection methods

15. In most countries data collection from local governments is undertaken by the DAC statistical correspondent, once a year, through a questionnaire specifically designed for this purpose.⁴ Switzerland has delegated the task for several consecutive years to a university institute. Some members collect data at the activity level, others request only aggregates (either totals per recipient or totals per sector and per recipient).

Data collection at the activity level:

16. Eight members (Australia, Austria, Germany, Greece, Italy, Japan, Spain and Switzerland) collect data at the level of individual activities. Annex 1 presents an overview of the data collected. The questionnaires can be described as simplified versions of the CRS Form 1 (description of an individual aid activity). Reporting is on a disbursement basis, with the exception of Austria that also requests data on the original commitment and co-financing.⁵ Descriptive information on the activity is reportable in the national language(s). As regards sector coding, a few members use CRS purpose codes but others consider them too detailed for reporting by the local governments. Austria requests sector coding at the 3-digit level. Switzerland assigns sector codes centrally on the basis of activity descriptions.

Data collection at the aggregate level:

17. Three members (Belgium, Canada and France) collect data from local governments at the aggregate level. Belgium requests amounts broken down by recipient and by five broad sectors (education, health, social services, agriculture, other). France is in the process of establishing a data collection procedure. Data collection for 2003 was based on Tables DAC2a and DAC5, whereas that for 2004 will be limited to a breakdown by recipient and type of aid (project aid, technical co-operation, aid to NGOs, administrative costs).

18. Portugal is a special case. Aid from local governments has been included in ODA statistics since 1994, but the data collection method and the level of detail in reporting has varied from one year to another. The statistics are the most complete for 1998-2000 (data collection at activity level from all 305 municipalities). In 2001 only a global figure was reported, based on information from the National

³ The Association of Italian Regions (OICS) estimates that aid extended by local governments amounted to US\$ 50 million in 2003.

⁴ Though several members use the same questionnaire for data collection from "other ministries".

⁵ Also to facilitate cross-checking of the data reported by local governments with those obtained from NGOs.

Association of Municipalities. In 2002 and 2003 no special survey was made. (Information reported for 2003 concerns projects that the central government financed jointly with municipalities.)

Data collection coverage

19. The coverage of data on aid extended by local governments varies between members. While all twelve members systematically collect data from their regional structures (see Table 1), only **Belgium** and **Italy**⁶ cover all provinces and municipalities. Seven other members collect municipality data selectively as follows:

- **Austria** collects data from the “most active municipalities”. (These were identified through a survey of all municipalities with twin towns in aid recipient countries.) The DAC statistical correspondent verifies, however, that no significant amounts are excluded from the statistics by continuous review of the Austrian press and the data reported by NGOs.
- Coverage is increasing for **France**. Data collection for 2003 was from the departments and the 500 largest towns but for 2004 will cover all municipalities with more than 10 000 inhabitants.
- **Greece** collects data from 29 out of 50 self-administered prefectures and from about 65 municipalities, which include the capital towns of the prefectures, usually the most active in providing development assistance.
- **Japan** collects data from the biggest cities.
- The coverage for **Portugal** has varied (see above). It is likely that in future (due to shortage of personnel in the statistics unit) data collection will be limited to the municipalities most active in the field of development. Data collection for 2004 will cover the 18 main municipalities (district capitals) and the National Association of Municipalities. It will be made at the activity level.
- **Spain** undertook a survey in 2001 covering the 3218 municipalities with more than 1000 inhabitants. These data were used to estimate corresponding aid flows for 2002 and 2003. Another survey will be carried out on aid extended in 2004, with the aim of establishing a regular flow of information. The plan is to focus on municipalities with more than 5 000 inhabitants, estimated to account for at least 80% of aid by the Spanish municipalities.
- **Switzerland** undertakes a complete survey every five years. In between surveys data collection is limited to municipalities with more than 5 000 inhabitants and those that reported activities in the previous survey. The questionnaire for 2003, for example, was addressed to 272 municipalities. A total of 948 municipalities had responded to the complete survey in 2002 (addressed to 2912 municipalities) but not all reported aid activities.

20. Members have explained there are two main reasons for selective data collection. First, while there is a general trend towards globalisation, only the largest municipalities are likely to extend any significant amounts of aid. Secondly, the administrative burden of sending out questionnaires and processing the results is high. In most member countries there are thousands of local governments (see Table 3 below). Being “proud” of their international activities, they usually willingly answer the questionnaires. But verification of the accuracy of the figures (e.g. ensuring that they relate to disbursements in a given year) and the ODA eligibility of reported activities is time-consuming. It delays the publication of overall statistics on ODA but is considered indispensable. The entire process of data collection from local governments takes 4-6 months.

⁶ In Italy the questionnaire is sent to all regions, provinces and municipalities, but the response rate is low. In 2003, for example, data had been received from 11 (out of 20) regions and about 50 municipalities. The local government aid activity database, being developed with financial support from the Ministry of Foreign Affairs, is expected to improve the coverage of reporting on these flows in future.

21. **Australia, Canada and Germany** do not presently collect data from municipalities. Australia explained this was due to the fact that direct funding of aid activities from the municipalities' budgets was rare. (The municipalities rather facilitate locally organised fund raising by the NGOs or specialised private appeals.) Germany keeps track of the number of partnerships contracts with communities in developing countries across the world. Canada has undertaken a survey in 2005 and will use its results to decide whether or not to organise regular data collection from the municipalities.⁷

Table 3. Levels of government in selected DAC member countries

	Number of regions/ Federal states	Number of districts/provinces	Number of municipalities
Federal states*			
Australia	6 states + 2 territories		673
Austria	9 states (<i>Länder</i>)		2 359
Belgium	3 regions + 3 communities	10 provinces	589
Canada	10 provinces + 3 territories		4 000
Germany	16 states (<i>Länder</i>)	323 districts	14 865
Switzerland	26 cantons		2 912
Countries with strong regional structures*			
Spain	17 autonomous communities + 2 cities with special status	50 provinces	8 100
Italy	15 regions + 5 with special status	103 provinces	8 102
Countries with strong decentralised structures*			
France	26 regions	100 departments	36 679
Greece	13 regions	50 departments (<i>nomi</i>)	900 municipalities + 133 rural communes
Japan		47 prefectures	3 300
Portugal	2 autonomous regions + 5 administrative regions	18 districts	308 communes + 4 252 parishes

* See Annex 2 for explanation of the categories.

22. Based on a survey carried out in 2000, the **Netherlands** concluded that aid extended by municipalities was not significant enough to justify the costs of data collection. The **United Kingdom** has likewise decided not to report such expenditure as it does not consider the amounts involved as significant

⁷

According to the Canadian Federation of Municipalities, aid extended within the framework of the Municipal partnerships programme amounted to C\$ 2.4 million in financial year 2004-05, C\$ 0.7 million in FY 2003-04 and C\$ 0.2 million in FY 2002-03.

enough to justify the resources required to obtain the information. This is an important finding since both are referred to as countries in which local governments are actively involved in international co-operation.⁸

23. Finally, the decision whether to include aid from local governments in official statistics on ODA can also be influenced by political considerations. On the one hand, the central government may not wish to include aid extended by local governments in its ODA statistics because this could result in cuts in its aid budget. On the other hand, some local governments may consider their contributions should not be part of statistics used to measure donors' performance against the 0.7% target; others may simply try to avoid bureaucracy or central government control.

IV. Characteristics of aid extended by local governments

24. Aid extended by local governments consists of a wide range of activities varying from small projects through cultural co-operation and twinning arrangements to imputed students' costs. Detailed information on aid from local governments is currently available in the CRS database for nine members: at the activity level for Australia, Austria, Greece, Italy, Spain and Switzerland, and at semi-aggregate level for Belgium, Germany, and Portugal. (Canada, France and Japan report the data in the DAC questionnaire only.) This section examines the available data and describes some characteristics of aid extended by local governments.

IV.1 Highlights on Germany and Spain

25. This report provides more detail for Germany and Spain's activities than for other members as the amount of aid extended by their local governments (and its share in their respective bilateral ODA totals) is much larger.

Germany - US\$ 687 million in 2003, representing one-tenth of its bilateral ODA

26. Data for Germany relate to activities reported by the *Länder*. No statistical records are kept as yet on contributions to development assistance at the municipal level.⁹

27. The German *Länder* focus their aid efforts on education and training of specialists, both in Germany and in aid recipient countries. Over 90% of ODA reported by the *Länder* relates to indirect costs of tuition in Germany of students from developing countries (see Chart 1.a in section IV.2). But the *Länder* also finance experts and projects in the recipient countries. Furthermore, they promote development awareness in Germany through information, education and public relations, and support

⁸ The survey carried out by the executing agency of the Association of Dutch municipalities "VNG International" estimated that 483 Dutch municipalities had ties with the developing countries and countries in transition in 1999. Total aid extended by them was estimated at USD 7 million (NLG 15 million, i.e. 1 guilder per inhabitant) that year. According to VNG this was an underestimate since data collection was restricted to development-specific budgets and thus excluded activities financed from other municipal budget lines. Exchange of personnel and aid in kind was likewise excluded. An independent survey carried out in 2004 by the UK Local Government Alliance for International Development examined the extent to which municipalities were involved in development work. It covered all 468 local authorities in the United Kingdom, with a response rate of 16%. The report includes no expenditure statistics but states that "two in five local authorities are involved in some form of activity with a local authority or community group in a developing country". (The term "involvement" had been defined to include actual overseas partnerships and work with developing countries as well as local community activities in the UK that have a development focus, such as global learning and virtual exchange.) Forty-five of the 76 respondents stated they funded their own international work.

⁹ The Federal Ministry for Development Co-operation (BMZ) notes, however, that the number of twin town arrangements has increased in recent years. So far German municipalities have established 182 partnerships with communities in developing countries.

activities of NGOs active in the field of development co-operation. Costs for staff dealing with development co-operation have not been included in ODA statistics so far.

28. The *Länder* plan and implement their development policy measures independently and on their own responsibility. Germany has no laws on development co-operation either at the national or *Länder* level, nor are there any formal agreements between the Federation and the *Länder* regarding development co-operation. Co-ordination takes place in meetings between the Federal Minister and the *Länder* ministers responsible for development co-operation, and through the Federation-*Länder* Committee on Development Co-operation which meets once a year.

Spain - US\$ 321 million for 2003, representing one-fifth of its bilateral ODA

29. Two-thirds of aid from local governments in Spain originates from the autonomous communities and one-third from municipalities and local funds (mechanism to pool money for development co-operation from small municipalities). Over half the total spending by the autonomous communities is allocated to the social sectors (see Chart 1.e in section IV.2), in particular basic social services.¹⁰ Data for 2003 relate to over 1 800 activities in 81 recipient countries. The majority has been initiated by NGOs (i.e. NGOs prepare project proposals and seek funding from local governments).

30. The significance of local government involvement in development co-operation is largely explained by the political and administrative organisation of Spain. The autonomous communities have a high level of responsibility for administration in many fields. The law on development co-operation of 1998 established a framework for local government participation in Spanish co-operation and probably explains the increase in the amount of aid extended by local governments in recent years. Almost all autonomous communities (and some of the biggest towns) have signed a co-operation agreement with the Ministry of Foreign Affairs. The latter sees its role as advising and co-ordinating (as opposed to monitoring or evaluating) aid extended by local governments.

31. A particularity of Spain is the important role of local governments in the formulation of development co-operation policy. Through their participation in the Inter-territorial Commission on Development Co-operation, local governments are actively involved in the elaboration of the Development Co-operation Master Plan as well as various country and sector strategies.¹¹ Another particularity is the degree to which autonomous communities function as independent donors. Nine of the 17 autonomous communities have their own annual or multi-year development co-operation plans. Moreover, inspired by the UN ODA target of 0.7% of GNI, at least five have adopted a target of spending at least 0.7% of their budgets on ODA. Two have recently created an aid agency. Box 1 describes the set-up from the perspective of two autonomous communities.

¹⁰ Sectoral data on aid extended by Spanish municipalities in 2002 and 2003 are not included in Chart 1.e as only estimates were reported.

¹¹ The Inter-territorial Commission is the main aid co-ordination mechanism in Spain. The Consultative Council for Co-operation is another. It has 57 members of which 19 are from various ministries, 19 from the autonomous communities and 19 from local entities. The Council has six working groups (planning, evaluation, development education, statistics, humanitarian aid and harmonisation of NGO funding).

Box 1. Development co-operation by the autonomous regions of Spain

Example 1: Navarra

The **law on development co-operation**, adopted by the Government of Navarra in March 2001, authorises the local entities of Navarra to carry out development co-operation activities, as they see fit, in accordance with the Navarran development co-operation policy. The policy is reviewed by the *Government of Navarra* every four years. The law establishes the *Development Co-operation Council of Navarra* as a consultative body for development co-operation. The Council has representatives from the Navarran administration, parliamentary groups, the Navarran Federation of Municipalities and the various private sector actors (universities, labour unions, business organisations, NGOs). The main functions of the Council include: preparation and approval of the 4-year plan for development co-operation, periodic monitoring and evaluation (both globally and at the project level), and initiation of development education programmes and public awareness campaigns.

The **development co-operation protocol** signed in August 2004 defines the framework of collaboration between the Navarran Government and the central government of Spain (represented by the Ministry of Foreign Affairs). It outlines the sectoral and thematical priorities (e.g. basic human development, reinforcing institutional capacities) and the preferred geographical target areas. A *joint committee* (meeting at least once a year) is responsible for co-ordination and monitoring the activities determined in an *operational plan*. The committee is also tasked to examine the results of co-operation, including the execution of budgets.

Example 2: Catalonia

Aid extended by the autonomous community of Catalonia amounted to € 25 million in 2003. The **Catalan Agency for Development Co-operation** (CADC) accounted for about 55% of the total. The remainder originated from the Ministries of Universities, Research and Information Society, Labour, Industry, Trade and Tourism (in particular the Consortium for the Commercial Promotion of Catalonia, COPCA), Health, Youth, Environment and Public Works.

The CADC is responsible for the execution of the annual development co-operation plan, which is the main instrument for programming Catalan aid activities. It organises two calls for proposals. The main call covers development projects, peace building and development education/awareness raising activities. A separate call is organised for delivering humanitarian assistance (mainly framework agreements with NGOs such as Médecins sans frontières or OXFAM) and, most recently, for multi-year programmes. The proposals are assessed by desk officers in CADC and a specific evaluation committee. The final decision of the allocation of funds rests with the Director of CADC. Also, direct cooperation -by means of direct agreements or participation in budget support initiatives – will be fostered in the coming years.

In 2003, about two-thirds of total aid extended by CADC was for projects in developing countries. About 10% was humanitarian aid and the remainder for raising development awareness in Catalonia. Project aid targeted the sectors identified in the development co-operation plan (35% to basic social services, 32 % to promotion of productive capacity and employment, 18% to governance). Only one-third of aid extended by other ministries was focused on these sectors. (Data on aid extended by the municipalities are not included as this data collection is handled centrally by the Ministry of Foreign Affairs.)

IV.2 Sectoral breakdown of aid extended by local governments

32. Chart 1 below illustrates the sectoral breakdown of aid from local governments for those members who report data in the CRS (and for which the contributions can be easily identified) and compares this with the breakdown of their total bilateral sector-allocable ODA.¹² It shows that allocations are heavily (over 70%) focused on the social sectors. For Austria, Belgium and Germany the main recipient sector is education, for Italy it is health (including population programmes/reproductive health) and for Spain “other social infrastructure and services”.

¹² Note that Chart 1 relates to sector-allocable ODA only and the figures do not therefore correspond with total amounts shown in Table 1.

- Within the **education** sector aid extended by local governments is generally directed to secondary and post-secondary education and vocational training, both in form of scholarships and institutional co-operation programmes.¹³
- Typical activities in the **health** sector include provision of drugs and medical supplies, upgrading of primary health care centres and provincial hospitals, mother and child care and vaccination programmes, but more specialised health services (e.g. dental and ocular care) are supported too.
- The category “**other social infrastructure and services**” covers multisector aid to basic social services (BSS) but also cultural development activities. BSS projects often mention children (e.g. street children, children in violent conflict, orphans) as a specific target group. Examples of cultural co-operation in recipient countries include restoration of museums and construction of sport facilities.

33. The focus on social sectors is not surprising. Review of the legal framework for development co-operation by local governments in Annex 2 shows that, in most member countries, the law authorises local governments to maintain “international relations” but it also explicitly states that these should concern “local government affairs”. While the definition of local government affairs varies from one country to another depending on their administrative organisation, basic social services are usually within their field of responsibility. But so are water supply and sanitation, solid waste management, road maintenance and transport. The fact that hardly any activities have been reported in these areas is probably explained by their capital intensiveness. The local governments’ aid budgets are too small for financing infrastructure projects.

34. Very few contributions have been reported under the government and civil society sector which includes aid to local administration and decentralisation.¹⁴ A possible explanation for this finding is that only a small share of aid extended by local governments is in the form of direct contributions.¹⁵ The majority of projects financed by local governments are initiated and implemented by NGOs and thus focus on their fields of interest and expertise. Another explanation is that capacity building activities do not necessarily appear in statistics because they often involve “aid in kind” through institutional twinning and other partnerships. The costs of personnel working on development co-operation in local governments are usually not recorded in the statistics.

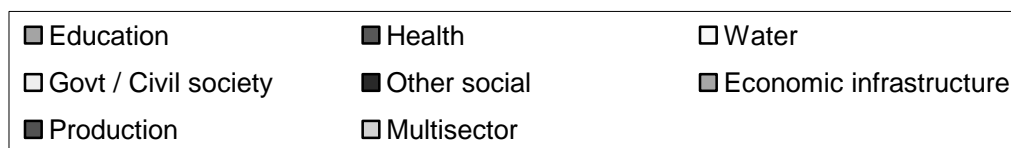
35. Finally, non sector allocable aid (not shown in the chart) represents, with the exception of Italy, a significant share (15-40%) of total aid extended by local governments. This category includes emergency assistance but also promotion of development awareness (seminars, conferences, publications, educational material) and administrative costs.

¹³ Spain is an exception with 40% of allocations to the education sector reported as basic education. Its local governments are actively promoting the 20/20 initiative to increase aid to basic social services.

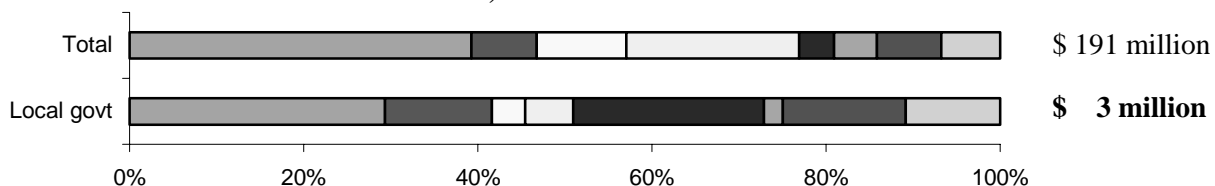
¹⁴ Documents describing the decentralised co-operation of France mention that projects often focus on reinforcing local democratisation, strengthening the local economy, or urbanisation. Data reported by France are not sufficiently detailed to verify this.

¹⁵ Spain estimates that direct contributions account for 20% of aid extended by the autonomous communities. For Switzerland, less than 10% of aid by the cantons and communes is reported as extended directly to recipient.

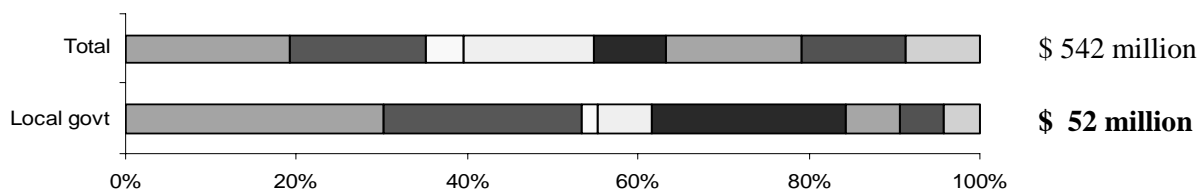
**Chart 1. Sectoral breakdown of aid from local governments for selected DAC members
% of sector allocable ODA in 2003**



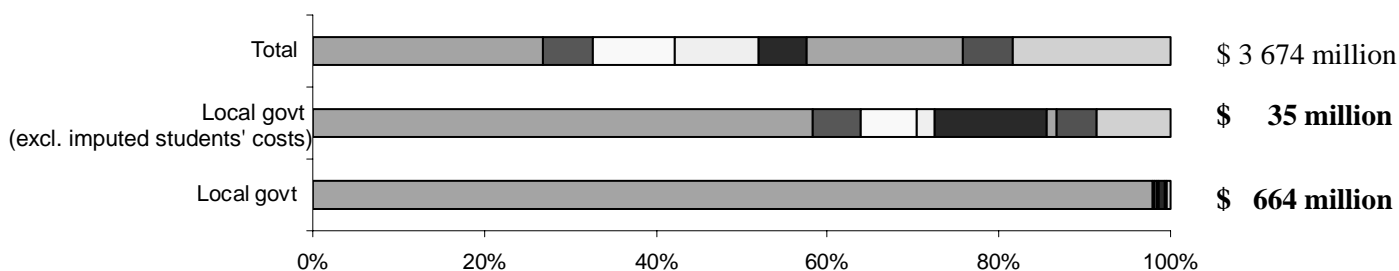
1.a) Austria



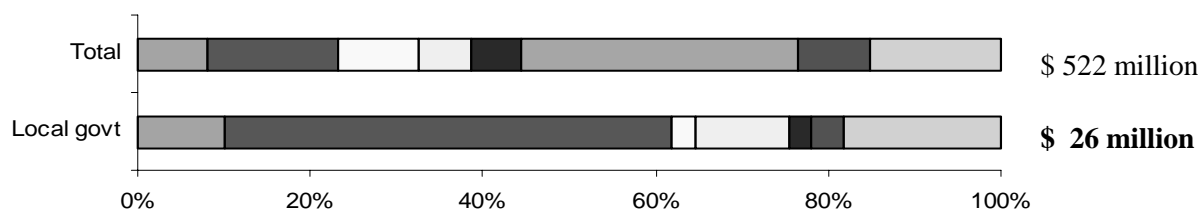
1.b) Belgium



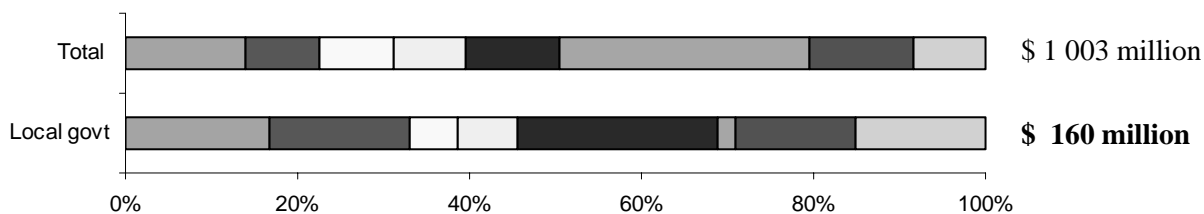
1.c) Germany



1.d) Italy



1.e) Spain (autonomous governments only)



IV.3 Geographical breakdown of aid from local governments

36. Discussions with members on the characteristics of aid extended by local governments have suggested that allocations are geographically focused on countries and regions with close historical and cultural ties with the donor. Data on the geographical breakdown of aid extended by local governments provide some evidence on this. Over 60% of aid extended by local governments in Spain was for Latin America. (See Chart 2.c.) For Belgium, close to half the allocations in 2003 were for Africa. For Austria and Italy allocations were focused on their neighbouring countries in Europe. As regards Germany (see Charts 2.a and 2.b) the breakdown changes greatly depending on whether imputed students' costs are included or excluded, although in both cases China is the leading recipient receiving, respectively, 38% and 8% of the total allocations.

37. Spain and Austria further stated that their local governments focus allocations on the defined partner countries of the central aid authority. Indeed, seven out of the top 10 recipients of aid extended by local governments in Spain in 2003 (but only three for Austria) were among the top 10 recipients of total bilateral sector-allocable ODA. In general, however, aid extended by local governments is dispersed among a large number of recipient countries. (See Table 4 below.) Another observation is that a large share (up to 40-50%) of the total amount appears under the "developing countries, unspecified" category. This includes activities taking place in the donor country, such as development awareness and education which many local governments are actively promoting. But the large percentages may also reflect lack of detail in the statistics reported by the local governments.

Table 4. Number of recipient countries of ODA extended by local governments in 2003

	ODA from local governments	Total bilateral ODA	% of total local government ODA reported under "Developing countries, unspecified"
Germany*	137(107)	153	3%(42%)
Belgium	106	115	40%
France	92	149	1%
Spain	79	116	8%
Italy	69	114	54%
Austria	38	105	6%
Japan	38	156	16%

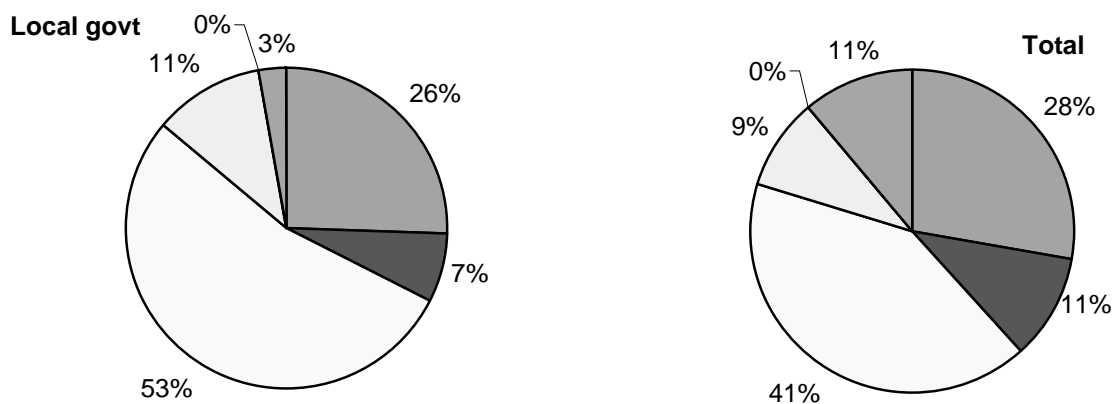
* Data for Germany are presented including (excluding) imputed students' costs. Data by recipient for these reflect the country of origin of students in the *Länder-funded* universities.

38. The data presented in this report relate to ODA only. When describing the recipients of aid extended by local governments, a specific comment should be made on European countries in transition (i.e. recipients of official aid). Co-operation between local governments in Europe has increased in recent years, first following the fall of the ex-Soviet Union and then with the expansion of the European Union. However, members have pointed out that not all co-operation by their local governments with the Eastern European counterparts can be classified as development assistance. Many partnerships are based on commercial considerations. Activities carried out through twinning may or may not be developmental. The magnitude of ongoing activities is broader than those that qualify as ODA; an important point to recognise in discussions of local government co-operation.¹⁶

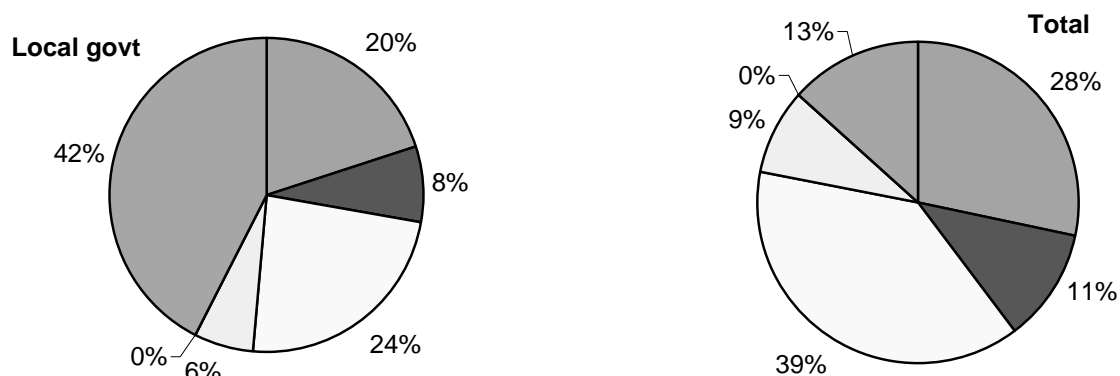
¹⁶ France provides an example of a member for which figures presented in Table 1 could seem to be underestimated. In the French political scene decentralised co-operation is defined to comprise co-operation with developing countries, trans-frontier co-operation, inter-regional co-operation, EU co-operation and twinning. (Categories covered in the Guide for decentralised co-operation produced by the Ministry of Foreign Affairs.) Only the first is directed to ODA recipients and reported in DAC statistics.

**Chart 2. Geographical breakdown of aid from local governments for selected DAC members
% of sector allocable ODA in 2003**

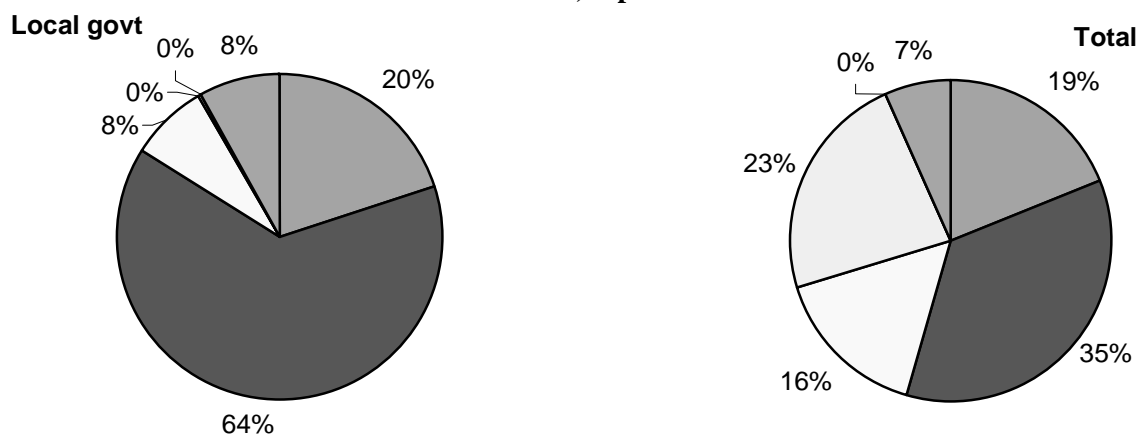
2.a) Germany (including students imputed costs)



2.b) Germany (excluding students imputed costs)



2.c) Spain



IV.4 Large number of activities of small monetary value

39. One characteristic of aid extended by local governments already referred to above is that the activities are of relatively small monetary value. Some relevant data are given in Table 5. As data from local governments are collected on a disbursement basis, a transaction in the CRS represents in this case the disbursements on a project during a given year.¹⁷ The data nevertheless reflect the number of ongoing activities, which is large. They also illustrate the “reporting burden”. In the case of Spain reporting aid from local governments increased the number of transactions in the CRS database by over 50%, but was clearly necessary since they comprised one-third of Spain’s total bilateral ODA. For Austria reporting increased the number of transactions by 17% but these accounted for only 1% of its total bilateral ODA.

40. The data on the average size of a transaction shown in Table 5 raise the issue of aid proliferation. Several studies have been carried out in this area in recent years. Some have taken the average size of a CRS transaction as a proxy for the average size of a project and used this as an indicator of the dispersion of members’ aid programmes. The Secretariat has counselled against using the data in this manner because the number of transactions does not equal the number of projects. It is difficult to compare the data between members as some report semi-aggregate data instead of activities. Furthermore, it should be recalled that local governments are generally only permitted to provide aid to their counterparts in developing countries (see Annex 2), which usually does not affect the workload of partner countries’ central governments.

41. Aid extended by local governments generally comprises small stand-alone activities and the overall efficiency of these programmes is often questioned at the central government level. While assessing the efficiency of aid extended by local governments is outside the scope of this report, a few points should be made on the basis of the material examined and discussions held.

42. Several members consider that local governments can make a significant contribution to development co-operation. Some note that local governments are better placed than the national authorities to reinforce pro-development public opinion and through innovative initiatives can mobilise additional resources for aid activities. Others stress the know-how of local governments in providing local services and the fact that making use of this know-how can result in more efficient projects. Moreover, members that actively encourage local governments to take part in development co-operation have made efforts to ensure a better integration of these activities in the wider development co-operation framework by elaborating policy papers on the role of local governments and clarifying the institutional relations between them and the central government. Local government representatives stress the sustainability of partnerships by referring to twin town arrangements that have lasted for 10-15 years or more. They consider the transfer of know-how as essential for empowering local governments in developing countries and note that, whilst small, the projects undertaken have a high pedagogical impact.

¹⁷ As opposed to a multi-year commitment to a project. Multi-year projects appear in the database as transactions in each of several consecutive years.

Table 5. Number of transactions reported by local governments to the CRS database in 2003

	ODA from local governments		Total bilateral ODA	
	Number of transactions	Average size of transaction USD thousands	Number of transactions	Average size of transaction USD thousands
<i>Reports at activity level</i>				
Spain	1701	128	4961	302
Italy	269	101	1584	881
Austria	146	32	996	358
<i>Reports aggregates</i>				
Germany	859		3241	
Belgium	856		3420	

V. Co-financing schemes

43. Several members support aid activities of local governments through co-financing schemes. The central government or aid agency generally pays its contribution to the national association of local and regional authorities which in its turn allocates the funds on projects. The contributions are relatively small (with the exception of EC), usually a few million dollars per year. This section provides some examples of the schemes. (The European Commission, Finland, Italy and the Netherlands have been selected as they have not been mentioned elsewhere in the report. Note however that France and Spain also provided data on these schemes.)

Example from the European Commission: Asia Urbs

44. The Asia Urbs Programme was established by the European Commission as an instrument of decentralised city-to-city co-operation in 1998. It awards grants to local governments for studies and projects under the following themes: economic prosperity and employment in towns and cities; protecting urban environment; promoting equality, social inclusion and regeneration in urban areas; good urban governance and local empowerment; and improving decentralised co-operation practices.

- One component of the programme focuses on networking and capacity building. Its aim is to improve the capacity of local governments to formulate and implement activities on a project management basis. Funding is available for projects with durations of 12-24 months. The grants awarded are in the range of € 150 000-400 000 and can cover a maximum of 90% of the total cost of the project.
- The “demonstration” component aims to improve the management and planning capacity of local governments in a particular urban area. Grants awarded for studies are in the range of € 18 000-25 000 and, for pilot and follow-on projects, € 400 000-750 000. A maximum of 75% of the total project costs (90% for LDCs) are covered.

45. A condition for obtaining a grant from Asia Urbs is that there is a partnership of at least two local governments from the EU and at least one from Asia. Non-local government, non-profit organisations are eligible to apply for funds within the capacity building and networking component. The budget for Phase I was € 33.2 million over five years. Phase II was launched in 2004 with € 10 million available for 2004.

46. A similar programme exists for Latin America (URB AL). Phase I had a budget of € 14 million over 1996-2000 and Phase II € 50 million over 2001-06.

Example from Finland: North-South Local Authority Co-operation Programme

47. The Association of Finnish Local and Regional Authorities launched the “North-South Local Authority Co-operation Programme” in 2002. It followed a survey carried out in 2000 in which 58 (out of 450) municipalities indicated they were interested in development co-operation but did not have possibilities to finance such activities. The 3-year pilot funded by the Ministry of Foreign Affairs is a co-financing scheme where municipalities cover 20 % of the costs of the activities. However, it is possible to make this contribution in kind and, according to the programme manager, cash contributions are rare. A maximum of € 84 000 can be disbursed per partnership per year. The objective of the programme is the exchange of knowledge, skills and expertise along with concrete development activities to improve basic services. The mid-term evaluation in February 2004 recommended that the programme be continued in 2005-07.

Example from Italy – Programmes for Human Development at Local Level

48. Since 1995, the Italian government has launched in several countries a Programme for Human Development at Local Level (PDHL) in collaboration with the UNDP and some other UN organisations (UNOPS, WHO, ILO). The PDHL is a framework programme for co-ordinating decentralised co-operation initiatives at national and international levels. Interventions focus on institutional strengthening of public utilities (water, education and health services), local economic development (e.g. support to SMEs and measures against unemployment and poverty) and support for local administration (e.g. through training local government officials), with the overall aim of decentralisation and democratisation. Hundreds of Italian local governments have participated in the implementation of PDHL programmes as executing agencies, at the same time co-financing them to increase their leverage effect.

Example from the Netherlands: VNG International

49. The executing agency of the Association of Dutch municipalities “VNG International” manages a (50-50) co-financing scheme for municipal co-operation with funding from the Dutch Ministry of Foreign Affairs. At the beginning the objective was two-fold: to strengthen municipalities in developing countries 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 MFA considered that town twinning contributed to raising development awareness but required no ODA funding as it happened anyway.)

50. But VNG International is also known as an implementing agency. Its portfolio (50-60 projects each year) includes activities in the areas of decentralisation, municipal management and services, citizens’ participation and information policy, strengthening of associations of local authorities, and inter-municipal co-operation. VNG initiates projects in collaboration with associations of local governments in developing countries and countries in transition and seeks funding mainly from the MFA, the Dutch Embassies in partner countries and the European Commission.

51. It is likely that associations of municipalities in other DAC member countries also participate in development co-operation as implementing agencies. Representatives of United Cities and Local Governments (see Box 2 below) have explained for example that municipalities in Canada, Denmark and Sweden are actively involved. It is recalled that these activities are included in DAC statistics if they are financed by the central government. (The local government association is recorded as the channel of delivery of funds.)

Box 2. United Cities and Local Governments

(see <http://www.cities-localgovernments.org>)

United Cities and Local Governments (UCLG) is an international organisation, established in 2004, through the unification of three earlier organisations: the World Federation of United Cities (FMCU), the International Union of Local Authorities (IULA) and Metropolis, the international association of major metropolises. Its membership includes over 1 000 cities in more than 100 countries. Almost every existing local government association in the world is a member.

The objective of UCLG is to promote strong and effective democratic local self-government throughout the world. To this end it supports the establishment and strengthening of free and autonomous local governments and their national associations. Mobilisation of resources for co-operation initiatives, twinning and other partnerships between local governments and their associations is one of its work areas.

The UCLG provides a forum for local governments to develop strategies and share experience and best practice on issues that preoccupy cities and local governments world-wide. Its work programme includes topics such as the Millennium Development Goals, gender equality, AIDS, information society, city diplomacy, and mechanisms of solidarity to help cities faced with disaster situations.

A particular objective of UCLG is to strengthen the role of local government in the global development agenda. It strives to be formally recognised as an advisory body on local governance to the United Nations system.

The UCLG is governed by the General Assembly (comprising all members), the World Council (318 members) and the Executive Bureau (106 members from within the Council). The bodies are constituted following elections in each world region. The President is elected by the World Council. The secretariat is based in Barcelona.

VI. Conclusions

52. This study concludes that, with regard to financing aid activities, local governments remain minor actors. The total amount of aid extended by local governments in all DAC countries combined amounted to USD 800 million in 2002 and USD 1.2 billion in 2003. Excluding imputed students' costs reported by the German *Länder* a total of USD 400 million and USD 600 million is obtained in 2002 and 2003 respectively. Local governments are a major source of funds for development co-operation only in Spain.

53. Due to the nature of activities financed by local governments, data collection is labour-intensive and time-consuming. Members use a mixture of techniques to keep the effort proportional to the volume of aid involved. Some reduce the level of detail of reporting, others carry out data collection selectively from those local governments that are known to actively support development co-operation. The Secretariat considers these as appropriate ways to manage the reporting burden.

54. The process of data collection (including quality controls with regard to accuracy and ODA eligibility) nevertheless takes several months. While aid extended by local governments is not the only component of ODA for which data become available only well after the end of the year (calendar or financial as the case may be), it does delay the production of ODA statistics, in some cases by several months. More use of periodic surveys as already done by a number of members can help with timeliness if estimates are made in intervening years.

ANNEX 1 DATA COLLECTION MECHANISMS
Overview of data collection sheets

	Austria	Germany	Japan	Spain	Switzerland
Recipient	Country name	Country name	Country name	Country name	Country name
Short description	German	German	Japanese and English	Spanish	German or French
Sector	DAC 5 codes	CRS codes	CRS codes	CRS codes	-
Policy objectives	Gender, environment	-	Gender, environment, PD/GG, poverty focus	Gender, environment, PD/GG	-
Financial data	Amount disbursed Amount committed	Amount disbursed	Amount disbursed	Amount disbursed Amount tied, untied, partially untied	Amount disbursed
	Funding (amount) by other donors			Amount TC	
	Total financial volume of project (if multi-year)			Administrative costs	
	Year of original commitment				
Channel	Austrian implementor	German implementor	Through NGOs/ Directly to recipient	Through NGOs/ Directly to recipient	Through NGOs/ Directly to recipient
Type of aid	-	Project or programme aid/ Institutional aid/ Education, information & PR/ Reintegration/ Experts, scholarships, research/cultural development	CRS categories	CRS categories	Dev. Coop/ Humanitarian aid
Other data	Partner in recipient country	In Germany/In recipient country	Partner in recipient country	Geographical target area	Legal base
		Elements necessary to compile the former Table DAC10	Starting/completion dates	Expected starting/ completion dates	
			Number of persons		

ANNEX 2 LEGAL AND INSTITUTIONAL FRAMEWORKS FOR AID EXTENDED BY LOCAL GOVERNMENTS

This Annex provides a brief survey of the political and administrative organisation of those DAC members that report aid extended by local governments in their ODA statistics. It contains a fact sheet for each country describing (1) the main political bodies at the national level and the echelons of territorial administration, from the most comprehensive to the smallest local level; and (2) the legal framework that enables local authorities to take development co-operation initiatives (i.e. legislation authorising such practices). Aid co-ordination mechanisms between the central and local governments are also discussed.

Most DAC countries have a decentralised administration of some form. Among the twelve members examined in this report, we can distinguish three types:

- **Federal States** (Australia, Austria, Belgium, Canada, Germany and Switzerland);
- **States with strong regionalised structures** (Italy and Spain); and
- **States with strong decentralised structures** (France, Greece, Japan and Portugal).

The main distinguishing element between the three types of decentralisation has to do with the law-making capacity of regional entities. In federal States, all regional bodies have legislative powers. In heavily regionalised States, this power is partial, and in decentralised States regional level entities theoretically do not possess legislative powers. Furthermore, in federal states, a general legal framework exists that allows territorial bodies to conduct foreign relations, but it is the parliaments of each federated entity that stipulate the terms of such activities, which may thus differ from one federal state to another. In decentralised states, the legal framework empowering local authorities to conduct foreign relations is the same for all authorities.

At the municipal level the fields of responsibility do not much differ from one type to another. Education, public health services, water supply and sanitation, household waste management, town planning, and construction and maintenance of roads are examples of tasks generally administered at the local level.

Glossary:

Decentralisation: Delegation of powers and responsibilities with regard to central State functions to decentralised authorities (subordinated or autonomous) or to the private sector. Decentralisation can be political, and aim to enhance popular participation in the selection of local authorities and local policy-making processes. It can be more administrative, seeking to transfer responsibility for carrying out government tasks to local elected representatives. Lastly, it can have a fiscal dimension if the central State delegates financial resources and the authority to make decisions about public expenditure. In practice, existing forms of decentralisation often combine these three models, to extents that vary widely from one context to another.

Deconcentration: Central State administration delivered locally at the municipal, departmental (prefect, technical services) or regional level. Delegation of government tasks to central authorities located at the local level.

Federalism: A form of government in which power is shared between the central government and provincial authorities or autonomous states. A federation (Germany) is distinct from a unitary State (France) and from a Confederation of States (Commonwealth).

AUSTRALIA

1- Administrative organisation of the Commonwealth of Australia:

Australia is a constitutional monarchy. The 1901 Constitution sets forth the functions of the federal government and the powers of the constituent states.

National bodies comprise: Monarch of the United Kingdom (Head of State); Governor-General appointed by the monarch to represent the crown; Parliament with two chambers: House of Representatives (elected by direct universal suffrage for three-year terms) and Senate (whose members are elected for six years); federal government. The Governor-General appoints as the Prime Minister the head of the party having a majority in the House of Representatives. Ministers, appointed by the Prime Minister, are members of either house of parliament. The federal government has authority over foreign affairs, trade, defence and immigration.

6 States and 2 Territories: Each State is administered by a governor, a government and a parliament. The governor is appointed by the monarch on the proposal of the federal authorities. States and territories hold power in areas not assigned to the federal government (transport, education, agriculture, health care services, energy, policing and law enforcement). In practice, the two levels of government work together in many areas.

673 Local governments: The states and territories establish local governmental institutions. Government powers and responsibilities on the local level differ from one state to another. In most cases, they involve powers in the realms of town planning, road and bridge construction and maintenance, provision of drinking water and wastewater treatment, public health and sanitation services.

2- Australian local authorities and international relations:

State governments are subject to the national constitution as well as their state constitutions. A federal law overrides any state law not consistent with it. The constitution assigns responsibility for local government to the states and territories. State legislation provides the framework for the roles of the local government.

The cooperative action between the three levels of national, state/territory and local government is maintained by the Council of Australian Governments (COAG). It comprises the Prime Minister, State Premiers, Chief Ministers of the Australian Capital Territory and the Northern Territory and the president of the Australian Local Government Association.

While international relations are the responsibility of the Federal Government, state and local governments have roles in engaging in the delivery of services at an international level. The Federal Government provides financial support for state and local government efforts to promote international links, including programs of technical assistance and cooperation between Australian councils and those in developing countries.

AUSTRIA

1-Administrative organisation of the Federal Republic of Austria:

National bodies comprise: Federal President (*Bundespräsident*, elected by direct universal suffrage for a 6-year-term); federal government (*Bundesregierung*) led by the Federal Chancellor (*Bundeskanzler*); and Federal Assembly consisting of two chambers: National Council (*Nationalrat*, elected by direct universal suffrage) and Federal Council (*Bundesrat*, elected by the diets of the *Länder*). The latter defends the interests of the *Länder* at the national level. The Federation is responsible for foreign policy, trade policy, finance, public safety, transport and labour law.

9 Federal States: Each *Land* has its own constitution, a regional diet (*Landtag*) and a regional government (*Landesregierung*). Their fields of authority are defined as those not reserved to the Federation.

99 District administrative authorities: Districts are decentralised administrative structures of the Federation and the *Land*. They have executive power and oversee the municipalities. The head of district is appointed by the *Land* government.

2359 Municipalities: Municipalities (including 15 cities with special status) are the administrative subdivisions of each *Land*. Each has a local council, elected by direct universal suffrage, a local administrative board in which parties are represented in a proportional manner, and an executive, the mayor (*Bürgermeister*). Municipalities possess a great degree of autonomy.

2-Austrian local government and their international relations:

The Constitution authorises local governments to engage in international co-operation in their fields of responsibility. Both the *Länder* and the municipalities are active in development co-operation. The *Länder* co-ordinate their activities and exchange information and views with the central aid authority in a meeting once a year. There are no other formal co-ordination instruments or agreements.

The bulk of aid from the *Länder* consists of projects co-financed with federal agencies, NGOs or in some cases even third country organisations, but scholarships and experts are financed too. While the *Länder* do not have “aid programmes” as such, the grants are extended according to certain principles (e.g. strong connection with actors of their province). Geographical focus is on the defined partner countries of the Austrian aid administration, although some *Länder* have also their own focus recipients (in Central and Eastern Europe). They do have specific budgets for development co-operation but draw also on other budgets. Most *Länder* have personnel working on development co-operation but usually less than 50% of their working time. No administrative costs have been reported so far.

The **municipalities** finance first and foremost NGO-initiated development projects, but they do also extend a small number of scholarships. Twinning between Austrian towns and towns in developing countries has long tradition. Only the largest towns have aid budgets.

The Austrian local governments are represented on the international scene by associations explicitly mentioned in the federal constitution. The *Austrian Association of Municipalities* and the *Austrian Association of Towns* are active within the European Union but also internationally.

BELGIUM

1-Administrative organisation of the Kingdom of Belgium:

Since the Constitution of 1993, Belgium is a federal State composed of Communities and Regions. The federal State, the Communities and the Regions enjoy equal status, but in different areas.

National bodies comprise: King; Prime Minister chosen by the King and Government of Prime Minister voted in Parliament; Parliament with two chambers: the Senate (*Sénat* with elected or designated members) and the House of Representatives (*Chambre des représentants*, elected by universal suffrage for a 4-year-term). The federal State has sovereign powers (justice, police, armed forces) but it also wields all powers not lying explicitly with either the Communities or the Regions.

3 Communities and 3 Regions: The Communities are based on the notion of language (French, Flemish, German). Their sphere of responsibility covers culture, education, personal assistance and health care, scientific research, but also international relations within their realm of competence. Each Community has a parliament and a government. The Regions are based on the notion of territory (Wallonia, Flanders, Brussels-Capital). They are responsible for managing living conditions and the economy. They wield administrative control over the provinces and municipalities in all areas except those which lie within the purview of the State or the Communities, and for which the law assigns specific authority.

10 Provinces: Provinces represent an intermediate political level under the Regions. Their fields of responsibility include special schools, roads, inland waterways and leisure. Each Province has a Governor, appointed by the King, and a permanent representation (*députation permanente*). The governor represents the central (federal and regional) power and is responsible for enforcing laws, regulations and general decrees, but also executive decrees of the Communities and the Regions. Provinces also have a political body, the Provincial Council (*Conseil provincial*), elected by universal suffrage. It formulates provincial regulations, establishes provincial budgets and accounts, and levies provincial taxes.

589 Municipalities: Municipalities are governed by three bodies: the Municipal Council (elected annually by proportional representation); the College of Mayor and Aldermen (*Collège des bourgmestres et échevins*); and the mayor, who chairs both assemblies. Municipalities wield substantial economic powers and are also competent in areas relating to the public interest, in managing living conditions and education.

2-Belgian local authorities and international relations:

Belgian Communities and Regions are empowered to conclude international treaties in areas over which they have jurisdiction. On 15 October 2000, the cabinet of Ministers decided to de-federalise the international co-operation budget, providing for full or partial delegation of ODA budget to Regional and Community entities by 2004. However, this decision has not been implemented yet.

There are no institutionalised mechanisms for co-ordinating aid extended by the federal authorities and the regions and communities.

The Union of Belgian Cities and Municipalities functions as a platform where the three regional associations (Association of the City and the Municipalities of the Brussels-Capital Region, Association of Flemish Cities and Municipalities, Union of Cities and Municipalities of Wallonia) concert each other on federal, European and international matters.

CANADA

1- Administrative organisation of Canada:

Canada is a constitutional monarchy organised as a federal State. The division of powers and authority between the federal government and the provinces is stipulated in Articles 92 and 93 of the Constitution.

National bodies comprise: Monarch of the United Kingdom (Head of State); Governor-General appointed by the monarch to represent the crown; Parliament with two chambers: House of Commons (whose members are elected) and Senate (whose members are appointed); the Cabinet appointed by the Prime Minister who is the head of the party having the greatest number of seats in the House of Commons.

10 Provinces and 3 Territories: The British monarch is represented in the provinces by a Lieutenant-Governor, appointed by the Governor-General. Each province is governed by a Prime Minister, assisted by a Council of Ministers accountable to the provincial legislative assembly. Members of provincial parliaments are elected to represent a proportional share of the population. Their legislative powers are considerable. Each province has the exclusive power to create and amend laws in the realms of property law, civil law, education, municipal institutions, public health and so on. The action of the provinces and that of the federal government complement each other in the areas of health and social welfare, agriculture, roads, tourism and immigration.

4000 Municipalities: The municipal administrations (towns, cities, villages, counties, districts and metropolitan municipalities) are created by the provincial legislatures, which invest them with such powers as they deem useful to confer. Mayors, county wardens and municipal council members are elected as stipulated by the provincial assembly. Municipal administrations deliver a variety of services such as aqueducts and sewers, household waste collection, roads, street lighting, building, parks, playgrounds, libraries, and so on.

2-Canadian local authorities and international relations:

The federal government, in an official document published in 1968, *Federalism and International Relations*, recognised openly that provincial governments “can, of course, maintain offices in other countries and appoint officials to deal with matters of provincial concern that relate essentially to the private sector”.

Since 1987, the Federation of Canadian Municipalities (FCM), with financial support from the federal government, has administered programmes to improve the quality of life of local communities in developing countries. The FCM has created the International Centre for Municipal Development (ICMD), whose primary missions are to represent the FCM internationally and to implement programmes to promote sustainable development and international co-operation by municipalities. With ICMD support, over 150 Canadian municipalities have become involved internationally by forging partnerships with local administrations in over twenty countries throughout Africa, South-East Asia and Latin America. The ICMD will receive financial support of some \$8.5 million for 2003-2007 from the Canadian International Development Agency (CIDA) to finance FCM programmes to boost the capacities of municipal administrations, national governments and communities in the realms of leadership, management, service provision and governance at the local level.

FRANCE

1-Administrative organisation of the French Republic:

The administrative organisation of France features a stacking of administrative levels and a very great number of local authorities.

National bodies: The President of the Republic (elected by direct universal suffrage for a 5-year term) shares executive power with the Government; legislative power is exercised by the National Assembly (*Assemblée nationale*, elected by direct universal suffrage) and the Senate (*Sénat*, elected by indirect universal suffrage).

26 Regions (*of which 22 in continental France and 4 overseas*): Regional Counsellors, elected by universal suffrage for 6-year terms, elect the President of the Regional Council (*Conseil régional*). In each region, there is a prefect (*Préfet*) who represents the State. The Regional Councils are traditionally responsible for economic initiatives, land-use planning and vocational training, but their fields of authority have recently been bolstered by law.

100 Departments (*départements, of which 96 in continental France and 4 overseas*): A department is administered by a General Council (*Conseil général*) elected by universal suffrage for a 6-year term. Its President is elected by the members of the Council. In each department, there is a prefect who represents the State. Departments have broad responsibilities including social action, construction and maintenance of lower secondary schools, rural consolidation.

36779 Municipalities: A municipality is administered by a Municipal Council, elected by direct universal suffrage, and a mayor, elected by the Council. The mayor manages the budget of the municipality and wields local powers: schools and school transport, social action, household waste collection and sanitation, town planning, roads. The mayor is also an agent of the State with regard to the keeping of vital records, public order, organising elections and issuing regulatory certificates.

2-The international relations of French local authorities:

The Constitution assigns responsibility for France's foreign policy to the President of the Republic and to the Government. But since the entry into force of the 1992 blueprint law on territorial administration, French local authorities (or groups thereof) have been able to enter into agreements with foreign local authorities (or groups thereof), within their areas of competence and in line with France's international commitments. The law specifies, however, that French local authorities may make agreements only with their counterparts and in no event with foreign States. The agreements are subject to a check of their legality by the regional prefect, who must authorise any agreement before it is signed by the parties thereto.

The 1992 law also created the National Commission for Decentralised Co-operation (CNCD), whose assigned role is to maintain an updated list of decentralised co-operation practices. The CNCD is chaired by the Prime Minister and has 64 members, a half of which represent the local governments and a half the State. It thus provides a privileged space for dialogue between the State and the local authorities.

The Guide of decentralised co-operation (*Guide de la coopération décentralisée – Échanges et partenariats internationaux des collectivités territoriales*), published in 2000 at the initiative of the Ministry of Foreign Affairs, provides local governments with practical guidance on the implementation of international co-operation activities. It includes the essential institutional, juridical, technical and financial

references relative to decentralised co-operation, but also elaborates on the role of local governments in international arena. The French decentralised co-operation is based on the idea that every level of administration has its own capacities which it can share with authorities in other countries, working at the same level, and hence confronted with the same problems and challenges.

When they institute development assistance programmes, French local authorities may seek in addition to their own resources State funding (from ministries, French Development Agency) or external funding (for example from the European Commission or the World Bank). State financing is in the form of co-financing and originates from the budget lines of various ministries, primarily from the special solidarity funds or the so-called “deconcentrated” funds (attributed by regional prefects in connection with the “annual decentralised regional co-operation programme”).

Activities are mainly developed in the fields of institutional support (training for territorial elected officials and managers, organisational support) and local development projects. Next come economic development, support for universities and research, culture and promotion of the French language.

GERMANY

1-Administrative organisation of the Federal Republic of Germany:

The Länder share governmental sovereignty with the Federation. The local authorities (districts and municipalities) are legally autonomous bodies. The principle of their self-government is guaranteed in the Basic Law (constitution of the Federation).

National bodies comprise: Federal President (*Bundespräsident*); federal government (*Bundesregierung*) led by the Federal Chancellor (*Bundeskanzler*); the Upper House (*Bundesrat*) comprising members of the governments of each *Land*; the Lower House (*Bundestag*, elected by direct universal suffrage for a 4-year term); and the Federal Assembly (*Bundesversammlung*, comprising members of the Bundestag and representatives elected by the parliament of each *Land*). The *Länder* participate in the legislative process at the federal level through the *Bundesrat*.

16 Federal states: The *Länder* (of which three are cities) are endowed with their own powers. They have the characteristics of a state except in fields that the Basic Law explicitly attributes to the Federation. Each has its own constitution but this has to be consistent with the republican, democratic and social principles embodied in the Basic Law. The political authorities and the administration of the *Länder* resemble those of the Federation [e.g. the *Länder* have their own parliaments (*Landtag*) and governments (*Landesregierung*)] but the division of the responsibilities varies from one *Land* to another. Apart from the federal laws which the *Länder* execute under the control of the Federation, the *Länder* carry out activities independently, under their own responsibility, within the normative framework defined by their parliaments. All internal administration lies in their hands.

323 District authorities: Each district elects a legislative assembly (*Kreistag*) by direct universal suffrage. The districts are in charge of activities which surpass the financial or managerial capacities of the communes in these fields (e.g. secondary education, hospitals, inter-communal roads, solid waste management, land use planning).

14 865 Municipalities: The fields of responsibility of the municipalities derive from the principle of local autonomy. They include primary education, housing, social aid, population census, cultural affairs, waste water treatment, roads and public transport, urban management, promotion of local economy.

2-German local government and international relations:

In principle international relations fall under the authority of the Federation, but nothing hinders local governments from keeping relations with their foreign counterparts as long as these relate to “local government affairs”. However, the Basic Law places limits on the strengthening of international relations of the local governments by stating that the Federation is primarily entitled to engage the Federal Republic of Germany in international relations. The *Länder* can conclude treaties with foreign states on areas which belong to their jurisdiction, but the counties and communes are excluded from this legislative provision.

There are no laws on development co-operation at either the federal or *Länder* level. The *Länder* implement their development policy measures independently and on their own responsibility financing activities from their own budgets.

There are no agreements between Federation and *Länder* regarding development co-operation policy. In individual cases *Länder* representatives may take part in the BMZ’s bilateral government negotiations with partner countries. The Federation and *Länder* co-ordinate their development co-operation through annual meetings between the Federal Minister and the *Länder* ministers responsible for development co-

operation¹⁸, and through the Federation-*Länder* Committee on Development Co-operation (BLA EZ), which also meets once a year chaired by the BMZ. The Committee acts as a forum for co-ordination and mutual exchange of information and views on current development policy topics and priority areas of German development policy and development co-operation. The Foreign Ministry, the Federal Ministry of Economics and Labour, and implementing agencies such as InWEnt, are also represented in the Committee.

The *Länder* focus their aid efforts on education and training of specialists, both in Germany and in aid recipient countries. (The bulk of ODA reported by the *Länder* relates to imputed students costs.) But the *Länder* also finance experts and support projects in recipient countries. Furthermore, they promote development awareness in Germany through information, education and public relations. They also support activities of NGO, active in development co-operation. Until now the costs for staff dealing with development policy measures have not been included in the ODA reporting of the *Länder*. However, these costs are to be taken into account in the future, as is already done at the federal level.

Municipal development co-operation (twin town arrangements) has become increasingly important in recent years. This development is due to the Agenda 21 Processes but also the general trend towards globalisation. Since sustainable development requires activities at all levels, the German government welcomes the initiatives taken by local German communities in establishing partnerships with communities in developing countries and carrying out projects with them.

No statistical records are kept as yet for development policy contributions at the municipal level. So far 182 partnerships (which are not limited in form, time or content and are based on partnership contracts) have been established with communities in developing countries across the globe. There are also 12 friendships (links based on an agreement, but with a time limit and/or for specifically defined projects or relationships) between German communities and communities in developing countries. And there are another 21 contacts between such communities (links without any formal arrangements).

¹⁸ The *Länder* do not have ministries solely responsible for development co-operation. The Chancellery or the Ministry of Economics is in many cases responsible for co-ordination, but several ministries are involved in promoting development policy measures (e.g. education ministries in promoting development policy education and research, or the economics or environment ministries, which promote development policy measures).

GREECE

1-Administrative organisation of the Republic of Greece:

National bodies comprise: President (elected by the Parliament); Prime Minister appointed by the President; Government; Parliament (Chamber of Deputies, elected by direct universal suffrage for 4 years). The State has sovereign powers (foreign affairs, defense, finance, justice).

13 regions (periferies) of which 4 islands: The regions are uniform decentralised units of state administration. They have de-concentrated powers and are responsible for implementing the social, economic and cultural policies of the state. A region is administered by a Regional Council, composed of the prefects of the departments, and headed by a secretary general, appointed by the central government.

50 Prefectures: The prefectures are administered by a prefect and a Departmental Council (elected by direct universal suffrage for 4 years). Their fields of authority include economic, social and cultural development of their territory.

1033 municipalities (of which 900 towns and 133 rural communes): The municipalities are self-administered legal bodies. Towns have a Municipal Council (elected by direct universal suffrage for 4 years) and a Municipal Commission (consisting of members of the Council) chaired by the Mayor. Rural communes have only a Municipal Council.

2-Greek local authorities and their international relations:

The Municipal and Community Code of 1995 specifies that twinning of local authority organisations with foreign countries' counterpart organisations requires a decision of the municipal or communal council which has to be endorsed by the Ministry of Foreign Affairs (MFA). Exchanges of missions and other activities of twinned (or not) local authority organisations with their foreign counterparts, including exchanges or invitations of cultural and artistic groups, take place within the framework of international or bilateral agreements signed by Greece, under the principle of reciprocity and endorsed by the MFA.

The Central Union of Greek Municipalities and Communes is the main institution representing Greek local authorities both in Europe and in the international scene.

ITALY

1- Administrative organisation of the Italian Republic:

Italy is a unitary State which is evolving towards a system of territorial autonomy. (All constitutional provisions regarding the territorial system were altered profoundly by the Constitutional Act of 2001.)

National bodies: President of the Republic (elected by the parliament and a delegation of regional counsellors); Council of Ministers lead by the Prime Minister (elected by a national vote but technically appointed by the President and confirmed by parliament); parliament composed of a Senate and a Chamber of Deputies. Members of parliament are elected by direct universal suffrage for 5-year terms. Legislative powers lie with the State in the areas of defence, armed forces, domestic policy and the State's foreign relations, currency, public order and security.

20 Regions: of which 15 are "ordinary" and 5 have special statutes. The size and statutes of the regions differ widely. The differences stem from facts of geography, history and language. The administrative organisation of the regions is governed by the Constitution. Regions have organisational autonomy; they may select their statutes but must be organised around three bodies: the Regional Council (a legislative body elected by direct universal suffrage), the Regional Government (*Giunta regionale*) and the President of the Region (elected by direct universal suffrage). Regions hold legislative power in all areas not expressly attributed to the State. They also have parallel powers with the State with regard to the international relations of the regions, foreign trade, education, scientific research, and so on.

103 Provinces: The provincial administration consists of a Provincial Council (elected by direct universal suffrage), a Provincial Government (*Giunta provinciale*), and a President (elected by direct universal suffrage). The provinces primarily exercise de-concentrated powers of the State. They have responsibility for land-use planning, environmental protection, local economic development, the labour market, elementary education and transport.

8103 Municipalities: Municipal administration consists of three bodies: the Municipal Council (elected by direct universal suffrage), the mayor (for whom the electoral system depends on the size of the population) and the Municipal Government (*Giunta municipale*) appointed by the mayor. Municipalities are responsible for personal services such as health care and social welfare, and for land-use planning functions such as town planning, housing, industrial and commercial zoning, etc.

2-The international relations of Italian local authorities

The Constitutional Act of 2001 assigns responsibility of foreign policy exclusively to the State. The State and the regions have parallel powers on international and European relations. The regions can sign agreements in their fields of competence with their foreign counterparts and with foreign states under the control of the State (procedures defined in law of 2003). Provinces and municipalities can likewise engage in international relations with their counterparts under State control. In addition, Italian regions may convey their opinions on the Government's foreign policy guidelines if the subjects in question fall within the regions' purview. Due to the fact that development co-operation is not explicitly mentioned in the Constitution, it is not clear whether regions are entitled to sign agreements in this area only with their counterparts or also with foreign states.

The *Guidelines for Decentralised Co-operation* published in 2000 by the Directorate-General for Development Co-operation (DGDC) of the Ministry of Foreign Affairs (MFA) formalised the collaboration between the DGDC and the local governments. The DGDC has signed collaboration agreements (*convenzioni*) with the bodies representing the Italian provinces and municipalities (UPI and ANCI respectively).

Twelve out of the 15 **regions** have equipped themselves with Regional Laws on international co-operation and humanitarian aid. Most regions agree upon three-year programmes and annual plans, but these strategic documents do not give a precise picture of the priorities and planning rationale for the regions' co-operation activities. The office in charge of promoting, co-ordinating and sustaining development co-operation activities usually depends on the Presidency (or Deputy Presidency) of the Regional government. Interventions focus geographically on the Balkans and the Mediterranean and thematically on education and health with special concern over gender and youth, capacity building (training) and small entrepreneurship development.

Over the past few years various **provinces** have become active in development co-operation, but until now their interventions have been limited to co-financing of other actors' initiatives. As regards **municipalities**, a study by CeSPI (Centro Studi Politica Internazionale) revealed that 65% of the Italian municipalities were involved in development co-operation but that their financial contributions were low (a total amount of € 2.9 million estimated for 2000).

The DGDC co-financing of regions' initiatives amounted to € 8.5 million over the period 2000-04.

JAPAN

1- Administrative organisation of the Japanese State

Japan is a constitutional monarchy governed by the Constitution of 1947. The umbrella Decentralisation Act of July 1999 reformed the law on local autonomy and clarified the division of roles between the State and local authorities. Article 94 of the Constitution ensures that local authorities are entitled to adopt their own regulations within the limits of the law.

National bodies comprise: Parliament made up of the House of Representatives (elected by direct universal suffrage every four years) and the House of Councillors (elected every six years); Cabinet comprising the Prime Minister and Ministers of State (appointed by the Prime Minister). The Prime Minister is a member of the House of Representatives.

47 Prefectures: Each prefecture is headed by a governor (elected by universal suffrage for a four-year term). Prefectures also have an assembly (elected by direct universal suffrage every four years) which sets the budget and legislates in its areas of competence (planning, health care, environmental matters, social security and agriculture).

3218 Municipalities: The municipalities are administered by a mayor and an elected assembly (elected by direct universal suffrage for a four-year term). They are responsible for education and social affairs as well as infrastructure construction and maintenance.

2-International relations of Japanese local authorities:

The international exchange activities of Japanese local authorities developed on the basis of institutional twinning arrangements and later spread to technical, cultural and scientific co-operation entailing exchanges of people. A distinction can be drawn between two forms of development co-operation on the part of Japanese local authorities: their own co-operation initiatives, which they carry out independently, with or without central government subsidies, and those undertaken in collaboration with the Ministry of Foreign Affairs (MOFA) and the Japan International Cooperation Agency (JICA). The local authorities also implement projects and programmes in partnership with the Ministry of the Internal Affairs and Communications (MIC) and the Council of Local Authorities for International Relations (CLAIR, an association created in 1988 to help local authorities implement their international activities).

Aid provided by Japanese local authorities seeks to make direct improvements in the living standards of people in the beneficiary countries. It is targeted primarily at regions or countries whose local governments have similar histories or cultural ties with Japan. For the most part, aid is in form of technical co-operation (hosting trainees from developing countries, dispatching experts and volunteers, inviting young foreigners to Japan) and equipping partners with books, agricultural machinery and so forth. The MOFA has created a system of subsidies for Japanese local authorities and lends financial support to the aid projects that they carry out.

The “Sister Cities” association is highly active in promoting development assistance projects of Japanese cities.

PORTUGAL

1- Administrative organisation of the State of Portugal:

Portugal is a “regionalised” unitary State. The Constitution provides for two forms of sub-national territorial entities: autonomous regions (the Azores and Madeira) and local authorities. The latter are divided into administrative regions, districts, municipalities and parishes. They enjoy administrative and financial autonomy and autonomy over their assets.

National bodies: The President of the Republic (elected by direct universal suffrage for a 5-year term) shares executive power with the Prime Minister, whom he appoints. Legislative power lies with the Assembly of the Republic (elected by direct universal suffrage for a 4-year term) and is exclusive in all areas.

5 Administrative regions: Regions have two administrative bodies: the Regional Assembly (deliberative body made up of representatives of Municipal Assemblies) and the Regional Commission (executive body elected by the Regional Assembly and comprising a President and 4-6 members). Their missions are purely administrative. They co-ordinate and support the actions of the municipalities, formulate regional plans and take part in the preparation of the national plan. If a given task is not assigned to either the State or the municipalities, the regions are also competent in the realms of economic and social development, land-use planning, environmental matters, communication, education and vocational training, culture, youth affairs, sport and tourism.

18 Districts: Districts have three administrative bodies: the Civil Governor (appointed by and representing the Government); the District Assembly (composed of presidents of the Municipal Council, Municipal Assembly and Parish Council from each Municipal Assembly); and the Advisory Council (comprising the Civil Governor, 4 District Assembly members and 4 citizens qualified in specified fields).

308 Municipalities and 4252 parishes: Each municipality has a Municipal Assembly (deliberative body) and Municipal Council (collegiate executive body accountable to the Municipal Assembly). Parishes are administered by a Parish Assembly and a Parish Council. There are at least two parishes in each municipality. Municipalities share responsibilities with parishes in many fields (local development, public networks, public health, sanitation, education, culture, environmental protection), but have also powers of their own (rural and urban infrastructure, policing) as do the parishes (electoral censuses, public works, road maintenance).

2-International relations of Portuguese local authorities

The Portuguese Institute for Development Assistance (IPAD), under the auspices of Ministry of Foreign Affairs, co-ordinates Portugal’s highly decentralised aid programme involving 17 different Ministries and a wide variety of organisms, universities and municipal governments. Municipalities perform a regulated role as promoters or executors of Portuguese co-operation.

Inter-municipal co-operation accounts for only a small proportion of the overall aid programme. As a rule, co-operation initiatives are based on formal agreements (protocols or treaties). But such agreements do not necessarily ensure regular, or long-term, co-operation activities. The most active municipalities are those with the greatest financial resources, and those in the main urban areas of Portugal’s south and coastal areas. The main co-operation initiatives to date involve education, culture, aid to local institutions, heritage conservation and social action. According to the National Association of Portuguese Municipalities (ANMP), some 153 co-operation agreements have been recorded by Portuguese municipalities.

SPAIN

1- Administrative organisation of the Kingdom of Spain:

Spain is a unitary State with autonomous regions and nationalities (Constitution of 1978).

National bodies: The King (Head of State) appoints the Government which is responsible for domestic and foreign policy, civil and military administration and defence. The parliament (*Cortes Generales*) comprises a Senate (*Senado*, members elected by direct universal suffrage for 4-year terms or appointed directly by the autonomous communities) and the Chamber of Deputies (*Congreso de los diputados*, elected by direct universal suffrage for 4-year terms).

17 Autonomous communities (and 2 autonomous towns): Each autonomous community has a parliament (Legislative Assembly, elected by direct universal suffrage) which elects the President of the Community. The latter appoints the Regional Government Council. A representative of the central government oversees the State's administration within the autonomous community. Autonomous communities hold all the powers that do not belong to the State; other powers are enumerated by the Constitution: organisation of the institutions of autonomous government, land-use planning, town planning and housing, public works, agriculture, fisheries and economic development. The Communities wield legislative power in their areas of authority.

50 Provinces: Each province is lead by a President, elected by the Provincial Council (made up of provincial deputies elected by Municipal Council members). Provinces are responsible for co-ordinating local and central administration, but they also have their own fields of authority (co-ordination of municipal services; judicial, economic and technical assistance and co-operation with the municipalities).

8092 Municipalities: Municipalities are organised similarly to provinces. Each has a Municipal Council (elected by direct universal suffrage) and a mayor (elected by members of the Council). In municipalities of more than 5 000 people there is also a Local Government Council which assists the mayor to perform his or her duties. Municipalities hold authority over security in public places, planning and co-operation in the realms of education, town planning, environmental protection, public health, etc.

2-Spanish local authorities and international relations

Under the Spanish Constitution, responsibility for foreign policy lies exclusively with the Spanish State. The autonomous communities can conduct international relations within their sphere of authority (i.e. providing they do not impinge on the areas reserved to the State), but they cannot conclude international treaties or have an official representation.

The Co-operation Act of 1998 provides in addition that Spanish local authorities can conduct "decentralised co-operation activities consistent with the international co-operation instituted by the Spanish State". This same law stipulated that the Ministry of Foreign Affairs (MFA) would co-ordinate co-operation actions set up by local authorities. Almost all autonomous communities (and some of the biggest towns) have signed a co-operation agreement with the MFA. Various mechanisms have been established to ensure co-ordination and coherence of aid extended by the central administration and other actors. The Inter-territorial Commission of Development Co-operation is the most important of these.

In recent years there has been a notable increase in development assistance from the autonomous communities, municipalities and other local entities. Nine of the 17 autonomous communities have their own annual or multi-year development co-operation plans. Five autonomous communities (and some municipalities) have decided to earmark 0.7% of their budgets to development assistance. Furthermore, in some communities, special funds were created to facilitate the participation of municipalities in development co-operation initiatives.

SWITZERLAND

1- Administrative organisation of Switzerland

National bodies: The Swiss government is made up of seven members forming the Federal Council (*Conseil fédéral*, elected by the Federal Assembly for 4-year terms). The government members take it in turns to act as President of the Confederation (elected by the Federal Assembly for a one-year term). The Federal Assembly (*Assemblée fédérale*) consists of two chambers: National Council (*Conseil national*, elected for 4-year terms) and Council of States (*Conseil des Etats*, elected for 4-year terms).

26 Cantons: Each has its own constitution, government, parliament, courts and laws. While the cantons must ensure that their laws are compatible with those of the Confederation, they nonetheless enjoy broad autonomy in decision-making and administration. They exercise independent control over their education systems and social issues, and each has its own police force. The cantons also establish their own tax regimes.

2912 Municipalities (status 2002): Municipalities have their own elected administrative authorities. In some instances, they enjoy decision-making power concerning certain local issues; in others, they carry out decisions by the canton or the Confederation. Their areas of authority extend, *inter alia*, to security, education, health care and transport. They also keep vital records and collect taxes. Due to amalgamation of communes, the number of municipalities tends to decrease (2815 in 2004)

2-International relations of Swiss local authorities

The federal Constitution of 1999 gives the Confederation authority with regard to foreign relations. The Confederation can therefore conclude a treaty in any area whatsoever, whether it be of federal or cantonal legislative concern. But the Constitution also provides for the participation of the cantons in foreign policy decision-making. It is possible for the cantons to make treaties within the sphere of their powers, but this authority is only subsidiary and limited. Notwithstanding, the cantons may have direct dealings only with the “lower ranking foreign authorities”, *i.e.* with sub-national authorities, to the exclusion of central authorities, and they are required to so inform the Confederation.

Under the federal Development Co-operation and International Humanitarian Aid Act of 1976, “the Federal Council can collaborate with cantons, municipalities or public institutions on actions in the realm of development co-operation or international humanitarian aid and support their initiatives”. By 2003, nine cantons had enshrined in their constitutions, or in a law or regulation, the possibility of instituting international development co-operation initiatives. In addition, some 161 municipalities had enacted the legal foundations to conduct development assistance initiatives.

The Swiss Agency for Development and Co-operation looks very positively on the desire of local authorities to contribute to the development efforts of countries in the South and the East. A position paper is being prepared on the role of different stakeholders in Swiss development co-operation, in particular the NGOs. In this context, the relations with the most important local government partners will also be examined.

There is no mechanism to co-ordinate the aid activities of the State, the cantons and municipalities. In Latin Switzerland six cantonal federations ensure liaison between the local governments and NGOs.

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