Peer Review

MEMORANDUM OF ITALY

26 MARCH 2014

This Memorandum is submitted by the Italian authorities to the Development Assistance Committee in view of the Peer Review of Italy scheduled for 26 March, 2014.

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OECD DAC PEER REVIEW OF ITALY- 2013

Memorandum

September 2013

Submitted by the Directorate General for Development Cooperation (DGCS), Ministry of Foreign Affairs (MFA)

Rome, Italy
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<td>AAA</td>
<td>Accra Agenda for Action</td>
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<td>ACP</td>
<td>African Caribbean Pacific</td>
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<td>AFSI</td>
<td>Aquila Food Security Initiative</td>
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<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>Advanced Market Commitments</td>
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<td>ANCI</td>
<td>National Association of Italian Municipalities (Associazione Nazionale Comuni Italiani)</td>
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<td>Bilateral Emergency Fund</td>
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<td>CAP</td>
<td>Consolidated Appeal Process</td>
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<td>Capacity Development</td>
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<td>CEDAW</td>
<td>Convention for the Elimination of Discrimination Against Women</td>
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<td>Central Emergency Response Fund (OCHA)</td>
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<td>Consultative Group on International Agricultural Research</td>
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<td>CHAPs</td>
<td>Common Humanitarian Action Plans</td>
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<td>Cross-Institutional Table for Development Co-operation (Tavolo Interistituzionale per la Cooperazione allo Sviluppo)</td>
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<td>CPA</td>
<td>Country Programmable Aid</td>
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<td>GPEDC</td>
<td>Global Partnership for an Effective Development Cooperation</td>
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<td>Global Remittances Working Group</td>
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<td>Civil Society Organisation</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DG</td>
<td>Director General</td>
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<td>Directorate General for Development Cooperation (Direzione Generale Cooperazione allo Sviluppo)</td>
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<td>Division of Labour</td>
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<td>Department of Civil Protection (Dipartimento della Protezione Civile)</td>
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<td>DREF</td>
<td>Disaster Relief Emergency Fund (IFRC)</td>
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<td>DRR</td>
<td>Disaster Risk Reduction</td>
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<td>EC</td>
<td>European Commission</td>
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<td>European Centre for Development Policy Management</td>
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<td>ECHO</td>
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<td>EDRIS</td>
<td>European Emergency and Disaster Response Information System</td>
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<td>European Investment Bank</td>
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<td>European Union</td>
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<td>Food and Agriculture Organization</td>
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<td>FGM</td>
<td>Female Genital Mutilation</td>
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<td>FTS</td>
<td>Financial Tracking Service (OCHA)</td>
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<td>FYROM</td>
<td>Former Yugoslav Republic Of Macedonia</td>
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<td>GAVI</td>
<td>Global Alliance Vaccine Initiative</td>
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<td>GBS</td>
<td>General Budget Support</td>
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<td>GDACS</td>
<td>Global Disaster Alert and Coordination System</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>GEWE</td>
<td>Gender Equality and Women’s Empowerment</td>
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<td>GFATM</td>
<td>Global Fund against AIDS, Tuberculosis and Malaria</td>
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<td>GLISPA</td>
<td>Global Island Partnership</td>
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<tr>
<td>GMP</td>
<td>Global Partnership for Sustainable Development in Mountain Regions</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<td>HIPC</td>
<td>Highly Indebted Poor Countries</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>HQ</td>
<td>Headquarters</td>
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<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IC</td>
<td>Italian Cooperation</td>
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<td>ICRC</td>
<td>International Committee of the Red Cross</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IDPs</td>
<td>Internally Displaced Persons</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IFC</td>
<td>International Finance Organization</td>
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<td>IFFIm</td>
<td>International Finance Facility for Immunization</td>
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<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
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<td>IFRC</td>
<td>International Federation of Red Cross and Red Crescent Societies</td>
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<td>IFRD</td>
<td>International Financial Relations Directorate of the Treasury Department</td>
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<td>IOO</td>
<td>International Organizations</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>INFOEAS</td>
<td>Information and Education on Development (Informazione Educazione Allo Sviluppo)</td>
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<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>ITUC</td>
<td>International Trade Union Confederation</td>
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<td>IUCN</td>
<td>International Union for the Conservation of Nature</td>
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<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MATTM</td>
<td>Ministry of Environment (Ministero dell'Ambiente e della Tutela del Territorio e del Mare)</td>
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<td>MDBs</td>
<td>Multilateral Development Banks</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MEF</td>
<td>Ministry of Economy and Finance</td>
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<td>MFA</td>
<td>Ministry of Foreign Affairs (Ministero Affari Esteri)</td>
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<td>MICI</td>
<td>Minister for International Cooperation and Integration (Ministro per la Cooperazione Internazionale e l’Integrazione)</td>
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<tr>
<td>MISE</td>
<td>Ministry of Economic Development (Ministero per lo Sviluppo Economico)</td>
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<td>MSME</td>
<td>Micro and Small Medium Enterprise</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NSA</td>
<td>Non-State Actor</td>
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<tr>
<td>NVT</td>
<td>Technical ex ante Evaluation Unit (Nucleo di Valutazione Tecnica)</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD/DAC</td>
<td>Organisation for Economic Cooperation and Development/Development Assistance Committee</td>
</tr>
<tr>
<td>OICS</td>
<td>Interregional Observatory on Development Cooperation (Osservatorio Interregionale Cooperazione allo Sviluppo)</td>
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<tr>
<td>OSOCC</td>
<td>On-Site Operations Coordination Centre</td>
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<td>PCM</td>
<td>Policy Coherence for Development</td>
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<td>PCM</td>
<td>Project Cycle Management</td>
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<td>PPP</td>
<td>Public Private Partnerships</td>
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<td>RBM</td>
<td>Results-Based Management</td>
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ROSS
Rehabilitation, Employment, Services and Development Program in Lebanon
(Libano - Programma di “Riabilitazione, Occupazione, Servizi e Sviluppo”)

SC
Steering Committee (Comitato Direzionale per la Cooperazione allo Sviluppo)

SME
Small Medium Enterprise

STREAM
“Synthetic, Transparent, Realistic, Exhaustive, Agreed, Measurable” country
document

SWAp
Sector-Wide Approach

TA
Technical Assistance

TYG
Three Year Guidelines (Linee Guida Triennali)

UIMV
Inspection, Monitoring and Evaluation Unit (Unità di Ispezione Monitoraggio e
Valutazione)

UN
United Nations

UNEP
United Nations Environment Programme

UNESCO
United Nations Educational Scientific and Cultural Organization

UNGA
United Nations General Assembly

UNHCR
Office of the United Nations High Commissioner for Refugees

UNHRD
United Nations Humanitarian Response Depot

UNICEF
United Nations Children’s Fund

UN-OCHA
United Nations Office for the Coordination of Humanitarian Affairs

UNOPS
United Nations Organization for Project Service

UTC
Central Technical Unit (Unità Tecnica Centrale)

UTL
Local Technical Unit (Unità Tecnica Locale)

WB
World Bank

WFP
World Food Programme

WoC
“Whole-of-Country” approach
Executive Summary

The last DAC Peer Review of Italy took place in 2009. On that occasion, while recognizing the traditional role of Italy as an important international donor, the DAC made a series of recommendations on the challenges Italy was facing in its development cooperation system. Italy put a great effort in addressing those challenges, reaffirming its long standing tradition of international cooperation. Some of those challenges, particularly the ones not directly dependent on the organizational structure of the Italian Development Cooperation, still persist. In spite of various attempts, the Parliament did not succeed in approving a new fundamental law, which is still the one adopted in 1987. That law puts the DGCS (Direction General for Development Cooperation), the operational structure of the Ministry of Foreign Affairs (MFA), at the centre of the Italian development cooperation system. On the other hand, aid volumes went through serious decreases under the pressure and the consequences of the most serious global economic and financial crisis in recent years. This had, to a certain extent, an impact on the possibility of meeting aid commitments and reaching international targets.

In spite of this, Italy has engaged in some important changes and organizational adjustments with the aim of increasing both the effectiveness of its system and the strategic dialogue between its different actors.

1. Since 2009, the DGCS makes its strategic orientations public, after a progressively extended consultation process. Those orientations are reflected in Three-Year Guidelines (“Linee Guida Triennali”-TYG), being updated every year, approved by the Steering Committee (SC) of DGCS and posted on the website. They highlight the pillars of the national policy in development cooperation, its long-term vision - both geographically and sector-wise - as well as Italy’s adherence to the aid and development effectiveness principles and to a holistic vision (more actors and more resources) of development.

2. Two relevant events took place in 2010. On the one hand, the last organizational reform of the Ministry of Foreign Affairs marked a reduction in the number of Directorates General and a consequent restructuring of the operational Units within DGCS: as a result, a new Unit dealing with EU development policies and one in charge of evaluation and communication were created. On the other hand, 2010 marked an important step in Italy’s effort towards reinforcing its multi-stakeholder approach to development: the two major public players (DGCS and the International Financial Relations Directorate at Ministry of Economy and Finance-MEF) took the initiative of formally establishing a Cross-Institutional Table for Development Cooperation (ITDC) (“Tavolo Interistituzionale”), with the aim of more actively engaging other important Italian development actors (public and private, central and local, NGOs, Universities and the private sector) on relevant issues, serving as a permanent coordination mechanism on decision making, planning and knowledge-sharing.

3. In 2011, the DGCS prepared itself for the HLF4 on Development Effectiveness in Busan, a process – started in Rome in 2003 - to which Italy feels particularly committed. A specific Consultative Group on Busan was set up in 2011, gathering representatives from the Parliament, the Ministry of Finance, local authorities, and Civil Society Organizations. DGCS made a particular effort on Effectiveness (declined through simplification, transparency, accountability and increased participation in development choices), in connection with a procedure, successfully concluded at the end of 2012, aiming at recognizing DGCS as one of the implementing agencies qualified for
cooperating with the European Commission in the “indirect centralized management mode”. The European Commission and its auditors went through an extended review of the DGCS structure, its operational procedures and, after formulating recommendations (entirely fulfilled by the DGCS), they expressed the view that DGCS was fit for implementing projects on EU’s behalf. This is about to start in some Countries in Africa.

4. In November 2011, right at the time of the OECD mid term review of Italy, a new Government took office. The Monti Government created - for the first time in Italy - a Minister (prof. Riccardi) in charge of International Cooperation and Integration (MICI) sitting within the Prime Minister’s Office. This inaugurated a phase of intense interaction and collaboration between the MFA, DGCS and the MICI, which lasted until April 2013. While the two Ministers co-chaired the meetings of the Steering Committee (SC) of the DGCS, the Minister of International Cooperation was tasked with chairing the Cross-Institutional Table for Development Cooperation (CITDC), marking an up-grading – from a technical to a political level – of the latter, also from a PCD point of view.

5. During its first political-level meeting (April 2012), the CITDC endorsed a Policy Document encompassing an “overarching development cooperation vision for the Italian system as a whole”, outlining a series of principles to which the Italian Development such as i) the Italian vision on the post-2015 Development Agenda, ii) the perspectives of Public Private Partnerships (PPP) in Development and, iii) the state of the art of PCD in Italy and in the EU.

6. The MICI, guided by a personality coming from the Italian Civil Society, took the initiative of convening a Forum on the Italian Development Cooperation, its origins, its actors, its vision and its future perspectives. The highest Italian Authorities, foreign guests, opinion makers and over 3000 delegates gathered for two days in Milan in October 2012. The Forum raised public awareness and the political profile of development co-operation, providing extended information on all development issues, taking stock of public engagement and called on the relevance of development education. The Forum itself was preceded by a long, widely participated bottom-up (and on-line) preparation, with 10 different working groups producing written documents, published afterwards in a “White Paper on the Italian Development Cooperation” and a Chair Summary.

7. 2012 has to be seen as an important year for the Italian Development Cooperation. In spite of well-known difficult financial circumstances, a decision was taken to remarkably increase the 2013 budget allocations, both for DGCS (100 additional million Euro) and for MEF (295 additional millions Euro). The trend towards decreasing aid volumes, which reached its peak in 2011, was finally reversed: parliamentary discussions in spring 2013 supported the Government’s decision (formalized in the DEF – “Documento di Economia e Finanza 2014-2017”) to introduce gradual but steady increases of public resources for international development at least until 2017 (10% annual increase on a 2013 baseline). This is still far from allowing Italy to meet international targets in ODA volumes soon; nevertheless, it marks a significant turnaround in the political determination to regard development cooperation as a fundamental component of the role played by Italy in the international arena.

8. This was confirmed by the current Government, the one that took office after the general elections in February 2013. As an act of his personal prerogative, Prime Minister Letta assigned to one of the Vice-Ministers for Foreign Affairs (higher in rank than an Undersecretary) delegated authority on development cooperation issues. Development Cooperation falls therefore again under the competence of the MFA, but - as was the case
in the Prodi Government (2006-2008) – under the delegated authority of a Vice-Minister for Foreign Affairs. This is in light with the strong relevance Italy wants to assign to the development portfolio, recognizing a strong link between development cooperation and foreign policy.

Finally, the new Government (and the delegated Vice Minister of Foreign Affairs responsible for Development) are well aware of the persisting challenges affecting Italian Development Cooperation System. An open collaboration, and permanent consultation, between the Government and its different Administrations, the civil society and the Parliament remain paramount. To this regard, the establishment of an informal cross-party group of MPs interested in development issues in both Chambers of the Parliament should facilitate the dialogue on critical issues, such as – primarily – the new law, Policy Coherence, aid volumes and the recruitment of dedicated staff working on development cooperation. The reform law will be one of the core issues of the political debate on development cooperation. Three draft bills were submitted to the new Parliament in Spring 2013. The Government itself is currently working at a draft bill of its own that would take up some of the key features of the previous drafts: development cooperation would definitely stay within the MFA; a Vice Minister for Foreign Affairs would be attributed a delegated authority on development cooperation; increased interaction and coordination would be ensured through the establishment of an Inter-ministerial Committee chaired by the Prime Minister; an Agency would be in charge of the operational activities and for project implementation.
CHAPTER 1
Towards a comprehensive development effort

1.1. Global Development Issues

1.1.1 Inspiring Principles of Italian Development Cooperation

As a country that has both historically and geographically been at a crossroads of different cultures and civilizations, being itself a land of emigration but also - for many years now - one of high immigration, Italy feels a special responsibility and its own specific vocation to aid and development.

Given its particular geopolitical status, its constitutional principles, its large, but highly externally dependent economy and therefore its openness to the outside world, Italy has always been committed to promoting an international system based on peace, justice and stability. Development Cooperation, meant as aiming at narrowing the gap between North and South and as an effective tool for reducing inequalities, is an integral part of it. It is seen as one of the main tools for promoting security, for supporting a strict but fair control of migration flows, for promoting trade.

More recently, paradoxically in connection with the most acute repercussions of the international financial crisis, there is a widespread awareness within political forces, development actors and even within the public opinion (see the White Paper on the Italian Development Cooperation adopted in Milan, October 2012), on the fact that foreign and development policies actually coincide. Based on this, the last two Governments have adopted concrete measures for reversing progressive decreasing trends in aid volumes and, within the new Parliament, an informal and active cross-party group of MPs interested in development issues has been established.

Italy has a long standing history of solidarity: helping those who are disadvantaged belongs to a solid tradition involving the two main components of the Italian society, the catholic and the leftist. This led – during the Seventies - to the first organic law on the Italian development cooperation (law n.1222/ 1971), at the same time where several Italian NGOs started their international work, marking the end of a public monopoly in this sector. A second law, Law n. 38 established in 1979 the first public structure for development cooperation within the MFA (Dipartimento per la Cooperazione); due also to the media pressure during the humanitarian crises in various regions of Africa, another law (n. 73/1985) established a special Fund (Fondo Aiuti Italiani), through which 18 months of emergency activities in the fight against hunger could be carried out in Africa, a traditional area of interest for the Italian Foreign Policy. At the end of that period, to ensure a steady transition from emergency to development activities not only in Africa, a new law entered into force, Law n. 49/1987.

1.1.2 The Development Cooperation Law and the Country approach to Development

Law n. 49, in force since 1987, still represents the legal foundation of the Italian Development Cooperation. The law has gone through several amendments along the years. In spite of those, as
was stressed by previous peer reviews, there is general agreement on the fact that it should be finally updated; at the same time, consensus exists, among Italian political forces, experts and opinion makers in Italy, on the fact that the principles stated in law n. 49 maintain their validity. The most important is the one in art.1: it solemnly states that Cooperation with Developing Countries is an integral part of the Italian Foreign Policy. Not surprisingly, this paramount principle is constantly recalled and clearly confirmed by all draft bills that have been submitted to the Parliament in every (so far unsuccessful) attempt to update Law 49. Various reform initiatives have been again tabled in the new Parliament as well, and the actual Government is working on its own project.

Law 49 rules on all different aspects of the Italian Development policy: on its tools (grants, soft loans), on its structures, those on decision-making (Steering Committee-Comitato Direzionale) and those with a more operational character (DGCS, in Italy UTLs, abroad); on the goals of the Italian Development policy, that are also clearly stated in the law: solidarity between people and the fulfilment of fundamental rights; as per the aims of such policy, the law indicates those of satisfying primary needs, safeguarding human life, promoting food self-sufficiency and environment conservation, optimizing human resources, strengthening the processes of endogenous development and the economic, social and cultural growth of developing countries, empowering genre, improve childhood conditions, protect vulnerable groups.

It is thanks to the provisions of Law 49 that Italy managed to achieve significant results in many crucial sectors, such as primary health, education, agricultural development and food security, promoting women rights, cultural heritage, and the inclusion of persons with disabilities. This has been internationally recognized.

Law n. 49 foresees two main occasions where the strategies of the Italian Development Cooperation are defined and discussed: art. 2 co.2 of the Law states that every year in September, in close consultation with the other concerned Administrations and in line with the budget allocations, the DGCS must submit to the Parliament, for further discussion, the strategic choices for the following year. This document is called “Relazione Previsionale e Programmatica”. At the same time of the year, DGCS and the MEF submit to the Parliament a Final Report on the activities carried out in the previous year (art. 2 co 3 of Law n.49): This Report is called “Relazione Consultiva al Parlamento” and, before going to parliamentary discussion, it is previously examined by a Whole of Government body called CIPE (Comitato Interministeriale per la Programmazione Economica) established within the Prime Minister’s Office, that looks at the coherence of the Development activities with the Governments policies.

Nevertheless, the provisions of Law n. 49 are not the only tool for determining Italy’s development choices: since 1987, the Italian Cooperation System (Sistema Italia di Cooperazione), led by DGCS and made by several other actors, has evolved. DGCS maintains its leading role in the System, even if it is making a minor share of Italian ODA; MEF (Ministry of Economy and Finance) is playing an increasingly important role in the multilateral field (Multilateral Funds, Development banks, Contributions to the EU), whereas other Central and Local Administrations have their own development portfolios, as well as CSOs, the Private Sector and Universities.

This has led to establishing an increasingly participated and inclusive (“whole of Country”) approach to development, with two main results: since 2009, fully in line with the provisions of Law n. 49 (“Relazione Previsionale e Programmatica” and “Relazione Consultiva al Parlamento”), DGCS bases its action on a formally established document, called Three Year Guidelines (TYG) (Linee Guida Triennali); those Guidelines are shared and discussed within a multi-stakeholder exercise, in place since 2010, called the Cross-Institutional Table for Development Cooperation (CITDC) (“Tavolo Interistituzionale”).
The Three Year Guidelines are meant to verify and to update on a yearly basis the general framework, the available financial volumes, the Countries and the sectors of activity of the Italian Development cooperation. They started as guidelines for the activities of the DGCS, but the aim is to transform them into a document that strategically defines the path for all the actors in a coherent and coordinated way. The Cross-Institutional Table for Development Cooperation (CITDC), on the other hand, is an informal setting first established in 2010 for co-ordination and knowledge sharing purposes between DGCS and MEF, but it now reunites all actors of the Italian Development Cooperation. It met four times in 2012, with a special focus on discussing in a multi-stakeholder approach, mainly to discuss the content and the coordination needs of implementing the Three Year Guidelines.

The existing genuine link between Foreign Policy and Development Policy is the leit motiv of the Three Year Guidelines: Italy, a convinced and historical supporter of the multilateral system, insists on referring all its development cooperation initiatives within the context of the Millennium Development Goals promoted by the United Nations since the year 2000. Their achievement by 2015 remains an ethic imperative as well as a strategic investment for Italy: they are meant to support peace, stability and an equal, shared and sustainable prosperity. Poverty reduction is therefore the cornerstone of the Italian Development Policy: poverty must be seen in its multidimensional expression, as the cause of structural imbalances in development processes that prevent large layers of the global population from having a legitimate right to a decent life, taking fully part and participating in the development of their societies.

The achievement of the MDGs by 2015 is equally important for Italy as addressing in the right way the post-2015 development scenario. This is why Italy has engaged in a large public consultation on the post-2015 development agenda, considering global issues like – among others - migration, conflicts, planetary epidemics, climate change, loss of biodiversity as direct consequences of poverty, and therefore as problems to be faced by the entire Humanity. Their solution requires a common effort and the search of consensus on a shared fairer model of global development.

Even considering the decreasing trend in aid volumes, some global issues are at the basis of the development action Italy has been promoting in the international arena.

A) Migration

Italy, located in the centre of Mediterranean Sea and with its southeast island only 117 Km away from Tunisia, has traditionally been committed to promoting a more open world. In various occasions, in particular during the Nineties and, lately, in 2011, the country has been exposed to a massive migration from the Mediterranean and from Sub-Saharan Africa. As a result, a fair and efficient control of migration flows gained increasing prominence in Italian foreign policy, as testified by an enhanced cooperation with other countries on both sides of the Mediterranean. Italy remains firmly convinced that development cooperation is the most effective policy for smoothing illegal migration, as it had already experienced during the period of political unrests in Albania and, generally, in the Balkans. Italy believes it essential to promote migrants involvement in co-development projects with their countries of origin, to support their integration into the Italian social fabric and to assist in an efficient use of remittances.

B) Insecurity

Migration is a symptom not only of poverty but also of the dramatic reduction of security conditions in many areas of the world. Political instability and insecurity are serious threats to global peace and development. Attention is paid, therefore, to fragile or post conflict Countries where stabilization is under way but is not yet consolidated. Italy is implementing significant cooperation programmes in the Palestinian Territories, and, while phasing out from the Balkans,
tries to maintain a significant presence in the region. However, in general terms, priority is given to Africa, especially to the most crisis-prone regions of the Horn and of the Sahel, based upon the recognition that there are huge needs in the fields of food, water, health and the management of internal refugees (IDPs). Based on this, in recent years, a wide-spread consensus was reached among political forces in Italy on the need of supporting and complementing the Italian military presence in fragile and conflict areas in the world through specific development activities. To support conflict prevention and the consolidation of peace and democracy in various Countries (Afghanistan, Pakistan, Iraq, Libya and nearby countries, Myanmar, Syria and nearby countries, Somalia, Sudan and South-Sudan), ad hoc Laws adopted in the Parliament allocate since 2006 specific yearly financial allocations to DGCS (Decreto Missioni Internazionali). Those resources are additional to the ordinary budget lines and are specifically aimed at supporting poverty alleviation activities, good governance and the reconstruction of social and physical infrastructure in the concerned Countries.

C) Financial instability
Emerging markets are particularly exposed to financial instability due to the worsening of sovereign debt and the repercussions of the recession in the west. This has a particular impact on poverty reduction and in making inequalities worse. While some developing countries are demonstrating an impressive resilience on the global economic and financial crisis, in a number of developing countries public financial resources are fast running out, which makes it increasingly difficult to counteract recession and the volatility of financial markets, commodities and capital flows. Italy deems it therefore important to provide debt relief as an efficient tool for preventing financial instability, via normal Paris Club operations, whereas extra-Paris Club debt swaps are authorized by Italian Law 209/2000, under specific circumstances.

D) Gender inequality
Italy considers striving for gender equality as a duty in the International arena. Progress towards the MDGs has been highly uneven and the economic crisis has even increased inequalities, particularly in low income and middle income countries, with harmful consequences on fragilities and vulnerabilities. Gender-based discriminations, including the denial of the rights of women and girls, and their disempowerment to take control of their lives and bodies, remain widespread drivers of inequalities in today’s world. Italy believes that gender must be put at the centre of its action, promoting women’s economic and political empowerment, thorough bottom-up and participatory planning approaches. Exclusion and discriminations hit women in all groups and are most likely to endure women’s secondary social status: lower access to basic services, restricted participation and threats to personal security. Aligning national efforts with the internationally agreed development goals and the mechanisms of the European Union, DGCS – in line with all other concerned Administrations and the Civil Society - promotes a gender policy, focused on advancing women’s economic and political empowerment, using bottom-up and participatory planning approaches to specifically address other key dimensions, such as the fight of any form of gender-based violence.

E) Environment
The extent to which poor countries can generally respond to climate crises is seriously hindered by the prohibitive cost of adaptation. In such a context, Sub-Saharan Africa remains the most climate vulnerable region on the planet. Italy has a particular concern on desertification, land degradation, and drought on the continent, with dire warnings on the fact that two-thirds of Africa’s cultivable land could be lost by 2025 if the trend of desertification continues.
1.2. Policy Coherence for Development

1.2.1 Political Commitment and Policy Statements

In recent years Italy has stepped up its efforts to establish a coherent and coordinated national system of development cooperation, integrating it into the strategies of the European Union with an active involvement of all its actors, central and local governmental bodies, civil society organizations, research centres and the business sector. Especially in a context of declining resources, coherence, as recalled by the EU Treaty of Lisbon, is seen as an effective tool for boosting the international profile of the Country and for consolidating its presence in priority areas.

Italy looks at Policy Coherence for Development through different lenses, at an internal, at a European (and OECD), and at a Country (abroad) level.

On an internal level, several actions were taken in the past to implement coherence principles in development cooperation activities, as reported during previous peer reviews. The most important and recent ones refer to the Cross-Institutional Development Cooperation Table (CITDC), set up by the Ministry of Foreign Affairs (MFA) and the Ministry of Economy and Finance (MEF) in 2010; the CITDC turned out to be an effective tool for strengthening the dialogue and the coordination among Italian development stakeholders, first of all between those two Ministries, and then with the Ministries of Economic Development, Agriculture, Environment, Health and Defence as well as the Civil Protection Department, representatives of Civil Society the Italian Red Cross, ANCI (the National Association of Italian Municipalities – Associazione Nazionale Comuni Italiani) and OICS (Interregional Observatory on Development Cooperation – Osservatorio Interregionale Cooperazione allo Sviluppo).

In fact, many Italian Regions have allocated funds and have passed laws on development cooperation, providing guidance to their departments and to other actors operating within their territories, such as Universities, private companies and chambers of commerce. Increased attention is therefore needed to monitor Decentralized Cooperation, the activities carried out by Italian Regions, Provinces and Municipalities, especially in terms of partnerships and co-development. To this respect, in 2010, the existing Guidelines on decentralized cooperation were updated, taking account of the Constitutional changes and of the necessity of increasing harmonization between DGCS activities and those of the local governments. On the same line, DGCS renewed on an annual basis the agreement existing since 2009 with the three main networks of Italian NGOs, to promote coordination between DGCS and the NGOs, exchanging views, information about policy trends in the national as well as in the European framework of action. The agreement, that the DGCS proposed to extend sine die in 2013, is focused on effectiveness (implementation modalities of the Effectiveness Plans) and on a regular consultation on EU activities and policies with the aim of enhancing coherence in development cooperation activities, both at national and at EU level.

In 2012 there has been a major development in the Italian efforts to ensure coherence. As already said, the Monti Government took the decision to appoint a Minister without portfolio for Integration and International cooperation (MICI). The Minister, prof. Andrea Riccardi, was given the task of cooperating with the Minister of Foreign Affairs in the implementation of development cooperation policies in a way consistent with the resources allocated, the provisions stated by the Parliament and the international regulatory policy framework. He was also assigned the mandate of coordinating other Institutions with responsibility in the field of official development aid: to this end, Prime Minister Monti issued a directive, on April the 6th 2012, stating that Minister Riccardi was responsible for coordinating all activities related to the Italian
ODA. In this task the structure of DGCS was at his disposal and he could take part in the meetings of the Steering Committee (SC-Comitato Direzionale) of DGCS. While the responsibility of ensuring coherence between development policy and foreign policy remained within the MFA, the MICI could promote initiatives aimed at fostering coherence between the Italian policy, the International framework and the directives of the Italian Parliament. On development cooperation, the CITDC, which gathered four times in 2012 under the Chairmanship of Minister Riccardi, became the main tool for carrying out this mandate.

Italy remains aware, nevertheless, of the fact that coherence of its Cooperation System would highly benefit from an updated legislation endowing the Italian Cooperation with the tools for designing coherent strategies and for implementing them consistently with the internationally shared methodologies. Experience has shown, even during a dedicated Seminar on PCD organized within the CITDC in May 2013, that an independent body responsible for governing PCD is certainly useful, as recognized by all draft bills on development cooperation that have been discussed into the Italian Parliament during the last Legislatures (2006 – March 2013).

All the three draft bills taken as a reference for the Reform Law submitted during the current legislature recognize PCD as fundamental principles of development cooperation; one, in particular, assigns specific functions on the subject to a Delegated Vice-Minister within the Ministry of Foreign Affairs, while – at the same time - foreseeing the establishment of a “Cross-Ministerial Committee for Development Cooperation” and a National Conference for Development Cooperation as arbitrating and regulatory bodies for ensuring coherence in the international activities of the Country.

In October 2012 the Minister for International Cooperation and Integration (MICI) organized, in collaboration with the Ministry of Foreign Affairs (MFA), the most relevant event in the field of Development Cooperation in recent years. The Forum on the Italian International Cooperation (“nuovi l’Italia, cambia il Mondo”) was held in Milan, with the participation of over 2000 delegates, citizens, experts, young people, opinion makers and traditional cooperation players at the highest levels; all Italian Institutions, representatives of Partner Countries, the EU and relevant International Organizations were also present.

The Forum (see Annex n.3) reconfirmed that:

- a clear mid-long term strategic vision is needed at highest political level (Council of Ministers and Parliament) with a set number of geographical and sector priorities promoting cross-cutting issues (e.g. human rights, democracy, peace, security, empowerment of women, environment and climate change) to ensure consistency, coherence and reduce fragmentation.
- A new approach, unifying development cooperation and internationalization of businesses, respecting their different objectives, is possible, building upon CSR (corporate social responsibility) and aiming at involving non-profit organizations in innovative forms of cooperation.
- Concentration is an asset, to obtain a greater impact and make a difference. The main criteria to be taken into account for identifying priority Countries are poverty distribution, the need of humanitarian support, proximity of Italy (geographically and historically, economically and in terms of immigration), possibility to prevent conflicts, reduce weakness in the path of democratization and protecting minorities.
- The European dimension is part of our country’s history: Italy can contribute more, both in terms of ideas and in actions, to the European development policy.
The conclusions of the Milan Forum are included in a Chair Summary and in a White Paper, a compendium of the ten preparatory documents of the Forum to which more than 400 aid practitioners (public and private) contributed.

The importance of education and information on development themes is fully recognized by the DGCS, which grants financial contributions to public and private bodies and to NGOs for information/education activities (INFOEAS), such as seminars, courses, exhibitions and production of magazines, studies, films, and radio and television footages. DGCS organized - in collaboration with the European Commission - seminars for promoting the Italian participation to EU calls, such as for energy and water initiatives, and took actively part in the European Development Days, with its own stands.

Another important field in awareness raising is the cooperation with Academia, one of the most defining asset for building a true culture of development cooperation in Italy. DGCS supports many University courses on development cooperation and is working at an agreement with the Ministry of Education to promote the dissemination of Development Cooperation values at school possibly in connection with the World Development Information Day (24th of October) and with an active involvement of Local Authorities.

1.2.2 Policy Coordination Mechanism

Law n. 49 established at the beginning (1987) an Inter-Ministerial coordination mechanism, called “Comitato Interministeriale per la Cooperazione allo Sviluppo (CICS)”. This, in adherence to a reducing trend in the number of administrative entities, ended its function in 1993 and its coordination functions were absorbed by the CIPE (Comitato Interministeriale per la Programmazione Economica), a body operating within the Prime Minister’s Office. CIPE is evaluating development cooperation policies at least once a year, normally in its final meeting by the end of the year, or whenever required by the Government. During the final meeting of the year, the two main reports to the Parliament (the provisional and the final one) on Development Cooperation activities are discussed in an Inter-ministerial session.

At art. 5, Law n. 49 also states that, in line with the directives of CIPE, the MFA and the MEF (Treasure) are responsible for coordinating and giving coherence to development cooperation activities. This has generally been the case, with the recent exception of the “Monti Government” (November 2011-April 2013), where the Minister for International Cooperation and Integration MICI) was assigned the political responsibility, within the Prime Minister’s Office, of institutionally coordinating the Italian Development Cooperation as a whole. This role was attributed to prof. Andrea Riccardi.

Minister Riccardi took several initiatives, the most relevant being – as already recalled – the convening of the Forum on International Cooperation in Milan in October 2012 and a Seminar aimed at promoting private sector participation in development activities (January 2013). In 2012, the Cross-Institutional Table for Development Co-operation (“Tavolo Interistituzionale per la Cooperazione allo Sviluppo”- CITDC) was elevated to a political level under the chairmanship of Minister Riccardi. The Table has been instrumental in promoting coordination and the sharing of choices and strategic lines of activity, as well as the measures adopted in accordance with international standards on aid effectiveness. Furthermore, the sixth meeting of the Table, held in Rome on 14 December 2012, launched the establishment of three thematic tables, respectively i) on the issues of the Post-2015 Development Framework, ii) on private-public cooperation and iii) on the issue of policy coherence for development.

In the framework of the CITDC, DGCS took the initiative of organizing on May 10th 2013 a multi-stakeholder workshop on Italy and the PCD, giving participants an extensive view on PCD
at the EU and the OECD level, examining also some specific aspects of the international debate, such as on bio-fuels, on CSR and on extractives. ECDPM representatives based in Brussels took also part in the seminar, as well as few MPs; as a concrete follow up of the Seminar, representatives of the CSOs anticipated that a text for a policy statement on the relevance of PCD would be proposed for adoption to the Government in the near future and subsequently submitted to the Parliament.

As said, during his tenure, Minister Riccardi took part in the DGCS SC meetings. Those meetings changed slightly in their format: a session devoted to policy debate on various issues, such as on the Syrian crisis, was introduced, but the substance did not change: the SC remains a cross-ministerial body, chaired by the Minister of Foreign Affairs (or, in the current Government, by the Vice Minister delegated with Development Cooperation), where all relevant initiatives and issues related to development cooperation and their coherence are discussed and approved.

The SC gathers regularly (possibly on a monthly basis), with the participation of senior level officials from – among others – MEF and the Ministry of Economic Development (MISE), plus representatives of other Directorates-General form MFA to ensure coherence between development and foreign policy. While approving the funding of all development initiatives (bilateral and multilateral) the SC endorses the strategic policy of the DGCS, through the discussion and the final approval of the Three Year Guidelines (TYG).

The Government that took office in May 2013 after the February political elections did not opt for the creation of a political figure responsible for development outside the MFA. Nevertheless, as was the case during the Prodi Government (2006-2008), a Vice Minister for Foreign Affairs, responsible among other issues for Development Cooperation, was appointed (Vice Minister Lapo Pistelli). As a result, the coordination of the Development Cooperation activities of all Italian actors falls currently again within the portfolio of the MFA, with the power for reporting PCD issues within the Council of Ministers. Besides, the CIPE (Comitato Interministeriale per la Programmazione Economica), a body operating within the Prime Minister’s Office, has formal evaluating tasks on development cooperation policies.

1.2.3 System for Monitoring and Analysis

The issue of impact monitoring and, in general terms, the one on the evaluation of PCD and its implementation was – as said – at the centre of last May’s seminar in Rome; it highlighted the need of proceeding to the identification of effective mechanisms to measure incoherencies, possibly with the involvement of specialized research centres and of other actors, including the civil society. In this respect, a consensus was reached on the opportunity to focus on a test case at country level. It could eventually be linked to the activities of Italy’s presidency of the European Union (second half of 2014). This would be a consistent follow-up with another theme, the whole-of-country approach, which has been developed by Italy in the G8 context, and it would also be an interesting initiative in the broader context of the debate on “beyond aid” and on the increased relevance of other sources of financing (investments, remittances, etc). Such test case should be carried out in a country with a solid presence of the Italian Cooperation as well as by other actors, including the private sector.

Furthermore, PCD is part of the “Final Report on the Development Cooperation Policy” submitted yearly to the Parliament after being approved by “Cross-ministerial Committee on Economic Planning” (CIPE). The Parliament, in turn, plays an active role on policy coherence through the two Foreign Affairs Committees, set up one in each Chamber. In this regard, it is worth mentioning - in the previous Parliament - the establishment of a Permanent Sub-Committee on achieving the MDGs and on the possible interactions between the Italian and
international initiatives. The Committee paid, inter alia, great attention to the state of the art on Objective 6 (to fight AIDS and other diseases), stimulating an initially substantial support to the activities of the Global Fund for Fighting AIDS TB and Malaria. The final findings of the Committee were reported to the Parliament in February 2011, recalling the importance of predictability, transparency and mutual accountability in an approach focused not only on evaluating ODA but also on fostering its coherence with other national policies such trade and investments.

As far as the wider public is concerned, the results of the surveys on PCD which Italy takes part to in the context of the EU and the OECD, as well as the outcomes of the relevant meetings on these issues, are presented and openly discussed with the civil society and other stakeholders in the framework of the Cross-Institutional Table on Development Cooperation (CITDC). Finally, at field level, monitoring the impacts of policy coherence and incoherence falls within the coordination functions of the Embassies, which are supported, in this task, by the Local Technical Units (UTLs), where present (see chapter 1.3 below).

1.2.4 Illustrations of policy coherence for development in specific areas: Gender

The Italian priorities in Development Cooperation, jointly agreed by all actors at CITDC, are also subject to policy coherence exercises. It is worth mentioning, as an example, the particular attention on gender issues paid by the Italian Cooperation System as a whole.

Italy has adopted the Beijing Declaration (1997) and its Programme of Action at national and international level. The Italian program for “Gender equality and Women’s Empowerment” is led by the Department for Equal Opportunities, based within the Prime Minister’s Office, whose priorities are: the participation of women to decision making at all levels, the promotion of economic advancement of women, the eradication of violence against women, including female genital mutilation, and the full enjoyment of human rights by women, including reproductive rights. Following “policy coherence” criteria, DGCS has prioritized these issues in the mainstreaming of gender equality and women’s empowerment (MDG-3) in all areas. The commitments to gender equality and the full enjoyment of human rights by women, deeply rooted in the Italian Constitution (Art.3), are at the core of the Gender and Development policy of DGCS, implemented through human rights based approach in the policy dialogue with partner countries. Moreover the DGCS aligns its initiatives on gender and development with the OECD/DAC Principles, stated in the Rome, Paris, Accra and Busan, the EU Resolutions on gender and development and the partnership with UN relevant agencies on internationally agreed development goals. At international level, the DGCS has worked jointly with the Directorate for Political Affairs (Ministry of Foreign Affairs) for supporting the implementation of international Conventions and Resolution for the empowerment of women. As a result, during its two-year tenure on the Security Council, Italy made a significant contribution to the adoption of Security Council resolution 1820 (2008) on sexual violence in armed conflicts, presented the National Action Plan of Italy on “Women, Peace And Security 2010-2013”, supported the election of an Italian member in the Committee of the Convention for the Elimination of Discrimination Against Women (CEDAW) and promoted the UN/GA Res. on Female Genital Mutilation 67/146 “Intensifying global efforts for the elimination of female genital mutilations” (2012).

Another area where particular attention is paid to policy coherence is that of remittances. For further details on this, see below chapter 1.4.4.
1.3. Engaging in partner countries: coordinated government approach at partner country level

At field level, Italian Embassies, through the existing Development Cooperation field offices (UTLs), carry out the monitoring of bilateral, multi-bilateral, NGOs and decentralized cooperation initiatives. UTLs (or otherwise the Embassies) participate in the meetings regularly organized by EU Delegations for the European coordination of development activities and to the other donor coordination activities at Country-level. Therefore, it can be said that Italian and International partners have full knowledge of the policies Italy as a whole is implementing at Country level and can count on UTLs for the necessary coordination. Final decisions related to planning and financing are centralised at HQ level but they are always based on Embassy/UTL inputs. Furthermore, due the decentralization process undertaken by the DGCS, in recent years UTL responsibilities have remarkably increased.

As regard development cooperation, Embassies/UTLs are charged with the coordination with EU delegations and other Donors, the preparation of the draft of the STREAM documents (general planning of the activities to be done alongside the local stakeholders), the management of most Italian initiatives and the supervision of the overall Italian cooperation activity, acting as a reference point for other Italian operators, mainly in – but not limited to – the field of development cooperation.

Therefore, Embassies/UTLs maintain regular technical relations with all the national and international organizations, line ministries and NGOs and they actively participate to donor thematic round tables, bringing the official Italian position on the different issues in the agenda.

In terms of communication, the Embassy has the responsibility of the formal relationship with the MFA in Rome, the local Authorities and the other donors. Nevertheless, UTLs have autonomy for dealing with the aspects of development cooperation, including the dissemination of the information on Italian activities (e.g. through periodic newsletters or their websites), carried out in strict and efficient coordination and supervision by the Embassy and particularly by the Ambassador.

1.4. Financing for development other than ODA

1.4.1 Private sector as a factor of Development

Italy shares the opinion that the Private Sector is a paramount actor in Development. Busan has confirmed this assumption, even though without complete clarity on its concrete implications. In the Italian vision, Aid alone is not enough.

While recognizing a still determinant, and mainly a catalytic role for ODA, Italy supports the “Whole-of-Country” (WoC) approach, initiated with Italy’s G8 Presidency in L’Aquila (2009), based on the principle that adequate ODA must be flanked by i) “non-aid” public and private flows (such as direct investments, international trade, remittances and innovative finance, public-private partnerships), ii) improved Coherence of Development Policies (PCD) and iii) capacity development programs promoting democratic ownership in partner countries.

Furthermore, Italy is of the opinion that the involvement of the private sector in development has to follow the characteristics of each Country, its society, its productive system, its tradition. Italy
still represents a model in promoting Small and Medium Enterprises (SMEs) and its clusters. The TYG value this as a strong point of the Italian approach to development. Italy considers that promoting the endogenous development of the private sector, based on the values of the small scale and putting its own experience in promoting SMEs to the benefit of partner Countries, is one of the most efficient means of reducing poverty.

Considering that there is no “one size fits all” rule in this field, Italy has started within the Cross-institutional Table for Development Cooperation (CITDC), a multi-stakeholder dialogue on the subject. This dialogue involves also the private sector: Confindustria, the Italian Business Confederation, which hosted one of the meetings of the Table in 2011, has a formal seat at the Table; this is the case also with the Italian Co-operative world, which has a long standing history of development cooperation activities, and for the Italian Trade Unions involved in Development (members of ITUC).

Within the Table, an “Overarching vision for development cooperation in Italy” was drafted, and the private sector participated in this exercise. The private sector agrees on the fact that any sustainable entrepreneurial strategy cannot abstract from the global context; it took therefore into account the existence of the Global Compact platform, which provides the private sector with an operational framework to show concrete engagement in development and human rights issues.

Public/private Partnerships were one of the principal topics under discussion during the Milan Forum on International Cooperation in October 2012. A specific panel was chaired by one of the Deputy Ministers for Foreign Affairs. In general terms, participants recognized that the engagement of the private sector in developing countries provided it is based on the principles of free competition, respect of workers' rights, environmental sustainability and international openness, helps poverty eradication and can provide a valuable contribution to a sustainable economic growth and to strengthening democratic principles and the elimination of discrimination.

This, however, must be based on a clear Division of Labor (DoL): the “public hand” should aim at creating an enabling environment (regulatory frameworks, good governance, efficient financial systems, modern physical and social infrastructure and equal access to financial services) for investments form the private sector. In other words, the internationalization of the economy and the development cooperation policy can have shared values, but are meant for different purposes and have different objectives. This has been made, and is being made, very clear by DGCS on all occasions.

Law n. 49/1987 does not contemplate PPP (public private partnerships) as such; the only reference is at article 7, which addresses specifically the creation of joint ventures with Developing Countries. Nevertheless, the issue is among those needing special attention in the reform process of that law; this refers basically to the establishment of well defined mechanisms making all actors effectively accountable for their action.

The perspectives of the PPP are of particular interest to the members of the Table. The provisions of Law 49, and particularly those of art. 7, were deeply analyzed during a multi-stakeholder seminar in January 2013. DGCS engaged as well in outreach action with entrepreneurs (through ICE and Confindustria) to promote and share the knowledge on those provisions. Specific seminars with geographical focus were organized by the DGCS at Confindustria, whereas all these measures have been exposed and explained within the on-going dialogue another Directorate, the DGSP of the MFA, responsible for promoting the internationalization of the Italian economy, has with the private sector as a whole.
An example of public private partnership worthwhile mentioning is Enel Green Power’s investment in the sector of wind energy and solar energy in Morocco (Taza Integrated Wind Program with the capacity of 1000 MW and Ouarzazate Solar Plan of 2000 MW) supporting the Moroccan national strategy directed at raising renewable energy capacity to 42% by 2020. Enel Green Power is exploring the possibility to activate the procedures foreseen by article 7 of Law 49/87 for a soft loan to finance its equity participation in several joint ventures with Maroccan partners with the support of Simest, the Italian public provider of venture capitals for overseas investments.

1.4.2 Italian Foreign Direct Investments

Italy shares the opinion that Foreign Direct investments (FDI) are of the greatest influence to development: they impact on all macro-voices, such as production, employment, national income, general level of the prices, trade, balance of payments and in general on the welfare of the receiving economy. Most recently the inward flow of FDI has steadily increased (according to UNCTAD, from US $ 154 billion in 2000 to US $ 570 billion in 2011), but this flow is very uneven: it mainly goes towards the few Developing Countries that international investors find less risky.

As in the case of PPP, for FDI as well the division of labour between public and private must be very clear. In coherence with its Foreign Policy, Italy promotes an open international economy and it supports, through existing means, Italian FDI. DGCS and other Italian actors of development, especially CSOs, feel particularly engaged in promoting a favourable environment for investments.

As said, the only specific tool for promoting Italian private investments in Partner Countries is provided by Law 49/87 art. 7: it allows the financing, through subsidized loan, of the risk capital faced by Italian companies investing in joint ventures in developing countries. The eligibility criteria of the financing terms were updated by CIPE in 2009 (CIPE deliberation n. 92 of 6 November 2009) with the aim of taking into account emerging geographical priorities, promoting PPP and supporting low profit activities providing basic services to the population (utilities). The use of art. 7, however is quite discontinuous and it depends also on the financial convenience of the credit conditions in comparison to those offered by similar facilities for Italian enterprises investing abroad.

With the intent of revitalizing this tool, and trying to combine both enterprises and development cooperation interests, within the framework of the CITDC, as said earlier, a Seminar was organized in January 2013, with the concerned stakeholders and the participation of representatives from IFC. As a concrete follow up of it, some concrete measures were recently taken: the Steering Committee (SC) of the DGCS has approved on the 27th of June some modifications to the implementation procedures of art. 7 (the list of eligible countries for setting up joint ventures has been expanded from the initial 29 to 95, with the possibility of partially funding contributions in kind and the list of concerned sectors for the joint ventures has also been expanded). After the deliberation of CIPE, adopted on August 1st, a decree was issued within the recent adoption of a comprehensive set of measures (“Decreto del Fare”, Law n.98 of the 9th of August 2013), introducing the possibility of granting soft loans to public or private companies, and even international organizations in the management of the joint ventures, whereas a share of the revolving fund (article 7 of Law 49/87) can now be devoted to set up guarantees or capital contributions to Italian companies engaging in those joint ventures. DGCS has committed itself to improve communication with relevant stakeholders on these issues. A training and information activity targeted on the Business Confederation (Confindustria), the Chambers of Commerce and the Trade and Investments Agency (Agenzia ICE) will be held soon.
by the DGCS with the aim of disseminating relevant information among Italian business at all levels.

1.4.3 Credit access

As said, Italy pays particular attention to the enabling environment for promoting investments supporting development in Partner Countries. To this aim, Italy promotes the instrument of the "credit line", funds granted to the partner country’s banking system, which are, in turn, given on-lent, on concessional conditions, to local Micro, Small and Medium Enterprises (MSMEs) which would otherwise have difficulties in accessing to credit. This kind of initiatives generally includes a technical assistance component for helping MSMEs elaborate business plans to be submitted to the banks.

Furthermore, Italy has a consolidated tradition in Microfinance and in small scale credit activities carried out for enhancing the financial inclusion of the poorest. Various Italian NGOs (mainly those operating in microcredit) and relevant financial organizations committed to ethical finance, such as Banca Etica and other ethical investment funds, provide financial services to micro-entrepreneurs and small businesses in developing countries, which would not have access to banking and related services due to the lack of collaterals to offer.

1.4.4 Remittances

For a Country with a long history of emigration like Italy, migrants are mainly carriers of culture and connoisseurs of best practices in the relation with their country of origin. This refers mainly to trade, to implementing small investments, in transferring the use of technologies, in promoting tourism. In Italy’s vision (a specific ad hoc group leading to the Milan Forum in October 2012 was dedicated to analyzing the role of migrants and the Diaspora in Development) Migrants are a vital factor of development, provided the hosting Country implements a policy of inclusion, puts in place policies aimed at enhancing their best capabilities, encourages their ties with the motherland and facilitates a free and transparent flow of remittances.

The World Bank has estimated that in 2011 the remittances at the global level were for about $370 billion. A recent study by an Italian Foundation (Fondazione Leone Moressa) shows that, in 2011, foreigners living in Italy sent back home € 7.4 billion as remittance; this represented an increase of 12.5% compared to 2010.

This is at the base of Italy’s commitment in the field of remittances. On the proposal of Italy, the G8 Summit held in L’Aquila in 2009 set for the first time at the international level a significant commitment on the reduction of the transferring costs of remittances, setting the target of reducing them from 10% to 5% in 5 years (objective of "5x5"). The objective of the "5x5" was afterwards reiterated during the G20 summit in Cannes in 2011, by which Italy was conferred the role of G20 co-facilitator for remittances. Italy participates actively in the monitoring of the “5x5 initiative”, entrusted by the G20 to the World Bank through the Global Remittances Working Group (GRWG). The Group meets twice a year on the occasion of the Annual Meetings and Spring Meetings of the World Bank and the IMF. According to WB-GRWG estimates, the average cost of remittance transfer at global level is decreasing (third quarter of 2012 it was at 8.9%). It remains far, however, from the 5% target. In the same period, Italy performed best among the G8, with the best reduction trend (7.4% during the same quarter).

Among other initiatives connected to the Italian engagement to the cause of the migrants, a special website (www.mandasoldiacasa.it) has been created with the support of the MFA, IOM (International Organisation for Migration) and – among others - Italian NGOs, financial
institutions (Banca Etica) the CeSPI Think Tank (Centre for International Political Studies). The website supplies information on the “5x5 initiative”, helping migrants to compare money transfer costs, with greater clarity and transparency and encouraging the suppliers of the services to improve the quality of the financial products they offer to the migrants.

The high level engagement of Italy in the field of remittances contributed in highlighting an interesting case of PCD, by reverting a Government decision aiming – in the wake of the peak of the budget crisis in public finances in 2012 - at introducing a new tax on remittances, openly contradicting Italy’s leading role in the “5x5 initiative”.

1.4.5 Innovative Finance

Italy pays particular attention to innovative finance, seen as valuable instrument of contribution to the achievement of the MDG. This is in line with the findings of the 2010 Cape Town Conference on Global Development Finance, organized by OECD and the South African Government. Innovative finance stands out as particularly relevant due to its link to aid effectiveness (mainly predictability) and the partnership element inherent to this type of funding.

Besides the International Initiative on the Reduction of the Remittances Costs (“5x5”), Italy takes part, through MEF, in two more relevant initiatives on Innovative Financing: i) the Advance Market Commitments (AMC) and ii) the International Finance Facility for Immunization (IFFIm), both aimed at supporting GAVI, the Global Alliance for Vaccines Immunization.

The first is aimed at promoting R&D and freer trading of vaccines against endemic diseases in many poor Countries; Italy has engaged to be the biggest funding partner of AMC, committing 635 million USD since its inception in 2007 and the ongoing disbursement (2013) is for over 38 million Euro.

Italy committed to fund the second initiative, the International Finance Facility for Immunisation (IFFIm), created in 2006, for € 498.95 millions in 20 years (27.5 millions euro in 2013) aimed at emitting international bonds in favour of GAVI.

Italy looks at innovative financing as a valuable tool for building partnerships with different actors: both developed and developing Countries, International Organizations and the private sector (such as the vaccine industry and the Bill and Melinda Gates Foundation). Through this approach, an open, participatory and trans-sector cooperation comes into force, gradually overcoming ODA as the prevalent source of Financing for Development.
CHAPTER 2
Policy vision and strategic orientations

2.1. Policies, strategies and commitments

2.1.1 The Three-Year Guidelines (TYG)

As already mentioned, the vision and the strategy of Italian Development Cooperation are shaped in the so-called “Three-year Guidelines” (TYG), a rolling document updated and approved every year by the Steering Committee (SC) of the DGCS, after being submitted to an extended multi-stakeholder consultation process.

The TYG are based on the priorities indicated by Law n. 49/1987 and particularly in the “Relazione Previsionale e Programmatica”, which is one of the two instruments the law foresees as far as the dialogue between the implementers (the development actors) and the decision-makers (the Parliament) is concerned (the other one being the Final Report to the Parliament). As already said, the Provisional Report is submitted jointly by the DGCS and MEF to the Parliament.

The TYG identify the main aspects of the Italian Development action: i) the geographic and the thematic priorities, ii) the actors of the Italian Development System, iii) the tools the law puts at the disposal of the implementers and iv) the resources available in the budget lines.

The first Guidelines were issued in 2009. The last ones, submitted to the Cross-Institutional Table for Development Cooperation (CITDC) in December 2012 and finally approved by the SC in March 2013, cover the period 2013-2015; they are the result of an extensive process of consultation among public and private entities. Compared to the ones first issued in 2009, the actual TYG cover a more extensive range of activities by the Development stakeholders, giving an increasingly broader picture of their vision and commitments. The TYG are still the DGCS Guidelines, but – due to the extensive inclusiveness of the process leading to their adoption – they can be considered as progressively indicating the way forward for all Italian ODA actors and as a concrete reference for other actors participating in the Italian Development Cooperation System.

2.1.2 The basis for the Italian action in Development: the MDGs and their achievement

In their first part, the TYG reaffirm the Italian firm commitment to the achievement of the Millennium Development Goals. Taking a pro-active part in the international efforts for reducing poverty is not only seen as adhering to ethical principles of solidarity, but as pursuing a national strategic interest in promoting peace, stability and prosperity. As said, the latter is a priority not only for the Italian development policy but it is one of the pillars of the Italian foreign policy as a whole.
This implies continuous support to partner countries in elaborating and implementing national (and fully owned) strategies for poverty reduction, recognizing and promoting their responsibility and ownership at a central and at a local level, advocating for the inclusion of the marginalized and disadvantaged population. This is an important point for Italy, clearly made at the Milan Forum on International Cooperation held in October 2012, as well as during the extensive and very inclusive preparatory process leading to it, through the ad hoc working groups: Italy, itself a Country with a long history and tradition of local development, firmly believes in an approach to development involving communities, groups and territories, paying equal attention to national as well as to local ownership.

So, if a particular attention is put in the TYG on the MDGs and their achievement, equal attention is paid on the on-going debate on their review in the framework of the post-2015 development agenda. The TYG recall therefore the need of actively participating in all international fora where this debate is forged.

In Italy’s position, the MDGs have been successful in mobilizing support for development around a coherent set of targets. Since 2000, there has been progress on all of the MDG targets at a global level; nevertheless, within countries, aggregate improvements tend to mask growing inequalities, especially towards particular groups (such as ethnic minorities and those living in very remote areas, often being the most excluded from progress).

Humanity faces new development challenges: climate change, demographic trends and urbanization, migration make international cooperation and common action more important, to fight inequalities in a changing “geography” of poverty.

In Italy’s vision, the future MDGs should push the development agenda further: development must improve other dimensions of well-being and quality of life, encompassing all countries and people. Furthermore, in line with the EU position, Italy believes that great effort should be put in reconciling the definition of the future MDGs and the Sustainable Development Goals (SDGs) launched at the Rio +20 Conference.

**FOCUS: Shaping the Future of a Shared Development Agenda**

The MDGs have been successful in mobilizing support for development around a coherent set of targets. The focus was on social development and the goals and targets system worked well for that. Since 2000, there has been progress on all of the MDG targets at a global level, although within countries aggregate improvements have in some cases masked growing inequalities, with particular groups such as ethnic minorities and those living in very remote areas often being the most excluded from progress.

The development landscape has changed significantly since the Millennium Declaration was signed in 2000 and new challenges have emerged. Beyond MDG lessons, we need to take into account the new trends and include important dimensions of development such as: inequality, democracy and human rights, good governance, peace and security, equitable growth, employment and decent jobs, gender equality, climate change demographic trends and urbanization, migration. We also need broader measures of development capable of capturing the different dimensions of well-being.

More in general, the global political and economic context is different with respect to the late 90s. Economic and climatic shocks have increased risk and uncertainty, making international cooperation and common action more important. Meanwhile the emerging economies are changing the face of multilateralism shifting the focus of power from small (G8) to larger groups (G20), making their voices heard in negotiations on global public goods. There are likely to be new economic and social policies as developing countries might explore new development models, while coming out from the era in which OECD countries were the
primary drivers and decision makers in global economic affairs. Development cooperation is now characterized by a more diversified landscape of development actors and by many more varied sources of financing including private, non governmental and “new” donors.

The new development framework should tackle the new characteristics of poverty and the most pressing development problems: growth is becoming less effective at reducing poverty in many regions and aggregate improvements are hiding growing inequalities; the majority of poor people today live in middle income countries; unemployment remains a worldwide challenge and an increasing number of people live in countries affected by violent conflict; demographic trends and migration offer both opportunity and threat.

At the same time, the new development framework should address the effects of environmental degradation recognizing that the unsustainable use of natural resources is one of the greatest threats to humankind and that climate change and other shocks are making progress increasingly precarious.

A new international development consensus must also take into account the changes in the global balance of power and international relations, the current global economic and financial context, the new financing mechanisms that are changing the nature and structure of aid.

In 2011, the Busan Partnership confirmed that poverty reduction and development are not only a matter of aid and highlighted the growing consensus on the need of a huge global effort to deal effectively with the most critical factors to development and to ensure effectiveness of all development resources, including but not limited to aid, in the achievement of sustainable development results.

The MDGs were focused on human development concerns affecting people’s capabilities and addressing income poverty, but also education, gender equality, health, and environment. Today we must recognize that the eradication of poverty in all its dimensions and the promotion of sustainable development are intrinsically linked and mutually reinforcing. We need to push the development agenda further by advancing the concept that beyond improving material conditions, development must equally improve other dimensions of well-being and quality of life. The new agenda should therefore aim at transforming economies and fostering structural changes to address the causes of poverty, inequality and exclusion.

When considering post 2015 goals, the following should be taken into account:

- The new agenda should provide a coherent response to the universal challenges of poverty eradication and sustainable development in its three dimensions: economic, social and environmental. It should include important factors of development, such as equality, equity and justice, peace and security, employment, human rights, social cohesion and the empowerment of women.

- The new agenda must continue to be defined by an inclusive process giving real and concrete chance to all different stakeholders to participate and express their views.

- Future development goals should be global and apply to both developed and developing countries, with shared responsibilities of all countries and globally agreed minimum goals and standards.

- Development targets should be set by individual countries, based on their own needs and taking their own contexts into account.

- We need more inclusive growth; if growth is to reduce poverty, it should address inequality and redistribution, reaching poor people and focusing on social protection, health and education.

- We need more interaction of economic growth and the Human Development Index. It is not only the rate but also the composition of growth that matters and environmental and social dimensions must be taken into account.
There is a growing need to manage global public goods: rights and democracy, international migration, climate change, global epidemics and conflicts are just examples of issues that have cross-border implications on development and require interventions at the international level. The allocation of resources, redistribution of income and stabilization of economic activity are no longer exclusive to countries themselves.

We need effective institutions and governance. Governance is both an end in itself and a means to other development outcomes, including social well-being.

Progress in achieving sustained, inclusive development needs to be measured. It is now widely recognised that development progress constitutes more than improvements in material conditions (such as per capita income). It includes many aspects of well-being, such as health, trust in government institutions, social equity and the quality of the environment where people live and work. In this respect the existing international experience in measuring well-being and developing outcome indicators can be used as a starting point, such as the OECD “Better Life Initiative”.

We need to maintain measurability to provide for accountability, indicators should be developed to assess results and outcomes. Attention should be given to disaggregating indicators in order to unmask inequalities that hide behind more generalized statistics.

We must consider that the global scenario has changed dramatically and that although the financial picture remains gloomy, there are new actors and new available financial resources for development. The future development agenda must therefore be based on shared responsibilities of all countries.

We must keep into account the key role that domestic resources mobilization can play in financing development in middle income countries, how domestic resources can be effectively mobilized to achieve growth and poverty reduction; more in general, we need to think on how to share responsibilities between the international community and the national governments where the majority of poor are located and live.

As was the case in many Countries, Italy considered it useful to engage on a national consultation on the future development agenda; the natural framework for this turned out to be the CITDC, where an “ad-hoc working group on post-2015” was established; plus, in the framework of the multi-stakeholder approach to development Italy feels particularly attached to, an important event took place at the beginning of July in the MFA: several important Italian NGOs convened a one day seminar on the Rio+20 follow up and its links to the post-2015 development agenda. Zero Hunger Challenge, sustainability, poverty reduction and social development, from an Italian and from a European perspective, were extensively discussed at the presence of – among others – the Vice Minister for Foreign Affairs responsible for Development, the Vice Minister of Agriculture, Senior Officials from the Ministry of Environment and the Ministry of Labour, Ngo representatives and policy makers. The Ministry became the stage for top level discussions on subjects of particular relevance for Italy, due to its traditional engagement in food security, nutrition and agricultural development. PCD aspects were also in the background of the discussions.

2.1.3 Busan and an Effective Partnership for Development

A clear reference is made in the TYG to the principles of aid and development effectiveness agreed upon by the international community at the Conferences of Rome (2003), Paris (2005), Accra (2008) and Busan (2011).
Italy took an active role in the preparation of the Busan Summit in 2011, through all the WP-EFF meetings. The Official Delegation to the HLF4 was composed also by two MPs. In Italy’s view, the Busan Partnership for an Effective Development Cooperation marked a turning point in the way international development is governed, with the participation of all major stakeholder groups, including emerging economies, struggling to face poverty and engaging increasingly in cooperation; developing countries played a pivotal role in this and they should be encouraged to proceed in this: Busan confirmed that poverty reduction and development are not only a matter of aid, but also one of a better use of internal resources. Italy believes that there is a need of a huge global effort to deal effectively with the most critical factors to development, ensuring effectiveness of all development resources, including but not limited to aid, in the achievement of sustainable development results.

Italy monitors therefore the implementation of the Busan Agreement with great interest. On the internal plan, implementing measures were adopted to increase the level of effectiveness in the Italian Development action. An ad hoc Working Group on Effectiveness was formally established in 2008, with the active participation of the civil society. Within that framework, a new Effectiveness Marker was conceived, based on the international principles agreed upon in the various Fora, including Busan. Italy follows the implementation by Donors of the Busan Agreement within its participation to the EU working groups (CODEV) in Brussels. Not being part of the Steering Committee (SC) of the Global Partnership for an Effective Development Cooperation (GPEDC), Italy relies on the information provided by the EU Commission representative in the SC. Particular attention is put on the developments of the Monitoring framework of the GPEDC and on the perspectives of convening a Conference of the Partnership at Ministerial level around the second anniversary of the HLF4, marking in the most appropriate way the high momentum the international community has to tribute to effectiveness in aid and development at a global level. Furthermore, Busan marked an important step on the way to transparency, by inviting all Countries to put in place all measures needed to make the Common Standard on transparency fully operational within the foreseen deadline in 2015. Italy, as stated on many occasions within the OECD, remains committed to the common standard envisaged in Busan and, to this end, an “open data electronic platform” within the DGCS is currently being elaborated.

The increased attention paid to the issue of Transparency is reflected and connected also to the activities within the G8. The UK Presidency struggled to affirm Transparency in all its dimensions: in trade, in tax revenues, in the extractive industry, in detecting illicit capital flows, in land, and especially in promoting a “G8 open data charter”. Italy, being fully supportive to it, considered that – especially due to reduced financial resources in all G8 Countries – complementarities and synergies between transparency in the OECD framework and in the G8 should be actively pursued.

2.1.4 The Whole of Country Approach: an overarching policy vision for development co-operation

As already recalled, during its first political-level meeting (in April 2012), the CITDC endorsed a Policy Document encompassing an “overarching development cooperation vision for the Italian system as a whole”, outlining a series of principles to which the Italian Development Cooperation actors agreed to adhere.
The document is considered as a work-in-progress and it has been translated into English (see Annex). It first identifies the actors belonging to the “Sistema Italia di Cooperazione” as a) the Central Administrations, b) the local authorities (decentralised cooperation), c) the civil society organisations (non-governmental organisations (NGOs, charities, associations), d) the trade unions, the universities and the academic community, e) the private sector (business associations, represented in the Working Group by Confindustria), f) the Foundations and the banking system, g) the social enterprises and the cooperatives.

It also underlines the principles to which those actors accepted to adhere and that should inspire the actions those actors put in place, namely a) working within the parameters of the MDGs, b) promote a development cooperation that goes beyond aid, encompassing new targets and new sources of development, c) promotes Partnerships for development overcoming the logics of a donor-recipient relationship, d) considers the EU cooperation and the division of labour among donors as an asset of the Italian action looking for synergies between the two, e) looks at the “Whole of Country” approach, promoted by Italy especially within the G8 context, as a sort of trademark of the Italian way of conceiving development cooperation, f) identifies Italy’s “development cooperation system” (Sistema Italia di Cooperazione) as a tool for promoting comparative advantages, in the sense that, in a multi-stakeholder approach, some of the best practices and values of the Italian Cooperation (such as institution building, training, promoting SMEs, focusing on agro-food and local development) can serve as valuable models for Partner Countries, g) looks at effective, and mutually reinforcing, ways of involving the business sector in development, h) considers communication and transparency as necessary added values in development cooperation, i) confirms the Cross-Institutional Table on Development Cooperation (CITDC) as the forum for comparing, sharing, discussing and endorsing development cooperation choices and decisions. As a result, the Cross-Institutional Table on Development Cooperation (CITDC) endorsed the document during its first meeting chaired at political level (Minister Riccardi) on April the 12th 2012.

2.2. Decision-making

The Three-year Guidelines (TYG), adopted through the largest consultation process, provide the rationale for the course of the Italian action in development cooperation. After having summarized its principles, Section 3 of the TYG goes into the detail of the available amount of resources (grants, loans, debt conversion, debt cancellation, implementation procedures for setting up joint ventures as per art.7 of Law n.49, decentralized cooperation, contributions through the EU, MEF contributions to Multilateral Development Banks, innovative finance mechanisms, remittances). The following Section, n. 4, analyzes Priority Sectors.

2.2.1 Priority Sectors

Considering the limited amount of available resources and in adherence to Effectiveness principles, Italy has gone through a process of concentration of its activities, not only in geographical terms (Countries), but also from the point of view of the sectors of intervention. To this end, as stated in the TYG in recent years, Italy will continue working on a limited number of sectors. Their choice is based on their importance for poverty eradication, on the comparative advantage that Italy has experienced in those particular fields, on the commitments taken in main international Fora, mainly within the EU, the G8 and the G20, and – finally - on promoting synergies with the activities carried out by the International Organizations located in Italy (FAO, WFP, IFAD, Bioversity, UNICRI, the Bari IAM and ILO Turin Training Centre).
The TYG, in accordance to Effectiveness principles, foresee a limited number of areas of intervention, namely:

A) Agriculture and food security
In October 2012, the Steering Committee (SC) of the DGCS adopted a document called "Guidelines for agriculture, rural development and Food Security”. By this document, Italy decided to devote considerable resources to rural development, developing social and economic services in agriculture, to support small farmers and producer organizations and in promoting agricultural research and innovation. Fragile states, where agricultural development can make a real difference, are considered by those guidelines in the sense that there is a need of favouring the institutional strengthening, of promoting social services and the reconstruction of the productive bases of small farmers.

International references for the future actions are mainly:

- The Sixth World Summit in Marseille on Water (March 2012), which is an issue closely related to food safety and rural development;
- the "New Alliance to Increase Food Security and Nutrition" that the American Presidency of the G8 launched at the Camp David Summit (May 2012) in continuity with the principles developed for the AFSI ("L'Aquila Food Security Initiative"),
- the Committee for Food Safety, created in the FAO to facilitate dialogue between different rural stakeholders,
- the CGIAR (Consultative Group on International Agricultural Research)
- the FAO 'Tropical Agricultural Platform'.

FOCUS: Food Security and Water Resources as Priorities for the Italian Cooperation

Food security
One billion four hundred million people are living today on less than $ 1.25 a day per capita, the internationally recognised threshold of absolute poverty. Seventy percent of these people live in rural areas.

The crisis of commodity prices in 2007-2008, the subsequent global financial crisis and the crisis which hit the prices of agricultural products in 2010 led to a reconsideration of the priority activities and sectors of development cooperation.

The international community has thus re-evaluated the importance that the agricultural sector - in its various dimensions of food security, agriculture and rural development - plays in the economies of the partner countries and in initiating sustainable development processes.

Food security is therefore going to remain the central theme of the next international political agendas for long and has long been a priority of the Italian Government.

Proof of this is the process started in 2009 during the Italian Presidency of the G8, which led to the adoption of the L'Aquila Food Security Initiative (AFSI), an innovative and inclusive mechanism capable of catalyzing the accession of over 40 countries and international organizations, mobilizing 22.5 billion dollars in favour of initiatives supporting food security projects.

AFSI initiatives in the field of food security have been reviewed and re-launched by the U.S. Presidency at the G8 Summit held at Camp David on 18 and 19 May 2012. While reaffirming the commitments taken collectively at L'Aquila in 2009, the United States proposed the creation of the so-called “New Alliance to Increase Food Security and Nutrition”. The “New Alliance” anticipates accession by donor countries from the G8, by African governments and by the international business community, with the goal of reducing the number of people below the poverty line by 50 million in ten years, through support to private sector investment in the agricultural sector. Initially, the “New Alliance” plans to focus on six African countries that have shown particular attitude and potential in encouraging private investment in the agricultural sector: Burkina Faso, Ivory Coast, Ghana, Ethiopia, Mozambique and Tanzania.

Italy will continue to participate in the building process of a Global Partnership for Food Security, supporting the processes which were launched in L'Aquila.
This partnership, inter alia, provides the basis for the enhancement of the action of the Committee for Food Security (CFS) and for facilitating cooperation between the Agencies of the Roman Agricultural Cluster (WFP, IFAD, FAO, Bioversity International).

In the context of the G20 and G8 Italy deems it appropriate to continue efforts to control and mitigate the negative effects of the high volatility in the prices of agricultural products in line with the Rome Principles on Food Security adopted by the FAO in 2009 and by supporting the Principles of Responsible Agricultural Investment (PRAI) and the Voluntary Guidelines for Responsible Governance of Tenure of Land, the latter adopted by the CFS in May 2012.

As for the co-ordination mechanisms, the Italian Cooperation takes an active part in the Global Donor Platform for Rural Development, a network of 34 bi-and multi-lateral donors, intergovernmental and development agencies, whose members share a vision of agriculture and rural development as central elements to the reduction of poverty.

DGCS investments in the agricultural sector have undergone a considerable and proportional reduction in connection with the drastic reduction of official development assistance in recent years. However, the Italian cooperation, as envisaged by its Three Year Guidelines (TYG) continues to consider agriculture, rural development and food security as essential and indispensable components in the fight against poverty.

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On the bilateral channel, activities in the agricultural sector mainly concern the ecological intensification of agriculture, support to small farmers and to producers’ organizations, research/innovation and support services. Special attention is given to fragile states, such as those in post-conflict or post-emergency situations, with priority to institutional strengthening, to the reconstruction of the social fabric in rural areas, to the reconstruction of the bases production of small farmers and to training.

Water resources

Water is strictly connected to agriculture. There are increasing possible synergies between the two sectors. The Italian Cooperation attaches great importance to the achievement of the environmental sustainability-related MDG no.7 that includes, inter alia, the commitment to halve by 2015 the proportion of people who do not have access to drinking water and to basic sanitation.

DGCS fully agrees with the content of the final document of the Rio+20 Conference on Sustainable Development, in particular where it underlines the need for a holistic approach to the issue of access to water resources, increasingly scarce at a global level.

The issue of access to water cannot and should not be separated from other key issues such as food security, rural development and the growing demand for energy. In this sense, Italy supports the line of the European Union, which maintains that the issue of water should become the theme of choice for the development of an integrated approach (“Comprehensive approach”) and be included in the agendas of all main international events, especially in the face of predictions that estimate at nearly three billion the number of people without access to water within the next 12 years (and of the related potential risks that may arise). In this context, Italy has recently ratified the 1997 UN Convention on the Law of the Non-Navigational Uses of International Watercourses, which aims to facilitate shared management of water resources in their multiple uses (access to drinking water, food and agricultural needs, energy requirements), while ensuring peace and security for coastal countries.

The Italian Cooperation has traditionally been active in the water sector. The Three Year Guidelines (TYG) for the period 2013-2015 have confirmed the environment, and in particular water issues as a priority and cross-cutting area of action. In the framework of the Rio+20 follow-up exercise, Italy will continue to pay special attention to the theme of water, which plays a crucial role in the achievement of sustainable development.

A final reference deserves the issue of Expo Milan 2015, where the theme of water will play a paramount role, providing an extraordinary opportunity to showcase several Italian examples of best practices in the water sector.

All tools are useful in promoting development in Priority sectors in partner Countries. Debt for Development is one, not mentioned by Law 49/87, but foreseen as an important one by the Three Year Guidelines (TYG). Among the on-going Debt for Development initiatives, Kenya, a Priority Country in Sub-Saharan Africa, provides a good example for water sanitation initiatives.
FOCUS: “Kenya - Italy Debt for Development Programme - (KIDDP) – Water and Sanitation component

The “Kenya - Italy Debt for Development Programme” (KIDDP) is a ten-year debt swap initiative with a budget of about 44 million Euros.

The objective of the Programme is to assist Kenya in achieving sustainable economic growth, increase employment creation and bring about poverty alleviation through a bottom-up approach. Water and Sanitation is one of the main sectors of intervention.

The KIDDP – Water sector component, in line with the “National Water Service Strategy 2007 – 2015”, aims at supporting the Ministry of Water and Irrigation to sustainably increase access to safe water and sanitation services, particularly in rural areas. Specifically, KIDDP supports community-driven development projects in the upgrading of water supply systems as well as in the provision of technical assistance and capacity-building activities focusing on sanitation and water management.

During the period 2008 – 2012 the programme supported 31 water and sanitation projects for a total amount of over 17 million Euros. Activities included the construction of intake weirs, raw water transmission mains, conventional treatment plants pumping stations, transmission and distribution networks, storage tanks and water kiosks. The design of the infrastructure ensured the use of appropriate, easy to operate and easy to maintain technologies. Provision of closely spaced water kiosks ranging from 0.5 km to 2.0 km apart enhanced the overall project effectiveness by reducing travelling distances.

Through the KIDDP, the following projects were implemented between 2009 and 2011:
- AsemboNdori project benefitting a community of 60,000 people.
- Kisawel project benefitting a community of 25,000 people.
- NjambiniNgwataniro benefitting a community of 44,925 people
- KathitaGatunga project benefitting a community of 17,000 people.
- Sigor project benefitting a community of 12,000 people.
- Mihirini project benefitting a community of 15,000 people.
- Suba project, benefitting a target community of 10,000 people.

Throughout the duration of the project, specific technical assistance and capacity-building activities were carried out for the Ministry of Water and Irrigation at central and local level.

B) Human development, with particular reference to Health and Education

B 1. Health

As for the Health sector, Italy has a long tradition of commitment in the fight against major pandemics, participating in important multilateral initiatives such as the Global Fund against AIDS, Tuberculosis and Malaria (GFATM), the Advanced Market Commitment (AMC), the "International Finance Facility for Immunisation" (IFFIm) and the G8 "Muskoka Initiative" in favour of mothers and children health.
With regard to the Initiative on Maternal, Newborn and Child Health (Muskoka), Italy pledged US$ 75 million of additional funding for disbursement over the period 2011-2015. No annual commitment was foreseen. Although no additional funds were disbursed in 2011 and 2012, a total amount of US$138 million and US$100m were disbursed respectively in favour of the Muskoka Initiative. Italy’s contribution to Muskoka in 2011 and 2012 has been provided through the bilateral channel (about 30% of the total amount) focused on strengthening health services, human resources development and STD (sexually transmitted diseases) control. The remaining 70% of the contribution (US$84.4 million for 2011 and US$87.7 million for 2012) has been channelled mainly through the GAVI initiative and the Advanced Market Commitments (AMC), officially launched in Lecce in Italy in 2009, and the International Financing Facility for Immunization (IFFIm). Innovative financing mechanisms and Public-Private Partnership in the area of immunisation, as a means of boosting health sector results, are considered by Italy to be key areas for advancing the development agenda and achieving related MDGs. Italy participates in the IFFIm and in the AMC for pneumococcal vaccine with a total funding of US$226.5 million (2006-2013) and US$262.79 million (2008-2012) respectively. With the payment of its contribution due to the AMC for 2013 (US$52.3 million), the total Italian funding to AMC goes up to US$315.10 million.

Unfortunately, Italy wasn’t in the position to fulfil its commitment to the Second Replenishment (2008-2010) of the Global Fund and did not make any pledge in the Third Replenishment (2011-2013). However, based on its significant previous contribution to the Fund, created during the Genoa G8 Summit in 2001, to which Italy contributed with more than $1 billion from 2001 to 2008, the political will of gradually retaking a contribution to the Fund gathers wide support, both in Parliament and within the Italian civil society. This is in line with the realignment to the international standards in the Italian ODA foreseen by the DEF (Documento di Economia e Finanza) presented by the Government to the Parliament in 2012 and 2013. Italy intends therefore to participate in the Fourth Replenishment of the GFATM by the end of the year.

**FOCUS: Best Practices in the Health Sector in Sub-Saharan Africa**

The strengthening of the National Health Systems in partner Countries is paramount for the Italian Cooperation. This is also based on the long tradition Italy has in managing its own public health service, which is widely known as one of the most inclusive and protecting in the world. The approach to health Italy has pursued in many years of development activities, mainly through the multi-bilateral channel with the support of Italian NGOs, is deeply nourished by the experiences of the many doctors and health operators working in their own structures in Italy; those structures are very often strictly connected to Universities, research centres and Civil Society Organizations operating at a local level. Italy has therefore implemented its strategy of strengthening of the National Health Systems in synergy with Italian NGOs, very often in fragile contexts, such as Somalia. This true multi-stakeholder approach to Health was deemed to be an important added value of the Italian approach to development during the Milan Forum on Development Cooperation (October 2012). It provided a wide range of data on the achieved results, data that turned to be very useful in DGCS Strategy on “Communicating Development”.

**SOMALIA**

The strengthening of the health system in Somalia, with a particular focus on mother and child health emergency services, has been a priority for the Italian Cooperation since the start of the civil war, with an investment of over 10 million Euro in the last 5 years (2008-2012). With its financial commitment, Italy has contributed to the functioning of 12 hospitals in central and northern Somalia by covering their running costs, their basic infrastructural rehabilitation and by facilitating the development and implementation of clinical and managerial standards and guidelines. These hospitals represent one third of the public secondary level health services in Somalia, with a catchment of almost two million people.

In 2011, over 30,000 children under 5 have been visited and about 6,400 admitted; 4,000 deliveries have been attended (50% of which considered as complicated, with a mortality of less than 1%. Beside these activities, care was given to 8,000 Severely Malnourished Children (20%
of the total needs) and in promoting optimal feeding with care practices and micronutrient to 10,900 mother-child pairs.

**UGANDA**
Italy is supporting, since 2000, Public Private Partnership in Health (PPPH) in Eastern Africa, in line with the DGCS Guidelines in Health Sector, which promote the ownership in the public health system and considers partnerships with the private sector as a key strategy to improve accessibility, efficiency and equity in health. In Uganda, in 2009, in line with the principle of the Universal Access to health and complying with the new National Health Policy, Italy supported the design of a plan to strengthen health services, both public and private, in the Karamoja region; this was carried out in collaboration with UNICEF and with international and local private providers. Within the first year of activity, 1.346 duty posts were reached, 30.124 immunizations done, about 5000 mothers accessed first ANC (ante-natal care) visits and more than 4.000 were enrolled in the PMTCT (Prevention of the Mother to Child Transmission) scheme.

**ETHIOPIA**
In Ethiopia, Italy supported the Strengthening of the Health Systems in the framework of the Health Sector Development Program (HSDP), which focuses on increasing access to primary health care, integrating it with preventive and curative health services. The approach is in favour of promoting decentralization, the implementation of the principle of harmonization with development partners, and the reform of the information system to support evidence-based decision making for performance improvement. In particular, Italy provided technical and financial support to the design and implementation of the new Health Management Information System, to the regular publication of the performance reports of the health sector as well as to the publication of the “Quarterly Health Bulletin Policy and Practice”. Strategic planning, contributing not only to evidence-based health practice but also to the partnership and the accountability of the health system, remains within the on-going process of harmonization, at the centre of the Italian support to the Ethiopian Health System. Thanks to this joint effort, over the past years, good progress was observed towards achieving the Millennium Development Goals (MDGs) in the Country, with a consistent decrease of under 5 mortality rate and maternal mortality ratio together with an increased coverage of key MDG service indicators, such as measles immunization coverage (82% in 2009/2010), ART coverage (62% in the same year) and ITN distribution (with a cumulative number of 35.2 million in the same year).

**MOZAMBIQUE**
In Mozambique, a traditional priority country for the Italian Cooperation, continuing support has been provided for more than 30 years, increasingly since the immediate post-conflict, ensuring an active NGO presence and concentrating on social sectors, especially the Health sector. Currently, the three- year Bilateral Agreement aims at investing in health a total amount of 30 Million Euros. Focus is progressively shifting from a Programme-based approach to a Sector-Wide Approach (SWA), since Italy has joined the international Health Partners Group by signing the MoU for PROSAUDE and adhering to its code of conduct and principles. This “common basket” for budget support to the Ministry of Health represents the most advanced modality currently available in Mozambique for Health Development Cooperation and is a very strong example of aligned and harmonized financing to Government and State systems and cycles. This was considered by the Mozambique Authorities to be fully in line with the Paris Declaration and the Accra Agenda for Action. At the same time, Italy is also providing a focused support to the sub-sector of development of Human Resources for Health/HRH, aligning support to the National Plan for HRH for an amount of 7 million Euro.

**B 2. Education**
Education is among the priorities of the Italian development cooperation policies, in line with the MDGs agenda, and in coherence with G8 commitments to “Education for All (EFA)”, highlighted during the Italian Presidencies of the G8, (Genoa 2001 and L’Aquila 2009).
Italy recognizes the right to education for all. Education has a fundamental role for the individual well-being and personal dignity, for laying the foundations of societies and for achieving sustainable economic growth and recovery, even more so in a time of cultural and economic crises. Investing in education has long-term returns: it means building a better future.

Italy shares the principles of the six-goal framework for action to promote “Education for All”, launched at the World Education Forum in Dakar in April 2000 and engaging the international community to enhance quality, equity and inclusiveness in the education systems. A special attention is devoted to the most vulnerable and hard-to-reach children. While favouring an integrated approach to the sector, from early childhood to higher education, Italian development cooperation is mainly committed to the education related MDGs: achieving universal primary completion and gender parity in both primary and secondary education by 2015 (MDGs 2 and 3).

Sector strategies focus on strengthening the national education systems and supporting the local institutions responsible for education policies. This includes favouring sector reforms, contributing to the rehabilitation of school infrastructures, promoting teachers training, revising curricula and learning materials, ensuring social and physical safety and wellbeing of the children at school, exploring innovative delivery systems.

Since 2002, Italian development cooperation has been pursuing an harmonized approach, which recognizes and supports the coordinating role of UNESCO in the global EFA agenda and the more operational role of the “Education for All Fast Track Initiative” (nowadays “Global Partnership for Education”-GPE), endorsed by the G8. FTI/GPE has been designed to favour the harmonization and the alignment of donors around country-owned national education sector plans, embedded in poverty reduction and development strategies. The initiative, which can be considered as a best practice in promoting aid effectiveness, has been also instrumental to improve DGCS operational modalities at the global and at the country level.

At the multilateral level, Italy contributes to the “Global Education Fund”, the main financial instruments of the GPE, even though with limited amounts due to budgetary constraints, and is actively involved in the strategic planning and monitoring of the initiative through “donor 5” (European Commission, France, Germany and Italy) constituency.

Italy has a longstanding cooperation with UNESCO through the funds-in-trust scheme and supports institutional capacity development programmes in Africa. DGCS has adhered to the Multi-donor initiative “CapEFA” and has endorsed the “Women’s Empowerment and Gender Equality Initiative”, with a grant earmarked to Ethiopia. Following UNESCO’s request, some seed money is also earmarked for Countries receiving little or almost no external financing support in education. This has been the case for Guinea Bissau and Central African Republic (CAR). Extra-budgetary funds provided by DGCS allowed UNESCO to assist CAR in the preparation of the national sector plan for education. CAR was subsequently able to apply to the GPE Fund and was granted an Education Plan Implementation allocation.

At the multi-bilateral level, several initiatives have been funded by DGCS and executed by UNESCO field offices. Among others: regular support has been ensured for the past 10 years to UNESCO’s initiatives under the “UN Appeals in favour of Somalia” and in favour of the “Educational Radio and Television in Afghanistan”.

Through the bilateral channel, Italy supports basic education, technical and vocational training, mainly in Africa.
FOCUS: Italy’s Support to Education in Africa

ETHIOPIA
In 1997, the Ethiopian Government set out the ESDP (Education Sector Development Programme) with a twenty year outlook. The Programme’s final goals were to guarantee universal basic education by 2015. Within the three-year Ethiopian-Italian cooperation programme (1999-2001), the two countries agreed on a grant of 28.5 millions euro as Italian contribution to ESDP. Additional 15 millions euro were pledged in support of the “General Education Quality Improvement Package” (GEQIP) within the 2009-2011 Country Programme. GEQIP is co-financed by DfID, Finland, the Netherlands, Sweden and the World Bank in a pooled fund mechanism fully aligned to the public finance system of the country. GEQIP supports reforms in general education through a full curriculum improvement followed by a revision of textbooks (including printing and distribution), training programs for teacher educators and pre- and in-service teacher training, and school grants to enhance community based management of schools. Within the recently signed “Ethiopian-Italian Cooperation Framework 2013-2015”, additional 7.5 million euro were pledged for “GEQIP II phase”, which will include a new ICTs component and a focus on equity.

MOZAMBIQUE
Since 2010 Italy participates to the Common Fund FASE, established to support the implementation of the National Strategic Plan for Education (PEE). Italy contributed 3 million euro for 2011-2013 and will contribute 3.4 million for the following triennium. The participation to FASE aims at enhancing the national education system, improving teaching capacities and enlarging access to education based on equity and gender criteria. Italy is also traditionally committed to the technical and vocational education sub sector through the PRETEP programme. Support to the subsector will be extended over the next triennium by delivering a 35 million euro soft loan. The initiative aims to rehabilitate technical school building (agriculture and tourism) and to reinforce the educative system in order to enable it to provide a better quality service. The initiative will actively search synergies with the private agro-industrial Italian sector. A new program to support the University E. Mondlane is now in the starting phase. The aim is to foster research capability, to connect it to the Italian university system and the international research network.

SENEGAL
Italian development cooperation activities place a strong emphasis on girls’ education, in line with the overall strategy for the country, fostering rural development, social protection and local development with a gender mainstreaming approach. The pilot programme in support of girls’ education, integrating the strategic axis “Gender and social protection” of the Country strategy 2010-2013, has closed in March 2013. The programme, aligned with the PDEF, the National Ten-Years Plan for Education and Training (2000-2010) implemented by the Ministry of Education, has developed an integrated model based on community participation and women empowerment. The principal aim is the elimination of socio-economic barriers faced by girls while accessing and continuing primary school education. The model has been considered a best practice and the Ministry of Education has included it in the PAQUET (the new National Plan for Education and Training for the years 2013-2025). Italian cooperation intends to renew its engagement in the promotion of the education in Senegal in 2014-2017. This intervention will expand its focus including also adolescent girls, the most affected by gender related problems (such as early pregnancy, early marriage, child labour, etc.) preventing them to enrol in the secondary school cycle and complete it.

Education systems do not live in isolation. Rather, they are interrelated with the social, cultural and economic environments. Italy promotes knowledge-sharing through academic exchanges and networking.

FOCUS: Education and Universities in Albania

ALBANIA
Mobility of academic staff, students, exchange of good practices and academic research are promoted thanks to several ongoing scientific and technological cooperation agreements between Italian and Albanian Public Institutions and Universities. Existing academic partnerships can be synergetic with the ongoing Italian development cooperation programme aiming at the establishment of an inter-universities ITC network managed by a dedicated Service Centre on the model of the Italian academic research network GARR. Italian development cooperation has provided more than 45 scholarships in the last five years to allow public Albanian officials attendance and participation in post-graduate trainings held by Italian universities.

C) Governance and civil society

The multi-stakeholder and Whole of Country approach to development has led, along the years, to a progressive participation of other actors, mainly the civil society and the local authorities to the consultation process shaping the development actions of the Country. Even during the Seventies, well before Law 49, which fully recognized CSOs and the expressions of the so-called “Decentralized Co-operation” as actors of development, the State had not the monopoly of the development action. Due to the legislative and constitutional reforms, Local Authorities (Regions, Provinces, Cities and Towns) are increasingly active in Development. They fully take part in the Cross Institutional Table on Development Cooperation (CITDC) sharing their views and their experiences with the other actors.

This led Italy to consider democratic decentralization as a vital tool for addressing poverty and promoting local development. Decentralization policies are in fact building blocks for more inclusive, sustainable and equitable societies. Partners of the DGCS in this endeavour are, Local Authorities of course, very often the CSOs connected to those Local Authorities (in Italy, many CSOs are of a regional expression or action range) and the multilateral system. This leads in many cases to very interesting partnership experiences.

To promote decentralization and democratic ownership, for instance, Italy supports in several partner countries (Lebanon, Bolivia, Colombia and Albania) the UNDP ART programs which foster a territorial approach to development, based on the active role of regional and local governments. The ART strategy aims at ensuring that the three pillars of sustainable human development (environmental sustainability, inclusive growth and social cohesion) are harmoniously combined in locally-framed strategies. Those programs have the objective of improving integrated pro-poor policies, reducing social exclusion and involving vulnerable people in a sustainable process of local development. ART entails the establishment of territorial partnership between local governments in the North and in the South involving public, private and non-profit social actors creating permanent links and fostering interactions between local, national and global actors. In line with the Paris, Accra and Busan aid effectiveness principles the ART programs are tools for harmonizing contributions of different donors (as it is the case of Belgium, Canada, France, Spain, Monaco and Switzerland).

D) Support to the endogenous development of an inclusive and sustainable private sector

Italy has a very important and internationally well known fabric of Small and Medium Enterprises (SMEs), which in many cases is intimately connected to the local territory they are located in. Those SMEs are also often aggregated and organized with common services in order to improve and exploit economies of scale. The fabric of Italian SMEs is linked to the experience of the cooperative system; this has given Italy a comparative advantage in contributing to the growth and to widespread entrepreneurship of the private sector in partner countries, reducing the marginalizing side effects of the intrusiveness of the State or the blocking action caused by the presence of monopolies.
DGCS therefore supports small businesses in Partner Countries and considers it to be among its priority sectors of intervention. The specific objective is increasing job opportunities for poor or marginalized parts of the population in Partner Countries. DGCS, often with synergic support of local Authorities in Italy, believes this reduces the limitations caused to productive small economic actors by limited credit access, lack of general information and limited advocacy for improving the regulatory framework they are confronted with. DGCS focused, as a priority, on SMEs initiatives in the agricultural and manufacturing sectors, believing that they can help reduce more effectively structural aspects of poverty in rural areas.

From 2010 to 2012, initiatives of a total value of, approximately, € 127 million were approved.

Those refer to Credit Lines, Commodity Aid and Risk Capital contributions to Italian Companies investing in developing countries.

Credit Lines subsidizes credit to SMEs through local banks, in order to promote local business and, at the same time, strengthen the financial system; quite often, these facilities are backed by guarantee funds to alleviate the problem of lack of collaterals by the poor people. Credit terms are devised in such a way as to facilitate credit access to small entrepreneurs and to limit market distortions.

In the case of Commodity Aid, instead, funds in foreign currencies are made available to Partner Countries to allow them import, on favourable terms, machinery and technologies to be sold to private and public enterprises in local currency.

The third mean of supporting local businesses is the facility provided by art. 7 of law 49/87, by which Italian Companies are encouraged to create joint ventures in developing countries, with a meaningful positive impact on local employment, added value, development capacity and business management.

Recently, DGCS carried out some evaluations of SMEs support programs in Tunisia, Egypt and in the Palestinian Territories; those were assigned to independent consultants, and they were deemed positive in creating new jobs and in general income generation; at the same time, those evaluations showed the importance of integrating those activities in a wider action setting up an enabling environment for the development of a SME true system. This led, among other things, to a reform process of the facilities offered by art. 7 of Law 49, for a better exploitation of their potential (see paragraph 1.4.2).

### 2.2.2 Priority Countries

Section n. 5 of the TYG indicates the geographical scope of the Italian Development action.

In the course of the last five years, the TYG have kept a strong focus on sector and geographic concentration. Priority countries are 24 according to the TYG for the period 2013-2015. The category of second priority countries, still present in 2009, no longer exists.

Priority Countries are chosen by the DGCS in close consultation with all other Departments at MFA, with the aim of ensuring coherence with the Italian Foreign Policy. All other Development stake-holders, take also part in the process through the Cross-Institutional Table on Development Cooperation (CITDC). During 2012, almost all meetings of the CITDC were dedicated to reflecting and discussing where and how Italian Development Cooperation should concentrate. At the end of the process, the TYG were endorsed by the Steering Committee of the DGCS, first during its December meeting and again during the first SC meeting (in March).
The rationale by which DGCS proposes priority countries lies in a combination of the following criteria:

1) poverty and development indicators;
2) geographic and historic proximity to Italy;
3) added value of the presence of Italian Cooperation in the Country;
4) participation in the international community engagement in fragile and conflict-afflicted States, in humanitarian crisis, in States engaging in democratic reform processes.
5) Division of Labour (DoL) with other donors, especially within the EU framework, with a particular attention to joint programming exercises.

DGCS is at the time reflecting on an even better and more efficient way of using statistic indicators for its socio-economic analysis for determining Priority Countries.

Allocation of resources among priority countries is determined at a first stage in the Three-year Guidelines (TYG) at the Region level. Even if the TYG are updated every year, to reflect emerging priorities, they were able to ensure, at least from 2009, a certain degree of predictability, as the allocations among priority regions have only slightly changed, maintaining nearly 50% of its grant resources to Sub-Saharan Africa, and further concentrating among the other global regions.

Present priority countries are almost entirely the result of a process of further concentration starting from the geographical priorities of 2009, but combined with the necessity of responding to emerging needs in the Mediterranean. After 2009, with the Arab Spring in Northern Africa, Italy had a real need to reorient towards that area, an increasing amount of resources. Nevertheless, the TYG make it clear that the trend of allocating a percentage of at least 50% of DGCS grants to Sub-Saharan Africa relies on long term commitments, within the EU, the G8 and the OECD.

In considering poverty and development indicators as criteria, it is worth mentioning that nearly half of Italy’s bilateral ODA – or USD 957 million – went to LDCs in 2011. Between 2007 and 2011, the share of Italian bilateral ODA to LDCs increased considerably from 23% in 2007 to 48% in 2011.

Those allocations translate in corresponding financial allocations among the Geographical Desks (Uffici Territoriali) of DGCS that are responsible for allocating resources to each priority country.

Single priority countries allocations are stated in multi-annual country programming documents, called STREAM (the acronym for “synthetic, transparent, realistic, exhaustive, agreed, measurable”) documents, which provide a transparent and synthetic picture of objectives, sectors and resource allocations by the Italian Cooperation in all priority Countries for a three year period. DGCS has tried to inject in the formulation of the STREAM documents, and in the respective resource allocations, increasing elements of a results-oriented approach: the documents are prepared under the responsibility of the geographical desks, based on proposals prepared by the Local Technical Units, formulating objectives and results of the actions proposed. STREAM documents are integrated also with information on the development activities of other relevant Ministries and of public and private entities, thus providing a picture of Italy’s overall development action (Whole of Country approach) with a specific development partner country.

Currently priority Countries are 24 in four geographic macro-areas.
A) Africa

In spite of recent trends, based on the afore mentioned response to recent events in the Mediterranean, Sub-Saharan Africa definitively maintains its characteristics of high priority region: 42% of grant resources according to the on-going TYG.

As said, Italy concentrates its development aid in a few priority Countries, taking into account areas and sectors in which there was a traditional presence, with the aim of ensuring continuity and to further develop skills that are recognized as a strength of the Italian cooperation. Along with this criterion, which focuses on historical partners such as Ethiopia and Mozambique, other specific needs are also taken into account, such as bringing relief to Countries facing severe crises or supporting post conflict areas and fragile States. As a consequence, it was decided to give special attention to countries like Sudan (and from 2011 South Sudan) and, of course, Somalia.

Italy has also recognized a priority to the region of West Africa (particularly Senegal, Niger and Burkina Faso) which still presents a scenario of vulnerability, also resulting from the threats posed by the spread of drug trafficking and religious fundamentalism; in addition, that region is also the major source of migration flows from Africa towards our country.

Finally, in the Southern part of the Continent, Italy is particularly committed to Mozambique, from the end of the civil war and to the Peace Agreement between Frelimo and Renamo, signed in Rome just 20 years ago, as a continuous effort in promoting peace and stability to the sub-region.
Africa, however, remains heavily crisis-prone. Most of the Countries identified as priorities in Sub-Saharan Africa lie in the Horn of Africa. This demonstrates the attention Italy pays to the Horn for the Italian development cooperation and the Italian Foreign Policy, following the drought emergency on a double track: i) bringing immediate emergency relief to the population; ii) by re-orientating medium term development programmes focusing them on activities directly supporting the population, such as health, water and food security.

In Somalia, humanitarian aid and support to the most vulnerable population has always been paramount, mainly in partnership with International Agencies. This has not been limited to the Somali territory, but also to neighbouring Countries, taking into account the flood of refugees and the hundred of thousands persons hosted in camps in Kenya and Ethiopia.

Sudan and South-Sudan are other areas of strong Italian support to multilateral emergency programs: immediately after Juba’s independence in July 2011, Italy granted contributions to WFP and UNICEF for a total of 1.8 million for projects in the fields above and a further 1.5 million contribution to UNICEF, whereas Ethiopia and Kenya and even Djibouti, are the focus of the Italian attention to the basic needs of the health sector.

FOCUS: Mozambique “STREAM” 2013-2015

Background and main reasons for the presence of the Italian Cooperation

The Italian cooperation with Mozambique dates back to the beginning of the 70's, with strong bilateral ties established since the support to the independence of the country. In the 80's, Italy gave a strong support to infrastructures rebuilding and, after the signature of the Peace Agreement, it focused on a more institutional support to foster the post-war recovery. For Italy, as stated by the DGCS Three Year Guidelines (TYG), Mozambique is one of the most important priority countries in Sub-Saharan Africa.

The Italian action will be inspired by the principles of shared responsibility among stakeholders (Government, with its central and peripheral bodies, private sectors and civil society) and an active and transparent collaboration among all the involved actors; cooperation activities in the Country are based on their impact and on the available resources.

In agreement with Italy’s support to a holistic (“Whole of Country”) approach focused on economic growth as a tool to fight poverty, Italy pays attention to the mobilization of the different financial tools (commercial, private sector funds, innovative financial leverages, etc.) levered by all the stakeholders participating in the “Sistema Italia di Cooperazione”: thus, not only public funds but also those of the local government bodies, the private sector and the civil society.

On September 2nd 2010, Italy and Mozambique signed in Maputo a new Cooperation Framework Agreement, renewing the previous one dating back to 1996. At the same time, a new Cooperation Program was signed by the two Governments, in order to sustain the PARP, the strategic program to fight poverty drafted by the Mozambican Authorities. The Program focuses on three main sectors: Agriculture and Rural Development, Health and Education.

2. Other international donors, coordination and opportunities of division of labour, joint evaluation exercises (Harmonization)

Italy, once the first donor in Mozambique at the beginning of the 90s, has progressively lost positions and is not among the first ten donor countries anymore. These are the USA, the UE, the UK, Sweden, the BAD, World Bank, Ireland, the Netherlands, Germany and Canada (source: ODAMOZ).

The European Commission, with its 2008-2013 EFD program, worth 746 million euro, is active mainly on road infrastructures, agriculture and rural development and regional economic development. Besides, governance remains a focus for the Commission, while it has announced its disengagement from the Health Common Fund. Almost half of the EU financial envelope is channelled through the General Budget Support.

In December 2012 Mozambique was included among the countries considered for the
experimental launch of the EU Joint Programming exercise. However donor coordination still poses challenges and is mainly pursued in the G-19 forum (Italy holds currently the Presidency of the Group), gathering all donors taking part in the General Budget Support. The main goal of Donors harmonization is to align their action with the PRSP, locally known as PARP (Action Plan to Reduce Poverty 2011-2014), which is the main strategic programming document for the Government of Mozambique as well as for its development partners.

3. Other expressions of the Italian Cooperation System in the country (NGOs, universities, local authorities, private sector) and strategies for their involvement

More than 20 Italian NGOs are present in the Country. They are co-financed by the DGCS, by EU funds or privately raised funds. Their main working areas are agriculture, health, environment protection, garbage recycling.

The Italian cooperation system also includes activities related to corporate social responsibility, directly managed by private sector enterprises, in particular by ENI, the Italian Gas&Oil Company, which are now in the formulation phase. ENI finances a mix of activities implemented by Italian and International NGOs as well as by UN Agencies.

The Italian Embassy is actively involved in supporting NGOs action and maintains a constant dialogue with other Italian stakeholders including the private sector. This dialogue is mainly aimed at forging a systemic approach, creating synergies and added value to the different actions carried out in partnership with Country.

A network of Universities and R&D centres (Rome, Sassari, Sardegna Ricerche) is well established, in cooperation with the E. Mondlane University or, as in the case of CNR, to support the Government’s action in the field of climate change. Italian local administrations are also active in the Country (Provincia di Trento with a development program at District level, Provincia di Bolzano and the Municipality of Reggio Emilia, with education initiatives and rural development).

4. General objectives of the Italian cooperation in the country, sharing with counterparts and consistency with international guidelines on aid effectiveness

Italian cooperation’s main goal in Mozambique is to actively support the Government in its pro-poor action plan as portrayed in Government’s strategic documents and specifically in the PARP, signed in Maputo on May 3rd 2011.

In this context, the Government of Mozambique has defined a range of sector plans, each of them describing policies and objectives to which the Italian cooperation is aligned. These documents are the results of a consultative process with all the development stakeholders and the civil society. Furthermore, as per the case of agriculture and education, they are the result of regional policies dictated by NEPAD and AU.

Italy is a member of the G-19 group, i.e. the donors group supporting the State General Budget and financing the Common Funds in Health, Agriculture and Education. This is the forum where the political dialogue takes shape. Beside these, Italy finances bilateral programs designed to support the national sector plans. Italian bilateral contributions are recorded in the State Budget of the State of Mozambique.

In Mozambique, Italy feels particularly committed in implementing the recommendations issued by OSCE/DAC Conferences on Effectiveness, the last one being Busan. The changing Mozambique’s economic context, its fast growing economy, the huge mineral reserves are creating new challenges; these need new answers, developing an innovative strategy producing partnerships holding together the Italian Cooperation, the private sector and the Government of Mozambique.

To do this, Italy is conducting internal evaluations leading to the elaboration of one or more models to create synergies between development cooperation and private capital modalities of action, with the aim, common to all stakeholders, of reducing poverty and generating income.

5. Sectors of intervention and expected results

The Italian cooperation will carry on its action in support to its traditional sectors assuring continuity to its initiatives. Although in Mozambique the Division of Labour’s process is far from being fully and efficiently operational, donors, being EU Members or not, work in close
partnership with the Government, each one concentrating in the sectors where they have a demonstrated comparative advantage (with the possible exception of the BRICS). As a result, in a view of strengthening harmonization, Italy will concentrate financial resources in three principal sectors: agriculture and rural development, education and health. The Italian cooperation, applying the principle stated in its Three Year Guidelines, will pay particular attention to governance as a cross-cutting issue, putting particular emphasis on gender mainstreaming in all initiatives.

- **Agriculture and rural development**: Italy will continue its initiative in two provinces (Sofala and Manica). This is aimed to promote food production and productivity, the development of chain value and the support to the private sector by creating a Service Center strictly connected to CEPAGRI, the rural development body of the Government of Mozambique. The initiative will support the development of forest inventories aimed at enhancing and rationalizing the use of natural resources, with focus on environment as another cross-cutting issue. The goal is to increase both income and production of the population living in those two Provinces, by shortening the chain value and improving the distribution of the increased income. The program, financed with 16 million euro, started in 2009 and its end is foreseen by 2015.

- **Education**: three initiatives will be activated. The first one will confirm the Italian participation in the Common Fund FASE. Italy will contribute to it with 3.4 million euro. The second will extend the Italian support to the vocational education sub sector, by delivering a 35 million euro soft loan. The initiative aims at rehabilitating technical school buildings (agriculture and tourism) and at reinforcing the educative system by providing better service. By their nature, technical institutes should be linked to the territory and the productive sector, thus the initiative will actively look for synergies with the private agro-industrial Italian sector. Third, the program to support the University E. Mondlane is now in its starting phase. The aim is to foster research capability, to connect it to the Italian university system and to the international research network.

- **Health**: Previously approved initiatives will be continued in order to sustain the health sector through hospital rehabilitation and human capital reinforcement, as well as the Italian support to the Common Fund PROSAUDE. The Italian cooperation contribution for the three aforementioned initiatives amounts to 7.5 million euro. Linking agriculture to nutrition is one of the mandates of AgRED and SESTAN. Italy is evaluating the possibility to activate a specific initiative in this field. Finally, the trilateral program Italy – Mozambique – Brazil for the rehabilitation and sanitation of the Chamanculo C slum should be considered as an activity supporting the general welfare of the area’s residents.

- **As far as the Italian contribution to governance is concerned**, the activities are focused on the participation to the General Budget Support (5 million/year), to the SISTAFE (0.7 million euro). Italy intends to start a new initiative in support of the National Statistic Institute (INE) to foster its capability to produce solid data, useful in evaluating and monitoring Government’s performance in implementing the PARP. Another field of activity is the support of governmental efforts in environmental protection. A community based approach for the development and economic exploitation of the transboundary (South Africa, Zimbabwe and Mozambique) National Park has a great potential. The creation of a regional network for the protection and management of the natural resources and genetic biodiversity is another possibility under evaluation, as is the drafting of a project aimed at increasing transparency in the extractive industry, in line with the priorities of the G8.

The program to build the Nhacangara Dam and to rehabilitate the Maputo draining systems is still ongoing.

**B) North Africa, Middle East and the Balkans**
North Africa, Middle East and Balkans (32% of grant resources) is the second largest aid recipient area, following the events of the “Arab Spring”, whereas criteria 2), 3) and 4) weight comparatively more than 1);

The recent social and political events in the Mediterranean suddenly made of the North Africa a “priority among priorities”. They displayed the extreme hardship existing in the income-bracket lower-middle class of the population, which strongly demand a concrete role in the political life of their countries. Efforts are needed to create social impact, in favour of the small-scale entrepreneurship, particularly to promote youth employment and in support to the process of democratic participation.

FOCUS: Egypt “STREAM” 2013-2015

1. Background and main reasons for the presence of Italian Cooperation
There are several reasons that explain the presence of the Italian Cooperation in Egypt. First, Egypt is the most populated country in the Middle East, and the third most populous in the African continent. In the second place, 6% of the population lives in multidimensional poverty1 while an additional 7.2 percent is vulnerable to various deprivations, with a 2012 Human Development Index that ranks Egypt as only the 112th out of 186 countries. In addition, one should also consider the proximity of the two countries as well as the long-standing history of sound collaboration and mutual trust, strengthened by cultural and economic links as well as by the common Mediterranean roots. Finally, while its economy is one of the most diversified in the Middle East, however, Egypt has been going through a particular difficult moment due to the highly unstable political, social and economic situation since 2011: that is why Italy remains firmly committed to supporting the Egyptian government in achieving its development.

2. Other international donors, coordination and opportunities of division of labour, joint evaluation exercises (Harmonization)
The main donors in Egypt are USA, France, Germany, Japan, Sweden, the Netherlands, Belgium, the UK and Spain. Furthermore, several UN agencies have long being operating in the country. The donors’ coordination mechanism includes regular meetings of the Development Partners Group (DPG), as well as the establishment of thematic DPG Sub-Groups aimed at facilitating information sharing and coordination among development partners operating in selected fields, such as agriculture, health, education, gender.

At European Union level, besides regular meetings of the EU Development Counsellors, a number of EU – Member States platforms have been created to promote concrete coordination in priority sectors. In the frame of the Agriculture and Rural Development EU-MS Platform, Italy assumed the role of coordinator and participated in the formulation of the EU Joint Rural Development Programme (which will be eventually executed by the Italian Development Cooperation in the framework of a Delegated Cooperation Agreement between EU and Italy). Furthermore, an EU-MS Joint Programming exercise has been launched in February 2012, with a two-year transitional phase before entering a fully-fledged phase in 2015

3. Other expressions of the Italian Cooperation System in the country (NGOs, universities, local authorities, private sector) and strategies for their involvement
The work of Italian NGOs in Egypt has always been appreciated as a valuable contribution to the socio-economic development of the country. Thanks to a regular work in the field, hand in hand with Egyptian Institutions and Civil Society, NGOs have provided continuous support and assistance to their local partners, ensuring at the same time a permanent dialogue with the institutional counterparts.

Moreover, a strong partnership between Egyptian Institutions and Italian Universities has been established in the sector of environment and cultural heritage. In particular, the University of Pisa and the University of Tuscia have been collaborating with the Ministry of Antiquities in archaeological sites, such as Medinet Madi in Fayoum Governorate. Finally, it is worth

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1 The Multidimensional Poverty Index (MPI) identifies multiple deprivations in the same households in education, health and standard of living
underlining also the important activities carried out by Italian Regions (Emilia Romagna, Lazio, Puglia and Campania).

4. General objectives of the Italian cooperation in the country, sharing with counterparts and consistency with international guidelines on aid effectiveness

The Italian Cooperation acts within strategies and legal framework regularly agreed upon at the highest governmental level, in particular: The Development Cooperation Framework Agreement (2010) and the Memorandum of Understanding regarding a New Development Partnership (2010).

In line with Italian Cooperation Guidelines and with the priorities highlighted by the Egyptian Authorities, the following have been identified as priority sectors:

- Agriculture and Rural Development;
- Social sector, with special attention to civil society;
- Private and Public sector development, with special focus on Micro Small and Medium Enterprises (SMEs) and transport (Railways);
- Education, with special attention to Technical and Vocational Education and Training (TVET), as hub for employment;
- Environment and Cultural Heritage.

5. Sectors of intervention and expected results

The main tool for financing the initiatives of development cooperation is the Debt-Swap Programme. Throughout three consecutive phases – the second phase (USD 100 million) is ongoing and the third phase (USD 100 million) is about to start – the initiatives financed by the Debt-Swap Programme were able to allocate about USD 350 million for the realization of projects in priority sectors of the social and economical development of the country. The other tools used are soft loans and grants.

Agriculture and Rural Development

In the forthcoming years, the Italian commitment in the agriculture and rural development sector will be further strengthened, considering the coordination role assumed by Italy at the European level and the opportunity to manage European funds, through a delegated cooperation Agreement, under the EU Joint Rural Development Programme (22 million Euros from EU + 9 million Euros Italian parallel financing). The Italian Cooperation has an agriculture and rural development portfolio of about 55 million Euros spread over ongoing and planned interventions. The Overall objective of the Italian initiatives in the sector is to improve the quality of life of people living in rural areas, especially in Matrouh, Minia and Fayoum Governorates, with a focus on sustainable management of territorial resources. Indeed, the Italian action combines improving agricultural productivity and agro-business, development of rural economy and horizontal capacity building.

Social sector

The Italian Cooperation supports Egypt in alleviating poverty among the most vulnerable groups of its population, with special focus on children and women. In this sector, a new intervention intended to contribute defining and implementing a pilot model for integrated development and family empowerment in Fayoum Governorate has been approved for a grant amount of 1.5 million Euros.

Private and public sector development

Entrepreneurship, technology transfer and know-how exchange are the backbone of a sound and investment friendly environment. The Italian Cooperation provides technical and financial support to Egyptian SMEs through two credit lines (about 23 million Euros total), one dedicated to Small and Medium Enterprises and one dedicated to Small Enterprises. The objective is to develop Egyptian Small and Medium Enterprises (SME) through the cooperation with Italian enterprises and increase their production for export and employment.

In the transport sector, the initiative to support the Egyptian National Railways in implementing
its Restructuring and Development Plan (8 million Euros) is providing technical and managerial assistance to the Egyptian National Railways (ENR) to improve the overall railways system.

The Italian Cooperation also provides support to the Egyptian balance of payment through a Commodity Aid Programme. Its goal is to spur the process of wealth redistribution, create employment and end poverty, and at the same time promote the internationalization of Italian enterprises and the “made in Italy”. The programme is a grant worth EUR 36.7 million (EUR 31 million plus EUR 5.7 million of interests). The initiative is close to completion. The last import projects that have been approved and are being carried out concern supplies for the Ministry of the Environment (EUR 3 million), the Ministry of Antiquity (EUR 1.5 million), the Ministry of Civil Protection – to be allocated in different governorates of Egypt (EUR 10.7 million).

**Technical and Vocational Education and Training**

Human resources development is a traditional cornerstone of the Italian-Egyptian partnership. Supporting the Egyptian Technical Education System through standard-base qualification and responsiveness to labour market needs is a key commitment of the Italian Cooperation. Several initiatives are under implementation within the second phase of the Italian – Egyptian Debt for Development Swap Programme, for an amount of about 12 million USD, and further support will be ensured as per the third Debt Swap Agreement, allocating 13 million USD for the “Education” sector.

**Environment and cultural heritage**

The Italian Cooperation provides the Egyptian Government with considerable support in the field of environmental protection, including management of protected areas, sustainable agriculture and tourism, conservation of cultural heritage, environmental legislation, water resources and solid waste management. The Italian technical and financial assistance concretely contributed to the design and implementation of reference models for the integrated management of archaeological-naturalistic sites, as well as the promotion of eco-tourism. The new interventions planned, such as the third phase of the Egyptian – Italian Environmental Cooperation Programme (3 million Euros), intend to consolidate the results achieved so far, strengthening the management of Protected Areas, developing sustainable tourism, enhancing conservation of natural and cultural heritage, promoting socio-economic development of local communities.

As far as the Balkans are concerned, DGCS believes that, apart from very limited exceptions (as in the case of Bosnia or Kosovo, where there was a need of bringing to an end previous initiatives), an exit strategy from the Region (with the exception of Albania) is due: social development and economic growth are growing opportunities for the integration of the area into the EU. Soft loans are seen as viable and synergic resources to grants. In this picture, Albania represents a remarkable exception.

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**FOCUS: Albania “STREAM” 2013-2015**

1. **Background and main reasons for the presence of Italian Cooperation**

Albania is a low-middle income country (per capita GDP USD 3,821.092) with a moderately high level of unemployment (13%) (source IMF: 2013). It ranks 70th in the 2012 Human Development Index (HDI) with a value of 0.749, that is the 5th lowest among European countries after Moldova, Bosnia-Herzegovina, Macedonia and Ukraine (source HDI: 2013).

Geographical proximity, historical ties, economic, cultural and social exchanges make Albania a priority country for the Italian Cooperation (IC), which is one of the key donors of the Country. Italy is committed to the Albanian sustainable socio-economic development and EU integration process through a consolidated presence and a comprehensive framework of development cooperation programs. The current IC portfolio of planned and ongoing projects
for Albania amounts to Euro 304.7 million, which sums up the financial commitment of the current Country Programme (Euro 51 million) and the outstanding balances from previous programming. Remaining constraints along the path towards the EU integration of Albania and the leading role of Italy in this process justify the negotiation of a new multiannual programming of the Italian aid for Albania. The Italian Official Development Assistance (ODA) disbursed in Albania amounts to about 700 million Euros, invested since the early nineties in the country with the purpose of facing the 1990s emergencies, supporting modernization of public infrastructures, promoting democratisation and institutional strengthening, fostering sustainable socio-economic growth and, in recent years, accompanying the country’s integration into EU. A Framework Agreement on Italian-Albanian Cooperation has been signed on December 2, 2008. The current Country Programme has been defined by the Protocol on Italian-Albanian Development Cooperation 2010-2012 signed on April 12, 2010.

2. Other international donors, coordination and opportunities of division of labour, joint evaluation exercises (Harmonization)

Among the main bilateral donors active in Albania, according to the disbursement in the last 10 years are: the EU, Germany and USA. In addition, there is a considerable presence of International Organizations, such as OSCE, Council of Europe and World Bank and a consistent number of UN Agencies (inter alia, UNDP, UNESCO, WHO, UNODC, UNICEF, IOM, UNECE, UNEP).

As one of the major donors, the Italian Cooperation plays an active role in all the main processes of donors’ coordination. Albania has a rather well-developed and government-led donor coordination system in place. Furthermore, the Fast Track Initiative of Division of Labour is becoming more and more developed. It is led by the Government of Albania, through the DSDC. As FT-DoL facilitator for Albania, the IC promoted a Memorandum of Understanding (MoU) signed in 2010 which recognized a lead donor for each sector. Italy was chosen as lead donor for Private Sector Development.

As regards the Instrument of Pre-Accession (IPA) framework, the IC has applied for the assignment through Indirect Centralized Management of the IPA 2013 program “Support to agriculture and rural development – SARD II”. Finally, Albania joined the UN Deliver as One (DaO) pilot initiative. In line with this approach, the Government of Albania – UN Programme of Cooperation 2012-2016 provides a single plan for all UN agencies in Albania, and promotes sustainable and equitable development in the areas of governance and rule of law, economy, environment, regional and local development and inclusive social policy.

3. Other expressions of the Italian Cooperation System in the country (NGOs, universities, local authorities, private sector) and strategies for their involvement

More than 20 Italian NGOs in Albania operate mainly in the sectors of health, education, rural development, social inclusion, equal opportunities, especially for the most vulnerable social groups and less developed areas.

Italy is the main trade partner of Albania with the highest number of joint ventures and locally based Italian companies (around 400), mostly represented by Small and Medium Enterprises (SMEs). The IC, with the Italian-Albanian Programme for the development of SMEs, provides Italian – Albanian SMEs with access to favourable credit facilities. Existing academic partnerships can be synergic with the ongoing IC programme aiming at the establishment of an inter-universities ITC network managed by a dedicated Service Center on the model of the Italian academic research network GARR. Moreover, IDC has provided more than 45 scholarships in the last five years to allow public Albanian officials attendance and participation in post-graduate trainings held by Italian universities.

Many Italian regions participate and co-finance development cooperation activities, and two of them (Puglia and Emilia Romagna) have permanent representatives in Albania. Further opportunity of inclusive partnership of the Sistema Italia in Albania is provided by the Italian-Albanian Debt for Development Swap Programme (IADSA) with a budget of € 20 million, spread over five years.

4. General objectives of the Italian cooperation in the country, sharing with
counterparts and consistency with international guidelines on aid effectiveness

The General objectives of the Italian Cooperation in Albania are:

- Fostering sustainable social and economic development;
- Supporting the country in the EU integration process.

IC strategy and objectives for Albania are framed into the National Strategy for Development and Integration (NSDI), i.e. the national medium to longer term development strategy of the country, which is at the core of the alignment and harmonization process of the international partners of Albania. As a consequence, the Italian Cooperation contributes to the following NSDI priorities and policy objectives:

- Strengthen democracy and rule of law;
- Ensure competitive and sustainable economic development through efficient use of resources;
- Foster social inclusion, welfare and develop the labour market;
- Develop society based on knowledge, innovation and digital technology.

Local ownership and alignment of the Italian aid to Albania are ensured throughout the whole project cycle. Programme/project design is based on the national sector objectives as highlighted in the NSDI and relevant sector policies and carried out jointly with local stakeholders. Moreover, both country programme and projects bilateral agreements include provision for regular review mechanisms in order to maintain alignment and respond to emerging needs.

Democratic ownership of the local CSOs on IC country objective are indirectly ensured through: i) the NSDI consultation mechanisms with non government policy stakeholders both during the design and the implementation phase of the national strategy and sector policies and ii) regular IC consultations with Italian NGOs, which have well established partnerships with local institutions, communities, informal groups, private producers and local CSOs.

5. Priority sectors and expected results of the Italian Development Cooperation in Albania.

The current IC portfolio of planned and ongoing projects for Albania amounts to Euro 304.7 million, of which nearly Euro 255.2 million are soft loans, Euro 29.5 million are grants and Euro 20 million are disbursed under the Debt for Development Swap Initiative. It sums up the financial commitment of the current Country Programme (Euro 51 million) and the outstanding balances from previous programming.

The IC in Albania is currently active in 11 sectors, identified within the OECD DAC categories. However, the current 2010-2012 Country Programme, and that, currently under negotiation, for 2013-2015, focus on the following three main sectors: i) Private Sector Development; ii) Agriculture and Rural development; and iii) Social Development. Given its considerable portfolio of activities (about Euro 194 M), an additional investment in the transport/infrastructure sector of €3 million is also foreseen. At the same time, other areas of intervention will include water and sanitation, local governance and energy. The following are the main expected results:

- Private Sector Development: Strengthen the capacity of local entrepreneurship with particular reference to Small and Medium Enterprises, facilitating effective collaboration between Private Banks and SMEs, as well as promoting sustainable production standards and improved work conditions;
- Agriculture and Rural Development: i) Foster Albania’s adoption of the EU acquis; ii) Strengthen income generation of Albanian rural population and improve national food security and sustainable agriculture;
- Social Development: i) Strengthen inclusive education and Vocational Education and Training (VET); ii) Improve public health and preventive health care addressing inequality in health care service provision; iii) Promote social and economic
inclusion of marginalised categories (e.g. people with disabilities, children, rural women, unemployed youth); iv) Employment generation and sustainable community development in rural and disadvantaged areas;

- Energy: Increase the electrical energy transmission capacities to turn the country into an electricity transmission hub in the region;
- Transport: Complete major investments on the national road network and develop Valona port on the basis of master plans, by rehabilitating and extending the port infrastructure and super-structure;
- Water: i) Expand and improve the quality of water and sewerage services sector; ii) Orientate utilities towards full cost recovery and control and iii) Enhance the institutional capacity of the sector and align the national legislation to the EU directives;
- Local Governance: Strengthen capacity of local government in bringing social services closer to citizens.

As far as resource allocation and financial instruments are concerned, the 2013 – 2015 IC Country Portfolio might include: i) a grant component amounting to 5 million Euro for initiatives related to the education sector (Euro 3M), with a specific attention for the Vocational and Educational Training and Higher Education, and to agriculture and rural development (Euro 2M), possibly also in connection with the pending selection for the indirect centralized management of IPA 2013; ii) increase the provisions for the current Debt for Development Swap Programme to support social sector development; iii) remodel the undisbursed soft loans worth Euro 30M, available thanks to economies in the implementation of the projects in the energy and water sector. Moreover, if Albania will be confirmed as a middle low income country also for 2013, the country will be eligible for new soft loans, which might be used to fund new initiatives within the above mentioned 3 priority sectors.

C) Asia

Italian Cooperation engagement in Asia (19% of the total grant resources) is largely due to criteria 4), 1) and, to some extent, 3).

The Italian Cooperation policy in Asia focuses on the Afghan-Pakistan corridor (in the framework of the Italian participation in the international effort in supporting the stabilization of the entire region). South East Asia, on the other hand, maintained historical importance (Indonesia used to be a significant partner); concentration, however, leaves space only for one partner in the Region, Vietnam. Soft loans and debt swaps resources are of particular use in Asia, grants are mainly meant for technical assistance activities, in particular in partnership with Italian Universities.

Afghanistan, the largest grant aid beneficiary all over Asia, is an absolute priority for the high poverty rates and especially for the unstable political background, which requires continuous international support to the institution building efforts and to initiatives aimed at fostering economic and social development: good governance, rural development, health, infrastructure and transportations create positive spill-over effects in the region, particularly along the border with Pakistan.

Maintaining the commitment with Vietnam (in health, environment and support to the SMEs) and strengthening the stabilization efforts of Myanmar (thorough food security and training) complete the presence of the Italian Development Cooperation in Asia.
Vietnam, however, represents an interesting case for Italy’s cooperation policies: contrary to the majority of the other Priority Countries, which are either crisis-prone, LDCs, or (as in the case of many Mediterranean Countries) in delicate transition processes, Vietnam seems to be well ahead on its way to consolidate its position among the leading emerging economies. Nevertheless, Italy considers the cooperation with Vietnam an interesting case for developing fruitful partnerships in challenging fields, such as the strengthening of the private sectors, income generation and the reduction of inequalities, with the general aim of ensuring equitable, sustainable and inclusive development trends.


1. Background and reasons for the presence of Italian cooperation

The presence of the Italian Cooperation in Vietnam started in 1990, when the first Financial Technical Agreement of Cooperation between the two Countries was signed. Since those years, Vietnam has made significant steps forwards in terms of socio-economic development. It reached the rank of the Middle Income Country (MIC) and it shows good performance in the achievement of the Millennium Development Goals. However, the Country is now facing the challenge of making its growth stable, egalitarian and sustainable and other emerging issues related to: the Middle Income Trap, the global economic recession and environmental emergencies related to the unsustainable exploitation of resources and climate change.

Today Italy, an important and historic partner of the Country, sets up its cooperation intervention in response to these new challenges, in the framework of the latest Development Cooperation Agreement, signed by both countries in 2009. Moreover, the Italian Cooperation responds to these changes in the socio-economic context through an increased involvement of Italian and Vietnamese private sector in its programmes.

2. Other major international donors, coordination and the possibility of division of labour, joint evaluation exercises (Harmonization)

Many actors of development cooperation are active in Vietnam, including 21 bilateral and 19 multilateral donors. Both this international community and the Vietnamese government spend numerous efforts to maximize the effectiveness of the intervention of development co-operation in the Country, through different mechanisms of coordination and harmonization.

Vietnam is one of the pilot countries for the "One UN" model, which aims to encompass the actions of all UN agencies under one programmatic, budgetary and monitoring framework. Italy is actively involved in the formulation of the governance strategy of this mechanism through the relevant working groups, but does not contribute, for the moment, to the financing of the One UN Plan.

On the other side, Italy is actively involved in the coordination effort with the Member States of the European Union. Italy committed to participate in the exercise of joint programming from 2016 (date chosen to match synchronization with the programming of the Vietnamese Government) together with the Member States still present in Vietnam and the Delegation of the European Union. In order to maximize its impact in the context of Vietnam, the exercise is going to be applied only to specific sectors with a clear potential for a joint programmatic approach. The sectors will be defined during the transition period until 2015. Moreover, from 2013 to 2016, Italy and some concerned Member States will pilot this approach in the sector of technical and vocational training.

Finally, coherently with the commitments made at the conference of Busan, the Vietnamese government and the Aid Effectiveness Forum (AEF), a group of donors led by the World Bank and Koika, drafted the Vietnamese Partnership Document, which contains an action plan and a monitoring framework designed to improve the effectiveness of the aid in Vietnam. Italy took part in the process of drafting this document, to which it adheres, and will be engaged in the coming years in subsequent actions for its implementation.

3. Other presence of the Italian Cooperation System in the Country (NGOs, Universities,
Local authorities, Private sector) and their involvement.

Vietnam sees the presence of numerous Italian actors. The Italian Development Cooperation works together with several Italian NGOs: GVC, UCODEP, Centro ELIS, AIPO and AISPO, promoting their projects of social and environmental development. Moreover, other NGOs are present in the Country through other financial sources: GVT, CIAI e CARE THE PEOPLE. The Embassy of Italy is in contact with these organizations for thematic and geographic coordination and for future collaborations.

Moreover, there is a large and growing presence of the Italian private sector, of which ICE (Institute for Foreign Trade) records 32 active firms with investments and joint ventures and 29 firms present with liaison offices or exploratory missions. The Italian Cooperation is active in channelling the resources and the potential of these actors in its programs. For example, the Italian Cooperation finances a UNIDO program, which also aims at promoting twinning between Italian and Vietnamese SMEs. Over the years affected by this policy framework, the involvement of the private sector is expected to further increase in additional programs of: promotion of the private sector, vocational training and infrastructural development through soft loans.

The same applies to academic institutions, active in Vietnam with 35 Universities and 68 cooperation agreements. The University of Sassari and the Polytechnic of Milan are already directly involved in Italian Development Cooperation programs. Greater interaction with academic institutions is foreseen in the in period of 2013-2015, for the activation of joint Italian and Vietnamese programs of higher education and vocational training. Finally, the regions of Veneto, Marche, Trentino Alto Adige and the autonomous provinces of Trento and Bolzano are present in Vietnam, through the funding of various initiatives in the humanitarian and cultural cooperation.

4. General objectives of the Italian cooperation in the country, local partners’ ownership and consistency with the international guidelines on development effectiveness

The Italian Cooperation in Vietnam is framed within the programmatic lines of the Socio-Economic Development Strategy 2010-2020 and the Socio-Economic Development Plan 2010-2015. The latter expresses the development priorities of Vietnam in four pillars: improving the business environment, strengthening social inclusion, strengthening the management of natural and environmental resources and governance improvement. These documents are complemented by the Strategic Framework for the Mobilization, Management and Use of the Development Assistance 2011-2015, published with the aim of directing international interventions in the areas of greatest need, identified as:

- Improving the physical and social infrastructure of the country, particularly with regard to the development of high quality human resources and the development of an economy of science and technology;
- Support the promotion of investment, trade, business and production and design of an appropriate legislative and institutional framework for a socialist market economy;
- Support for the protection of the environment and of natural resources;
- Supporting rural and agricultural development and the most disadvantaged areas.

The choice of the priorities of Italian intervention is inspired by these documents and is developed jointly with the Vietnamese national authorities, particularly the Ministry of Planning and Investment and with local authorities and counterparts. Consistent with this process of ownership, the Italian intervention has the following objectives:

- to support local economic development through the improvement of technical and professional training system, strengthening the ability to attract investment, production and access to markets for small and medium enterprises and, in the agro-forestry, for small-scale producers;
- the promotion of better management and greater preservation of the environment and natural resources, particularly with regard to water and forest resources;
- improvement of the quality and access to health care system in the central provinces of the country.

In order to maximize the effectiveness and impact of Italian intervention, the programs are
concentrated in the central provinces and in the surroundings of Hanoi.

5. Priority sectors and expected results

The current Italian intervention lies within the terms of the Development Cooperation Agreement signed by Italy and Vietnam in 2009 (programming the period 2010-2012), of the amount of EUR 30 Million in soft loans and EUR 4.5 Million in grants. A new cooperation agreement is been developed for the years up to 2015.

Considering Italian limited financial resources for development assistance and the relatively high income of Vietnam, soft loan is the main financial instrument of the Italian activities. Moreover, being a relatively small donor, Italy prefers the financing and implementation of specific programs, rather than sector support or state budget support, where its action would be less effective.

Hereafter is the list of Italian priority sectors and the related expected results:

**Endogenous and sustainable economic development and Education (EUR 16 Million):**

- Production and marketing capacity building for SMEs’ and strengthening of human capital.
- Improvement of vocational training in the technical and industrial fields.
- Improvement of the access for SMEs to investments and foreign markets.
- Improvement of training in archaeological and monumental fields.
- Promotion of rural development through: improvement of the management of agricultural and forest resources by small farmers; development of supply chains, of marketing and of agro-tourism.

**Environmental protection and development (EUR 56 Million and EUR 7.6 Million of funds drawn from a debt swap program):**

- Construction of water supply facilities and of urban renewal infrastructures in 6 provinces of the Country.
- Integrated management and sustainable development of river basins.
- Modernization of the flood warning system in the central provinces of the Country.
- Activation of initiatives aimed at environmental protection and development by local authorities, NGOs and international organizations in the central provinces of the Country.

**Health (EUR 13 Million):**

- Improvement of the health services of the central areas of the Country.
- Improvement of the capacities of diagnosis and treatment of respiratory diseases in central Vietnam.

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**D) Latin America**

In Latin America, Italian cooperation engagement (7%) is mainly linked to criteria 2) and 3), ensuring continuity with existing commitments, particularly in key sectors such as health, environment and good governance, mainly through soft loans and debt swaps. Italy focuses on only four Latin American Countries: two are in the Andes (Bolivia and Ecuador) with very low development rates, high poverty rates and social troubles. Italy intends to support efforts at a regional level, in health and environment protection, particularly in the Amazon area. The other two are in Central America and the Caribbean (El Salvador and Cuba), where focus is in supporting good governance, local economic development and increasing attention to vulnerable groups.

**FOCUS: Bolivia “STREAM” 2013-2015**

1. Clasificación y motivación de la presencia italiana de cooperación
La Cooperación Italiana en Bolivia, empezada formalmente en 1986 con la firma del *Acuerdo de Cooperación Técnica* entre el Gobierno italiano y el boliviano, prevé una serie de programas de apoyo a las políticas de reducción de la pobreza.

Los criterios de identificación de los sectores de intervención, propuestos por la parte boliviana, se basan en lo establecido en el *Plan Nacional de Desarrollo* (PND), que describe y define las estrategias de acción, conjuntamente con las prioridades identificadas por el actual Gobierno del Presidente Morales y por el *Programa de Erradicación de la Extrema Pobreza* (PEEP). Este programa tiene como meta la reducción de la desigualdad social, el reconocimiento de las minorías y su inclusión social, garantizando los servicios básicos (educación y salud) y valorizando los conocimientos tradicionales. Desde el punto de vista económico, se impulsa el desarrollo de la pequeña y mediana empresa y la diversificación productiva, promoviendo al mismo tiempo una política internacional dirigida a temas relativos el respeto de las minorías y el desarrollo sostenible.

A pesar del crecimiento económico y las mejoras de algunos índices de desarrollo humano, Bolivia sigue siendo un País de intervención de carácter prioritario a causa de la persistente pobreza y pobreza extrema (sobre todo en las zonas rurales), y la creciente desigualdad entre los sectores de la sociedad.

El objetivo general de la cooperación italiana en el próximo trienio será el de contribuir a mejorar las condiciones de vida de los estratos de población más pobre y marginado del País, mediante programas de desarrollo en los sectores de: formación, salud, acceso y control sobre el agua, medioambiente, seguridad alimentaria, turismo y la conservación del patrimonio cultural.

2. Otros donantes internacionales de importancia, coordinación y posibilidad de división del trabajo, ejercicios de evaluación conjunta (*harmonization – armonización*)

En Bolivia están presentes distintos donantes internacionales entre los cuales la agencias de la ONU, la Unión Europea, el Banco Mundial. Estos donantes están reunidos dentro del GRUS (Grupo de Socios para el Desarrollo de Bolivia), al cual Italia participa activamente. El GRUS, fundado en 2006, representa un espacio de coordinación compuesto por organismos bilaterales, intergubernamentales y multilaterales presentes en Bolivia y apoya al Gobierno boliviano en la coordinación y la armonización de las intervenciones de la cooperación internacional con el fin de mejorar la eficacia, y de alcanzar los objetivos del Plan Nacional de Desarrollo (PND) y los Objetivos del Milenio.

En el ámbito agrícola y de seguridad alimentaria, la cooperación italiana ha trabajado y sigue trabajando conjuntamente con la FAO y prevé apoyar el *Programa País* del PMA de Naciones Unidas. Italia es además uno de los creadores y promotores del programa ART-GOLD en Bolivia, implementado por el PNUD. El programa tiene una vocación multisectorial y pretende apoyar políticas nacionales de desarrollo integral, mediante un enfoque descentralizado, territorial y participativo, con principal participación de la cooperación descentralizada.

La UTL de la Paz, además de cooperar con diversas agencias del sistema de Naciones Unidas, ha establecido e implementado sinergias principalmente con dos grandes entidades bancarias internacionales, el BID (Banco Interamericano de Desarrollo) y la CAF (Banco de Desarrollo de América Latina), para activar y supervisar la realización de proyectos en zonas y sectores específicos.

3. Otras manifestaciones del Sistema italiano de Cooperación presentes en el País (ONG, Universidades, Entidades Locales, sector privado) y posibles modalidades de involucramiento.

Las ONG italianas, presentes en casi todos los departamentos del País, son unos actores estratégicos en el marco de la Cooperación italiana en Bolivia, sobre todo por su estrecha relación con la sociedad civil. En Bolivia, Italia tiene una Coordinadora de sus ONGs (COIBO). La existencia de este foro, nacido durante los primeros años 90, hace más funcional y eficaz la colaboración y el diálogo entre la UTL y las ONGs, teniendo en cuenta el hecho de que se tiene la posibilidad de interactuar con un interlocutor unitario sobre cada temática. El objetivo del COIBO es instituirse como instancia única de referencia sobre los temas de la Cooperación para las mismas ONGs, en relación con la Embajada, la UTL, así como con otros actores de la cooperación europea e internacional y la sociedad civil. De particular importancia es la capacidad del COIBO de promover ejes de intervención conjunta e iniciativas coordinadas.
entre las ONGs, con el fin de elaborar acciones que tengan un mayor impacto, así como se ha expresado en la mesa de coordinación ONG sobre los temas de la gestión de los recursos hídricos y de los derechos humanos.

Paralelamente, se reconoce en las Entidades Territoriales italianas un instrumento de integración tanto a nivel horizontal como vertical, capaz de interactuar de manera cada vez más sistemática con el MAE (Ministerio de Asuntos Exteriores italiano).

La cooperación descentralizada es por eso reconocida en Bolivia como el sistema mediante el cual se crean sinergias entre la actividad de cooperación llevada a cabo por el Ministerio de Asuntos Exteriores y las entidades locales. En el próximo trienio será interés de esta UTL adoptar una estrategia para el País para la promoción de un modelo de participación integrada de todos los actores públicos y privados que representan las fortalezas del territorio, y buscará también que las contrapartes locales privilegien y implementen la dimensión territorial, con el fin de favorecer la constitución de relaciones solidas a nivel económico, comercial, cultural, entre Italia y Bolivia (asociación territorial).

4. Objetivos generales de la cooperación italiana en el País, colaboración con la contraparte y su coherencia con las pautas internacionales en materia de eficacia del desarrollo.

El objetivo prioritario de la cooperación italiana en el próximo trienio será el de contribuir a mejorar las condiciones de vida de los estratos de población más pobres y marginados del País. La estrategia de la DGCS es coherente con las prioridades de desarrollo del País señaladas con el Plan Nacional de Desarrollo (PND), y con el Programa de Erradicación de la Extrema Pobreza (PEEP). Estos planes constituyen un punto de referencia estratégico para todos los donantes.

La Cooperación Italiana participa apoyando:

- **Medioambiente**, interviniendo en dos ejes prioritarios como la prevención de incendios y la gestión de los recursos hídricos y del suelo.
- **Agricultura y Seguridad Alimentaria**, focalizándose en la colaboración al proceso de mejoramiento de los modelos de conservación de las estrategias de valorización económica y social de los recursos fitogenéticos; el fortalecimiento de las capacidades de gestión de riesgos y la prevención de desastres naturales que amenazan el sector agrícola; el fortalecimiento de las instituciones y las políticas sectoriales y la mejora de las infraestructuras y la productividad del sector quinua-camélidos.
- **Salud pública – Salud intercultural**, persiguiendo los siguientes objetivos específicos: estructuración de una red de servicios sanitarios, tanto en la zona urbana como en la rural; mejora de la calidad de la asistencia sanitaria y adaptación cultural de los servicios sanitarios mejorados; modernización de las facultades de Ciencias de la Salud; estructuración y activación de servicios para la prevención del abandono infantil y la reinserción social de los menores en situación de riesgo.
- **Protección del patrimonio cultural y Turismo**, desarrollando el turismo comunitario, creando circuitos turísticos entre diferentes departamentos bolivianos para permitir un desarrollo local sostenible y creando nuevos polos culturales en el País.
- **Desarrollo local y la innovación**, mediante el programa ART GOLD, apoyando las pequeñas y medianas empresas a partir de la promoción de varias cadenas de valor ya identificadas, capacidades, servicios y formulación de proyectos, así como la creación de una Agencia de Desarrollo Económico Local, requerida por el Gobierno departamental.

Además, el impacto de género representa una prioridad transversal de las iniciativas realizadas en los diferentes sectores de intervención. La programación en cada sector prioritario tiene en consideración el impacto sobre las cuestiones de género y promueve la participación femenina.

5. Sectores prioritarios de intervención y resultados esperados

Nota: El marco general de referencia para la redacción de esta Sección del documento puede ser proporcionado por eventuales MoU/Acuerdo o por Programas/Marco-País y en base a los entendimientos intervenidos formalmente o informalmente con las contrapartes locales. En esta Sección...
se podrá dar información, donde posible y eventualmente también con indicaciones de tendencia, de los resultados esperados por las iniciativas en los sectores de intervención (“results based approach”), con importes financieros indicativos y de los instrumentos y modalidades de intervención, teniendo en cuenta el contexto del País beneficiario (alignment - alineamiento).

Las áreas de intervención definidas en sede de Comisión Mixta (CM), cuyos criterios de selección se basan, como arriba indicado, en lo establecido por el Plan Nacional de Desarrollo (PND) y por el Programa de Erradicación de la Extrema Pobreza (PEEP), coinciden con las áreas de acción de las iniciativas italianas de cooperación al desarrollo ya promovidas en el País mediante el canal bilateral directo, los proyectos ONG aprobados, los financiamientos a los organismos internacionales y la cooperación descentrada. Para la elaboración y la implementación de cada Programas/Proyectos, además, se consideran como líneas guías los Planes Sectoriales de los Ministerios competentes para el área de intervención. Concretamente, para el trienio 2013-2015 se prevén las siguientes intervenciones:

- **Medioambiente y Gestión de los recursos hídricos (M€ 27,1):**
  - Programa Trilateral “Amazonía sin Fuego”, para la prevención de los incendios de bosques y la implementación de técnicas alternativas al fuego;
  - Reconversión del Crédito de ayuda destinado al “Programa Múltiple Misicuni II”, para intervenciones en el sector agua y gestión de los sistemas de alcantarillado.

- **Agricultura y Seguridad Alimentaria (M€ 3.9):**
  - Programa “Colaboración al proceso de mejoramiento de los esquemas de conservación de las estrategias de valorización económica y social de los recursos fitogenéticos de la agro-biodiversidad”, para la conservación del patrimonio genético de Bolivia y para fortalecer las competencias institucionalizadas, humanas e instrumentales en el INIAF (Instituto Nacional para la Innovación Agroforestal) y del Ministerio de Desarrollo Rural y Tierras;
  - Programa “Sistema Agroalimentario Integrado Quinua/Camélidos, promoción de la Agricultura Familiar Comunitaria Sustentable del Altiplano Boliviano”, para alcanzar la seguridad alimentaria con soberanía, a partir de la producción integrada de quinua y camélidos para fortalecer la agricultura familiar comunitaria sostenible, de acuerdo con las políticas nacionales vigentes.

- **Innovación y Desarrollo Local (Sector Empresarial, Gobernanza, Microcrédito y Microfinanzas – € 800.000):**
  - Programa ART GOLD (ejecución UNDP), dirigida a sostener políticas nacionales de desarrollo integral, a través de un enfoque descentralizado, territorial y participativo, con el involucramiento principal de la cooperación descentralizada;
  - “Articulación comercial local y nacional directa a la venta y exportación de fibra de vicuña en el cuadro normativo para el fortalecimiento de las comunidades manejadoras de vicuña en el Área natural de gestión integrada de Apolobamba” (financiado por el Fondo General de Cooperación Italiana en CAF; ejecutado por la ONG ProgettoMondo MLAL);
  - “Apoyo a la Implementación del Plan Estratégico para la Modernización del Servicio Nacional de Registro Civil en Bolivia” (Fondo Italiano en IADB).

- **Salud pública y Salud intercultural (M€ 26,4):**
  - Programa “Ayuda al desarrollo del sistema socio-sanitario del Departamento de Potosí”, que quiere mejorar el sistema de gestión y calidad de los servicios ofrecidos por el Hospital Daniel Bracamonte y la estructuración de la red de servicios sanitarios, sea en el área urbana sea en la rural, también a través de un adecuación cultural de los mismos; modernizar la facultad de Ciencias de la Salud y construir el Instituto Boliviano de Biología de Altura y el Instituto de Medicina Tradicional e Intercultural; estructurar y activar servicios para la prevención del abandono infantil y la reinserción social de menores en situación de riesgo;
  - Programa “Colaboración al proceso de mejoramiento de los esquemas y de las modalidades de ejercicio del derecho a la salud en Bolivia”, tiene como objetivo específico el mejoramiento de los mecanismos institucionales de tutela de la
salud y de las condiciones de ejercicio del derecho a la salud a través de un apoyo al programa de fortalecimiento de las redes integrales de salud en las áreas de intervención.

- **Turismo y protección del Patrimonio cultural (M€12,3)**
  - “Apoyo Institucional al Ministerio de Culturas – Programa Interdepartamental de gestión del patrimonio natural y cultural, implementación del turismo con una base comunitaria y empresas culturales entre los departamentos de Cochabamba y Potosí”: creación de un circuito turístico que valore los recursos naturales y culturales de las áreas de intervención;
  - “Fortalecimiento de las capacidades de gestión del patrimonio histórico – Proyecto piloto Cohoni”, con el que se quiere reforzar, a nivel institucional, la conservación del patrimonio histórico, capacitar recursos humanos en restauración y apoyar la gestión municipal en el sector de planificación y promoción;
  - “Programa Dinamizador del Patrimonio de Cochabamba – Fortalecimiento del mARTadero”, que pretende impulsar el saber, la difusión, la conservación y valorización del patrimonio arquitectónico de la ciudad de Cochabamba con una clara finalidad social.

Se podrían, además, con nuevos recursos financieros, formular nuevas intervenciones en el sector de los derechos humanos y un apoyo presupuestario para UNICEF en el sector de los recursos hídricos; fortalecer el apoyo al Programa ART GOLD del PNUD; apoyar los programas del PMA de las Naciones Unidas; formular nuevas intervenciones de asistencia técnica a favor del Ministerio de Salud boliviano con respecto a nutrición, Sistema Único de Salud, Medicina Tradicional y Intercultural, difusión de normas de calidad, generación de políticas y estrategias operativas de rehabilitación alrededor de enfermedades sociales (alcoholismo, drogadicción, dependencia del tabaco, etc.); prosecución con refinanciamiento del Programa “Amazonía sin Fuego”.

Italia seguirá impulsando y apoyando la estructura del Sistema Italia, favoreciendo las intervenciones de la cooperación no gubernamental y descentralizada y las sinergias con las iniciativas de la cooperación gubernamental italiana e internacional.

La creación de un mecanismo de coordinamiento local para definir el Ciclo de Proyecto de las iniciativas promovidas por la Comisión Mixta Italia-Bolivia 2009, podría representar una valiosa herramienta para satisfacer el objetivo general de la presencia italiana en Bolivia, favoreciendo la armonización de las iniciativas para el próximo trienio, impulsando además su sintonía con el Programa Nacional de Desarrollo y con el Programa Nacional de Erradicación de la Extrema Pobreza.

Los obstáculos identificados en el territorio atañen principalmente el nivel de la gestión de algunas iniciativas concertada con las contrapartes, por la evidente precariedad y inestabilidad de los referentes dentro de las instituciones bolivianas, que a menudo dificultan el coordinamiento con los actores locales de referencia. Se prevé, por lo tanto, elaborar mecanismos adecuados de control y coordinación para coadyuvar el proceso de elaboración e implementación de las iniciativas en los sectores específicos de intervención.

### 2.2.3 Multilateral ODA

Italy takes actively part in the policy orientations in the framework of the decision-making process of each Organization, through the Italian Representation to the various UN Bodies. This involves also the debate on the coherence and the effectiveness of the concerned Organization, encouraging at the same time the application of the Result-Based Management in the Organizations receiving voluntary contributions. Italy promotes as well, wherever possible, synergies between the actions of the different Organizations, both at headquarters and field level.
A constant and regular feedback of the multilateral activities funded by Italy in the field is received through the Italian Technical Units and the Development Cooperation Offices abroad. Quality of performance and partner Government’s satisfaction are taken into the utmost consideration prior to further allocations of new funds. Coordination with other donors takes place regularly both in the field and through the Italian Permanent Missions to the UN Organizations. Italy is also committed to elaborating proposals aimed at reducing operating costs for the International Organizations based in Italy, mainly through a more efficient cost-sharing scheme, also with regards to logistics and services supply.

Multilateral Cooperation continues to be an essential part of the Italian development cooperation. As reported by the DAC a high share, 81%, of Italy’s ODA is channelled through the multilateral system, also as a result of the decrease in the contributions to DGCS (and the related augmentation of the proportion of ODA spent by the MEF, which is all multilateral). As a consequence, Italy pays particular attention to the multilateral dimension as a useful framework for its overall development cooperation policies and strategies. On the one hand, Italy continues to feel actively engaged in participating in discussion fora such the UN, the OECD/DAC, the EU, the G8 and the G20 and in providing its own contribution of ideas, proposals as well as financial contributions. On the other hand, the orientations set in the Three Year Guidelines (TYG) clearly reflect the indications and the orientations coming from those fora.

A) UN system

More in particular, the UN system represents for Italy the paramount space for debating development policies and for co-ordinating their implementation; Italy believes that this should be made in a broader vision, considering the close interrelation between development and issues of global nature such as peace and security, stability, migration and climate change. Italy recognizes and supports the UN unique and strategic role of advocacy, standard setting and institution building both at the global, regional and country level.

This, of course, becomes increasingly important in the current triennium (2013-2015), which leads to the 2015 deadline of the MDG framework and to the need of redefining the post-2015 agenda, in a global scenario that has changed dramatically since 2000, where new actors, different financial resources for development and new opportunities in public/private partnerships have stepped in; poverty increasingly affects various kinds of countries and different kinds of societies; ownership in development processes is more and more a reality rather than a slogan.

This implies that development becomes an increasingly global matter, requiring coherent policies at all level. Italy believes that it is within the UN that the process must go ahead to reconcile different expectations into a clear and concise collective vision of the future development agenda.

At an operational level, Italy recognizes a specific added value to UN specialized agencies, funds and programmes due to their vocation and capacity to operate in sensitive sectors, such as good governance, human rights and rule of law, democratization and the protection of the most vulnerable.

B) OECD/DAC
Italy remains actively engaged in the DAC context, sharing efforts to enhance aid and development effectiveness. In this regard, Italy has contributed to and it has welcomed the establishment of the Busan Global Partnership (GPEDC), summing up a process on development effectiveness that started in Monterrey in 2002 and proceeded in Rome in 2003, Paris in 2005 and in Accra, in 2008. in Italy’s view, GPEDC should be seen as an important platform for knowledge sharing, for engaging old and new stakeholders, for combining global goals to local targets through new modalities.

C) European Union

As a funding member of the EU, Italy participates in the definition of the programming of EU development policies in the renewed institutional framework after the coming into effect of the Lisbon Treaty and the creation of the European External Action Service (EEAS).

Italy adheres to the “EU Code of Conduct”, shares the principles of the “Agenda for Change” and has successfully completed the procedure to join the scheme of Indirect Centralized Management, the so-called "delegated cooperation", which allows the delegation of EU funds, and/or of Member States’, to a single donor country when its action can provide a real added value to partner countries.

D) G8 and G20

In recent years, G8 and G20 have increasingly paid attention to development issues, focusing on specific goals, launching supporting initiatives, and finally creating a momentum for holding members accountable to the commitments they had taken. Since Gleneagles in 2005, the G8 has identified a geographical priority – Africa – and some key sectors in the field of development. During the G20 Summit in Seoul (2010) a development approach emerged, based on economic growth, a prerequisite – although not a sufficient one- to overcome poverty.

These are all aspects clearly reflected in the Three Year Guidelines (TYG), which prioritize not only Africa, but also sectors receiving a special attention in G8 and G20 contexts, such as:

D 1. Food security and agricultural development

Italy feels committed to act in connection with other donors in promoting a global partnership and in addressing simultaneously the various challenges of agricultural development and food security: production, marketing, sustainability, research, public-private partnerships. This makes the collaboration with the Rome-based Organizations (FAO, WFP, IFAD) strategic, as well as multilateral initiatives like AFSI ("Aquila Food Security Initiative), launched during the 2009 Italian presidency of the G8, innovative mechanisms for increasing agricultural productivity and actions to control and mitigate the negative effects of high volatility of prices, to establish appropriate systems to monitor compliance by companies and countries of the G20 principles of Responsible Investment in Agriculture (RAI), to reduce the negative effects of 'Land Grabbing'.

D 2. Health

In the last decade, Italy has shown a particular commitment in the fight against major pandemics being the focus of major multilateral initiatives such as the Global Fund against AIDS, Tuberculosis and Malaria, the Global Polio Eradication Initiative, the AMC, those supporting maternal and child healthcare, having as a framework the "Muskoka Initiative", launched by the Canadian G8 presidency in 2010.

D 3. Education
G8’s priorities have mainly been focused in recent years on strengthening mechanisms for supporting the national education programmes of partner countries, especially the former “Education for All Fast Track (EFA/FTI)” initiative, now called “Global Partnership for Education (GPE)” and its operational financing instruments, the “Global Education Fund”.

### 2.3. Policy focus

#### 2.3.1 Focus on poverty reduction

The Three Year Guidelines (TYG) for 2013-2015 confirm that the DGCS, along with the other actors of the Italian Development System that took an active part in the consultation process leading to their endorsement, give priority to poverty reduction.

The TYG recognize that the fight against poverty goes along with a global and common strategy through which donors and partner countries can detect the changing patterns of poverty; in Italy’s view, poverty is a common problem, being the result of structural imbalances of global development. Global development must therefore be based on equity, inclusiveness and participation by all concerned stakeholders.

Fight against poverty must be seen as the main objective of development cooperation in general. In line with the orientations of the international summits of the 90s and the United Nations Millennium Assembly, international cooperation should be conceived not only to alleviate the suffering of poor people, but to tackle the causes of poverty and to find innovative solutions that can reduce the dynamics of exclusion.

From such a perspective, Italy feels particularly committed to a comprehensive strategy involving governments and other donors to provide support to national policies for combating poverty within the committees and working groups at Country level. DGCS either takes part in national framework programs to combat poverty, or tries to stimulate them using all the different available channels of financing: budget support, multilateral contributions, support to bilateral actions implemented directly or entrusted to executing agencies, the co-financing of projects initiated by NGOs or by the regions, provinces and municipalities and Italian credit support.

Poverty not only affects people. It also affects specific areas where, because of environmental and social reasons, large numbers of poor people are concentrated, such as the suburbs of large cities that are subject to phenomena of urbanization, many rural areas, industrialized areas where factories have closed, areas subject to drought and desertification, and others. In these cases, the impoverished territory does not offer the people who live there the infrastructure, products, information and cultural goods that are indispensable for a dignified and secure life. This is why, Italy pays particular attention in the engagement of CSOs and local governments in this endeavour.

To make this commitment more concrete, in March 2011 the Steering Committee (SC) of the DGCS endorsed specific Guidelines on poverty reduction, adopted with the contribution of various Italian CSOs. Those Guidelines align the DGCS strategy with MDG1 and connected targets. Reference for those guidelines are the recommendation included in the DAC Guidance (2000), in the European Consensus on Development (2006) and in the European Parliament and Council decision on the European Year for Combating Poverty and Social Exclusion (22 October 2008). According to these Guidelines, poverty is manifested as difficulties of access to: 

- decent employment and income
- savings and credit
- primary and secondary education
- vocational training
- proper nutrition
- health
- social protection
- decent housing
- justice
- a healthy environment.

As said, poverty indexes and exclusion in general are taken – among other - as references for considering a Country, or – often - a Region of it, as a geographic Priority for the DGCS.

### 2.3.2 Relationship between development and humanitarian programs

Italy follows the international debate, mainly within the OECD/DAC, on the necessity of maintaining an equilibrium between the Humanitarian response and wider development trends, with particular attention. This is of a particular relevance in the case of Italy, due to the recent trend in reducing resources for development cooperation purposes. DGCS pays therefore particular attention in drawing the attention of the Parliament and the public opinion on the fact that responding, for instance, to international appeals in case of humanitarian crises must not be done at the expenses of the resources devoted to medium/long term development activities. To this end, for instance, in the case of the drought crises in the Horn of Africa in 2011, DGCS promoted a fruitful partnership with Italian NGOs and the Rome-based International Organizations (FAO, WFP and IFAD) for fund-raising purposes through an *sms* campaign. The campaign was held in connection with the World FOOD Day, on the 24 of October, and resulted in the raising of over 130.000 Euro, which were devoted to microcredit activities in the Countries affected by the humanitarian crisis.

As in the case of various other Donors, the Italian approach to the humanitarian action is three-fold: 1) relief, 2) recovery and rehabilitation and 3) linking relief and rehabilitation to development (LRRD). This implies that the DGCS Humanitarian Office (Ufficio VI DGCS) is entitled to support initiatives not only in the “relief” and “recovery and rehabilitation” phases, but also to continue supporting the beneficiaries even in the third phase (the so-called LRRD phase)\(^2\), with the specific aim of bridging humanitarian programmes to development initiatives, consolidating emergency initiatives by improving their sustainability.

Furthermore, the presence of Local Technical Units (UTL) at local level, who are in charge of managing and coordinating on the ground all the DGCS programmes, facilitates the identification and formulation of bilateral, multilateral or NGO programmes, supported with the aim of giving continuity to humanitarian interventions.

To this respect, Italy strongly supports the implementation of LRRD activities and considers them as a crucial element in increasing the effectiveness and the efficiency of humanitarian and development assistance. Italy believes that implementing LRRD also highlights the need to invest in resilience and preparedness in disaster-prone Countries. That is clearly stated in the Three Year Guidelines (TYG) for 2013-2015, which dedicate particular attention to the role of resilience in strengthening the capacity of local people in preventing, mitigating and responding to disasters.

Italy is currently funding emergency initiatives with a strong LRRD approach in Afghanistan, in Central-America, in the Sahel Region and in the Horn of Africa. Moreover, Italy recognizes “Disaster Risk Reduction” (DRR) as a component of its humanitarian action and considers DRR activities of the utmost importance to save the lives of people living in disaster-prone countries (Deliberation n. 63 dated 25/07/2011 – Service Order n. 23 del 28/09/2011; TYG 2013 -2015”). DGCS implemented in the last few years several initiatives including DRR and resilience activities (in partnership with NGOs or UN Agencies) in African countries (Ethiopia and Somalia), in Latin America (Bolivia, Honduras and Guatemala) and in Asia (Pakistan and Afghanistan).

2.3.3 Fragile contexts

Fragile contexts, States or situations are not considered as a category as such in the Three Year Guidelines (TYG). Nevertheless, besides the ordinary funds for Development Cooperation, provided annually by the Budget Law (“Legge di Stabilità e di Bilancio”), additional resources are provided through the Special Law on International Missions (the so-called “Decreto Missioni”), approved periodically since 2007 by the Parliament. The “Decreto Missioni” is meant as a discipline regulating the Italian participation in international peace missions in specific fragile countries. As for 2013 (Law n. 12/2013), those Countries are Afghanistan, Pakistan, Iraq, Myanmar, Somalia, Sudan, South Sudan, Libya (and its neighbouring countries), Syria (and its neighbouring countries).

All successive laws approved by the Parliament have assigned specific funds to DGCS. Those funds are additional to the ones administered by the Armed Forces in those same fragile contexts, which are mainly meant to support the military component of the International Missions Italy is participating in. Other components of those funds, meant for civil (not military) are administered by other Administrations (Justice, or Interior, for instance) in case of support to civil components, but not directly conceived as development activities. DGCS is responsible only for those directly meant at supporting development activities, whose percentage increased in recent years.

The funds allocated under the “Decreto Missioni”, 35.5 million Euro for the period January-September 2013, respond to the same procedural rules as those administered through Law n.49/87. This means that the total amount of grants the DGCS has at its disposition every year are those allocated through the Budget Law (“Legge di Stabilità e di Bilancio”), 277 million, plus those allocated through the Decreto Missioni (35.5 Million), that makes a total amount of approximately 311 million in grants. The only difference between the two allocations relies on the fact that the one established by the Decreto Missioni can be used for interventions (through whatever channel: emergency, bilateral, multilateral, through NGOs) limited to the Countries foreseen by the “Decreto Missioni”.

Italy acts in respect of the principles for Good International Engagement in Fragile States and Situations and – in such cases - recognises the need to focus its strategy on institution and capacity building initiatives. Besides, the Steering Committee (SC) for Development Cooperation approved in June 2012 the “Good Humanitarian Donorship (GHD) Guidelines” that reaffirm the importance of state-building, with a view to strengthening local resilience mechanisms in fragile contexts. This has been – for instance – applied in countries like Afghanistan or in the West Bank and Gaza, where humanitarian programmes have been identified and implemented in close partnership with local authorities – where possible - or with the local community and civil society.
Moreover, the specific conditions of people living in fragile states and situations are taken into consideration in different Thematic Guidelines, such as the Guidelines on Women Empowerment, Children and Disability. The “Guidelines on Children 2012”\textsuperscript{3} dedicate attention to these situations, underlining the need of promoting support by and for the institutions, to rebuild an institutional and social fabric able to protect children. Special concern is given to former child soldiers and victims of any form of violence. Besides, the “Guidelines on Women Empowerment” (approved by the Steering Committee for Development Cooperation – SC- in November 2010) stress the importance of concentrating in post-conflict situation on women reproductive health and on assisting the victims of sexual abuse, doing any possible effort to involve women in projects planning and implementation. Finally, the “Guidelines for the introduction of the disability issue within the policies and activities of the Italian Cooperation” (approved by the Steering Committee for Development Cooperation – SC - in November 2010) take fragile situations into special consideration, calling people with disabilities as beneficiaries of all programmes implemented during, or in the immediate aftermath of, crisis or conflicts, having care of their particular needs and conditions.

2.3.4 Mainstreaming cross-cutting issues

According to the Three Year Guidelines (TYG), DGCS considers the protection of human rights, peace, democracy and security, gender equality and women’s empowerment, the protection of vulnerable groups (children and disabled people), environment protection and preservation of cultural heritage as cross-cutting issues that have to be taken into consideration in all on-going activities as well as in the newly conceived ones.

A) The protection of human rights, peace, democracy and security

Human rights and fundamental freedoms need special protection whenever and wherever they are at risk; strengthening the role of civil society in promoting human rights and democratic reform of the society is therefore paramount for DGCS. Several activities in these fields have been carried out in fragile states and in situation of conflicts such as Afghanistan, Lebanon and Somalia, mainly by supporting the judicial system and, in general, through direct support to CSOs and a broader set of non-state actors (NSAs) and Local Authorities promoting best practices in governance at local and central level.

![FOCUS: Support to Justice and the Rule of Law in Afghanistan](image)

Italy is present in Afghanistan from 2002 with an overall commitment worth over Euro 600 million. The Italian presence in the justice and rule of law sector in Afghanistan has always been strong. The Italian Ministry of Foreign Affairs – through the Directorate General for Development Cooperation DGCS – has committed and disbursed Euro 85 million from 2002 to date in this particular sector of intervention.

The Italian work in promoting justice and the rule of law in Afghanistan has undertaken four different phases, according to the changes in the institutional framework of Afghanistan: i) the Lead phase from 2003 to 2005, during the Provisional Government period; ii) the Key partners phase from 2006 to 2007, supporting the newly constituted Islamic Republic; iii) the Afghan Ownership phase from 2007 to 2009, corresponding to the launch of the Afghanistan National Development Strategy (ANDS) of the Government; iv) the Transition phase, from 2010 and due to be completed in 2014.

The above mentioned Italian support was not only carried out by the MFA. In a true Whole of Country (WoC) Approach, other interventions were implemented in a synergic manner by other Italian Administrations, such as i) in support of the Afghan police, thanks to training

\textsuperscript{3} Approved by the Steering Committee for Development Cooperation in December 2011
carried out by Carabinieri (Italian Military Police), or ii) in the construction of offices and detention centers by the Italian Provincial Reconstruction Team (led by the Ministry of Defense) in Herat.

The launch of the Afghan Ownership phase was marked by the organization by the MFA of the Rome Conference on Rule of Law in Afghanistan, in July 2007. In 2013, Italy was named as co-chair (with UNAMA and representing the EU) of the Donors Board for Justice and Rule of Law, facilitating the approval process of the National Priority Program (NPP) no.5 “Justice for All” within the Governance Cluster set-up by the Kabul Process (Kabul Conference – June 2010) and within the Tokyo Mutual Accountability Framework (TMAF).

From 2003 to 2008, Italy was instrumental in approving the Penal Law code and the Juvenile Justice code; in setting-up the National Legal Training Centre promoting high level standards of training for Afghan professionals in the Justice sector; and in promoting the “Elimination of Violence Against Women – EVAW” Units at the Attorney General Office both at National level and in the Provinces.

Besides, Italy has been the main donor of the World Bank lead program “Justice Sector Reconstruction Program” and presently of the “Justice Sector Development Program”, with a grant worth Euro 10 million. This grant was transferred through the World Bank’s “Afghanistan Reconstruction Trust Fund” which is the main tool available to donors for supporting the Afghan National budget.

Italy is also supporting UNDP with USD 2 million through the “Justice and Human Rights in Afghanistan” Program, mainly devoted to institution building both at National and Provincial level.

With directly managed funds, DGCS is presently carrying out activities in support of the provincial sector institutions in Herat, such as data-base management, training for local personnel relevant to EVAW, baseline studies on prevailing situation at district level.

Among main results, over 3300 justice professionals of different kinds and at various levels have received training through Italian lead or financed projects. Awareness raising workshops have directly involved about 125,000 people such as Community and Religious leaders, students, teachers.

Through Italian funds 13 detentions centres were rehabilitated and four were partially re-built, such as the juvenile open detention centre in Kabul; moreover, 18 new infrastructure for the justice sectors such as Courts and District Offices were built all over the Country and 30 were rehabilitated. Goods, furniture and vehicles were also provided.

The civil society has been strongly supported, both through the joint work with the Bar Association and several Afghan specialized NGOs working in the justice sector. “Justice clinics” to give training and practical professional experience were organized at the Herat University for Law students. Support was also provided to the Sharia department of that University.

Results on the MFA funded Italian support Program to the Rule of Law in Afghanistan were published in the booklet “Italy and the Reconstruction of the Rule of Law in Afghanistan” (Aug 2011).

B) Gender Equality and Women’s Empowerment

Empowering women and being accountable for MDG3 is at the base of every initiative approved by the DGCS. Plus, Gender specific programs in countries like Afghanistan, Lebanon, Palestinian Territories and Senegal: gender advisors were posted in those countries, to develop capacity building within partner institutions.
DGCS approved in 2010 new “Guidelines on Gender Equality and Women’s Empowerment”, based on the Principles stated in the Paris Declaration and drawn on lessons learned from a wide range of programs, such as those on local development and economic empowerment of women (Afghanistan, Burkina Faso, Cuba, Central American Region, Palestinian Territories, Senegal), or others with a particular focus on fighting gender-based violence (Palestine) and Feminine Genital Mutilation (FGM) in Sub-Saharan Africa, or in support to women in conflict situation (Afghanistan, Lebanon, Palestine and Somalia).

In 2011, a Gender Marker to be applied to the initiatives funded by DGCS was introduced (now it has been replaced by the new “Effectiveness Marker”, which takes into account Gender as a cross-cutting issue in all initiatives and programs). Again in the same year, a research/study for mainstreaming gender in the initiatives related to rural development (food security, climate change and green growth) was carried out jointly by DGCS and IAO (the Agricultural Institute of Florence – Istituto Agronomico per l’Oltremare). The findings of the research were then presented at an international seminar (in October 2012) with the participation of stakeholders from partner countries and relevant UN agencies (FAO, IFAD and WFP).

DGCS is aware that notwithstanding the level of awareness within an Organization on the issue of “gender equality”, serious challenges persist: experience shows that, to be really effective as cross-cutting issue, “gender equality” must be at the centre, or at the “mainstream”, of the broader policy framework of that institution. To this end, the DGCS plans to undertake a specific Action Plan for 2013-2015, based on: i) strengthening political commitment to Gender Equality and Women Empowerment (GEWE) at national level in both donor and partner countries; ii) continuing to invest in the development of the Italian approach to women’s empowerment; iii) improving the modalities for tracking and disseminating the proportion of ODA directed towards gender equality and women’s empowerment activities, developing qualitative and quantitative gender equality indicators.

C) Protection of vulnerable groups

Italy is widely recognized as one of the leading countries in the protection of vulnerable groups, which are the object of specific sets of Guidelines, as well as one of the cross-cutting issues contemplated by the TYG.

The protection of children and youth rights in the initiatives funded by the Italian Cooperation is at the core of the decision taken in 2012 of issuing specific “Guidelines for Minors”. Moreover, specific markers have been introduced to direct and assess the mainstreaming of initiatives for minors and youth in the national programs of priority countries (Lebanon, Senegal, Palestinian territories) as well as to continue the support to dedicated initiatives against: trafficking of human beings, the worst forms of exploitation of children (labour, slavery and sexual exploitation) and the exploitation of children in armed conflict (Cambodia, Central America, Ethiopia and Western Africa).

The specific “Guidelines on Persons with Disabilities” adopted in 2010, one year after the ratification of the UN Convention on the Rights of Persons with Disabilities of 2006, recognise the fundamental human rights of people with disabilities to develop their individual capacities and to pursue their empowerment through full integration in their own political, economic and social context.

Italy took active part in a specific side event, dedicated to “the Human Rights Based Approach in Development” during the Busan HLF4 in November 2011, where the Italian experience in Kosovo in supporting the National Action Plan on Disabilities was presented.
In line with these experiences, and drawing on several pilot activities (Central America, Kosovo, Tunisia), an “Italian Action Plan on Persons with Disabilities” has been developed in the first semester of 2013, in partnership with other Italian Institutions and CSOs. The Plan was presented to the DGCS SC in June 2013. During the National Conference on Disabilities, held in Bologna on the 12 of July 2013, with the participation of DGCS, the launch of the National Action Plan was foreseen by the end of 2013, in connection with an International Conference to be held in Italy and other communication activities.

**D) Environment protection**

Building upon the Millennium Development Goals’ recognition of the critical role of environmental sustainability in the fight against poverty, the Italian Cooperation (DGCS) in coordination with the Ministry for Environment and another Directorate General of the MFA (DGMO), has been pursuing the outcomes of the Rio+20 World Summit on Sustainable Development. Italy adopts, at both policy and project levels, a strategy based on a systemic approach to development, aiming at reducing the risk of collision between environment conservation and poverty alleviation goals. Coherently, Italy promotes the integration of social and economic aspects into all initiatives designed to protect the environment, and vice versa. This is at the core of specific Guidelines DGCS has adopted in 2011, which were endorsed by the Steering Committee (DGCS) in December 2011.

The systemic approach emerges as a key issue for DGCS, when pursuing policy coherence for development. Over the years, Italy has been actively promoting synergies among the UN Framework Convention on Climate Change (UNFCC) and other relevant conventions, including by supporting the establishment of a coherent set of activities in arid lands with the United Nations Convention to Combat Desertification (UNCCD) and the Convention on Biological Diversity (CBD). In a coordinated action which involves the MoFA and the MoE, DGCS has provided political, technical and financial support to several multilateral and bilateral processes aimed at adapting development pursuits to the changing climate, and to the need to act against the loss of biodiversity and of productive lands.

The Global Partnership for Sustainable Development in Mountain Regions (GMP) was launched in 2002 at the World Summit on Sustainable Development by the Governments of Italy and Switzerland together with FAO and UNEP, in recognition of the global role played by mountain ecosystem services in the provision of strategic development resources and their tight correlation with climate changes. Such a support at global strategic level is corroborated by a number of projects implemented by DGCS under the GMP policy strategic guidelines, at both the bilateral and multilateral levels.

Key words such as networking, south-south cooperation, know-how and technology transfer, institutional capacity building, have also guided DGCS in its contribution to building the foundations of a further global process: a program aimed at supporting biodiversity conservation and sustainable development of the islands, recognized as the most vulnerable to climate change. Building upon the SIDS partnership, launched by the Italian Government in the framework of the 2005 Mauritius Conference on Sustainable Development, DGCS established, jointly with partner governments, International Organizations and NGOs, the Global Island Partnership (GLISPA). Within this framework, numerous initiatives have been implemented by Italy on relevant priority conservation issues including preparedness to cope with impacts of climatic events, resilience and disaster prevention, energy efficiency and promotion of renewable energies.
More particularly, at the multilateral level DGCS supports UNCCD as leading agencies in the sector of sustainable land management, as well as IUCN with which Italy has a Framework Agreement. Among the environmental initiatives supported by DGCS: UNEP Caribbean Challenge initiative, for biodiversity conservation and Marine protected areas networks; IUCN Program of Work on Island Biodiversity, at the global level; IUCN renewable energy project with the Pacific Island States; UNCCD Special Initiative for Africa to enhance the sustainable use of natural and water resources with focus on sustainable land management in the Limpopo river basin.

Through the bilateral and multi-bilateral channels, DGCS has fostered technology and know-how transfer both at south-south and north-south level, including towards disaster prevention and preparedness, consolidation of institutional capacities to manage trans-boundary ecosystems and climate change challenges at the regional, national and cross-border levels. In particular at the latter level, DGCS has implemented environmental projects in the framework of major processes, including: peace parks, post-conflict rehabilitation, fight against drugs and conservation and requalification of the Amazon forest, such in the case of Yemen (Sustainable development and biodiversity conservation for the people of Soqotra islands), Albania (Institutional consolidation of the Ministry of Environment for the sustainable management of natural resources); Mozambique-South Africa-Zimbabwe (Livelihood enhancement through trans-boundary natural resource management in the Limpopo corridor).

**FOCUS: Mozambique - The Limpopo Trans-boundary Programme (LTP)**

With the establishment of the Great Limpopo Trans-frontier Park, GLTP (35,000 km2) and the Great Limpopo Trans-frontier Conservation Area, GLTCA (100,000 km2) the Governments of Mozambique, South Africa and Zimbabwe committed in 2002 to joint management of a large African ecosystem shaped by a variety of land tenures and uses, with rich ecological and economic systems.

This composite environment is heavily affected by an erratic climate with unpredictable weather patterns and low average yearly rainfall.

The Italian Development Cooperation LTP programme provides a common management framework to all relevant planning and management institutions of the three countries.

Through a Decision Support System (DSS) methodology the status of key components of the identified planning and management contexts are assessed and monitored by integrating System Diagrams, representing the interactions between natural capital, ecosystem services and the social system, with objective data and information and relevant indicators.

By supporting institutional decision-making at the regional scale, LTP is fostering integrated and regionally balanced resource management, pursuing sustainable utilization and integrated land uses, while addressing land degradation, desertification processes and related conflicts.

The systemic and objective approach adopted by LTP helped identify and address a number of conservation and development challenges shared across the boundaries of the three countries.

Among these, the cross-border illegal movement of cattle and transmission of disease were addressed in an integrated fashion, promoting a joint and trans-boundary response that involved communities and institutions.

In the domain of eco-tourism, communities were also enabled to benefit from the opportunities arising by tapping larger and more diverse market potential of larger ecosystems and users areas through trans-boundary tourism.

**E) Preservation of cultural heritage**
Historically, the Italian Cooperation has a specific focus on the preservation of cultural heritage in development initiatives. The “Guidelines on Cultural Heritage and Development”, adopted between 2010 and 2011 by the DGCS, specify the priorities of the Italian Cooperation on the matter. They have been drafted taking into account the proposal for a strategy - called “Strategy of Florence” – presented by the DGCS during the 1999 Florence Conference “Culture Counts”, co-organized with the World Bank.

At present, a wide range of Italian Universities, Foundations, Central and Local Authorities, NGOs as well as dedicated International Organizations are cooperating with the DGCS in preserving and enhancing Cultural Heritage through their specialized personnel (engineers, architects, art historians, experts in restoration technologies, etc.) managing specific programmes and training human resources in partner Countries.

DGCS pays great attention to the safeguard of cultural heritage in all its activities, enhancing best practises, which proved a valid tool to strengthen capacities and ownership from the side of the counterparts. The main political objective of the DGCS is to consider cultural heritage as a real asset to overcome cultural, ethnic and religious tensions and to create economic opportunities and employment, crossing cultural and political frontiers.

In 2010 DGCS–UTC has completed a data analysis about the activities realized in the “Culture and Development” sector during the period 2000-2010, concerning initiatives financed through bilateral, multi-bilateral and multilateral projects, for an amount of over 120 million Euro all over the world and mainly in the Mediterranean, the Middle East and Asia.

In 2012 the Steering Committee of the DGCS endorsed a document called “Development and Culture Property - An Italian Strategy”, an historical compendium with best practices and a plan of action, outlining the need of keeping promoting i) cultural diversity, intercultural dialogue and broader access to culture; ii) culture as a tool for economic growth, creativity and innovation; iii) institutional frameworks to preserve and enhance cultural property.

Furthermore, Italy shares the vision behind the efforts to recognize Culture and Development as the 9th MDG, as proposed during United Nations General Assembly in 2010.

**F) Capacity development**

As recommended by the OECD/DAC, and based on the discussions within the EU, the DGCS launched in 2009 an internal evaluation on Capacity Development (CD) within its activities; best/worst practices were analyzed and lessons were shared among DGCS staff in the field: in February 2009, a questionnaire was distributed to the Technical Units (UTL) abroad with the aim of gathering positive/negative practices and lessons learned from both the on-going initiatives and those that were concluded in partner countries. The findings showed that CD was generally enhanced in particular cases, such as i) in triangular cooperation activities, where the counterparts gained experience and skills (comparative advantage) and developed their capacity to manage the project, ii) in the case of training through scholarships and vocational programs, iii) in the case of projects managed in partnership with NGOs and decentralized cooperation (Region, Provinces and Towns).
Such best practices made DGCS aware of the importance of supporting local partners and of strengthening their capacities to ensure ownership and, therefore, better sustainability of its activities. DGCS actively participated therefore in the various discussions on the issue, within the OECD/DAC and the European Union; a seminar was organized in May 2011 in collaboration with the OECD/DAC and the EU with a particular focus on the Backbone Strategy on reforming the EU technical cooperation. Based in its findings, the DGCS is aware of the need of paying greater attention, by organizing focused training activities for its staff, in order to: i) acquire a better understanding of the local context to reinforce local ownership, ii) continue its dialogue with partners, involving all stakeholders, for the best assessment of priority needs, being aware – on the other hand - that CD needs time and produces real change only through predictable, programmable and long-term investments.
CHAPTER 3
Aid allocations

3.1. Overall ODA volume

3.1.1 ODA trends and plans to meet targets

Due to the repercussions of the recent economic and financial situation in Europe, and mainly in the Euro Region, Italy’s ODA has been decreasing in recent years. As it is well known, 2011 represented a considerable exception to the trend, due to an increase in debt forgiveness grants as well as an upsurge in refugee and displaced people arrivals from North Africa; in 2012, however, as recognized by the OECD, the Italian Government has made a firm commitment to increase ODA allocations in order to reach 0.15-0.16% in the ODA/GNI ratio in 2013.

In fact, the main objective of the Italian fiscal and monetary policy is to enact structural changes in public expenditure, to reduce the debt/GDP ratio, to pursue the current policy of sustaining budget primary surpluses and promote domestic growth also through such set of policies, in line with EU and IMF recommendations. Those reform policies and the rekindle of economic growth are expected to allow Italy to re-launch its traditional commitment towards financing development in the near future.

Italy - ODA Trend 2002-2012

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ODA (in mln EURO)</th>
<th>ODA (in mln USD)</th>
<th>% ODA/GNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2,474.39</td>
<td>2,332.13</td>
<td>0.20%</td>
</tr>
<tr>
<td>2003</td>
<td>2,153.07</td>
<td>2,432.85</td>
<td>0.17%</td>
</tr>
<tr>
<td>2004</td>
<td>1,981.29</td>
<td>2,461.54</td>
<td>0.15%</td>
</tr>
<tr>
<td>2005</td>
<td>4,096.14</td>
<td>5,090.90</td>
<td>0.29%</td>
</tr>
<tr>
<td>2006</td>
<td>2,900.85</td>
<td>3,641.08</td>
<td>0.20%</td>
</tr>
<tr>
<td>2007</td>
<td>2,900.54</td>
<td>3,970.62</td>
<td>0.19%</td>
</tr>
<tr>
<td>2008</td>
<td>3,369.88</td>
<td>4,860.64</td>
<td>0.22%</td>
</tr>
<tr>
<td>2009</td>
<td>2,367.93</td>
<td>3,297.49</td>
<td>0.16%</td>
</tr>
<tr>
<td>2010</td>
<td>2,262.27</td>
<td>2,996.39</td>
<td>0.15%</td>
</tr>
<tr>
<td>2011</td>
<td>3,051.49</td>
<td>4,242.89</td>
<td>0.19%</td>
</tr>
<tr>
<td>2012 (provisional)</td>
<td>2,053.32</td>
<td>2,624.23</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

Source: DGCS

2013 has definitively reversed the decreasing trend: in fact, in its 2012 and 2013 Economic and Financial Documents (DEF), the Government has reaffirmed its commitment to proceed to Italy’s gradual realignment to the international standards on the matter of development cooperation (OECD Member countries’ average), with the goal of improving the quantity and the quality of Italy’s ODA. On the basis of the yearly budget approved at the end of 2012, the
estimated ODA/GNI ratio for 2013 stands between 0.15 and 0.16%, with a significant trend reversal compared to last year’s 0.13%. The DEF also laid out a calendar for the period 2014-2017, setting the pace for a gradual increase of the ODA/GNI ratio, which is expected to rise to between 0.28 and 0.31% in 2017.

<table>
<thead>
<tr>
<th>Year</th>
<th>ODA/GNI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.13</td>
</tr>
<tr>
<td>2013</td>
<td>0.15 – 0.16</td>
</tr>
<tr>
<td>2014</td>
<td>0.18 – 0.20</td>
</tr>
<tr>
<td>2015</td>
<td>0.21 – 0.24</td>
</tr>
<tr>
<td>2016</td>
<td>0.23 – 0.24</td>
</tr>
<tr>
<td>2017</td>
<td>0.28 – 0.31</td>
</tr>
</tbody>
</table>

Source: DEF 2013

More in particular, as shown by the table above, the DEF approved in 2013 sets out the goal of gradual annual increases in the resources assigned to the DGCS by 10% on the baseline of 2013, building upon the DEF approved in 2012, that had established a considerable increase in the funds assigned to the Ministry of the Economy and Finance (MEF), specifically dedicated to the replenishment of Regional Funds and International Development Banks: 295 million Euro annually for ten years, starting by 2013. At the same time, DGCS was assigned, for the same fiscal year, an additional allocation of 103 million Euro.

3.1.2 ODA Volume

As far as the entire Italian ODA is concerned, reference must be made to the Budget Law (“Legge di Stabilità e di Bilancio”), which establishes on a yearly/rolling basis the public expenditure of the Central Administrations for the next three years.

In such law, specific provisions (budget lines) are foreseen for the various Administrations entitled to commit and spend resources for development cooperation activities. Some further development cooperation activities may also be financed through budget lines which cover a wider range of international cooperation activities.

In 2012, under the coordination of the Ministry for International Cooperation and Integration (MICI) a survey of all budget lines managed by the Central Administration (CA) was carried out. Based on the most recent law reforming the Italian System of Public Book-keeping (Law n. 196/2009) those budget lines are classified according to their specific purpose (“Missioni e Programmi”), with the aim of increasing transparency in the public spending and making Administrations more accountable.

As far as Local Administrations (LA) are concerned, Regions, Provinces and Municipalities establish, within their own budget allocations, the resources devoted to development cooperation activities and international cooperation in a general sense.

The Table below gives a picture of the contribution to the Italian ODA by single Administration, with particular reference to the most relevant ones, MEF and MFA/DGCS, as well as by LAs.

**Italy’s ODA in 2011-2012 (Net Disbursement in Million Euro)**

<table>
<thead>
<tr>
<th>Extending Agency</th>
<th>2011</th>
<th>%</th>
<th>2012 (*)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAE-DGCS</td>
<td>351.06</td>
<td>11.28%</td>
<td>244.71</td>
<td>11.06%</td>
</tr>
<tr>
<td>MAE-Others</td>
<td>37.11</td>
<td>1.19%</td>
<td>96.77</td>
<td>4.37%</td>
</tr>
</tbody>
</table>
### Extending Agency

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>%</th>
<th>2012 (*)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEF</td>
<td>2,235.62</td>
<td>71.86%</td>
<td>1,563.40</td>
<td>70.66%</td>
</tr>
<tr>
<td>OTHERS</td>
<td>487.46</td>
<td>15.67%</td>
<td>307.73</td>
<td>13.91%</td>
</tr>
<tr>
<td>• Presidency of the Council of Ministers</td>
<td>350.08</td>
<td>11.25%</td>
<td>158.65</td>
<td>7.17%</td>
</tr>
<tr>
<td>o Department of Civil Protection</td>
<td>333.67</td>
<td>10.72%</td>
<td>157.33</td>
<td>7.11%</td>
</tr>
<tr>
<td>o International Adoptions</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0.66</td>
<td>0.03%</td>
</tr>
<tr>
<td>o Income Tax 0.8%</td>
<td>16.41</td>
<td>0.53%</td>
<td>0.66</td>
<td>0.03%</td>
</tr>
<tr>
<td>• Ministry of Defence</td>
<td>n.a.</td>
<td>n.a.</td>
<td>7.36</td>
<td>0.33%</td>
</tr>
<tr>
<td>• Ministry of Health</td>
<td>n.a.</td>
<td>n.a.</td>
<td>19.67</td>
<td>0.89%</td>
</tr>
<tr>
<td>• Ministry of Internal Affairs</td>
<td>37.53</td>
<td>1.21%</td>
<td>35.46</td>
<td>1.60%</td>
</tr>
<tr>
<td>• Ministry of Economic Development</td>
<td>0.98</td>
<td>0.03%</td>
<td>0.20</td>
<td>0.01%</td>
</tr>
<tr>
<td>• Ministry of the Environment</td>
<td>n.a.</td>
<td>n.a.</td>
<td>11.50</td>
<td>0.52%</td>
</tr>
<tr>
<td>• Ministry of University and Research</td>
<td>0.22</td>
<td>0.01%</td>
<td>15.92</td>
<td>0.72%</td>
</tr>
<tr>
<td>• Universities</td>
<td>2.45</td>
<td>0.08%</td>
<td>2.15</td>
<td>0.10%</td>
</tr>
<tr>
<td>• Catholic Bishops’ Conference of Italy</td>
<td>82.38</td>
<td>2.65%</td>
<td>37.91</td>
<td>1.71%</td>
</tr>
<tr>
<td>• Italian Red Cross</td>
<td>n.a.</td>
<td>n.a.</td>
<td>3.65</td>
<td>0.17%</td>
</tr>
<tr>
<td>• National Council of Research</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0.37</td>
<td>0.02%</td>
</tr>
<tr>
<td>• Local Government</td>
<td>12.81</td>
<td>0.41%</td>
<td>8.90</td>
<td>0.40%</td>
</tr>
<tr>
<td>o Regions</td>
<td>6.34</td>
<td>0.20%</td>
<td>3.03</td>
<td>71.97%</td>
</tr>
<tr>
<td>o Provinces</td>
<td>2.63</td>
<td>0.08%</td>
<td>1.66</td>
<td>0.08%</td>
</tr>
<tr>
<td>o Cities</td>
<td>3.84</td>
<td>0.12%</td>
<td>4.21</td>
<td>0.19%</td>
</tr>
<tr>
<td>TOTAL ODA</td>
<td>3,111.24</td>
<td>100.00%</td>
<td>2,212.61</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: DGCS

(*): provisional data

The Budget Law is discussed in the second half of the year and must be approved by the Parliament at the end of the year.

As far as bilateral development cooperation is concerned, the main Institution involved is DGCS, which (as established by Law n.49/87) receives its funds through the allocation of the Budget Law as well as through the provision of the “Decreto Missioni”.

The DGCS budget for 2013 amounts to € 311,849,127. That amount is significantly higher than that of the last 2 years, but it still represents only 25% of the budget allocated for 2007.

![D.G.C.S. Budget (in Million Euro) from 2007 to 2013](image)

Source: DGCS
3.1.3 ODA targets

The DGCS Three Year Guidelines (TYG) confirm, for the three coming years, priority sectors and geographical priorities of Italian Development Cooperation System (“Sistema Italia di Cooperazione”) and the distribution of Grant resources.

Priority sectors currently indicated in the TYG 2013-2015 are i) agriculture and food security, ii) human development (with particular reference to health and education/training), iii) governance and civil society and iv) support to endogenous development. Although the TYG do not set quantitative targets for each sector, the following Table gives a picture, over the triennium 2009-2011, of the concentration trend of the financial resources in the priority sectors.

**Italian ODA - Bilateral Total Flows in Macro-sectors of intervention according to the TYG**

**(Multilateral core fund flows excluded)**

**Gross Disbursement in Million USD current prices - Source OECD/CRS**

<table>
<thead>
<tr>
<th>Macro-sectors</th>
<th>2009</th>
<th>% of total flows</th>
<th>% of total flows (sectors 1-7)</th>
<th>2010</th>
<th>% of total flows</th>
<th>% of total flows (sectors 1-7)</th>
<th>2011</th>
<th>% of total flows</th>
<th>% of total flows (sectors 1-7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Agriculture &amp; Food Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>83.79</td>
<td>7.97%</td>
<td>9.52%</td>
<td>37.44</td>
<td>3.84%</td>
<td>4.37%</td>
<td>58.23</td>
<td>2.94%</td>
<td>4.38%</td>
</tr>
<tr>
<td>2-Human Development (Health &amp; Education)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>265.64</td>
<td>25.26%</td>
<td>30.19%</td>
<td>202.18</td>
<td>20.72%</td>
<td>23.59%</td>
<td>199.94</td>
<td>10.09%</td>
<td>15.05%</td>
</tr>
<tr>
<td>3-Government &amp; Civil Society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>250.59</td>
<td>23.83%</td>
<td>28.48%</td>
<td>335.36</td>
<td>34.36%</td>
<td>39.14%</td>
<td>860.05</td>
<td>43.40%</td>
<td>64.76%</td>
</tr>
<tr>
<td>4-Private sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>46.2</td>
<td>10.23%</td>
<td>14.66%</td>
<td>51.94</td>
<td>12.47%</td>
<td>16.77%</td>
<td>53.11</td>
<td>13.18%</td>
<td>17.29%</td>
</tr>
<tr>
<td>5-Environment &amp; Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>43.04</td>
<td>4.09%</td>
<td>4.89%</td>
<td>40.07</td>
<td>4.11%</td>
<td>4.68%</td>
<td>36.5</td>
<td>1.84%</td>
<td>2.75%</td>
</tr>
<tr>
<td>6-Other Non-priority sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>24.44</td>
<td>5.41%</td>
<td>7.76%</td>
<td>25.78</td>
<td>6.19%</td>
<td>8.32%</td>
<td>18.45</td>
<td>4.58%</td>
<td>6.01%</td>
</tr>
<tr>
<td>Sub-Total Priority Sectors (1/5)</td>
<td>660.97</td>
<td>75.13%</td>
<td>76.86%</td>
<td>678.86</td>
<td>79.22%</td>
<td>1199.92%</td>
<td>90.35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>242.55</td>
<td>76.97%</td>
<td>234.44%</td>
<td>75.68%</td>
<td>242.66%</td>
<td>78.99%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7-Unallocated / Unspecified</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>10.38</td>
<td>2.30%</td>
<td>3.29%</td>
<td>6.74</td>
<td>1.62%</td>
<td>2.18%</td>
<td>15.73</td>
<td>3.90%</td>
<td>5.12%</td>
</tr>
<tr>
<td>Sub-Total Sectors (1/7)</td>
<td>879.76</td>
<td>83.67%</td>
<td>100.00%</td>
<td>856.91</td>
<td>87.81%</td>
<td>100.00%</td>
<td>1328.14</td>
<td>67.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>315.13</td>
<td>69.77%</td>
<td>100.00%</td>
<td>309.77</td>
<td>74.37%</td>
<td>100.00%</td>
<td>307.22</td>
<td>76.25%</td>
<td>100.00%</td>
</tr>
<tr>
<td>8-Emergency &amp; Refugees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>113.74</td>
<td>10.82%</td>
<td>75.46%</td>
<td>7.73%</td>
<td>600.31</td>
<td>30.29%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-Administrative Costs of Donors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>57.97</td>
<td>5.51%</td>
<td>43.51%</td>
<td>4.46%</td>
<td>53.21</td>
<td>2.69%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1051.47</td>
<td>100.00%</td>
<td>975.88%</td>
<td>100.00%</td>
<td>1981.66%</td>
<td>100.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which DGCS</td>
<td>451.67</td>
<td>100.00%</td>
<td>416.55%</td>
<td>100.00%</td>
<td>402.92%</td>
<td>100.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 Priority sectors did not change in substance since TYG were launched, although their denominations vary through the different editions of the document. To explain the correspondence of the different denominations, DGCS has elaborated a synoptic table.
Conversely, as far as geographical concentration is concerned, in accordance with OECD-DAC recommendations, the number of priority Countries for the Italian Cooperation has decreased from 35 to 24 since 2009. The initial distinction between Countries of first and second priority was also removed in 2011. Quantitative ODA targets, in terms of percentages of total bilateral grant aid, are set by the TYG with regard to priority regions for the Italian Foreign Policy. The following Table shows the geographical distribution of the overall Italian ODA, with the exclusion of the Multilateral Core Funds and the performance of DGCS in this respect.

**Italian ODA - Bilateral Total Flows in Macro-regions as specified in 2013 TYG**

(Multilateral core fund flows excluded)

Gross Disbursement in Million USD current prices - Source OECD/CRS

<table>
<thead>
<tr>
<th>Macro-region</th>
<th>2009</th>
<th>%</th>
<th>2010</th>
<th>%</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Saharan Africa (+regional)</td>
<td>426.42</td>
<td>40.55%</td>
<td>373.70</td>
<td>38.29%</td>
<td>954.13</td>
<td>48.15%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>138.24</td>
<td>30.61%</td>
<td>129.24</td>
<td>31.03%</td>
<td>139.78</td>
<td>34.69%</td>
</tr>
<tr>
<td>North Africa, Middle East and Balkans</td>
<td>246.01</td>
<td>23.40%</td>
<td>228.52</td>
<td>23.42%</td>
<td>214.34</td>
<td>10.82%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>108.75</td>
<td>24.08%</td>
<td>103.81</td>
<td>24.92%</td>
<td>86.77</td>
<td>21.54%</td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>141.15</td>
<td>13.42%</td>
<td>123.86</td>
<td>12.69%</td>
<td>116.89</td>
<td>5.90%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>80.41</td>
<td>17.80%</td>
<td>80.45</td>
<td>19.31%</td>
<td>75.21</td>
<td>18.67%</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>101.69</td>
<td>9.67%</td>
<td>136.81</td>
<td>14.02%</td>
<td>86.57</td>
<td>4.37%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>49.08</td>
<td>10.87%</td>
<td>32.06</td>
<td>7.70%</td>
<td>47.92</td>
<td>11.89%</td>
</tr>
<tr>
<td>Not Specified</td>
<td>136.21</td>
<td>12.95%</td>
<td>112.99</td>
<td>11.58%</td>
<td>609.73*</td>
<td>30.77%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>75.18</td>
<td>16.65%</td>
<td>71.00</td>
<td>17.04%</td>
<td>53.23</td>
<td>13.21%</td>
</tr>
<tr>
<td>Total</td>
<td>1051.47</td>
<td>100.00%</td>
<td>975.88</td>
<td>100.00%</td>
<td>1981.66</td>
<td>100.00%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>451.66</td>
<td>100.00%</td>
<td>416.55</td>
<td>100.00%</td>
<td>402.92</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Based on this Table, the trend in the Italian ODA in the triennium 2009-2011 was in the direction of i) a general increase in the share of the disbursement towards the Sub-Saharan Africa, ii) a substantial coherence between DGCS and ODA disbursement with the TYG indications for the Latin American Region; however iii) certain discrepancies are visible in the data for the Asian Region (due, especially - as far as incoherence between DGCS and overall ODA is concerned - to the high percentage of disbursements in favour of Afghanistan) and – especially – iv) in those regarding the Mediterranean Region: in fact, although in the TYG for 2011 the DGCS decided to allocate more funds in that Region to respond to the political turmoil in the Region (“Arab Springs”), actual disbursements towards that area turned out not to be easy in the same year. However, the data regarding the Mediterranean Region have to be read in conjunction with the consequent rise in the figures referred to the assistance to the displaced people and the refugees from that Region in 2011, provided by the Civil Protection Authorities, that were disbursed in Italy (*).

**3.1.4 ODA reporting and forward looking information**

Italy provides regular information on DAC’s Advanced Questionnaire and Main Questionnaire on resources flows and has established a regular dialogue with the Statistics and Development Finance Division of the OECD’s Development Co-operation Directorate. The last working meeting was held in Rome on 11 July 2013. As a result of this remarkable joint work, which has
served to identify and solve the main reporting issues, Italy appears comprehensively on track and able to report in fully-converged format for the first time next year. To further improve the quality and comprehensiveness of its reporting, MAE-DGCS is also studying the proposed establishment of a digital platform to be used for reporting purposes by all Italian ODA providers, which would streamline the current reporting mechanisms.

On the occasion of the latest (2013) Survey on Aid Allocations and Indicative Forward Spending Plans, Italy has provided information on its forward spending plans at country level until 2015. In keeping with the Busan commitments to increase predictability and transparency, Italy is among those who have agreed to make those data publicly available on the Secretariat website and on the main statistical portal, OECD.STAT.

### 3.2. Bilateral ODA allocations

#### 3.2.1 Geographic priorities

DGCS has substantially improved its adherence to the geographic regional priorities outlined in the TYG, in particular as far as the EU and G8 recommendation for 50% allocation for Sub-Saharan Africa is concerned: from 2009 bilateral grant disbursements to Sub-Saharan Africa have consistently been over 40% (they were only 15% in 2008) and in 2011 they were almost 50%. In preliminary data for 2012 bilateral grant disbursements to Sub-Saharan Africa, they are almost 50%. Bilateral Grant disbursements to other regions have been less consistent on a single-year basis, but on average 2008-2011, they reflect the proportions indicated in the Guidelines (26.99% for North Africa, Balkans and Middle East, 8.3% for Asia, 8.8% for Latin American Countries).

Conversely, as far as Italy’s overall ODA is concerned, adherence to priority countries has increased less steadily. This is due to the overall reduction of Italian ODA from 2008 to 2012 and to the consequent reduction of the quota of Country-Programmable Aid (CPA) within Italy’s gross bilateral ODA in 2011 (27% in 2011). Among the reasons for the non complete adherence to the indications of the TYG, are i) the high incidence, within overall ODA, of large one-off operations with non-priority countries (such as debt cancellation which led to include, among the largest recipients, the Democratic Republic of Congo, the Republic of Congo, Haiti and Equatorial Guinea) linked to the participation of Italy in HIPC initiative; and ii) the necessity of maintaining commitments undertaken vis-à-vis non priority countries or former priority countries, a category which has increased in 2011, as a result of the decision to eliminate the category of second priority, by ensuring at the same time, coherent exit strategies from those Countries.

Nevertheless the commitment of DGCS referred to bilateral Grant Programmable Aid (not bound to external factors like Debt forgiveness, Emergencies, NGO contributions) has reached a good concentration degree in priority countries (see Table below).
### Total Commitment

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Commitment</strong></td>
<td>2,328.03</td>
<td>1,147.87</td>
<td>977.94</td>
<td>1,742.08</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DGCS Bilateral</td>
<td>274.21</td>
<td>211.50</td>
<td>219.62</td>
<td>149.89</td>
</tr>
<tr>
<td>programmable Grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: To 1st Priority Countries</td>
<td>185.11</td>
<td>131.40</td>
<td>155.54</td>
<td>103.22</td>
</tr>
<tr>
<td>To 2nd Priority Countries</td>
<td>18.17</td>
<td>23.01</td>
<td>14.79</td>
<td></td>
</tr>
<tr>
<td>% to Priority Country</td>
<td>74.13%</td>
<td>73.01%</td>
<td>77.56%</td>
<td>68.86%</td>
</tr>
</tbody>
</table>

Source: DGCS

In any case, aid concentration in priority Countries remains a fundamental objective for Italian Cooperation, reflected in the fact that, with few exceptions mostly linked to previous commitments or to co-financing arrangements for Civil Society projects, very few initiatives, different from humanitarian aid, have been approved since 2009 in non-priority Countries.

DGCS is aware that reconciling concentration efforts requested by the Effectiveness principles and the best allocation in limited resources with increasingly complex foreign policy priorities presents some challenges. Nevertheless, as recognized by the DAC, Italy was a relevant donor in 17 out of its 24 priority countries in 2011, mainly in Albania, Afghanistan, Mozambique, Ethiopia and Lebanon.

#### 3.2.2 Sector priorities

As far as Sector priorities are concerned, those defined in the Three-year Guidelines (TYG) account for nearly 80% of Italian overall ODA (Grants and Loans), as shown by the table “Italian ODA - Bilateral Total Flows in Macro-sectors of intervention according to the TYG” in chapter 3.1.3.

At Country level, the Sectors of intervention are indicated in the “STREAM” programming documents - usually they are no more than three - and are identified through a comprehensive dialogue with the counterparts at Country level, with the aim of fitting in the most appropriate way into the partner’s priorities: they take into account the consultations held with civil society representatives and they reflect, with the aim of an effective division of labour, the comparative advantages of the Italian cooperation, being mostly, but not exclusively, based on the competence and network assets of a long-standing presence of the Italian Cooperation, and all Italian Cooperation actors (NGOs, Universities, decentralized cooperation) in a given sector.

#### 3.3. Multilateral ODA channel

##### 3.3.1 Composition of multilateral aid

As said, Italy provides its ODA mainly through the multilateral channel (see chapter), which in 2012 amounted to almost 81% of its total.

The largest part of Italian multilateral contribution is allocated by the MEF to the EU, through the European Development Fund (EDF) and the EC budget.

The second recipient of Italian multilateral ODA is the World Bank Group, which include IBRD, IFC, MIGA and IDA.

Agencies, Funds and Programmes of the United Nations receive assessed and voluntary core funding, as well as non-core earmarked and multi-bilateral funding.
3.3.2 Management of multilateral aid

Multilateral aid is managed both by the Ministry of Economy and Finance (MEF) and the Ministry of Foreign Affairs (MFA). Nevertheless, MEF’s contribution (see table Italy's ODA in 2011-2012) to Italian ODA is largely predominant.

A) Ministry of Finance

In fact, within the Treasury Department, the International Financial Relations Directorate (IFRD) of the MEF is responsible for multilateral aid, mainly through the Multilateral Development Banks (MDBs) and IFAD. In fact, being the MEF a shareholder of all the MDBs and a donor to IFAD, the IFRD has the competence for the institutional relations with them and for the financial participation of Italy in the capital and in the resources of these Institutions.

The IFRD is also responsible for the relations with the Global Alliance for Vaccines and Immunisation (GAVI). The MEF is also one of the major donors of the two GAVI’s innovative financing mechanisms: the International Finance Facility for Immunisation (IFFIm) and the Advance Market Commitment (AMC) for pneumococcal vaccines. This activity is carried out in collaboration with the Directorate General for Global Affairs (DGMO) of the MFA.

The IFRD operates in coordination with the MFA for all European Development Fund (EDF) related matters. It manages EDF-related financial activities, namely: i) disbursements to the Fund; ii) disbursements to the European Investment Bank (EIB) Investment Facility; iii) disbursements to the EIB to cover the call for guarantees against EIB loans to ACP granted on its own resources. The IFRD participates regularly to assessments and approvals of project financed by the EIB through the Bank’s dedicated Investment Facility. MEF, along with the MFA, deals with policy issues related to the EDF that are addressed by the ACP Group as well.

B) Ministry of Foreign Affairs-DGCS

DGCS, and namely its Office II, is responsible for the strategic and planning level (through the participation to the executive boards of some of the main International Organizations-II.OO.), and for the main operational and financial aspects connected to it (some assessed contributions to II.OO., such as UNESCO and WHO are managed by MFA-DGSP and the Ministry of Health respectively).

DGCS is currently elaborating a brief policy paper that frames the Italian multilateral development cooperation and the rationale for the collaboration with the II.OO. The paper is based on the principles set out by the OECD/DAC and the European Union on policy coherence for development and on the thematic and geographical priorities indicated by the TYG.

Based on the policy paper and on the TYG, Italy supports II.OO., particularly Funds, Programmes and Specialized Agencies of the United Nations, through i) assessed contributions linked to membership, ii) voluntary core contributions, iii) voluntary earmarked contributions to global and sector-based trust funds and iv) specific (multi-bilateral) Country projects.

B.1 Voluntary (core and earmarked) contributions

The rationale behind DGCS choice of the multilateral channel relies on the peculiar nature of the II.OO., their neutrality, their technical specialization and their capability to achieve economies of scale in many geographical areas and sectors.

The allocation of voluntary funding to II.OO. is based on the following criteria:

- alignment with the Millennium Development Goals;
- consistency of their mandate and operations with DGCS priorities;
comparative advantage vis-à-vis the other Organizations working in the specific area of their institutional mandate and their ability to perform functions and tasks in a more effective and efficient way;

complementarities with bilateral cooperation.

The latest version of the TYG confirms the priority attached to the OO.II. working in i) agriculture and food security; ii) human development, with particular reference to health and education/training; iii) gender equality and empowerment of women; iv) sustainable development of private sector; v) protection and promotion of cultural heritage; vi) humanitarian assistance.

Moreover, with a view to strengthening their mandate and systemic centrality, particular importance is attached to the activities carried out by the Rome-based Organizations, focused on agricultural development and food security, and the Turin-based organizations, working in the field of training and research.

When earmarking OO.II. funds, the Italian development cooperation usually concentrates in the 24 priority countries. However, on an exceptional basis and following a case-by-case analysis, specific programmes and projects might be approved in countries other than those listed in the TYG.

B. 2 Multi-Bilateral contributions

In planning activities at Country level, the geographical Desks of the DGCS (III, IV and V) and the Local Technical Units abroad may as well propose to channel aid through Multilateral Agencies and Institutions. In this case, the choice between the bilateral and the multi-bilateral instruments mainly depends on the assessment of the country specific situation, in line with the principles of democratic ownership, alignment to Country systems, coordination and Division of Labour (DoL) in the field, and on the competence and/or the experience of the relevant International Organisation.

This is often when it comes to the support to the Fragile States, where institution building activities through UN agencies are often envisaged. Italy takes the coordination process within the UN operational system (system-wide coherence) and the commitments to improve aid coherence, such as concentration and coordination among bilateral donors, the UN system and IFIs, into the highest consideration.

B. 3 Approval, monitoring and evaluation of multilateral aid

Multilateral and multi-bilateral contributions by the MFA (if they exceed 1M Euro) are approved by the Steering Committee (SC) of the DGCS, the participation to which is extended to the other Ministries concerned and to other Directorates General within the MFA.

3.3.3 DGCS multilateral aid allocations

Since 2009, DGCS concentrated its multilateral contributions on a reduced number of multilateral Agencies or Organizations, in line with the recommendations outlined in the Peer review 2009. The total number of international agencies recipients of Italian multilateral contribution decreased by around 20% between 2009 and 2011.

The following two tables show the composition of the Italian ODA in 2007 and in 2011 and the decreasing percentage of the DGCS contribution to it.
Plus, the severe budget constraints Italy faced in 2012 caused a dramatic decrease of the II.OO. recipients, apart from the assessed contributions due for membership, those linked to specific regulations reflected in the annual Financial Law, and multi-bilateral funding to country specific programmes.

The two tables that follow, show the decrease in the number of International Organizations funded by the DGCS in 2007 compared to 2011 and 2012, with the consequent concentration effect on the Top recipients in 2012, mainly the FAO, the WFP and the WB.
In 2013, due to the increase made possible by the DEF, DGCS was able to re-establish voluntary contributions in favour of 27 Organizations, for a total of 42.3 million euro. However, with effectiveness principles in mind, the DGCS deems it still important to review its policy of concentration of voluntary contributions to the International Organizations.

### 3.3.4 Multilateral ODA Expenditure

As said, Italy’s ODA is composed mainly of multilateral core funding.

Source: OECD/DAC

To this respect, Italy pays particular attention to orientating the action within the Governing Bodies administering those funds, with a view to facilitating their expenditure in Areas and in Sectors in coherence with Italian Foreign Policy interests and development priorities.
Consequently, the policies pursued and the activities undertaken within the EU, being it the main disbursement channel of the Italian ODA, become strategic.

### 3.3.5 Contributions to the European Union

Most of Italy’s multilateral ODA is channelled through mandatory contributions to International Organizations and – specifically - more than 50% of Italy’s ODA goes through the European Union (57% in 2012). In particular, Italy is the third contributor to the EU general budget, with a “contribution key” of 13.44%, and the fourth to the European Development Fund, with a key of 12.86%. It is thus of the utmost importance for Italy to promote its national development priorities in the definition and implementation of EU strategies, policies and programmes.

With this in mind, in the framework of the general structural reform of the MFA, which took place in 2010, it was decided that a special Unit (Ufficio 1) dealing with EU policies had to be established within the DGCS. Within the responsibilities of the Unit are the preparations on FAC/Development Councils, on CODEV, on the EU relations with ACP countries and the management of the European Development Fund (EDF) and the Development Cooperation Instrument (DCI). The Unit acts with a view to promoting a special emphasis, from a geographic point of view, on the Neighbourhood and Sub-Saharan Africa and, from a thematic one, on agriculture and food security (also in view of synergies with the Rome-based UN Food and Agriculture Agencies and in view of the Milan 2015 Expo), human development (with a focus on health, education and on the development-migration nexus), governance and civil society, support to an inclusive and sustainable development of the private sector in Partner Countries. Italy, within its engagement in favouring to maximum possible extent a comprehensive support to Sub-Saharan Africa, pays particular attention to the implementation of the new Pan-African Programme, within the framework of the Development Cooperation Instrument.

Italy is also committed, at the EU level, to supporting paramount cross-cutting issues, such as human rights, support to democracy, gender and women empowerment, protection of the rights of vulnerable groups (persons with disabilities and minors). At the same time, Italy pays utmost attention to resilience activities and shares EU’s vision aimed at setting resilience among the aforesaid cross-cutting priorities of the global development and humanitarian agenda, following the so-called Linking Relief and Rehabilitation to Development (LRRD) approach. This will certainly be at the heart of Italy’s priorities during the EU Presidency semester (second semester of 2014).

As one of the founding members of the European Union (EU), Italy is strongly committed to the implementation of the “European Consensus for Development”, agreed in 2006; besides, in line with the Treaty of Lisbon, according to which poverty reduction and eradication are primary objectives of the EU development cooperation policy, Italy supports the Communication of the Commission “An Agenda for Change” and the corresponding Council Conclusions setting out the future strategic EU approach to development.

Moreover, Italy feels engaged in the EU process of Division of Labour (DoL) and in the Joint Programming exercise, both aimed at maximising the effectiveness and the coherence of the EU development agenda.

At the same time, a pro-active participation in the Executive Boards of the Development Regional Banks and Funds becomes equally strategic.

Finally, for the very limited part of allocable multilateral ODA (mainly the ones administered by the DGCS) the efforts in order to orient it in a coherent way with the strategic directions outlined
in the TYG remains paramount. Table below shows the disbursement trend of those funds according to the Regional priorities indicated in the corresponding Three Year Guidelines (TYG).

**Italian ODA – Multilateral non-core fund Flows in Macro-regions as specified in the TYG (Multilateral core fund flows excluded)**

**Gross Disbursement in Million USD current prices**

<table>
<thead>
<tr>
<th>Macro-region</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Saharan Africa (+regional)</td>
<td>45.70</td>
<td>16.46</td>
<td>40.06</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>43.34</td>
<td>16.38</td>
<td>39.11</td>
</tr>
<tr>
<td>North Africa, Middle East and Balkans</td>
<td>25.12</td>
<td>19.00</td>
<td>18.51</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>24.38</td>
<td>19.00</td>
<td>17.15</td>
</tr>
<tr>
<td>Asia &amp; Oceania (incl. Afghanistan)</td>
<td>26.14</td>
<td>28.56</td>
<td>41.28</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>26.14</td>
<td>28.56</td>
<td>41.16</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>4.57</td>
<td>6.23</td>
<td>3.56</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>4.57</td>
<td>6.23</td>
<td>3.35</td>
</tr>
<tr>
<td>Not Specified</td>
<td>32.38</td>
<td>21.77</td>
<td>2.38</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>7.17</td>
<td>21.77</td>
<td>2.38</td>
</tr>
<tr>
<td><strong>Disbursement (Million USD)</strong></td>
<td>133.91</td>
<td>92.02</td>
<td>105.79</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>105.59</td>
<td>91.94</td>
<td>103.15</td>
</tr>
</tbody>
</table>

Source: OECD/CRS

The same applies also for the Sector priorities indicated in the corresponding Three Year Guidelines (TYG), as shown by the following Table.

**Italian ODA – Multilateral non-core fund Flows in Macro-sectors as specified in the TYG (Multilateral core fund flows excluded)**

**Gross Disbursement in Million USD current prices**

<table>
<thead>
<tr>
<th>Macro-sectors</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Agriculture &amp; Food Security</td>
<td>3.91</td>
<td>7.36</td>
<td>14.05</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>3.91</td>
<td>7.36</td>
<td>14.03</td>
</tr>
<tr>
<td>2-Human Development (Health &amp;Education)</td>
<td>67.59</td>
<td>8.49</td>
<td>18.28</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>42.38</td>
<td>8.49</td>
<td>18.05</td>
</tr>
<tr>
<td>3-Government &amp; Civil Society</td>
<td>18.23</td>
<td>21.35</td>
<td>27.91</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>15.71</td>
<td>21.35</td>
<td>25.94</td>
</tr>
<tr>
<td>4-Private sector</td>
<td>1.77</td>
<td>4.07</td>
<td>0.02</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>1.77</td>
<td>4.07</td>
<td>0.02</td>
</tr>
<tr>
<td>5-Environment &amp; Water</td>
<td>7.06</td>
<td>0.88</td>
<td>3.35</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>7.06</td>
<td>0.79</td>
<td>3.35</td>
</tr>
<tr>
<td>6-Other Non-priority sectors</td>
<td>4.85</td>
<td>19.44</td>
<td>18.88</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>4.85</td>
<td>19.44</td>
<td>18.67</td>
</tr>
<tr>
<td>7-Unallocated / Unspecified</td>
<td>0.58</td>
<td>0.79</td>
<td>1.51</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>0.79</td>
<td>0.79</td>
<td>1.40</td>
</tr>
<tr>
<td>8-Emergency &amp; Refugees</td>
<td>29.92</td>
<td>29.64</td>
<td>21.79</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>29.92</td>
<td>29.64</td>
<td>21.69</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>133.91</td>
<td>92.02</td>
<td>105.79</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>105.59</td>
<td>91.94</td>
<td>103.15</td>
</tr>
</tbody>
</table>

Source: OECD/CRS
Finally, the following table, published by the DAC (Fourth Report on Multilateral Aid – DCD /DAC(2012)33/FINAL), synthesizes Italy’s multilateral action - both geographical and sector-wise – highlighting as well the particular attention Italy pays to the fragile contexts, in favour of which, as said, the multilateral channel appears to be the most appropriate and, therefore, the privileged tool of intervention.

### Table B.23. 2010 non-core multilateral ODA by region, sector and fragility status

(2010 USD million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral, unallocated / unspecified</td>
<td>22</td>
</tr>
<tr>
<td>Country / region specific</td>
<td>70</td>
</tr>
<tr>
<td>- of which regional allocations</td>
<td>2</td>
</tr>
<tr>
<td><strong>REGIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Africa, unspecified</td>
<td>0</td>
</tr>
<tr>
<td>South of Sahara</td>
<td>16</td>
</tr>
<tr>
<td>North of Sahara</td>
<td>2</td>
</tr>
<tr>
<td>Americas, unspecified</td>
<td>2</td>
</tr>
<tr>
<td>South America</td>
<td>3</td>
</tr>
<tr>
<td>North &amp; Central America</td>
<td>2</td>
</tr>
<tr>
<td>Asia, unspecified</td>
<td>0</td>
</tr>
<tr>
<td>Far East Asia</td>
<td>3</td>
</tr>
<tr>
<td>Middle East</td>
<td>16</td>
</tr>
<tr>
<td>South &amp; Central Asia</td>
<td>26</td>
</tr>
<tr>
<td>Europe</td>
<td>1</td>
</tr>
<tr>
<td>Oceania</td>
<td>0</td>
</tr>
<tr>
<td><strong>SECTORS</strong></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>7</td>
</tr>
<tr>
<td>Developmental Food Aid</td>
<td>-</td>
</tr>
<tr>
<td>Economic Infrastructure and Services</td>
<td>4</td>
</tr>
<tr>
<td>Education</td>
<td>3</td>
</tr>
<tr>
<td>Environment</td>
<td>-</td>
</tr>
<tr>
<td>General Budget Support</td>
<td>-</td>
</tr>
<tr>
<td>Government and Civil Society</td>
<td>21</td>
</tr>
<tr>
<td>Health</td>
<td>2</td>
</tr>
<tr>
<td>Humanitarian Aid</td>
<td>30</td>
</tr>
<tr>
<td>Multi-sector</td>
<td>16</td>
</tr>
<tr>
<td>Other Production Sectors (forestry, fishing, industry, mining, construction, trade policy, tourism)</td>
<td>4</td>
</tr>
<tr>
<td>Other Social infrastructure</td>
<td>2</td>
</tr>
<tr>
<td>Population Policies and Reproductive Health</td>
<td>2</td>
</tr>
<tr>
<td>Water Supply and Sanitation</td>
<td>1</td>
</tr>
<tr>
<td>Other (admin., promotion development awareness, refugees in donor countries)</td>
<td>0</td>
</tr>
<tr>
<td><strong>FRAGILE / CONFLICT</strong></td>
<td></td>
</tr>
<tr>
<td>Fragile</td>
<td>51</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: OECD
CHAPTER 4
Organisation fit for delivering the development cooperation programme effectively

4.1. Institutional system

As solemnly stated by Law n. 49/87 – and as, by the way, confirmed in some of the draft bills presented so far – in the Italian system and in the vision of our Country, development cooperation is “an integral part” of the Italian Foreign Policy. That means that the main responsibility for defining development policies and implementing related activities lies within the Ministry of Foreign Affairs (MFA). To this particular purpose, Law n. 49 established the creation of a specific Directorate within the MFA, that is the DGCS.

As already seen in Chapter 1 of this Memorandum, Law n. 49 also foresees mechanisms of coordination among other Ministries that, in a Whole of Government Approach, have increasing development cooperation responsibilities and provide considerable portions of the Italian ODA (see table “Italy's ODA in 2011-2012 (Net Disbursement in Million Euro)” in chapter 3.1.2).

The main one, as seen, is the Ministry of Economy and Finance (MEF). This also explains why, back in 2010, both the MFA/DGCS and the MEF/International Financial Relations Directorate (IFRD), decided to coordinate an informal consultation body with all other actors that had in the meantime (since the entrance into force of Law n. 49, in 1987) appeared in the Italian Development scene: this consultation body became the Cross-Institutional Table for Development Cooperation (CITDC). As said, the CITDC is a paramount, still informal and mainly political, consultation platform where policies, orientations and priorities in the field of development are discussed in a shared, inclusive and comprehensive manner. The CITDC was chaired at a political level (MICI) in 2012. Since the political elections at the end of February 2013 and the following long phase leading to the formation of the new Government (May 2013), the CITDC was not convened. The MFA Vice-Minister to which the responsibilities for Development Cooperation were delegated will convene the CITDC in fall this year.

One of the draft bills currently under evaluation in Parliament envisages the establishment of an Inter-ministerial Committee, chaired by the Prime Minister, on Development Cooperation with a view to ensuring PCD. The Committee would issue a three-year Planning Document that would bind all the administrations that act in the development cooperation area. The allocation of overall ODA funds would ideally respond to the goals and the priorities set in that document

4.1.1 The role of the Ministry of Foreign Affairs (MFA) and the DGCS

As said, after the experience of the Monti Government (2011-2013), which appointed a Minister for International Development and Integration (MICI), as of May 2013, the Development Cooperation responsibilities are again fully within the Ministry of Foreign Affairs (MFA). The related political responsibility has been delegated to a MFA Vice Minister, whereas the operational responsibility lies within the Directorate General for Development Cooperation (DGCS).
Since the end of 2010, when the latest reform of the Ministry entered into force (reducing the number both in the Directorates and in the Units within each Directorate), the DGCS is organised in 12 Desks (Uffici), 2 Task Forces (one dealing with Iraq and one dealing with Afghanistan, Pakistan and Myanmar) and a Central Technical Unit (UTC) under the responsibility of one Director General sided by two Managing Directors-Deputy Director Generals. See following chart.

**DGCS Organization Chart**

![Diagram of DGCS Organization Structure]

To carry out the duties established by Law n. 49/87, the different Units of the DGCS have been tasked with the following responsibilities.

<table>
<thead>
<tr>
<th>Office</th>
<th>Competence</th>
</tr>
</thead>
</table>
| Office I: Cooperation within European Union     | • Relations with the European Union in development cooperation matters  
• Preparations of the Italian position on development matters within the EU  
• Participation in the management committees of the EU financial instruments and relations with the European Investment Bank  
• Cooperation activities “delegated” by European Union |
| Office II Multilateral Development Cooperation  | • Relations with International Development Organizations, including the International Financial Institutions.                                |
| Office III ODA to Partner countries in Europe, Mediterranean, Middle East and Central Asia | • Planning, implementation and monitoring of development cooperation initiatives in the countries of competence.                        |
| Office IV ODA to Partner countries in sub-Saharan Africa | • Planning, implementation and monitoring of development cooperation initiatives in the countries of competence.                        |
| Offices V ODA to Partner countries in Asia, Oceania and America | • Planning, implementation and monitoring of development cooperation initiatives in the countries of competence.                        |
| Office VI Humanitarian aid                      | • Planning, implementation and monitoring of humanitarian and emergency initiatives                                                   |
| Office VII Civil society development cooperation | • Check of NGO eligibility to DGCS financing  
• Contributions to NGO                                                                 |

85
<table>
<thead>
<tr>
<th>Office</th>
<th>Competence</th>
</tr>
</thead>
</table>
| Office VIII  
Policies, Planning and Budget;  
Gender, children's rights and disability issues | • Issues relating to the legal status and social security of volunteers.  
• Definition of the Italian Development Cooperation policy. Setting of the TYG and of thematic and sector guidelines, focal point for the CITDC.  
• Relations with the MEF on ODA issues and DGCS Budget;  
• Relations with the Development Cluster of the OECD (DAC and DEV)  
• ODA statistics, studies, database,  
• Aid and development effectiveness and policy coherence  
• Relations with the Parliament: finalization of Reports, Auditions, Questions;  
• Italian participation to the Global Fund to Fight AIDS, Tuberculosis and Malaria |
| Office IX  
Evaluation and visibility | • Ongoing and ex-post evaluation of the cooperation initiatives, feedback of results, visibility and communication issues. |
| Office X  
Legal affairs | • Legal advices on contracts, international agreements, disputes  
• Bidding procedures  
• Reference for the Financial issues regarding soft loan and debt relief |
| Office XI  
Procurement and management of DGCS Instrumental Resources | • Procurement of goods and services for DGCS and UTL  
• Property inventory and maintenance  
• Auditing of the UTL financial statements |
| Office XII  
Personnel | • Management of DGCS human resources |
| Ad Hoc task officials | • The Director General is supported by few senior official with specific ad-hoc tasks: currently, those are: one coordinator for multilateral activities and one dealing with decentralized cooperation, environmental issues and the relations with other actors such as the private sector, Universities, etc. |
| Task Force Iraq | • Planning, implementation and monitoring of development cooperation initiatives in Iraq |
| Task Force Afghanistan, Pakistan, Myanmar | • Planning, implementation and monitoring of development cooperation initiatives in Afghanistan, Pakistan and Myanmar. |

**The UTC and UTLs**

The Central Technical Unit-UTC (Unità Tecnica Centrale) is foreseen by art. 12 of Law n.49, which establishes its responsibility for providing technical support to DGCS activities, particularly those concerning identification, formulation, implementation and quality control of cooperation initiatives. It provides also Study and Research activities to the DGCS.

The UTC carries out a number of duties which include providing technical support along the entire project cycle, devising and drafting thematic guidelines and liaising with the UTLs abroad. In particular, UTC is in charge of the identification, formulation and appraisal of DGCSs bilateral programmes and projects as well as of their management and monitoring.

UTLs are the field offices dealing with development cooperation activities and are part of the DGCS/UTC. As of July 2013 their number is 17. They depend on the respective Italian Embassies present in the Country, which guarantee general coordination as well as overall policy and strategic orientation within Embassies general responsibility in implementing Foreign Policy. The Director of the UTL reports both to DGCS and to the Ambassador and is selected and appointed by DGCS through internal procedures among the UTC staff.

UTLs implement and monitor the ongoing programs and maintain the technical relations with the counterparts, line ministries and NGOs, participating in donors’ thematic round tables, bringing the official Italian position on the different issues in the agenda.

UTLs are the focal point for all Italian development actors in the field, particularly for CSOs and regional and Local Authorities, providing information and knowledge-sharing on the main Italian and international policy orientations. UTLs carry out systematic consultations with Italian NGOs with the purpose of i) being briefed on the status of the ongoing activities (in particular those co-financed by the DGCS), ii) gathering grass-root information iii) acting as a facilitator.
vis à vis the partner countries’ institutions, iv) gathering advice for (re)shaping of Italian strategic orientation in the country.

UTL personnel is trained mainly on the job, since UTLs do not dispose of specific budget for it, whereas in terms of communication periodic newsletters are issued and their websites are intensively used.

Decision-making processes related to programming and financing remains centralised at HQ level and are based on agreements with Partner countries facilitated or promoted by the UTL. Nevertheless, as a result of the decentralization path undertaken by DGCS over the recent years, UTLs are increasingly involved in the planning process, in monitoring the initiatives undertaken, in participating actively in multi-donor activities and, where in place, in EU Joint Programming.

As of July 2013, the operational network abroad is made up of 17 Local Technical Units (UTLs) and 3 Local Technical Sub-Units, in Bosnia, Eritrea and South Sudan (see table below).

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>Other Countries they cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFGHANISTAN</td>
<td></td>
</tr>
<tr>
<td>ALBANIA</td>
<td></td>
</tr>
<tr>
<td>BOLIVIA</td>
<td>Colombia, Ecuador, Peru</td>
</tr>
<tr>
<td>EGYPT</td>
<td></td>
</tr>
<tr>
<td>ETHIOPIA</td>
<td></td>
</tr>
<tr>
<td>EL SALVADOR (from 8.5.2013)</td>
<td></td>
</tr>
<tr>
<td>KENYA</td>
<td>Tanzania, Somalia</td>
</tr>
<tr>
<td>LEBANON</td>
<td>Syria</td>
</tr>
<tr>
<td>MOZAMBIQUE</td>
<td>Swaziland</td>
</tr>
<tr>
<td>MYANMAR (from 8.5.2013)</td>
<td></td>
</tr>
<tr>
<td>PAKISTAN</td>
<td></td>
</tr>
<tr>
<td>SENEGAL</td>
<td>Capo Verde, Gambia, Guinea Bissau, Guinea Conakry, Mali, Mauritania, Burkina Faso and Niger</td>
</tr>
<tr>
<td>SERBIA (until 31.12.2013)</td>
<td>Kosovo, Montenegro</td>
</tr>
<tr>
<td>SUDAN</td>
<td></td>
</tr>
<tr>
<td>PALESTINIAN TERRITORIES</td>
<td>Jordan</td>
</tr>
<tr>
<td>TUNISIA</td>
<td>Libya, Morocco</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>Cambodia, Laos</td>
</tr>
<tr>
<td>BOSNIA (until 31.12.2013) (from Belgrade)</td>
<td></td>
</tr>
<tr>
<td>ERITREA</td>
<td></td>
</tr>
<tr>
<td>SUD SUDAN (from Addis Ababa)</td>
<td></td>
</tr>
</tbody>
</table>

As far as the institutional and legal framework of the decisions and deliberations on development cooperation is concerned, those are taken, according to art. 9 of Law n. 49, within the Steering Committee (SC) of the DGCS.

4.1.2 The DGCS Steering Committee (SC)

The SC is the inter-ministerial body for devising the Italian strategy for ODA. It is chaired by the Minister for Foreign Affairs or by a Deputy Minister of the MFA, and is assisted by a Secretariat and a Technical ex-ante Evaluation Unit (NVT) made up of five Development Cooperation experts (chosen among those who work at the Central Technical Unit – UTC of the DGCS). Representatives of the MEF, the Ministry of the Economic Development (MISE), the body
administering the revolving fund on Soft Loans (formerly Mediocredito Centrale, now Artigiancassa) and of the other Directorates of the MFA are also mandatory members of the SC. The ratio laid down by art 9 of Law 49 for such a wide participation to the SC, especially from the part of the MEF, lies on the need of making all major players in development accountable, ensuring at the same time coherence within foreign, economic and development policies.

Based on art. 9, the SC: i) endorses the strategic orientations and the planning of the Italian Development Cooperation; ii) approves programmes and projects whose financial amount is higher than € 1.032.912 euro (formerly 2 billion Italian Liras); iii) decides on the establishment of development cooperation Units abroad and upon the staff to be assigned on long missions (longer than four months).

All initiatives, independently of their nature (Grants, Soft Loans, bilateral or multilateral), approved by the SC are formulated by the Central Technical Unit – UTC and are subject to mandatory prior appraisal of the NVT. If the NVT considers that the initiatives are not fit to be submitted to the approval of the SC, it is entitled to return them to the proposing Unit (geographic Desks) for reformulation.

Initiatives for amounts lower than € 1.032.912 euro (equivalent to the ceiling of 2 billion Lire, established in 1987, when Law n.49 entered into force) can be submitted directly to the DGCS Director General. Independently of their amount, humanitarian initiatives, considering their particular timing generally needing immediate implementation, are approved by Director General, upon authorization of the Minister of Foreign Affairs.

The meetings of the SC are public. In recent years, the SC meeting have become an occasion for less technical and more policy-oriented discussions, addressing the positions on issues of various kinds, of humanitarian nature (as in the case of Syria, for instance) and they often include presentations on specific issue, such as ODA trends, etc. From 2012 onwards, in an attempt to increase transparency and accountability, all meetings are concluded by a short presentation on the adherence of the deliberations taken to the DGCS Priorities (Sector and County-wise) set in the TYG.

A brief overview of the other main Administrations part of the “Sistema Italia di Cooperazione” follows.

4.1.3 The role of the Ministry of Economy and Finance (MEF)

Apart from dealing with the specific aspects described in Section dedicated to Multilateral ODA, MEF, and particularly - within the Treasury Department - the International Financial Relations Directorate (IFRD), deals with several international economic and financial issues, and more specifically: i) macroeconomic analysis and economic policies of the Euro area and of other industrialised countries; ii) relations with the European Union (preparation of ECOFIN and EFC meetings), with Informal Intergovernmental Groups (G7, G10, G20), with International Financial Institutions (IMF, Multilateral Development Banks, European Investment Bank), with the International Fund for Agricultural Development (IFAD) and with the OECD; iii) international debt of developing and emerging countries (Paris Club); iv) development cooperation and innovative financing mechanisms; v) support to the internationalisation process of the Italian business.

International references, including the Monterrey Consensus, the MDGs, the DAC Guidelines on Poverty Reduction, the European Consensus on Development, the Paris Declaration and the Accra Agenda for Action, the Anti-Money Laundering (AML) and Financial Action Task Force (FATF) are fully taken into account as guiding principles of MEF’s action.
The IFRD also monitors and supervises the Revolving Fund, which finances soft loans granted for the implementation of DGCS projects and credit lines. In addition, the IFRD plays an active role in defining, along with the DGCS, guidelines and policies related to the use of the above soft loans.

With the purpose of enhancing policy coherence and coordination in a Whole of Country Approach to Development Cooperation, the MEF/IFRD established along with the DGCS to the Cross-Institutional Table for Development Cooperation (CITDC) in 2010 and is, by law, a full member of the Steering Committee (SC) of the DGCS.

4.1.4 The role of the Ministry of Economic Development (MISE)

The Italian Ministry of Economic Development (MISE) is competent for policy implementation in a wide range of different areas, including energy and mining resources, industry and regional development, communications, intellectual property, consumer issues, tourism, international trade and business incentives. Those competences are at local, National and international level. On the domestic side, MISE implements policies encouraging economic growth and stability, enabling business development at Territorial level and supporting competitiveness in strategic sectors. MISE is also responsible for industrial restructuring and for the conversion of crisis-prone industrial areas.

Conversely, at the International level, MISE promotes trade and investment, works to improve global business environment, helping Italian firms to compete at home and abroad. In particular, it fosters and encourages economic cohesion to facilitate the attraction of foreign investments and the internationalization of Italian SMEs providing focused support and incentives.

MISE is by law (art. 9 of Law n.49/1987), a full member of the Steering Committee (SC) of the DGCS, with a representative of the Directorate General for Trade Promotion and Internationalization participating in the approval process of the cooperation projects, with the aim of ensuring Policy Coherence, mainly with DAC policies on sustainable investments.

Besides, MISE coordinates other ministries and agencies in the definition of the Italian position in the negotiations on export credits, both within the OECD and the EU. It leads and coordinates the Italian position within the OECD Export Credit Group and within other groups such as the Arrangement on Officially Supported Export Credits and the EU Council Working Group on export credit.

Finally, on behalf of the MFA, MISE is charged with reporting Consensus AID notifications to the OECD Secretariat.

4.1.5 The role of the Ministry of Health (MoH)

The Ministry of Health (MoH) of Italy is part of all multi-stakeholder mechanisms of consultation on development strategies in Italy, mainly the Cross-Institutional Table on Development Cooperation (CITDC) and co-ordinates its international activities with MFA/DGCS.

The MoH takes actively part - through its Directorate General for European and International Relations and its technical Directorates and Offices – in the international policy making process both at the European and Global level. Such participation includes the involvement in the work of both EU and UN main Governing Bodies (more specifically those of the World Health
Organization – WHO: Executive Board, World Health Assembly and Regional Committees) and in the implementation of international Treaties and Regulations (such as The WHO Framework Convention on Tobacco Control – FCTC and the International Health Regulations – IHR). This work has indirect implications on international public health activities and initiatives, as the Resolutions, Decisions and standard-setting procedures deriving from the deliberations of these Bodies have influence on health policy development and health systems strengthening worldwide.

Besides this aspect, the Directorate General for European and International Relations of the MoH deals with bilateral agreements on health matters with non-EU countries as well as with technical collaborations in the field of health within the Mediterranean basin (Euromed) and participates – within a cross-cutting sector-wise intergovernmental coordination mechanism – in the response to international health emergencies. In all these activities there is an active involvement of Italian National and Regional Institutions (National Institute of Health, Research Institutes, Academia etc.).

Another important field of international involvement of the Ministry of Health is the coordination of the Italian Regions involved in decentralized cooperation.

Last but not least, the Ministry of Health pays – every year - the Assessed Contributions to the Regular Budget of WHO, as approved by the World Health Assembly every second year, according to the UN Scale of Assessment.

4.1.6 The role of the Italian Department of Civil Protection (DPC)

The Civil Protection Department of the Presidency of the Council of Ministers (DPC) is the coordination body of the National Civil Protection Service and, according to its mandate, is responsible at national level for the protection of the country’s people and goods, undergoing particular threats and dangers arising from natural, environmental or man made risks.

DPC has an important role when a civil protection intervention is carried out abroad. In recent years, the Italian Department of Civil Protection has, within its competences, contributed in a determinant way to the implementation of the Italian development cooperation policy, taking part both in the first response phase in cases of disaster and in capacity building activities and disaster risk reduction.

The type of international missions that the DPC can carry out were firstly defined by Law 49/1987, in particular, by article 11, which highlights that the interventions following disasters or extraordinary events can be carried out in agreement with the Minister for civil protection. Those legal foundations have then been integrated by Law 152/2005, which underlines that the DPC is competent for operating in international crises in cooperation with the Ministry of Foreign Affairs (MFA). The law further highlights that the President of the Council of Ministers, or the ad-hoc delegated Head of the DPC, can issue emergency ordinances aimed at avoiding danger situations or further damages to people and goods abroad, allowing the DPC to exercise the same powers as for emergencies occurring over the Italian territory.

However, the DPC does not only intervene in case of natural or man-made disasters. In the framework of a fruitful cooperation with the MFA, the DPC was involved in humanitarian response contributing with the Civil Protection assets of the National Service to several Italian initiatives. Between 2011 and well into 2013, the DPC operated jointly with the MFA in Tunisia, Turkey and Jordan in the immediate aftermath and in the transition phases of the events in the Southern Mediterranean.
In Tunisia, the DPC sent logistical material - including shelter and telecommunication equipment - to support the Tunisian authorities and the UN agencies in the reception and the identification of the people fleeing from Libya. In Jordan, DPC donated a field clinic of the ANA (Associazione Nazionale Alpini) to the local authorities involved in delivering health assistance to Syrian refugees. Likewise, in December 2012 in support to the Turkish Government with the donation of an advanced medical post to support local NGOs in assisting Syrian people along the Turkish border.

The DPC conducts also capacity building activities in the Mediterranean and Balkan Countries, as primary counterpart of the local civil protection authorities. The DPC led the EUROMED “Programme on Prevention, Preparedness and Response to Natural and Man-made Disasters” - PPRD South - aimed at strengthening civil protection systems. Other initiatives aimed at building a civil protection culture are the Adriatic-Ionic Initiative and the Central European Initiative. The DPC chairing the National Platform for Disaster Risk Reduction is committed in the implementation of Hyogo Framework for Action. The DPC participates to UNISDR Forum providing the Italian perspective on DRR policy. Moreover the Italian Civil Protection is supporting UNSIDR initiatives, aimed at sharing knowledge and experience for setting up a National Platform for Disaster Risk Reduction with requesting countries.

4.1.7 The role of the Ministry of Environment (MATTM)

Italy’s commitments for environment increased after its inclusion as a cross-cutting priority in the Three Year Guidelines (TYG) for Development Co-operation. The priority attached to environment was reflected in increased support for projects related to the Rio Conventions. Support for biodiversity projects increased particularly between 2006 and 2007. This was followed by increased support for response to climate change and for fighting desertification in 2008 and 2009.

Environmental matters are within the responsibilities of MFA (DGCS and DGMO) and the Ministry of Environment (MATTM). Coordination is assured, among others, through the Cross-Institutional Table on Development on Development Cooperation (CITDC), established in 2010 and co-chaired jointly by the MFA-DGCS and the Ministry of Economy and Finance (MEF), considered as an important forum for ensuring policy coherence for development. The MATTM, which implements its own development co-operation projects, takes an active part in the Working Group’s activities. In 2011, Italy adopted written guidelines on environment that are a practical and user-friendly tool for facilitating integration of the environment into development co-operation activities.

Since 2004, a number of projects promoting more efficient use of energy, water resources and renewable energy sources have been implemented, providing professional training and fostering the exchange of know-how as well as the application of eco-efficient technologies. The MATTM’s co-operation activities have focused on China, India, the Mediterranean region, Central and Eastern European countries, Latin America, the Caribbean and the Pacific islands. A co-operation programme on environment between Italy and China has been particularly successful. During its 12 years of operation, the programme has generated investment and capacity building outcomes and is among the longest lasting international environmental protection programmes in China.

The environment, together with land use and natural resource management, remained a priority topic in the 2011-13 programming period. However, as the net reduction in public finance continues to affect overall development co-operation, Italy puts particular effort in increasing effectiveness also to its environmental initiatives, in line with the OECD international agenda on Aid and Development Effectiveness.
4.1.8 The role of the Ministry for International Cooperation and Integration (MICI) (from November 2011 to April 2013)

At its inception, at the end of 2011, the Monti Government appointed a Minister for International Cooperation and Integration (MICI), under the umbrella of Presidency of Council of Ministers, who was in charge of orienting, promoting and coordinating the Ministries involved in development assistance activities, in particular the Ministry of Foreign Affairs and the Ministry of Economy and Finance (MEF). To this end, President Monti issued a Government Directive on April the 6th 2012. This marked a phase of intense – and sometimes challenging - interaction and collaboration between the MFA, DGCS and the MICI, which lasted until April 2013: the two Ministers co-chaired the meetings of the Steering Committee (SC) of the DGCS and the Minister of International Cooperation (MICI) was tasked with chairing the Cross-Institutional table on Development Cooperation (CITDC).

This led to the endorsement of a Policy Document encompassing an “overarching development cooperation vision for the Italian system as a whole”, outlining a series of principles to which the Italian Development Cooperation actors agree to adhere.

Besides, under MICI’s Chairmanship, the CITDC went through an in-depth analysis of the Italian Development Strategic orientations, took stock of the planning and programming exercise of all different actors and decided to create ad-hoc working groups on different issues, such as i) the Italian vision on the post-2015 Development Agenda, ii) the perspectives of Public Private Partnerships (PPP) in Development and, iii) the state of the art of PCD in Italy and in the EU.

Plus, the MICI took the initiative of convening the Milan Forum on the Italian Development Cooperation with the participation of the highest Italian Authorities, foreign guests, opinion makers and over 3000 delegates. The Forum was important in raising public awareness and the political profile of development in connection with the political engagement taken by the Government (DEF 2012 and 2013) of reverting the decreasing trend in Development Cooperation resources of recent years.

4.1.9 The Decentralized cooperation (Regions, Provinces and Municipalities)

Decentralized cooperation refers to development cooperation activities carried out by Italian Local Authorities (Regions, Provinces and Municipalities) in partnership with their peers in partner countries. They often involve Territorial Actors and Civil Society organizations, very frequently with the active participation and the contribution of the DGCS. The number of Local Authorities (LAs) operating in this field varies over the years, but independently on their amount, those activities are worth considering due to their added value and their peculiarities in the Italian Cooperation system. In fact, the amount of financial resources allocated by the Italian LAs in the last years is in the range of € 15 – 25 mln/year.

However, during the survey on a Whole of Country (WoC) Approach conducted in 2012 by the Ministry of International Cooperation and Integration (MICI), interesting findings emerged as far as Decentralized Cooperation is concerned: in some cases, the multiplier effect by the initial public contributions mainly by Regions is remarkable, since they normally produce ensuing and interlinked interventions form various actors connected to the Territories, such as local NGOs, private sector, Universities, which become very often operational through the mobilization of EU Funds.

This is the case, particularly in sectors such as training, waste management, renewable energies, disaster management, social entrepreneurship and connections with the diasporas.
4.1.10 The Civil Society Organizations (NGOs)

The Non-Governmental Organizations play an increasingly important role in the Italian development cooperation scenario. Their number steadily increased over the years and, to date, those officially recognized by the MFA are around 250. However, to date, more than 20,000 Italian CSOs are engaged in the field of development cooperation, with some 1.3 million employees (either paid and on a voluntary basis). This gives the measure of the great attention to solidarity and to the values of “openness” to other cultures and civilizations, as well as to filling the gap between North and South, that are present in all layers of the Italian society.

As it is the case in many other Countries, their major added value of an active role of the CSOs in Development rests particularly in their project implementation skills and in their knowledge and understanding of the peculiarities and the challenges of the Partner countries where they operate. However, while their role in terms of advocacy and awareness-raising among the population appears to be somehow less prominent than the one played by NGOs in some other countries, especially in Europe, this pattern appears to be changing. Italian NGOs, thanks also to the use of new technologies and communication appear increasingly present (even if this varies according to their size) and active in the Italian debate on Development issues and its importance vis à vis the international projection of the Country. The Forum on the International Cooperation held in Milan in October 2012, promoted by Minister Riccardi (himself a prominent personality in the Italian Civil Society) represented a very important step in the participation, sharing and stock-taking process on development choices and orientations, both during the long preparation phase and during the Forum itself.

Law n. 49/1987 rules and defines the activities of, and the procedures related to, the NGOs, whereas Law 288/91 (and its following integrations) provides the legal basis for insurance and salary related issues of Italian international volunteers.

In fact, Law n. 49 states that Italian officially recognized NGOs can receive financial support by the MFA-DGCS for the implementation of projects proposed by them (progetti promossi): in this case, the DGCS can co-finance up to 70% of the total project envelope. Furthermore, NGOs generally rely on other financial sources, such as the European Union, Italian Regions and Local Authorities, other Ministries (Education, Health and Interior) as well as on other Directorates General of the MFA (e.g., Mediterranean and the Middle East and Cultural Promotion), with a considerable systemic, multiplier effect. Over the last few years, Italian NGOs proved a significant capability in raising funds within the Italian society. The private fund-raising is actually taking an increasing role in the way of operating of these NGOs.

In 2013, an important innovation concerning the financial support to NGOs has been introduced by DGCS, following specific recommendations made by the Court of Auditors (Corte dei Conti). The new procedures, whose definition and entering into force was shared with the representatives of the NGOs, introduce the “call for proposals” as a way to select the projects proposed by the NGOs. Furthermore, a Commission for the evaluation of the projects was established, as well as more effective timelines for the presentation of the financial reports. As a result, DGCS has now a more efficient and transparent selective process, based on the shared principles of non-discrimination and equal treatment, in line with the procedures of the European Union. Besides, this new appraisal and approval process takes Aid and Development Effectiveness principles in great consideration. The new system of the calls for proposals will also provide DGCS with an opportunity to indicate, for each call, sector and geographic priorities and needs, thus increasing the coherence of the overall DGCS policy - in line with the TYG and the Italian aid effectiveness.
Moreover, most of Italian officially recognised NGOs take part in three different Associations – Associazione ONG Italiane (AOI), Coordinamento Italiano Network Internazionali (CINI), Link 2007 – with the aim to coordinate their members and to represent them vis-à-vis the DGCS and all the public partners, enhancing - at the same time – their role and voice within the “Sistema Italia di Cooperazione”. They take an active part in the Cross-Institutional Table on Development Cooperation (CITDC) and to its ad-hoc Working Groups; the three Organizations participated as well in the drafting of the “Overarching Vision Document on Development Cooperation” endorsed by the CITDC in April 2012.

Plus, there is a high degree of consultation among the DGCS and the NGOs, in particular when it comes to identifying and drafting project proposals. This close collaboration ensures that new activities are coherent with DGCS strategic orientation. Moreover, DGCS considers the experience and know-how of the NGOs of the highest value, in particular in shaping and/or fine tuning its policies and priorities. In fact, NGOs are also a bridge towards CSOs of partner Countries and for facilitating the endorsement of their issues and priorities within the Italian strategy: the participation of CSOs of partner countries is *conditio sine qua non* for the approval of any *progetto promosso*.

In the last few years the consultation process between DGCS and NGOs strengthened, resulting in an increase of opportunities for the Civil Society to play an important role in shaping public debates. Currently, ad-hoc Tables with the participation of representatives of NGOs deal with the main issues of the Italian Cooperation, such as Aid and Development Effectiveness issues (the CSOs elected one representative in a special working group) or when it comes to defining the specific priorities of intervention, such in the case of the Middle East, Sub-Saharan Africa (Ethiopia, Burkina Faso, Somalia), as well as Climate Change and Food Security, where the special contribution of the CSOs gives particular added value to the Italian presence.

Finally, it is worth mentioning DGCS’ firm intention to continue co-funding the so-called InfoEAS (Information and Education to Development) projects presented for approval by NGOs, aimed at communicating to the Italian civil society, and in particular to its youth, messages related to the importance of overcoming prejudice, looking at social dynamics with a critical eye and participating actively in their transformation.

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**Italian ODA - Bilateral Flows to NGOs in Macro-sectors as specified in 2013 TYG**

**Gross Disbursement in Million USD current prices - Source OECD/CRS**

<table>
<thead>
<tr>
<th>Macro-sectors</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2009-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Agricolture &amp; Food Security</td>
<td>18.07</td>
<td>13.21</td>
<td>24.54</td>
<td>17.25%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>16.41</td>
<td>11.34</td>
<td>17.26</td>
<td>15.98%</td>
</tr>
<tr>
<td>2-Human Development (Health &amp; Education)</td>
<td>46.63</td>
<td>36.75</td>
<td>40.39</td>
<td>38.24%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>41.25</td>
<td>33.98</td>
<td>35.42</td>
<td>39.28%</td>
</tr>
<tr>
<td>3-Government &amp; Civil Society</td>
<td>8.34</td>
<td>5.03</td>
<td>5.61</td>
<td>5.87%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>6.72</td>
<td>4.91</td>
<td>5.52</td>
<td>6.09%</td>
</tr>
<tr>
<td>4-Private sector</td>
<td>2.89</td>
<td>1.07</td>
<td>1.34</td>
<td>1.64%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>2.64</td>
<td>0.76</td>
<td>1.16</td>
<td>1.62%</td>
</tr>
<tr>
<td>5-Environment &amp; Water</td>
<td>11.20</td>
<td>6.12</td>
<td>11.81</td>
<td>9.00%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>10.69</td>
<td>4.94</td>
<td>9.28</td>
<td>8.84%</td>
</tr>
<tr>
<td>6-Other Non-priority sectors</td>
<td>17.76</td>
<td>15.74</td>
<td>12.83</td>
<td>14.32%</td>
</tr>
<tr>
<td>of which DGCS</td>
<td>16.45</td>
<td>15.62</td>
<td>11.45</td>
<td>15.45%</td>
</tr>
</tbody>
</table>
### 4.2. Innovation and behaviour change

#### 4.2.1 Objectives setting

Important changes have recently taken place in the Italian Public System. Those occurred also in the DGCS as well as within the other actors of the “Sistema Italia di Cooperazione”.

Based on the latest reform of the Italian public administration (the so called “riforma Brunetta”, adopted in 2009) the Government outlines the political priorities and the strategic objectives of its action in connection with the annual budgeting process. It allocates therefore the corresponding resources to each Ministry, on the basis of the proposals made by the MEF.

The Government (Prime Minister’s Office) indicates the political priorities in foreign policy and the Minister of Foreign Affairs assigns the strategic objectives to its Directorates, along with the financial resources to fulfil them.
The strategic objectives are integrated with operational objectives and performance targets. These objectives are the basis for individual managers’ performance assessments.

The objective setting by all Administrations is made on the basis of a Performance Plan, which - coherently with the allocated resources – sets goals to be achieved in the following triennium. Those goals can be of a Strategic or of a Structural nature.

In MFA’s Performance Plan for 2013-2015, within the Strategic Goal assigned to DGCS of “Enhancing ODA’s Quality”, the Directorate should continue in its concentration efforts (geographic and sector-wise) and should better articulate its funding through the bilateral, the multi-bilateral and the multilateral channel.

4.2.2 The 2010 Reform of the Ministry of Foreign Affairs

The latest reform of the MFA was carried out in 2010, with the objective of adapting the organizational system to a deeply and rapidly changing global scenario and to further enhancing the role of Italy in the world, offering at the same time better services to citizens and to the business community. To this end the number of Directorates General was reduced from 13 to 8, among which two new were established, adsorbing and merging the competence of the previous ones: the DG for Globalization and the DG dealing with the “Sistema Paese”, meaning the one with responsibility on “economic” and “cultural diplomacy”; the issues related with Europe and the EU as Organization were reunited, whereas it was decided to deal within the one related to Bilateral and Multilateral Security with some traditional strategic focuses of the Italian Foreign Policy: the Mediterranean and the Middle East including Afghanistan, Russia and the Former Soviet Union, the transatlantic relations, mainly the relations with the US. Basically, in an increasingly globalized and interconnected system, the MFA shifted the focus from the previous geographic one to three interconnected macro-pillars: security, European integration and the international projection of the Country (“Sistema Paese”).

DGCS, based also on the fact that the overall matter of Development Cooperation has its own legislative framework (Law n. 49/87), was not particularly touched by the 2010 MFA Reform, apart form the need of restructuring/reducing the number of its Units, which however allowed to establish two new independent structures: the Unit dealing with the EU (Ufficio I), with the responsibility of defining Italy’s position on all EU issues and the one dealing with Communication, Visibility and Evaluation (Ufficio IX).

Nevertheless, the reform was not limited to operational aspects connected to restructuring the system only. Its aims embrace as well those of fostering and sustaining the decentralisation of decision-making, a broader system of verification/evaluation/incentives of/towards achieved results (through the launch of a performance/assessment cycle that uses a strategic system of checks and balances), technological adaptation (thanks to the adoption of the Digital Administration Code and a new platform for the circulation of documents), and a more rational and flexible use of human, and instrumental resources. This, of course, invested DGCS as well.

4.2.3 The DGCS Internal Control System (ICS)

DGCS, in accordance with international best practices, adopted an Internal Control System (ICS). It is defined as a process designed to help the organization accomplish its specific goals and objectives. As internationally recognized, also in DGCS’s case, the ICS aims at facilitating i) that the resources of an Organization are directed, monitored, and measured in the right way and ii) the prevention and the detection of fraud, with the final goal of protecting the organization’s resources, both physical (e.g., machinery and property) and intangible (e.g., reputation).
The main objectives of the DGCS ICS are:

- To pursue effectiveness and efficiency in DGCS’s activities.
- To guarantee reliability in financial and management reporting.
- To ensure compliance with laws and regulations.
- To safeguard the assets of the DGCS
- To prevent and detect fraud and error

The DGCS ICS has five components:

a) the Control Environment sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.

b) the Risk Assessment, which detects and analyzes relevant risks existing to the achievement of the objectives and how the risks should be managed

c) Information and Communication-systems that support the identification, capture, and exchange information in a form and time frame that enable people to carry out their responsibilities

d) Control Activities, i.e. the policies and procedures that help ensure management directives are carried out.

e) Monitoring-processes used to assess the quality of internal control performance over time.

The ICS is evaluated at least one a year. Such verification applies also to the effectiveness of the internal control system of implementing partners managing DGCS funds. After those evaluations, an assessment report, in line with the international and European best practices, is released. The first report will be issued within 2013.

Based on the ICS, an Internal Auditor has been appointed. The Internal Auditor must provide top management of DGCS with independent and objective consulting assistance and opinions on DGCS internal control, with the aim of improving the effectiveness and efficiency of the whole Organization.

Internal Auditor’s role, powers and responsibilities are formally defined in the Internal Audit’s Mandate, which defines the scope of internal audit activities, specifies the position of Internal Auditor function within DGCS and authorizes the Internal Auditor to have unrestricted access to information, property and personnel, as far as audit activities are concerned.

An annual internal audit plan relevant to the Internal Audit function is designed on the basis of risk assessment and is part of a three year Audit Plan. Both documents are approved by the DGCS Director General. The Director General is at the same time the Guarantor of the independence of the Internal Auditor and makes sure that the latter disposes of sufficient resources to carry out internal audit plans and programmes.

4.2.4 Risk Management

A formal risk management process was established at DGCS in January 2011. The process was completed in May 2011 through the appointment of a Risk Manager.
Risk is defined by DGCS as “any event or issue that could occur and adversely impact the achievement of the political, strategic and operational objectives. Lost opportunities are also considered as risks”.

To this end, DGCS drew up a Risk Register which records activities, types of risks, impact, probability of occurrence of the risk, action plans to prevent it, owners of the process and target dates for completion of the plan.

The Risk Manager is responsible for updating the register.

A Risk Manual was also published, describing the principles of risk management and the main phases of the prevention process, based on an “objective – based risk identification”, meaning that, for each risk, the most appropriate response is identified and a specific plan of action is put in place (risk can also be mitigated or even accepted).

The Action Plan is reviewed through regular reviews to ensure that the actions are completed by the target date and other actions added as appropriate.

The first implementation of Risk Management process was done in 2011, based on which the Risk Register including impact and likelihood of each risk, identifying corrective actions to be taken was drafted. The same was carried out in 2012 and 2013.

4.2.5 Change in Rules and Procedures

Some of the main challenges since the latest Peer Review, namely the one connected to widely-felt need of updating the basic Law on Development Cooperation (Law n. 49/87), still persist. DGCS is particularly aware of that, and has tried to support, within its possibilities, this major change to occur.

All assistance has been given, through the parliamentarian services and the legislative service of the Ministry, to facilitate the achievement of a well needed reform, especially as far as procedures are concerned. At the same time, considerable effort has been made in order to systematize a wide number of internal rules and regulations with a remarkable effort towards their streamlining, simplification and web dissemination. This is felt as particularly important, considering the high turn-over for all kinds of staff working at DGCS, being it diplomatic, technical or administrative.

Within the so-called “3rd DGCS Effectiveness Plan” (see further Sections), one among the four specific actions regards particularly the streamlining and the simplification of procedures. In the first part of this action the streamlining of the procedures regarding the implementation of initiatives to be financed through soft loan was concluded, whereas conclusion of the others is foreseen by the end of 2013.

Those internal procedures provide now a detailed description of all the phases of the project cycle following the Project Cycle Management based on the Logical Framework Approach in all aid delivery methods. For the first time official procedures in several aid delivery methods (namely, Emergency, NGOs and aid credits) have been addressed separately in official documents identifying activities and all the offices responsible for each single one of them. The new internal procedures simplify the previous operational regulations and encourage direct disbursement in tranches into Special Accounts in Governments’ name. At the same time, administrative controls on procurement have been simplified by encouraging ex post controls on small contracts. Finally, expenditures are often checked “ex post” on the basis of periodical financial reports by IAS auditing firms.
The DGCS Steering Committee has already approved procedures relating to grants for emergency operations and grants for projects carried out by NGOs. The procedure concerning soft loans for infrastructure projects and programs are at an advanced stage of implementation. They shall be submitted to the Steering Committee within the current year.

The DGCS has also issued a Manual giving a detailed description of training projects in Partner countries in cooperation with public authorities and public Universities. Internal documents regarding especially Eligibility criteria and Ethical Clauses in Contracting and Procurement were also drafted and disseminated (both in Italian and in English) within the DGCS and in UTLs in order to be known by the counterparts in development initiatives.

4.3 Human resources

DGCS is particularly aware of the challenges caused by its decreasing human resources. This decrease was parallel to the one registered in financial resources; plus, the economic situation and the severe budget constraints for all Italian public administration have not allowed to launch any new recruitment procedure so far, obliging DGCS to streamline its staff by introducing in 2009 new retirement thresholds; at the same time, the inflexibility of the internal rules have prevented the adoption of highly needed measures, such as outsourcing, to increase the staff at all level.

Due to blocks in turn over for many years, average of technical staff is very high and the lack of career incentives has highly de-motivated DGCS staff in general. This, as recognized by previous peer reviews, persist as a challenge, especially as technical evaluations and appraisal in general become difficult, with heavy overload for those at the HQ in several positions and responsible for particular sectors of intervention (evaluation and appraisal of initiatives in the Health sector, for instance, become a particular challenge), with in frequent cases the obligated way of falling back upon the multilateral channel.

DGCS counts on Diplomatic, Technical and Administrative staff. Diplomatic staff is generally in executive positions, but there are top administrative positions for some kinds of Units (two at the moment among twelve). Plus, some law experts for particular aspects, particularly procurement, have been recruited. DGCS enjoys a certain flexibility as far as non-top administrative staff is concerned: secondment from other public Administrations, provided DGCS integrates the salaries paid by the seconding Administration, is possible; DGCS recruits a certain number of seconded personnel from other Administrations. This, however, represents not always an advantage: while this can be an advantage for some technical specific positions, the recruitment of expert trained staff, especially on financial public book-keeping DGCS particular rules, can be difficult and represents a challenge. This personnel, with a particular training in the MFA book-keeping procedure is only available among the ranks of MFA and – due to the recent blockade in recruitment and in turn-over – it turns to be rather scarce. This explains also the difficulties DGCS has experienced in elaborating the final closing administrative reports of various initiatives. This problem has been partially resolved with an agreement with a special force (Guardia di Finanza, that depends on the MEF) who provides a small, but full-time, team of book-keepers to work off the backlog.

At December 15th 2012, 316 employees with different professional qualifications were on duty at the DGCS in Rome. The picture of the entire personnel of DGCS looks as follows:
In term of costs, in 2012 approximately 2.8% of the financial resources available to DGCS were allocated for the wages of technical officers (experts) at Rome HQs and abroad as well as for other staff working at the Local Technical Units (UTLs).

With the intent of facing the challenging staff situation, some measure were taken. In 2012, DGCS succeeded in stabilizing the contractual conditions of its technical staff, who, from the date of entry into force of the Development Cooperation Law 49/87 operated on the basis of

<table>
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<tr>
<th>Region</th>
<th>HUB Country (UTL)</th>
<th>Branch Office</th>
<th>Permanent staff</th>
<th>Temporary Technical Staff</th>
<th>Administrative Local staff</th>
<th>Total</th>
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<tr>
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<td>316</td>
<td>1</td>
<td>316</td>
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</tr>
</tbody>
</table>

Table: Permanent and Temporary International or Local Staff Employees at 15/12/2012

Source: DGCS
medium-term contracts. Those contracts were periodically renewed, but with many difficulties when they were coming to termination.

These personnel, totalling 53 units as of September the 1st 2013, has now the status of staff with a permanent contract. This situation turned out to be certainly beneficial to DGCS, which now can count on the certainty of the technical function. However technical staff remains insufficient to face the number of the institutional tasks entrusted to them.

Therefore, DGCS has managed to work out a plan for hiring at least 25 additional professionals at the earliest possible, most probably by the first semester of 2014, and it has allocated for the period 2013-2015 € 1.5 million per year on the corresponding budget line. This should allow the DGCS to recruit, with the methodology in use in all public administrations (i.e. through an open competitive exam), new - highly needed - specialized professional figures, such as economists, statisticians, lawyers, environmental experts, etc., in line with the needs of a modern Development Agency facing the challenges of deeply changed global development scenario. This should bring new intellectual energy to the technical component of the DGCS, who besides not having been renewed and updated with new recruitment since a long time, has reached a considerable age in average (six retirements are foreseen within the next two years).

In the meantime, the need to provide DGCS staff with updated information and training remains paramount. DGCS has recently enhanced its training activities directed to the staff, at all levels, assigned abroad, including those returning or recently assigned to the HQs. In September 2013 special sessions dedicated to various specific issues (EU Project Cycle Management, Results-Based Management, DGCS Rules and Regulations Updating and recent innovations in bookkeeping) were organized.

Nowadays, technical staff is of two kinds: those recruited in the aftermath of the entering into force of Law n. 49 and those recruited with a successive legislative provision aimed at absorbing Italian experts with a previous experience within International Organizations. This second category of personal staff was supposed to be employed only in the geographical desks, whereas nowadays this limitation has been eliminated, creating more internal flexibility and augmenting the number of experts, at the UTC and at the UTLs for the crucial task of appraising and evaluating initiatives.

Plus, as said, the decentralization process has pushed the employment of experts to the field rather than at the HQ with positive results in terms of enhancing contact, dialogue interaction and capacity development with the Partner Countries and Organizations.
CHAPTER 5
Delivery modalities and partnerships for quality aid

5.1. Budgeting and programming processes

5.1.1 Predictability: the Budget Law and the “Decreto Missioni Internazionali”

The Italian ODA originates mainly from the National Budget Law (“Legge di Stabilità e di Bilancio”), which establishes the funds available to the entire Italian Public System, on a three-year basis and is subject, same as in the DGCS Three Year Guidelines, to a year by year consolidation. The indication made, for instance at the end of 2012, for 2014 and 2015 is subject to verification and confirmation at the end of 2013, and so on. This has acquired particular relevance in recent years, due to the difficult circumstances in the public finances of Italy, where the certainty on the available funds for the future, sometimes even for the following year, was undermined by sudden and often severe cuts. The Monti Government (2011-2013) has made a particular effort in increasing certainty to the availability of funds, particularly to those reserved to the international projection of the Country. This trend has been confirmed by the current Government – the more so since development issues enjoy a wide cross-cutting support by the vast majority of political parties in the Parliament - that managed to ward off the threat of cutting development fund in more than one occasion.

This makes predictability of funds certain at least for a twelve month horizon and the certainty on the real availability of the funds arises only towards the end of the year, when the Budget Law is approved by the Parliament and enters into force.

Same applies for the other main legislative provision making funds for development purposes available to various Administrations, the “Decreto Missioni Internazionali”; such provision, as said, provides funds – on a periodic basis, normally over a six months to one year horizon - to support Italy’s presence, both military and civil, in crisis or conflict-prone Countries in the world. As in the case of the Budget Law, the “Decreto Missioni” is also discussed and approved by the Parliament, normally towards the end of the year.

5.1.2 The “revolving fund”

DGCS also avails itself of the funds available in the Revolving Fund (“Fondo Rotativo”) managed by MEF, through Artigiancassa, by which initiatives under art. 6 (soft loans) and art. 7 (financial support and guarantees to joint venture in developing Countries) of Law n. 49 are approved. When the latest TYG were drafted, the available amount on the Revolving Fund was approximately of 335.5 million Euro.

5.1.3 Programming

Both the Budget Law and the “Decreto Missioni” enter normally into force by the end of the year. In general terms, however, during the third quarter of the year (according to the discussion in the Parliament that is closely monitored by the DGCS), MFA is able to foresee the gross amount of available funds for the following triennium and especially for the following year. On that basis, the planning and the programming exercise starts with the involvement of the
Geographic Desks of the DGCS, the UTC and the Embassies/UTLs abroad, reporting on the needs and the expectations deriving from the constant contact they have with their counterparts at local level; periodic meetings are held also with the other Directorates of the MFA, aimed at co-ordinating the DGCS programming exercise with the general Foreign Policy framework. Besides, NGOs are normally updated at least on the general trends of the DGCS programming exercise (through the different ad-hoc tables they take part in, including the ones on specific Countries or areas). Lastly, in an open and concrete approach to Policy Coherence, the Cross-Institutional Table on Development Cooperation (CITDC) has also been involved in the programming exercise. In 2012, the four meetings of the CITDC were dedicated, among other, to an in-depth analysis of the activities carried out and of those planned by the different actors, Central and Local, of the “Sistema Italia di Cooperazione”. The Geographic Desks (Uffici Territoriali) of the DGCS make sure that the Embassies/UTLs they are responsible for, are duly informed about the on-going discussions, to allow them to update their counterparts at local level.

As soon as the availability of funds for the two legislative provisions, Budget Law and Decreto Missioni, is known (at the very beginning of the year) the DGCS proceeds to the updating of the Three Year Guidelines (TYG), drafts an internal Programming exercise (in March 2013, for the first time, the result of the exercise was presented for discussion to the DGCS Steering Committee – SC) and drafts or updates, in connection with the field (through the Geographic Desks and the Embassies/UTLs) and in collaboration with the Partner Countries, the STREAM documents (see Section 2.2.2). Those are conceived as transparent tools by which the public, both in Italy and in the Partner Country, acquires a synthetic overview of the origins, the background, the perspectives, the implementing modalities and – to a certain extent – the expected results of the Italian cooperation in a Priority Partner Country. The STREAM documents provide information also on the expected availability of funds for the following triennium to implement the development programme.

Therefore, generally speaking, no later than by the end of the first quarter of the year, the counterparts of the Italian Cooperation are made aware of the medium term activities Italy intends to carry on as a bilateral partner.

During the same period of the year, and as soon as the availability of funds is known, the same goes for the decision on the multilateral funds. The amount of the voluntary contributions decided at the beginning of the year by the Multilateral Desk (Ufficio II) is approved by the DGCS Steering Committee (SC), generally during its first session of the year, around March.

5.1.4 The EU “Delegated Cooperation”

Starting from 2014, another important financial channel will be available for the DGCS, the one deriving from Italy’s involvement in the “Delegated cooperation” process. In fact, on the basis of the so-called “6-pillars” assessment, from November 2012, the European Commission (EC) recognised Italy as an eligible partner for indirect centralised management of the EU Budget and EDF operations.

Based on this assessment, the EC can now entrust the Italian MFA/DGCS with implementing Actions within the “Annual Action Programmes” on the basis of “Delegation Agreements”. In order to guarantee a balance between the transfer of funds from the Commission to Member States and vice versa, Italy is programming also to sign Transfer Agreements in favour of the Commission. In this context the EC recently entrusted the DGCS with the management of the "Strengthening Sudan Health Services" Programme (for 8.6 million euro), whereas a Transfer Agreement is under way to be signed by the DGCS and the EC for the “Support to the
Institutional Development of the Ministry of Agriculture, Irrigation and Livestock” Programme in Afghanistan (for 1 million euro).

Besides, DGCS is committed to promoting the participation of Italian stakeholders (Ministries, NGOs, Local Authorities, private sector, Universities, etc.) in the formulation and implementation of EU programmes in Partner Countries, thanks to a regular spreading of information on EU development cooperation policies and calls for proposals/tenders. In this context, periodic meetings of an Informal consultative mechanism with Italian NGOs on EU development issues are held, in line with the “Structured Dialogue” (i.e. the consultative process promoted by the European Commission with civil society organizations, local authorities and the European Parliament).

Finally, in synergy with the other relevant Directorates of the MFA, particularly the Directorate for the EU and European Affairs (DGUE), DGCS is actively committed to maximising the catalytic role of ODA also at the EU level within the framework of “blending” mechanisms aimed at leveraging private investments for development. A first Italian “blending” operation was approved in 2012 within the EU Latin America Investment Facility (DCI funds). To this end coordination among all Italian relevant Ministries and Agencies is regularly promoted by EU Desk (Ufficio I) of the DGCS.

5.2. Development Effectiveness

The issue of Development Effectiveness is, at least from 2008, at the core of DGCS attention. At that time, in fact, the DGCS, in close cooperation with Italian CSOs decided to set up a working group (“Gruppo Efficacia DGCS”) with the aim of promoting better knowledge of Aid Effectiveness principles and disseminating them at the operational level. The Group decided subsequently to proceed to the drafting of some basic and manageable plan of action to be applied within DGCS, taking into consideration the international debate such as developed during the conferences of Rome (2003), Paris (2005) and Accra (2008).

In pursuit of this objective, in 2009 and afterwards in 2011, DGCS enforced some action plans on Aid Effectiveness, based, among others on: i) the standardization of Sector Guidelines; ii) mainstreaming the planning exercise for Priority Countries; iii) simplifying some of the basic internal procedures; iv) applying a comprehensive Effectiveness Marker to the initiatives funded by the DGCS; v) analyzing specific fields deemed appropriate for public/private partnerships; vi) conducting a survey on the knowledge of Effectiveness principles in/by the Country Offices; vii) adopting a general Evaluation Plan.

In 2012, DGCS decided to review and to update the validity of such engagement, evaluating the actions to be considered as accomplished or on-going (particularly, action iii), v), vi), vii) and to streamline - upon the existing resources, both financial and human – the ones still pending into four macro-actions. This led, in December 2012, to the adoption of the “Third Effectiveness Plan”, which was presented for discussion to the DGCS SC.

The “Third Effectiveness Plan” is focused on the following 4 actions:

1) Elaboration of a simplified scheme for a three-year programming in Partner Countries (STREAM documents); by the adoption of the Stream documents, the DGCS intends to better specify the content of its partnership with the Priority Countries listed in the TYG. The STREAMS intend to provide therefore a synthetic overview of the origins, the
background, the perspectives, the implementing modalities and – to a certain extent – the expected results of the Italian cooperation in a Priority Partner Country.

2) Elaboration of a standard template for drafting sector, thematic and cross-cutting issues Guidelines (LGSTT); by this action, the DGCS intends to promote useful standardization of the methodology for devising its way of intervening in specific fields.

3) Elaboration of a new “Effectiveness Marker” for assessing the initiatives submitted for financing, in the light of the following criteria:
   a. Effectiveness principles, including Busan;
   b. policy indications provided by OECD-DAC (gender, environment, etc.);
   c. strategic vision of Italian Cooperation DGCS.

4) Streamlining of the DGCS working procedures; the streamlining of the procedures regarding the implementation of initiatives through soft loan has been concluded, whereas the conclusion of the plan for defining the remaining financing procedures is foreseen by the end of 2013.

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**FOCUS: The New DGCS Effectiveness Marker**

The new marker for assessing the development cooperation initiatives, which intervenes at the final stage of the formulation/appraisal phase, and before its submission to the SC approval, is based on 12 ex-ante evaluation criteria:

1. Conformity with the Three Year Guidelines (TYG).
2. Conformity with the Italian sector, thematic and cross cutting issues Guidelines (LGSTT), if and when applicable.
3. Level of Ownership.
4. Level of Alignment.
5. Level of Harmonization.
6. Degree of application of a Managing for Development Results Approach.
7. Mutual accountability mechanisms foreseen.
8. Level of Inclusive Partnership promotion.
10. Coherence with the Italian Guidelines on Gender equality.
12. Level of Untying.

Those 12 criteria and the various corresponding questions are conceived as a sort of checklist aimed at improving the quality of the initiative, by guiding the process of their identification and formulation, with particular emphasis on a capacity development focused dialogue with the counterpart. The Marker, although resulting in a score to be assigned by the DGCS NVT (Nucleo di Valutazione Tecnica), is not meant as a blocking barrier, but rather as an on-going (working progress) quality assessment tool. Nevertheless, the final judgement, derived by the total score, is public.

The recent entering into force of the new Marker (May 2013), on the advice of the working group on Effectiveness (“Gruppo Efficacia DGCS”), was preceded by an internal workshop (with a representation of the CSOs), whose results contributed to its fine tuning.

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### 5.3. Alignment in Procurement

In the last four years DGCS has been focusing on alignment to the country systems, particularly in the field of procurement.
In fact, the Italian Code for Public Contracts allows for the application of local procurement procedures provided that they are coherent with the principles underlying Italian and European Union legislation on the matter.

In particular, DGCS requires the local counterparts to ensure competition, transparency and the widest spreading of information of the procurement process.

Currently, in the greatest majority of cooperation projects, the Partner Country plays the role of Contracting Authority, applying its own rules integrated by a set of binding provisions and ethical clauses stated in the bilateral agreement.

### 5.4. Measures against corruption

As regards the Italian Central Administration, a very recent legislative provision (Law 190/2012, the so-called Antic-corruption Law) foresees a number of measures against corruption. Among other, each Administration, including the MFA, has to adopt a specific anti-corruption plan, along with transparency rules, in accordance with a National Anti-corruption plan prepared by the Department for the Public Function, within the Prime Minister’s Office.

The Department for the Public Function has prepared in July 2013 a draft National Anti-corruption Plan[1] and, on this basis, the corresponding MFA Anti-corruption plan will be established accordingly. In the meantime, the MFA has already published the vacancy notice for the appointment of a senior manager as MFA Anti-Corruption Manager.

As regard the operational procedures within DGCS, a standard clause is included in all bilateral agreements for project implementation. According to that clause, Italian aid may be suspended or even cancelled, in case of the slightest evidence of corruption or mismanagement of funds. In this regard, DGCS legal office (Ufficio X), in an effort to prevent the risk of corruption, has elaborated guidelines (in Italian and in English) with eligibility criteria, ethical clauses, contract general principles and actions to be taken in case of corrupt practices.

### 5.5. Untying

Italy considers untying as a paramount issue in development. Particular pressure is put on the Government by the Italian civil society on this. Italy looks at untying within the spectrum of the Global Partnership on an Effective Development Cooperation and as one of the most relevant commitments the international community has taken in Busan.

As far as untying aid is considered, there exist still some constraints coming from the basic legislation on development cooperation, i.e. Law n.49/1987. A new Law where untying and transparency (two of the main commitments endorsed in Busan) were specifically mentioned as international commitment would certainly change the picture. Nevertheless, it is worth noticing that, even at present, all Italian soft loans addressed to both LDCs and HIPC's are fully untied.

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5 D.P.R. n.207 dated October 5th 2010
In 2002, Italy totally untied its soft loan to the LDCs\textsuperscript{6}. Furthermore, in 2009, in conformity with OECD Recommendations, also loans to HIPC were totally untied\textsuperscript{7}. For other non-HIPC and non-LDC countries, project untying has been increased up to a maximum of 95%, depending on the sector of intervention.

In the remaining Partner countries, Italian efforts aim at boosting the component of utilization of locally produced goods and services. Those measures have allowed the percentage of Italian untied aid to grow so far, even if at a slower average than for other OECD Partners.

As for grants, most Italian aid is now totally untied. As a consequence, 60% of credits notified in the last 3 years to OECD were untied. This percentage in 2012 has increased up to 86%. Considering ODA both in the form of grants and loans, the percentage of untying has increased to 68% in 2010 and to 78% in 2011.

Finally, reference must be made, when it comes to untying, to the political constraints many Countries, including Italy, operate under when it comes to gaining support on budgets for development assistance. The Italian Government is nevertheless aware of the necessity of a well addressed communication strategy on the importance of investing in development, to overcome – especially in times of heavy financial crisis - many different and sometimes conflicting interests.

### 5.6. Partnerships

The entire working methods of the Italian Development Cooperation (“Sistema Italia di Cooperazione”) is based and inspired by the creation of partnerships. In fact, even the idea of establishing the Cross-Institutional Table on Development Cooperation (CITDC) is guided by this aim. Italy pursues therefore partnerships at various levels, particularly with the CSOs, with think tanks, with the Universities, and - to some extent, as seen – with the private sector.

#### 5.6.1 Partnership within the EU

At the international level, Italy is fully engaged in the EU process of Division of Labour (DoL) and in the EU Joint Programming (JP) exercises, by which interesting results have been attained so far in important Partner Countries for Italy, like Ethiopia. In other Countries, feasibility reports are on-going as important steps towards the full implementation of “Agenda for Change”.

As per DoL, some challenges persist, mainly the synchronisation of EU’s and Member States’ programming cycles, but important results have been achieved by making JP coherent with Partner Countries strategy cycles to enhance mutual accountability.

As from November 2012, as said, Italy has engaged even stronger partnership with the EU in the framework of the “Delegated cooperation”, allowing the EC to entrust Italy with the implementation of specific Annual Action Programmes and conversely Italy to sign Transfer Agreements in favour of the Commission.

\textsuperscript{6} CIPE Decision n.61, August 2nd, 2002
\textsuperscript{7} CIPE Decision n.93, November 6th 2009
5.6.2 Partnership with the Civil Society

Italy has increased its efforts in promoting the participation of the different Italian stakeholders (other Administrations, Central and Local, NGOs, private sector, Universities, etc.) in the formulation process and in the implementation of EU programmes in partner Countries, thanks to a regular spreading of information on EU development cooperation policies and on the concerned calls for proposals (CoP) or tenders. To this particular end, periodic meetings of an Informal consultative mechanism with Italian NGOs on EU development issues are held, in line with the “Structured Dialogue”, the consultative process promoted by the European Commission with CSOs, Local Authorities (LAs) with the involvement of the European Parliament.

The Italian civil society organizations, NGOs and ONLUS (non-profit Organizations) are very active in Italy and particularly in the field of Development Cooperation and related matters, such as – for instance – adoptions, integration of migrants, charity, protection of vulnerable groups, micro-credit, income generation etc. This sector includes hundreds of non-profit organizations, out of which many started operating in the immediate aftermath of WW2 and grew - in number and in advocacy power – from the 1950s onwards. In general, their attention to development and solidarity rely on the cultural inspiration of the Italian society, highly influenced by the catholic an socialist ideals and values.

Over the years, this has led the State, mainly but not only the DGCS, to grant a significant financial support to their activities in partner Countries. This has been favoured by the strong relationships Italian NGOs usually have with the local civil society, as a mean of strengthening participation, governance and as a final resource, democracy.

The occasions of jointly organized activities are increasing. In the framework of the multi-stakeholder approach to development cooperation Italy is particularly devoted to, at the beginning of July 2013 a one day workshop was held at the MFA on the Rio+20 follow up and its links to the post-2015 development agenda. Zero Hunger Challenge, sustainability, poverty reduction and social development, from an Italian and from a European perspective were discussed. The workshop was co-organized with a number of relevant Italian NGOs and was attended – among others – by the Vice Minister for Foreign Affairs responsible for Development, the DG of the Ministry of Environment, the Vice Minister of Agriculture, NGO representatives and policy makers.

In particular, DGCS supports 3 different categories of NGOs initiatives: i) Humanitarian Projects, where DGCS contributions can cover 100% of the total cost; the projects are selected through a tender process launched by the Local Technical Units (UTLs); ii) Education Projects implemented in Italy (INFO/EAS), where the co-financing covers usually up to 70% of the total cost; iii) the contributions to NGO Projects in developing countries, up to 70%. At the end of 2012, new awarding procedures for contributing to NGO projects were agreed upon with the main NGO Associations. They aim at rewarding, in a competitive spirit, the most relevant and deserving initiatives and to increase the transparency of the selection process. The new procedure came into force on May 17th, 2013 with the launch of the first “Call for Proposal”; in the future it will be applied to the whole range of categories of NGO projects, including INFOEAS.

2012, due to well-know difficult financial circumstances, saw the lowest allocation of funds to the NGO Budget Line in recent years. In 2013, however, in line with the general recovery trend in budget allocations for development funds, on the same Budget Line a considerable amount of fund is available: 23.5 million euro to support NGO Projects according to the priorities indicated in the Call of Proposal, plus 1.75 to INFO/EAS initiatives. On-going projects (to which DGCS has allocated funds) amount to 9 million Euro.
The Italian CSOs were instrumental in the drafting and the adoption of the 2010 "Guidelines for the Italian Cooperation on Democratic Ownership", which call on the Italian Development actors to improve communication and awareness raising on development values and to promote the greatest collaboration with local CSOs in partner Countries.

5.6.3 Partnership with the Universities

Universities have an important role to play in development cooperation. They can contribute through teaching, research and knowledge generation and exchange.

In 2004, the DGCS established a Partnership with CRUI (the Conference of Italian University Rectors). The main purpose of the Partnership is to go beyond the scientific collaboration and to build on the experience of the Italian Universities for the construction of a policy of “peace and development”. The main areas for joint initiatives are: education for development, sustainable development, poverty alleviation, human rights, cultural heritage, migration, healthcare and environment. The Partnership promotes synergies, supports the participation of the Universities to the cooperation programs and facilitates the co-financing of projects in priority countries. To date, more than 50 projects are under way, mostly in the Mediterranean and Sub-Saharan Area.

Universities also play a major role in providing higher education on development cooperation, through Masters and Advanced Diplomas in Italy, with the support of the Italian Ministry of Foreign Affairs.

5.6.4 Triangular Cooperation

Italy participated in the 2012 OECD DCD Survey on triangular describing the main characteristics, advantages and challenges of Triangular Co-operation (TC). Italy reported on TC in various contexts. In general, technical cooperation and professional training aimed at capacity building is provided. The scale of TC in the case of Italy remains rather limited compared to traditional cooperation and Italy has not yet developed specific guidelines or procedures; instead, it is often regulated by specific agreements with the partner countries to jointly define priorities, location, activities, procedures and specific counterparts.

In general terms, however, Italy believes that Triangular cooperation is particularly beneficial in the case of reduced resources; TC produces valuable synergies and it strengthens the management capacities of developing countries as providers of development cooperation themselves. The exchange of experience between developing countries, as well as sharing different approaches and technologies, is crucial for capacity development and for an improved coordination system aimed at enhancing development effectiveness.

Plus, TC is seen as a strategic tool to enhance the relations between Italy and its neighbouring partner countries (in the South Mediterranean) and to strengthen the relations among Southern countries, creating closer links among different cultures and enhancing regional cooperation and integration. It gives us the opportunity to scale up our aid programs by joining forces with the new emerging donors and to phase out development cooperation with them by supporting them as they take on a donor role. In strategic terms, TC is a tool to enrich the system of international development cooperation.
Italy took part in few initiatives so far (for an amount of Euro 15 million approximately) and some are under consideration. Briefly they are:

i) In Mozambique, the upgrading of a Maputo slum, barrio Chamanculo C, started in 2011, in collaboration with Brasil and City Alliance (Euro 2,150,000).

ii) In Senegal, an agricultural programme (Support to the National Investment Plan in Agriculture) started in 2012, in collaboration with Israel (Euro 11,500,000).

iii) In Egypt, the training programme for South Sudanese midwives was implemented in 2011 (Euro 213,000).

iv) In Bolivia, a programme for fire prevention in the Amazon forest (Amazzonia sin Fuego) started in 2011 (Euro 1,500,000).

Monitoring is jointly undertaken at local level through Development Cooperation Offices (Embassies/UTLs) both in the Partner country and in the Beneficiary country, whereas Evaluation becomes crucial to exchange experiences, identify lessons learned and make use of good practices; however, specific criteria for evaluating TC must be elaborated.

5.6.5 Partnerships in Fragile contexts

Between 2009 and 2012, in spite of decreasing resources, Italy implemented programmes in fragile and post-conflict contexts such as Afghanistan, Democratic Republic of Congo, Libya, Myanmar, the Palestinian Territories, Syria, Somalia, Sudan, and South Sudan. This was done, often with the involvement of Italian NGOs already present in the field, both during and in the immediate aftermath of the crises, through interventions in different sectors depending on the context and situation.

To guarantee the full alignment of the foreseen initiatives to the local contexts, the concerned Local Technical Units (UTLs) are tasked with defining priorities, formulating activities and selecting the projects eventually proposed by those NGOs, with special consideration to the specific institutional and social country system and the clear indication to work, if conditions allow, in close cooperation with local authorities.

As underlined by a recent independent evaluation conducted on four programmes implemented in Afghanistan and Lebanon, the Italian initiatives were particularly successful in setting up good communication systems with local authorities and communities, fully involving them in the implementation and taking into consideration their basic needs. The validity of this approach is stated in the Italian “Good Humanitarian Donorship (GHD) Guidelines”. They reaffirm the need of focusing humanitarian action on state-building, mainly in complex crises and countries in a particularly fragile situation, to strengthen local resilience mechanisms.

When it comes to coordination with the local government and other donors, Italy has had positive experiences in working in close partnership with International Organisations such as WFP, UNHCR, WHO, UNICEF, UN-OCHA, WHO, FAO, IFRC and ICRC, especially in the use of mechanisms of the kind of “emergency bilateral fund”, cash reserves financed yearly by DGCS, allowing a prompt responses to crises even in still insecure field conditions.

Though not directly involved in the formulation of Common Humanitarian Action Plans, (CHAPs), the Humanitarian Desk (Ufficio VI) of the DGCS takes part in the UN/donors meetings where the CHAPs models are discussed and analyzed, to enhance the humanitarian response and in accordance with the GHD principle nr. 14. The GHD Guidelines underline the need to strengthen Italy’s role in preparing International Humanitarian Appeals as well as its participation in rapid response mechanisms (e.g. CERF, DREF and Humanitarian Pool Funds). For instance, Italy supported Common Humanitarian Funds in Somalia and in Syria aimed at increasing coordination mechanisms and sustaining multi-donor trust funds.
As far as Delivery Modalities are concerned, Italy is of the advise that different approaches are possible in fragile contexts, acting both with humanitarian and development instruments. Each circumstance is analysed and carefully appraised by the Local Technical Units (UTLs) in close consultation with the DGCS, for the selection of the most appropriate instrument of intervention and how to apply GHD and Aid effectiveness principles.

Humanitarian instruments can be balanced on the specific situation, channelling aid through multilateral organisations operating in the field or – depending on the prevailing security conditions – through NGOs or directly managed by the Italian Cooperation Offices, if present on site.

In any case, Humanitarian aid programmes follow simplified procurement and financial management procedures, as described in paragraph 7.2/7.3. The humanitarian Desk (Ufficio VI) is engaged in further standardising and streamlining its grant procedures.
CHAPTER 6
Results, transparency and accountability: managing for, evaluating, learning, and communicating results

6.1. Policies, strategies, plans, monitoring and reporting

A results-based management system has been introduced in the last few years in the Italian Public Administration. Two different laws (Decreto Legislativo” 286/1999 and “Decreto legislativo” n. 150/2009) provide the basic core of this system, which is aimed at strengthening mechanisms for monitoring and evaluating the costs, the general performance and the results achieved by the Government.

Based on this system, all Administrations are tasked with an annual review of their political priorities and with setting strategic objectives in accordance with the budgeting process. First of all, the Minister himself is given clear priorities by the Government. Consequently, the Minister instructs the Departments towards the adoption of a “Performance Plan”, which (in a similar way to what happens with the budget) is a three-year document setting out the objectives in line with the Ministry’s mission. Those objectives should, of course, be coherent with the available volume of resources and provide adequate indicators and targets to measure how and to what extent those objectives have been attained.

On this basis, the Minister then decides the allocation of resources to each operational Department. The two criteria for allocating the resources are: the results previously achieved and the priorities established in the Performance Plan.

All operational Units within each Department, in turn, receive the amount of resources that are deemed necessary to achieve the Strategic and the Structural objectives they were assigned with. The Strategic Objectives originate from the political priorities and are aimed at a more accurate implementation of those priorities, while the Structural Objectives refer directly to the administrative actions linked with the yearly budget cycle.

The current MFA “Performance Plan” covers the period 2013-2015. It assigns one Strategic Objective and two Structural Objectives to the DGCS. The Strategic Objective is “Enhancing the quality of ODA” and its achievement is measured on the basis of the ministerial action’s adherence to the development effectiveness principles and to the MDGs. Conversely, the two Structural Objectives relate to the financial management: the first one is defined as ‘improving the budgeting process’, meaning enhancing DGCS’s performance in communicating funds’ availability and predictability, while the second one is aimed at improving the planning exercise, by enhancing the strategic value of the three-year Guidelines.

Coherently with the effort the entire Public Administration of Italy is undergoing to this respect, especially since the entering into force of “Decreto Legislativo” n. 150/2009, and in line with best practices at the international level, DGCS is engaged in “injecting” increasing elements of “results-based management” in its way of operating. DGCS is aware that this is a long process and that it will take time before a completely adsorbed Results-based management scheme will be fully implemented within its working methods. To this end, specific training sessions and dissemination initiatives among the personnel were organized in Rome. On the 28th of June 2013, a Workshop open to the entire personnel of the DGCS, analyzing “the Logical Framework
and the Results-based Management” took place, as a follow-up to the presentation of the results of a recent evaluation on Humanitarian assistance in Lebanon and Afghanistan.

Besides, the STREAM documents edited by the DGCS for all its Priority Countries bring to evidence how results should turn out to be at the basis of the planning and programming exercise; this must be seen within the framework of the increasing effort towards accountability the entire “Sistema Italia di Cooperazione” feels engaged in.

On the 21st of June 2013, in the Parliament, one of the three main Associations of Italian NGOs, Link 2007, organized a full day Seminar dedicated to “Accountability, as a common path in Development Cooperation”. The MFA Vice Minister with delegated responsibility for Development took part in it, recalling the importance of a result-oriented development cooperation, putting emphasis on DGCS’ aim of gradually approaching a model, and a best practice at the international level, where resource allocation follows only after, being consequent and coherent to, a well thought in-depth analysis of the results to be achieved in a particular sector of intervention.

6.2. Evaluation system

DGCS is particularly aware of the importance of evaluating activities; it follows the international debate on evaluation values and shares best practice with other donors; DGCS believes that a sound evaluation system is at the core of increased transparency and accountability.

DGCS took the first steps in endowing Italian Cooperation with a more effective and structured evaluation function, as recommended by the OECD/DAC in 2009, by elaborating “Guidelines on Evaluation” and the start of the first “Evaluation Programme for 2010-2011”. The 2010 reform of the MFA made the establishment of new structure (“Office IX - Visibility and Evaluation”) possible, with its own budget allocation.

In March 2012, the then newly-appointed Minister for International Cooperation and Integration reiterated the need of strengthening a culture of evaluation and accountability within the Italian Cooperation System, with the aim of becoming more accountable and optimizing the use of resources. In spite of still considerable budgetary constraints, the Evaluation Programme for 2012 was approved, with a commitment for 2012 of 1 million Euro (to conduct 18 evaluations) and another 1 million for 2013.

6.2.1 Evaluation Criteria and objectives

With the setting up of Office IX, DGCS began implementing an evaluation activity, consistent with the internationally recognized DAC principles and with the most relevant literature on the subject.

In DGCS practice, the evaluation exercises, both ongoing and ex-post, should have three components: i) an independent scrutiny of the use of taxpayers’ money, that takes into account the results and impact of the initiatives (accountability); ii) a verification of the “return of investment” in cooperation in terms of effectiveness in achieving the Millennium Development Goals; iii) feedback to improve future planning.

Initiatives are submitted to evaluation on the basis, among other, of some general criteria:

- There is an expectation that the results of their evaluation could be useful for improving DGCS future activities;
• They are strategic for Italy in the approach to a particular Country or Sector;
• The investment in development terms is meaningful;
• They are carried out, when possible, in synergy and by sharing experiences with other partners of international cooperation;
• They can maximize and help build the capacity of partner Countries, also actively involving civil society;
• The quality of the initial design provides and facilitates an efficient evaluation process.

In programming the evaluations to be conducted, DGCS diversifies them by: i) Instrument (grant, soft loan, budget support, etc.); Country (on the basis of investment made in the past, both in terms of bilateral and EU-driven cooperation; possibly, the activity may also include an evaluation on the studies commissioned by the Country itself, the EU and other Donors); iii) Sector (health, environment, food security, etc); iv) Quality of the partnership, (e.g. impact of NGOs on the development of local civil society or collaboration with UN Agencies); v) the possibility of conducting a Joint Evaluation along with other donors (bilateral and/or multilateral) or by Partner Countries in Countries/geographical areas or themes considered relevant for the Italian Co-operation (e.g. EU-led Budget Support evaluation in Mozambique, in progress).

As also indicated in the Evaluation Guidelines, DGCS implements additional activities of self-evaluation, to be carried out with its own personnel, aimed particularly at improving its operational modalities or to solve specific short-term implementation problems.

6.2.2 Contracting process

In order to ensure impartiality and independence, evaluations are carried out by external consultants who have never been involved, in whatever way, in the initiative to be examined. For awarding the contracts to competent consultants, DGCS follows the bidding procedures established in the Italian National Procurement Code “Codice degli Appalti”, which is consistent with EU Procurement Directives. The bidding documents and the Terms of Reference (ToRs) are prepared in accordance with the Evaluation Guidelines and taking into account the relevant indications from the concerned parties (DGCS, UTLs, Partner Countries and, eventually, other donors). ToRs clarify the regulatory framework, the purpose and scope of the evaluation and the methodology to be adopted, indicating the resources and time required to complete the evaluation.

In general, evaluations include the assessment of the various aspects, such as the relevance of the initiative, the effectiveness, the efficiency, the impact and its sustainability. Special attention is also given to the degree of attainment of the initiatives’ objectives, as well as to the performance of the executing agents. DGCS expects the evaluation reports to describe the critical findings, the lessons learned and the possible best practices emerging from the analysis, and to contain recommendations to DGCS in order to fine-tune (or even reconsider) its planning activities, its operational and administrative procedures as well as its overall strategy.

Currently, for particular cases, in order to speed up the selection process and diminish the costs, forms of collaboration with Universities and Research Centres are under consideration.

6.2.3 Reporting, dissemination and feedback on evaluations

Selected evaluators are requested to provide easy-to-read technical reports, which include an executive summary, a short summary of the initiative, a description of the evaluation
methodology adopted, the activities to be carried out, the main findings, the lessons learned and the final recommendations.

The findings and conclusions must provide valid answers to the questions raised. As said, lessons learned, findings and recommendations must genuinely influence future policies, strategy, planning and programming.

The preliminary reports are discussed in internal seminars. Currently, each draft report is discussed in an ad-hoc workshop attended by DGCS experts, field officers and representatives of other cooperation actors. The comments expressed facilitate and are the basis for the elaboration of the final report. As a spin-off of this phase, in some cases internal seminars are organized on findings/problems common to many evaluations, generally linked to organizational or procedural inefficiencies within DGCS. Summaries of Final Reports are also sent to the OECD DAC for publication on its website.

For the immediate future, DGCS is in the process of devising more effective dissemination modalities and a feedback approach, with the aim of adding value to the comparatively large amount of funds spent in this kind of activity. To this end, the following actions are under consideration: i) the organisation of an “Evaluation Day” in partnership with other stakeholders (NGOs, other Administrations, II.OO.); ii) a wider circulation of evaluation reports’ abstracts (national and international conferences, Italian Embassies, Partner Countries’ Embassies, International Organisations, NGOs, other Donors), iii) the elaboration of an annual report on evaluation activities, summarising and highlighting the most relevant findings of all the reports produced during the year.

6.3. Communication, accountability and development awareness

6.3.1 DGCS Communication Strategy

In recent years, DGCS has increasingly felt the need of establishing a more focused and coordinated institutional communication policy that, while clearly defining the Italian Cooperation as an integral part of the Italian Foreign Policy and, thus, of the Ministry of Foreign Affairs (as stated by Law n. 49), could also help consolidate its image and specific identity, particularly with regard to its value system and its fundamental role.

A rise in public awareness on development issues requires a well-thought and in-depth information strategy, targeting the public and involving Parliament and other stakeholders, as well as the need of communicating in an effective way what has been done.

To this end, DGCS is engaged in a greater circulation of information regarding its activities; in DGCS view a constant and transparent communication fosters a culture in favour of development, based on shared information among all actors. This led to the adoption, in November 2010, of a document called "Communication Guidelines: Communicating Development Cooperation".

Those Guidelines define:

- A strategic system, meaning that the actions carried out in the field of Development Cooperation are an essential component of the Italian foreign policy; as an instance, development cooperation activities in fragile contexts are put in the wider picture of Italy's commitment in peacekeeping and peace-enforcing missions. Or, in another instance, many gender-oriented initiatives are seen through the spectrum of Italy's well-known engagement on some fundamental human rights issues, such as the fight against
Feminine Genital Mutilations (FGM) or as a natural complement to Italy’s traditional engagement on reaching a global moratorium on death penalty, etc.

- The “messages” to be put across, at national and at a local level, through the UTLs, and addressed primarily to beneficiary Countries.

- The objectives: primarily fighting poverty in all its forms or, additionally, the optimal use and rationalization of limited resources (Aid and Development Effectiveness), aspects of continuity and sustainability, major accomplishments, best practices, reviews and assessments.

- The targets, aimed at all potential "stakeholders", direct or indirect, of Development Cooperation’s activities.

- The tools, using traditional and more technologically advanced media.

According to those principles, and through its recently established Communication Unit (Ufficio IX), DGCS increased the actions aimed at enhancing and spreading awareness on development cooperation within the society. Despite some initial “teething problems” and notwithstanding undeniable staff and budget constraints, the Unit has set out a Communication Strategy focused on some basic elements and inspired by some internationally recognized principles. These are:

- Transparency, as a main feature in communication; attention is paid to the progress of funded projects and their expected/achieved results, their consistency with the DGCS’ strategy and its geographical, sector and thematic priorities. To this end, an electronic platform is being designed to allow the public to be constantly informed about DGCS funding, commitments and disbursements, in order to enhance DGCS preparedness to comply, by 2015, with the “Busan Common Standard” on transparency.

- Effectiveness: broad coverage is given, through the web, to the action taken in field of aid and development effectiveness, such as the “DGCS Effectiveness Plans”, the actions taken within those Plans, such as the “Effectiveness Marker”, the adoption of the STREAM documents and so on; evaluation is also seen in this context, by making project evaluations accessible to the public, highlighting the results achieved (and not only the activities carried out) and emphasizing the conformity of interventions to the internationally accepted criteria of "aid and development effectiveness", also adopted by DGCS.

- Accountability: also in communication, it is necessary to promote, amongst the different actors of development cooperation, the establishment and consolidation of the concept of accountability, by raising the awareness of institutions and civil society on the role and commitment expected from them, in a context of interdependence and "global

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8 Depending on the target audience, communication is conducted on two levels, internal and external; Internal communication is addressed to the offices most directly involved within the MFA’s, to the Parliament and to other National Institutions; external communication - at the national level –has as its target the civil society (NGOs, non-profit organization, some trade associations, etc.), youth/students (i.e., schools, including school staff, Universities, etc.), the media, the various development experts and professionals, and the Italian public at large; at the international level, the targets are represented by the recipients of interventions (direct beneficiaries, Governments and local Authorities in Developing Countries), International Organizations and other Donors locally active (also in light of a better coordination), the local media and the general public.

9 In a non-exhaustive list, these are: the DGCS’ Web Portal and the MFA’s institutional website; bulletins and electronic newsletters, newspapers, television& radio broadcasters; participation in major sporting events; seminars, conferences, exhibitions, campaigns to raise awareness about development issues in schools; creation of multimedia databases (photo, video, film, etc ...); participation in national and international communication platforms or professional networks; integration of a "communication element" within all cooperation projects (bilateral, multilateral, ordinary, emergency) for the proper valorisation of our commitment and of the results that we want to achieve; broad use of social media accounts (FB, Twitter: two accounts are currently active, one in the name of DGCS, the other directly run by the DG), etc.
citizenship”. This new way of “doing cooperation” will progressively be integrated into the consciousness of all, and of youth in particular.

- Participation: an effective and valid development system brings along and creates synergies with a complex variety of different actors. DGCS is definitively in favour of communicating the existence and the activities carried out by the entire “Sistema Italia di Cooperazione”, offering space for the action of their activities to be promoted and disseminated and promoting a real Partnership culture in development.

DGCS believes that such communication strategy would mitigate, in the medium/long term, a situation by which, as of today in Italy:

- development cooperation issues are still little known by mass media and by the public in general;
- Development cooperation stakeholders produce a number of reports and information that do not enjoy a wide public circulation;
- The language used for communicating development issues, full of neologisms and acronyms, remains in many ways difficult to understand for "non-specialists";

On the other hand, such a Strategy would favour, at some stage, better knowledge on the fact that:

- Despite/because of budget cuts, DGCS is focusing on fewer countries and fewer initiatives; nevertheless, their quality and impact are higher, and this should be properly highlighted;
- Development cooperation methods are new and different form the past: increased focus on capacity development; a multilateral – and therefore supposedly a more equal - system becomes central; new partnerships blossom; new actors – such as the private sector - get a say.

Against this background, from 2011 onwards, DGCS held a closer working relationship with a number of specialised press agencies, thus guaranteeing coverage of its main initiatives. Moreover, it has increased its collaboration with the MFA’s Press Service and with the major national media (radio, TV, newspapers, magazines, journals, online publications, etc.). Collaboration with Italian universities (particularly with the University "La Sapienza" of Rome) has also been pursued for a cycle of seminars on development cooperation topics, scientific publications and joint education and training activities in the field of development cooperation. A closer collaboration with UTLs abroad has been encouraged to implement communication and visibility activities to ongoing projects.

A graphic design laboratory is in place with the task of producing printed materials (brochures, posters, invitation cards, stylized maps, graphic presentations, etc) contributing to the definition of the Italian Cooperation’s public image and visual identity. The laboratory designs audiovisual material for major events (the Italian Public Administration’s Forum, the International World Food Day, the European Development Days) and serves other actors as well (as in the case of the presentation of the Guidelines on Disability and those on Children and Youth, on a seminar on Civil Protection and Emergencies, during the Conference on the Worldwide Ban on Female Genital Mutilation, on the presentation Conference on the Lanzarote Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse, etc.).

Furthermore, the creation of a “multimedia database” started in 2012: video and photographic materials produced through the years by DGCS and its partners is available to the general public through newsletters, websites, social media, etc.; along with RAI (the State-owned TV and Radio Public Holding), some initiatives in the agricultural and food security sectors in Ethiopia were broadcasted nationally; a Documentation Centre (DC), providing information on a wide range of topics related to development cooperation, International Organizations activities as well as to
ongoing IC programmes and projects is open to the public on request with information materials of all kinds; a new electronic bulletin, named “The Italian Cooperation Informs” took over from the previous printed periodical DIPCO as a vehicle of information on policy and activities (namely the resolutions of by DGCS Steering Committee, SC), and as a tool to promote administrative transparency.

DGCS created dedicated profiles on some of the most popular social media (Facebook, Twitter, YouTube). DGCS Portal is under complete renovation. It issues a periodic newsletter, with an insight on development activities, emergency programmes, guidelines, country information, job and stage opportunities as well as analyses on specific issues. Moreover, UTLs abroad also publish, on their own websites, periodic newsletters which provide information on the Italian Cooperation’s ongoing activities in their Countries of reference.

DGCS will continue to pay attention to the visibility of completed and on-going initiatives, such was the case of "CinemArena", which uses communication as a true instrument of development cooperation, based on communicating important social campaigns to the most disadvantaged communities in developing Countries, by leveraging on the emotions and feelings that cinema can awaken.

Last but not least, as far as communication is concerned, special mention deserves the elaboration currently under way of a MoU between MFA/DGCS and the Ministry of Education, through which courses on development cooperation awareness and, more in general, on “global citizenship” will be organized in schools throughout Italy.

6.3.2 Institutional Communication with the Parliament

As said earlier (Session 1.1.2), Law n. 49 foresees two main occasions of mandatory interaction with the Parliament on Development Cooperation issues: i) art. 2 co.2 states that, in coherent consultation with the other concerned Administrations and in line with the budget allocations, the DGCS must submit to the Parliament, for further discussion, the strategic choices for the following year in the document called “Relazione Previsionale e Programmatica”; ii) art. 2 co 3 states that DGCS and MEF submit to the Parliament a Final Report on the activities carried out in the previous year.

The first report contains proposals (and related motivations) for the allocation of financial resources in line with Italian geographical and sector priorities in Development Cooperation. The second one provides a policy overview and a comprehensive picture of the activities carried out in the previous financial year by DGCS and MEF, the two major providers of Italian ODA. Based on information provided by UTLs and Embassies, it contains data on: i) the types of programmes carried out in each partner Country; ii) their implementation stage; iii) the targets, expenditure framework and the outcomes of each bilateral, multilateral, multi-bilateral, ordinary and emergency programme as well as of NGOs’ interventions; iv) how the activities implemented are pursuing and achieving the objectives of the Paris Declaration, the Accra Agenda for Action and, lately, the Busan Partnership for Effective Development Co-operation, as well as their coherence with the MDGs.

In general, the “Annual Report to Parliament” is deemed to play an enhanced role in terms of communication, awareness and public opinion’s involvement on Development issues. The part of the Report, focused on the results of the participation of Italy in the multilateral international financial organisations (Development Funds and Regional Banks), is submitted by the Ministry of Economy and Finance (MEF) and contains information on the criteria followed for the replenishments of those multilateral institutions, development funds and specific programmes with multilateral banks.
With the purpose of guaranteeing a wide circulation of these reports, both within and outside the Ministry, they are made available for download on the Italian Cooperation’s Web Portal, and excerpts of them are published on DGCS’ electronic bulletin and newsletter.

Besides, the Parliament exerts its sovereign role in controlling the Executive’s action in development through various means. The two Chambers have both established Permanent Foreign Affairs Committees that carry out their controlling role through various means: questions, hearings, fact finding surveys and points of order. In the previous Legislature (2008-2013), the two Chambers dealt with “Parliamentary Questions” concerning Development Cooperation issues in at least 62 occasions (out of 2548 concerning MFA as a whole) and with “Parliamentary Motions and/or Resolutions” in 84 occasions (out of 630 concerning MFA as a whole).

Moreover, during the past legislature (2008-2013), a fact-finding survey on the Millennium Development Goals as the basis for international cooperation was conducted to express the Italian Parliament’s highest attention to the issues of development on the occasion of the 2009 Italian Presidency of the G8. This provided the Parliament with a privileged occasion of getting acquainted with development cooperation issues, to participate with its Delegations in several important international fora (among other, various UNGA in New York and to Busan, where Italy was among the few Countries present with a Parliamentarian Delegation) and, especially, with the need of proceeding to reform of its legal basis.

In the new Legislature, inaugurated in April 2013, an informal cross-party group of MPs interested in development issues in both Chambers of the Parliament was established. This should facilitate the dialogue between the Executive and the Legislative on still critical issues, such as – primarily – the new Law on Development Cooperation, Policy Coherence, the maintenance of increasing trends in aid volumes and the recruitment of dedicated staff working on development cooperation.

6.3.3 Transparency

Transparency is an issue of increasing relevance within the OECD and the G8. It is also one where increasing attention is put by the civil society, both internally and internationally. Getting extended and comprehensive information on development flows as well as on development policies implemented by donor Countries is crucial for Partner Countries: it enhances effectiveness and their planning and spending capacities. On the other hand, transparency becomes an essential pre-requisite for public support to development policies in Donor Countries.

With this in mind, besides recent improvements in its transparency/communication strategy, DGCS concurs with the commitment to implement, by 2015, a “common standard” on aid transparency as agreed at the IV High Level Forum on aid and development effectiveness in Busan 2011. This, in spite of the limited human and financial resources DGCS was able to devote so far to this key issue, Italy therefore strongly supports the establishment of a complete system for harmonized reporting (CRS++, FSS and IATI) and publishing data on ODA flows, taking into consideration past, present and future flows.

In this regard, Italy was among the first in complying with the task of filling and publishing an implementation schedule, as prepared by the OECD DAC statistical unit, to verify the modalities for implementation of the Common Standard by the donor countries. Moreover, Italy is adopting specific measures to reinforce the statistical capacities of its development implementation unit (MAE-DGCS) in order to completely comply with the Common Standard by the deadline of December 2015. Nevertheless, along with other G8 partners, Italy believes that there is still room to more precisely define the Common Standard, moving beyond an addition of the three already
existing components (CRS++, FSS and IATI) with the aim of reaching, instead, a new, manageable and user-friendly methodology based on a true merger of the three systems.

Italy called, especially in the preparation of the G8 Summit in Lough Erne, for a special attention by the G8 in this area, with a view to supporting the Global Partnership for Effective Development Cooperation and the OECD DAC technical work to implement it.

Against this backdrop, DGCS is implementing an electronic platform “DGCS open data” with the aim to allow full transparency on the different budget lines and the expenditure process in real time. The aim of the project is to obtain ready-to-use data on all DGCS on-going initiatives to the public at large and to offer, in the medium term, a model for the implementation of a full Italian ODA open data with similar and interconnected electronic platforms managed by the other actors of the Italian Development Cooperation System.

6.3.4 Building greater awareness on development results

To ensure and afford continuity in the actions being taken for the sake of increasing DGCS’ transparency and accountability, DGCS keeps on paying attention to sharing and disseminating results, with particular reference to the evidence provided by monitoring and evaluation processes.

In this regard, an increasingly direct involvement of all actors involved in ODA activities is sought. DGCS deems it important to achieve a greater presence in the national media (major newspapers, weekly, monthly, etc.) and on television, the most accessible and familiar medium to Italians, thus covering a much wider target audience, contributing to the growth of a “culture of solidarity and development” being at the core of an open and civilized society.

Students and youth in general are important target groups: whereas collaboration with the academic world is already well established and particularly productive, talks are on-going with the Ministry of Education aimed at introducing the “International Cooperation Days” in the schools as part of the education curricula they offer; other initiatives specifically targeted at students and the youth are being explored, utilising Web 2.0 platforms, blogs and discussion forums.

Last but not least, Italy looks at the forthcoming Milan Expo 2015 as the best possible platform to further promote collaboration and synergies between all actors of the “Italian System of Development Cooperation”, promoting joint participations and common initiatives with regard to issues such as environmental protection, food security and sustainable development.
CHAPTER 7
Humanitarian assistance

7.1. Strategic Framework

7.1.1 The Italian Humanitarian policy

Italy has signed the fundamental international agreements on humanitarian aid, the most notable being: the Universal Declaration of Human Rights (1948) and related treaties; the Geneva Conventions and their Additional Protocols of 1949 on humanitarian law; the Geneva Convention of 1951 relating to the Status of Refugees; and the International Convention on the Rights of the Child, dating 1989. At the European level, its commitment has been reaffirmed by the adoption of the European Consensus on Humanitarian Action in 2007. Lastly, Italy is part of the Good Humanitarian Donorship Initiative (GHDI).

Italy conforms its humanitarian interventions to all relevant international principles and standards on human rights and relief, particularly those expressed in the European Consensus on Humanitarian Aid, the Resolution 46/182 of the General Assembly of the United Nations and the GHDI.

On 8th June 2012, the SC of the DGCS approved the Italian Guidelines for Humanitarian Aid (Linee Guida per l’Aiuto Umanitario), which endorse the 23 principles expressed in the Good Humanitarian Donorship Initiative and define appropriate future actions to update its internal humanitarian structure to them. The Guidelines are provided with a specific grid of qualitative indicators - “Marker” - to verify and measure the current application of the GHD principles to bilateral humanitarian initiatives. Besides, in July 2012, Italy adopted a new result-based management system for bilateral humanitarian initiatives, which pays particular attention to aid effectiveness and GHD principles, enabling DGCS to monitor their application.

The above mentioned Guidelines define the key principles guiding the Italian humanitarian action, that are:

- **Humanity** – Humanitarian aid is meant to bring assistance without discrimination and to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

- **Neutrality** – In order to continue to build the confidence of all parties concerned, those committed in humanitarian action may not take sides in hostilities or engage at any time in controversies of political, racial, religious or ideological nature. This non-interference is limited solely by the requirement to denounce violations of humanitarian law.

- **Impartiality** – Humanitarian aid makes no discrimination as to nationality, race, religious beliefs, class or political opinions. Its unique objective is to relieve the suffering of individuals, paying attention to their needs, and to give priority to the most urgent cases of distress.

- **Independence** – Humanitarian aid is by its very nature independent, i.e. free from political, economic, military or other influence.
As stated in those Guidelines, Italy also recognises the crucial role played by International Organisations - in particular UN humanitarian agencies and the International Red Cross Committee - as leading actors in the humanitarian sector, and supports them. Italy is also aware of the importance of the principles embedded in the “Guidelines on the Use of Military and Civil Defence Assets in Disaster Relief” and in the “Guidelines on the Use of Military and Civil Defence Assets to Support Humanitarian Activities in complex Emergencies”. The involvement of Italian military forces in humanitarian actions can be only taken into consideration in case of major disasters, when their logistical and security support is recognized fundamental to open up humanitarian corridors or protect humanitarian convoys.

The Italian GHD Guidelines support the establishment of a mechanism of multi-stakeholder coordination through the establishment of a Steering Group for Emergency and Humanitarian Aid and the promotion by the MFA of training initiatives for advocacy and humanitarian assistance. Therefore, the Italian humanitarian action is strongly part of a collaborative effort made by a wide range of actors, which, in the event of crisis or disasters, organize themselves in a network of solidarity in order to implement rescue operations and, in a second phase, to let the recovery and reconstruction phases start. This system promotes sharing of information and planning of activities, in a way consistent with the priorities set out by the international community and UN Organisations.

DGCS coordinates this network, thus responding to international calls, making its own contribution available and coordinating the efforts of the Civil Protection, the Italian Red Cross, NGOs, Italian Local Authorities with backgrounds of decentralized cooperation, and - when appropriate in specific circumstances - the Italian Armed Forces.

With regard to the Civil Society, DGCS particularly fosters the participation of NGOs, in various crisis scenarios, due to their essential role of advocacy played in favour of the most affected communities.

7.1.2 The approach towards recovery and transition

A specific internal regulation\(^\text{10}\), which defines procedures and methodological tools to be used to formulate projects and write progress reports, recognizes the articulation of the Italian humanitarian action into three different phases including i) relief, ii) recovery and rehabilitation and iii) linking relief and rehabilitation to development – LRRD. In the first phase of relief, the Italian humanitarian aid serves to save lives in the hours and days immediately after the outbreak of the crisis, sending humanitarian flights and giving support to humanitarian Agencies in the field. In the second phase of recovery and rehabilitation, Italy launches bilateral programmes - in partnership with NGOs, UN Agencies or managed directly - to restore the socio-economic conditions pre-existing the crisis and to strengthen resilience. In the third phase of Linking Relief and Rehabilitation to Development (LRRD), Italian Cooperation consolidates emergency initiatives – by improving their sustainability - and links them with developments initiatives DGCS started through the competent Offices.

Italy strongly supports the implementation of LRRD activities and considers this strategy a priority of its humanitarian agenda. A smooth transition from relief to rehabilitation and, then, to development is crucial to increase both the effectiveness and the efficiency of humanitarian and development assistance. To this end, Italy believes that implementing LRRD highlights the need to invest in resilience and preparedness in those countries which are most disasters-prone.

\(^{10}\) Deliberation n. 63 dated 25/07/2011 – Work Order n. 23 del 28/09/2011
As a donor community, Italy is currently funding emergency initiatives that include a concrete LRRD approach in Afghanistan, in Central-America, in the Sahel region and in the Horn of Africa. Italy’s funding is aimed at improving the response capacity of local communities in order to mitigate or avoid the dramatic consequences of cyclic famine and drought and supporting UN agencies engaged in strengthening local rural production to contrast malnutrition.

7.1.3 The approach towards disaster risk reduction and resilience

Italy recognizes “Disaster Risk Reduction” (DRR) as a component of its humanitarian action and considers Disaster Risk Reduction activities of utmost importance to save the lives of people living in vulnerable countries. Italian Cooperation is also aware of the fundamental role played by resilience in strengthening the capability of local people to prevent, mitigate and respond to disasters, and its strategy has been based – so far – on the centrality of capacity building activities for national institutions and on the involvement of the civil society and volunteers in the programmes’ implementation.

Italy implemented in the last few years several initiatives including DRR and resilience activities (in partnership with NGOs and UN Agencies) in African countries affected by cyclic famine and drought (such as Ethiopia and Somalia) and in Latin American disaster-prone countries - such as Bolivia, Honduras and Guatemala – to reduce their vulnerability and strengthen the resilience of local populations.

Currently, Italy is carrying out programmes in Pakistan and Afghanistan to support national and local disaster management Authorities (ANDMA in Afghanistan and NDMA in Pakistan) through equipment, training and capacity building which aims to strengthen strategic planning and data management.

One of the reasons hindering the economic and social development of war-affected countries is also the wide presence of land mines, even decades after the end of the conflict. A Fund for Humanitarian Demining was established by the Italian Government back in 2001, to implement programmes aiming at mine clearance, victim assistance and rising awareness of civilian populations. Since 2009, Italy financially supported international organisations - such as OAS (Organisation American States), UNDP, UNICEF and UNMAS – and specialised NGOs for interventions of a total amount of almost 8 million euro in Afghanistan, Angola, Bosnia-Herzegovina, Colombia, Lebanon, Libya, Myanmar, Mozambique, Senegal, Somalia, Sudan, Sri Lanka.

7.1.4 Overall humanitarian budget and trends

Each year, the Budget Law, approved by the Parliament, determines the financial envelope for humanitarian assistance so that the predictability of fund flows to implementing partners is directly linked to the aforementioned parliamentary decisions.

In case of sudden natural disasters or humanitarian emergencies, a specific law can be issued to finance additional interventions, as it happened in 2005 in the aftermath of the Tsunami in South East Asia.

Moreover, as said, additional resources are provided through the so-called “Decreto Missioni”, issued regularly since 2007, concerning the Italian participation into international peace missions.
in specific fragile contexts such as Afghanistan, Pakistan, Iraq, Myanmar, Somalia, Sudan, South Sudan, Libya and neighbouring countries, Syria and neighbouring countries\textsuperscript{11}.

Fragile and post-conflict states are also assisted through the instrument of debt cancellation, such as Somalia and Sudan, which mainly involves unpaid instalments in arrears.

In recent years, Italian humanitarian budget has been strongly affected by the constraints of the financial crisis. While in 2009, the Humanitarian Aid Office started activities for a total amount of 52 million Euro, in 2012 the total budget for humanitarian aid programmes was reduced to less than 19 million euro.

This budget decrease had a proportionate impact on all the three budget lines for humanitarian aid programmes - 2183 (bilateral and multi-bilateral initiatives), 2180 (multilateral initiatives) and 2210 (demining initiatives) – and on the partnerships with implementing Organisations.

![Impact of budget decrease on Humanitarian Aid Budget Lines: 2180, 2183, 2210](image)

**Source:** DGCS

As a direct consequence of the scarce availability of funds of the budget line 2183, the total value of projects implemented by NGOs with DGCS humanitarian funds has also decreased in the last four years from almost 16 million euro in 2010 to 4.3 million euro in 2012, which still represent more than the 50\% of the funds available for bilateral programmes.

Nonetheless, the negative trend was reversed in 2013 with a significant increase in the humanitarian annual budget, arising to about 33 million euro.

**7.2. Effective programme design**

Italian humanitarian interventions are activated in response to Consolidated, Flash or Emergency Appeals launched by an International Organisation or following a request by the affected Country. With the support of the local Italian Embassies/UTLs, immediately after the outbreak of the crisis, the Italian Cooperation is able to make a first assessment of the damages/risks and identify the immediate relief needs, in coordination with local authorities and other donors.

On the basis of this information, DGCS alerts International Organisations such as WFP, UNHCR, WHO, UNICEF, UN-OCHA, WHO, FAO, IFRC and ICRC, for the quick utilization of the “emergency bilateral fund”, a cash reserve financed yearly by DGCS within the above mentioned International Organisations.

Special mention deserves DGCS support to UNHRD (United Nations Humanitarian Response Depot) in Brindisi (South of Italy), a storage of humanitarian goods - such as food, medicines, tents and other supplies that can be transported in the immediate aftermath of the crisis to people in need. The operational management of this depot is entrusted with the World Food Programme (WFP).

Though not directly involved in the formulation of Common Humanitarian Action Plans (CHAPs), the Humanitarian Desk of the DGCS takes part in the UN/donors meetings where the CHAPs models are discussed and analyzed, in order to enhance the humanitarian response and in accordance with the GHD principle nr. 14.

In complex emergencies, the Ministry of Foreign Affairs may authorize the application of special emergency procedures to launch recovery and transition humanitarian bilateral or multi-bilateral initiatives, by sending in the field experts to directly collect data by travelling in the crisis areas and participating in meetings organized by UN Clusters, the European Commission, NGOs, and other relevant actors.
In these cases, a more detailed assessment of the situation can be used by DGCS to better coordinate the activities and help design an accurate General Implementation Plan.

Since October 2009, the Humanitarian Desk of the DGCS and the UTC set up a result-based monitoring system for bilateral and multi-bilateral initiatives, enabling DGCS to measure performance and to learn from its own experience, with the aim of strengthening accountability standards.

As part of the Second Action Plan on Aid Effectiveness, the Steering Committee for Development Cooperation approved (Deliberation n. 63 dated 25/07/2011) the new result-based management system for emergency initiatives (financed through budget line 2183), which integrates monitoring into project cycle management. The new system aims at measuring, through standard formats, performance and reporting on progress and impacts, supporting learning and strengthening accountability. The formats pay particular attention to needs assessment - with specific focus on humanitarian priorities - and to the definition of objectives and result indicators so that performance can be evaluated. This new system also takes into consideration aid effectiveness and GHD principles, enabling the DGCS to monitor their application, especially on the involvement of local authorities, beneficiaries and stakeholders.

In monitoring programmes, Office VI and the UTC lay emphasis on verifying the alignment of programmes with country systems and on promoting a participatory and collaborative approach. The monitoring system of bilateral initiatives watches out for the relations with local authorities, beneficiaries and local stakeholders. Each NGO has to report on the quality of that collaboration, which is also monitored and fostered by the Italian Cooperation Offices in the field (Local Technical Units - UTL). Each UTL informs the HQ through monitoring reports, including quality indicators about the aforementioned complex range of relations. Each report is analysed by HQ, who notifies a formal note to UTL with comments and suggestions for the future. In case any problem arises with beneficiaries’ participation, the General Implementation Plan can be updated and modified to better adapt activities to local needs. Moreover, the annual reports delivered by multilateral implementing agencies or by ad hoc recruited evaluators, allow assessing the current involvement of the local communities concerned by emergency interventions.

7.3. Effective delivery, partnerships and instruments

7.3.1 Effective delivery

As said (see Section 5.1.2), following the recommendations resulted from the 2009 DAC Peer Review, the DGCS went through a more in-depth revision of its strategic and policy Guidelines, defining, among other, an Effectiveness Plan outlining a set of objectives together with the relevant actions and responsibilities in many sectors of development cooperation.

With regard to the humanitarian assistance and emergency relief sector, Italy committed itself to draw the “Good Humanitarian Donorship (GHD) Guidelines”, to guide Italian humanitarian aid and define the operational actions to be taken to improve its approach, which were approved last June 2012 by the Steering Committee for Development Cooperation12.

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12 Deliberation n. 64 dated 8/06/2012 -see also paragraph 7.1.1.
The Humanitarian Desk of the DGCS - Office VI, together with the UTC (Central Technical Unit), set up methodological tools for humanitarian bilateral and multi-bilateral initiatives, elaborating a result-based management system, approved by the Steering Committee for Development Cooperation.

This standardisation process is still on-going and DGCS is currently working at the simplification of NGOs call for proposals and project formats, consistent with the new DGCS formats and with GHD principles. Moreover, the new proposed project selection criteria include a specific GHD qualitative indicator. The Italian humanitarian policy is described in the “Three Year Guidelines” (TYG) and it is therefore updated every year.

7.3.2 Tools available

In the three phases of its humanitarian action (see Section 7.1.2), Italy uses different tools and mechanisms appropriate to the specific contexts: humanitarian first aid deliveries, relief interventions in partnership with Humanitarian Organisations and recovery and LRRD programmes. Italian humanitarian aid guarantees a rapid response in the hours and days immediately following the outbreak of the crisis, by sending humanitarian flights and giving contributions to humanitarian Agencies in the field.

Italy includes recovery and LRRD into its humanitarian action and strongly supports the implementation of LRRD programmes, also through the coordination among DGCS development and humanitarian aid Offices and thanks to the central role of the UTL (Local Technical Units), who acts as a pivotal office able to guarantee the coherence among development and humanitarian activities.

In order to give immediate response to emergency appeals, Italy has created a financial mechanism called “bilateral emergency fund” (BEF), a cash reserve from which financial withdrawals can be made in order to be promptly transferred to specific international organisations (such as WFP, UNHCR, WHO, UNICEF, UN-OCHA, WHO, UNDP, FAO, IFRC and ICRC). The fund is replenished once (or more) during the year through voluntary contributions and it is jointly managed with the interested agency. Through this mechanism, Italy actively supports various humanitarian interventions in response to Consolidated Appeals Processes (CAPs), Flash Appeals and Emergency Appeals. Likewise, the emergency bilateral fund mechanism is essential in order to ensure timeliness and flexibility when supporting humanitarian action.

In application of the GHD principles, Italy strives to finance the “neglected” crises and under-funded emergencies. Examples are the annual support to the CERF and the creation of a special emergency trust fund with ICRC, aimed also at supporting ICRC urgent operations which have remained seriously under-funded during the year.

7.3.3 Partnership with the humanitarian community

Italy recognizes the importance of the United Nations overall leading role in the international humanitarian action and supports particularly UN-OCHA coordination when urgent response is needed. In general, Italy’s major implementing partners among UN agencies are WFP, UNHCR, the already mentioned UN-OCHA, WHO, FAO and UNICEF. In addition, Italy backs the International Federation of Red Cross and Red Crescent Societies (IFRC) and ICRC, acknowledging their proved experience and neutrality in delivering humanitarian aid. Italy has signed a partnership Agreement with this Committee in order to establish a “revolving DGCS-
ICRC Emergency Trust Fund”, aimed at fostering the ICRC humanitarian action, especially in complex emergencies.

Despite the decrease of financial resources available for humanitarian programmes, the DGCS tried to keep its support constant to the UN and to the specialised Humanitarian Organisations, providing them with an average of 64% of its resources.

During the last four years (2009/2012), the UNHRD Depot based in Brindisi and WFP have been the two main partners of the Italian humanitarian aid, confirming Italy’s priority to giving the most rapid response through the delivery of relief goods and food aid. These two Organisations, together with FAO (the fifth partner in the chart below), are traditionally supported by the Italian Cooperation due to their location on the Italian territory (Rome and Brindisi).

UNICEF, UNHCR and ICRC are also among the main partners, underling the relevance Italy pays to the humanitarian protection, particularly of minors and refugees, as well as to the access to water and sanitation of vulnerable populations.
Source: DGCS

Italy relies on the Italian NGOs specialised in the humanitarian sector and on local NGOs to which DGCS experts generally provide technical assistance, specifically tailored to develop capacities in managing emergency situations. Over the last four years, the DGCS collaborated with more than 50 NGOs, who have been selected by Italian Embassies as implementing partners for humanitarian bilateral programmes.
As part of the general effort in Aid and Development Effectiveness, Italy is engaged in simplifying and standardising procedures and project document formats for NGOs’ call for proposals, with the aim of streamlining the grant approval processes for NGOs and improving the effectiveness and accountability of Italian humanitarian aid initiatives.

### 7.3.4 Coordination with other donors

Italy coordinates with other international donors participating to harmonisation meetings both at HQ and field level. In case of major disasters/conflicts, coordination of funding takes place in accordance with OCHA activities as well as with the EU Commission through operational systems available to relevant stakeholders (GDACS, Virtual OSOCC, Relief WEB, EDRIS 14 points).
In countries where Italy is present with a Local Technical Unit (UTL), great attention is given to the information gathered at local level by different donors: within this framework, the participation in local coordination meetings can be useful when project proposals are elaborated.

Italy totally refers to the UN CAP process and to the Red Cross Family appeals to decide “where and how” to deliver humanitarian assistance through the multilateral channel. Even bilateral initiatives are usually formulated on the basis of multi-actor needs assessments, and the coordination with International donors and stakeholders is a prerequisite for the approval of General Implementation Plans formulated in the frame of bilateral and multi-bilaterial programmes.

The monitoring system of bilateral initiatives is particularly relevant in the relations with local international stakeholders, including donors. Each NGO has to report on the quality of such collaboration, which is also monitored and fostered by the UTL in the field. Each UTL shall also inform HQ through monitoring reports, including quality indicators about the relations with international stakeholders. Each report is analysed by HQ, who notifies a formal note to UTL with comments and suggestions for the future.

7.4. Organisation fit for purpose

7.4.1 Coordination across government

Law 49/87 assigns to DGCS the responsibility for executing and coordinating Italian interventions in the humanitarian field. The operational guidelines for the Italian humanitarian action (GHD Guidelines, part II) foresee the establishment of a Steering Group for Emergency and Humanitarian Aid, to foster coordination in response to complex humanitarian crises and natural disasters. The Steering Group can be convened by the MFA/DGCS in the event of calamities and can be opened up to other stakeholders or parties involved, such as NGOs, Civil Protection, the Italian Red Cross (IRC), Ministry of Defence and Decentralised Cooperation bodies (Regions, Provinces, Municipalities).

In the case of the Syrian crisis, the MFA organised two roundtables with national institutions and organisations implementing programmes in the area, such as the Ministry of International Cooperation and Integration (MICI), NGOs, universities and Italian Local Authorities, with the aim of coordinating activities in the field and strengthening the overall national strategy.

The DPC (Civil Protection) is part of the Italian humanitarian response system: in the past few years, also on the basis of a specific legal provision\(^{13}\), it has managed numerous activities in post natural and man made disasters scenarios. Moreover, it has progressively widened its range of activities so as to include also development and technical assistance. Italy organised in November 2011 the conference on "Civil Protection and Humanitarian Aid Facing Crisis and Disasters Together" aimed at improving the dialogue and synergy between civil protection and humanitarian aid as well as raising attention of civil protection actors on humanitarian principles.

7.4.2 The approach to an effective civil-military coordination

As stated in the Italian GHD Guidelines, Italy recognises the primacy of civil society organisations in the humanitarian field. It undertakes to comply with the criteria adopted at the

\(^{13}\) Law 152/2005
international level, following the adoption by the United Nations of the MCDA, Oslo and United Nations Office for the Coordination of Humanitarian Affairs/Inter-Agency Standing Committee (OCHA-IASC)\textsuperscript{14} guidelines, regulating the relationship between civilians and the military in contexts of conflict or natural disasters.

As regards complex crises and countries in a particularly fragile situation, Italy – with full respect for the neutrality of humanitarian aid – ensures that humanitarian action focuses specifically on the state-building context, with a view to strengthening local resilience mechanisms. Italy rules out any possibility of actions in such contexts taking the form of military intervention, unless expressly requested by the country affected or by the United Nations humanitarian organisations. In any case, such military intervention would only be for limited periods and would have clearly defined tasks and timescales, i.e. to open up humanitarian corridors or protect humanitarian convoys.

Italy pays great attention to the delivering of neutral humanitarian assistance in ways compatible with the security of humanitarian operators. When Italian NGOs are involved in UN emergency programmes, Italy requires a formal assurance from the UN Agencies to the effect that the security measures established by the DSS (United Nations Department for Safety and Security) are applied as well to the expatriates working with them: this is a mandatory measure in order to make the Italian contributions effective.

\subsection*{7.4.3 Humanitarian Staff}

The Humanitarian Desk (Office VI) of DGCS is responsible for managing humanitarian interventions, together with the Emergency sub-unit of the UTC (Area Tematica Emergenza, UTC-ATE). The staff dealing with humanitarian aid includes - at the moment - two diplomats, a technical expert, 13 officials and 3 contracted experts, but it can be increased in case of major crises. The tasks of Office VI, together with the Emergency sub-unit of the UTC, are responsible for identification, management and monitoring of humanitarian aid, including the management of ad hoc flights and supply of food aid. Moreover, humanitarian experts (usually a Head of Programme and an Admin Expert) are recruited on an ad hoc basis and sent in the field to manage and monitor bilateral humanitarian programmes financed by Office VI.

\subsection*{7.5. Results, learning and accountability}

\subsection*{7.5.1 Monitoring performance and the impact of programmes}

At multilateral level the implementation of the humanitarian programmes is continuously monitored through annual reports delivered by the implementing agencies / partners or by specific monitoring and evaluation missions. In relation to learning and accountability of bilateral and multi-bilateral initiatives, since October 2009 Office VI and UTC set up a result-based monitoring system, integrated into the project cycle management and enabling DGCS to measure performance and to learn from its own experience.

The new result-based management system requires that UTLs or Local Humanitarian Offices produce four-monthly reports and a final report, which is sent to the HQ for comments. Each report is analysed by Office VI and by the Emergency sub-unit of the UTC and a technical note with comments and suggestions for the future is sent to the local Embassy. The DGCS also

\textsuperscript{14} \url{http://www.humanitarianinfo.org/iasc/pageloader.aspx?page=content-products-products&sel=8}
created a specific grid of qualitative indicators - called “Marker” - to verify and measure the current application of the GHD principles to bilateral humanitarian initiatives.

Concerning NGOs taking part into DGCS humanitarian initiatives, they are bound to produce an intermediate and a final report on results achieved and expenditures, which have to be approved by the UTL. Funds are disbursed in three different steps: the first part after signature of the contract with the Italian Embassy, the second and third part after the approval of the mid-term and the final reports. This mechanism guarantees accountability and achievement of results. At the same time, it has to be underlined that the analysis of the financial and narrative reports is made at local level by UTL staff, who gives assistance and support to NGOs in preparing the administrative documentation.

Regarding independent evaluations, an evaluation plan for Humanitarian Initiatives was recently approved by the Steering Committee for Development Cooperation. Recently, DGCS set up independent evaluations for four bilateral programmes in Lebanon and in Afghanistan.

7.5.2 Communicating results

The Humanitarian Desk periodically publishes on the Italian Development Cooperation website the information about all the humanitarian aid programmes it funds. More in-depth data about specific programmes were also included in the DGCS bulletin “La Cooperazione Italiana Informa”\(^\text{15}\). Moreover, the independent evaluation made in 2009 on the first ROSS Programme was published on the same website.

At local level, each Local Technical Unit or Humanitarian Aid Programme Office has its own website, through which it provides information on programme results and activities.

**Conclusion: the way ahead**

DGCS and its peers and partners in the Italian Multi-stakeholder System are aware that the present situation and the future scenario concerning Development are crucial.

In fact, there are some paramount elements at stake. First of all, the increasing trend in available resources for Development must continue. This, of course, depends on the financial situations in Italy and in the international context, but internal political considerations are particularly important. In spite of a widespread support to development through all the political forces in the Parliament and throughout the public opinion and the civil society, it is important to spread the message across that development is an investment in favour of Italy’s security, stability and prosperity. Therefore, even in spite of reducing other vital national expenditures, a credible, steady and constant amount of resources to development should be firmly guaranteed.

This is a domestic issue but its international implications are absolutely evident, for the credibility of the country, both towards its partners in development and the Community of Donors.

Plus, crucial deadlines are approaching. Post-2015 and the definition of a new development scenario, along with the identification of the means to support it and to make it sustainable, is probably the most important one. Italy is firmly determined to contribute constructively to this debate. Second, Italy will hold the rotating Presidency of the European Union, the major global development player, in the second semester 2014; this will be an occasion to push its visions, its ideas and its priorities forward. Third, the Italian Presidency of the EU will be the bridge towards another major international event, where Italy will be again in the forefront: Expo Milan 2015, devoted to food security and sustainable development, two key issues in the global development strategies.

DGCS and the entire Italian development system must be solidly equipped to meet these challenges. Financial as well as human resources are of essence. DGCS is confident that it will be able to have new, well-prepared and well-trained staff soon. This would not only allow to face critical implementation tasks, but also to respond to the intellectual challenges posed by a deeply changing and increasingly complex global development scenario.

Maintaining an increasing trend in volumes and meeting the target in recruitment will certainly help. However, DGCS and the whole range of development actors in Italy are convinced that an efficient and effective response to the challenges ahead can only be offered by a new fundamental law on development cooperation, providing new tools to the Italian development system, being it public or private, central or local. The current Government feels particularly attached to facilitating this result through a fully shared and participated approach and within the natural framework of the Parliamentary dynamics.
Annexes

1) Progress against 2009 OECD/DAC Peer Review Recommendations
2) Three Year Guidelines 2013-2015
3) Chairman statement of the Milan Forum, October 2012
4) References
## Annex 1

### Progress against 2009 OECD/DAC Peer Review Recommendations

**Overall framework for development co-operation**

1. Approve **new legislation** on development co-operation as a matter of priority.

<table>
<thead>
<tr>
<th>Recommendations 2009</th>
<th>Progress against recommendations</th>
<th>Reference in Memo 2013</th>
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<tr>
<td>Overall framework for development co-operation</td>
<td>The legal foundation of the Italian Development Cooperation still remains Law n. 49, in force since 1987. The law went through several, even relevant, administrative amendments along the years; nonetheless, it is widely believed that current legislation should be overhauled taking into account a new reality in the international development scenario: new principles, new approaches, new partnership mechanisms, new actors and new resources contributing to development; policy coherence and clearer references to the integration of the Italian Development Cooperation into the EU framework, as well as to the modalities of involving the private sector in development are strongly needed.</td>
<td>1.1.2 The Development Cooperation and the Country approach to Development Law - Page 12</td>
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During the last Legislatures, several bills have been discussed in the Parliament. The current Government is working at its own project, taking up some of the key features of the previous drafts: development cooperation would definitely stay within the MFA; a Vice Minister for Foreign Affairs would be attributed a delegated authority on development cooperation; increased interaction and coordination, especially on PCD, would be ensured through the establishment of an Inter-ministerial Committee chaired by the Prime Minister; an Agency would be in charge of the operational activities and for project implementation.

In 2010, DGCS and the International Department of the Ministry of Economy and Finance (MEF) formalized the establishment of the Cross Institutional Table for Development Cooperation (CITDC), that gathers representatives of all Italian actors in development cooperation, shaping a common policy vision. The CITDC is the forum where the consultation process on the Tree-Year Guidelines (TYGs) takes place; the TYGs are a rolling document identifying – with a systemic “whole of Country approach” – priorities, both sector wise and geographic, distribution of resources, financing tools and partnership modalities.

Within the CITDC, a policy vision document (*Documento di Visione Condivisa*) defining some basic principles and initial terms of reference for the engagement of the different actors was drafted and successively endorsed by a plenary session of the CITDC, chaired at a political level by the Minister for Development Cooperation in April 2012.

In October 2012, the Forum “Muovi l’Italia, cambia il Mondo” was held in Milan, gathering over 3000 delegates under the initiative of the Minister for Development Cooperation and Integration (MICI); it was attended by the highest Italian Authorities, foreign guests and opinion makers. The Forum raised the political profile of development co-operation, enhancing public awareness by providing extended information on all development issues, taking stock of public engagement and calling on the relevance of development education. The Forum was preceded by a long, widely participated bottom-up (and on-line) preparation, with 10 different working groups producing written

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<th>REFERENCE IN MEMO 2013</th>
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<td>2. Prepare an <strong>overarching policy vision</strong> for development co-operation through broad consultation, which is endorsed at the highest political level and binds all institutional players. This should be backed by a clear performance and results approach.</td>
<td>In 2010, DGCS and the International Department of the Ministry of Economy and Finance (MEF) formalized the establishment of the Cross Institutional Table for Development Cooperation (CITDC), that gathers representatives of all Italian actors in development cooperation, shaping a common policy vision. The CITDC is the forum where the consultation process on the Tree-Year Guidelines (TYGs) takes place; the TYGs are a rolling document identifying – with a systemic “whole of Country approach” – priorities, both sector wise and geographic, distribution of resources, financing tools and partnership modalities. Within the CITDC, a policy vision document (<em>Documento di Visione Condivisa</em>) defining some basic principles and initial terms of reference for the engagement of the different actors was drafted and successively endorsed by a plenary session of the CITDC, chaired at a political level by the Minister for Development Cooperation in April 2012. In October 2012, the Forum “Muovi l’Italia, cambia il Mondo” was held in Milan, gathering over 3000 delegates under the initiative of the Minister for Development Cooperation and Integration (MICI); it was attended by the highest Italian Authorities, foreign guests and opinion makers. The Forum raised the political profile of development co-operation, enhancing public awareness by providing extended information on all development issues, taking stock of public engagement and calling on the relevance of development education. The Forum was preceded by a long, widely participated bottom-up (and on-line) preparation, with 10 different working groups producing written</td>
<td>1.2.1. Political Commitment and Policy Statements – Pages 15-16 2.1.4 The Whole of Country Approach: an overarching policy vision for development co-operation - Page 29</td>
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documents. Their findings were published in a “White Paper” and in a Chair Summary outlining the vision of the Italian multi-stakeholder approach to development.

Since 2011, with the approval of the 2011-2013 Three Year Guidelines (TYGs) by the Steering Committee (SC) of the DGCS, the distinction between Priority 1 and Priority 2 Countries is no longer existent and the number of priority Countries decreased, with strict adherence to concentration principles, to 24 (in both 2012-2014 and in 2013-2015 TYGs).

DGCS has currently under evaluation the most appropriate modalities for determining Priority Countries. Among those, attention could be given to an in-depth analysis of basic socio-economic indicators or to more sophisticated ones (such as those considered in the UN HDR). So far, the rationale for selecting Priority Countries lies in a combination of criteria based on: poverty and development indicators; geographic and historic proximity to Italy; added value of the presence of Italian Cooperation in the Country; participation to the international fora where fragile and conflict-afflicted situations and humanitarian crises are debated.

As regards the countries not qualified any more as priority, exit strategies for completing the on-going development cooperation activities and for moving to partnership collaboration through different channels or in terms of DoL are determined by the Geographic desks on a case by case basis.

Within the 3rd DGCS Effectiveness Plan approved by the SC of the DGCS in December 2012, the adoption of a simplified STREAM document for all Priority Countries was introduced. STREAM documents, published in English or in the working language, are meant as tools through which DGCS publicly communicates - in a transparent and predictable way - the general framework of its action in a Country, the rationale for it, the means and the channels for its implementation, the elements of Whole of Country (WoC) approach it intends to pursue, information about the possibility of DoL with other donors. STREAM documents are based on Effectiveness principles such as ownership,
### Recommendations 2009 vs Progress Against Recommendations

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<th>Recommendations 2009</th>
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<td>alignment, harmonization, predictability, results based management.</td>
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“Communication Guidelines” were adopted in 2010 on the basis of the communication strategy of the DGCS. They outline objectives, scope and tools of the DGCS communication policy, for the implementation of which a dedicated desk (Office IX), was created. Office IX is responsible for the best use of the communication tools such as the DGCS institutional website, the on-line magazine “La Cooperazione Italiana Informa”, released monthly since October 2011, the dissemination of the Reports to the Parliament, the publication of all decisions, position papers or determinations relevant to communicating the Italian development policies and to raising awareness on the importance of a development cooperation issues in the Italian Foreign Policy.

Apart from the Milan Forum held in October 2012 (“Muovi l’Italia, cambia il Mondo”) – see box n. 2 - another relevant awareness raising event will be the Milan Expo 2015, focused on “Feeding the planet-Energy for life”. The preparation process is on-going with the participation of the DGCS and an extensive collaboration with other stakeholders, particularly with the civil society, is foreseen.

DGCS continues co-funding NGOs initiatives on development information and education in Italy and University courses in the field of international development co-operation, whereas an initiative involving DGCS and the Ministry of Education is being evaluated to promote awareness-raising on Development Cooperation issues in the Italian secondary schools, connected to the World Development Information Day, celebrated on the 24th of October every year.

### Policy Coherence for Development

| Italy actively participates in PCD activities both at the EU and at the OECD level. A focal point on PCD is based within DGCS. As many other Countries, Italy shares the opinion that an effective PCD action in monitoring, whistle-blowing and correcting imbalances or incoherencies relies on a sort of arbitrating role played by a third and |

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<td>6.3 “Communication, accountability and development awareness” – Pages 116-121</td>
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<td>1.2 “Policy coherence for Development”, Pages 15-19</td>
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5. Through a **whole of government policy statement** clarify mandates and responsibilities for promoting, arbitrating and monitoring policy coherence for development, and build required capacity. Italy should make demonstrable progress in promoting greater coherence across a set of priority policy areas within the EU framework on policy coherence.

Italy has stepped up its actions on PCD in previous years, through information and awareness raising among different Administrations. During the Monti Government (2011-2013) the Minister For International Development and Integration (MICI) was formally assigned with specific tasks on PCD matters. In that period of time, the Cross Institutional Table for Development Cooperation (CITDC) gathered all Italian actors under political chairmanship (MICI), providing extensive information on the activities and the policies of the different Administrations, elevating substantially the level of the Italian action on PCD. To this respect, the CITDC decided to dedicate to PCD one of its ad hoc working groups. The latter took the initiative of convening, in May 2013, a multi-stakeholder Seminar on PCD, to which all actors reunited in the CITDC took part, along with experts of the EU Commission and a think tank based in Brussels (ECDPM). During the Seminar, CSO’s Representatives announced the initiative of drafting a Policy Statement on PCD, to be adopted first within the CITDC and to be successively transmitted for endorsement to the Government and the Parliament.

DGCS expressed its support to the CSOs in the drafting of the Policy Statement and in the necessary follow-up.

The current Government did not opt for the creation of a political figure responsible for development outside the MFA. Nevertheless, as was the case during the Prodi Government (2006-2008), a Vice Minister for Foreign Affairs, responsible among other issues for Development Cooperation, was appointed (Vice Minister Lapo Pistelli). As a result, the coordination of the Development Cooperation activities of all Italian actors falls currently again within the portfolio of the MFA, with the power for reporting PCD issues within the Council of Ministers. Besides, the CIPE (**Comitato Interministeriale per la Programmativa Economica**), a body operating within the Prime Minister’s Office, has formal evaluating tasks on development cooperation policies.

All the three draft bills taken as a reference for the Reform Law submitted during the current legislature recognize PCD as fundamental principles of development cooperation;
6. **Rebuild credibility of its intention** to meet its aid commitments by outlining in a binding manner how, and by when, it will reach the targets.

In spite of well-known difficult financial circumstances, the previous Government took the decision to remarkably increase the 2013 budget lines, both for DGCS (100 additional million Euro) and for MEF (295 additional millions Euro). The trend towards decreasing in aid volumes, which reached its peak in 2011, was finally reversed: parliamentary discussions in spring 2013 supported the Government’s decision (formalized in the DEF – “Documento di Economia e Finanza 2014-2017”) to introduce gradual but steady increases of public resources for international development at least until 2017 (10% annual increase on a 2013 baseline). This is still far from allowing Italy to meet international targets in ODA volumes soon; nevertheless, it marks a significant political will on the importance of development cooperation as a fundamental tool of the Italian foreign policy. Based on the DEF, ODA allocations by 2017 should be in the range 0.28% – 0.31% of GNP, more than doubling the last officially measured percentage (2012), equal to 0.13%.

Multilateral aid is managed both by the Ministry of Economy and Finance (MEF) and the Ministry of Foreign Affairs (MFA). Nevertheless, MEF’s contribution to Italian ODA is largely predominant, whereas DGCS is responsible for the strategic and planning level and for the main operational and financial aspects connected to it.

The two Ministries substantially increased their coordination in 2010, with the establishment of the CITDC. Plus, DGCS is about to finalize a brief policy paper that frames the Italian multilateral development cooperation and the rationale for the collaboration with the I.OO. Italy supports I.OO., particularly Funds, Programmes and

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<td>one, in particular, assigns specific functions on the subject to a Delegated Vice-Minister within the Ministry of Foreign Affairs, while – at the same time - foreseeing the establishment of a “Cross-Ministerial Committee for Development Cooperation” and a National Conference for Development Cooperation as arbitrating and regulatory bodies for ensuring coherence in the international activities of the Country.</td>
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**Aid volume, channels and allocations**

| 3.1.1 ODA Trends and plans to meet targets Page 70 | |
| 2.2 “Decision-Making” Page 30 | 3.3 ODA Multilateral channel Pages 77-84 |
### 7. Develop a joint MFA-MEF strategy for multilateral assistance

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<td>7. Develop a joint MFA-MEF strategy for multilateral assistance, outlining clearly the objectives of Italian multilateral aid, especially for priority multilateral organisations and consider concentrating its multilateral contributions further.</td>
<td>Specialized Agencies of the United Nations, through i) assessed contributions linked to membership, ii) voluntary core contributions, iii) voluntary earmarked contributions to global and sector-based trust funds and iv) specific (multi-bilateral) Country projects. Similarly to what happens to the number of Priority Countries, since 2009, DGCS concentrated its multilateral contributions to a reduced number of multilateral agencies and organizations. The total number of international agencies recipients of Italian multilateral contribution decreased by around 20% between 2009 and 2011. The preferences on the International Organizations to be funded originates from the following criteria: alignment of their activities to the MDG, consistency of their mandate and operations with the priorities set out in the TYGs and their comparative advantage. Moreover, with a view to strengthening their mandate and systemic centrality, importance is attached to the activities carried out by the Rome-based Organizations, focused on agricultural development and food security, and the Turin-based organizations, working in the field of training and research. Similarly to the case of Priority Countries, DGCS is aware that a more focused strategy on the employment of comparatively still scarce resources in favour of several II.OO. must be put in place and is currently working on it.</td>
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### 8. Give credibility to the agenda for concentrating bilateral aid

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<td>8. Give credibility to the agenda for concentrating bilateral aid in fewer partner countries by allocating 50% of its aid to Sub-Saharan Africa and adhering to the priority countries outlined in the Strategic Guidelines</td>
<td>To the extent allowed by its active participation in the G8, G20 and other international fora, Italy has substantially improved its adherence to geographic regional priorities. Since 2009 bilateral grant disbursements percentage to Sub-Saharan Africa has consistently been over 40% and in 2011 it was almost 50%. According to the preliminary 2012 data, bilateral grant disbursements percentage to Sub-Saharan Africa was almost 50%. Bilateral Grant disbursements to other regions have been less consistent on a single-year basis, but on average 2008-2011, they reflect the proportions indicated in the Three Year Guidelines (TYG), namely for North Africa, Balkans and Middle East (26.99%), for Asia (8.3%), for LAC (8.8%).</td>
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2.2 Decision-Making Page 30
3.2.1 Geographic priorities Pages 75-76
Priority Countries commitments are stated in multi-annual country programming documents, called STREAM, conceived as the coherent application – at Country level – of the directives foreseen – at a global level – in the TYGs; their main aim is to provide a transparent and synthetic picture of the main objectives, the sectors and resource allocations for each country, with other information considered relevant to programming transparently and predictably for partner Countries. This further information refers to the possibility of adopting a Whole of Country approach in the Country, producing synergies with the activities carried out by other Italian actors (central or local Administrations, NGOs, Universities, private sector), or on the possibilities of applying DoL processes with other donors (especially within the EU in terms of joint programming).

Furthermore, DGCS is increasingly inserting elements of a results-oriented approach in the formulation of STREAMs and its whole programming exercise; the documents are adopted by the DGCS geographical desks, based on proposals prepared and negotiated (in terms of ownership) by the Partner Countries or the beneficiaries.

Sectors of intervention are generally limited and are selected through a comprehensive dialogue the UTL establishes with the local counterparts: at the base of this dialogue are the development priorities of the Partner Countries, the general orientation of the Italian and European Union cooperation (also in terms of DoL) and the network assets of Italian concerned actors (NGOs, Universities, decentralized cooperation). STREAM documents are conceived as useful orientation tools, whereas in some Countries (mainly those with a relevant development portfolio, such as Ethiopia, for instance) more formal Multi-Year Country Programs with Partner Countries are launched. These more complex programming exercises go along with a multi-stakeholder consultation process conducted in Italy.

In 2012, DGCS succeeded in stabilizing the contractual conditions of its technical staff who, since the date of entry into force of the Development Cooperation Law 49/87, has

<p>| <strong>Organization and management</strong> | <strong>Priority Countries commitments are stated in multi-annual country programming documents, called STREAM, conceived as the coherent application – at Country level – of the directives foreseen – at a global level – in the TYGs; their main aim is to provide a transparent and synthetic picture of the main objectives, the sectors and resource allocations for each country, with other information considered relevant to programming transparently and predictably for partner Countries. This further information refers to the possibility of adopting a Whole of Country approach in the Country, producing synergies with the activities carried out by other Italian actors (central or local Administrations, NGOs, Universities, private sector), or on the possibilities of applying DoL processes with other donors (especially within the EU in terms of joint programming).</strong> | <strong>Furthermore, DGCS is increasingly inserting elements of a results-oriented approach in the formulation of STREAMs and its whole programming exercise; the documents are adopted by the DGCS geographical desks, based on proposals prepared and negotiated (in terms of ownership) by the Partner Countries or the beneficiaries.</strong> | <strong>Sectors of intervention are generally limited and are selected through a comprehensive dialogue the UTL establishes with the local counterparts: at the base of this dialogue are the development priorities of the Partner Countries, the general orientation of the Italian and European Union cooperation (also in terms of DoL) and the network assets of Italian concerned actors (NGOs, Universities, decentralized cooperation). STREAM documents are conceived as useful orientation tools, whereas in some Countries (mainly those with a relevant development portfolio, such as Ethiopia, for instance) more formal Multi-Year Country Programs with Partner Countries are launched. These more complex programming exercises go along with a multi-stakeholder consultation process conducted in Italy.</strong> | <strong>In 2012, DGCS succeeded in stabilizing the contractual conditions of its technical staff who, since the date of entry into force of the Development Cooperation Law 49/87, has</strong> |</p>
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<td><strong>10.</strong> Acquire leeway to create <strong>competitive employment conditions</strong> to attract and retain specialist staff. Recruit new specialists with the skills to meet current needs.</td>
<td>been working with short, medium-term contracts; besides, those contracts were renewed with many difficulties at their terminations. Now, these personnel, totalling about 50 units, have the status of permanent staff. This situation is beneficial to the DGCS, that counts on available technical expertise. However the technical staff remains largely insufficient in relation to the number of the institutional tasks to be carried out and to adapt DGCS to the new development challenges and partnerships. DGCS is therefore working on the hiring of at least 25 additional professionals, with an estimated additional cost of € 1.5 million/year. This is considered to be priority number one for the DGCS, in spite of the general economic context in Italy and the particularly critical circumstances of the Civil Service, both in terms of new hires and in terms of granting economic incentives to the personnel on duty. In the meantime, the need to provide DGCS staff with updated information and training remains paramount. DGCS has recently enhanced its training activities directed to the staff, at all levels, assigned abroad, including those returning or recently assigned to the HQs. In September 2013 special sessions dedicated to various specific issues (EU Project Cycle Management, Results-Based Management, DGCS Rules and Regulations Updating and recent innovations in book-keeping) were organized.</td>
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<td><strong>11.</strong> Provide the <strong>new evaluation unit</strong> with the mandate, budget and staff to implement a modern culture of evaluation and results monitoring. This unit should develop a system for integrating policy lessons, including in Italian humanitarian action.</td>
<td>The first steps for endowing Italian Cooperation with an effective Evaluation function have been steadily taken: specific “Guidelines on Evaluation” and an “Evaluation Strategy” have been adopted. In December 2010, following the reform of Italian Ministry of Foreign Affairs, a new ad-hoc office (Office IX) was created within DGCS. After its establishment, the Office – in spite of remaining financial constraints – has elaborated an evaluation strategy and defined proper evaluation criteria and objectives. DGCS pays particular attention in the selection of evaluators and in the dissemination of the results of the evaluation it conducts.</td>
<td>6.2 “Evaluation System”, Page 113-116 7.5.1. Monitoring performance and the impact</td>
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### RECOMMENDATIONS 2009

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<td><strong>12.</strong> Continue to disseminate the <strong>Aid Effectiveness Action Plan</strong> and its guidelines and decisions to all Italian Co-operation stakeholders, especially diplomatic staff, UTC experts, embassies, UTLs, decentralised co-operation and the MEF.</td>
<td>Same applies for the Humanitarian action, where a results-based monitoring system, integrated into the project cycle management, has been put in place since 2009.</td>
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**DGCS Office VIII is responsible for activities related to development effectiveness. It convenes regular meetings of the working Group set out for the matter, attended also by representatives of the Civil Society according to a specific agreement signed by DGCS and the major representation of Italian NGOs. After its meetings, held normally on a semester-based schedule, DGCS Office VIII disseminates the findings among the whole Directorate and the field Offices. Meetings and workshops are held with the participation**

**5.2 Development Effectiveness**  
Pages 105-106

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<td>Page 133</td>
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**5.2** Development Effectiveness  
Pages 105-106

6.1 Policies, strategies, plans, monitoring and reporting  
Pages 113-114

**13.** Ensure urgently that DGCS has the necessary **human and financial resources** to implement the Action Plan on Aid Effectiveness and to promote behaviour change across Italian Co-operation so that aid is delivered according to the new guidelines. |
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<td>of the entire staff of the DGCS on particular aspects of effectiveness, such as in the case of the new Marker and/or in approaching a results-based management within the DGCS.</td>
<td>At present, all Italian soft loans addressed to both LDCs and HIPCs are fully untied. Italy totally unties its soft loan to the LDCs since 2002, whereas, in 2009, also loans to HIPCs were totally untied. For other non-HIPC and non-LDC Countries, project untying has been increased up to a maximum of 95%, depending on the sector of intervention. In the remaining Partner countries, Italy is engaged in increasing the component of locally produced goods and services. As for grants, most Italian aid is now totally untied (60% of credits notified in the last 3 years to OECD). Italy is aware that this represents still a slower average compared to other OECD Countries. A new law, overcoming – in the spirit of Busan – the constraints imposed by the current basic legislation (Law n.49/87), would certainly help. In the meantime, Italy is pursuing its efforts on a well addressed communication strategy on the importance of investing in development, to overcome some different and often conflicting interests.</td>
<td>5.5 - Untying Pages 107-108</td>
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<td>14. Untie aid further and improve tied aid reporting to the DAC. Italy should implement its Accra commitments to untie remaining tied aid “to the maximum extent”. New legislation should reflect these commitments.</td>
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<td>15. Develop and implement a strategy for capacity development, provide appropriate training for staff at headquarters and in the field, and give a clear mandate and programme, including for monitoring and evaluation, to the focal point on capacity development.</td>
<td>An internal evaluation on Capacity Development (CD) was launched in 2009, analysing best/worst practices with the collaboration of DGCS staff in field. Based on this, DGCS is aware of the importance of focused training activities for its staff, in order to: i) acquire a better understanding of the local context to reinforce local ownership, ii) continue its dialogue with partners, involving all stakeholders, for the best assessment of priority needs, being aware – on the other hand - that CD needs time and produces real change only through predictable, programmable and long-term investments. To this end, in 2011, a CD training seminar for DGCS internal staff was organized and carried out by experts of the European Commission and OECD/DAC.</td>
<td>2.3.4 Mainstreaming cross-cutting issues Page 68-69</td>
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<td>16. Prepare <strong>strategic guidelines for agriculture</strong> by February 2010 in line with the Aid Effectiveness Action Plan. These guidelines should help Italy to manage its strategic competence and reinforce mid-term planning by staff and its large network of partners, particularly its farmers’ associations.</td>
<td>Specific Guidelines on Agriculture were approved by the Steering Committee in October 2012 and, since then, they have been a reference for the activities in the Agriculture and Food security sector carried out by all the stakeholders. Italy is aware of the need of regulating the activities it carries out in particular fields and sectors and, to this end, it has established that one of the actions of the DGCS “Third Effectiveness Plan” was concentrated on standardising the format for issuing sector, thematic and cross-cutting issues Guidelines (LGSTT), with the purpose of clearly indicating the origins, the objectives and the priorities it intends to pursue in a particular field.</td>
<td>Decision-making Pages 30-33 5.2 Development Effectiveness Pages 105-106</td>
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<td><strong>Humanitarian action</strong></td>
<td>In June 2012 Italy approved its Guidelines for Humanitarian Aid which endorse the 23 Good Humanitarian Donorship principles and outline future actions for updating its structure for humanitarian interventions. The Guidelines are provided with a grid of qualitative indicators (Markers) for verifying and measuring the real application of the GHD principles to bilateral humanitarian initiatives. Regarding the link between humanitarian and development assistance, in July 2011 the Steering Committee approved a direction on the articulation of the humanitarian action in its different phases (relief, recovery and rehabilitation, linking relief and rehabilitation to development - LRRD). Italy is currently funding emergency initiatives with LRRD approach in Afghanistan, in Central-America, in the Sahel region and in the Horn of Africa.</td>
<td>7.1.1 The Italian Humanitarian policy Pages 122-123 7.1.2 The approach towards recovery and transition Page 123</td>
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<td>17. Translate its global humanitarian commitments into a <strong>national implementation plan</strong>, clarify its approach to humanitarian protection and identify appropriate linkages between humanitarian and development assistance.</td>
<td>The operational guidelines for the Italian humanitarian action (GHD Guidelines, part II) foresee the creation of a Steering Group in case of complex humanitarian crises and natural disasters. The Steering Group can be convened when necessary by the MFA, and can be opened up, as the situation requires, to other stakeholders and parties involved in</td>
<td>7.4.1 Coordination across government Page 132</td>
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<td>18. Aim to explain the <strong>process for deploying Civil Protection Department assets</strong> as well as for applying GHD implementation and accountability standards in bilateral humanitarian activities</td>
<td>the emergency situation. Civil Protection is an integral part of the Italian humanitarian response system, on a well-defined legal basis (Law 150/2005). In the last years it has progressively widened its range of actions. Since October 2009 DGCS has set up a result-based monitoring system, integrated into the Humanitarian project cycle management, for measuring performances. In this context, UTLs or Local Humanitarian Offices are required to produce four-monthly reports and final reports for each emergency programme, to be sent to HQ for comments and suggestions to the local Embassy.</td>
<td>7.5.1. Monitoring performance and the impact of programmes Pages 133-134</td>
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<td>19. <strong>Increase the volume of humanitarian aid and the predictability of contributions</strong> to key partners in line with its ambitions as a key humanitarian actor. In particular, Italy should streamline grant approval processes for NGOs to enable swifter mobilisation in crises.</td>
<td>The Italian budget on humanitarian activities has been affected by the current financial crisis, reducing the amount available from € 52 million (2009) to € 19 million in 2012. Nonetheless, a new positive trend started in 2013 with a significant increase of the annual budget, arising to about € 33 million. For the time being, the DGCS is revising and standardising call for proposals and relevant project formats for contributions to NGOs taking part into humanitarian aid initiatives, with the aim of streamlining the grant approval processes and improving the effectiveness and accountability of initiatives. These standard documents are consistent with the HQ formats - approved by the Steering Committee for Development Cooperation on July 2011 and afterwards on June 2013 - and with GHD principles. Moreover, the new proposed NGOs’ project selection criteria include a specific GHD qualitative indicator.</td>
<td>7.1.4 - Overall humanitarian budget and trends Pages 124-126</td>
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INTRODUCTION

The aim of these Guidelines and Programming Policies is to help form a unified, agreed strategic vision of Italian development cooperation and to identify a set number of geographical, thematic and cross-cutting priorities for the coming three years.

1. BACKGROUND

Italy has a special responsibility and a specific aptitude for international aid. Historically a crossroads of cultures and peoples, Italy is a land of emigration and for years now of immigration too. Ours is a country that, in light of its geopolitical position, the constitutional principles upholding its legal system and its nature as a great outward-looking economy, has traditionally been committed to fostering peace, prosperity and an increasingly stable and just international system.

Italy’s security and prosperity also depend on its capacity to continue playing a leading role in the debate on global governance. In this, development assistance plays an essential role.

A) The implementation of development initiatives in partner countries will continue to be set within the more general framework of the Millennium Development Goals (MDGs), which have inspired Italy’s activity since 2000.

Helping ensure that the MDGs are attained by the end of 2015 continues, for our country, to be not just an ethical imperative of solidarity but also a strategic investment in favour of peace, stability and a just, shared and sustainable prosperity. Italy therefore reaffirms the reduction of poverty as one of its priority goals: poverty should be considered a multi-dimensional manifestation of structural imbalances in development processes which, inter alia, make it difficult for sizeable segments of the population to gain access to their “right to live in a dignified manner and play a full part in society”.

We must therefore go on supporting partner countries’ efforts to draw up and implement national strategies to combat poverty, acknowledging their governments’ full responsibility for and ownership of those strategies and, most important, fostering decentralised or “territorial” approaches to local development. At the same time, our country will play an active role in the various fora for dialogue addressing the re-definition of the future development agenda. In so doing, its input will be inspired by a national vision that combines two different strands: the review of the MDGs post-2015 and the definition of the Sustainable Development Goals (SDGs) that emerged from the Rio+20 Conference. Italy’s activity harmoniously and consistently interweaves the two processes, under EU leadership.

In redefining the development framework post-2015, Italy will focus on certain key sectors of its cooperation activity. These include food security, nutrition, a stronger focus on integrated rural development based on the role of small farmer-producers, and an approach to development based on local partnerships and the network of small- and medium-sized enterprises (SMEs).
B) These lines of action were also confirmed by the Milan International Development Forum of 1-2 October 2012, promoted by the Minister for International Cooperation and Integration, to whom the Prime Minister’s Decree of 6 April 2012 assigns “functions of guiding, promoting and coordinating the activity of the ministries whose remit includes official development assistance”.

The Milan Forum was attended by the Prime Minister, the Minister of Foreign Affairs, the Minister for International Cooperation and Integration, the President of the Republic (via video message), other members of the government and high-profile actors of the “Italian Development Cooperation Country System”. It helped restore development cooperation to the centre of the political agenda as a key element of our country’s international role.

The presence of international participants at the Forum showed that there is a demand for Italy in the world and encouraged our country to identify its strong points, its spheres of excellence and its talents to be spent and invested in international cooperation. A survey has been opened to identify those sectors in which Italy has a comparative advantage, with due respect for the international framework and the decision to build upon partnerships as the key to the development cooperation of the future.

C) Lastly, in its work over the three years Italian Development Cooperation will take into account the multilateral framework, and in particular the OECD/DAC and European Union recommendations on aligning our development policies with the international ones. They will also, of course, need to be reconciled with the need for rigour in our public accounts, which will continue to influence the way Italy’s development cooperation activity is shaped. Indeed, while considering the positive reversal of trend in budgetary allocations, especially for 2013, and the plan set out in the Economy and Finance Document for 2012 to gradually re-align Official Development Assistance (ODA) with the average for the OECD countries, we will need to keep to a path inspired not just by rigour but by the need to maximise the effectiveness of our action.

2. COOPERATION: STRATEGIC POLICY LINES AND ACTORS

First, we should continue on the pathway already embarked upon, not least from the perspective of the resources available. This pathway should focus on respecting the commitments taken together with other donors, partner countries and international organisations and on following the international aid and development effectiveness agenda. Our country, which played an active part in the aid effectiveness fora (Roma 2003, Paris 2005, Accra 2008 and Busan 2011), has been moving in that direction for some time now.

This commitment will continue to be based on the operational standards and recommendations of the OECD’s Development Assistance Committee (DAC), in the context also of the European Union’s development policies. To fully implement the aid and development effectiveness principles at the national level, the activity of the working group set up under Service Order 6 of September 2008 to implement the Directorate General for Development Cooperation’s “Effectiveness Plan” will also be taken forward.

In this light, the third edition of the guidelines on aid and development effectiveness (“Effectiveness Plan III”) is being implemented. The Plan focuses on: a concise but complete programming framework for priority countries; continuing the procedure-simplification process; a more consistent framework of thematic and sector-based guidelines; and – in the future – a review and simplification of the effectiveness marker mechanism.

At a general level, Italian Development Cooperation’s programming guidelines will continue to be inspired by the following principles: shared responsibility and transparent collaboration.
by actors (donors and beneficiaries; public sector, private sector and civil society; central and local government) with the aim of fostering impact and synergies, in light of the whole complex of development funding sources.

The Italian G8 Presidency in 2009 advocated a holistic vision of development (the “whole of country approach”). In continuity with this principle, the existing financial flows (trade, debt cancellation and conversion, private sector resources, innovative funding sources, etc.) should in the future contribute to the goals of economic growth and sustainable development, from the general perspective of reducing poverty. So too should the mobilisation of all actors of the Italian development cooperation system capable of mobilising those flows (not just government funds but also those of local government, enterprises, and civil society).

The forum for dialogue and concerted action on this holistic vision will continue to be the “Inter-Institutional Working Group for Development Cooperation”, which brings together Italy’s public and private sector actors in the sector. The Working Group adopts a participatory method which, while recognising the diversity and right of initiative of each member, attributes an added value to the involvement of all stakeholders.

At its meeting of 17 April 2012 the Working Group examined certain factors that could feed into an agreed document for the “Italian Development Cooperation System”. This is a preparatory step to a unified strategic vision of Italy’s international development cooperation to be developed over the coming three years, with the aim of bringing benefits to our “country system” as a whole and reducing waste and duplication.

At its sessions of 7 November and 14 December 2012, the public sector bodies and other organisations engaged in international development initiatives presented their positions (geographical areas, sectors, themes, etc.) and lines of action for 2013-2015 (taking current legislation as reference). This information, referring to the activity of Italy’s development cooperation “country system” as a whole, can be incorporated in the Memorandum which Italy will be submitting to OECD/DAC in 2013 in the run-up to our peer review in March 2014.

The Working Group is being structured on several levels – political and operational – so that it can play the specific role of examining strategic cooperation issues that will then be transferred to the three-year guidelines, country programmes, and policies being drawn up. Another role will be to point out inconsistencies in the system and submit proposals for improvements. Sub-groups have been set up for this purpose: one to examine development issues in the framework of the post-2015 goals and one to examine public-private partnerships and the involvement of local-level cooperation.

The Inter-Institutional Working Group will also be one of the fora for the involvement of cooperation actors in deciding on the development themes of the Italian EU Presidency in the second half of 2014.

3. TOTAL AVAILABLE RESOURCES

In accordance with Law 49/1987, the DGCS manages donor funds allocated by the Budget Law and by the International Missions Decree. It helps draw up aid credit programmes on the basis of the Revolving Fund under article 6 of Law 49/1987. It implements debt conversion initiatives previously agreed with the Ministry for the Economic and Finance (MEF) and subsequently negotiated with beneficiary countries under Law 209/2000 and Law 449/1997. On the basis of resources available in the Revolving Fund under article 7 of Law 49/1987, it
conducts funding operations for mixed enterprises and uses funds – when allocated to it – for the implementation of decentralised cooperation programmes.

The following, however, do not come under the direct remit of the DGCS: debt cancellation programmes (initiated by the Directorate General for Global Affairs (DGGA) in collaboration with the MEF); payments to the EU and European Development Fund (EDF) in the development cooperation context (MEF remit); payments to banks and multilateral funds or to innovative development funding mechanisms (again the remit of the MEF in coordination, where innovative mechanisms are concerned, with the DGGA).

3.1 Grant resources

The DGCS budget consists of two parts: a) ordinary allocations and b) allocations deriving from the International Missions Decree (IMD).

a) Ordinary allocations

The Economy and Finance Document (Italian initials DEF) approved in April 2012 confirmed for 2013-2015 the Government’s commitment to gradually bring Italian development cooperation into line with international standards. The intention is to increase resources by 10% for each year of the period, taking 2011 as the benchmark.

In keeping with this commitment, the Stability Law for 2013-2015 (Law 228 of 24 December 2012) envisaged – for the time being for 2013 only – a notable increase in resources for the DGCS: about 103 million euro for the “Table C” element of the ordinary allocations (running costs, expenditure for initiatives and investment) with respect to the amounts envisaged by the Budget Law for 2012-2014.

This reversal of trend is not in itself sufficient, for the time being at least, to bring about a substantial change from the current percentage of just under 0.2% of Gross Domestic Income (GDI) for which our ODA currently accounts (compared with the international commitment of 0.7%). But it is an important step that can be ascribed to the Monti Government and the joint efforts of Ministers Terzi, Riccardi and Grilli to raise the profile of development cooperation in our country (as confirmed also at the Milan Forum of 1-2 October 2012).

If we consider that the increased resources envisaged by the Stability Law at present only refer to 2013, we will need to take action to ensure that – with the new legislature and government – the DEF for 2013 confirms rather than reverses this trend.

| The DGCS has an ORDINARY BUDGET ALLOCATION of about 277 million euro for 2013, of which |
|---------------------------------|-----------------|
| For running costs               | 22.23 million euro |
| For initiatives                 | 204.72 million euro |
| For investments                 | 0.40 million euro |
| **Total Table C - 2013**        | **227.35 million euro** |
| Obligatory payments to international organisations | 50.36 million euro |
| **Total Ordinary Allocation**   | **277.71 million euro** |

As shown in the above table, 10% of these resources are for running costs (22.2 million euro) and the remaining 90% for initiatives under various channels (multilateral, bilateral, non-governmental organisations (NGOs), emergency).
Figure 1

Break-down of DGCS Allocation 2013

Running costs
Initiatives

Figure 1. Break-down of DGCS Allocation 2013

To these resources can be added the carry-over from 2013, of 8.9 million euro.

b) Allocations under the International Missions Decree

In addition to the ordinary allocation described above, the DGCS also has access to funds allocated by the International Missions Decree (IMD). For 2012 these amounted to 70 million euro.

The Missions Decree for 2013 envisaged an allocation of 35.5 million euro for nine months (from 1 January to 30 September).

The total funding available to the DGCS in 2013 (ordinary allocation – 277 million, Missions Decree – 35.5 million, carry-over from ordinary allocation and IMD – 8.9 million) therefore amounts to:

321.4 million (100 million more than in 2012).

Note: operations are still under way (at 7 March 2013) to apply a small cut (as a consequence of judgment no. 223/2012 on “the unconstitutional nature of the reduction of 5% in senior managers’ salaries” and further follow-up to Legislative Decree 98/2012 on the spending review). For the DGCS’s ordinary budget this could translate into a reduction of about 1.6 million euro in the allocation shown above.

3.2 Soft Loans

To donor funds can be added the resources of the Revolving Fund for Development Cooperation established by article 26 of Law 227/1977. These resources are, typically, complex to administer and particularly difficult to use for technical assistance and training programmes.

The programmes covered by aid credits and debt conversion are broad in scope and highly complex, given the nature of the instruments used. It is no coincidence, therefore, that they are usually coupled with donor-funding components which ensure that they can be managed efficiently and transparently, or else are included in broad-based (multi-donor) programmes. That said, the DGCS has confirmed its intention, as expressed in the past, to make increased use – where possible – of aid credit. In this, it will draw on the Revolving Fund and debt conversion resources (subject, in the latter case, to authorisation by the MEF, in view of the impact of conversion operations on net indebtedness).

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16 The projections are indicative, given the following factors: the value in euro of the returns is subject to changes in the euro-dollar exchange rate; it does not take into account the degree of probability of beneficiary countries honouring the due date; payments are processed solely on the basis of the average and trend obtained from the historic data.
At 22 February 2013, the estimated sum available in the Revolving Fund for aid credit (sub-account pursuant to article 6 of Law 49/1987) for new aid credit initiatives was about 335.5 million euro.

This sum is arrived at by deducting from the gross resources available in the Fund (notified by Artigiancassa on 31 December 2012) of about 2.7 billion euro:

a) the sums already pledged for delivery through operations approved by the Steering Committee and authorised by MEF Decree (amounting to 1,262,401,813.20 euro);
b) the sums earmarked for operations approved by the Steering Committee but not yet authorised by MEF Decree, estimated at 34 million euro;
c) Sums for operations for which agreements have been reached with the counterparty at political level but not yet submitted to the Steering Committee: these amount to 1,027,404,806.69 euro and are viewed by the DGCS local offices as being in the pipeline.

In 2013, 2014 and 2015 we can assume that the equivalent sum in euro of the returns will amount to around 198 million euro (on average about 66 million euro per year net of cancellations and conversions on which agreements have already been signed). The amount of disbursements in the period in question can be estimated at around 180 million euro (on average around 60 million euro per year), a figure that is, however, subject to possible increases.

3.3 Debt conversion

Between 2010 and 2012, debt conversion agreements (managed in conjunction with the MEF) were concluded with Vietnam (10 million euro), Algeria (10 million euro), Albania (20 million euro), Jordan (16 million euro), the Philippines (2.9 million euro) and Ecuador (35 million euro). For other agreements the negotiations, although opened in the same period, are not yet completed. One is the conversion agreement with Indonesia (for 15 million euro), while for the agreement with Syria it was deemed opportune – for obvious reasons – to suspend negotiations.

For 2013-2015, we hope to continue with these debt conversion initiatives. We will continue to implement the conversion programme agreed with the MEF in 2012, with respect to five important (although not all of them priority) countries\(^\text{17}\) for Italian development cooperation (Egypt, Morocco, Djibouti, Cuba and Myanmar), for a total of 122 million. The break-down is as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>€ 75 million</td>
</tr>
<tr>
<td>Morocco</td>
<td>€ 15 million</td>
</tr>
<tr>
<td>Djibouti</td>
<td>€ 14 million</td>
</tr>
<tr>
<td>Cuba</td>
<td>€ 13 million</td>
</tr>
<tr>
<td>Myanmar</td>
<td>€ 5 million</td>
</tr>
</tbody>
</table>

With the resources freed up by debt swaps, the aim is to implement cooperation projects in the education, health, access-to-water and environmental protection spheres.

3.4 Debt cancellation

The following information has been compiled in agreement with the DGGA and the MEF.

In October 2012 the bilateral debt cancellation agreement with Ivory Coast, amounting to 49.85 million euro in commercial credits, was signed, in implementation of the Paris Club Multilateral Agreement after the completion point was reached the previous June. This brought the number of

\(^{17}\) The debt conversion agreement with Egypt was finalised in 2012. An agreement with Myanmar, amounting to 50% of the debt, is also envisaged, given that the remainder will be cancelled on the basis of the Paris Club Multilateral Agreement.
countries involved in the **enhanced Heavily Indebted Poor Countries (HIPC) initiative**, and who have seen their debt cancelled by Italy, to twenty-five. **Guinea Conakry** also reached completion point, in this case in September 2012, and so the bilateral agreement for the cancellation of Guinea’s residual debt to Italy, amounting to about 24 million euro, must now be signed.

In 2013, if the local political situation permits, we expect to sign the bilateral debt cancellation agreement with **Guinea Bissau**, amounting to about 79 million euro (commercial credits), following the Multilateral Agreement signed at the Paris Club in May 2011.

The cancellation of the debt of the remaining HIPC countries still seems remote, however. This applies particularly to **Sudan**, whose debt to Italy amounts to over 800 million euro. After the secession of **South Sudan** in September 2012, the two countries reached an agreement envisaging a “zero option”, whereby Sudan undertakes to take on all of the foreign debt on condition that the decision point is reached within 2 years. First of all, however, the serious problem of the considerable arrears built up by Sudan towards the international financial institutions must be solved.

### 3.5 Low-interest loans for joint ventures (article 7 of Law 49/1987)

For 2013-15, under article 7 of Law 49/1987 and following Steering Committee Resolution no. 108 of 18 October 2012, countries in the following categories are eligible to use the low-rate loan facility to set up joint ventures: HIPC, least developed, “low income” and “lower middle income”, and other countries viewed as a priority by Italian Development Cooperation. The aim is to revive the instrument envisaged by article 7 and extend it from 29 to 95 beneficiary countries.

According to data provided by the MEF, the **Revolving Fund** – sub-account under article 7 – amounted at 31 December 2012 to **108.4 million euro**. For the next 3 years, returns are expected to be limited to about **700,000 euro for 2013**, and just **80,000 euro for 2014**, with **none at all envisaged for 2015**.

No disbursements are at present envisaged for new operations over the coming three years, given that no pledges are currently in place, nor are there any funding applications currently awaiting assessment. For this reason too, amendments to enable low-interest loans to enterprises are under study. The goal is to foster higher funding flows for developing countries and link development cooperation more closely to the development and internationalisation of Italian businesses from the perspective of a broader vision of cooperation as a strategic investment in the interests of “System Italy”.

To this end, in the framework of the Inter-Institutional Working Group, a **multi-actor seminar** was organised on 21 January 2013. The intention was to redefine this instrument (including as part of a reform of Development Cooperation) in such a way as to clarify its scope and goals more precisely, while linking them to the necessary information campaign among Italian operators and foreign beneficiaries.

### 3.6 Decentralised or “territorial” cooperation

The work of Italian Cooperation will continue in synergy with the actors operating in the “Decentralised Cooperation” sphere, along the same lines as in previous years.
In recent years Italy has dedicated, on average, over 50 million euro annually to the Decentralised Cooperation channel, about half of which own resources.

However, the Regional and local governments’ financial planning documents for the next three years suggest that these resources will be reduced, given the cuts in their international budgets and the European Union’s imminent 7-year programming exercise. It is to be hoped that the future annual average will be no lower than in previous years.

3.7 Contributions to the European Union

In 2013 Italy – through the MEF – will again, under its obligations at European Union level, make a considerable contribution to the EU’s budget. A significant part of this, about 720 million euro (contribution key 12.09%), will be allocated to EU development cooperation initiatives and divided up amongst the existing instruments. The Commission, Parliament and member states are currently drawing up the Multiannual Financial Framework for 2014-2020. Italy is playing an active part in the negotiations, which will determine the quantity and quality of the resources available.

To this Italian contribution to the EU budget should be added a specific allocation, again obligatory and handled by the MEF, to the European Development Fund (EDF), of around 430 million euro.

Given the size of the overall Italian contribution to the European Union for its development activities, Italian Development Cooperation, in coordination with the other government departments involved, will continue to engage in the processes of defining (upstream) and implementing (downstream) the Union’s development cooperation policies.

Upstream, the DGCS will continue to promote Italy’s active participation in the decision-making processes of the EU’s Development Cooperation Instrument (DCI) committees and – in liaison with the MEF – of the European Development Fund (EDF). It will also provide input concerning related facilities, in coordination with the network of Italian embassies and DGCS local units and the other government departments concerned.

Downstream, we will continue to provide input to the implementation of EU-funded programmes and participate in the EU’s “division of labour” and joint programming processes. We will also collaborate with the European Commission through indirect centralised management of EU cooperation programmes (delegated cooperation). This will be done through the network of Italian missions and local DGCS units abroad and in line with the available resources.

In this process, we will take into due account the necessary co-funding component envisaged under these arrangements and seek to balance:

1. initiatives implemented using delegated funding (specific programmes implemented by a member state using funds made available by the Commission), and

2. initiatives implemented using funds transferred by individual member states to the Commission or other member states.

In view of the possibilities opened up by all of these instruments, Italian development cooperation will also undertake to develop opportunities for all Italian stakeholders. It will inform actors in “System Italy” of the EU’s development policies and the funding opportunities opened up by European instruments.
The DGCS will also:

- continue to follow, in coordination with the Directorate General for the European Union, the Union’s neighbourhood and accession policies; this will include monitoring to ensure that sufficient funds are allocated to the countries of the southern shore of the Mediterranean

- take part, in synergy with Italy’s Permanent Representation to the EU and the network of Embassies/Local Units, in the DCI and EDF 2014-2020 programming exercise and ensure that Italian Development Cooperation’s priorities are taken into account

- monitor the negotiations on the EDF 2014-2020 to ensure that a sufficient level of resources is earmarked for Sub-Saharan Africa

- work to foster the creation, in the DCI context, of the new Pan-African Programme from a perspective of complementarity and continuity with and between the initiatives funded in Africa by the EU’s various external action instruments.

The above points will naturally be of particular importance when deciding on the key development issues that will characterise our EU Presidency in 2014.

### 3.8 Contributions to the Multilateral Development Banks

The following information has been provided in agreement with the MEF.

Taking the current allocations as a basis for calculation, in the 2013 financial year about **170 million euro** are available for Multilateral Development Banks and Funds. This sum was allocated under articles 7.2 and 7.3 of Decree Law 201 of 6 December 2011, as confirmed by Law 214 of 22 December 2011. To it should be added **295 million euro** made available under article 1.170 of the Stability Law for 2013 (Law 228 of 24 December 2012).

A further **12 million euro** are available for the “Multilateral Debt Reduction Initiative” (MDRI).

Of the **465 million euro** available for Banks and Funds in 2013, about **420 million will be used to respect Italy’s existing commitments** with the following multilateral development funds: the World Bank Group’s International Development Association (IDA), African Development Fund (ADF), Asian Development Fund, International Fund for Agricultural Development (IFAD), the Caribbean Development Bank’s Special Development Fund (SDF), and the Global Environment Fund (GEF). On the basis of these resources, the MEF has negotiated agreements with the various funds to spread the payments owed over time and resolve the arrears problem that has caused our country to lose credibility.

This means that no margins are available to use these resources for commitments other than the ones indicated without re-opening agreements reached with great effort. The same approach will be followed in the other two years covered by these Guidelines (2014 and 2015).

About **45 million euro** will be used in 2013 to fund Italy’s participation in the capital increases under way in the various Multilateral Development Banks. In 2014-2015 we will continue to sign up to capital increases on the basis of the funds made available by article 7.3 of the above-mentioned law.

### 3.9 Innovative funding mechanisms
Italy is one of the most advanced countries with respect to innovative funding sources. Our country takes part, through the MEF and with the collaboration of the DGGA, in three significant initiatives: the **Advance Market Commitments (AMC)**, the **International Finance Facility for Immunization (IFFIm)**, and the initiative to reduce the average cost of remittances.

**a) Advanced Market Commitments (AMC).**

In 2005, at the financial G7, Italy – with the support of the United Kingdom – proposed a new “Advance Market Commitments” (AMC) mechanism to promote research into and the marketing of new vaccines against diseases endemic to poor countries. In February 2007, at Italy’s initiative, five countries (Italy, Canada, Norway, the United Kingdom and Russia, which were joined by the Bill & Melinda Gates Foundation), decided to pay in 1.5 billion USD, broken down as follows: **Italy, lead donor, 635 million USD;** United Kingdom 485 million; Canada 200 million; Norway 50 million; Russia 80 million; and the Bill & Melinda Gates Foundation 50 million USD.

In this pilot project (which focused on pneumococcus), the pharmaceutical companies involved undertook to sell their vaccines at a lower, subsidised price (3.5 USD) for 10 years. Vaccine costs will be co-funded by the Global Alliance for Vaccines Immunisation (GAVI) and, gradually, also by the countries affected by pneumococcus. The AMC has been fully up and running since 2011, and national vaccination campaigns in beneficiary countries are well under way. **Payments amounting to 38 million euro to the AMC are envisaged in 2013.**

**b) International Finance Facility for Immunisation (IFFIm).**

The International Finance Facility for Immunisation (IFFIm) was set up in 2006 at the United Kingdom’s initiative.

In addition to the above-mentioned countries the founding members also include Italy, France, Norway, Spain and Sweden. They were joined by South Africa in March 2007, the Netherlands in June 2009 and Australia in 2011. IFFIm donors’ financial commitment can be broken down as follows: United Kingdom £1,380,000,000 over 20 years; France, €1,239,960,000 over 20 years; Italy €473,450,000 (**increased to 498.95 million during the last replenishment**) over 20 years; Australia 250,000,000 dollars over 20 years; Spain €189,500,000 over 20 years; Netherlands €80,000,000 over 8 years; Sweden SEK276,150,000 over 15 years; Norway $27,000,000 over 5 years; and South Africa $20,000,000 over 20 years.

On the basis of individual donors’ pledges, the IFFIm organises bond issues on the international financial markets, meaning that long-term pledges can be converted into financial resources and used immediately. **In 2013, Italy’s payments to the IFFIm are expected to amount to 27.5 million euro.**

The resources gathered through AMC and IFFI (**65.5 million euro** in 2013) are channelled through GAVI.

GAVI, of which Italy is a board member, is a partnership of public and private sector actors whose goal is to **improve the health of children in the poorest countries** by extending cover and improving the quality of vaccination services and increasing the efficiency of health systems.

GAVI’s partners include: UNICEF, the World Health Organisation (WHO), the World Bank, civil society organisations, public health institutions, governments of donor and beneficiary countries, the Bill & Melinda Gates Foundation, other private donors, and representatives of vaccine producers. The GAVI board meets three times a year. National governments and public
or private institutions can support GAVI both through financial pledges to AMCs and IFFIm and through direct contributions to GAVI itself.

Under the terms of the last resource replenishment (2011-2015), which took place in London in 2011, Italy will contribute a total of **506 million dollars** (which includes the IFFIm and AMC contributions).

c) The Italian Initiative to reduce the average cost of remittances

Italy is following innovative development funding mechanisms with interest, especially the role of remittances. In **2011**, the World Bank estimated global remittances to amount to around **370 billion dollars**, and estimates for **2012** put the figure at **400 billion**. Remittances from Italy amounted to around **7 billion euro in 2011**.

Acting on an Italian proposal, and for the first time at international level, the **G8 Summit in L’Aquila** in July 2009 made a significant commitment: to **reduce the average global cost of transferring migrants’ remittances from 10% to 5% over five years** (the 5x5 objective). If achieved, this would translate into a net annual increase in migrants’ and their families’ incomes of around 15 billion US dollars. The **5x5 goal** was reiterated at the **G20 Summit in Cannes** (November 2011), which selected Italy as G20 remittances co-facilitator.

Italy will therefore be taking an active part in monitoring the initiative, which the G20 entrusted to the World Bank through the **Global Remittances Working Group** (GRWG). The Group meets twice a year at the time of the Annual and Spring Meetings of the World Bank and International Monetary Fund. According to World Bank-GRWG estimates, the average global cost of transferring remittances is falling, with a current level (third quarter 2012) of 8.9%.

Over the period under reference, **Italy achieved the biggest reduction of all the G8 countries, of 7.4%**.

4. PRIORITY SECTORS OF INTERVENTION FOR ITALIAN DEVELOPMENT COOPERATION

The DGCS is at present working in a context of increased budgetary resources and “aid and development effectiveness” commitments signed up to by Italy at the EU and broader international levels (UN and OECD). In this framework, the DGCS will continue to **mainstream a limited, but nonetheless strategic, number of intervention sectors for the next three years**. The selection will be based not just on the sectors’ objective importance to development policy, but also on the experience gained over the years by our development cooperation team in given fields and the relevance of the sectors themselves.

These obviously include areas encompassed by the G8 or G20 remit, to whose activity Italy will continue to dedicate the utmost attention and its traditional input.

This also applies to the more general UN context, in which environmental issues have acquired a special importance – culminating, in 2012, in the **“Rio+20” Summit**. Rio sanctioned the goal of facilitating the transition to a green economy in a context of sustainable development and combating poverty. It also envisaged a reform of the multilateral institutions with responsibility for sustainable development through its three pillars: economic, social and environmental. Italian development cooperation took part in the Summit and its side events, where it illustrated initiatives implemented in the sustainable development sector, for example the promotion of stronger “Global Partnerships for Small Islands and Mountains” and cross-border programmes.
More generally, Italian development cooperation will continue to focus its activity on the following **priority sectors**:

1) **Agriculture and food security**

The DGCS will follow the Guidelines for Agriculture, Rural Development and Food Security approved by the Steering Committee on 18 October 2012 and containing strategic and thematic guidelines and effectiveness markers.

Italy will play an active part in defining the “New Alliance to Increase Food Security and Nutrition”. This was launched by the American G8 Presidency at the Camp David Summit (May 2012) and follows the principles drawn up for the L’Aquila Food Security Initiative (AFSI). We will also seek to strengthen the work of the Food Security Committee created in the UN Food and Agriculture Organisation (FAO) to facilitate dialogue between the various actors involved (governments, civil society, private sector). And we will continue to work actively with, most notably, the **UN food and agriculture agencies** based in and around Rome.

Again at the multilateral level, we will support agricultural research and innovation for development through the Consultative Group on International Agricultural Research (CGIAR) and the creation of a “Tropical Agricultural Platform” at the FAO.

Through the bilateral channel, our activity in the agriculture sector will focus on increasing ecological awareness in farming, supporting smallholders and producers’ organisations, encouraging research and innovation, and support services for the sector. Special attention will be paid to fragile countries, for example those in post-conflict or post-emergency situations, with the focus on institution building, restoring the civil fabric of rural areas and rebuilding the production base for **small farms**, with a special emphasis on **training**.

We will also devote attention to the follow-up to the **Sixth World Forum in Marseilles** (March 2012), water being an issue closely linked to food security, rural development and growing energy demand. Seeking a new, integrated approach to the issue of universal access to water and basic sanitation facilities will be a key element – on Italy’s part too – in attaining the Millennium Development Goals.

2) **Human development, with special reference to health and education/training.**

Italy has a long-standing commitment to **combating major pandemics**, which has translated, *inter alia*, into the launching of important multilateral initiatives. These include the Global Fund to Fight AIDS, Tuberculosis and Malaria (to which our country contributed over 1 billion dollars from 2001 to 2008) and the identification and introduction of innovative development funding instruments such as the Advanced Market Commitment (AMC) and the “International Finance Facility for Immunisation” (IFFIm).

To this commitment to controlling transmittable diseases should be added a special focus on **mother-and-child health**, for which the framework of reference is the Muskoka Initiative launched by the Canadian G8 Presidency in 2010. **Training health personnel** is another focus, with the aim of **strengthening health systems and universal access to health**.

In the **education** sector, Italian development cooperation will renew its commitment to the “Education for All” (EFA) goals and Millennium Goals 2 and 3 concerning universal access to education, without gender discrimination. Italy supports the global coordination role entrusted to
UNESCO, as well as specific institutional capacity development initiatives adopted by UNESCO in Africa, which will be completed in the course of 2013.

In line with the G8 priorities, from 2013 onwards we will study measures to support the Global Partnership for Education (GPE), the main funding mechanism to support national education programmes in the 53 partner countries. We will also seek to strengthen synergies between multilateral action and bilateral programmes in our priority countries, especially as regards the strategic objectives selected by the GPE for the three years in question. These include: support for fragile states and those in conflict situations; education for girls; quality in learning; and teacher-training. To this end, recourse will be made to all available funding instruments, including aid credits.

Lastly, we will be closely following developments – including the financial implications, which are still being examined – of the new Education First initiative promoted by the Secretary General of the United Nations at the 67th UN General Assembly. The initiative is designed to raise the quality and relevance of learning, not least in relation to demand from the world of work and the need to promote the values of global citizenship, environmental awareness and peaceful conflict resolution.

3) Governance and civil society

Developing local capacity is a vital element of capacity development for the improvement of governance in partner countries. It should be viewed not as a mere transfer of knowledge but as encompassing support for endogenous change in partner countries’ institutions and actors. The aim is to help them acquire the knowledge, awareness and means to manage and take ownership of development at the local level.

Strengthening democratic ownership means promoting forms of support for local institutions and social or stakeholder networks such as trade unions or women’s groups in developing countries. This is a question not just of supporting social actors’ demands of their governments, but also of promoting and improving interaction between the state, intermediary bodies and citizens, and of promoting respect for human rights and transparency principles.

Italian development cooperation will draw its inspiration from the Agenda for Change, which focuses on the close connection between respect for human rights, democracy and good governance. Italy will take partner countries’ decentralisation efforts into account, including through the UNDP/ART programmes, within the limits of its available resources.

In priority countries like Mozambique, we will continue to focus on budget support instruments (both general and sector-based) to improve aid quality and achieve the goals of sustainable development and poverty reduction, with due respect for the international principle of fostering partner-country ownership. Italy has been actively engaged in the European Union debate on reviewing the approach to Budget Support, which aims not just to establish stronger connections between BS and good governance, human rights and the rule of law, but also to strengthen the eligibility criteria, improve the transparency and accountability of BS mechanisms, structure risk management and the results-based approach more effectively, and define the arrangements for using BS in fragile states.

4) Support for endogenous, inclusive and sustainable development in the private sector.
The development of partner countries’ private sectors, based on principles of free competition, respect for workers’ rights, protection of the environment, and the international dimension is a condition (albeit not in itself sufficient) not just for sustainable economic growth but also for the affirmation of democratic and participatory principles and the elimination of discrimination.

Italy has a strong tradition of small and medium-sized enterprises (SMEs) working in clusters and sharing services to exploit economies of scale, and of the cooperative movement.

These give our country a comparative advantage with respect to other donors in fostering the growth – through widespread entrepreneurship – of the private sector in developing countries, where it is often marginalised by state interference or blocked by the presence of monopolies.

In the framework of our on-going consultation with the private sector, we will be able to foster initiatives which, where partner countries are concerned, help create favourable conditions for investment (political stability, legislative frameworks, governance, efficient financial systems, infrastructure, elimination of barriers to access) and positive repercussions at the local level too.

In the relationship between cooperation and business internationalisation, one result of the Busan High-Level Forum has been the quest for a new systematic approach that respects the diverse goals pursued while helping them converge and interact effectively. The Forum reiterated the importance of attracting businesses to priority countries, not just to remind them of their corporate social responsibility but to ask them to contribute, synergistically with the public and not-for-profit sectors, to the pursuit of sustainable human development.

The Inter-Institutional Development Cooperation Working Group, in which private sector actors – enterprises, banking foundations, cooperatives – play an active role, will be the “ideas factory” identifying ways to promote public-private sector synergies and possible pilot projects, through a dedicated working group.

5) Cross-cutting issues

Cross-cutting issues will continue to influence the work of Italian development cooperation over the next three years. They include human rights, support for democracy and peace, security, women’s empowerment, the protection of vulnerable groups (children and people with disabilities), the environment, and the protection and conservation of the cultural heritage. Already covered by specific Sector Guidelines (nearing completion or already approved), these issues will be taken into due consideration when taking forward initiatives already under way, and in those to be implemented over the next three years.

5. PRIORITY COUNTRIES AND REGIONS

The Italian development cooperation presence should be concentrated in a limited number of countries, where it can have a greater impact and truly make a difference. The main criteria considered in identifying these countries are: poverty, serious humanitarian emergencies, closeness to Italy (geographically and in terms of historic, economic and migration links), situations of conflict and/or fragility on the path to democratisation, the presence of minorities, and commitments entered into. An outline programme for priority countries is currently being drawn up, in line with international aid effectiveness principles.
As can be seen from the percentage breakdowns shown below, the recommendations of the Milan Forum of October 2012 were taken into account, with Italian cooperation actors confirming Africa and the Mediterranean as their main areas of action.

The use of resources in the areas of intervention for 2013 reflects these trends. In 2013-15, in line with recent practice and with the Milan recommendations, the intention is to further concentrate resources in sub-Saharan Africa, in keeping with international practice, and in particular that of the EU and G8.

In accordance with aid and development effectiveness principles, we will continue to concentrate our initiatives on a limited number of priority countries, 24 to be specific.

THE 24 PRIORITY COUNTRIES ARE:

10 in SUB-SAHARAN AFRICA: Senegal, Sudan, South Sudan, Kenya, Somalia, Ethiopia, Mozambique, Niger, Burkina Faso, Guinea;
2 in NORTH AFRICA: Egypt, Tunisia;
1 in the BALKANS: Albania;
3 in the MIDDLE EAST: Palestinian Territories, Lebanon, Iraq;
4 in LATIN AMERICA and the CARIBBEAN: Bolivia, Ecuador, El Salvador and Cuba;
4 in ASIA and OCEANIA: Afghanistan, Pakistan, Myanmar and Vietnam.

In some of these countries (see below), where the consequences of recent crises are more acute, and in light too of prospective increased financial resources, existing commitments will be reinforced. In non-priority countries, we will renew our efforts to complete initiatives already decided or under way, and honour our political pledges.

The Italian development cooperation will maintain its traditional special focus on situations of fragility, conflict or post-conflict through the “International Missions Decree”.

In this framework, the effort already under way to rationalise and strengthen the network of Local Technical Units (Italian initials UTL) abroad, will continue. We will follow the model already adopted for Egypt, Kenya, Lebanon, Mozambique and Tunisia, and open an office in Burkina Faso.

We will continue to use the European donors’ Division of Labour (DoL) mechanism, following the expenditure effectiveness criteria espoused by the OECD. In this, the possibility of “Indirect Centralised Management” (Delegated Cooperation) will be given the necessary prominence, with funding from the EU and/or member states used under delegated authority for “DGCS-branded” initiatives.

The geographical regions to which DGCS donor funding will be dedicated are listed below. Additional, and synergistic, donor funding may be added from the International Missions Decree and aid credit resources.

Figure 2:
BREAKDOWN OF DGCS RESOURCES FOR 2013 BY CHANNEL OF INTERVENTION

B - Multilateral
C - Bilateral (Chapters 2181-2182- 2183-2184)

B - Multilateral 42%
C - Bilateral (Chapters 2181-2182-2183-2184) 58%
**SUB-SAHARAN AFRICA.**
The region where the effort to attain the Millennium Goals faces the most serious difficulties and is least uniform, Sub-Saharan Africa will remain a priority for Italian development cooperation over the coming three years.

In identifying the priority countries we take into account our essential policy lines towards the African continent and the sectors in which Italian Cooperation has a traditional and active presence, with its own specific added value, in Africa’s four major regions.

**Financial resources:** In DGCS programming for 2013, 42% of total donor funding is allocated to Sub-Saharan Africa.

1. **West Africa: Senegal, Niger, Burkina Faso and Guinea**
   In West Africa, the intention is to focus initiatives in four countries. In Senegal, with which Italian drew up a Three-Year Cooperation Programme for 2010-2012, activities will focus on sectors where Italy has specialist expertise, most notably **social protection**, support for the **private sector** and rural development, especially through aid credits. In Niger, Italy took part in the country development re-financing conference in November 2012, with a pledge of 25 million euro, of which 20 million through aid credit in the agricultural sector in collaboration with IFAD.

   In addition to food security, our 3-year strategy also envisages disaster preparedness, capacity- and institution-building and decentralisation. In Burkina Faso and Guinea pilot projects to support local entrepreneurship (SMEs) could be introduced in collaboration with NGOs, as well as financial inclusion processes (from micro-finance to the promotion of rural cooperative banks), health programmes and capacity- and institution-building at the local level.

   Our initiatives in Burkina Faso, which is seeing a renewed Italian commitment, will benefit from the multi-stakeholder consultation method to draw up a country framework in which food security is the priority sphere of intervention. Given the particularly fragile situation in Mali, resources have been allocated for emergency response and, when the security situation permits, training for institution-building.

2. **East Africa: Sudan, South Sudan, Kenya**
   Italian development cooperation has traditionally been present in both Sudan and South Sudan, in areas that have the most immediate impact on people’s lives, such as health, education, food security, urban development and humanitarian de-mining. In the delicate transition following the birth of two independent states, Italian development cooperation intends to maintain a balanced approached between north and south.

   We also intend to support Kenya through credit and debt conversion instruments in implementing the national strategy for development and measures to combat urban and rural poverty, in agreement with other donors. We will also be focusing our initiatives on the water sector.

3. **Horn of Africa: Ethiopia, Somalia**
In Ethiopia the new three-year Country Programme is currently under negotiation, with the involvement of non-state actors too (civil society, private sector, local cooperation). Ethiopia has accepted the Italian proposals, which envisage a contribution of 87 million euro over the three years, of which 65 million in the form of aid credit. Italian development cooperation has confirmed its commitment in the sectors of agriculture (G8 New Alliance), education, health and water, as well as two cross-cutting themes: development of the private sector and women’s empowerment. Italy is also leading a joint EU programming exercise in the country.

Our engagement with Somalia will remain unchanged. Here, Italian development cooperation follows a three-pronged approach: i) support for the population (through humanitarian aid); ii) support for fragile institutions, both central and local (with capacity- and institution-building programmes focusing on budget formulation); and iii) promotion of the extensive and active involvement of the international community. The result is a flexible form of intervention, conceived in agreement with other international donors and based essentially on the multilateral and, since 2013 – in view of the changed circumstances –, bilateral channel.

Eritrea has rejected development cooperation initiatives by Italy and the European Union. Nonetheless, Italy will continue to follow this country closely, in the awareness that – if favourable political conditions were to be established – a development dialogue could be resumed, for example with multi-bilateral initiatives in the health sector.

4. Southern Africa: Mozambique
In Mozambique, initiatives are essentially concentrated in the rural development, health and education sectors. The value of the Italian contribution dedicated to supporting the state budget (5 million euro per year are envisaged) will be further enhanced since in 2013 Italy is chairing the G19 Troika, the committee of donors participating in this form of aid.

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MEDITERRANEAN, MIDDLE EAST, BALKANS.

The events that gave rise to the Arab Spring demonstrate the need to maintain, and indeed increase, our focus on the Mediterranean, which has always been of immense strategic importance for our country. A special emphasis should be placed on supporting democratic governance and inclusive economic growth processes.

The social and political events in the southern Mediterranean have made North Africa a “priority of priorities” and created a need to further rationalise Development Cooperation’s already limited resources and focus them on the countries most affected by the transition.

The political developments in the Mediterranean have clearly revealed the intense hardship experienced by the lower-middle income segments of the population, which are demanding a concrete role in the political life of their countries. Italian development cooperation will, therefore, increasingly focus on initiatives with a strong social impact, key areas being small businesses, youth employment and support for the democratic participation process. In this framework, every effort will be made to maintain the DGCS’s traditionally high presence in the Middle East.

In the Balkan peninsula (with the sole exception of Albania) the exit strategy will be stepped up. In this area, social development and economic growth levels are opening up concrete prospects for EU membership. The DGCS will complete any programmes already started and continue the process of defining the use of the massive aid credit resources already allocated.

Financial resources: In DGCS programming for 2013, 32% of total donor funding is
allocated to regions geographically close to Italy: Mediterranean, Middle East, Balkans.

1. North Africa: Egypt, Tunisia

Egypt and Tunisia continue to be priority countries, not least in view of the value of programmes currently under way and the pledges of donor aid and aid credit initiatives to be implemented in the coming years. In both countries, in consideration of the fluid situation and the political and social developments currently under way, Italian development cooperation will favour initiatives with a strong social and employment impact, with a special emphasis on micro-credit and technical and vocational training. In Egypt, the focus will be on the environment, gender issues, and agri-business.

In Libya, given the continuing social-economic emergency following the conflict and the fluidity of the power transition, we could support initiatives having an impact in specific sectors such as fishing, health, institutional capacity-building or assistance with urgent services for the Libyan people.

2. Middle East: Palestinian Territories, Lebanon, Iraq

Italian development cooperation will maintain its traditional strong presence in the Middle East, not least with the aim of helping, through socio-economic development, to stabilise the region and normalise its political framework. The Palestinian Territories will continue to be a priority area for donor aid initiatives (with an annual commitment of 10 million euro, including through NGOs). Aid credits, where present, will be used to develop SMEs. We will continue to support the Palestinian National Authority’s institution-building process, especially in the health, gender, justice and human rights spheres. We will also support the election process and, through the UNRWA, Palestinian refugees.

In Lebanon, which continues to be a priority country, Italian development cooperation will continue in its efforts to ensure that the aid credit resources allocated by Italy (at the Paris Conference) are used in full. The same applies to bilateral initiatives in the cultural heritage and environmental protection sectors and capacity-building for local procurement.

As regards the delicate situation in Syria, Italian Development Cooperation, in coordination with the international community, is drawing up a contingency aid plan, and earmarking the necessary resources, to help the population. This could be accompanied by initiatives in neighbouring countries, including through NGOs and with private sector involvement where applicable.

In Iraq, Italian Development Cooperation’s traditional intensive engagement will continue, to maintain our leading role in rebuilding the country’s inestimable cultural heritage and managing its water resources. The aid credit line of 100 million euro for agriculture and irrigation will boost the country’s economic and social development.

3. Balkans: Albania

In the context of Italian Development Cooperation’s exit strategy in the Balkan peninsula, Albania remains a priority in view of the numerous and important aid credit and debt conversion initiatives still on-going in the infrastructure, environment, energy and agriculture sectors, and in support and technical assistance for Albanian SMEs.

Our long-standing and widespread presence in Albania requires a longer exit strategy timescale than is the case for other south-east European countries. This reflects the need to monitor the use of the considerable resources committed and to support the country in its European integration process.
Initiatives are also envisaged in Bosnia Herzegovina to provide continuity with a number of previous successful programmes, with a view in the medium term to phasing these out.

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**ASIA and OCEANIA**

Italian development cooperation policy in Asia will focus on the Afghanistan-Pakistan region (in the framework of Italy’s participation in the international stabilisation effort). We will not, however, neglect our significant presence in Southeast Asia. In the rest of the continent, in addition to maintaining existing commitments, our programmes will draw on aid credit and debt conversion resources. Donor aid will mainly be concentrated in cooperation and technical assistance activities, with notable input from Italian universities.

**Financial resources:** In DGCS programming for 2013, 19% of total donor funding is allocated to Asia and Oceania.

1. **Southern Asia: Afghanistan, Pakistan**
   
   Afghanistan is an absolute priority in view of its high poverty levels, persistent instability and Italy’s substantial engagement on various fronts over the last decade. Italian Development Cooperation, with the international community, will continue its input to the reconstruction in the country, which is the main donor aid beneficiary in Asia.

   The extent and regional significance of our initiatives in Afghanistan will also be taken into consideration, especially as regards the border regions with Pakistan. Priority sectors, set out in the bilateral partnership agreement signed in January 2012, are: governance, rural development and transport infrastructure. Other focus sectors are health, gender, humanitarian aid, and the cultural heritage. Our international commitments over the three years amount to about 50 million euro per year. To cover them, we will need to draw on the additional funding envisaged for peace missions, as well as aid credits.

   In the regional stabilisation and security context, development aid for Pakistan will be of notable importance, especially in the rural development sector.

2. **Southeast Asia: Myanmar, Vietnam.**

   In the countries of Southeast Asia, Italian development cooperation will focus on respecting our commitments in Vietnam, especially in the health, environment and SME sectors. Another priority will be to open a cooperation channel with Myanmar, focusing on capacity-building, to support the country’s democratisation process, including in collaboration with NGOs.

   In Southeast Asia’s other developing countries we will continue our existing programmes (most notably aid credit) or those where commitments are in place with our counterparties. Where appropriate, we will take action to consolidate the results already achieved.

   While North Korea is not a priority country for the DGCS, we will maintain a limited presence there, moving on from the emergency-based approach to one focusing on the food and scientific sectors.

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**LATIN AMERICA AND THE CARIBBEAN.** Italy’s development cooperation policy in Latin America will focus not just on respecting existing commitments but on the key sectors of health,
the environment and governance. Investment programmes will draw primarily on aid credit and debt conversion resources, while donor resources will be concentrated in cooperation and technical assistance initiatives, with considerable input from Italian universities.

**Financial resources:** In DGCS programming for 2013, 7% of total donor funding is allocated to *Latin America and the Caribbean*.

1. **Andean countries: Bolivia, Ecuador**  
The Andean region has **very low development indices**, with numerous countries in the grip of high levels of poverty and bitter social conflict. Our efforts here will focus on support, including at the regional level, for national health systems and their reform processes, and the management and protection of the environment, especially in the **Amazon region**.

2. **Central America and the Caribbean: El Salvador, Cuba**  
In **El Salvador**, our efforts will focus on aid credit initiatives to support children (justice sector and job creation as a response to juvenile violence). “Citizen security” initiatives, including at the regional level, will be another focus (Italian Trust Fund at the Inter-American Development Bank (BID), where there are limited financial resources).

Most of our initiatives in **Cuba** will be in the food security sector.

This region too has **very low development indices** coupled with high levels of poverty and social conflict. The priority sectors remain support for governance and local economic development, with the focus on vulnerable groups. The use of debt conversion resources is also envisaged.

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**NON-PRIORITY COUNTRIES**

In other developing countries, we will continue the following activities, taking action where appropriate to consolidate the results already achieved: existing programmes or those where commitments are in place with our counterparties (for example in the Philippines, Libya, Mauritania, Morocco, Peru, Serbia and Yemen); initiatives where debt conversion agreements are in place (Djibouti, Morocco); or initiatives where a gradual exit strategy is being taken forward, as in Bosnia or Uganda.

We will enter into new commitments in these countries only in exceptional circumstances or where our intervention not only responds to a grave humanitarian need but is also deemed effective and of strategic importance. Here too, the participation of NGOs is envisaged (see below).

Figure 3:  
BREAKDOWN OF DGCS FUNDING FOR 2013 BY GEOGRAPHICAL REGION (Bilateral and Multilateral channels)

BALKANS, MEDITERRANEAN AND MIDDLE EAST 32%  
SUB-SAHARAN AFRICA 42%  
ASIA 19%  
LATIN AMERICA 7%
6. HUMANITARIAN AID

Over the 2013-15 period Italian development cooperation will go on providing help to populations suffering humanitarian crises caused by disasters, whether these be of human or natural origin. The aim is to preserve life, relieve or prevent suffering and maintain people’s dignity, where local governments or operators cannot intervene or are unwilling to do so. We will strive to provide a rapid, effective and efficient humanitarian response that is sufficient to and appropriate for local needs.

In the early emergency response, or relief, stage, when the aim is to save human lives and prevent the conditions of the people affected from worsening, our contribution will take the form of emergency transport to send essential supplies to the affected communities. In this we will work with specialist NGOs or those already on the ground.

We will continue to collaborate closely with other Italian institutions and with the United Nations Humanitarian Response Depot (UNHRD) in Brindisi. We will also continue to support appeals launched by the United Nations agencies and organisations belonging to the Red Cross family.

The next stage is “emergency” (recovery and rehabilitation), where the aim is to provide or restore adequate social, economic and security conditions for the populations who received the initial relief. Then comes the post-emergency stage, of Linking Relief and Rehabilitation to Development (LLRD). During these stages, we will act through bilateral or multilateral channels with initiatives agreed with the beneficiary government. These will be implemented in coordination with international bodies or NGOs present in the crisis region, or who have demonstrated intervention capability of use in the situation in question.

At the multilateral level, Italian development cooperation will support humanitarian programmes implemented by the international organisations and United Nations special agencies. Our own humanitarian initiatives will focus on sectors deemed to be crucial to survival and to improving essential living conditions. These include food security and support for agriculture, access to water and health services, the protection of refugees and displaced persons, promotion of women’s status, the protection of vulnerable groups (children and people with disabilities), education, and disaster prevention and risk reduction.

Depending on the funding available under the International Missions Decree, our initiatives in the humanitarian demining sector will also continue. These include recovery of the areas contaminated by the presence of anti-personnel mines, assistance for their victims, the promotion of mine risk education, and advocacy to place the ban on anti-personnel mines on a universal footing, as envisaged by the Ottawa Convention.

As regards humanitarian aid effectiveness, we aim to play a more active role in coordination mechanisms in both the United Nations and the European Union. In the latter, we will pursue the implementation of the commitments arising from the European Consensus on Humanitarian Aid approved in December 2007, not least following the adoption of Italian Development Cooperation’s Humanitarian Aid Guidelines (on Good Humanitarian Donorship) at the Steering Committee meeting of 8 June 2012.

The Development Cooperation Forum views Italy as having a special role to play in disaster prevention and risk mitigation. Our humanitarian aid effort will focus on increasing the
resilience of populations hit by external shocks in line with the recent Communication adopted by the European Commission. This is an essential component of our disaster response, in its triple form of prevention, risk reduction and local community response, with positive cost-benefit implications.

7. MULTILATERAL COOPERATION THROUGH INTERNATIONAL BODIES

The gradual increase in financial allocations to the DGCS will enable us to make a fuller use of the multilateral channel. In this, our obligatory contributions will be flanked by voluntary “core” contributions or contributions to specific countries/programmes.

For 2013, our obligatory contributions amount to around 47.6 million euro for, inter alia, CIHEAM, UNIDO, UNICRI, UNICEF, IDLO, UNCCD, FAO, WHO, IFAD and FAO. In addition to these, a voluntary contribution of 42.3 million euro is envisaged for a select group of bodies chosen according to criteria such as maximisation of impact and effectiveness, their having a base in Italy, the need for a gradual return, and the role of and benefit to System Italy.

While payments to a number of organisations will resume, UNDESA, FAO, UNRWA and UNDP will receive the largest sums. In our renewed focus on multilateral channels, we will be attaching special importance to supporting and building on the work of the United Nations “hubs” in Rome and Turin. The aim here is to strengthen their expertise and central role in the system, in both the food security and training sectors.

8. COOPERATION THROUGH NGOS – DECENTRALISED COOPERATION – UNIVERSITIES

8a. COOPERATION THROUGH NGOS

Our country’s non-governmental organisations will continue their long-standing collaboration with Italian Development Cooperation, by acting in synergy with us in priority areas.

The process of streamlining the procedures for submitting projects co-funded by the DGCS is nearing completion. The aim here is to respond to the recommendations of the European Union and Italy’s Court of Accounts, especially as regards project-selection through tenders and the introduction of a system of guarantees to increase the effectiveness of public investment in cooperation initiatives implemented through NGOs.

Initiatives promoted by groups of NGOs acting as consortia or with other Italian (Regions, universities, foundations, private sector) and international (international organisations) actors will also be encouraged.

NGOs will also be able to operate in non-priority countries, up to a ceiling of 10% of the annual financial resources available (i.e., net of pledged resources and those earmarked by the Office under Chapter 2181 for previous years’ payments, national insurance payments, or costs relating to disputes). A further 7% will be devoted to “Education for Development” initiatives (known as INFOEaS) to support the dissemination of information on, and help raise public awareness of, development cooperation issues.

A growing NGO participation in multi-donor funded programmes and projects will also be encouraged, especially those implemented and funded by the UN and the European Commission. One aim here is to increase Italian NGOs’ influence and impact in the international context.
8b. DECENTRALISED COOPERATION

Development cooperation initiatives by regional and local government (regions, provinces, municipalities) have, especially in recent years, seen a growing capacity for integration with the work of the Ministry of Foreign Affairs and other central government departments. They have, indeed, become increasingly significant, in light of the reduced financial resources at the central level. The local cooperation model that sees the various actors (public, civil society, private for-profit and not-for-profit) act as a network has been identified as one of our country’s strong points, and a distinguishing feature of our cooperation effort.

The need for better coordination remains, however, in line with our country’s foreign policy and the agreements reached in 2008 between local and central government. The Inter-Institutional Working Group will take further action to boost consultation with decentralised cooperation bodies, in a framework of broader participation and dissemination of the Guidelines for central and local government cooperation activity. The possibility of allocating resources to local cooperation initiatives through calls to tender under chapter 2182, following the European example, will also be examined.

8c. UNIVERSITY COOPERATION

Art. 18 of the Regulations implementing Law 49/1987 envisages training and education activities through agreements with universities and research centres. The DGCS intends to continue its collaboration with the universities as agreed at the University Cooperation Coordination meeting of 22 March 2012. The meeting noted that university cooperation programmes have increased in number and correspond more closely to the Guidelines, and that the potential exists to develop greater synergies between universities in the development sector.

The University Cooperation Coordination Committee (Italian initials CUCS), set up in December 2008, has two main spheres of action. One is university cooperation programmes in developing countries and crisis-hit regions. The other is information and awareness-raising on development cooperation issues in Italian universities, through inter-disciplinary and thematic meetings and seminars. The collaboration between the Conference of Italian University Rectors (CRUI) and the DGCS, to identify a new academic model for development cooperation and peace initiatives, is also worthy of note.

9. HUMAN RESOURCES

Thanks to its increased operational resources, while of course keeping to the available budget, the DGCS intends to organise a recruitment competition (for experts, under article 16 of Law 49/1987) with a view to extending and up-dating the range of expertise available, foster generational turnover and gradually return to the staffing levels envisaged by law.

10. ACCOUNTABILITY: COMMUNICATION, TRANSPARENCY AND EVALUATION

The DGCS will continue its efforts to increase the visibility of Italian development cooperation and its work through an extensive and varied communication strategy. To ensure that information concerning Italian Official Development Assistance is as transparent and accessible as possible, we will focus not just on the traditional media but also on the new communication channels opened up by today’s information technologies.
Italian development cooperation will continue to publish its “La Cooperazione Italiana Informa” newsletter, available in electronic form through the Cooperation portal and by email to numerous subscribers. It contains articles, news and analysis of the development cooperation world, along with Steering Committee decisions and resolutions and other DGCS documents of public interest.

The DGCS web portal will continue to play a central role as a key channel of information on the structure of Italian development cooperation in its various forms, its diverse range of activities in different sectors and regions, and the documents – both legislative and technical – governing its operations. The portal also contains information on the implementation of individual projects and their political, historic and geographical background.

Under the Busan Forum outcomes, Italy must respond to the challenges posed by transparency standards for international aid. The DGCS is gradually coming into line with those standards with a view to providing immediate, full access to information in keeping with Open Government principles.

Specific initiatives have already been implemented through spaces dedicated to Italian development cooperation on the most popular social media channels (Facebook, YouTube and, more recently, Twitter). We are also stepping up the production and publication of photographic and audio-visual material on our cooperation initiatives and examining the scope for more in-depth analysis. All of these new communication channels act in conjunction with, and complement, the existing DGCS portal.

Lastly, budgetary resources permitting, the DGCS will continue to conduct evaluation exercises, both during and after completion of the initiatives, for projects implemented through the various channels (bilateral, multilateral, multi-bilateral, NGO, etc.) selected according to the criteria set out in the Evaluation Guidelines approved in 2010. Evaluation procedures will be placed on an increasingly systematic footing, and will be inspired by the principles, methodologies and best practice established at the international level, first and foremost in the OECD/DAC context.

The DGCS operates through annual evaluation plans approved by the Steering Committee. In 2012 evaluation procedures were begun for programmes using a range of instruments, such as budget support, debt conversion and multi-bilateral projects.
International Cooperation Forum  
Milan 1-2 October 2012  
Move Italy, change the world

Chair Summary

- We, members of the Italian aid community, met in Milan on 1-2 October on the occasion of Italy’s International Cooperation Forum.
- Today development cooperation is back on the political agenda of our Government. We commit to keep the debate alive, while urging policy makers to recognize, and make explicit in their respective electoral programs, what is manifest today in Milan: development cooperation is back, Italians care, for both a sense of human solidarity which may become a lifestyle choice, and the returns aid can bring to our country.
- Effective development cooperation programmes are not enough: we ought to communicate to the citizens their impact and results, including through innovative tools, and to explain to people that aid is a crucial investment for Italy’s future.
- We agreed that International cooperation is much more than we were told in the past.. The “Italian Cooperation System” can rely on public, private, profit and non profit actors. There are synergies to be maximized. There is fragmentation to be reduced. There is a need to move ahead with unity of vision and of purpose, while recognising differences in attitudes, and at the pace at which actors can move.
- International guests have welcomed our resolution, reminding us that across the world there is demand for what Italy has to offer. They have encouraged us to identify our strengths, and have told us that the future of aid is built upon partnerships and mutual relationships.
- We have refreshed our approach to the linkages between development cooperation and private sector promotion objectives, which – although different – can reinforce each other. The challenges ahead are how to draw private sector investments towards the priority countries of the development cooperation strategy, beyond corporate social responsibility, and how to maximise synergies between the private sector and public and non profit actors, in order to promote the identification of viable solutions towards sustainable development objectives.
- We underlined the need for a common and shared strategic vision for Italy’s development cooperation, to be adopted at high level (Cabinet and the Parliament), which should encompass the operational priorities( geographic, sector, thematic such as human rights, democracy, peace, security, empowerment of women, environment and climate change) in a three-year plan so as to ensure policy coherence and coordination amongst national institutions operating in the aid context, and avoiding fragmentation.
- We ought to focus our presence in a limited number of countries, in order to achieve greater impact and make a difference. The main criteria to be applied in the identification of target countries will be: poverty levels, severe humanitarian emergencies, proximity to Italy (not only in geographical terms but also for historic, economic and immigration-related links), conflict or fragility (in the transition towards democracy), vulnerability of minorities. We identified as priority areas the Mediterranean and Sub- Saharan Africa, where our main efforts will be directed.
- We asked ourselves about our strengths and our talents to spend and invest in the field of International cooperation. We have identified a few sectors which are distinctive for Italy and
in which we hold comparative advantages; including territorial development and decentralized cooperation (involving local authorities, civil society, private sector from the same area).

- Our distinctive approach should be structured within the European framework and based on key values of solidarity, tolerance, and common goods. The European dimension is an integral part of Italy’s history and vision. We need to strengthen our capacity to influence European development policies and budgetary allocations.

- We analysed Italy’s role within multilateral organisations, reiterating the need to honour our commitments, particularly towards the Global Fund against AIDS, Tuberculosis and Malaria, in order to restore our credibility. There is room to strengthen our role in the multilateral arena, and to increase our participation in the shaping of a new global aid architecture.

- A special mention should be made of humanitarian assistance, wherein Italy’s added value is in disaster preparedness and risk mitigation. We can do more and better. Mechanisms for streamlining administrative processes are needed, to achieve more flexible and timely responses to emergencies.

- We highlighted the “bridging role” migrant communities play for the development of their countries of origin, and the need to decrease the transfer costs of remittances. It is important to underline that remittances should be directed towards productive investments and not only to consumption. We mapped best practices in the field of co-development and access to credit.

- We strongly recognized the importance of adopting an inclusive participatory mechanism that capitalizes on the diversity of roles and identities of the stakeholders involved, and produces added value when all the relevant stakeholders are involved. We need to highlight the role played by the thematic working groups (e.g. Mediterranean, EU, Humanitarian Aid, etc…), the consultation mechanisms, and by innovative partnerships. Such consultations also need to focus on the forthcoming negotiations for the replenishment of the Multilateral Development Funds.

- The Cross-Institutional Table for Development Cooperation (CITDC), promoted by the Directorate General for Development Cooperation of the Ministry of Foreign Affairs together with the Directorate for International Financial Relations of the Ministry of Economy and Finance, should become a permanent consultative body, with a specific role in the definition of multiyear planning, country strategies and policies, while flagging system inconsistencies or lack of coherence, and subsequently identifying constructive solutions.

- The space for political dialogue with civil society (International solidarity, NGO, non profit, distance support and International adoption organisations) must be guaranteed and kept alive. During this Forum, NGOs demonstrated that unity in diversity is possible. We encourage the strengthening of the civilian service, the stabilization of the 5 per thousand law, the streamlining of tax exemptions for non profit organizations, and the adoption of procedures facilitating the deployment of civil servants for development initiatives.

- We recognised the need for additional resources for development cooperation to reverse the negative trend, as anticipated in the 2012 Document of Economy and Finance, with a Government timetable for a gradual realignment of Italian ODA to the OECD average in 2013-2015. We need predictable, sufficient and programmable resources.

- It is important to identify innovative financing mechanisms that may generate additional resources, such as redirecting monies and goods confiscated from criminal activities towards aid activities, earmarking proceeds from arms sanctions; and issuing “solidarity bonds” and other legislative solutions allowing for greater predictability.

- We have to improve the effectiveness of the existing funds, such as those for soft loans or for the promotion of joint-ventures to support private sector development in developing countries, which at present are not tapped sufficiently due to a series of administrative, management and operational reasons. In the future it will be necessary to identify a financial instrument/mechanism to mutually reinforce development objectives and private sector promotion activities.
- We reaffirmed the importance of monitoring and evaluation of results impact to improve transparency and accountability towards taxpayers for each euro spent. There is a proposal to set up an independent body of experts, reporting to the political body in charge for development, and to the Parliament.
- We reiterated the need for a high level political appointment for development, to upgrade the profile of development cooperation, and to ensure it has equal footing with other public policies. The majority of us deems appropriate that such appointment should be made at the Cabinet level with overall responsibility and full control of ODA.
- As for the implementation of aid strategies, policies and programmes, we consider that the present architecture should be modernised in order to guarantee coherence between programming, implementation, effective field presence and the evaluation of results. The majority of us regard as the most effective solution a dedicated development agency.
- We recognized the urgent need of pursuing policy coherence for development as foreseen by the Lisbon treaty (article 208). To this end, new institutional mechanisms are required, starting with a high level figure responsible for flagging policy coherence issues at inter-ministerial level.
- We face the challenge of involving youth. Their massive presence in Milan is a sign of an emerging new leadership within the senior management of the aid community. There is an urgent need to identify adequate professional training for young aid workers, while preserving corporate memory. The linkage between school and development should be mainstreamed in the curricula, encouraging global citizenship programs.
- We will reconvene in 2014, during the Italian Presidency of the European Union. On that occasion we will define the future calendars of our meetings. From now on until then, we commit to continue to discuss these issues in an innovative way, through ongoing consultations, including online.
- Development cooperation can and must play its role in raising citizens’ aspirations and confidence towards a better future. Courage is a precondition for long term vision, engagement and civic passion. Those who struggled during the past years, those who hoped, those who felt lonely, today have a chance to look positively at the future and be part of a broader project. May each of us do his/her part: Italy will be a better place.
- “Move Italy, change the world”.

Milan, 2 October 2012
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  - 2010-2012 approved by SC on 15/03/10
  - 2011-2013 approved by SC on 51/12/10 and updated on 16/03/11
  - 2012-2014 approved by SC on 12/12/11 and updated 08/06/12
  - 2013-2015 approved by SC on 19/12/12 and updated on 07/03/13

- **Sector/Thematic Guidelines**
  - Cultural Heritage approved by SC on 19/12/12
  - Agriculture approved by SC on 18/10/12
  - Environment approved by SC on 12/12/11
  - Health approved by SC on 14/07/09
  - Poverty Alleviation approved by SC on 16/03/11
  - Democratic ownership approved by SC on 08/11/10
  - Communication approved by SC on 08/11/10.
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- **Emergency:**
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**Annex 4**

**DGCS Publications**

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