



Assessing international cooperation Sustainable development of Italy

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Introduction

Armadilla is a social cooperative committed, primarily, in the context of international cooperation.
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It also conducts training and information on the issues of the 2030 agenda proposed by the United Nations, for the defense of human rights and for the achievement of the 17 Goals for sustainable human development: <https://www.unric.org/it/agenda-2030>

In this context, these notebooks want to help to disseminate among students and the public opinion to which Armadilla is addressed, information, critical analysis, possible answers to the priority problems that are addressed. The collection of all the Notebooks from 2015 to the present is located in: <http://armadilla.coop/quaderni/>

In this Notebook we propose a summary and our reflection on the final document of the PEER Review of the OECD DAC on cooperation on sustainable development of Italy made in 2019. The full Document in the Italian language version can be found at the following site: <https://www.aics.gov.it/news/2020/58525/>

The objectives of the DAC's Peer Review are to improve the quality and effectiveness of sustainable development cooperation policies and systems, as well as to promote viable development partnerships to ensure a greater impact on poverty reduction and sustainable development in developing countries.

Italy actively supports global sustainable development, particularly where it links international engagement with the country's experience, for example in cultural heritage and agriculture. It could do more in other fields. Although mechanisms have been introduced for this purpose, Italy does not identify, analyze and systematically monitor the cross-border and long-term impacts of national policies, including on possible negative effects on developing countries. Italian public development aid (APS) increased sharply from 2012 to 2017, even when the costs incurred for refugees in Italy were excluded.

However, this positive trend is likely not to continue at this pace as the ODA has declined in 2018 and according to current projections, this downward trend is expected to show up in 2019. **Italy is not meeting its commitments, either for the allocation of 0.7% of gross national income (GNI) to the total APS, nor for the target of an APS of 0.15% of the GNI allocated in the least developed countries (Developed Least Countries).**

More needs to be done to encourage and increase innovation efforts. The human resources available to the AICS and the Ministry of Foreign Affairs and International Cooperation (MAECI) are still inadequate.

Italy will need to take urgent measures to attract and retain qualified staff and to ensure the satisfactory implementation of the country's development cooperation programme.

Italian development cooperation is characterized by strong multi-participatory partnerships, which have recently also incorporated the Italian private sector and a wide spectrum of civil society partners. Many of these partnerships involve a call for proposals and a project-based approach, which may not always be adequate from a strategic point of view.

The current minister has waited months to define delegations to deputy ministers and undersecretaries by effectively blocking education and the implementation of organizational reforms and the effective functioning of international cooperation activities.

The latest report on international cooperation presented to Parliament is the one concerning the activities of 2016 (presented on 13/02/2018). What is the result of this delay? And none of the Members who deal with this issue feel the need to claim it?

The three-year planning document expired in 2019 and nothing has yet been done to modernize it, reviewing it according to the guidelines of the Peer Review and the cooperation subjects of the Italian system.

The Joint Committee has not met since 18 December 2019, and the Covid-19 emergency that has affected the country has further aggravated the situation of paralysis and delay of Italy's cooperation system.

Italy is part of the G7 group for the important role it has always played in international policy. The lack of international cooperation as one of the political priorities on the government's agenda runs the risk of the country losing that protagonism.

And the belief of these resources only of costs and not of important investments will lead Italy to have to pay more in terms of new emergencies and mandatory humanitarian aid that no longer affects every single nation state but the entire planet.

1. Peer review of OCSE DAC

The OECD's Development Aid Committee (DAC) conducts a regular review of development cooperation efforts by individual DAC member countries. The policies and programmes of each Member State are examined critically about every five or six years. Five member countries are examined annually. The OECD Development Cooperation Directorate provides analytical support, processes and cares, in close consultation with the Committee, the methodology and the analytical framework (Reference Guide) in which the Peer Reviews are carried out.

The objectives of the DAC's Peer Review are to improve the quality and effectiveness of development cooperation policies and systems, as well as to promote viable development partnerships to ensure a greater impact on poverty reduction and sustainable development in developing countries. The DAC's Peer Review assesses the performance of a particular member country (not just those of its Development Cooperation Agency) and examines both its policies and its implementation, starting from an integrated system-wide perspective of development cooperation, as well as the humanitarian assistance activities provided by the Member State under consideration.

The Secretariat and examiner officials travel to the capital of the donor country in order to interview officials, parliamentarians, representatives of civil society and NGOs, and thus, in a direct way, acquire an overview of the current issues on which the development cooperation efforts of the Member State in question relate. Field visits allow to assess how members are implementing key DAC policies and are sticking to their principles and recommendations, and to examine progress in the beneficiary countries, with a focus on issues such as poverty reduction, sustainability, gender equality, other aspects of participatory development and coordination of aid at local level. During these visits, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other actors in development cooperation activities. The Secretariat then prepares a draft report on development cooperation in the Member State concerned, which forms the basis for the SESSION of the DAC examination at the OECD. At that meeting, senior civil servants in this examination answer questions from the Committee in consultation with the examiners.

This Peer Review includes the main findings and recommendations of the Development Aid Committee and the Secretariat's analytical report. It was drafted on 14 October 2019, with examiners from New Zealand (Ginny Chapman and Liz Paton) and Spain (Javier Jiménez de Gregorio and Patricia Santa Olalla Peralta) for the Peer Review of Italy. The Secretariat team consisted of Emily Bosch, Santhosh Persaud and Cyprien Fabre. Mari Laikre and Autumn Lynch provided logistical assistance to the Peer Review and paginated and produced the report.

ITALIA



2. Summary of OECD DAC assessment

Italy has been a member of the DAC since 1961 and the last review of Italy's development aid policy was published in 2014. This report examines the progress made from 2014 to the present, highlighting its most recent successes and challenges and providing key recommendations for future action. Of the recommendations made in 2014, Italy implemented some of 65% and fully 15%. The report, which includes the main findings and the most important recommendations of the DAC and the analysis of the Secretariat, was prepared with the help of examiners from New Zealand and Spain at the meeting of 14 October 2019 for the Peer Review of Italy at the DAC. In March 2019, the team of examiners consulted the institutions and key partners at the Rome headquarters and local offices in Dakar, Senegal. Italy actively supports global sustainable development, particularly where it links international engagement with the country's experience, for example in cultural heritage and agriculture. Italy, however, could do more in other fields.

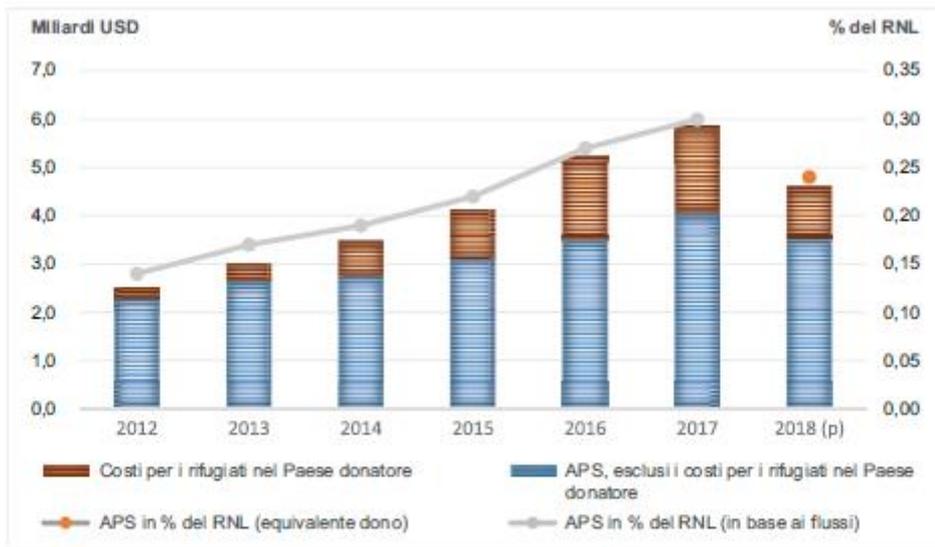
Although mechanisms have been introduced for this purpose, Italy does not identify, analyze and systematically monitor the cross-border and long-term impacts of national policies, including on possible negative effects on developing countries. Italy's performance on cross-border issues such as climate change, the environment, security, finance and trade are generally good, but its migration policy is not always consistent. In the field of development awareness, Italy has shown good practices in the involvement of multiple actors and in mobilizing the diaspora of migrants. Government initiatives to implement a strategy to raise awareness of the concept of planetary citizenship will allow all citizens to be involved and awareness raised. The new Italian law on cooperation lays a solid foundation for a system of quality development cooperation based on principles. The three-year Development Cooperation Policy Planning and Address Document and policy guidelines are in line with the Sustainable Development Goals and help to focus on populations that are at risk of being in a vulnerable position. However, the annual approval of the planning document makes medium-term planning difficult.

Italy does not have sufficient guidelines for some of the country's top priorities, such as migration and fragility. In addition, not enough mechanisms have been adopted to ensure that decisions on planning and allocation of funding coincide with the country's political priorities.

Italian public development aid (APS) increased sharply from 2012 to 2017, even when the costs incurred for refugees in Italy were excluded.

However, this positive trend is likely not to continue at this pace as the ODA has declined in 2018 and according to current projections, this **downward trend is expected to show up in 2019** as well. **Italy is not meeting its commitments, either for the allocation of 0.7% of gross national income (GNI) to the total APS, nor for the target of an APS of 0.15% of GNI allocated in the least developed countries (Least Developed Countries).**

Evoluzione dell'APS dell'Italia in flussi netti e in percentuale del RNL in miliardi USD, a prezzi costanti del 2017



Nota: RNL: reddito nazionale lordo; (p) = i dati per il 2018 sono provvisori.

Fonte: (OECD, 2019[6]) *International Development Statistics* (database), <http://www.oecd.org/dac/stats/idsonline.htm> (consultato il 30 aprile 2019)

The country has distinguished itself by a high percentage of contributions to general expenditure (core) paid to multilateral organizations. Italy's international commitment to combating tax crimes and funding for vaccine development is commendable, but funding to mobilize national resources and private sector engagement is still limited. The adoption of a strategic vision could further optimize Italy's highly valued multilateral commitments.

Law 125/2014 clearly defines the role and mandates of public actors in development cooperation and provides for the establishment of new structures and the Italian Agency for Development Cooperation (AICS).

The main aims of the law relate to partnership strategies, transparency, accountability mechanisms and the operation of development policies.

In practice, the full implementation of this important reform is still ongoing. In general, there are clear processes and quality controls in Italy; However, accountability mechanisms will need to be managed as AICS will be responsible for managing more funds on behalf of the EU and the EU as part of delegated cooperation.

Italy can do more to encourage and increase innovation efforts. **The human resources available to the AICS and the Ministry of Foreign Affairs and International Cooperation (MAECI) are still inadequate. Italy will need to take urgent measures to attract and retain qualified staff and to ensure the satisfactory implementation of the country's development cooperation programme.**

Italian development cooperation is characterized by strong multi-participatory partnerships, which have recently also incorporated the Italian private sector and a wide spectrum of civil society partners. **Many of these partnerships involve a call-for-proposals procedure and a project-based**

approach, which may not always be adequate from a strategic point of view. Italy has made significant progress in terms of transparency and places great importance on the ownership of the countries involved. Funding for national and multi-donor programmes would enable even stronger and more sustainable partnerships with the governments of the countries involved. Predictability in the medium term remains an important challenge to be met.

The development effectiveness indicator used for the evaluation of projects should be given more weight to enable their measurement.

Law 125/2014 calls for the use of a results-based management system, which is still under development in Italy.

Today, monitoring Italy's interventions and defining results that are not limited to the indicators of achievements linked to a given country, sector or partnership are difficult.

The evaluation system for Italy's development cooperation has been reorganized as a result of the reform.

Since 2014, Italy has adopted three-year evaluation plans based on predetermined criteria, set up an advisory committee for evaluation and created a database of independent evaluators. Italy uses assessments mainly to define future programme developments and less to learn lessons from the positive or negative results of projects. **There is no skills management system or intranet linking local offices with Rome and Florence.**

In 2017, Italy was in 11th place among the DAC's humanitarian aid donor countries, a marked improvement since the last Peer Review.

It is recognized for its ability to respond quickly in the event of natural disasters. In fragile contexts, **the country has a rich and recognized experience in the field of humanitarian interventions, based in particular on a dense network of small and medium-sized civil society organizations that have built strong partnerships in the countries in which they operate.**

This unique feature is a clear comparative advantage for Italy, giving it the leeway necessary to build a specific Italian approach to the link between humanitarian aid, development and peace, based on local partnerships. To this end, however, Italy will have to adapt its administrative framework to crisis contexts.

ITALIA

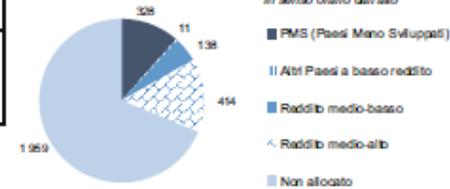
APS Materiale lordo, media 2016-17, se non diversamente indicato

APS netto	2016	2017	2018*	Variazione 2017/16	APS equivalente dono 2018p
Corrente (USD/m)	5 087	5 868	4 900	-16,4%	5 005
Costante (2017 USD/m)	5 219	5 868	4 613	-21,3%	4 712
In euro (milioni)	4 601	5 197	4 152	-20,1%	4 241
APSRNL	0,27%	0,30%			0,24%
Quota bilaterale	48%	51%	39%		

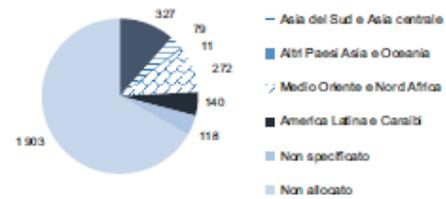
(p) Dati preliminari.

Primi 10 beneficiari dell'APS lordo (USD/m)	
1 Turchia	92
2 Iraq	75
3 Guinea-Bissau	52
4 Cuba	51
5 Argentina	50
6 Niger	40
7 Tunisia	38
8 Afghanistan	37
9 Etiopia	36
10 Libia	33
Promemoria: Quota APS bilaterale lordo	
Primi 5 beneficiari	11%
Primi 10 beneficiari	18%
Primi 20 beneficiari	24%

Per gruppo di reddito (USD/m)



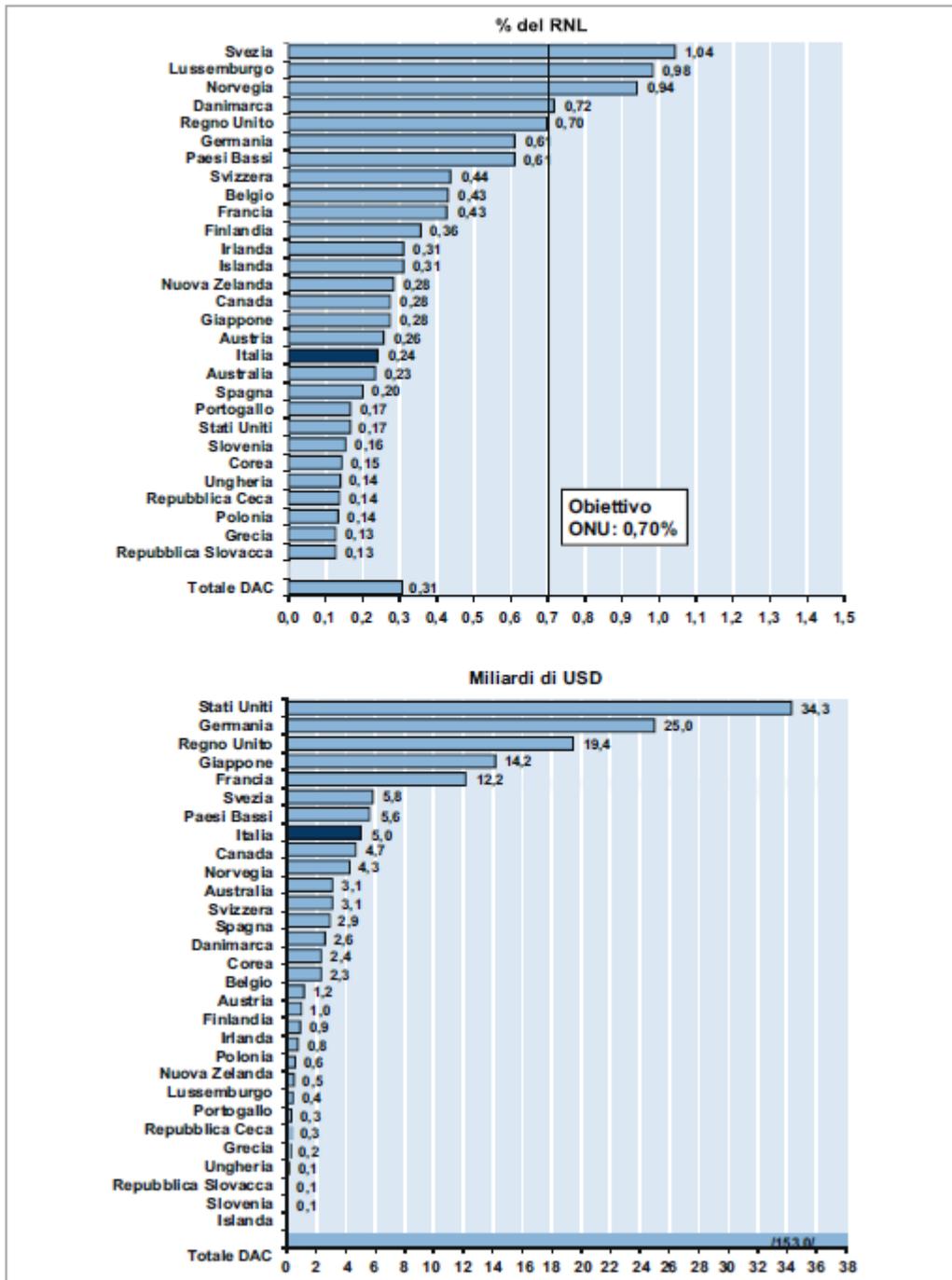
Per regione (USD/m)



Per settore



Figura B.1. APS netto versato dai Paesi DAC nel 2018



3. Summary of DAC recommendations for Italy

1. **Italy should allocate the promised resources.**
2. The implementation of the updated anti-corruption plan and the code of ethics, including speeding up the training of all staff and executive partners, will be implemented. In order to ensure the consistency of its policies with the sustainable development of partner countries, Italy should take full advantage of the mechanisms defined in the law of **11 August 2014, n.125** (General Discipline on International Development Cooperation) and implement plans to assess, arbitrate and monitor potential conflicts.
3. Italy's new strategies for priority countries should be global and reflect the cooperation activities of the entire administration.
4. Italy should move towards fully integrated programmatic funding in national programmes to gain greater impact and influence.
5. Italy should find a way to capitalize on its strengths by maintaining and strengthening support for the dense network of OSC in the field, through flexible and direct help, especially in the most fragile contexts.
6. Italy should reverse the recent decrease in the APS and comply with the obligation under law 125/2014 to meet national and international commitments, including those to less developed countries.
7. **In order to mobilize public and political support, Italy should develop and implement the action plan envisaged as part of the Global Citizenship Education Strategy, with adequate resources.**
8. In order to ensure a more strategic and common approach to the entire administration to implement the strategic vision outlined in the law, Italy should:
 - **Identify solutions to improve the medium-term strategic value of the Three-Year Planning and Address Document (below "DTPI").**
 - **Complete its policy direction and operational guidelines and, in particular, for key priorities, including the government's overall policy stance on migration and development.**
9. Italy should ensure that Cash Deposits and Loans S.p.A. (CDP) has the regulatory framework, tools and resources to fulfil its mandate as a financial institution for development cooperation.
10. **Italy should define a medium-term strategy on human resources, based on broad consultation, to attract and retain qualified staff and ensure the well-being, commitment and professional development of all categories of staff in Italy and in foreign offices.**
11. **Italy should prioritize the construction of a system to link projects and programmes with desired impact, long-term results and the OSS.** The system should also make relevant information and evidence available to officials, partners and other stakeholders to develop cooperation to improve decision-making.

4. Comments on recommendations

Law 125/2014 outlines a clear vision of Italian development cooperation with **three objectives: reducing poverty and inequalities, defending and supporting human rights and acting for conflict prevention**. The legislation places greater emphasis on development cooperation as an 'integral and qualifying part of Italian foreign policy'. It also requires all public bodies to provide detailed information on budget allocations for development cooperation.

In relation to resources for international cooperation, the APS began to decline in volume and APS/GNI ratio in 2018 (up 0.24%) kicking off a decline that continued into 2019.

Italy does not meet the APS/PNL target for the least developed countries: in 2017 it was at 0.06% against a target of 0.15%.

The preservation and increase of the APS budget will require political and public support. However, compared to the average of the European Union, the number of Italians who consider cooperation to be very important is low. At the same time, there is a growing belief that the fight against poverty and development cooperation activities are of common interest. The implementation of Italy's Global Citizenship Education Strategy is an opportunity to increase public support.

At the organizational level, the law introduced some substantial organizational changes, including:

- a new figure of Deputy Minister with Delegation on Development Cooperation in the Ministry of Foreign Affairs and International Cooperation (MAECI)
- the birth of the Italian Agency for Development Cooperation (AICS)
- new financial instruments assigned to Cash Deposits and Loans S.p.A. (CDP), the Italian financial institution for development cooperation.

The current minister has waited months to define delegations to the undersecretaries, which have not yet been given to the two deputy ministers, effectively blocking the education and implementation of organizational reforms and the effective functioning of international cooperation activities.

The latest report on international cooperation presented to Parliament is the one concerning the activities of 2016 (presented on 13/02/2018). What is the result of this delay? And none of the Members who deal with this issue feel the need to claim it?

60% of the resources go to the multilateral system (United Nations and other international entities). Italy's main multilateral partner is the European Union (EU) in terms of funding and support for joint programming, as well as the implementation of a growing number of EU programmes.

Considering the indications received in the previous revision, Italy has partially revised the way it participates in the multilateral system, seeking to concentrate its contributions in smaller quantities, in order to avoid dispersion and insignificance of contributions. In 2018, the amount was USD 3.0 billion, about 60% of the total volume of the APS. From 2011 to 2017, Italy's commitment accounted for about 5% of the total commitments of all DAC countries to/through the multilateral system. Italy provides a much higher percentage of support for the general

expenditures (cores) of other DAC donors. In exchanges for the Peer Review, Italy expressed its commitment to the financing of overheads ('core', so that the multilateral system can have the flexibility to fulfil its mandate. Italy's percentage of 'non-core' funding has increased in recent years to 15.6% in the total use of the multilateral system, but remains well below the 35.2% average of DAC countries in 2017.

The bilateral system should be strengthened more to include more in multilateralism.

The three-year planning document expired in 2019 and nothing has yet been done to modernize it, reviewing it according to the guidelines of the Peer Review and the cooperation subjects of the Italian system.

The Joint Committee has not met since 18 December 2019, and the Covid-19 emergency that has affected the country has further aggravated the situation of paralysis and delay of Italy's cooperation system.

The definition of global national strategies, greater predictability and more programmatic support would enable more sustainable partnerships to be established.

Italy operates on the principle of ownership of the partner country and should apply this working methodology through country-by-country strategies, currently defined only for 7 of the 22 priority partner countries.

In the three-year period 2017-2019, the 22 priority countries of the Italian Cooperation identified in the planning document were as follows:

AFRICA SUB-SAHARANA (9): Burkina Faso, Senegal, Niger, Ethiopia, Kenya, Somalia, Sudan, Mozambique;

MEDITERRANEAN (2): Egypt, Tunisia;

MEDIORIENT (3): Lebanon, Palestine, Jordan;

BALKANS (2): Albania, Bosnia;

LATIN AMERICA AND THE CARIBBEAN (3): Bolivia, Cuba, El Salvador;

ASIA (3): Afghanistan, Myanmar, Pakistan.

Priority countries do not always receive the highest appropriations.

Although Italy's bilateral aid is concentrated, it is not always concentrated in priority countries. As a positive sign of concentration, the share attributed to the top 20 beneficiaries of the aid payable per country of Italy has increased, from 69% in 2012-2013 to 77% in 2016-2017 and are, for the most part, priority countries. However, four of the five main beneficiaries of 2016-2017 were not priority countries: Turkey, Iraq, Guinea-Bissau and Argentina. This is mainly due to debt and humanitarian assistance operations, including the programmed aid per country (CPA) from 2014 to 2017 (which among other elements does not include these types of aid), but the same discrepancy

priority and non-priority countries persists. Libya and Iraq are non-priority countries, yet Italy's share of CPA is higher in these countries than in any priority country. In fact, in 17 of its 22 priority countries, Italy provides less than 2% of the total CPA.

The structure of some financial endowments for development cooperation has a negative impact on predictability. For example, up to 40% of the humanitarian budget is determined after the passage of the budget law, as part of the budget for peacekeeping missions. **As a result, the implementation of several bilateral programmes and projects, including calls for proposals, can only be launched later in the year.**

The Italian Government's partnerships with other actors, the CSOs, the private sector and decentralized (local) bodies are defined mainly through calls for proposals. This approach generally requires too much work for staff compared to the resources allocated. In the long run, more predictable support for non-state actors would strengthen their capacity for action in partner countries.

Given that Italy is increasingly using multilateral channels to provide humanitarian assistance, it **would be of particular importance to examine how it can continue to support the well-established, dense network of Italian humanitarian NGOs that is a comparative advantage of Italy in humanitarian contexts and crisis situations.**

In 2019, the general call for CSOs has not been made and there is no certainty for 2020 either. Law 125/2014 designates Deposit Box and Loans as an Italian financial institution for international development cooperation. **The start of mixed financing operations, in partnership with other development financing institutions and international financial institutions, took time. The beginning was difficult due to the weak creditworthiness and the absence of a partner country.** With the increase in CDP's share in the development finance portfolio, Italy could align itself with the OECD-DAC Principles of Mixed Finance for the development of commercial finance for the SDGs. Italy should ensure that the Deposits and Loans S.p.A. Fund (CDP) has the regulatory framework, tools and resources to fulfil its mandate as a financial institution for development.

Regarding the operation of the Agency (AICS), a process of change has begun and is looking for an organizational model better suited to the many tasks assigned to it under the 125/2014 Act. AICS currently adopts a highly centralized project management model, designed in part to mitigate the risks taken by foreign offices. However, **the Agency does not have sufficient technical and administrative capabilities in Italy to support foreign offices and react promptly to various requests. The delays in implementation are at odds with Italy's importance to partnerships and country ownership and risk undermining the implementation of Italy's development cooperation programme.**

AICS faces a major challenge in attracting and retaining qualified staff who are familiar with development cooperation to make the systems and structure required by law 125/2014 fully operational. This need is even more urgent because many experts employed under the previous law will soon retire. Law 125/2014 no longer covers the category of 'expert' employees, with higher remuneration. Given the need to select staff primarily among public officials, AICS is

currently counting on the posting of officials outside the development cooperation sector for management functions.

In foreign offices, there is virtually no opportunity for professional advancement or rotation for employees to other functions within the Italian development cooperation system (except the national director). In addition, the opportunities for vocational training or training are limited. These difficulties, in addition to the mostly short-term contracts, have a negative impact on staff morale.

The absence of a global system for linking programmes and projects to the desired strategic outcomes, including the objectives for Sustainable Development- OSS-, raises two main problems. First, for partner countries, sectors or organizations that it funds.

Italy is not able to demonstrate the contribution of its specific interventions to the broader results of development cooperation activities or the alignment with the frameworks of the results of the partner countries, as seen in Senegal during the field visit. In addition, Italy is not able to aggregate or bring together the specific results of the projects to determine their impacts or contributions at the level of the country, agency or ministry.

The OECD's guiding principles on results-based development management could be a useful benchmark for Italy in organizing its approach.