



Ministero degli Affari Esteri

DIREZIONE GENERALE PER LA COOPERAZIONE
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ITALIAN DEVELOPMENT CO-OPERATION

2010 – 2012

Programming guidelines and directions

In formulating programming guidelines and directions in the field of development assistance, due consideration must be given to the changes occurring in the global economic and financial situation, which has been shaken by systemic crises that are having a direct impact on the North-South divide and on the feasibility of meeting the Millennium Goals by 2015.

Italy has a special responsibility and its own specific vocation in the field of international aid. As a country that has historically been a crossroads of cultures and peoples, a land of emigration but also for many years now one of high immigration, and given its geopolitical status, the constitutional principles that govern its institutions and its large industrial economy open to the outside world, it has traditionally been committed to promoting a more stable and just international system. International stability and security, the control of migration flows and the development of trade are seriously threatened by the growing divide between North and South and the very uneven progress made thus far in some areas of the world, such as Sub-Saharan Africa.

The deep changes in the international situation that have taken place since the end of the cold war have prompted a lively debate that is still under way on the development co-operation policies adopted by donor countries. The paradigm shift culminating in the adoption of the Millennium Agenda by the UN General Assembly has made it necessary to update the tools available to Italian Co-operation in order to confront these new challenges. It is for these reasons that the Directorate-General for Development Co-operation is working to define a number of proposals to be submitted to the Steering Committee for Development Co-operation.

Reaching the Millennium Goals by the 2015 deadline, which is a commitment that Italy has made at the bilateral, multilateral and EU levels, is not only an ethical imperative of solidarity towards those who lack the basic essentials but also a strategic investment in its own future.

The Millennium Goals, in particular those concerning poverty reduction and health, will continue to inspire Italian Co-operation, as will sustainable development and protection of the environment.

In recent years, Italian Co-operation has made significant progress in carrying out effective initiatives and in improving its organisation, in part by streamlining operational procedures and decentralising more responsibilities to reinforced Local Technical Units (UTLs). The 2009 OECD Peer Review let to take stock of the results achieved thus far and of the many challenges that still remain.

Since the 2003 Rome Declaration on harmonisation among donors and the 2005 Paris Declaration on aid effectiveness up to the Accra Agenda for Action of September 2008, and since the commitments undertaken in the EU with the 2006 “European Consensus for Development”, the international co-operation framework has increasingly become geared towards effectiveness and rationalisation on the basis of a series of principles and criteria to which Italy is adapting in a more completed manner. Consequently, in formulating the programming guidelines for Italian Co-operation over the next three-year period, in addition to the Peer Review, we must bear in mind the main orientations that have emerged from the international debate and that been approved in the documents adopted in various fora.

In a situation inevitably characterised by widespread difficulties in respecting the time lines for quantitative ODA commitments, which in Italy’s case are particularly large, our country reaffirmed its intention to meet these commitments, but at the same time, it made clear at both the European and international levels that it will need to adopt a more gradual approach to achieving them. In this regard, Italy underscored that development co-operation policies must not remain tied to the admittedly important tool of ODA, but must confront the changing international situation by establishing alternative forms of development financing.

The restrictions in Italian Co-operation’s funds over the coming three-year period do not imply that Italy is disengaging from the area of development. On the contrary, as will be shown in this orientation and programming document, it was chosen a more strongly approach based on meeting the qualitative commitments undertaken together with other donors, partner countries and international organisations.

This document refers to internationally adopted criteria in the field of aid effectiveness and to the specific recommendations made to Italy by the OECD in the 2004 and 2009 Peer Reviews. The programming guidelines are based on a comprehensive concept of development assistance, founded on shared responsibilities and managed through transparent co-operation between donors and recipients, the public and private sector and civil society, central institutions and local governments.

A working group established through an administrative order of the Director-General for Development Co-operation settled, in 2009, the Italian aid effectiveness plan, as other donors have done. In this regard, there is a special attention to update the existing sectoral guidelines, as well as to reorganising and strengthening the system

for evaluating and monitoring programmes and activities. In this latter regard, special importance is given to evaluating the impact of development co-operation and of the available sources of development financing (development effectiveness), as also requested by the OECD.

In connection with this exercise, several priority sectors have also been identified and the number of priority countries has been reduced to ensure more effective action in which the Italian Co-operation's competencies and experience will have value added. In this regard, the Italy's full participation is going to be completed in the operational phase of the division of labour criteria established in the framework of the EU Code of Conduct, and will include the necessary legislative adjustments.

The choice between bilateral and multilateral instruments will continue to depend on the evaluation of the nature of the objectives, always within a perspective of democratic ownership by the recipient countries and an ever-wider use of country systems to implement co-operation programmes. Because they are better integrated and more consistent with the poverty reduction strategies of the partner countries, these will continue to be preferred to a project approach, which presents risks of fragmentation and dispersion, as well as being less in line with the priorities of the recipient countries.

Special attention will continue to be given to the progressive creation of an "Italian Development Co-operation System", promoting a complementary approach to the aid provided by the central government and by the regions and local governments. For this purpose, more systematic forms of consultation and involvement of representatives of Italian civil society will continue to be pursued. In defining strategies towards partner countries, Italian Co-operation will promote this democratic ownership to the fullest possible extent, including through the involvement of local civil societies. Public-private co-operation is also given special importance in this document, based on the new concept, which is increasingly widely shared both in Europe and internationally, of official assistance as being primarily a lever for equitable and sustainable growth and a catalyst for mobilising the resources of developing countries and those available in international capital markets using innovative financing instruments.

The debate on the prospects for the reform of Law 49/87 will hopefully be resumed through a Government initiative which might lead to widespread support in Parliament for updating the work accomplished in the previous legislature. The reform of Law 49 will provide an opportunity to endow Italian Co-operation with a system of strategic guidance and of project and operational management in line with the new situation and requirements of development aid.

This being the case, to overcome the sterile opposition between two models, i.e. between co-operation guided by diplomacy and co-operation that has been made independent, at least in terms of management, it will be necessary to completely rethink the rationale and objectives of Italy's commitment with a view to governing more rationally the pressures at our borders generated by imbalances caused by

different levels of development, promoting the internationalisation of the Italian system in order to strengthen the general conditions for growth.

Whatever the new institutional face that Parliament intends to give to Italian Co-operation, it is now clear that the agency entrusted with the responsibility for implementing programmes and initiatives must be given adequate operational and management capacities, in terms of human resources and simplification of the reference administrative and accounting procedures.

Communication

One aspect that Italian Co-operation will be monitoring with renewed attention over the next three years is the communication of its strategies and activities, with a view to making civil society and public opinion more aware of development issues, as has been strongly recommended by international bodies.

The points on which communication activities should focus range from poverty reduction to the Africa Action Plan, from sustainable development to initiatives to help developing countries. All of these areas (and their various aspects) can be reduced to three main headings:

- a) Prevention of economic inequality;
- b) Conflict prevention;
- c) Global redistribution of resources.

Public opinion will also be kept informed of how the sharp cuts in funding for co-operation imposed by the temporary need for fiscal consolidation are reducing the expenditures available to the DGCS, but are also making it necessary to think about how to improve effectiveness, efficiency and cost-effectiveness in all activities involving the management of funds for development, both at the central level and throughout the network abroad.

Policy priorities. In addition to the geographical and thematic priorities and the criteria for choosing the channel for providing aid, the media and public opinion have a special interest in particularly difficult areas, and in post-conflict issues (peace-keeping, peace-building and peace-enforcement).

The choice of the channel of delivery in turn determines a different approach to countries/areas in terms of communication and a different kind of management of the programmes or projects undertaken.

It will nevertheless be essential to build a framework for communication that genuinely reflects the overall reality and the results of the activities of Italian Co-operation, for the public and the media will in fact be less interested in the technical, operational and financial aspects of aid than in “what are the best things that have been done in the best way”.

Reform of Italian development co-operation. The debate on reform is now mature and might also be the main focus of a broad-based communication campaign that would explain its importance and provide information on the progress being made.

Relations with the business world and with companies. Greater synergy with and participation of the business world and companies in particular – through an appropriate legislative measure – in addition to achieving goals such as enabling development co-operation activities to take root more rapidly in developing countries

and exporting sound production models, will foster a system that can also promote better co-ordinated communication. All of this will be based on the simple principle (which must be applied as appropriate in each different situation): “work together with the local stakeholders and labour force rather than merely dispensing aid”.

Management of relations between ministries and between countries. In areas where armed conflicts are still under way it is necessary to work with the Ministry of Defence, not only to ensure the personal safety of those working there, but especially to co-ordinate the communications that are so essential to operational capacity and to ensure complementarity between civil co-operation and CIMIC activities (*Civilian Military Cooperation*).

Non-governmental organisations. Within the communication plan for development co-operation, relations with NGOs must play a key role. This will mean enabling the DGCS to become strongly involved in jointly funded projects, visibly receiving support from the Foreign Affairs Ministry. This will also enable the public to see immediately the results achieved.

Communicating Italy. This means consolidating and optimising resources, developing a system. Hence the need to co-ordinate development aid policies, with the Foreign Affairs Ministry playing a leadership role, so as to ensure that energies are not dispersed, to enhance the role that Italy has always played in this field and to develop as effectively as possible the “Italian Co-operation System”, which are among the key objectives of this document.

ANNEX

This document is the fruit of a consultation process that the DGCS has conducted within the Foreign Affairs Ministry and with the other Ministries actively involved in development co-operation, with regional and local governments and with representatives of civil society.

1) Priority sectors

The commitments made at the EU and international levels, and in the perspective of the Italian G8 Presidency, to reduce aid fragmentation and maximise the value added of each donor, make it necessary to identify a limited number of priority sectors for the three-year period.

1. Agriculture and food security.
2. Environment, land use and natural resource management, with special emphasis on water.
3. Health.
4. Education.
5. Governance and civil society, including support for e-government and information and communication technologies (ICT) as a poverty reduction tool.
6. Support for micro, small and medium-sized enterprises.

Italian Co-operation will also remain committed to certain cross-cutting issues during the coming three-year period through integrated and multisectoral initiatives, such as promoting women's empowerment and assisting vulnerable groups (minors, the disabled).

Gender equality and women's empowerment will continue to be given priority within the individual sectors and country strategies of Italian Co-operation.

Programming for the 2010-2012 period will be focused on the following objectives, especially in Sub-Saharan and East Africa:

- a) Specific programmes for women's empowerment and capacity building of national institutions, including the promotion of women's participation in the reconstruction of countries in conflict (in particular in Lebanon and the Palestinian Territories).
- b) Mainstreaming initiatives in the field of food security and the environment to promote the role of women in poverty alleviation programmes. Special attention will be given to programmes that give women access to jobs and entrepreneurship, in particular through micro-credit and vocational training programmes.
- c) Strengthening co-operation with multilateral agencies to promote reproductive health and combat all forms of violence against women and children.

With regard to **minors**, Italian Co-operation will carry out initiatives to protect and promote the fundamental rights of young children, adolescents and young people in order to foster the sustainable development of the communities to which they belong, thereby strengthening the crucial role played by new generations in developing peace and democracy. In particular, initiatives will be undertaken to reduce the exploitation

of child labour for sexual or commercial purposes, and the genital mutilation of young girls and adolescent women. There will also be activities to support justice systems for juveniles that take into account their special needs and are aimed at their social reintegration, and to protect child and adolescent soldiers and victims of armed conflicts.

With regard to the **disabled**, in line with the New York Convention on the Rights of Persons with Disabilities of 13 December 2006, Italian Co-operation will promote initiatives based on the principle of social inclusion and an approach of community-based rehabilitation. The financing of programmes to promote social legislation on disability will continue to be a priority sector, ensuring the continuity of the Italian commitment of recent years.

Italian Co-operation will also continue to be committed to the protection and enhancement of **cultural heritage** for the purposes of sustainable development and the relevant training activities, given its recognised experience and competence in this field.

In designing and implementing development initiatives, an effort will always be made to monitor carefully whether the expected results are consistent with meeting the Millennium Goals and their respective targets by the 2015 deadline, and also with enhancing the role of decentralised co-operation. In this regard, over the next three years emphasis will be placed on ensuring that the aims and objectives of the guidelines presented in this document are consistent with the co-operation activities involved in organising the Milan Expo 2015 in all those countries – in Africa, Latin America, the Caribbean and the Pacific – where relevant initiatives have been programmed. Special care will also be devoted to developing and monitoring synergies in the specific areas being addressed by the Expo and those given priority in Italian Co-operation, such as food security, health, micro-credit, biodiversity protection, education and women’s empowerment. This will also be useful for the follow-up to the Expo and to the Millennium Goals, which are to be met in that same year.

Italian Co-operation will remain actively involved in developing and strengthening innovative financial instruments, in particular in the health field where it is already playing a major role (IFFIm, AMC and the Global Fund to Fight AIDS, Tuberculosis and Malaria).

In the coming three-year period, Italy will continue to work at the international level to facilitate emigrant remittances and their use for development purposes and to participate actively in the “*Leading Group on Innovative Financing for Development*”. In this regard, Italy will continue to play a role of initiating proposals and ideas at the EU and international level for exploring innovative sources of development financing.

1.1) Sectors of special importance in the G8

The three-year programming of the activities of Italian Co-operation will take into account the framework of priorities laid down by the G8, of which Italy held the presidency in 2009. Since the Gleneagles Summit of 2005, in fact, the G8 has identified a geographical priority – Africa – and some key sectors in the field of development. This being the case, due consideration will be given to the contribution that can be provided by the G8 Experts' Group set up within the Sherpa's Office in the following sectors.

1.1.a) Agriculture and food security

Italy will continue to participate in the process of forming a global partnership for food security in order to simultaneously address the various structural difficulties: infrastructure and trade, research, initiatives and co-ordination in the field and synergy between the various international stakeholders. Italy's role will be particularly highlighted by the contribution of the various organisations of the Roman Agricultural Pole ("*Polo agricolo romano*"). In this regard, action will be taken to strengthen the initiatives that Italian Co-operation has been taking for years in the humanitarian and emergency sector as well as in that of agricultural development.

1.1.b) Water and environment

Development and environmental protection will be increasingly incorporated into co-operation policies. The 2010-2012 period will also be dominated by environmental issues, also in the light of a new World Summit on Sustainable Development to be held in 2012.

In particular, in the context of the G8, the Hokkaido Declaration establishes commitments such as monitoring and reviewing the Evian Action Plan and organising an event with the UNSGAB (*United Nations Secretary General's Advisory Board*).

- Water
 - a) Resource governance through the development of public-private partnership mechanisms;
 - b) training for the use and management of water resources;
 - c) development of initiatives aimed at promoting the shared use of water with international co-operation and with the participation of the local authorities.
- Climate change – The issue of climate change will remain a key focus of the international community's concerns over the next three years. Drawing on the positive experiences already completed, adequate financial and technical tools should be developed so that the action of Italian Co-operation will be more effective in the following sectors:
 - a) adaptation: assistance will be provided to developing countries through a range of initiatives aimed at shielding them inasmuch as possible from the effects of climate change, while also promoting the choice of sustainable economic policies;
 - b) mitigation: Italian Co-operation will increasingly need to adopt programmes focused on the use of clean technologies and on the choice of low-carbon economic development. It will also explore the possibilities provided by projects financed with ODA to acquire emission credits provided for by the mechanisms of the Kyoto Protocol.

- c) Forests: similar attention will be given to forestation-reforestation projects that have a significant impact on CO₂ reduction and the promotion of “ecosystem services” (biodiversity).
- d) Desertification: the Convention to Combat Desertification remains primarily a co-operation tool focused on African countries. Italian Co-operation will therefore remain committed to an issue that also has social implications, such as migration, which have a direct impact on the life of our country.

1.1.c) Health

Italian Co-operation will continue to participate actively in the fight against major pandemics, which are already the focus of major multilateral initiatives such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Polio Eradication Initiative and innovative tools such as AMC and IFFIm. At the same time, it will promote the major ongoing commitment in favour of national health systems, including within the framework of the “Toyako Framework for Action”. Italian Co-operation will continue to be active in programmes to train health workers and consolidate basic health structures, promoting universal access to these services in the conviction that strengthening health systems is the way to combat individual diseases more effectively.

The priorities will be to develop a renewed commitment to the Global Fund and the fight against polio and to identify complementary initiatives in a multilateral (WHO) and bilateral framework to promote the strengthening of health systems and in particular the training of doctors and health staff.

1.1.d) Education

The G8’s priorities have mainly been focused in recent years on strengthening mechanisms for supporting the national education programmes of developing countries, especially the Education for All initiative and its operational financing instruments (Catalytic Fund). Because of its role as G8 President, Italy was co-chair of its Steering Committee in 2009, with the political and financial commitments that this entails.

Initiatives will be taken to provide sector budget support, in co-ordination with bilateral programmes in the education sector in several priority African countries.

In addition, on the basis of a joint declaration signed in December 2008, a common co-operation policy is going to be initiated between the Directorate-General and the interested Italian universities, focused on the three aspects of education, research and technology transfer. Co-ordination was launched for this purpose by the DGCS, which considers whether the universities should be represented and which develops co-operation by organising meetings aimed at opening up dialogue with the academic world.

2) Priority Geographical Areas

The following organisation of the geographical priorities of Italian Co-operation for the coming three years will be harmonised during the implementation phase with a view to maximising all possible synergies with the non-governmental organisations

operating in individual countries, with the emergency initiatives that may prove necessary and with the training activities in Italy for citizens of developing countries. Similarly, action will be taken to promote the use of aid credit and innovative public-private co-operation instruments, in particular in the infrastructure sector that Italian Co-operation considers to be a strategic sector for development.

With regard to the priority geographical areas indicated below, special attention will continue to be placed on Italian Co-operation in **crisis areas** and **fragile and post-conflict states**. In these cases, the activity of Italian Co-operation will continue to be part of our country's comprehensive commitment towards peace, stabilisation and full restoration of the necessary conditions for development, also using resources provided for co-operation activities through *ad hoc* legislative measures for the countries concerned. All of these countries are specifically mentioned in the following paragraphs of this document.

2.1) Sub-Saharan Africa

Over the coming three-year period Italian Co-operation will give greater priority to Sub-Saharan Africa, where progress towards meeting the Millennium Goals presents the most serious difficulties and is most inconsistent.

The DGCS will concentrate its commitment on a few priority countries, following the basic criterion of reducing the fragmentation of aid and seeking greater co-ordination and complementarity among donors. The targeting of these countries takes into account, in particular, the countries and sectors in which traditionally Italian Co-operation has already been active so as to ensure the continuity of our programmes and further develop the capacities that are now a recognised strong point of Italian Co-operation.

In the priority countries, programmes and projects will focus on the priority sectors already identified in Part 1) of this document.

Financial resources: Sub-Saharan Africa will receive 50% of the total funds available for bilateral activities in each year of the 2010 – 2012 period.

West Africa

(UTL: Dakar, Abidjan)

Priority countries 1: <u>Niger</u> , <u>Senegal</u> ; Priority countries 2: <u>Burkina Faso</u> , <u>Ghana</u> , <u>Sierra Leone</u> , <u>Guinea Bissau</u>

Other countries in which Italian Co-operation will be operating over the next three years to continue and complete initiatives already under way are: <i>Cape Verde, Cameroon, Cote d'Ivoire, Mali and Nigeria.</i>

West Africa's importance in the activities of Italian Co-operation has increased in recent years in the light of the key role the region has come to play because it is the main source of migration flows to Italy (Senegal and Ghana, but also Nigeria), but also because it includes some of the poorest and least developed countries in the world, several of which are in post-conflict situations (such as Liberia, Sierra Leone and Guinea Bissau). Special importance will continue to be given to gender issues and women's empowerment.

Italian Co-operation will maintain a careful balance between multilateral (UN agencies, IOM and others) and bilateral operations. Bilateral action will be chiefly aimed at “priority 1 countries”, while the various contributions to international bodies will be concentrated on “priority 2 countries” and the other countries of the region not included on this list, where the commitment to these partners’ development must be maintained, even if it is through sectoral operations aimed at several countries. Consideration will also be given to the possibility of aid credit initiatives in the most politically stable countries of the area.

Equatorial Africa

(UTLs: Khartoum, Nairobi, Kampala)

Priority country 1: Sudan; Priority country 2: Kenya

Other countries in which Italian Co-operation will be operating over the next three years, although this will be limited to continuing and completing the initiatives already under way, are: *Burundi, Democratic Republic of the Congo, Uganda, Tanzania*

In **Sudan**, Italy is committed to supporting the peace agreements between the north and south of the country signed in Oslo in 2005, and to participating in the peacemaking efforts in Darfur. Italian Co-operation will continue to focus on the health sector, promoting the use of multilateral instruments in response to the Consolidated Appeals of the UN, including that for Darfur.

The region of the **Great Lakes** will continue to require much attention, particularly with regard to emergency operations, given the continuing uncertainty regarding security conditions and political stability. In **Uganda**, a country in which our co-operation efforts are better organised, initiatives have recently been approved, in particular in the health sector, which will ensure the necessary continuity in the next years.

In **Kenya**, education and training initiatives will continue to predominate, with the possibility of aid credit initiatives in the infrastructure sector (water management). In **Tanzania**, initiatives in the health sector have recently been approved that will be continued throughout the three-year period.

Horn of Africa

(UTLs: Addis Ababa, Asmara)

Priority countries 1: Ethiopia, Somalia

Other country in which Italian Co-operation will be operating over the next three years: *Djibouti*

During the three-year period, **Ethiopia** will remain, together with Mozambique, the top priority Sub-Saharan African country. The programming for the 2009-2011 period, which was approved as Memorandum of Understanding with Ethiopian Government respecting local ownership, focuses on four priority sectors: basic health, education, water and hygiene and rural development and food security.

In **Somalia**, for reasons of security, operations are currently limited to the multilateral channel, which has still not shown much effectiveness, partly because of the delays caused by the withdrawal of UN staff from the country. Insofar as possible, the level of financial initiatives will be maintained on a par with the role that they have played until now.

The possibility of resuming co-operation with **Eritrea** is related to the evolution of the whole bilateral relationships.

South Africa

(UTL: Maputo)

Priority country 1: Mozambique

Other countries in which Italian Co-operation will be operating over the next three years: *Angola, South Africa, Swaziland*

Mozambique will continue to have priority. The current sectors of activity will be continued (health, local development in rural and urban environments with special attention to decentralisation, basic and higher education and administrative capacity building) in line with the current reduced financial resources available.

In the southern region, Italian Co-operation will maintain but not increase a considerable number of activities concentrated in the health sector in **South Africa**, and will be ready to intervene in **Zimbabwe** with emergency activities and NGO programmes if the political framework achieves real improvements. Renewed attention will also be given to possible initiatives in countries that are an economic priority for Italy, such as Angola.

2.2) Balkans, Mediterranean and Middle East

Financial resources: the areas geographically close to Italy – Balkans, Mediterranean and Middle East – will receive 25% of the total funds available for bilateral activities in each year of the 2010 – 2012 period.

Balkans and Eastern Europe

(UTL: Sarajevo, the closing date is scheduled on 30 June 2010; Tirana, Belgrade)

Priority countries 1: Kosovo, FYROM, Bosnia-Herzegovina

Priority countries 2: Albania, Serbia

Other countries in which Italian Co-operation will be operating over the next three years with initiatives aimed at consolidating programmes under way: *Georgia, Armenia, Moldova, Montenegro, Ukraine*

The Balkans are a key area for Italy politically and economically, in which Italian Co-operation will remain actively committed during the coming three-year period. The priority countries for Italian initiatives will be **Kosovo, FYROM** and **Bosnia-Herzegovina**, since the unresolved inter-ethnic crises are still causing difficulties at both the economic and social level. In addition, given the major commitments undertaken thus far, **Serbia** and **Albania** will remain on the Italian Co-operation's agenda. Subject to the availability of resources, targeted initiatives will also be envisaged in some Eastern European countries, particularly in the **Caucasus** (in response to specific crisis situations, as already performed in Georgia) and in **Ukraine** and **Moldova**, which are the source of significant migration flows to Italy.

With regard to the six priority macro-sectors for Italian Co-operation during the three-year period, the following will be given strategic importance in this area: education and vocational training, the environment and support for micro, small and medium-sized enterprises. The efforts in these fields will support Italy's broader policy action in this area and will further the basic objective of political and economic stabilisation with a view to European and Euro-Atlantic integration in the

medium and long term. To this end, in line with an initiative already under way in Balkan countries, which are pursuing a path of rapprochement with the European Union, support will also be provided to specific technical assistance programmes aimed at building the necessary institutional capacities for access to pre-accession funds (IPA).

North Africa

(UTIs: Cairo, Tunis, Rabat)

Priority countries 1: Egypt, Tunisia

Priority countries 2: Morocco, Mauritania

Other countries in which Italian Co-operation will be operating over the next three years with initiatives aimed at consolidating programmes under way: *Algeria, Libya*.

Given the strength of the relations with all the countries concerned, Italian Co-operation will reaffirm its significant presence in all of North Africa. Priority will be given to **Egypt** (in particular in the education and health sectors) and **Tunisia** because of their special relations with Italy, which are also embodied in agreements already signed and in force. With regard to countries that are important sources of migration flows and that play a pivotal role in a complex geopolitical context, Italian Co-operation undertook some new and significant initiatives in **Morocco** and **Mauritania**. Subject to the availability of resources, there will be specific initiatives to provide support in the field of education and vocational training and humanitarian assistance to **Algeria** and the **Saharawi** population.

With regard to the six priority macro-sectors for all countries, the following will be given strategic importance for the region: agriculture and food security, environment and land use, health, gender policy, support for micro, small and medium-sized enterprises, governance and civil society. In this regard, special attention will be given to the issues of water resources and enhancement of the cultural heritage.

Middle East

(UTIs: Jerusalem, Beirut)

Priority countries 1: Palestinian Territories, Lebanon, Iraq

Priority countries 2: Yemen, Syria

Other countries in which Italian Co-operation will be operating over the next three years with initiatives aimed at consolidating programmes under way: *Jordan, Iran*.

Given the area's importance for Mediterranean, European and global security, Italian Co-operation will reaffirm its significant presence in the Middle East. Priority will therefore be given to initiatives in crisis areas and the immediately adjacent areas: **Palestinian Territories**, **Iraq** and **Lebanon** first of all, and then **Yemen** and **Syria**.

The initiatives will include the following sectors: agriculture and food security, environment and land use, health, support for micro, small and medium-sized enterprises, governance and civil society, again with special attention being given to water resources, enhancement of the cultural heritage and education.

2.3) Latin America and the Caribbean

Financial resources: the Latin America and the Caribbean area will receive 15% of the total of funds available for bilateral activities in each year of the 2010 – 2012 period.

Andean countries

(UTL: La Paz)

Priority countries 1: Ecuador, Peru, Bolivia

Bolivia is a priority country since it has the lowest economic indices of all South American countries. Italian Co-operation's initiatives will be continued chiefly in the sectors of health, local development, environment and land management and through cross-cutting programmes aimed at assisting children.

Ecuador and **Peru** have particularly low development indices. The sectors of intervention over the coming three years are health, local development, environment and land management, governance and civil society.

In the other developing countries in the region – particularly in Colombia – the programmes that are under way or for which commitments have been undertaken will be continued, possibly with initiatives to consolidate the results achieved. No new initiatives will be launched.

Central America and the Spanish-speaking Caribbean

(UTL: Guatemala City)

Priority countries 1: El Salvador, Guatemala

Priority countries 2: Haiti

The area in question has very low development indices, and many countries still suffer from high poverty rates and serious social unrest.

El Salvador. This country will be given priority by Italian Co-operation, partly because of the role that our country will play in SICA (*Sistema de Integración Centro Americana*), where it has observer status. The sectors that will be given the greatest emphasis over the next three years will be education, health and local development, as well as support for civil society, giving special attention to minors.

Guatemala. The Italian Co-operation works primarily in the field of local development, governance and education, with a special focus on minors.

Haiti. Given the renewed international commitment in this country, Italian Co-operation will be able to contribute to post-earthquake reconstruction programmes.

In Honduras and the Dominican Republic, the programmes under way or for which a commitment has been undertaken will be concluded – although additional resources may be provided to consolidate the results achieved – without launching any new initiatives during the three-year period.

Southern Cone

(UTL: Buenos Aires)

Because of the higher development indices in the Southern Cone countries and the large amounts of funding devoted to **Argentina** and **Uruguay** during the years of economic crisis, Italian Co-operation will be limited to consolidating the initiatives under way in these two countries, primarily in the sectors of health and support for

micro, small and medium-sized enterprises, in particular through the tool of decentralised co-operation.

In **Brazil**, a country in which Italian Co-operation has major initiatives in the environmental sector (protection of the Amazon forest, training in the water sector and rehabilitation of *favelas*), there will be a regular assessment of the feasibility of financing projects of limited size, using the contribution of decentralised co-operation, primarily in the field of capacity building in the environment and in the fight against urban poverty, even under triangular co-operation programmes' framework in Third Countries.

Central America – Western Caribbean

This area is the target of a sectoral priority through ongoing initiatives in the field of environment and land conservation in small islands, with special reference to the attention that the Millennium Goals give to the needs of the least advanced countries, land-locked countries and small island developing states.

2.4) Asia and Oceania

Financial resources: the Asia and Oceania area will receive 10% of the total of funds available for bilateral activities in each of the years of the 2010 – 2012 period.

Southern Asia

(UTL: Kabul, Islamabad)

Priority countries 1: Afghanistan, Pakistan

Afghanistan is being given absolute priority. Italian Co-operation, together with the international community, will remain committed to the reconstruction of the country, which is the main recipient of grant aid in Asia. The intervention priorities will concern the governance fields, the local and health development, the vulnerable groups support and infrastructures, as well as the stabilisation and consolidation of democratisation processes and social policies, through initiatives such as the fund for the National Programme for Justice, the programme of support for presidential and parliamentary elections (2009/2010) and the construction of the Maidan Shar-Bamyan road.

Support will be provided to the Afghan administration through participation in the major trust funds for the improvement of governance and conditions of legality and security, as requested by the Afghan government during the January 2006 London Conference. The multilateral channel will gradually be reduced in favour of the bilateral channel, through the financing of Afghan government national programmes and with the necessary co-ordination among donors to increase aid effectiveness, maintaining the visibility of our initiatives, particularly in the western region and Herat, in close co-ordination with the Defence Ministry for CIMIC activities.

In order to cover the financial commitment required to meet the international commitments undertaken by Italy for the three-year period (approximately 50 million Euros per year), it will be necessary to draw upon the additional financing provided for peace-keeping missions.

In the regional context of stabilisation and security, great importance will be given to development assistance to **Pakistan**, particularly with regard to the flow of Afghan

refugees who must return home, currently financed on the so-called “*Decreto Missioni*”. Pursuant to these goals, Italian Co-operation launched debt conversion activities, and will establish its presence in Islamabad. During 2009, two soft loan programmes in the field of rural development and vocational training were approved and amounted to 60 million Euros. They should be implemented in the next three-year period.

In the other developing countries (India, Nepal, Bangladesh, Sri Lanka), the programmes under way or for which a commitment has been undertaken will be completed – although additional resources may be provided for activities to consolidate the results achieved – without launching any new initiatives.

South-East Asia and Oceania

(UTL: Hanoi)

Priority countries 2: Vietnam and Myanmar

An aid credit package of 38 million Euros has recently been approved for **Vietnam** in the water and environmental sectors and grant-based initiatives are currently under way in the health field and to develop a more open and regulated commercial and financial system, following its accession to the WTO. The main sectors of intervention will be health, water-environment, local development with a strong capacity building component.

Programmes in **Myanmar**, one of the poorest countries and with the lowest development indices, will primarily be in the sectors of health and agriculture and food security.

In the region’s other developing countries where Italian Co-operation is operating (Cambodia, Indonesia, East Timor, Pacific islands, the Philippines, Laos), the programmes under way or for which a commitment has been undertaken will be completed – although additional resources may be provided for activities to consolidate the results achieved – without launching any new initiatives.

Far East

(UTL: Beijing)

Over the next three years, the Italian Co-operation will continue to disburse funds to commitments which were already launched in China, but its assistance will keep on moving towards a partnership focusing on sustainable development. The priority sectors will be the environment, in particular climate change, the enhancement of the cultural heritage and the quality of health services in the poorest provinces.

In **North Korea**, any projects will concern the agricultural sector and food security.

3) Instruments

3.1) Volume of total available resources

The amount of resources allocated to development co-operation in the 2010 Finance and Budget Acts, currently being approved, is strongly influenced by the serious international financial crisis and by the obligations to reduce the public deficit assumed by Italy at the European level.

For the coming three-year period, the 2010 Finance Bill allocates the following appropriations for the DGCS' development co-operation activities: 326.96 million Euros for 2010, 210.94 million Euros for both 2011 and 2012. The 2010 Budget Bill also provides the DGCS with a further 55.21 million Euros for 2010 mandatory contributions to the “*Istituto Agronomico per l’Oltremare*” and to a number of international bodies (CIHEAM, UNIDO, UNICRI, UNICEF, IDLO, UNCCD, FAO, WFP, IFAD, FAO/Plant Genetic Resources) and 1 million Euros for the Humanitarian Demining Fund.

For **2010**, the overall resources at the DGCS' disposal – minus the figure for multi-annual commitments for programmes already under way (109.332.678 Euros) – amount to **273.930.051** Euros distributed as follows:

<i>Operation and litigation</i>	€	25.312.238,73	Finance and Budget Act
<i>Programmes</i>	€	192.402.497,17	Finance Act (Table C), minus multi-annual commitments
Humanitarian Demining	€	1.000.000,00	Budget Act
<i>Mandatory contributions to OO.II.</i>	€	55.215.315,00	Budget Act

To these **must be added surplus appropriations**, amounting to 86.697.046 Euros: 26.375.461 are for the International Missions in Afghanistan, Iraq, Lebanon, Sudan, Somalia, Pakistan and for the Humanitarian Demining Fund. 62% of this figure is made up of funds for 2009 International Missions, registered on Budget on 25 November and on 31 December, 2009.

Contribution to the European Development Fund (EDF)

For 2010, 314.3 million Euros have been appropriated in the Finance Act (Table C – Foreign Affairs Ministry) to pay the contribution to the EDF (the requested amount by the Commission will instead be equal to 460 million Euros).

Contribution to the EU Budget

The amount which will be disbursed during 2010 to the EU budget for development co-operation activities is estimated approximately up to 800-850 million Euros.

This figure should be viewed with caution given that this is information provided *ex post* by the European Union and is based on the actual disbursements in the development co-operation sector calculated with reference to the Community budget (funded entirely through disbursements by the *Ragioneria Generale dello Stato* on the basis of the budget key).

Contribution to Multilateral Development Banks (MDB)

In the 2010 fiscal year, Italy (Finance Ministry) is expected to pay approximately 430 million Euros to multilateral development funds (Law no. 102, promulgated on 3 August 2009, Art. 25; Law no. 191, 23 December 2009, Art. 1, paragraph 250; Law

no.246, 27 December 2007, Art. 12), and 10 million to the Multilateral Debt Reduction Initiative (MDRI).

Innovative financing mechanisms

Disbursements in 2010 Financial Year:

- a) 25 million Euros to the International Finance Facility for Immunization;
- b) 40 million Euros to the pilot AMC initiative for pneumococcal vaccine, managed by the World Bank.

3.1.bis) Grant programmes

Approximately 91% of these financial resources will be devoted to grant programmes, 9% of which will cover operating costs. **The bilateral channel will be increased** and will be used for approximately **70%** of the funds allocated for programmes.

The resources will also be used partly for initiatives already under way, for which commitments have already been made for 2010 and 2011 for the respective amounts of 109.332.678 Euros and 25.144.636 Euros.

3.1.ter) Soft Loans

Current assets in the Revolving Fund (Art.6 Law 49/87)

The assets in the Revolving Fund currently amount to **approximately 295 million Euros** as of 31 December 2009.

This does not include:

- amounts for operations approved by the Steering Committee but not yet “decreed” by the Ministry for Economy and Finance (and thus not yet disbursed on 31 December 2009), estimated at approximately 185 million Euros;
- amounts for operations for which there is a formalised at 31 December 2009 policy commitment but that have not yet been submitted to the Steering Committee, estimated at approximately 924 million Euros.

Assets in the Revolving Fund 2010 - 2012

Over the next three years, it is estimated that the equivalent amount of inflows in Euros (at the exchange rate 1€= \$1.4406) will be approximately 130 million Euros per year, not including debt cancellations and conversions for which agreements have already been signed.

The amount of **disbursements** scheduled for the coming three years will average **approximately 160 million Euros per year**.

Consequently, the assets in the Revolving Fund, under Art. 6, over the coming three years, should decrease by approximately 30 million Euros, per year, compared with current availability, with **an overall value for the three-year period of approximately 205 million Euros**.

3.1. quater) Debt conversion

During 2009, it was signed and entered into force the Conversion Agreements concerning Morocco (20 million Euros).

During 2010, it will be expected to be signed the Conversion Agreements concerning Algeria (10 million Euros), already negotiated with the counterparty.

Other initiatives of conversion have been identified and approved by the Working Table of Foreign Affairs Ministry/Economy and Finance Ministry, but not yet negotiated with the following countries:

- Albania 20 million Euros
- Ecuador 35 million Euros
- Philippines 10 million Euros
- Jordan 16 million Euros
- Indonesia 30 million Euros
- Syria 14 million Euros
- Vietnam 10 million Euros.

3.1. quinquies) Debt cancellation

There are currently 12 countries which have not completed the cancellation process and have debt situation mostly in arrears, regarding both soft loans and trade credits. Aid credits are only being cancelled in these five countries: Somalia, Eritrea, Sudan, that have obtained the “Pre-Decision Point” status; Democratic Republic of Congo (former Zaire), which has already reached the “Decision Point” and is about to achieve the HIPC “Completion point” and further outcomes; Congo Brazzaville which has reached the “Completion Point”.

Regarding the impact of debt cancellation for ODA in 2010, it will estimate a figure of around 660 million Euros.

3.1. sexies) Credit facilities for joint ventures in developing countries under Art. 7 L.49/87

Current assets in the Revolving Fund - Subaccount under Art. 7

The assets in the Revolving Fund amounted to approximately **105 million Euros** at 30 September 2009.

Future assets in the Revolving Fund - Subaccount under Art. 7 during the 2010 – 2012 period.

Over the next three years, the amount of inflows is estimated at approximately 1.5 million Euros per year.

It is estimated that the amount of disbursements of new operations for the next three years might be approximately 1 million per year.

As a result, the future assets in the Revolving Fund’s account, under Art. 7, during the three-year period, should increase approximately by 0.5 million Euros per year, compared with current availability, with **an overall value for the three-year period of approximately 107 million Euros.**

3.1. septies) Decentralised Co-operation

The amount of resources allocated by Italy through the channel of decentralised Co-operation (Regions, Provinces and Municipalities), defined on the programming presented, is estimated to 50 million Euros for 2010.

The Regions and local governments' financial planning documents show that these resources will amount to 60 million Euros in 2011 and 70 million Euros in 2012.

These figures include the resources delivered by the Regions and by local governments in programmes co-financed by the European Union.

3.2) Bilateral and multilateral channels

Bilateral instruments will be preferred wherever there are suitable conditions – first and foremost an adequate legal framework and the partner country's capacity to use rapidly the amounts provided. The main type of intervention, based on a set of tools and shared decision-making with partners in line with principle of democratic ownership, will be that provided for under Art. 15 of Presidential Decree 177/1988 (direct financing provided to the governments of developing countries), especially when large amounts are involved. Direct management, which will continue to play a key role in emergency initiatives, will only be considered as a secondary alternative to ordinary programmes, following an in-depth assessment of the specific characteristics of the programme and the country in which it is taking place, in line with the recipient country's priorities and in co-ordination with other donors. Lastly, the possibility of participating in multi-donor funds will be evaluated carefully.

In its sectoral aspects, the bilateral channel can be used more flexibly to adapt the action of Italian Co-operation to changes in specific situations in the priority areas of intervention.

In the bilateral channel, Italian Co-operation will also use **budget support** (General Budget Support - GBS), i.e. financial support provided not for specific projects but for the partner state's budget, including for specific sectors (Sector Wide Approach - SWAP), on the basis of agreements with the recipient government. This instrument is currently being used by Italy in Mozambique and Lebanon.

Budget Support will be used to promote greater co-ordination between donors and, in the recipient country, processes of planning and monitoring public spending, strengthening the dialogue between the ministries concerned and promoting the involvement of all domestic stakeholders – especially legislators, civil society and local authorities – in development policies, also in the interest of subsidiarity.

This will be in line with the relative provision stated in Accra Declaration ("AAA", September 2008), which provides for the use of Budget Support at least 50% of the funds available for co-operation. This instrument also ensures access to information on investment opportunities in the recipient country and is thus consistent with the policy of mobilising public-private co-operation in the field of development that Italian Co-operation will be following during the coming three-year period.

The multilateral and multi-bilateral channels will be focused on targeted, specialised programmes in cross-cutting sectors common to several countries and

programmes that are of special importance or in specific countries or sectors in which this approach is more effective than bilateral aid.

The multi-bilateral channel will be used, in particular, to attain objectives for which the competence and experience of an international organisation that sometimes works as a partner with Italian Co-operation are more appropriate. In this regard, the possible contribution of other Italian actors will be promoted in a systematic way.

In using the multilateral channel, Italian Co-operation will give priority to the co-ordination process of the UN operational system (system-wide coherence) and the commitments made in the main international bodies, which are tending towards concentration on priority sectors and co-ordination among bilateral donors, the UN system and IFIs to improve aid coherence in compliance with the ownership principle.

With regard to the strategies of Italian Co-operation, the UN system will increasingly represent the forum for preparing development policies and co-ordinating their implementation. It will increasingly play a role of advocacy, standard setting, institution building and good governance both at the regional and country level, supporting in particular South-South co-operation by making available good practices.

The programme implementation functions will increasingly be limited to fragile, conflict or post-conflict states and will be accompanied by institution-building activities.

The **priority sectors** for the multilateral channel of Italian Co-operation over the coming three-year period, in line with the Millennium Goals, the priorities of the Italian G8 Presidency and the continuing implementation of cross-cutting gender and environmental sustainability policies, will be food security, health, education and water resources.

The allocation of resources through the multilateral channel will be made in a perspective of concentration, giving preference to international organisations and programmes and instruments that have a comparative advantage in these sectors and that work with institutions headquartered in Italy.

Italian voluntary contributions will be aimed primarily at supporting regulatory activities in support of national policies, and multi-donor programmes at the regional and sub-regional levels, particularly with regard to South-South co-operation and sectoral trust funds, on the basis of the principles of concentration mentioned above and also taking into account the need to ensure adequate support for the humanitarian sector.

3.3) Development of the private sector and public-private co-operation

3.3.a) Private sector development

Over the coming three years, Italian Co-operation will continue to promote the growth of the private sector in partner countries as a necessary factor for launching a dynamic of stable international and local direct investment required to boost self-sustaining economic development.

Italian Co-operation will continue to support the role of companies, using an approach to economic development co-operation that is transparent and geared to the priorities and real needs of the partner countries. An inclusive model of private sector development will be promoted, focusing on the role of micro, small and medium-sized enterprises and the possibilities of access to financial services by more disadvantaged groups. In evaluating programmes, both for the public sector and private entrepreneurship, the focus will be on Italian experiences and good practices that can make a qualitative contribution to the development of micro, small and medium-sized entrepreneurship in partner countries. Consideration will also be given to the commitments made in the European framework to facilitate developing countries' access to international markets ("Aid for trade").

In this context, Italian Co-operation will also promote governance, sustainable human development, environmental sustainability, the development of micro, small and medium-sized entrepreneurship and infrastructure through initiatives aimed at mobilising private financing.

3.3.b) Development of public-private partnerships (PPP)

With a view to building capacity and providing additional resources for development, during the three-year period Italian Co-operation will be guided by careful consideration of the private sector's capacity to provide experience, traditions and good practices that can improve the quality of the overall action of the "Italian Co-operation System" that is being created.

In general, the attempt to identify and develop forms of public-private co-operation will be based on clear and shared principles and guidelines, with special consideration being given to the criteria of the social responsibility of companies.

The following guidelines will be followed in the sectors shown in the non-exhaustive list below:

1) Climate: Italian Co-operation will facilitate the use of the "clean development mechanism" that enables Italian companies to obtain carbon dioxide emission certificates by investing in projects in developing countries that make it possible to cut greenhouse gas production.

2) Social enterprises: Italian Co-operation will focus on actors – above all co-operative companies engaged in socially responsible activities – that, even though they are private enterprises, set objectives based on solidarity and the public interest. It will assess the possibilities of co-operating with bodies that manage local-interest public services in order to improve living conditions in large urban areas in developing countries through the effective management of water, electricity, solid waste and renewable energy.

3) Development models. This will focus on certain specific shared interests among groups of businesses in order to promote alliances and common interests. A concrete case is the Italian experience, also practiced by other European countries, of protecting the origin of agricultural products as an alternative to trademarks. Exporting the Italian "culture" of typical local products will promote an agricultural

development model that has had a great impact in terms of human development since it is based on small and medium-sized agricultural enterprises.

4) Risk mitigation. The use of risk mitigation mechanisms is based on the need to mobilise private investments to finance infrastructure, particularly in Sub-Saharan Africa. In this regard, Italian Co-operation intends to work actively with the Infrastructure Consortium for Africa, headquartered at the African Development Bank. Possible forms of co-operation with emerging donors, such as China and India, given their interest in the African continent, will also be carefully investigated. Italian Co-operation will also continue to support the initiative launched by the European Union, the “EU Partnership for Infrastructure in Africa”, with the relevant trust fund of the EIB, to which it is one of the largest contributors.

The aid credits available will chiefly be used in Africa for regionally important infrastructure in the sectors of water, energy, transport and ICT in projects financed jointly with international institutions and other donors.

5) Micro-enterprises and access to financial services. Italian Co-operation, as part of its poverty reduction strategies, intends to continue its programmes to develop micro-enterprises and promote the access of poor populations to financial services. It intends to work within a multilateral framework through initiatives to develop methods for increasing equity and access to micro-financial services – in particular by supporting the activities of the World Bank’s CGAP Consultative Group – and by engaging in initiatives in priority countries using the instruments provided for under Law 49/87.

3.4) European Development Fund

In the 10th edition of the European Development Fund (EDF), for the 2008-2013 period, Italy is again the fourth largest contributor, with 2.916 billion Euros or 12.86%. Priority will therefore be given over the next three years to ensuring that the objectives of Italian Co-operation are reflected as fully as possible in the co-operation initiatives financed by the Fund.

In the case of Africa in particular, the Fund includes some instruments of great importance for Italian Co-operation, such as facilities for water and energy, innovative instruments that stand out for their ability to involve many stakeholders and their financial leverage potential.

In this regard, there will be information and awareness-raising activities on the opportunities to be gained from participating in EDF tenders so as to continue to ensure an adequate participation of Italian companies.

3.5) World Bank and other international financial institutions

The DGCS will continue to work, albeit in a considerably reduced way, with the World Bank and other international financial institutions, on the basis of the value added that they can provide within the bilateral channel and their contribution to harmonising and improving the effectiveness of aid. A criterion of concentrating contributions will be followed, in the light of their relevance and balance in terms of

those of other donors and giving preference to funds in which Italian Co-operation is neither a minority nor a marginal participant.

The DGCS works through the World Bank with voluntary contributions to two types of Trust Funds, i.e. single donor and multi-donor.

Over the next three years, the sectors of co-operation will be as follows: agricultural research; initiatives in post-conflict areas; disabilities; gender issues; cultural heritage as a development tool; technical assistance to developing countries to enable them to attract investments and develop the private sector; poverty reduction (access to financial services, micro-entrepreneurship, aid for trade); promotion of methodologies that allow sustainable development of public goods (water, environment, climate, forests); support for fragile States and countries in post-conflict situations; initiatives in favour of children, education, health, gender issues, natural disasters and the financing of infrastructure in Africa in a perspective of poverty reduction.

Inter-American Development Bank

The DGCS's work with the *Banco Interamericano de Desarrollo* (BID) will continue, in a significantly reduced way, to focus on the needs of the private sector by providing funds for greater regional competitiveness, micro-enterprises and technical assistance as well as environmental sustainability. Work with the Inter-American Investment Corporation, which belongs to the BID group, will be focused on aid for trade.

Corporación Andina de Fomento

With the *Corporación Andina de Fomento*, the DGCS will continue insofar as possible the activity launched in 2006 through the establishment of an Italian fund for development initiatives in Bolivia, Ecuador, Peru and Colombia. To the sectors of intervention already identified, it is intended to add support for governance initiatives.

Banco Centroamericano de Integración Económica

The DGCS will maintain insofar as possible its work with this Agency, with which it has a framework agreement to finance projects in several priority sectors.

4) Emergencies

Directly managed bilateral initiatives

Over the three-year period, Italian Co-operation will continue to provide, at the request of stricken communities or following international appeals, a rapid response to humanitarian crises and natural disasters, maintaining the priority character of the Italian commitment to post-disaster activities.

Within the framework of the priority geographical areas, over the coming three years emergency initiatives will be continued in the countries targeted by special financing

laws (Law 38/2007 and Law 45/2008), such as **Lebanon** and **Afghanistan**, and will be extended to crisis areas such as **Sudan** and **Somalia**.

It is also planned to reinforce the already significant programme in the **Palestinian Territories**, and to give absolute priority to Africa, where there are still serious crises in the fields of food, health and management of internal refugees (IDPs).

The strong presence of Italian Co-operation will also be maintained in **South and Central America**, since these areas are subject to frequent natural disasters and suffer from serious and chronic humanitarian crises.

Multilateral channel

Humanitarian activities are carried out through the multilateral emergency channel in response to natural disasters and complex crises that can neither be prevented nor anticipated. Nevertheless, Italian Co-operation will also pursue a number of priority lines of action in this field during the coming three-year period.

Special attention will be devoted to the regional initiatives already launched in 2008 in the Great Lakes Region, in Sub-Saharan Africa and in Central America to improve the response to the major structural emergencies afflicting these areas and to promote their transition to sustainable development.

Within the European Union, an effort will be made to improve the effectiveness of emergency aid by strengthening co-ordination between the various Member States, as provided for by the European Consensus on Humanitarian Aid approved in December 2007.

The emergency programmes will use a methodology based on establishing the initiatives locally through partnerships with non-governmental organisations, selecting strong local partners and co-operating continuously with local institutions and recipients in all phases of the initiative, in accordance with the legislation that allows NGOs to participate in emergency programmes even when their implementation is being directly managed by the DGCS.

Italian Co-operation will boost its ability to respond effectively to emergencies and to project itself into crisis areas through greater reliance on **humanitarian flights**, both by using the base in Brindisi and through greater involvement and co-ordination with other institutional actors (Air Force, Civil Protection and Italian Red Cross). In this regard, there is a possibility of moving a portion of immediate relief supplies to the **UNHRD Depot** (*United Nations Humanitarian Response Depot*) in Dubai managed by the WFP in order to enable more timely intervention and reduce operating costs.

Since the mechanism of the “**Bilateral Emergency Fund**” with the WFP, OCHA, WHO, UNHCR, IFRC, UNICEF, FAO, ICRC and UNDP has shown itself in recent years to be a flexible and effective tool, it will be provided with renewed funding within the limits of the resources available.

In the humanitarian assistance provided through international agencies, priority will continue to be given to Africa, the Middle East and Afghanistan. The sectors that will receive the most support will be food security, the protection of refugees and

internally displaced persons, health, water, education, gender issues and humanitarian initiatives aimed addressing the increasingly frequent catastrophes caused by climate change.

Lastly, a special commitment will be made to improving the knowledge and capacity of operators-involved project implementation by preparing operations manuals and information on emergency issues.

5) Decentralised Co-operation

Development Co-operation with Italian local governments (regions, provinces and municipalities) is an instrument that, particularly in recent years, has shown a growing capacity for both horizontal and vertical integration, working more systematically with the Foreign Affairs Ministry and with other central administrations in geographical areas such as the Balkans, Latin America and the Mediterranean.

Efforts will continue to promote the gradual incorporation of decentralised co-operation activities into the “Italian Co-operation System” that is to be created, in accordance with Italy’s foreign policy guidelines.

The objective targeted is to ensure complementarity and real synergies between the co-operation activities carried out by the Foreign Affairs Ministry and other central administrations and by the regional and local governments. Official development assistance – for which Italy intends to maintain the commitments regarding quantity, quality and effectiveness that it has made vis-à-vis the international community – is in fact the assistance derived from the financial commitments and projects undertaken by all public actors in donor countries. In developing a coherent decentralised co-operation strategy, it will be necessary to move in the innovative direction of programmes and resources that are mutually integrated and complementary by ensuring that all actors increasingly share clear objectives and priorities.

To this end, the mechanisms will be activated that have been provided for by the agreement (signed on 18 December 2008) between the Foreign Affairs Ministry, the Economic Development Ministry, the Department for Regional Affairs (DAR)-Presidency of the Council of Ministers and the regions, together with the Autonomous Provinces of Trento and Bolzano. This is aimed at ensuring that foreign policy guidelines and priorities are shared with regional and local governments and that the latter provide timely information on decentralised co-operation initiatives. A mechanism will be created for this purpose to ensure co-ordination with the unified conference of central, regional and local governments (*Conferenza Unificata Stato-Regioni e Autonomie Locali*) and with local government associations (OICS, UPI, ANCI). On 11 December 2009, the Permanent Table of the Foreign Affairs Ministry and Regions consultations gathered for the first time and one of the topics discussed during the meeting was the decentralised co-operation.

The initiative taken by the DGCS (Foreign Affairs Ministry) in support of regional and local governments will target the **Balkans** and the **southern shore of the Mediterranean**. This will involve launching and completing projects to implement

the programme for the support of regional co-operation in the Balkans and the countries of the southern shore of the Mediterranean financed with CIPE-FAS funds. Decentralised co-operation will also continue to give priority to **Central and South America**, where the initiatives of local governments can gradually be integrated into more traditional development co-operation initiatives in a perspective of subsidiarity. Italian Co-operation will support greater projection of regional and local governments in Sub-Saharan Africa both for humanitarian and emergency assistance and to promote emerging economic realities with a view to possible joint development.

6) Non-governmental organisations

In the “Italian Co-operation System” being developed during the three-year period, Italian Co-operation will continue to stress the key role played by non-governmental organisations, which reach the final recipients of programmes directly and work in close contact with local populations at their request and can often have a major impact on small and medium-sized geographical areas.

The activity of NGOs can ensure participation, accountability and ownership on the part of recipients and act as a lever for processes of democratisation and capacity building, using technologies that are compatible with the environment and with the local socio-cultural context.

The projects promoted by NGOs jointly financed by the DGCS will continue to be focused on three sectors that cover the entire range of the Millennium Goals and are among the priority sectors of Italian Co-operation for the coming three-year period indicated in item 1) of this document:

- water/agriculture/environment;
- production activities in urban areas to create jobs and micro-enterprises;
- health and social issues (women, minors, disabled).

In each sector, Italian Co-operation will continue to support the use by NGOs of tools to build human and technical capital as well as financial capital, through micro-credit in particular.

Italian Co-operation will continue to consider Sub-Saharan Africa and Latin America as areas in which NGOs have a natural role to play, in the first case through a large number of initiatives in the health and agricultural field, and in the second mainly through agricultural and urban production activities. In the Mediterranean, the highest percentage of initiatives is in the social field – in particular for minors – but with a relatively balanced distribution between agriculture and urban production activities.

Where conditions are particularly difficult, (Sub-Saharan Africa) the greatest urgency is to meet basic needs (health and food), but in areas where income is growing (Latin America) co-operation accompanies processes in the secondary sector and the modernisation of agriculture. In the Mediterranean, there is a greater balance between sectors and a larger percentage of assistance can be devoted to social issues.

Italian Co-operation will continue to take advantage of the experience, knowledge and networks of solidarity already established by NGOs. It will also promote their growing inclusion in programmes and projects implemented and financed by the UN system and the European Commission with the objective of continually improving the networking capacity and qualitative level of Italian NGOs so that they will be increasingly better equipped to compete internationally.

Development information and education activities

“Development Information and Education” projects will continue to be conducted mostly in Italy and will be aimed at the general public or specialised audiences, and will also act as a forum for discussion to better define approaches in sectors relevant to projects being promoted, to train operators and to provide opportunities to recruit and employ volunteers. The value of these projects will not exceed 8-10% of that of the projects being promoted.

7) Human resources

The programming guidelines and directions contained in this document – even if they have selected genuinely priority objectives, areas and sectors on which to focus efforts – can only be implemented fully if there is a substantial readjustment of the human resources available within the Directorate-General for Development Co-operation.

It is clear that these resources are far fewer than what is provided by countries with co-operation programmes that are similar or even much smaller than those of Italian Co-operation.

The fact that the number of countries and sectors in which there will be new programmes will be reduced over the next three years does not mean that there will be any less need for human resources. On the contrary, the implementation of these guidelines, the commitment to the “National Effectiveness Plan” – with all of its many components starting with the creation of an “Italian Co-operation System” and the evaluation and monitoring of programmes – and more active participation in the fora in which development strategies are being designed at the EU and international level, as well as the implementation and completion of the many important programmes and projects approved in recent years, will require the DGCS’ human resources to be increased and more effectively organised if Italy’s action in favour of development is to be credible.

The need to give greater visibility to Italian Co-operation activities and the resulting decision to emphasise the bilateral channel presupposes an adequate support structure, not only in Rome but especially abroad. The indispensable tool in this regard is the network of Local Technical Units (UTLs), which are playing an increasingly crucial role, also because of the policy of aid decentralisation being

implemented in recent years by Italy in response to the recommendations of the OECD and the EU.

Consequently, in addition to the resources allocated for co-operation initiatives, which have been significantly cut for the 2010-2012 period, it is necessary to ensure that there are sufficient resources for the Directorate-General for Development Co-operation and its regional offices to operate effectively, without which it will be difficult to achieve the ambitious goals set in these guidelines.

For this reason, the Directorate-General plans to hold a competitive examination in order to hire a substantial number of experts as provided for under Art. 16 of Law 49/87. This will make it possible to expand the professional skills available, replace older workers and gradually rebuild the number of staff to the full complement provided for by law, which has been steadily declining over the past fifteen years.