

FORWARD PLANNING AND POLICY PAPER on Development Cooperation activities in 2007

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According to the latest UNDP Human Development Report, the gap between the affluent and the developing countries has widened enormously, while the Millennium Development Goals (MDG) have not yet been attained. It is therefore becoming increasingly more urgent and necessary for Italy to acquire the capabilities and instruments needed to honour the commitments undertaken to achieve the MDGs, ensuring continuing operations in the most impoverished parts of the planet.

When giving a fresh impetus to Development Cooperation, the involvement of local communities must be a central element, precisely to be able to combat poverty effectively. This position is shared with the international organisations, the European Union and many of its member states. Not only does the relaunching of cooperation fall within the framework of international cooperation guidelines, but it must also follow up the indications of the Monterrey Conference on the *additionality* of debt cancellation for the poorest countries to development cooperation funding. We have to resume a cooperation policy which has been severely penalised in recent years, and bring it up to levels that are consistent with our international commitments and able to foster consistent policies and initiatives under which Italy redesigns its approach to cooperation with, and support for, the poor countries, backed up by other economic and commercial initiatives to make foreign policy measures more comprehensive, strategic and effective.

Development Cooperation is therefore a centre-piece of Italian foreign policy, and is increasingly becoming its key component, in both bilateral and multilateral terms. Looking ahead to its relaunching, Cooperation must be capable of seizing the challenges of what is a constantly changing situation, reviving a long-standing tradition, and involving the new co-operation and solidarity stakeholders, including *self-development cooperation between communities* promoted by decentralised cooperation programmes run by regional and local authorities, and civil society, and giving local stakeholders and partner countries an prominent role in identifying priorities and strategies.

The geographic priorities for cooperation will be strategically focused on sub-Saharan Africa and the poorest parts of the world, obviously without neglecting the countries in which Italian Cooperation has traditionally worked.

With regard to Italian Cooperation's sectoral priorities, particular emphasis will be placed on the most critical issues such as environment and community assets, with particular reference to rural development, organic or conventional agriculture – in order to help establish food sovereignty – alternative and renewable sources, gender policies, particularly women's empowerment, in addition to traditional health care and education measures. This being so, one particularly important aspect is the adoption of a global approach, also by stepping up our commitment to the Global Fund to fight pandemics, and, more generally, with a clear *disconnect between assistance and cooperation*.

A type of Development Cooperation must therefore be relaunched, after years of constantly declining resources and cutbacks. This must be done not only to help improve the quality of life in the developing countries, but also to be able to honour Italy's commitments with the United Nations and the European Union. This makes it particularly important to lay down a three-year programme of work and funding for Italian Cooperation, considering that it will only be as a result of careful medium-term planning that reasonable progress can be made towards achieving both the financial objectives (ODA/GDP ratio) and optimum results for projects implemented in the developing countries.

At the United Nations, the Millennium Declaration adopted in September 2000 by the Heads of State and Government at the Special Session of the General Assembly laid down, as its overarching objective, the halving absolute poverty – the number of people living on less than one dollar a day – by 2015. This objective comprises eight goals, which must run throughout all international cooperation activities:

1. Combating poverty and hunger
2. Achieving universal primary education
3. Promoting gender equality
4. Reducing child mortality by two-thirds
5. Improving maternal health
6. Combating HIV/AIDS and other transmissible diseases
7. Safeguarding the environment
8. Developing a Global Partnership for Development

It is particularly important to begin debating ways in which Italy can participate in achieving the Millennium Goals, bearing in mind at all times the need to implement coordinated activities whose benefits, while focusing on one particular key sector, percolate down to a variety of different areas.

As far as Europe is concerned, the decisions adopted by the Barcelona European Council in March 2002 marked a starting-point, when member states approved a challenging process of gradually increasing ODA, at both EU and individual member state levels. Like the other EU member states, Italy was supposed to have achieved an ODA:GDP ratio of 0.33% by 2006.

Although Italy has not achieved the 0.33% target, it has sent out strong signals to the international community of its intention to modify its previous approach to Development Cooperation financing. What is essential at the present time is to ensure that Italy is able to comply with its previous, and "previously ignored", undertakings. This is why the 2007 Finance Act has increased the Foreign Ministry's Schedule C resources to more than 65% of the initial funding level, from €382 million to €650 million for bilateral and multilateral cooperation initiatives. Further resources have also been appropriated for cooperation initiatives linked to the item entitled "peacekeeping missions", where one may reasonably assume that civil and social cooperation will play a fundamental part in

the reconstruction of countries that have been devastated by natural disasters or conflict.

As for bilateral cooperation, Italy's geographic priorities are mainly focused on Africa, and particularly sub-Saharan Africa. For while the Millennium Declaration laid down the goal of halving poverty by 2015 it should be borne in mind that Africa is the one part of our planet where combating poverty is most needed. In addition to Africa, however, Italy will also focus its work on countries with which it has recently entered into major international commitments, such as Afghanistan and Lebanon, and in areas where Italy's presence has well-established roots, such as Latin America and the Middle East, and the Mediterranean. For in order for Development Cooperation to have any real impact on the economic and social fabric of the beneficiary countries, medium and long-term measures are essential, making it vital to continue in the direction in we have already embarked, to make cooperation increasingly more effective and incisive, and successfully attain the final results in a process that began a long time ago. As indicated at the beginning of this paper, the priority sectors for intervention by Italian Cooperation will be the most critical areas, such as environment and community assets, with particular concern for rural development, organic or conventional agriculture, the search for alternative and renewable energy sources, gender policies, and in particular the empowerment of women, in addition to traditional measures to address health care and education. These sectors will have to be developed in the more general framework of the new Italian Cooperation guidelines, where the most important feature will necessarily be the *disconnecting* of cooperation, working always towards the primary aim of supporting the fostering of autonomous forms of development, involving the local communities in implementing programmes and projects and encouraging the systematic use of local products and services in the developing countries, particularly if they are the results of partnership ventures.

In 2007, Italy will be committed to giving a fresh impetus to multilateral cooperation, and to providing more funding for it. For part of the funding appropriated for the Ministry of Foreign Affairs must necessarily be channelled as voluntary contributions to the international organisations, which were seriously cut back in 2006, **apart from the United Nations organisations and agencies whose strategic role in poverty alleviation and the pursuit of the Millennium Goals makes it absolutely necessary for Italy to participate financially**. Moreover, about one-half of the contributions that Italy pledged in 2006 were unpaid, so that in addition to guaranteeing our annual commitment to the international organisations in 2007 we shall also have to honour the 2006 debt which exceeds €60 million. Multilateral cooperation remains a fundamental component of Italian Development Cooperation.

At all events, both bilaterally and multilaterally, Italy considers it necessary to supersede the practice of making **untargeted contributions**, once and for all.

On the subject of multilateral cooperation, in addition to the appropriations under the Finance Act for the Foreign Ministry Schedule C funding, particular importance has been given to finding the funds needed to settle the debt with the Global Fund to Fight AIDS, Tuberculosis and Malaria, of which Italy was one of the founders and, ever since its

establishment, one of its main contributors. The debt currently totals the full amount pledged for 2006, namely €130 million, plus €20 million brought forward as the outstanding balance of the 2005 contribution. A way must therefore be found to finance the €130 million programme for 2007, and a commitment undertaken to guarantee Italy's continuing contribution to the Fund. It is for this reason that the government has laid a Bill before Parliament entitled "Establishment of the Fund to finance the Global Fund to Fight AIDS, Tuberculosis and Malaria", with an appropriation of €50 million for 2006, €130 million for 2007 and €200 million for 2008. But the proposal does not stop at 2008; it lays down the procedures to be used for calculating the amount to be appropriated to the Fund beginning in 2009, covering several years. Only by guaranteeing a punctual and constant flow of funding will it be possible for Italy to retain its present single national seat on the Board of the Fund, as the only country sitting alongside the United States and Japan. Combating pandemics in general, and AIDS in particular, must therefore remain one of the priorities of Italian Cooperation policy, also in consideration of the commitment which Italy undertook a long time ago in this area.

Consistently with Italy's commitment under the 2004 Geneva Declaration to raise the level of development assistance constantly until 2015, and also following the subsequent report on innovative financial mechanisms – drawn up in September 2004 by a specially constituted technical group – Italy has set about exploring and testing further funding channels to join the traditional ones, making it possible to bridge the gap between the resources required and those actually available. The purpose of these alternative development financing sources is at all events to procure supplemental resources for Cooperation without in any way replacing the traditional institutional mechanisms. For 2007, provision has been made in particular for the following:

- the launching – probably in Rome in the early months of next year – of a pilot project under the AMC (*Advanced Market Commitments for Vaccines*) programme, of which Italy is the promoter, designed to accelerate the development of a pneumococcal vaccine and ensuring the subsequent support of the industrialised countries to enable the developing countries to procure it by paying part of the purchase price. The success of this project (which is aiming at reaching \$1.5 billion) would lead to the launching of a second project to produce a vaccine against malaria;

- Italy's participation in the IFFIm (International Finance Facility for Immunisation Company), which is an innovative mechanism under which bonds are issued to raise funds to enable GAVI (*Global Alliance for Vaccines and Immunisation*) to procure drugs and vaccines. It should be noted that Italy was one of the first countries to enact legislation to fund the IFFIm. The 2006 Finance Act has appropriated €504 million until 2025. IFFIm issued its inaugural bonds on 6 November last year, following a roadshow in the United States and Europe's leading capitals. The target is to raise at least \$1 billion;

- considering and carefully appraising whether Italy will take part in other international schemes – such as in the so-called group of 44 – which are designing more innovative funding mechanisms and measures for identifying global “special purpose taxes” along the lines of the Tobin Tax proposal.

Another particularly important issue will be Italy's participation in the leading international organisations such as the OECD/DAC, the United Nations, and the European Union, also looking ahead to greater coordination and closer harmonisation of Development Cooperation policies within the international community. For harmonisation today is a top priority, both within the EU and in the OECD/DAC, and forms the backdrop to the 2005 Paris Declaration, that emerged from the process that began in Rome at the 2003 High Level Forum, as the basic text on this subject. Within the EU, harmonisation also means complementarity, and what we shall be advocating throughout 2007 is the need for flexible complementarity which cannot therefore be resolved by excluding Italy's cooperation work in certain parts of the world, but whose purpose is to ensure the necessary coordination between the initiatives of the member states, in order to prevent wasteful duplication and redundancy.

The OECD/DAC has also raised the need for greater clarity when defining cooperation policies, and emphasised the importance of a better communication and information strategy to heighten public awareness. It is in this regard that the responsible use of the mass media and ongoing consultation with civil society become so important. For this purpose, the process that began with the Cooperation Forums takes on particular importance and must be further developed in order to foster dialogue with civil society, sensitising and engaging the participation of public opinion in cooperation work. For while communication is very useful for briefing keeping public opinion, it is equally important to develop an awareness of the present skewed relations between the wealthy and the poor countries, and the causes of these imbalances. The United Nations Millennium Declaration signed by 186 countries, including Italy, showed that ours is the first generation to possess both the means and the resources needed to reduce poverty on the planet, and yet adequate resources to do this are not forthcoming. There is an evident contradiction in the fact that, according to the World Bank data, a *Marshall plan in reverse* is taking place, with the impoverished countries earmarking more of their resources to pay the service charges on debts contracted with the *creditor countries* than the creditor countries appropriate every year in development assistance.

The OECD/DAC itself has urged governments to adopt a national vision based on a more participatory relationship with the parties involved in Cooperation in Italy. We should therefore not neglect the role and the potential of the new players that have now actively joined the traditional ones, namely, the non-governmental organisations and associations and organisations of civil society working in Decentralised Cooperation together with the local authorities. It will therefore be important to tighten coordination between the work of the Ministry of Foreign Affairs and what has become known as “Decentralised Cooperation”, that is to say, initiatives taken by the Regional, Provincial and Municipal authorities. For the latter are able to conclude cooperation agreements with their counterpart authorities in the developing countries with which they often have direct contacts; it is only cooperation and a constant two-way exchange of ideas that makes it possible to maximise their contribution to Development Cooperation, ensuring that all the programmes and projects they promote are fully part of the broader strategies being pursued by the government. This cooperation between these communities will, it is hoped, encourage citizens to become more keenly aware of **critical, equitable and**

solidarity-based consumption, and to foster participation by the immigrant communities, and more generally the associations of civil society.

At the same time it is essential to continue pursuing and improving dialogue with NGOs and the new stakeholders through a constant open debate, to broaden the vision and identify new strategies and policies and the role of cooperation itself. For by its very nature, cooperation cannot be separated from the ideals that drive the world of voluntary service, even though it must obviously be firmly grounded in a technical environment that will guarantee that the work is effective. One particularly important aspect here is a well-entrenched practice that must be upheld throughout 2007: convening meetings with representatives of the NGOs before the meetings of the Global Fund, and above all having representatives of civil society as members of government delegations both to the Board of the Global Fund itself and to United Nations Conferences.