



*Ministero degli Affari Esteri*

DIREZIONE GENERALE PER LA COOPERAZIONE  
ALLO SVILUPPO

## **ITALIAN DEVELOPMENT CO-OPERATION**

**2011 – 2013**

### **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 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.

Reaching the Millennium Goals by the 2015 deadline, commitment to which Italy has acceded and which has been confirmed during the High Level Plenary Meeting (HLPM) held in New York from 20 to 22 September 2010, is not only an ethical imperative of solidarity towards those who lack the basic essentials but also a strategic investment, for all those who contribute, to promote peace, stability and a fair, sustainable and shared prosperity.

The Millennium Development Goals will continue to inspire Italian Cooperation, also taking into account what has been established in the Final Document of the mentioned Summit and in the name of an approach to pursuing the MDGs based on human rights.

The 2009 OECD Peer Review allowed to make the point on the results achieved thus far and of the many challenges that still remain for the Italian system of development aid.

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, including 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 consider the main orientations that have emerged from the international debate and that have been approved in the documents adopted in various forums.

The 2011-2013 Finance Law confirmed the net reduction in funds from the Ministry of Foreign Affairs’ Cooperation over the next three-years, as in the previous two three-year budget planning. This does not imply that Italy is disengaging from the area of development. On the contrary, as will be shown in this orientation and programming document which updates the three-year Guidelines 2011 - 2013, it intends to continue on the path already resolutely taken, incisively based on the respect of commitments made with other donors, partner countries and international organizations on aid effectiveness (international agenda on '*aid effectiveness*').

Among these qualitative commitments, those of a greater concentration on a limited number of priority countries are particularly stringent for the Italian Cooperation, in the light of the extreme scarcity of financial and human resources (see chapter 7 of the Annex) of which the General Directorate for Development Cooperation may currently have and without prejudice to updates, if such scenario encounters substantial changes during the three years.

Therefore, the number of priority countries will be further reduced compared to what has already taken place in the three-year program 2009 - 2011 (number confirmed for 2010-2012). Always aiming to reduce fragmentation of public aid for our country, thus clarifying the geographical action lines, the two categories of priority countries (1 and 2) were amalgamated into a single category. For countries not listed as a priority, except as provided below in relation to the initiatives promoted by NGOs, the already decided or in activities progress will be completed, as political commitments already made, provided the financial resources, will be honored. During the three-year period new initiatives will not commence, except in exceptional cases where the intervention, even of limited size, is of strategic importance or is intended to meet the humanitarian needs of particular gravity, always consistent with available resources. In no case these exceptions may be such as to undermine the objective of the DGCS Plan's performance (“Control Strategy”), a plan which aims to reduce by 15% the total number of countries where Italian Cooperation is present. The structure of the network of Local Technical Units (LTU) will be revised accordingly, also for the need for downsizing due to the reduction of operating funds.<sup>1</sup>

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<sup>1</sup> A systematic review of UTL's network will soon be submitted to the Steering Committee.

The special attention of Italian Cooperation to certain countries in a situation of fragility, conflict and post-conflict situations may be maintained by the desirable continuation of financing for the operations, by means of the so-called 'Decree missions', that is periodically renewed.

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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.

Special attention will continue to be paid to the implementation of actions under the *Aid Effectiveness Action Plan*, which have not been completed by 2010 for the well-known shortage of human resources of the Directorate General for Development Cooperation of the MFA. Specific importance will be attributed, in continuing the commitment of the MFA for a growing Italian involvement with the international principles and criteria of 'aid effectiveness', even beyond the actions and deadlines mentioned in the Plan, to the impact of cooperation and of all the sources of development financing (development effectiveness), in a system approach.

Even in relation to the principles of aid effectiveness and development effectiveness, Italian Cooperation will continue, based on what has been done during the Italian G8 presidency in 2009, to pursue the strengthening of the "holistic" development ("whole of country "). This will be done in the belief that, to promote economic growth and sustainable development, is crucial to ensure coherence of all policies and all cash flows (trade, debt relief, peace and security, rule of law, private sector resources, Innovative sources, etc..) and the related mobilization of all actors (not only governments but also local governments, businesses, civil society) and financial resources (taxation and domestic resources, investment, remittances, philanthropy, foundations, etc.) that can contribute to the fight against poverty.

This holistic action will continue to develop, in particular, through the Inter-institutional Committee on Development Cooperation ("*Tavolo interistituzionale per la cooperazione allo sviluppo*") which was established by the MFA and the MEF, in June 2010, with all actors, public and private, of Italian aid. At the heart of this innovative exercise there will be the search for complementarities and synergies, especially related to forms of public – private collaboration. These collaborations will be pursued in the light of the concept, increasingly shared at European and international level, of public aid as a lever especially for an equitable and sustainable growth and as a catalyst for the mobilization of developing countries' internal resources and of those available in international capital markets, including through innovative financing tools.

In this context, we continue to develop the approach called 'SMILE' (Systemic Multi-stakeholder Italian LEveraging Aid), verifying the possibility of applying it to a growing number of countries, initially with pilot projects to always improve the methodology.

The choice between bilateral and multilateral instruments will continue to depend on the assessment of the nature of the objectives, always in the view of democratic ownership of recipient countries - that continue to be selected with attentive choice of priorities - and an increasing use of local systems (country systems) for the implementation of cooperation programs. These, for their organic unity and safer consistency with strategies to combat poverty in partner countries, will continue to be preferred over the projects approach, which presents a risk of fragmentation and dispersion thus not corresponding with the priorities of the recipient countries.

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Italy will continue to participate actively in the definition of the programming of EU development policies in a renewed institutional framework after the coming into effect of the Lisbon Treaty and the creation of the European External Action Service (EEAS).

Italy will continue to make its contribution to the points outlined in the “EU Code of Conduct on Complementarity and the Division of Labour in Development Policy, which aims to improve the Division of Labour (DoL) among European donors, with the aim to a further streamlining of the aid. In this context, Italian Cooperation has advanced a request to the European Commission to initiate the access procedure to the mode of Indirect Centralized Management, the so-called "delegated cooperation", which allows the delegation of EU funds, and/or of Member States’, to a single donor country where this country has special powers and its action can provide a real added value to partner countries. This procedure, once completed, will help to strengthen and enhance the role and the experience developed by Italian Cooperation in important fields in the priority countries.

Within the Directorate General for Development Cooperation a new office will be responsible for monitoring, in collaboration with the Regional Offices of the General Directorates concerned, the aspects related to strategies and policies of EU development cooperation, as well as ensuring the Italian participation in the Management Committees of the European Development Fund (EDF) and the EU Instrument for Development Cooperation .

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## **Communication**

Only a constant and transparent communication activity, in Italy and in our locations abroad, promotes the construction of a new development culture based on shared

values and on democratic ownership. For the next three years the aim will be to make it clear that an investment in development cooperation is also an investment for the future of the country, a tool to keep pace with the times and to meet the new challenges of globalization. The new guidelines about communication, adopted by the Executive Committee on 8 November 2010, are moving in this direction.

Initiatives to strengthen the institutional communication through the Portal of the DGCS will be strategic to this end, and possibly to be transformed into an instrument of interactive communication and to be connected using other channels such as radio, television, conferences and seminars.

Communication tools that will be used by the DGCS, with the support of the Ministry Press Service, will go from the portal of the Development Cooperation to the Ministry of Foreign Affairs' website, from the electronic newsletter "New DIPCO" to participation in major sporting events and exhibitions, from activities in schools to participation in national and international communication platforms (*PA Forum, European Development Days*). A "communication component" will be systematically included in cooperation projects.

We will take into consideration the special interest, for the media and public opinion, of interventions in particularly difficult areas as those in crisis and post-conflict situations.

This communication must better reflect the complex reality and results of Italian Cooperation operations: recipients of information and their intermediaries are in fact sensitive, to "what has been done better" rather than the technical, operational and financial sectors of aid.

***Relations with the business world and companies.*** A greater and more synergistic partnership of the business world and companies in particular – through an appropriate legislation – 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 (applied appropriately 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 peace-keeping missions 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 communications that are so essential to operational capacity and to ensure reciprocity 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 immediately perceive 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 is among the key objectives of this document.

## ANNEX

### 1) Priority sectors

The commitments made at 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. Human development, with particular reference to health and education/training;
3. Governance and civil society, relative to aid for trade and support for e-government and information and communication technologies (ICT) as a poverty reduction tool.
4. Support for an endogenous, inclusive and sustainable development of the private sector
5. Environment, land use and natural resource management, with special emphasis on water and on mitigation / adaptation to climate change.

Italian Co-operation will also remain committed to certain cross-cutting issues during the coming three-year period through integrated and multisectorial initiatives: women's empowerment, vulnerable groups (minors, the disabled), cultural heritage and cultural dimension of development.

**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 2011-2013 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 children, adolescent soldiers and victims of armed conflicts.

With regard to the **disabled** in Developing Countries, in line with the UN 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. The financing of programmes to promote social legislation on disability will continue to be a priority sector, ensuring the continuity of Italian commitment in recent years.

In the protection and enhancement of **cultural heritage** and of the cultural dimension of developing countries, Italian Cooperation, with the involvement of development finance institutions, aims to promote diversity and intercultural dialogue and have recourse to culture to foster economic growth, creativity and innovation.

In elaborating 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. There is synergy of aims and objectives between the Guidelines presented in this document and the co-operation activities involved in organising the Milan Expo 2015, in all those countries – Africa, Latin America, the Caribbean and the Pacific – where relevant initiatives have been programmed. Synergies will also be enhanced between these activities and those of Italian Cooperation in the specific areas being addressed by the Expo: food security, health, micro-credit, biodiversity protection, education and women's empowerment.

Italian Co-operation will remain actively involved in innovative financial instruments, in particular the health field (IFFIm, AMC and the Global Fund to Fight AIDS, Tuberculosis and Malaria).

In the coming three-year period, Italy will continue to run programs aimed at enhancing the use of migrant's remittances for development purposes.

### **1.1) Sectors of special importance in the G8/G20**

The three-year activity programming of Italian Co-operation will take into account the framework of priorities laid down by the G8 and G20. 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. During the G20 Summit in Seoul (2010) a development approach revealed, based primarily on economic growth, a prerequisite - not sufficient - to overcome poverty.

### *1.1.a) Agriculture and food security*

Italy will continue to participate in the process of forming a global partnership for food security, supporting processes initiated by AFSI ("Aquila Food Security Initiative), launched in 2009 during the Italian presidency of the G8. This partnership provides for the strengthening of the Committee for Food Safety ("CFS" in its English acronym), whose main purpose is to facilitate cooperation between agencies of the Roman Agricultural Pole ("Polo Agricolo Romano"). The funds of the multilateral channel of cooperation will continue to be directed on a priority basis to these agencies through humanitarian and emergency initiatives. Within the G20, Italian Cooperation will participate actively in developing hypothesis of innovative mechanisms for increasing agricultural productivity (including instruments like the Advanced Market Commitment-AMC), supporting any action to control and mitigate the negative effects of high volatility of prices of agricultural products and to establish appropriate systems to monitor compliance by companies and countries of the G20 principles of Responsible Investment in Agriculture (RAI), to reduce the negative effects of 'Land Grabbing'.

### *1.1.b) Water and environment*

Development and environmental protection will continue to be increasingly incorporated into co-operation policies, also in view of the Copenhagen Agreement (2009) and the coming international events such as the World Summit on Sustainable Development ("Rio 2012"). In addition to interventions in the water sector, in the field of climate change adequate financial and technical instruments, will be provided to ensure that Italian Cooperation's initiatives will be more incisive (particularly in the sectors of adaptation, mitigation, forests and desertification).

### *1.1.c) Health*

Italian Co-operation will continue to participate 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 a major commitment in favour of maternal and child healthcare, having as a framework the "Muskoka Initiative", launched by the Canadian G8 presidency in 2010.

In this context, 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 healthcare systems is the way to make more effective the activities aimed to protect mothers and children.

### *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 Fast Track (EFA/FTI)*" initiative and its operational financing instruments, recently merged into a single "Education for All

Fund” being set up. Political and financial commitments remain current to the replenishment of the Fund made by the G8 in 2008 and reconfirmed in 2009 under the Italian Presidency.

Operations will also be pursued for sector budget support and others to support the development of institutional capabilities, in coordination with bilateral programs in education in some priority African countries.

## 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 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 by 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 maintain priority to Sub-Saharan Africa, where progress towards meeting the Millennium Goals presents the most serious difficulties and is most inconsistent.

The identification of priority countries takes into account the essential lines of our policy towards the African continent and the areas in which the Italian Cooperation has traditionally been present and active with its own specific value added.

<p><b>Financial resources:</b> Sub-Saharan Africa will receive 42% of the total ordinary funds in grants available for bilateral activities in each year of the 2011 – 2013 period.</p>
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### *West Africa*

(UTL: Dakar, Abidjan)

Priority countries: **Senegal, Niger.**

Italian Cooperation will continue to devote particular attention to West Africa, a region where there are some of the most vulnerable and least developed countries of the continent, sometimes due to a still precarious internal balance due to post-conflict situations. This area is also a major source of migration flows directed towards Italy. Bilateral initiatives are mainly aimed at Senegal, a country where rural development measures and others to support the private sector will be privileged, while in Niger we will focus on the health sector and on initiatives to empower women.

### *Equatorial Africa*

(UTL: Khartoum, Nairobi)

Priority country: **Sudan, Kenya.**

In **Sudan**, Italy is committed to supporting the peace agreements between the north and south of the country signed in 2005, and to participating in the peacemaking efforts in Darfur; Italy will also continue its cooperative initiatives to benefit the entire people of Sudan even after the self-determination referendum in Southern Sudan. 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.

In **Kenya**, initiatives in water and sanitation sectors and relevant aid credit initiatives in the infrastructure sector (water management) will continue to predominate.

### *Horn of Africa*

(UTL: Addis Ababa, Asmara)

Priority countries: **Ethiopia, Somalia, Eritrea.**

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

In **Somalia**, for reasons of security, operations are currently limited to the multilateral channel. Insofar as possible, the level of financial initiatives will be maintained on a par with the role that they have played until now.

**Eritrea** is listed among the priority countries on the basis of policy recommendations aimed at revitalizing the bilateral dialogue. The implementation of operational programs will depend, however, on the actual positive developments in bilateral relations.

## *South Africa*

(UTL: Maputo)

Priority country: **Mozambique**

**Mozambique** will continue to have priority. The current sectors of activity will be continued (healthcare, 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 general, in Sub-Saharan Africa, for non-priority countries, the criteria set between the 'strategic direction' of these guidelines will be applied, completing activities that were already established or in progress and honoring political commitments already made, if the required financial resources are available. Italian Cooperation will therefore be present not only in the priority countries, but also in Angola, Burkina Faso, Burundi, Cameroon, Cote d'Ivoire, Ghana, Djibouti, Mali, Nigeria, Democratic Republic of Congo, Sierra Leone, South Africa, Tanzania, Uganda.

In particular, the **Great Lakes region** will continue to require attention, especially with regard to emergency initiatives. In **Uganda**, on-going initiatives in the health care sector will be conducted, with increasing ownership of the sector by Uganda. In **Tanzania** we will give continuity, as long as needed, to our commitment in the healthcare sector.

## **2.2) Balkans, Mediterranean and Middle East**

**Financial resources:** the areas geographically close to Italy – Balkans, Mediterranean and Middle East – will receive 30% of the total funds in grants available for bilateral activities in each year of the 2011 – 2013 period.

### *Balkans and Eastern Europe*

(UTL: Tirana, Belgrade)

Priority countries: **Albania, Serbia, Bosnia-Herzegovina.**

The Western Balkans is an area in which Italian Cooperation will continue to develop initiatives consistent with the growing economic and social development and with the prospect over time of their entry to the European Union. We tend to focus on measures to support the private sector, entrepreneurship and institution building.

In this context, **Serbia** and **Albania** will be considered as priority countries on the agenda of Italian Cooperation in the Balkans, in consideration of the relevant commitments made so far. For Albania, in particular, the framework will be the Protocol of Bilateral Cooperation signed in April 2010. Bosnia-Herzegovina, in view of the continuing fragility of its internal political and institutional framework, which can induce negative destabilizing involutions for the region, will be closely

monitored, also with the aim to initiate, consistent with available resources, possible new initiatives.

### ***North Africa***

(UTL: Cairo, Tunis, Rabat)

Priority countries: **Egypt, Tunisia**

Egypt and Tunisia continue to be priority countries, in accordance with the level and intensity of programs and collaborations in progress and with commitments for initiatives in the coming years (Memorandum of bilateral cooperation between Italy and Egypt signed May 19<sup>th</sup> 2010 for Egypt and followed by the Sixth Joint Commission Great in 2007).

### ***Middle East***

(UTL: Jerusalem, Beirut)

Priority countries: **Palestinian Territories, Lebanon, Iraq**

Italian Cooperation will continue its traditionally strong presence in the Middle East, to help social and economic development, to stabilize the area and to normalize the regional policy framework.

In the **Palestinian Territories**, the UTL will maintain a strong role, due to the high presence of NGOs and aid volunteers in the area, to the growing efforts of *institution building* and to technical assistance continually required by the counterparts, also for an efficient use of aid credits granted or in the process of delivery.

The main areas of intervention will be: governance, private sector and agriculture, in line with the *Palestinian Reform and Development Plan* (PRDP) of the Fayyad government.

In **Lebanon**, on-site assistance for reconstruction will continue, and it will use the considerable resources made available by the aid loans pledged at the Stockholm Conference of 2006 and at the Paris Conference of 2007 and by the funds in grants intended by missions decrees until now. Target areas will continue to be: infrastructure, healthcare and institution building.

In **Iraq**, the planned major effort will be concentrated in particular towards agriculture, irrigation, restoration of cultural heritage, healthcare and development of SMEs, while not neglecting the continuation of further action to help stabilize the country.

## 2.3) Latin America and the Caribbean

**Financial resources:** the Latin America and the Caribbean area will receive 13% of the total funds in grants available for bilateral activities in each year of the 2011 – 2013 period.

### *Andean countries*

(UTL: La Paz)

Priority countries 1: **Bolivia, Ecuador**

**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 healthcare, local development, environment, land management and through cross-cutting programmes aimed at assisting children.

In **Ecuador**, which has indices of development characterized by severe imbalances, Italian Cooperation will continue to operate in the following areas: environment, health, local development and land management. The programs will be characterized by a strong component of governance and by the involvement of civil society.

### *Central and Caribbean America*

(UTL: Guatemala City)

Priority countries: **El Salvador, Guatemala, Cuba**

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

**El Salvador** 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 governance, education and local development, as well as support for civil society, giving special attention to minors.

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

**Cuba.** The Republic of Cuba is included among the priority countries of the Italian Co-operation, due to the opportunity to strengthen, also through development cooperation, political dialogue that allows to follow the evolution in the Caribbean island. Interventions will primarily focus on agricultural development and food security sectors and on restoration and enhancement of cultural heritage.

## 2.4) Asia and Oceania

**Financial resources:** the Asia and Oceania area will receive 15% of the total funds in grants available for bilateral activities in each of the years of the 2011 – 2013 period.

## *Southern Asia*

(UTL: Kabul, Islamabad)

Priority countries: **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 fields of governance, local development, capacity building in central and local administrations, healthcare, vulnerable groups support and road infrastructures, 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 Kabul Conference. Overall, the DGCS will try to continue and strengthen the trend towards geographical concentration, followed in 2009, which provides a consistent orientation of the ordinary resources in the western region of the country, particularly Herat. There will also be a further effort to ensure a better connection between the activities of the DGCS and civil activities financed by the Ministry of Defence (CIMIC). It will also be taken into consideration the dimension and regional pertinence of new initiatives in Afghanistan with special reference to the border with Pakistan. 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**. As for Pakistan, the DGCS, in 2011, will ensure continuity to its strategy of intervention, recently redesigned due to the high level of attention given to Pakistan by the international community aimed at ensuring the necessary stability in the South Asia region. This also in consideration of specific international commitments undertaken by Italy in 2009, which is mostly taken with the approval of two important loan programmes (for a total of 60 million), but also the priorities dictated by the disastrous effects of the floods that hit Pakistan in the summer of 2010 and that require a consistent and strong financial support for reconstruction. The DGCS will make a substantial contribution to the reconstruction after the floods of 2010 through the reorientation of the 21 million of debt conversion and, a loan aid at a high concessional level for an amount up to 50 million. In this context multilateral initiatives of the system of United Nations agencies will also be supported.

## *South-East Asia*

(UTL: Hanoi)

Priority countries 2: **Myanmar, Vietnam**

In these three years, interventions by Italian Cooperation in **Vietnam** will be part of the Agreement on Development Co-operation signed in December 2009, by which the Italian government has scheduled the target of 30 million of Euros in loan aid and 4.5 million of Euros in grants for new projects of bilateral cooperation to be carried out in sectors which the Parties have jointly identified as priorities (healthcare, water and environment, vocational training for local development). In July 2010 an agreement for the conversion of debt for 10 million Euros was also signed, which will be dedicated to realize projects of development cooperation that promote socio-economic development and environmental protection.

Interventions in **Myanmar**, conditioned by the low absorption capacity and by the narrowness of the financial channels used in the country, are linked not only to the fact that the country is one of the poorest in the world and with lower development indices in the region. Primarily these measures are mainly linked to the objective of accompanying the process that, through the recent elections, should hopefully trigger a gradual opening up to forms of democratization. Initiatives in Myanmar will focus primarily in the health sector , agriculture and food security.

In the other Asian developing countries we will continue, possibly with interventions of consolidation of achieved results, current programs or for which commitments were entered into with counterparties. New initiatives will not start, although it can be considered the opportunity to participate in a financially limited measure in initiatives, especially at the regional level, offered by Universities.

### **3) Instruments**

#### **3.1) Volume of total available resources**

The amount of resources allocated to development co-operation in the 2011 Stability and Budget Acts, currently being approved, is strongly influenced by the serious international financial crisis and by the obligations to reduce public deficit assumed by Italy at the European level.

For the coming three-year period, the 2011 Finance Bill allocates the following appropriations for the DGCS' development co-operation activities: 176,33 million Euros for 2011 and 179,76 million Euros for both 2012 and 2013. The 2011-2013 Budget Bill also provides the DGCS with a further 49,08 million Euros for 2011 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 **2011**, the overall resources at the DGCS' disposal – minus the figure for multi-annual commitments for programmes already under way (60.649.226Euros) – amount to **165.770.080** Euros distributed as follows:

<i>Operation and litigation</i>	€	19.726.243,66	Finance and Budget Act minus multi-annual commitments
Interventions	€	95.425.896,34	Finance Act (Table C), minus multi-annual commitments
Investments	€	530.651,00	Finance Act (Table C)
Humanitarian Demining	€	1.000.000,00	Budget Act
<i>Mandatory contributions to OO.II.</i>	€	49.087.289,00	Budget Act

To these **must be added surplus appropriations**, amounting to **74.607.034,37** Euros, **27.972.967,63** of which for the International Missions in Afghanistan, Iraq, Lebanon, Sudan, Somalia, Pakistan and for the Humanitarian Demining Fund.

#### Contribution to the European Development Fund (EDF)

For 2011 414,5 million Euros have been appropriated in the Finance Act (Table C – Foreign Affairs Ministry) to pay the contribution to the EDF which for 2011 is estimated at 498 million Euros. It must be specified that 125,8 million Euros of the amount allocated in the budget will be used to pay the arrears of the 2010 contribution. Thus it will be necessary to integrate the allocated appropriations by means of the “Fund for mandatory spending” (*Fondo di riserva per le spese obbligatorie*), in order to allocate timely 2011 financial contributions.

#### Contribution to the EU Budget

The amount which will be disbursed during 2011 to the EU budget for development co-operation activities is estimated approximately up to 990 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 2011 fiscal year, Italy (Finance Ministry) is expected to pay approximately 130 million Euros to multilateral development funds (Law no. 191, promulgated on 23 December 2009, Art. 1, paragraph 250) as well as additional resources for approximately 100 million Euros, on the basis of article 1 of the 2011 Stability Law (Law no. 220, promulgated on 13 December 2010, Art. 1, paragraph 40); and 12 million to the Multilateral Debt Reduction Initiative (MDRI).

#### Innovative financing mechanisms

Disbursements in 2010 Financial Year:

- a) 27,50 million Euros to the *International Finance Facility for Immunization*;
- b) 38 million Euros to the pilot AMC initiative for pneumococcal vaccine, managed by the World Bank.

### 3.1.bis) Grant programmes

Approximately 88% of these financial resources will be devoted to grant programmes, 12% of which will cover operating costs. **The bilateral channel will be increased** and will be used for approximately 71% 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 2011 and 2012 for the respective amounts of 59.292.415.66 Euros and 22.976.549.25 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 248 million Euros** as of 31 December 2010.

This does not include:

- amounts for operations approved by the Steering Committee and “decreed” by the Ministry for Economy and Finance (the disbursement is underway), estimated at 1.195 million Euros (source: *Artigiancassa*);
- amounts for operations approved by the Steering Committee but not yet “decreed” by the Ministry of Economy and Finance (and thus not yet disbursed), estimated at approximately 116 million Euros;
- amounts for operations for which there is a formalised policy commitment at 31 December 2010 but that have not yet been submitted to the Steering Committee, estimated at approximately 1.047 million Euros.

Assets in the Revolving Fund 2011 – 2013 .

In 2011 and over the next 2 years (2012 and 2013), it is estimated that the equivalent amount of inflows will be approximately 330 million Euros per year overall (an average of 110 million Euros per year), not including debt cancellations and conversions for which agreements have already been signed.

This amount does not include a possible repayment of the Argentinean debt in arrears, which is estimated at 241 million Euros, including overdue interests.

The alleged amount of **disbursements** during the period mentioned above will average **approximately 360 million Euros per year** overall (an average of approximately 120 million Euros per year).

Consequently, the assets in the Revolving Fund, under Art. 6 on 31 December 2013 is equal to a total value of approximately 218 million Euros, with an overall decrease of approx. 30 million Euros compared to availability of 30 December 2010.

### **3.1. quater ) Debt conversion**

During 2010, the Conversion Agreements concerning Vietnam (10 million Euros) was signed and another Conversion Agreement concerning Algeria (10 million Euros) is expected to be signed, 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 (under negotiation)
- Ecuador 35 million Euros
- Philippines 10 million Euros (under negotiation)
- Jordan 16 million Euros (under negotiation)
- Indonesia 30 million Euros
- Syria 14 million Euros (under negotiation)

### **3.1. quinquies) Debt cancellation**

Of the 40 countries eligible or potentially eligible for Enhanced HIPC Initiative, 32 countries have reached *completion point* and 29 of them have therefore, taken up the total cancellation of their debt by Italy. Finally, the Democratic Republic of Congo and the Togolese Republic have reached the *completion point* and the Multilateral Agreement for the final cancellation was signed at the Paris Club respectively in November 2010 and December 2010. In 2011 the bilateral debt cancellation for Italy – DR Congo and Togolese Republic will follow the multilateral negotiations. The Republic of Guinea Bissau has reached the *completion point* in December 2010 as well and negotiations at the Paris Club is scheduled for mid-2011.

As for the remaining 8 countries:

- 4 of them have not yet reached, for different reasons, the decision point (in the case of Eritrea, Sudan, Somalia and the Kyrgyz Republic);
- 4 of them have reached the decision point (Chad, Comoros, Côte d'Ivoire, Guinea) and have benefited from partial debt cancellation (i.e., relative to the “intermediate” period between the *decision point* and the *completion point*) with the exception of the Comoros. In fact, the Bilateral Agreement of debt cancellation is being negotiated with the Comoros.

It is expected that by 2011 Bilateral Agreements will be signed with the following countries:

- Comoros, an amount equal to about 850.000 Euros (relating to trade credits);
- Democratic Republic of Congo, for a total of around 536 million Euros (relating to trade and aid credits).

For Guinea Bissau, the total amount of debt to Italy amounted to 80.9 million Euros (relating to trade credits).

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

For 2011-2013, it is confirmed the identification of countries allowed to receive credit facilities for joint ventures in developing countries under Art. 7 L.49/87 approved by the Steering Committee Act n. 5 (5th March 2010) and n. 84 (17 June 2010): Albania, Algeria, Angola, Bolivia, Bosnia Herzegovina, Burkina Faso, Egypt, El Salvador, Ethiopia, Ghana, Jordan, Guatemala, Haiti, Iraq, Kenya, Lebanon, FYROM, Morocco, Mauritania, Mozambique, Pakistan, Peru, Senegal, Serbia, Syria, Palestinian Territories, Tunisia, Vietnam, Yemen.

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

The assets in the Revolving Fund amounted to approximately **107 million Euros** at 30 December 2010.

#### 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 million Euros per year.

It is estimated that the amount of disbursements of new operations for the next three years might be approximately 0.4 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 0.6 million Euros per year, compared with current availability, with **an overall value for the three-year period of approximately 109 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 be reduced, in view of the cuts, about 30 million Euros in 2011 and 30 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 sectorial 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 with 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 implementation of programs will be increasingly limited to so-called fragile states, to conflict or post-conflict states and it 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 G8/G20 and the continuing implementation of cross-cutting gender and environmental sustainability policies, will be food security, healthcare, education and access to energy (most recently highlighted in the G8 and G20).

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 activities in support of national policies, institutional capacity building activities and multi-donor programmes at the regional and sub-regional levels and sectorial 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 for launching a trend of stable direct investments, international and local, required to boost self-sustaining economic development. It will act as on the necessary conditions for foreign direct investment (governance, competition, legal certainty) as to promote economic openness and international competitiveness.

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. 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 this perspective there will be emphasis on partnership with social enterprises and agencies that manage public services of local interest, promoting development patterns Italian (for example the development of local products), and on attracting private capital through mechanisms risk mitigation.

## **3.4) European Development Fund**

In the 10<sup>th</sup> 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, in conjunction with the platform Extender, 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, due to the decrease of available resources, 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.

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, healthcare, gender issues, natural disasters and the financing of infrastructure in Africa in a perspective of poverty reduction.

#### **4) Emergencies**

In the period 2011-2013, Italian Cooperation will continue to provide assistance to the victims of humanitarian crises arising from conflict or natural disasters, identifying, in view of the crisis to be faced, the tools available and by the affected area and, identifying actions which can better ensure a successful program.

In order to provide quick relief to people affected in the immediate post-disaster, the provision of emergency transport, in particular humanitarian flights, will continue for the delivery of essential goods, using the resources and structures of the UNHRD (United Nations Humanitarian Response Depot) in Brindisi.

The action, that took place on a bilateral basis, will be joined by the response to humanitarian appeals launched by International Organizations and specialized agencies of the United Nations and the Red Cross, operating in the first emergency response. In this case, within the limits of available resources, the refinancing of Bilateral Emergency Funds will continue. These Funds are tools extremely flexible and at the time they're existing between the DGCS and WFP, OCHA, WHO, UNHCR, IFRC, UNICEF, FAO, ICRC and UNDP.

In the later stage of early-recovery and in all other circumstances in which human life can be jeopardized by the continuation of a humanitarian crisis or when the intervention of international aid can help to improve the basic conditions of life, Italian Cooperation will also provide an adequate response by supporting, with the multilateral channel and multi-bilateral channel, humanitarian programs, implemented by International Organizations, Specialized Agencies of the United Nations and by the Red Cross family and on a bilateral basis implement "Emergency Initiatives". In this case the role of the foreign network of MFA will be particularly active and the collaboration with NGOs in the field will be intense.

For each of the assistance channels, emergency action by Italian Cooperation will be given to areas affected by conflict or natural disaster, paying particular attention to

Sub-Saharan Africa, the Middle East, Central America, Afghanistan and Pakistan with the aim to implement measures to help counter food insecurity, improve access to water and health services, improve the living conditions of refugees and displaced persons, promote gender issues and education of children, support prevention and reduction of risks from natural disaster.

Furthermore, interventions in the field of humanitarian demining will continue and will see the completion reclamation of areas affected by the presence of landmines, the provision of on-site assistance to the victims of these weapons, promotion of *mine risk education* and carrying out *advocacy* activities for the universalization of the ban on antipersonnel mines as required by the Ottawa Convention.

These operations will be made by contributing to the activities of UN specialized agencies in the sector, namely UNMAS, UNDP and UNICEF, supporting the work of the *Geneva International Centre for Humanitarian Demining* and directly by Italian Cooperation through the provision of ad hoc initiatives.

Regarding the effectiveness of humanitarian aid, it is meant to strengthen Italian participation in the mechanisms of coordination, both within the UN as in the EU, where, in particular, it will boost implementation of commitments under the approval of the European Consensus on Humanitarian Aid of December 2007, adopting the Guidelines of Italian Cooperation for Humanitarian Aid (*Good Humanitarian Donorship*).

## **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.

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 co-operation activities carried out by the Foreign Affairs Ministry and other central administrations and by the regional and local governments. Official development assistance 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 that have been active will continue, according to 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). Three thematic groups have been set in consultation with the Standing Board of the MFA/Regions, one on a "data bank" of decentralized cooperation, a second on training and a third that has worked with the new "Guidelines" of decentralized cooperation; also in programme a scheduled start of geographical boards.

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 southern shore countries 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 promote emerging economic realities with a view to possible joint development.

## 6) Non-governmental organisations

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. Through the work of NGOs, the Democratic ownership will be propitiated, that is, sharing and empowerment of beneficiaries of assistance.

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. In particular:

- basic healthcare and water resources;
- agriculture and environment;
- productive activities and social area (women, children, disabled).

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 secondly through agricultural and production activities. In the Mediterranean, a stronger focus, in

percentage, will be dedicated to social welfare– in particular for minors – and to the environment, but with a relatively balanced distribution between agriculture and productive activities.

The inclusion of NGOs will be increasingly favoured in programs and projects funded by the United Nations and the European Commission with the aim of increasing the importance of participation of these Italian actors in the international context.

Initiatives promoted by NGOs may be exceptionally allowed to contributions, within the limit of 10% by value of annual financial resources reserved for them, they will be implemented in countries that are not a priority in any case consistent with the strategic direction of these Guidelines, appeals consolidated by the United Nations that is co-financed by the United Nations system and the European Commission. In such cases the subsidy may not exceed 35% of the total cost of each initiative.

“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, train operators and provide recruitment and employment opportunities to volunteers. The value of these projects will not exceed 8-10% of that of the projects being promoted.

## **7) Human resources**

Also in this update, the three years guidelines of Italian Cooperation – despite the selection of priority objectives in areas and sectors on which to focus efforts – can only be fully implemented if there is a substantial readjustment of the human resources available within the Directorate-General for Development Co-operation.

Their chronic deficiency, also detected by the OECD-DAC peer review in 2009, would become a factor of paralysis if adopted, at government level, the choice of progressive financial reinvestment in official development assistance, especially in relation to strategic components such as bilateral aid, in the context of our foreign policy priorities, and the indispensable stepping-up of assessments and monitoring.

The fact that the number of countries and sectors in which there will be new programmes will be further 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 contexts 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.