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Italy and the south of the world: still a laggard in international development?

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Abstract

This article analyses Italy's approach to international development, focusing in particular on why Italy gives (so little) foreign aid to developing countries. The first part explains trends since the 1960s. Following a slow start, Italy significantly boosted its volume of foreign aid in the 1980s, with the aim to enhance its prestige in the international arena and to support the penetration of its business interests in the developing world. The political crisis of the early 1990s and the difficult economic conditions resulted in drastic cuts in volume of aid and in a disengagement with the international development debate. The second section of this paper discusses Italy's overall approach to international development, looking at both its performance in quantity and quality of aid and in a number of policies particularly relevant for the achievement of the Millennium Development Goals. The third part starts from the bipartisan failure of both the centre-right and the centre-left coalitions to raise the

status of development cooperation to ask whether a new season in Italian development policy has emerged. Particular attention is devoted to the new initiatives adopted at the European Union (EU) level, which are deemed to have a significant impact in the future of all Member States of the EU.

Keywords:

International development | foreign aid | tangentopoli | Berlusconi | Prodi | financing for development | EU development policy

Notes

In September 2000 world leaders of 191 countries, including 147 heads of state and government, signed the Millennium Declaration, which embodied eight Millennium Development Goals. The MDGs, to be achieved by 2015, are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; develop a global partnership for development. Most of these goals had been agreed at previous conferences, but the Millennium Declaration gave them a new authority.

The literature on foreign aid is extensive. Recent contributions include Degnbol-Martinussen and Engberg-Pedersen (2003), Burnell and Morrissey (2004), Lancaster (2007) and Riddell (2007).

For a comprehensive history of Italian development cooperation between the 1950s and the early 1990s, see Rhi-Sausi et al. (1994) and Isernia (1995). In particular, Isernia distinguished five phases in the evolution of Italy's development cooperation policy: 1950s – 71, the ‘non-policy’ phase; 1971 – 79, the preparatory phase; 1979 – 87, the phase of politicization; 1987 to early 1990s, the phase of institutionalization; early 1990 onwards, the beginning of the crisis.

Other actors play a less important, albeit relevant, role: the Ministry of Trade, which increasingly participates in negotiations on commercial relations with developing countries; the Ministry of Agriculture, which manages the food aid program; local

governments (i.e. regions and municipalities) and NGOs, which implement projects. In a few instances (e.g. G-8 summits), the office of the prime minister may get directly involved, thus complicating even further coordination and coherence.

The majority of Italian NGOs are part of one of the three NGO federations: FOCSIV which is Catholic-oriented, CIPSI (Coordinamento di Iniziative di Solidarietà Popolare, which is left-oriented), COCIS (Coordinamento delle ONG per la Cooperazione Internazionale allo Sviluppo), which emphasizes partnership with southern NGOs, and they are grouped under an umbrella organization (Associazione delle ONG Italiane). These NGOs are heavily dependent on public funds: most of their resources in fact come from Italian public agencies or from the EU. Another umbrella organization is the CINI (Coordinamento Italiano Network Internazionali), which groups the Italian branch of international organizations such as ActonAid International, Save the Children, Terre des Hommes: These NGOs receive very small amounts of resources from public funds (Il Sole 24 Ore, 12 January 2005, 29 June 2005).

The conclusions of the bi-cameral commission, reported in Van der Veen (2000: 423 – 4), leave no space to the imagination: 'Among donor countries, Italy not only distinguishes itself by having committed itself rather late (from the end of the 1970s) to organizing a coherent cooperation policy, but also by the particular seriousness of malversations, in the use of cooperation funds, that have been revealed by a lively media campaign as well as by judiciary inquiries. It appears proven beyond any reasonable doubt … that an illegal system of funneling financial resources to parties or individuals operated in the context of development cooperation.'

In reaction to the EU pledge, President Bush announced the doubling of the US foreign aid program, but only for those countries that performed well on various economic and political indicators. See Carbone (2007b).

Another major initiative, which however never met the initial grandiose expectations, was in the area of 'development and innovation'. The Ministry for Innovation and Technologies (MIT) and Ministry of Foreign Affairs organized an International Conference on 'e-government for development' in Palermo in 2002. The objective was to reduce the digital divide between industrialized and developing countries. This was to be realized through the digitalization of the public administrations of developing countries. Initial projects were realized in Albania and Bulgaria, Jordan, Tunisia and Algeria, and subsequently in Mozambique and Nigeria in collaboration with the Gateway Foundation

and, in Bolivia, Honduras, Panama, Peru, Uruguay in collaboration with the Inter-American Development Bank (Il Sole 24 Ore, 30 April 2004).

Parts of this section draw on Roodman (2006) and Roodman et al. (2006).

An interesting study is that of Tajoli (1999), who focusing on Italian aid program in 34 developing countries over the 1982 – 91 period, showed that tying aid did not seem to work as commercial policy: the correlation between Italian market shares and tied aid was statistically non-significant.

For a discussion of the impact of the DAC recommendation in Italy, see Zupi (2004).

The regulations established that EC aid to LDCs will be unilaterally untied. Technical cooperation and food aid will also be untied. The remaining part of EC aid will be open to donors upon the condition that they open their own aid, according to the principle of reciprocity.

For an analysis of the application of the DAC recommendation on untying of aid in Italy, see La Chimia (2004).

The Institute for Foreign Trade (ICE) helps Italian enterprises establish better economic ties in developing countries, supplying information and technical assistance on legal and financial issues. The Italian Society for Enterprise Internalization (SIMEST) offers financial, technical and organizational support to Italian companies that intend to invest in developing countries. The Italian Export Credit Agency (SACE) provides insurance to cover against political risks related to investment abroad. Mediocredito Centrale acts as a sort of development bank for Italian investors, through project finance and corporate finance schemes (DAC 2004).

A major achievement in international development, which was influenced by what had been previously achieved in the EU, was the Paris Declaration on aid effectiveness, which was adopted on 2 March 2005 by representatives of 91 developed and developing countries. It laid down a practical, action-oriented roadmap to improve the quality of aid and its impact on development. It includes 56 commitments organized around five principles: ownership, i.e. developing countries will exercise leadership over their development policies and strategies and co-ordinate development efforts; alignment, i.e. donors must base their overall support on partner country's national development strategies, institutions and procedures; harmonization, i.e. donors must reduce the administrative burden of the recipient countries; managing for results, i.e.

donors and recipient countries must manage resources and improve decision-making processes; mutual accountability, i.e. donors and recipient countries pledge that they will hold each other mutually accountable for development results (Carbone 2007b).

For a comprehensive analysis of the recent reforms in EU development policy, see Carbone (2007b).

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