



# ANNEX 1

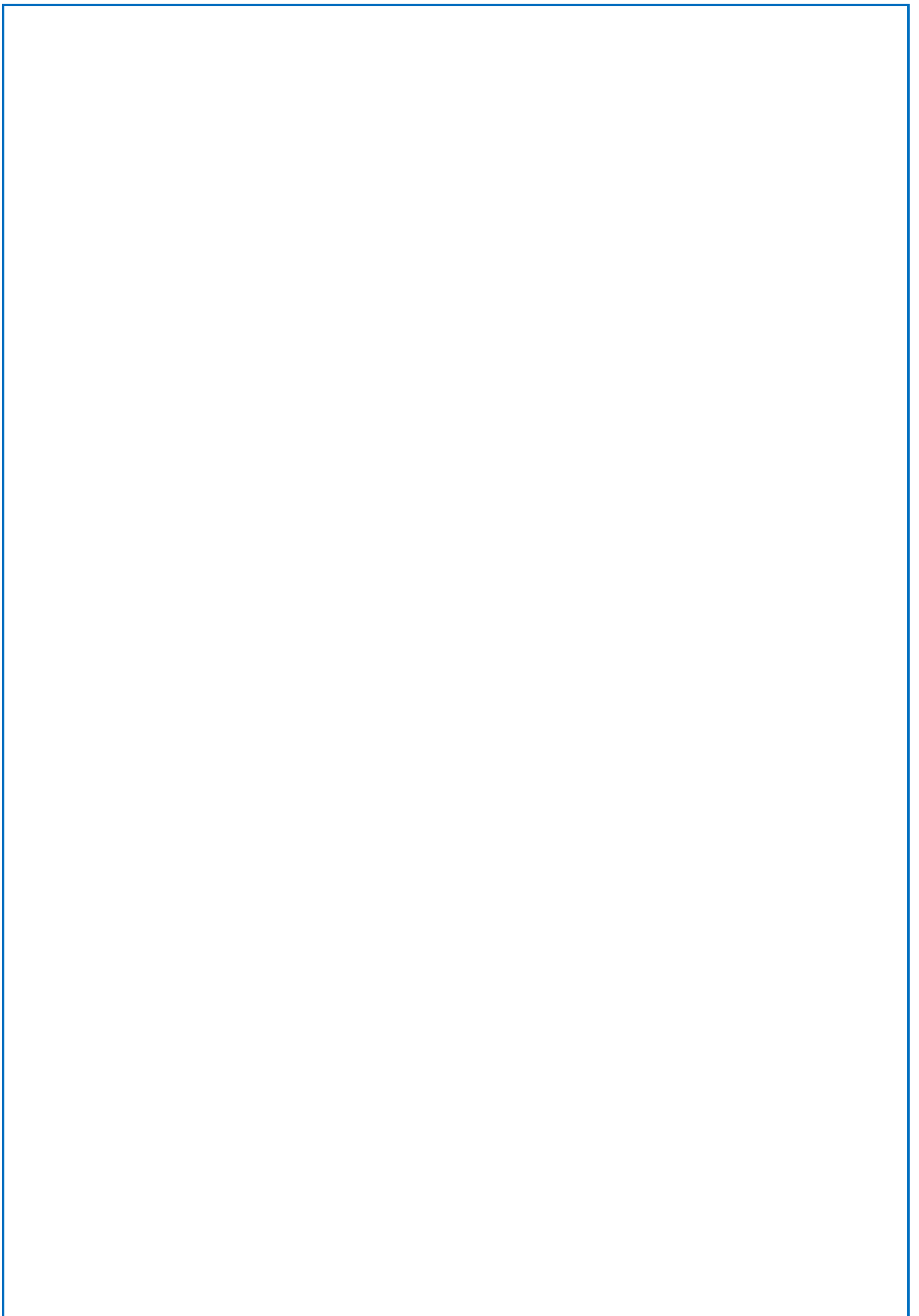


**INTERNATIONAL DEVELOPMENT COOPERATION**

**THREE-YEAR PROGRAMMING AND POLICY PLANNING DOCUMENT**

2021 – 2023





*“The pandemic has bound together the fate of peoples: either the future is for everyone, or it is for no one at all.”*

*Sergio Mattarella,  
President of the Italian Republic*



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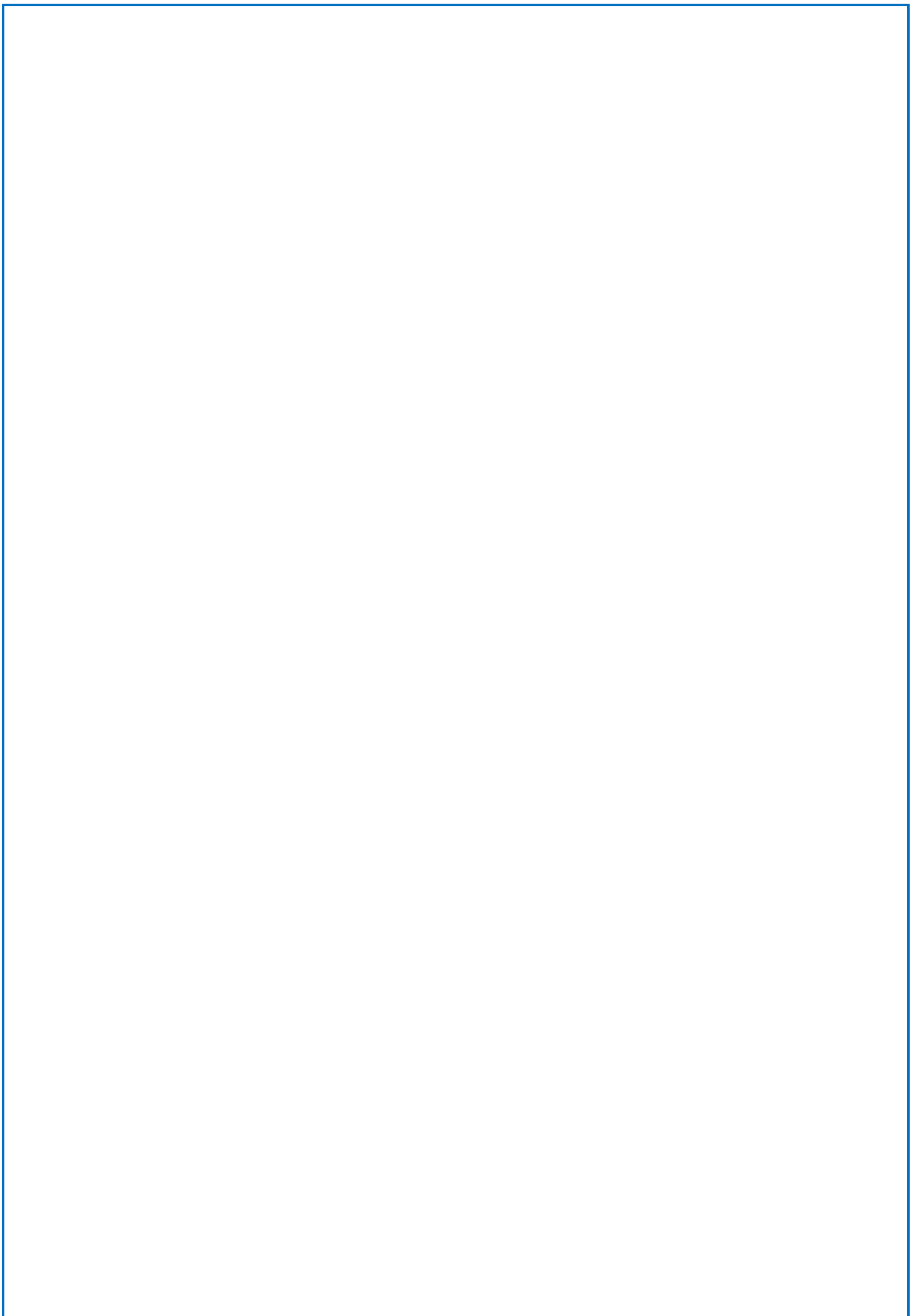
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## INTRODUCTION

The global crisis unleashed by the Covid-19 pandemic is hampering progress towards the Sustainable Development Goals (SDGs). This is particularly the case in critical areas where progress was already limited. As noted in the UN's 'The Sustainable Development Goals Report 2020', poverty, hunger, inequality and environmental degradation are on the rise, especially in low- and middle-income countries.

The post-Covid-19 scenario confirms the strategic vision of Italian Cooperation: "[To] promote mutually supportive and egalitarian relationships between peoples based on principles of interdependence and partnership" and to foster sustainable development by creating opportunities and leveraging Italy's expertise in strategic sectors for both partner countries and ourselves. This is a medium- to long-term vision that takes the 2030 Agenda as its time horizon and reference point, following a human rights-based approach: the right to health, clean water and food, a healthy environment, work, education, gender equality and empowerment of women, and building effective, accountable and inclusive institutions at all levels.

This Document identifies thematic and sectoral priorities in relation to the sustainable development objectives and targets that Italian Cooperation aims to help achieve during the three-year period 2021-2023, as well as geographical priorities and aims in the various fields of application: humanitarian aid, multilateral cooperation, participation in European Union cooperation programmes, and bilateral cooperation.

Priority will be given to initiatives that: promote ecologically sustainable agriculture; improve access to clean water; affordable and sustainable energy systems, education and basic services; promote decent work, gender equality and empowerment of women; combat all forms of violence and ensure access to sexual and reproductive health; strengthen health systems; and support research, production and equitable distribution of medicines, treatments and vaccines so that they are accessible to all.

Geographically, priority is given to 20 countries: 11 in Africa, 1 in Balkan Europe, 4 in the Middle East, 2 in Asia, and 2 in Latin America. These are countries with which Italy has built close political, economic, cultural and development cooperation relations over time, and in which it intends to provide lasting and stable action. Development cooperation activities will be focused on these countries, although the possibility of taking action in other geographical areas is not ruled out. Political, economic and environmental circumstances, institutional fragility, conflicts, humanitarian crises, climate change and the health, economic and social impact of the Covid-19 pandemic have increased the importance of certain macro-areas. Within these areas, priority and non-priority countries will be considered using a synergistic regional approach.

Finally, the Document outlines objectives for action to follow-up on the recommendations contained in the 2019 Peer Review of Italy – the review of the effectiveness of OECD member countries' development cooperation, conducted by the organisation's Development Assistance Committee every five years. Six years on from Italian Law 125, which in 2014 reformed the regulatory framework for Italian public development cooperation, the recommendations are an invitation to reflect on progress in implementing the reform and on the critical areas where efforts should be focused in the coming years to make the Italian development cooperation system more efficient – and its actions more effective.

This Document was drafted by the Directorate General for Development Cooperation of the Ministry of Foreign Affairs and International cooperation. Contributors included the Italian Agency for Development Cooperation (AICS), Cassa di Risparmio di Roma, state administrations, representatives of regions and local authorities, civil society organisations, and other actors in the Italian development cooperation system.

The Report on Italian Development Cooperation activities in 2019 is provided as an attachment to this Document. The Report describes the work performed by all the administrations – detailing the initiatives in progress and those completed – as well as Italy's participation in development banks, funds and multilateral organisations.





## 1. Development cooperation in the three-year period 2021 – 2023

### 1.1 Strategic vision

The global crisis unleashed by the Covid-19 pandemic has hampered progress towards the Sustainable Development Goals (SDGs). This is particularly the case in critical areas where progress was already limited. As noted in the UN's "[The Sustainable Development Goals Report 2020](#)", poverty, hunger, inequality, discrimination and environmental degradation are on the rise worldwide, especially in low- and middle-income countries.

The post-Covid-19 scenario confirms the strategic vision of Italian Cooperation: To foster sustainable development by creating opportunities and leveraging Italy's expertise in strategic sectors for both partner countries and ourselves. This is a medium/long-term vision that takes the 2030 Agenda and its pillars – People, Planet, Prosperity, Peace and Partnerships – as its reference point. The approach taken is based on human rights, with a stronger focus on the human dimension, the protection of fundamental freedoms, and the strengthening of the rule of law and social justice. This incorporates the right to health, clean water and food, a healthy environment, education, work, gender equality and empowerment of women, building effective, accountable and inclusive institutions at all levels, and a focus on "leaving no one behind."

Italian Cooperation follows a systemic, multi-actor, multidisciplinary approach, informed by the principles of partnership, solidarity, accountability, subsidiarity, transparency, and respect for and promotion of International Humanitarian Law.

Effective multilateralism is essential to tackle challenges of this magnitude, and to have an impact on global stability and security. In the words of President Sergio Mattarella: "[Effective multilateralism is] an approach that has always guided our diplomacy, highlighting the virtues of dialogue and mutual understanding, in the certainty that deeper knowledge and analysis will always contribute to the formulation of fair and long-term solutions, based on the concept of collective responsibility."

The multilateral approach to the Covid-19 pandemic and the ensuing crisis, which Italy has actively supported, took shape starting with the Extraordinary G20 Summit in March 2020 with the launch of the international alliance and the "ACT-Access to Covid-19 Tools" Accelerator, the adoption of three UN General Assembly Resolutions on global solidarity and international cooperation, the 'Coronavirus Global Response Pledging Conference' instigated by the President of the European Commission in conjunction with Italy and the other members of the international alliance, and the 'Global Vaccine Summit' in June 2020 for the refinancing of the Global Alliance for Vaccines and Immunisation, and the launch of the 'COVAX Facility'.

Bilateral cooperation remains essential, not least to strengthen the political and charitable partnerships that mutually energise international relations and support peace processes, while also complementing the multilateral channel, making it more impactful and inclusive. Effective and sustainable action requires consistency, synergies and complementarity between multilateral and bilateral intervention channels, between emergency, humanitarian and development aid, and a collective effort from the whole system: central government, regions, local authorities, universities, research institutes and other public bodies, civil society and non-profit organisations, and the private sector. We are all called to apply the principles of effective development cooperation: i) working with partner countries, based on their needs and priorities (ownership); (ii) moving towards "results-based" programmes designed with partner countries (focus on results); (iii) promoting multi-actor partnerships, recognising the importance of a wealth of experience and expertise and a diversity of roles (inclusive partnerships); (iv) fostering the sharing of information and good practices, and being

more accountable to each other in achieving shared results (transparency and mutual accountability). Priority will be given to initiatives that: promote ecologically sustainable agriculture; improve access to clean water; affordable and sustainable energy systems, education and basic services; promote decent work, gender equality and empowerment of women; combat all forms of violence and ensure access to sexual and reproductive health; strengthen health systems; invest in pandemic prevention and preparedness, ensuring equitable access to curative, preventive and diagnostic tools; and support research, production and equitable distribution of medicines, treatments and vaccines.

Italy will strengthen its commitment to the main crisis areas, from Balkan Europe to the Middle East, Africa, Asia and Latin America. The often protracted and profound state of crisis in many countries calls for a synergistic and coordinated response strategy. This must include actions to improve governance systems, strengthen institutions and support post-conflict prevention, peace-building and stabilisation processes, and a long-term commitment that not only supports stricken populations but also alleviates fragile situations and enhances local capacities for crisis management and response.

## **1.2 Italian Presidency of the G20**

On 1 December 2020, Italy took over the rotating presidency of the G20. Informed by the current Covid-19 emergency, Italy's Presidency will be focused on supporting the neediest countries in the fight against the virus and on cooperating to tackle the severe vulnerabilities that the pandemic-induced recession is causing in the most fragile places. The aim is to achieve a post-pandemic socio-economic and environmental recovery based on the principles of justice, equity, sustainability and resilience.

Work will focus on the three "Ps": People, Planet and Prosperity.

On the first pillar – People – the focus will be on the issues of work, gender equality, culture, education and health, in all their multiple dimensions.

In view of Italy's dual role in 2021 – with the Presidency of the G20 and co-Presidency of the Climate Change Conference together with the United Kingdom – work on the Second Pillar – Planet – will focus on environmental issues (protection of protected natural areas and urban reforestation) and climate-energy issues (transition to renewable sources, development of clean technologies, the role of 'green' financial instruments to encourage energy upgrading of buildings, access to energy, new mobility and "smart cities"). Given Italy's distinct features and strengths, topics such as food quality, food safety and eco-sustainable agriculture will also be addressed and explored. Key points of the Italian Presidency include a focus on the circular economy and a commitment to implement the Paris Agreement.

Work on the third 'P' – Prosperity – will primarily revolve around digitalisation, artificial intelligence and building interdisciplinary educational pathways to deal with the social consequences of the digital revolution, as part of a new partnership between institutions, research, finance and business. This thematic strand may also include a reflection on the need to restore momentum to international trade and a focus on the role of small and medium enterprises (SMEs) in value chains.

Lingered in the background is the overarching issue of public health, in all its many dimensions, including improving pandemic preparedness, shared strategies for the development and availability of treatments, vaccines and vaccination campaigns, and the digitalisation of health care systems. In 2021, Italy will host the World Health Summit.

The three 'P's will be applied in the context of development and explored in the G20 Working Group dedicated to this issue. In line with previous G20 Presidencies and with the development priorities set out in the 2030 Agenda, the Group's activities will focus on two main themes: i) innovative tools for effective and efficient financing of sustainable development; and ii) connectivity and local development, with a special focus on the role of 'intermediate' cities. In addition, the specific needs of women and young people will be considered across these priorities.

New working arrangements will be pursued with a view to ensuring that the Group engages effectively not only with international organisations, but also with representatives of developing countries and regional organisations, and to ensure coordination with other G20 work strands.

The Italian Presidency plans to breathe new life into the Development Group, in the belief that the ongoing crisis has shown how the acute interdependence of countries necessitates a global, coordinated and systemic response. The Development Group will use its mandate to assist in shaping innovative actions within the G20 to build an inclusive, sustainable and resilient future in developing countries.

## 2. Resources

### 2.1 Resources earmarked for public development cooperation

The 2021-2023 budget forecasts are shown below:

- allocations of funding for the Directorate General for Development Cooperation (DGCS) and AICS interventions (for AICS, the indicative forecasts of the 2021 Missions Resolution are also shown, in line with 2020 resources);
- allocations of funding for multilateral interventions by the Ministry of Economy and Finance (MEF);
- allocations of funding to support development cooperation policies.

An up-to-date overview of the resources available from the Revolving Fund is also provided.

#### ➤ *Budget forecasts for DGCS and AICS interventions*

Law 178 of 30 December 2020 State Budget for the Financial Year 2021 and Multiannual Budget for the Three-Year Period 2021-2023. DGCS and AICS allocations for interventions (€ million)			
<b>DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION – DGCS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Mandatory contributions to international bodies	54.78	54.78	54.78
Contribution To The European Development Fund (EDF)	504.96	375.9	263.13
<b>Total</b>	<b>559.74</b>	<b>430.68</b>	<b>317.91</b>
<b>ITALIAN AGENCY FOR DEVELOPMENT COOPERATION – AICS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Ordinary interventions *	477.31	468.29	468.27
Interventions for humanitarian demining	0.59	0.59	0.59
Interventions in favour of persecuted Christian minorities in crisis areas	4.40	4.40	4.40
<b>Total</b>	<b>482.30</b>	<b>473.28</b>	<b>473.26</b>
<b>TOTAL DGCS AND AICS ALLOCATIONS</b>	<b>1,042.04</b>	<b>903.96</b>	<b>791.17</b>
Law 145 of 21 July 2016 Provisions on Italy's participation in international missions. Missions Resolution 2021. Indicative forecast in line with 2020 (€ million)			
Ordinary interventions and humanitarian demining interventions	116.00	-	-
<b>AICS INDICATIVE FORECAST</b>	<b>116.00</b>		

\* The allocation for ordinary interventions includes the budget (€4 million consular receipts) provided for under article 1, paragraph 428 of the Budget Law 2017-2019.

#### ➤ *Forecasts for multilateral interventions by the Ministry of Economy and Finance*

For the three-year period 2021-2023, the resources allocated in the 2021 Budget Law amount to €1,709.6 million (€548.7 million for 2021 – €527.9 million for 2022 – €633 million for 2023), including €1,082 million (343 - 317 - 422) for participation in the Development Funds, €272.9 million (91.5 - 91.4 - 90) for the subscription of the ongoing capital increases in the Multilateral Development Banks, €271.5 million (86.4 - 91.8 - 93.3) for the Multilateral Debt Reduction Initiative, and €82.5 million (27.5 per annum) for the International Finance Facility for Immunisation (IFFIm) for vaccine financing.

➤ **Allocations to support development cooperation policies**

All funds for action in support of development cooperation policies are indicated in a specific attachment to the MFAIC provisional budget prepared by the Ministry of Economy and Finance (specifically the *Ragioneria Generale dello Stato* - RGS).

The table below presents the allocations for each Ministry over the three-year period 2021-2023.

	CASH FORECASTS (€)		
	2021	2022	2023
Ministry of Economy and Finance *	1,783,983,576	1,763,263,802	1,868,338,214
Ministry of Economic Development	966,874	966,874	966,874
Ministry of Foreign Affairs and International Cooperation	1,232,314,044	1,111,731,910	958,933,627
Ministry of the Interior **	1,577,235,023	1,583,318,323	1,563,318,323
Ministry of Environment, Land and Sea	51,519,453	49,323,781	48,103,781
Ministry of Infrastructure and Transport	68,117,388	68,117,388	68,117,388
Ministry of University and Research	19,354,714	19,354,714	19,354,714
Ministry of Health	14,736,875	14,736,875	14,736,875
<b>TOTAL</b>	<b>4,748,227,946</b>	<b>4,610,813,666</b>	<b>4,541,869,795</b>

\* The allocations include the estimated share of the European Union budget earmarked for official development assistance designated for Italy by the European Commission Directorate General for Development and Cooperation – *EuropAid* – (approximately €1 billion per year).

\*\* The amount that can be accounted for as development cooperation will be verified in the final accounts to ensure compliance with the OECD-DAC Guidelines, approved in 2017, concerning the reporting of costs incurred in Italy for temporary assistance to refugees/asylum seekers.

➤ **The Revolving Fund for Development Cooperation**

**Concessional loans (article 8 of Law 125/2014).** The Revolving Fund for Development Cooperation (FRCS) is a key development cooperation policy tool. Italy continues to support the socio-economic development of its partner countries through programmes financed through concessional loans, the average amount of which is far higher than that of donations. The Revolving Fund makes a crucial contribution to strengthening bilateral relations between governments, enhancing synergies with multilateral organisations (including through co-financing operations, which are permitted by law), and contributing to the achievement of the Sustainable Development Goals.

Even in 2020 – despite the complexities associated with the pandemic – the Revolving Fund continued to support partner countries by investing in key sectors for the economic recovery. In that one year, the Revolving Fund finalised eight loan agreements for approximately €105 million in key sectors of the economy, such as agriculture, health, SME development and education. The Revolving Fund disbursed €152 million in that year.

The estimated amount available at 31 December 2020 for new loan aid initiatives totals about €1,211,948,817.30.

This amount is determined by deducting from the gross availability of the Revolving Fund (€2,587,771,130.75) the amounts already committed for operations approved by the Joint Committee and authorised by decree of the Ministry of the Economy and Finance (MEF), totalling €1,375,822,313.45.

It should be noted that, while not accounted for in the Fund's resources, there are also amounts relating to operations where agreements have been reached by the Italian Government with partner countries at the political level, but which have not yet been submitted to the Joint Committee for approval.

Repayments of loans during the period 2021-2023 are estimated to total the equivalent of about €231 million (an average of about €77 million in each year, net of debt cancellations and conversions already signed).

Disbursements during the three-year period are estimated to total about €300 million (an average of about €100 million in each year). This forecast is to be considered as approximate as, typically, payments depend on factors beyond the control of the Italian administration (applications from beneficiaries, authorisations of lenders, additional diligence work, etc.).

Plans for the three-year period 2021-2023 include steps to improve the workings of the Revolving Fund, to simplify procedures and the management of loan aid at all stages, including devising a new contractual framework and upgrading the reporting system to ensure better monitoring of initiatives.

Moving forward with the blending the resources of the Revolving Fund with Cassa Depositi e Prestiti's own resources ("mixed loans"), will make it possible to increase the overall scope of Italian development cooperation, with initiatives to be evaluated on a case-by-case basis.

**Loans for enterprises, investors, international organisations, mixed enterprises, and guarantee funds for joint enterprises (article 27 of Law 125/2014)** Since the enactment of Law 125/2014, article 27 (formerly article 7 of Law 49/87) has undergone a number of amendments, necessitating in-depth analysis on issues such as its compatibility with EU State Aid rules.

Due to amendments over the years, article 27 had remained unimplemented, pending an ad hoc resolution by the Interministerial Committee for Development Cooperation (CICS). At its meeting of 11 June 2020, in addition to adopting the regulatory changes, the Committee decided on the share of the Revolving Fund earmarked for the purposes of article 27 (equal to the existing funds on the sub-account under article 27, net of inflows and outflows) and the criteria for selecting initiatives. The aim for the three-year period is to operationalise a tool that will strengthen the role of the private sector as a driver of development and growth in complex geographies.

The Joint Committee will be asked to approve the relevant implementing regulation during 2021.

Therefore, it is currently not possible to estimate flows for this sub-account in the coming years, in terms of both the size of future disbursements for new operations and possible repayments.

At 31 December 2020, the net funds available in the art. 27 sub-account total €110,201,720.72. There are no longer any outstanding transactions.

## 2.2 Non-concessional resources and mixed finance

The goals of the 2030 Agenda for Sustainable Development and the COP 21 climate commitments demand new tools to increase financial resources, mobilising private capital for the promotion of sustainable, resilient and green growth in developing countries.

The crisis caused by the Covid-19 pandemic makes it even more urgent to work towards the Sustainable Development Goals. The pandemic has exacerbated inequalities and hit the world's poorest and most vulnerable the hardest. A recent UN study<sup>1</sup> estimates that more than 71 million people will fall back into extreme poverty in 2020 and that foreign direct investment in developing countries could drop by 40%.

Cassa Depositi e Prestiti S.p.A. (CDP), as an International Development Finance Institution, has the potential to catalyse public and private donor capital in its role as a private investor. At the same time, it can engage in blending its own resources (art. 22 Law 125/2014) with those of the Revolving Fund (art. 8 Law 125/2014), which it manages, or of other funds, so as to maximise the impact of public funding.

CDP intends to boost its operations through a broad spectrum of financing initiatives involving the private sector. It will grant direct financing to enterprises, projects and financial institutions operating in partner countries through debt instruments (loans and guarantees), as set out in the Decree of the Ministry of Economy and Finance of 28/09/2016. There are also initiatives aimed at SMEs and venture capital, which in accordance with the decree will be carried out indirectly. Initiatives for SMEs will be carried out through public entities, financial institutions, banks or funds; venture capital initiatives will take place through investment funds or other forms of corporate intermediation. One specific course of action relates to investing in innovative financial products (e.g. green bonds and sustainable development and impact bonds) in order to support targeted initiatives with a high socio-environmental impact in developing countries.

With regard to the use of its own resources derived from postal savings, CDP will direct its efforts towards four main objectives:

- Supporting initiatives that go towards the Sustainable Development Goals and Targets, in line with the strategic guidelines of Italian Cooperation, using up to €1 billion per year of its own resources;
- Taking additional and complementary action, in compliance with the “Principles on Mixed Finance”<sup>2</sup> developed by the OECD-DAC, to support public resources earmarked for development cooperation, boosting public development assistance through: i) the use of ‘mixed loans’ combining CDP’s own resources and resources from the Revolving Fund; ii) the use of innovative financial instruments that can generate a leverage effect on public resources (e.g. loans to Multilateral Development Funds for replenishment instruments)

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<sup>1</sup> Impact of Covid-19 on SDG progress: a statistical perspective, UN Department of Economic and Social Affairs - 27 August 2020 [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/PB\\_81.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/PB_81.pdf)

<sup>2</sup> OECD-DAC Blended Finance Principles for unlocking commercial finance for the SDGs [OECD-DAC-Blended-Finance-Principles.pdf](https://www.oecd.org/dac/2019/09/2019-09-10-OECD-DAC-Blended-Finance-Principles.pdf)



for risk mitigation based on the use of the guarantee under article 22(4-bis) of Law 125/2014 to cover CDP's exposures to sovereign entities);

- Strengthening its role as a 'gateway' to public and private donor resources at EU and international level, with the aim of establishing forms of financial blending;
- Assisting in the identification of new markets to stimulate the socio-economic growth of partner countries and helping to fortify Italy's presence, in particular through a more incisive role of the private sector in the pursuit of the Sustainable Development Goals.

As regards the use of its own resources for development cooperation purposes, CDP is bound by regulatory constraints and by its articles of association, which require projects to meet economic and financial sustainability criteria. CDP can therefore only use its own resources under terms and conditions that are customary for a financial institution operating at arm's length and that ensure an adequate return on capital employed.

International cooperation projects financed using CDP's own resources are submitted to the Joint Development Cooperation Committee for prior approval, in accordance with article 22(4) of Law 125/2014.

As regards the management of the Revolving Fund, CDP will step up relations with MFAIC, MEF and AICS with a view to maximising the potential of its operations, including through financial instruments supporting the private sector (article 27 of Law 125/2014).

**Priority sectors** In accordance with the aforementioned Decree (Article 2.1.b), CDP's financial support will be primarily directed towards the sectors indicated in Chapter 3.1 of this Document, which are instrumental in mobilising and directing the private sector towards initiatives that contribute to the achievement of the Sustainable Development Goals and Targets, while also tapping into some of Italy's entrepreneurial strengths: the environment, clean and accessible energy, technology, research and innovation.

CDP will identify initiatives based on a careful review of their expected impacts in relation to achieving the Sustainable Development Goals, and based on the potential economic synergies that can be achieved.

**Geographical priorities.** Under the terms of the aforementioned decree (article 2(1)(a)), projects using CDP's own funds may be carried out in the 142 ODA recipient countries included on the OECD/DAC list. More specifically, in order to ensure compliance with the economic and financial sustainability criteria mentioned above, they may be carried out in countries with a sufficiently stable economic and political framework and in countries where the instruments set forth in the aforementioned Law 125/2014 (guarantees under articles 8, 22 and 27 of Law 125/2014) may be activated.

When using mechanisms for blending funds with public resources earmarked for development cooperation, activities will be focused on the priority countries indicated in Chapter 3.2 of this Document.

What will be of particular importance is the creation of a Coordination Committee between MFAIC, AICS and CDP, and of inter-institutional working groups, involving the network of the AICS

representatives and offices abroad, in order to take part in the consultation processes for drawing up strategic documents (Cf. Chapter 5, Peer Review, Recommendations 3 and 8).

**Tools of intervention.** As regards the public sector (governments and public entities of partner countries), CDP operates by granting loans in any form, either directly or through bilateral loans to European, multilateral and supranational institutions or to multilateral funds established under their auspices (article 2(4) of the above-mentioned decree). These forms of intervention may include financial blending mechanisms, using national resources or instruments made available by the European Commission, such as those granted under the Neighbourhood Development and International Cooperation Instrument (NDICI). One specific strand deals with financing the replenishments of Multilateral Development Funds.

Over the three-year period, CDP's operations will be enhanced via participation in a number of international initiatives, including: i) working groups designed to identify priority initiatives for the development of "Team Europe Initiatives" ("TEIs") under the new Multiannual Financial Framework 2021-2027, in coordination with the MFAIC; ii) the Green Climate Fund, a United Nations fund dedicated to supporting investments in climate change mitigation and adaptation in developing countries, in relation to which CDP has been accredited; iii) international initiatives such as the Climate Investment Platform and the Clean Ocean Initiative, which CDP has already joined, and the 2X Challenge Initiative, of which CDP is a founding member along with other G7 financial institutions, aimed at providing financial support for initiatives that promote gender equality.

### **2.3 Forecast distribution of bilateral cooperation resources over the three-year period**

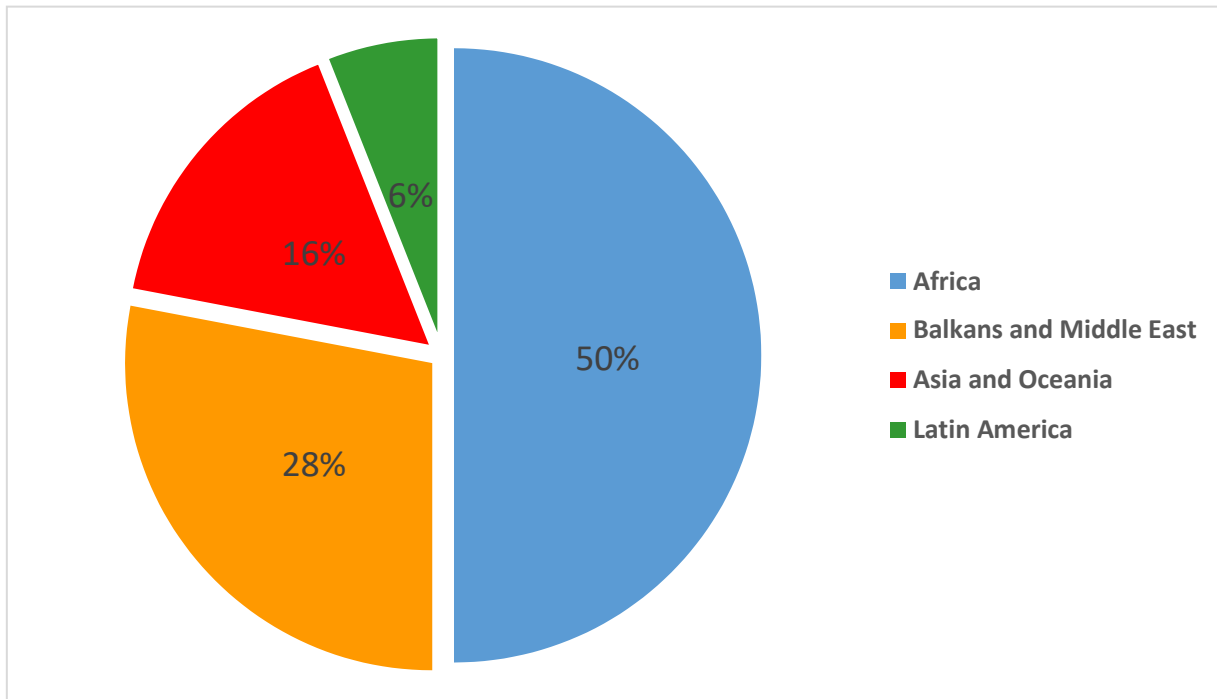
Based on an analysis of data on disbursements in 2019 and in view of the priorities and action objectives set out in this Document, a proposal is given on the allocation of bilateral public development cooperation resources by country/sector over the three-year period.

Achievement of the objectives will be verified in the course of preparing the Annual Report, using the indicators and data contained in the OECD-DAC statistical system<sup>3</sup>.

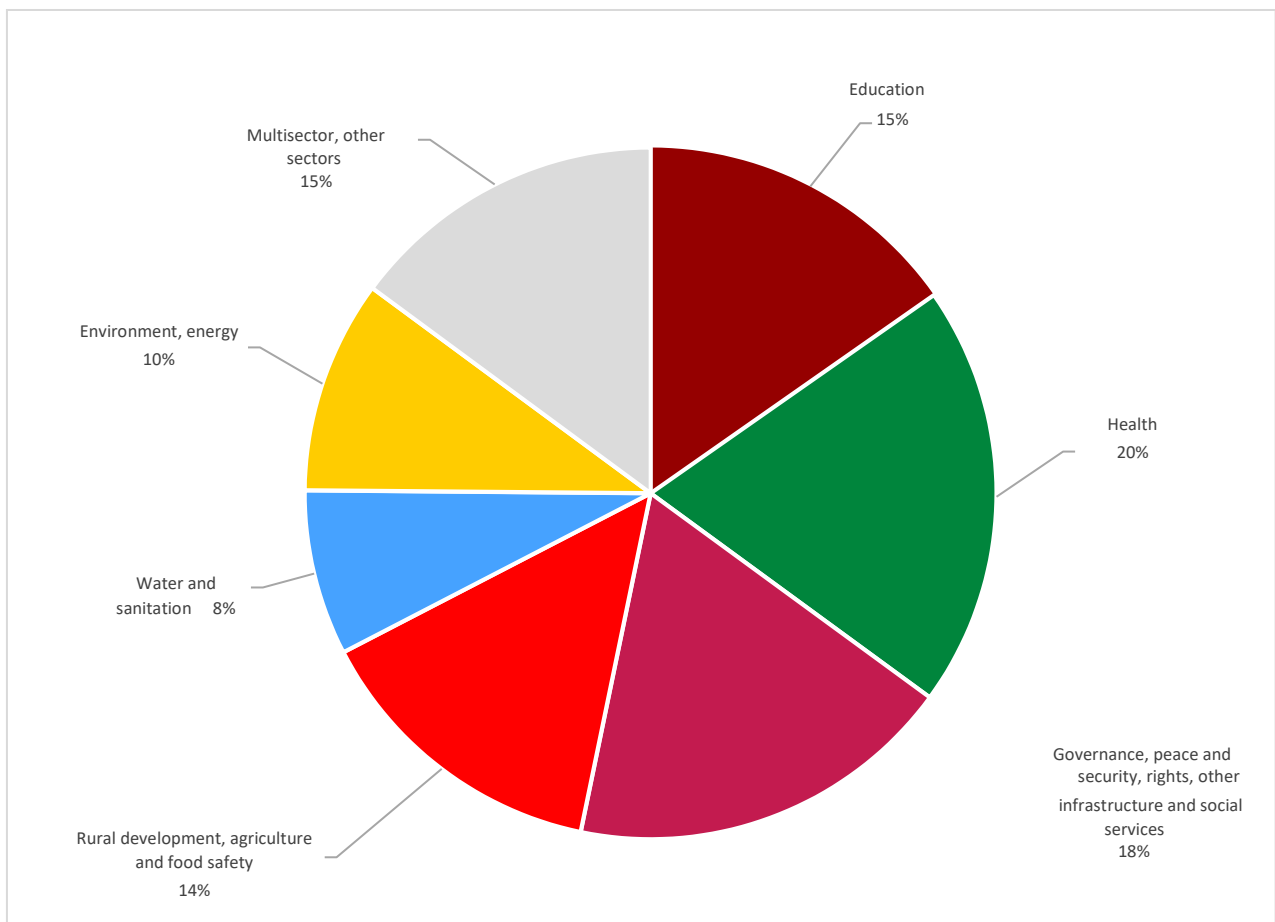
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<sup>3</sup> *OECD-DAC Credit Reporting System*

**1. Allocation of resources by geographical area (bilateral allocable on a geographical basis)**



**2. Allocation of resources by sector of intervention (bilateral allocable per sector)**



### 3. Priorities and action objectives

The priorities and action objectives are medium-long term, taking 2030 Agenda as the time horizon. The actions contribute to achieving the Sustainable Development Goals and Targets, with a cross-cutting approach that recognises their inseparability, interconnectedness and interdependence. Directing these interventions towards a Target implies touching on all the others across the board, which shows that lasting and sustainable development cannot be achieved without an integrated and inclusive approach.

#### 3.1 Sectoral priorities and cross-cutting themes

Over the three-year period, at least 85% of public development cooperation resources are to be allocated to activities in the priority sectors.

At country level, interventions will focus on a limited number of sectors (3-4) as set out in Country Strategy Papers, in line with National Development Plans and negotiated with partner-country authorities. These Papers will set the priorities for action for the entire Italian Cooperation system (Cf. Chapter 5, Peer Review, Recommendations 3 and 4).

The strategic guidelines on children, the humanitarian-development nexus, and migration and development will be finalised in the three-year period. Strategic guidelines on agriculture and food security, health, and the integration of environmental and climate change issues in development cooperation will be initiated (Cf. Chapter 5, Peer Review).

#### People – end poverty and hunger, and ensure dignity and equality



#### *End hunger, achieve food security and improved nutrition and promote sustainable agriculture Targets 1.4, 2.1, 2.2, 2.3, 2.4*

The UN Health and Nutrition Report 2020<sup>4</sup> states that in 2019 2 billion people, or 25.9% of the global population, experienced hunger and 690 million (8.9%) were seriously malnourished. In the poorest countries, the pandemic risks creating a ‘crisis within a crisis’, whereby the public health crisis will be compounded by the economic and food crises, and this vicious circle will result

<sup>4</sup> [The State of Food Security and Nutrition in the World 2020/](#)

in rising numbers of people becoming vulnerable to the virus. Above all, it will multiply fragility by aggravating situations that are already difficult, not least because of the effects of climate change.

Against this backdrop, Italy – with its long-standing leadership on agriculture and food security, and in view of the FAO Summit on Food Systems in 2021 – has contributed to the proposal for a ‘Food Coalition’ among member countries. The initiative aims to create a web of support that targets both cooperation projects to mitigate the effects of the food crisis triggered by Covid-19, particularly in fragile communities, and the deployment of experts from member countries, who can assist FAO experts in developing guidelines for all governments on how to manage the challenging post-Covid-19 era. The ‘Food Coalition’ not only aims to tackle the impact of the pandemic, but also to promote resilient and sustainable food production systems, improve nutrition, and increase agricultural productivity and the incomes of smallholder farmers - especially farms run by women and young people.

Development cooperation efforts will focus primarily on the least developed and most vulnerable countries, which depend on predominantly pastoral and small-scale fishing economies, family-run and with a low degree of technological innovation. However, they will also prioritise the development of agribusiness and the agricultural processing industry, and the use of non-conventional water sources. The primary focus will be on promoting diversified and ecologically sustainable food production, emphasising the link between nutrition and health. There will be special emphasis on crops with higher nutritional value and/or greater resilience to climate change, ensuring the continuity of food, supply and distribution chains, and securing the livelihoods of small-scale farmers, cattle farmers and fishermen. Seeds, livestock feed, tools, and veterinary care, as well as the strengthening of social protection systems, will be key areas. Targeted actions will be taken to counter the discrimination faced by women food producers in areas such as access to land, information, credit and technology. Such actions affirm the gender approach adopted by Italian Cooperation in specific programmes and across the board (Cf. “Guidelines on Gender Equality and Empowerment of Women and Girls 2020 - 2024”).

Italy’s outstanding organisations in the area will be involved, such as the Council for Research into Agriculture and the Analysis of Agricultural Economics (CREA), a research body overseen by the Ministry of Agricultural, Food and Forestry Policies (MIPAAF). The subject areas identified for collaboration with MFAIC are: (i) sustainable agriculture in terms of circular-economy principles, spreading knowledge of climate-resilient farming practices, biodiversity preservation, and sustainable management of natural resources; (ii) food security, introducing technologies and standards for improving food production and quality, sustainable processing and conservation of local natural resources, and reducing food waste; (iii) technical and scientific training as part of specific development projects. CSOs and other stakeholders working in the agricultural sector and the fight against hunger and malnutrition will be involved, with the ability to create synergies on the ground in other areas, such as education, training and social activities.

Main DAC codes	
12240	Basic nutrition
31120	Agricultural development
31130	Agricultural land resources
31150	Agricultural inputs
43040	Rural development
43072	Household food security programmes

<b>Policy markers</b>
Environment
Nutrition
Gender equality
Inclusion and empowerment of persons with disabilities
Trade development
<b>Rio marker</b>
Biodiversity, Climate change – mitigation, Climate change – adaptation, Desertification

- *Ensure healthy living and promote well-being for everyone at every age: Targets 3.2, 3.3, 3.7, 3.8, 3b, 3c; strengthening partner countries' health systems*

Protecting health – a global public good – is a top priority, particularly with regard to Objective 3.8: work towards universal health coverage, ensuring access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

The action objectives in the three-year period are: promote better structured, more efficient and higher quality health systems; support the training of health personnel in community and primary second and third level medical facilities, and operational research; support access to health care services and sexual and reproductive health; combat communicable diseases, increasing vaccination rates, ensuring the availability of and access to treatment, medication and vaccines, especially for women, disabled people, migrants and the most vulnerable, avoiding any form of discrimination; invest in pandemic prevention and preparedness by bolstering health facilities at all levels and strengthening prevention, diagnostic and epidemiological surveillance services, especially in vulnerable settings; spread information, raise awareness and provide education on health and hygiene, engaging with local communities.

Italian Cooperation will support CSOs working in the health sector, in hospitals and in the community, in treatment and prevention, and in the training of medical, nursing and technical staff.

<b>Main DAC codes</b>	
<b>12220</b>	Basic health care
<b>12250</b>	Infectious disease control
<b>12261</b>	Health education
<b>12264</b>	Covid-19 control
<b>13040</b>	STD control including HIV/AIDS
<b>13020</b>	Reproductive health care
<b>15180</b>	Ending violence against women and girls

<b>Policy markers</b>
Gender equality
Reproductive, Maternal, Newborn and Child Health (RMNCH)
Nutrition
Inclusion and empowerment of persons with disabilities

➤ **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all: Targets 4.1, 4.2, 4.3, 4.4, 4.5, 4.7**

Initiatives will aim to ensure the provision of inclusive and high-quality educational services at all levels, from early years to primary and secondary education, up to university and post-graduate education, technical and vocational training.

In addition to providing adequate education, schools represent a way to include the most disadvantaged levels of society and play a central role in crisis situations. Ensuring continuity in the provision of educational services, particularly in conflict situations, also reflects Italy’s commitment at the 33rd International Conference of the Red Cross and Red Crescent (Geneva, 9-12 December 2019) in support of the rights and safety of children living in theatres of war.

The Covid-19 pandemic has had a devastating impact on education in the most vulnerable countries: in 2020, Save the Children estimated that 10 million boys and girls were at risk of dropping out of school.

Italy supports basic education by participating in the ‘Global Partnership for Education’ (GPE) – also in view of its refinancing in 2021 – and complementary bilateral initiatives, prioritising access to education (especially for women), quality teaching and teacher training.

Continuing priorities include technical and professional training, in order to develop young people capable of responding to local job-market demand, as well as higher education and university cooperation – an area where Italy has traditionally excelled and which is complemented by dense network of relations between universities, foreign counterparts and a range of entities in the sector.

Italy remains committed to developing Global Citizenship Education initiatives aimed at educating and raising awareness on sustainable development, solidarity and international cooperation, human rights and fundamental freedoms, the dignity of every person, and social justice. The initiatives involve central and local institutions, CSOs, schools, universities, and formal and informal places of learning, such as families, communities, workplaces, media and social media.

In accordance with the “[Italian Strategy for Global Citizenship Education](#)”, Italy will proceed to the “coordinated formulation of a multiannual Action Plan promoting Global Citizenship Education (GCE) practices in formal and informal education, as well as in information and awareness-raising campaigns” (Cf. Chapter 5 Peer Review, Recommendation 7).

Main DAC codes	
11220	Primary education
11231	Basic life skills for youth
11240	Early childhood education
11250	School feeding
11260	Lower secondary education
11320	Upper secondary education
11330	Vocational training
99820	Promotion of development awareness (non-sector allocable)

Policy markers	
Gender equality	
Inclusion and empowerment of persons with disabilities	

➤ ***Achieve gender equality and empowerment (greater strength, self-esteem and awareness) for women and girls: Targets 5.1, 5.2, 5.3, 5.6***

The gender dimension, which features consistently in all development cooperation activities, will be further strengthened through programmes designed to promote women’s access to professions and decision-making positions, education, higher education, health services (especially sexual and reproductive health care services), employment, justice, and – in emergency situations, conflicts and humanitarian crises. This may also take place through income support and protective measures for women exposed to forms of discrimination, abuse, the risk of violence, including domestic violence, and exploitation, following the strategic approach set out in the aforementioned “Guidelines on Gender Equality and Empowerment of Women and Girls”.

The pandemic is taking a severe toll on women, who are almost twice as likely to lose educational opportunities and paid employment as men. Italian Cooperation’s response will have to take into account existing gender imbalance, aggravated by the pandemic, by pressing for the educational, financial and digital inclusion of women.

Policy markers	
Gender equality	
Participatory development/good governance	
Reproductive, Maternal, Newborn and Child Health (RMNCH)	
Inclusion and empowerment of persons with disabilities	

➤ ***Ensure availability and sustainable management of water and sanitation for all Targets 6.1, 6.2, 6.4***

In developing countries, the shortage of clean water and poor access to sanitation are among the main challenges to safeguarding health.

Efforts in this area will be stepped up over the three-year period. This will cover urban areas, particularly the most deprived suburbs, and rural and remote areas, with a special focus on the needs of women and girls and disabled people. Measures will be taken to improve access to drinking water, water efficiency, sanitation infrastructure, investing in prevention and education on hygiene and nutrition, in communications designed to stimulate changes in individual behaviour, in operational research and training, involving the public sector, the private sector, civil society organisations and all actors in the Italian development cooperation system.

Main DAC codes	
14031	Basic drinking water supply
14032	Basic sanitation

Policy markers	
Reproductive, Maternal, Newborn and Child Health (RMNCH)	
Gender equality	
Inclusion and empowerment of persons with disabilities	



➤ **Empower and promote the social, economic and political inclusion of all: Targets 10.2**

The Covid-19 pandemic is having a profound impact on the health and living conditions of the most vulnerable and marginalised, particularly in the Least Developed Countries. Protecting the rights and social and economic inclusion of the most vulnerable – women, girls, children, young people, migrants, refugees, displaced people, disabled people, the elderly, LGBTI people, people belonging to ethnic and religious minorities – as well as the empowerment of young people and women, are issues that need to be addressed as cross-cutting priorities/objectives or through specific interventions.

In implementation of the “Guidelines for Disability and Social Inclusion in Cooperation Initiatives” and the “Guidelines on Gender Equality and Empowerment of Women and Girls”, activities will span: raising awareness and providing information at family and community level; quality education; training and decent work; health, especially sexual and reproductive health; preventative measures to counter gender-based violence, in particular domestic violence and violence against disabled people; strengthening CSOs, especially organisations for women and disabled people, and workers’ organisations; support for participating in public life and freedom of expression.

Inter-institutional coordination will also be assured through closer cooperation with the Interministerial Committee for Human Rights (CIDU).

Main DAC codes	
15180	Ending violence against women and girls
16070	Labour rights
16080	Social dialogue
15150	Democratic participation and civil society
15160	Human rights

Policy markers
Participatory development/good governance
Gender equality
Inclusion and empowerment of persons with disabilities

➤ **Facilitate orderly, safe, regular and responsible migration and mobility of people: Targets 10.7, 10.b**

The issue of migration remains at the heart of development cooperation and touches on several themes: health, education, vocational training, labour, protection of human rights, and security.

Italian Cooperation takes an integrated, multi-level, multi-actor approach that aims: to confront the structural causes of forced migration, through social and economic development and job creation initiatives in partner countries; to strengthen the role of diaspora associations through professional and occupational mobility, and training to develop and strengthen skills; to support information campaigns on the risks of illegal migration; to provide support programmes for the most vulnerable – women, children, disabled people – who are often victims of violence and abuse; to facilitate return migration processes, including through education and vocational training initiatives, in order to learn skills geared to the job opportunities and growth prospects of local economies; to support the social and economic reintegration of returnees and forms of support for host communities; and to help improve partner countries’ ability to manage migratory flows and to combat people trafficking and smuggling, in accordance with human rights and European and international standards.

Diaspora associations play a key role by not only facilitating integration into host societies, but also by promoting socio-economic development in their countries of origin, thereby contributing to the achievement of the Sustainable Development Goals. Cultural, social, economic trans-nationalism must be harnessed and fortified as a way of building partnerships in areas of mutual interest.

The multi-actor approach to drawing up Strategic Guidelines on Migration and Development will also be crucial to enhance coordination between development cooperation and inter-institutional entities, particularly engaging the Ministry of the Interior, the Ministry of Labour and Social Policies, local authorities, CSOs, and diaspora organisations (Cf. Chapter 5 Peer Review, Recommendations 2 and 8).

MFAIC and AICS will step up their cooperation with the Department for Civil Liberties and Immigration in view of the key input that the Ministry of Interior can give in strengthening synergies and the complementarity of initiatives on strategic thematic and geographic areas.

Main DAC codes	
<b>Intervention area codes</b>	Tackling the root causes of forced migration
<b>15180</b>	Ending violence against women and girls
<b>15190</b>	Facilitation of orderly safe regular and responsible migration and mobility

Policy markers
Gender equality
Inclusion and empowerment of persons with disabilities

## Planet - Protecting the environment, managing natural resources and combating climate change



- **Ensure access to affordable, reliable, sustainable and modern energy for all: Targets 7.2, 7.a, 7.b; take urgent measures to combat climate change and its consequences: Targets 13.1, 13.2, 13.b; combat desertification, promote the conservation and sustainable use of biodiversity and ecosystems: Targets 14.2, 15.3, 15.a.**

The underlying framework for cooperation in the environmental sphere is the set of multilateral agreements - including the three United Nations conventions on the environment adopted at the Rio de Janeiro Summit in 1992 (climate change, biological diversity, combating desertification) and their implementing agreements, such as the Kyoto Protocol and the Paris Climate Agreement - as well as guidelines from other instruments such as the Sendai Framework for Disaster Risk Reduction (Sendai Framework) and other conventions and initiatives promoted by UNESCO, FAO, UNEP and the OECD.

Under the United Nations Framework Convention on Climate Change, Italy will co-chair (with the United Kingdom) the 26th Conference of the Parties (COP26) in Glasgow in November 2021.

Italian Cooperation pursues the welfare of the planet throughout its actions by ensuring that nothing it does leads to the degradation of the ecosystem (“compliance”) and by working to ensure that ever more initiatives incorporate environmental protection objectives, the fight against climate change, the preservation of biodiversity, the fight against desertification and disaster risk reduction (“integration” and “mainstreaming”).

The explosion onto the global scene of the pandemic crisis – in terms of health protection and the resilience, and later recovery, of socio-economic systems – threatens to overshadow another emergency that was previously at the forefront of domestic and international priorities: the climate emergency. Italian Cooperation continues to prioritise the climate, energy and clean energy, including to protect the national interest and promote sustainable development, economic and social stability, good governance and the protection of rights, peace and security.

Italian Cooperation will first of all support partner countries, especially the neediest, in formulating and implementing Nationally Determined Contributions and National Adaptation Plans to reduce the vulnerability of local human or natural systems to the impacts of climate change, increasing their capacity to adapt to or absorb climate stresses, shocks and variability, or decreasing their exposure to them and to the risk of natural disasters. In terms of mitigation, interventions will be targeted at promoting efforts to limit or reduce greenhouse gas emissions, especially in the energy sector, or to strengthen the ability to capture and sequester these emissions. Financial resources for the transition to resilient, low-carbon economies (e.g. in the area of green infrastructure) will be mobilised via Cassa Depositi e Prestiti.

There will be a special focus on combating desertification or alleviating the effects of drought in arid, semi-arid or dry sub-humid areas by preventing and reducing soil degradation, rehabilitating partially degraded soils or restoring desertified soils, plant protection and associated plant health aspects. Furthermore, cooperation action will focus on biodiversity conservation, agricultural ecology and the sustainable use of ecosystems, species, and genetic resources.

Italian Cooperation will continue to support initiatives designed to effectively reduce and manage risks stemming from natural disasters and extreme climatic events. In particular, it will support capacity building and the creation or strengthening of national or local structures, as well as risk assessment, prevention and preparedness activities.

There is a continued commitment to support partner countries in ensuring access to affordable, reliable, renewable and sustainable energy for all. Priority will be given to: i) meeting local needs for households, services and/or for productive uses; ii) basic public services, electricity and decentralised power generation – off-grid or using mini-grids – from renewable sources; iii) the water-energy-food nexus; iv) the pursuit of a balanced energy system, dependent on local conditions; v) increased engagement of the private sector.

Consistent with the guidelines and objectives of Italian Cooperation, the Steering and Programming Document for International Environmental Cooperation 2020-20225 lays out the international cooperation strategy of the Ministry for the Environment, Land and Sea. MFAIC and AICS will step up coordination activities with the Directorate General for Sustainable Growth and Development Quality, with a view to enhancing synergies and complementarities between actions on strategic thematic and geographic areas.

Main DAC codes	
41010	Environmental policy and administrative management
41030	Biodiversity
43060	Disaster Risk Reduction
23210	Energy generation, renewable sources – multiple technologies
23231	Solar energy for isolated grids and standalone systems
23631	Electric power transmission and distribution (isolated mini-grids)

Rio marker
Biodiversity, Climate change – mitigation, Climate change – adaptation, Desertification
Policy markers
Environment
Disaster Risk Reduction

### Prosperity - inclusive and sustainable growth and decent work



- *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all: Targets 8.2, 8.3, 8.5, 8.6, 8.8; facilitate sustainable and resilient infrastructure development in developing countries through greater financial, technological and technical support, increasing access to information and communication technologies in less developed countries: Targets 9.a, 9.c; help reduce the negative environmental impact of cities, especially in terms of air quality and waste management: Target 11.6; promote sustainable management and efficient use of natural resources; help reduce waste generation through prevention, reduction, recycling and reuse: Targets 12.2, 12.5.*

The International Labour Organization estimates that the 1.6 billion people working in the informal sector worldwide – mainly in emerging economies and developing countries – are particularly at risk<sup>6</sup>. In Africa, high levels of informality, combined with a lack of social protection, high population

<sup>5</sup> Annex 1 to the decree of the Ministry for the Environment, Land and Sea, no. 170 of 7/8/2020

<sup>6</sup> [Covid-19 crisis and the informal economy ILO May 2020](#)

density and low skill levels present governments pose a challenge when it comes to the economic and social consequences of the Covid-19 pandemic.

The priorities are: to enhance critical public services, including through forms of budget support; to support micro, small and medium-sized enterprises and the social economy; to invest in training for people who have lost their jobs or need to retrain; to create job opportunities, especially for young people, women and disabled people; to protect workers – especially women – who are suffering the effects of the crisis and risk falling into poverty, and to empower workers’ organisations by fostering social dialogue between businesses, trade associations and governments; and to promote public-private partnerships between governments, regions, municipalities, business, workers’ organisations, civil society and the social economy.

Private sector involvement forms part of a strategy to encourage sustainable development in partner countries by transferring expertise and promoting technology, research and innovation. The use of innovative financial instruments will be encouraged in key sectors such as agriculture, agribusiness, renewable energy and urban development.

One financial instrument worth mentioning is ‘matching’, a form of state support whereby a government of an OECD country grants a concessional loan to a developing country to match a comparable action by another donor country. This financial instrument is regulated by the OECD through the ‘Arrangement on Guidelines for Officially Supported Export Credit’ (Consensus Agreement).

On 12 June 2020, the Joint Committee approved the resolution regulating matching procedures, in consideration of current legislation (Law 125/2014). An in-depth study may be carried out by the CNCS Working Party on the “Role of the Private Sector in Development Cooperation”, looking at the opportunities that this instrument provides to enable Italian businesses to be more involved in SDG projects in partner countries.

<b>Main DAC codes</b>	
<b>14050</b>	Urban development and management
<b>15112</b>	Decentralisation and support to subnational government
<b>15150</b>	Democratic participation and civil society
<b>16020</b>	Employment creation
<b>16070</b>	Labour rights
<b>16080</b>	Social dialogue
<b>32130</b>	Small and medium enterprises (SME) development
<b>32161</b>	Agro-industries

<b>Policy markers</b>
Trade development
Participatory development/good governance
Gender equality
Inclusion and empowerment of persons with disabilities

- ***Protect and safeguard the world’s cultural and natural heritage: Target 11.4; develop and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products: Target 8.9***

Culture plays an important role in promoting social cohesion, freedom of expression, identity building, civic empowerment and intercultural dialogue. It strengthens communities and helps build resilient, peaceful and stable societies. It stimulates economic development, local production and job creation.

Preserving cultural heritage – which the Peer Review identified as a distinguishing feature of Italian Cooperation, an area where Italy has the capacity to generate added value – is a priority. There is a broad spectrum of areas of intervention: protecting tangible cultural heritage (including in emergency, crisis and conflict situations) and intangible heritage (including that which pertains to ethnic and religious minorities, cultural and creative industries, handicrafts, responsible and sustainable tourism) is seen as a tool for the socio-economic advancement of local areas, and for the protection and enhancement of environmental and cultural heritage.

Main DAC codes	
41040	Site preservation
16020	Employment creation

Policy markers
Environment
Gender equality
Inclusion and empowerment of persons with disabilities

## Peace - peaceful and inclusive societies, effective and accountable institutions, justice



- ***Promote peaceful and more inclusive societies for sustainable development; provide access to justice for all and create efficient, accountable and inclusive institutions at all levels: Targets 16.1, 16.3, 16.6, 16.9***

Sustainable Development Goal 16 will remain a priority for Italian Cooperation, in keeping with the new role it assumed at the first global thematic “review” in the UN High-Level Political Forum for Sustainable Development (HLPF, 2019). In this regard, Italy hosted the global review conference on Goal 16 in Rome, in partnership with the United Nations (UNDESA) and the International Development Law Organization (IDLO), of which Italy is the host country and main regular donor. The Conference has become a regular event, making it one of the leading global and multi-stakeholder platforms for policy and good practice in the implementation of Goal 16; it will be held again in 2021.

Institution-building in partner countries will be undertaken through initiatives that promote the

adoption of sound, inclusive and effective governance systems and institutions, that serve the needs of the population, and that prevent and counteract fragility in state structures and institutions.

Over the three-year period, Italy will contribute to programmes targeting reconstruction, civil stabilisation and peace-building processes, access to justice, and institution-building, including through programmes spearheaded by civil society and local authorities. These actions complement and work in synergy with humanitarian aid; they will reinforce the commitment to supporting peace and democracy, helping to achieve Goal 16, on which Italy has assumed a leadership role.

In line with Italy’s 2019-2021 mandate priorities in the UN Human Rights Council, and in continuation of this endeavour considering our candidacy also for the three-year period 2022-2024, there will be a special focus on:

- promoting gender policies in furtherance of women’s and girls’ rights, including the fight against sexual, gender-based and domestic violence, and in furtherance of women’s empowerment, women’s access to higher education, professions and decision-making roles;
- combating all forms of discrimination, including citizenship and birth-registration discrimination, which is widespread especially against girls;
- protecting the rights of the most vulnerable and/or socially marginalised, and their organisations, in particular: children (the fight against exploitation of child labour, the use of children in armed conflicts, child crime and the sexual exploitation of children), disabled people, elderly people, people belonging to religious and ethnic minorities (also through the Fund for persecuted Christian minorities mentioned in Chapter 4.4), victims of trafficking, LGBTI people.

<b>Main DAC codes</b>	
<b>15160</b>	Human rights
<b>15180</b>	Ending violence against women and girls
<b>15220</b>	Civilian peace-building, conflict prevention and resolution
<b>15230</b>	Participation in international peacekeeping operations

<b>Policy markers</b>
Participatory development/good governance
Gender equality
Inclusion and empowerment of persons with disabilities

## Partnerships for sustainable development



### Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

#### ➤ *Supporting domestic resource mobilisation: Target 17.1*

By joining the “Addis Tax Initiative” (ATI), at the Addis Ababa Financing for Development Conference in July 2015, Italy and other countries committed to increase the resources allocated to technical assistance for improving tax and taxation systems. Partner countries that joined the initiative committed to encouraging more effective use of domestic resources and more efficient and fairer taxation systems, in order to improve services for citizens and to act as an internal wealth redistribution mechanism to achieve greater social balance. In November 2020, at the ATI General Assembly, Italy gave its technical endorsement to the new ATI Declaration 2025. In early 2021, the relevant political authority sent a letter of intent to the ATI Secretariat, officially adopting the Declaration 2025 and its commitments.

Domestic resource mobilisation remains a priority for the three-year period.

Main DAC codes	
15114	Domestic revenue mobilisation

#### ➤ *Achieve the 0.20% ODA/GNI target for the Least Developed Countries by 2030: Target 17.2*

Over the three-year period, the aim is to increase resources in the bilateral channel for Least Developed Countries (LDCs) (Cf. Chapter 5, Peer Review, Recommendation 6) to 18% in 2022 and 20% of bilateral aid in 2023 (16.7% in 2018); the average for DAC countries is 23.8%). This goal will be targeted at a systemic level through four action areas: i) reinforcing inter-institutional coordination mechanisms in order to focus on LDCs; ii) prioritising the creation of Country Strategy Papers with priority LDCs, including multiannual outline planning; iii) promoting regional programmes that include at least one LDC; iv) placing a premium on LDC initiatives in calls for project proposals issued by public administrations.



➤ *Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring: Target 17.4*

**Debt cancellation.** Over the three-year period 2021-2023, the competent ministries (MFAIC and MEF) will continue to participate in multilateral negotiations within the Paris Club and in bilateral negotiations on agreements on the treatment of developing countries' foreign debt, in accordance with the provisions of Law 209/2000 on 'Measures to reduce the foreign debt of the lowest income and most indebted countries'.

In particular, the Heavily Indebted Poor Countries Initiative (HIPC) launched in 1996, at the proposal of the G7 countries at the Lyon Summit, the World Bank (WB) and the International Monetary Fund (IMF) will continue over the three-year period, in order to promote debt relief for the most indebted and lowest income countries.

So far, Italy has signed 28 bilateral Final Debt Cancellation Agreements in implementation of the agreements reached at the Paris Club in connection with Heavily Indebted Poor Countries (HIPC). In early 2021, a bilateral debt cancellation agreement for Somalia is expected to be signed. In March 2020, it reached the first phase of the HIPC initiative (decision point), followed by the signing of the Multilateral Understanding at the Paris Club.

Eritrea and Sudan are still at the pre-decision point. Owing to the transitional government's commitment to implementing political and economic reforms, Sudan is expected to reach decision point by the end of 2021, which will be followed by the Multilateral Understanding at the Paris Club. The international donor community has begun to work towards enabling the country to meet the conditions to access the HIPC initiative, namely clearing significant arrears owed to International Financial Institutions (IFIs) and fulfilling the requirements of the IMF Staff-Monitored Program (SMP). Whether Zimbabwe can benefit from debt relief under HIPC terms remains uncertain, as it is not formally eligible for the initiative. In accordance with the multilateral arrears repayment strategy put forward a few years ago, the country has cleared its arrears to the IMF, but there are still outstanding arrears due to the World Bank Group and the African Development Bank (AfDB).

During the three-year period 2021-2023, it will be necessary to restructure the debt of some countries whose level of indebtedness will be unsustainable as a result of the dire economic and financial consequences of the Covid-19 pandemic. Any decision on restructuring will be taken either at the Paris Club or in ad hoc committees that bring together a larger number of creditors; it will then be implemented by Italy via bilateral agreements. As of 2021, the Paris Club agreements on the beneficiary countries of the Debt Service Suspension Initiative (DSSI) should be defined according to the parameters agreed with non-Club creditors, implementing the Common Framework on Debt Relief beyond DSSI, as approved in 2020 by the G20 and the Paris Club (see below).

**Debt service conversion.** On 15 April 2020, the G20 Finance Ministers and Central Bank Governors – answering the plea issued by the IMF and World Bank summits – adopted the DSSI for the poorest countries, to help them cope with the acute liquidity strains caused by the Covid-19 pandemic.

The potential beneficiaries of the initiative are the 76 countries eligible for International Development Association (IDA) funding and those in the UN category of Least Developed Countries (LDCs),

comprising 47 countries that substantially overlap with the IDA countries, except Angola. However, countries with arrears due to the IDA and IMF are not included.

The Paris Club creditor members launched the initiative by signing collective memoranda of understanding, which have been endorsed bilaterally through specific agreements.

The moratorium – which covers both loan aid and sovereign-backed export loans – was initially intended for the period from 1 May to 31 December 2020. It was later extended to payments due up to 30 June 2021, with the possibility of a further extension to the second half of the year, to be decided by the G20 in spring 2021. Implementation and monitoring of the initiative will therefore continue during the three-year period 2021-2023, under the auspices of both the Paris Club and the G20.

**The Common Framework for Debt Treatment.** In November 2020, the G20 Finance Ministers and Central Bank Governors approved a document outlining a common debt treatment framework (the “Common Framework”). Where the DSSI addresses the liquidity crisis by rescheduling debt servicing, the Common Framework applies to more severe cases of insolvency that require more extensive treatment and possibly a reduction in the net present value to ensure sustainability and prevent future crises.

Approval of the Common Framework is a historic milestone towards facilitating timely and orderly treatment of low-income countries’ unsustainable debt, upon their request. It involves traditional Paris Club creditors, emerging creditors (notably China) and private creditors.

In essence, the Common Framework sets out how sovereign creditors will coordinate in future debt restructuring negotiations, based on key debt treatment parameters to be laid down in a memorandum of understanding. The G20 and the Paris Club will continue to coordinate its implementation.

Treatments are to be decided on a case-by-case basis, based on the IMF’s and WB’s Debt Sustainability Analysis (DSA) and in line with the parameters set by the IMF.

The terms of the agreement will apply indirectly to private creditors through the treatment comparability clause, which is customary in Paris Club agreements. As such – unlike the DSSI, where private creditors’ support is voluntary – the goal is to attain the full support of commercial banks and private bondholders in the initiative, in the spirit of fair burden sharing.

**Debt conversion.** Debt conversion involves cancelling part of the debt owed by a developing country in exchange for the debtor country making available equivalent resources in local currency, which is used to execute projects jointly agreed upon between the converting government and the creditor country. The projects must aim at poverty reduction, socio-economic development, environmental protection and, more generally, the Sustainable Development Goals.

Over the three-year period 2021-2023, the relevant administrations will continue to implement the conversion agreements currently in place and execute agreements that are already in place via political understandings but are not yet operational. In addition to the debt treatment agreements reached at the Paris Club, new conversion agreements may be agreed in coordination between MFAIC and MEF, provided the conditions set forth in national legislation are met.

Main DAC codes	
600	Action relating to debt

➤ *Encourage and promote effective partnerships between public, public-private and civil entities: Target 17.17*

**Public-private partnerships.** The goal is to promote partnerships between governments, regions, municipalities, institutions, for-profit and non-profit enterprises, organisations from civil society, workers’ organisations and other non-profit organisations, with the for-profit private sector cast in the role of creator, promoter and realiser of initiatives that are not only business-oriented but also target sustainable development in compliance with Law 125/2014, international standards on human rights, labour law, social responsibility and environmental protection. The domestic private sector – especially SMEs – will be encouraged to get involved through innovative projects with a clear development value in the partner countries. Public-private partnerships will be encouraged in order to attract private capital and resources, including through innovative financial instruments (e.g. impact investing).

The Interministerial Committee for Human Rights (ICHR) at the MFAIC and the National Contact Point (NCP- OECD) at the Ministry of Economic Development have long promoted the issue of accountability (due diligence) for companies operating abroad, in particular the “[Guidelines for multinational companies](#)”, a voluntary standard of responsible conduct developed by the OECD for multinationals and all other businesses operating internationally. Italian Cooperation follows the OECD’s MNE guidelines on business involvement in development cooperation, taking into account the advice of the CNCS Working Party “Role of the Private Sector in Development Cooperation.”

**Local partnerships.** Local authorities make a major contribution to achieving the Sustainable Development Goals and Targets, through partnerships intended to improve local governance and reduce intra-country inequalities. In the spirit of Law 125/2014, the goal is to nurture partnerships between regional and local entities across a variety of spheres – business, social, economic and cultural – and to foster effective collaboration models that can harness local expertise and bolster international cooperation and dialogue between communities in different countries.

The action areas are: supporting administrative decentralisation processes, building up local institutions’ capacity to formulate and/or implement policies that meet the needs of their communities; managing basic services (social, health, education, vocational training) to ensure inclusive access - especially for women, children, young people, the elderly and disabled people; and supporting sustainable urban/local development by taking steps to adapt to climate change in the urban environment and to improve the efficiency of environmentally-impacting utilities.

**CSOs and non-profit organisations.** CSOs have maintained Italy’s presence in many areas of the world and kept an interest in development cooperation alive in Italy. The equal partnerships and interpersonal ties that have been forged over the years are the embodiment of real experiences ensure continuity by involving people and communities. Italian Cooperation will continue to support them by adopting a programmatic and per-country approach, putting into practice the recommendations contained in the Peer Review (cf. Chap. 5).

CSOs and other non-profits will remain a vital partner in development cooperation and emergency management, thanks to their deep ties and knowledge of the community, their experience in the field, their affinity with local communities and ability to support the most vulnerable, and their advocacy role on issues of peace, rights, social justice and global health.

**Diaspora associations.** Diaspora associations embedded in Italian regions often show a marked entrepreneurial spirit by investing both in Italy and in their homelands. “Trans-localism” allows them to feel both completely “here and there”, presenting an opportunity for cooperation and co-development between the two places. Their presence can foster and encourage framework partnership agreements between local administrations. These could in turn lead to specific development cooperation agreements engaging the economic, cultural, entrepreneurial and social environments of both the area in Italy and that of their country of origin.

Italian Cooperation will support the engagement of migrants’ associations and their involvement in development cooperation initiatives. This may take place directly or indirectly, through international bodies and in partnership with local authorities, non-governmental organisations, study centres and universities, cooperatives, workers’ organisations, enterprises and other public and private actors.

**Universities and research centres.** The action areas are: training professionals – both in Italy and in partner countries – who can play a proactive role in the sustainable transformation of society; scientific research as a strategic tool for studying models of shared development for sustainable growth and autonomous development of local knowledge; strengthening partner countries’ institutions by training the leaders of the future; transferring and implementing knowledge directed towards sustainable, social and economic development; technology transfer and innovation in a variety of fields, such as environment, energy, health and the economy. Collaboration will be encouraged between universities, research centres and other cooperation stakeholders - public and private, profit and non-profit

#### ➤ *Strengthen statistical capacity: Target 17.19*

The Covid-19 pandemic has shone a renewed spotlight on the importance of data collection, analysis, sharing and utilisation. Now more than ever, we need reliable data that is as granular as possible, especially when it comes to gender and disability: women and children – especially those with disabilities – disproportionately suffer the effects of economic crisis and food insecurity.

Italy supports projects to improve statistical capabilities, working in partnership with the United Nations (UNDESA, United Nations Institute for Training and Research (UNITAR)), especially in favour of Least Developed Countries and Small Island Developing States (SIDS). Italy is also funding the ‘Data4Now’ initiative, initiated by the UN Deputy Secretary-General with pilot projects in Senegal and Colombia.

Italy will take action in the following areas, relying heavily on the support of ISTAT, the Italian national statistics agency: i) technical support for capacity building in national statistical institutes, in order to develop modern systems for the production of statistical indicators and quality data; ii) training of statisticians; and iii) assistance with censuses, which by providing a snapshot of the demographic and socio-economic landscape, are fundamental tools for planning policies that meet the needs of the population.

Main DAC codes	
16062	Statistical capacity building
13096	Population statistics and data

Policy markers	
Gender equality	
Inclusion and empowerment of persons with disabilities	

### 3.2 Geographical priorities

The identification of geographical priorities also takes into account the need to act in countries that are particularly important to Italy, whether due to historical ties, long-standing bilateral relations, foreign policy choices, or for reasons of international stability and security. Italian Cooperation also recognises the need to step up action in the Least Developed Countries (LDCs), in order to fulfil Italy's international commitment to reach 0.20% ODA/GNI for LDCs by 2030.

The criteria for establishing geographical priorities can be summarised as follows:

- historical ties, bilateral relations, foreign policy choices;
- international stability and security;
- per capita income; human development index; poverty level.

Italy believes that it is just as important to strive for a greater focus on a smaller number of countries, to magnify the impacts and effectiveness of its actions.

Country priorities have been revised in light of the above criteria, taking into account the recommendations of the OECD-DAC Peer Review (2019) and the comments of the Parliamentary Committee on Foreign and Community Affairs on the Three-Year Programming and Policy Planning Document 2019-2021. The Peer Review recommends a tighter focus of activities and resources in priority countries, to reduce fragmentation and dispersion of resources across a large number of countries. The Parliamentary Commission has called for a review of country priorities and a reorganisation of Italian Cooperation's presence in certain geographical areas.

Faced with an increasingly challenging global environment, our geopolitical position at the heart of the Mediterranean and traditional propensity for dialogue, particularly with African countries, call for coherent and targeted foreign policy action on: development cooperation; peace and security; governance and human rights; migration and mobility; sustainable economic development; combating climate change; cultural and scientific cooperation. Therefore, Italy leans towards countries that are "close" to it, but not just in physical terms. These are countries with which Italy has built close political, economic, cultural and development cooperation relations over time. Italy intends to provide lasting and stable action, building on a long-standing and intensive presence, with a view to facilitating stability, security and, in some countries, the peaceful resolution of conflicts.

Italian Cooperation operates in priority countries mainly through foreign AICS offices. The aim is to lay down roots locally through multi-year Country Programmes as well as a regular, structured dialogue with local authorities, major international and European donors and other institutional and non-institutional actors on the ground.

These countries are predominantly targeted through grants under the annual programming framework, as well as through aid loans. In principle, there should be an AICS office in each priority country, which can also operate in several secondary accreditation countries.

Twenty countries have priority status: 11 in Africa, 4 in the Middle East, 1 in Balkan Europe, 2 in Asia, and 2 in Latin America. The priority countries are listed below. Of these, 10 are classified by the OECD-DAC as Least Developed Countries (shown in bold).

<b>MEDITERRANEAN AFRICA</b>	Egypt, Tunisia
<b>EAST AFRICA</b>	<b>Ethiopia, Kenya, Somalia, Sudan</b>
<b>WEST AFRICA</b>	<b>Burkina Faso, Mali (*), Niger, Senegal,</b>
<b>SOUTHERN AFRICA</b>	<b>Mozambique</b>
<b>MIDDLE EAST</b>	Jordan, Iraq, Lebanon, Palestinian Territories
<b>BALKAN EUROPE</b>	Albania (covering the entire area)
<b>ASIA</b>	<b>Afghanistan, Myanmar (**)</b>
<b>LATIN AMERICA AND CARIBBEAN</b>	Cuba, El Salvador

(\*) commencement of activities subject to the opening of the Embassy and the AICS office in Bamako.

(\*\*) at the launch of the MFAIC-MEF consultation, the difficult situation in the country was under scrutiny.

Achieving the Sustainable Development Goals demands a broad strategy of action to address ever new and more complex challenges. The Covid-19 pandemic has shown how our world is highly interconnected and how sudden crises in specific areas of the world can impact entire systems.

Political, economic and environmental circumstances, climate change, conflicts, humanitarian crises, the nexus between sustainability, peace and development, institutional fragility, the fight against terrorism, crime and trafficking, migratory flows and the growing number of refugees and displaced persons, and the health, social and economic impact of the pandemic, have effectively raised the importance of some macro-regions, within which priority and non-priority countries will be considered together. While more resources are allocated to priority countries and development cooperation activities are focused on them, that does not in any way mean that others are less important, either in the context of regional programmes or with regard to specific interventions, which are sometimes of considerable size and importance.

As such, the work of Italian Cooperation will extend to other geographical areas: Priority countries for migration flows; Countries with fragile ecosystems, which are more exposed to the effects of global heating and have less ability to cope with the effects of climate change; Mainly middle-income countries, where the prevailing aim will be to support the productive economy, develop the supply chain and promote business activity; Countries where Italy intends to maintain a presence in order to fulfil bilateral and international commitments, and those where worrying situations of

instability and crisis need to be monitored: Libya, Sahel Region, Syria, Yemen, Colombia and Venezuela.

The regional dimension of Italian Cooperation must also be strengthened in the three-year period 2021-2023, with a clear focus on developing programmes and interventions that span a particular area typified by common dynamics and characteristics. Strengthening the regional dimension will also entail the institution of regional AICS 'hub' offices.

## ➤ AFRICA

**Mediterranean Africa.** North Africa is still pivotal in the interdependent relationship between the two shores of the Mediterranean, not least in view of the challenge posed by the management of migration. Italy prioritises the consolidation of the democratic transition in Tunisia and socio-economic development in Egypt, emphasising support for SMEs, agriculture, job creation especially for young people and women, and institution building, all against a framework of promoting and protecting human rights. Given Libya's strategic importance, political support for stabilisation will be coupled with cooperation initiatives to foster decentralisation and capacity building in local government and efforts to improve the living conditions of the country's most vulnerable population groups.

**East Africa.** The Horn of Africa is an extremely fragile region, traditionally characterised by protracted conflicts, widespread poverty, poor infrastructure, low levels of economic growth and job opportunities, and marked inequalities in the distribution of goods and services. The region has also suffered in recent decades from the effects of climate change, causing droughts, floods, soil erosion and exacerbating food insecurity and malnutrition. The priority areas of intervention will be agriculture and basic services, with particular emphasis on health, water and sanitation. Of equal importance is the energy issue, where the potential of local resources can be put to good use, also by drawing on the specialist scientific and engineering expertise of established businesses. We will also build further on our traditional cooperation initiatives to support the conservation and promotion of cultural heritage, which can act as a driver of social cohesion and potential economic development through tourism, as well as vocational and university training.

**West Africa.** Bearing in mind the multiple emergencies caused by the deteriorating security situation in the Sahel countries and the impact of the movement of people along the main migratory routes, Italy must intervene both to directly support migrants, refugees, displaced persons and host populations, and to create job opportunities for a fast-growing youth population. Italian Cooperation in this region will focus its support to the most vulnerable segments of the population in terms of food security, rural development, the environment, energy, education, health, and development of the local business sector. Italy also gives due regard to its commitment to the Sahel Alliance and support for the G5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger) in terms of stabilisation and regional security.

**Southern Africa.** The focus is concentrated in Mozambique, where cooperation activities began in the aftermath of independence, continued during the civil war, and ran alongside the peace process in the 1990s. The target sectors will be urban regeneration, rural development, basic services (education and health) and environmental protection, in which Italian Cooperation has decades of experience.

## ➤ MIDDLE EAST

Italian Cooperation's long-standing commitment to the Middle East region will continue according to the following priority areas of intervention: promoting human rights and fundamental freedoms, good governance, decentralisation processes, democracy and the rule of law, support for SMEs, agriculture and rural development, water resources, education and training, and the social and health care sector (in particular, improving the quality of primary care systems). There will also be a focus on protecting and promoting cultural and environmental heritage and sustainable tourism, given the enormous potential of this sector in economic and employment terms.

Lebanon and Jordan will continue to be given priority because of the key role they have played in recent years (through a generous reception policy) in mitigating the consequences of the flow of refugees fleeing the Syrian conflict, which would otherwise have been much more catastrophic.

The enduring lack of prospects for negotiations between Israel and Palestine means that the situation in the Occupied Palestinian Territories remains fragile and intertwined with humanitarian, development and human rights concerns. Italy will continue to act in accordance with European policy, partly with the aim of building an environment conducive to the peaceful resolution of the conflict. There will be a special focus on the needs of the people of the Gaza Strip, who suffer from high levels of economic and social vulnerability.

Negotiations will continue with Iraq on new grants and the joint identification of new loan aid initiatives.

## ➤ BALKAN EUROPE

Politically, the Western Balkans have long been a priority for Italy, not least because of their physical, historical and cultural proximity. Following on from a significant involvement in the reconstruction following the tragic period of the Yugoslavian wars (1991-2001), Italy offers itself as a partner for the region's countries, especially with a view towards strengthening institutions and the rule of law, and their gradual integration into the European Union.

The aim is to reinvigorate the region's economic development by creating job opportunities through SME support programmes; to boost the population's living conditions by improving institutions and social, educational and health services, particularly in Albania and Bosnia & Herzegovina; and to provide support in response to the humanitarian crisis, which escalated in the final months of 2020 and is endangering the lives of thousands of migrants along the Balkan route.

## ➤ ASIA

Promoting institutional stability – a prerequisite for more effective implementation of anti-poverty policies, particularly in Afghanistan – remains the main objective. Initiatives that strengthen the 'rule of law' and aim to improve young people's employment prospects will be given priority. There is an ongoing commitment to supporting socio-economic reform in South-East Asia, under a framework of protecting human rights and with a focus on improving people's living conditions. While the unfolding situation in Myanmar continues to be monitored, commitments in other areas, such as Pakistan, Bangladesh, the Philippines and Vietnam, will be brought to a conclusion.



## ➤ LATIN AMERICA

Particular attention will be paid to strengthening the rule of law and protection of human rights, preventing youth violence via job creation schemes, youth justice, safeguarding the environment, restoring cultural heritage, rural development and leveraging local value chains e.g. cacao and coffee.

Action is concentrated in certain central American countries, which are characterised by low incomes and less advanced social contexts, sometimes with high rates of criminality that require specific programmes to strengthen democratic security.

The institutional, political and economic crisis in Venezuela, which has impoverished and weakened the country by creating almost 5 million displaced persons and refugees, has worsened with the outbreak of the Covid-19 pandemic. This will be monitored closely so as to intervene quickly in order to support the most vulnerable sections of the population.

Italy will maintain its presence in Colombia, where in recent years Italy has been committed to supporting the pacification process that ended the civil war. Italian Cooperation is involved in agricultural development programmes and in initiatives to rebuild social bonds and strengthen the role of young people and women in community decision-making processes. Italy will support the Colombian government's commitment to protect Venezuelan migrants in Colombia and facilitate their social and economic integration.

## 4. Areas of application

### 4.1 Humanitarian aid

Italian Cooperation will continue to respond to humanitarian emergencies by supporting CSOs, the International Red Cross and Red Crescent Movement, UN Agencies, Funds and Programmes. Maximum emphasis will be placed on respect for and promotion of International Humanitarian Law.

Responding to the Covid-19 pandemic will remain a priority for humanitarian aid interventions. Humanitarian aid activities will concentrate on the areas of food security and basic services, starting with hygiene, health and education, with special focus on improving the preparedness of local health systems. The beneficiaries of humanitarian aid and protection will be the most vulnerable people, primarily victims of forced displacement, including women, children and disabled people.

Preventing humanitarian crises, especially those stemming from extreme weather and epidemics/pandemics, will remain a central plank of Italian Cooperation and of “early warning” and “early action” initiatives to prevent and abate the risk of disasters. The needs of children will remain at the forefront, not least given the commitment made in point 2 of the Action Plan tabled by Italy at the 33rd International Conference of the Red Cross and Red Crescent in support of the rights and safety of children living in theatres of war), to ensure that humanitarian workers have unconditional access to deliver aid to the children they are intended for.

Humanitarian assistance will continue to be targeted primarily to countries in the Middle East and North Africa, Sub-Saharan Africa (Horn of Africa, Sahel-Lake Chad) and Southern Africa, to conflict and post-conflict situations, and to extreme climatic situations. Italy will tend to pursue an integrated, multi-dimensional approach targeting specific geographical areas (“area-based approach”) in the countries where it intervenes.

Italian Cooperation will make the real needs of people in vulnerable situations and demands from civil society and local institutions the focus of its action (“people-centred and needs-based approach”). Synergies between humanitarian and development actors will be cultivated in line with the OECD-DAC Recommendation on the Humanitarian-Development-Peace Nexus of 22 February 2019. To this end, the Guidelines on the Humanitarian Aid-Development-Peace nexus will be finalised.

To meet the commitments made at the 2016 World Humanitarian Summit in Istanbul (The Grand Bargain), Italy will continue to support the ‘localisation’ of humanitarian aid, i.e. supporting local actors, which play the lead role in emergency response. Furthermore, there will be support for synergies between bilateral and multi-bilateral initiatives financed by Italian Cooperation.

Humanitarian assistance will also be delivered through the services offered through the network established at the United Nations Humanitarian Readiness Base (UNHRD) in Brindisi, and in cooperation with the Civil Protection Department and the Ministry of Defence. Italy will support the reinforcement of the humanitarian dimension of the UN hub in Brindisi as well as the UN’s global research, training, asset pre-positioning and response activities. Cooperation will continue with the European Commission’s DG ECHO under the framework of the ‘European Consensus on Humanitarian Aid’.

Lastly, support for integrated humanitarian demining programmes will proceed subject to the availability of funds, also deriving from appropriations under the framework law on international missions. These programmes will include the clearance of areas containing unexploded mines, providing on-site assistance for blast survivors, and promoting 'risk education' and awareness-raising activities on banning anti-personnel mines and cluster munitions, as set forth in the relevant international conventions.

Main DAC codes	
72010	Material relief assistance and services
72050	Relief coordination and support services
73010	Reconstruction Relief & Rehabilitation
74020	Multi-hazard response preparedness

Policy markers
Disaster Risk Reduction

## 4.2 Multilateral cooperation

Multilateral cooperation will remain a core pillar of Italy's work towards sustainable development, with a view to strengthening Italy's traditional role as a major player in global challenges for the promotion of human, economic, social and environmental development, in line with article 5 of Law 125/2014.

To this end, it will be worth assessing the appropriateness of the AICS taking a technical role in accredited delegations to multilateral bodies in the field of development cooperation.

Regular consultations will be held under the auspices of the CNCS Working Groups in order to gain a better understanding of multilateral organisations and financial development institutions and the work they do, with a view to assessing and capitalising on synergies with cooperation action at the European and bilateral levels.

Italy's approach to multilateral cooperation retains the guiding principles of the past three years.

**1. Supporting the reformed UN Sustainable Development System** as a means to achieve efficient, effective, operational, integrated and responsive multilateralism. Italy's support for the United Nations in the development sector will also be borne out by grants to the Agencies, Funds and Programmes under the UN system. In particular, Italy will continue to use voluntary and targeted grants to support the response to the Covid-19 pandemic, especially for the World Health Organization (WHO) and other UN agencies involved in the response and socio-economic recovery (including UNDP, UNICEF, UNWomen, UNFPA).

The agreement with UNDP establishing the "Africa Centre for Climate and Sustainable Development" in Rome will be reworded to ensure consistency with its founding purposes and the environmental cooperation strategy. In the Sahel area, development cooperation initiatives may also be implemented through working partnerships with the offices of the AICS and, where present, UNDP, UNESCO and other UN agencies.

**2. Promoting the International Organisations based in Italy.** The UN's Rome hub (the third largest after New York and Geneva, consisting of FAO, WFP and IFAD) is the main global touchstone

for policy-making on sustainable agricultural development and food security, including through humanitarian interventions. There will be a special focus on delivering the first Food Systems Summit, convened at the initiative of the Secretary-General for 2021. The Summit will play a crucial role in guiding global choices on sustainable food systems. On account of its long-standing experience and capacity for innovation in the agri-food sector, Italy will take an active role in defining objectives and implementing them within the Advisory Committee, a select body entrusted with guiding the Summit preparatory process. By participating in the Advisory Committee, Italy will contribute to the collective creation of an innovative idea of food systems, which can combine respect for the planet with food security, the quality of agricultural production and the health of the world's population. During the preparatory phase, there will be ample opportunity to liaise with the Italian food system, whose ability to adapt during health emergencies sets an example that can feed into global policies.

To consolidate the Roman hub's role as a 'sustainability hotspot', there will be an effort to build on Italy's fruitful collaboration with CIHEAM-IAMB (which, by focusing on training, research and cooperation, promotes international agricultural cooperation for the benefit of Mediterranean countries), with the Bioversity International-CIAT alliance (geared towards safeguarding agricultural biodiversity to achieve food security and sustainable nutrition), and in the future with other international organisations such as the European Forest Institute (EFI).

Italy's commitment to training and operational research on development will endure, with a view to the achievement of Goals 4, 8, 9, 10 and drawing on the invaluable relationship with the United Nations Institute for Training and Research (UNITAR) in Turin, consisting of: the ILO International Training Centre (services for human resource development and decent work); the Staff College of the United Nations System (training and refresher courses for staff of the entire UN System); UNICRI (research, training and technical cooperation to prevent and combat crime and support justice systems); the Trieste Science Centre. The Science Park Area is home to Italian and international research centres and institutes, including the 'International Centre for Genetic Engineering and Biotechnology' (ICGEB).

The Italian vision of sustainable development – firmly anchored in the centrality of the individual and human rights, access to justice, the building of peaceful societies and transparent, participatory and inclusive institutions – will be further pursued. There will be particular reference to Goal 16 and to the successful partnership with the International Development Law Organisation (IDLO), a Rome-based organisation devoted to promoting the rule of law and good governance practices, especially in developing countries.

**3. Support for Global Partnerships and multiannual political commitments.** Italy will continue to play a driving role and central role in investing in and managing Global Funds and Partnerships, rooted in the principles of effective multilateralism, cooperation and international solidarity.

At the Lyon Conference in October 2019, Italy announced a grant for the period 2020-2022 of €161 million to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria, reaffirming Italy's place as the world's ninth-largest donor country to the Global Fund. The first tranche of €53 million was disbursed in 2020. The second and third annual instalments of €54 million will be paid in 2021 and 2022. The Global Fund has made \$1 billion in funding available to support developing countries in the fight against the pandemic. Some of the resources earmarked for 'Technical Support Spending' (5% of the Italian contribution to the Global Fund is used to finance projects carried out by Italian CSOs and research centres, in line with the Fund's activities) will be earmarked for measures to mitigate the impact of Covid-19 in developing countries. According to the latest annual report, the

Global Fund has saved 38 million lives over the past 18 years and is now the world's largest global health fund in terms of resources and programmes in developing countries.

The Global Alliance for Vaccines and Immunisation (GAVI) is directing funding towards strengthening health systems in developing countries. It also plays an essential role in global immunisation, as well as ensuring by 2025 the immunisation of 300 million people against 18 of the deadliest existing infectious diseases. In addition, GAVI will ensure the equitable distribution of the Covid-19 vaccine by establishing a GAVI-COVAX Advance Market Commitment (AMC). In 2020, Italy was among the first countries in the world to announce a grant of EUR 120 million for the period 2021-2025 (of which EUR 20 million is dedicated to GAVI COVAX AMC). On top of this funding, granted by the MFAIC and DGCS, there are funds to be made available by the Ministry of Economy and Finance, earmarked for the International Finance Facility for Immunisation (IFFIm), €137.5 million for the period 2021-2025, and additional resources for the 'GAVI COVAX AMC', \$79.4 million. These funds make Italy a major donor for fair access to the Covid-19 vaccine in developing countries, as well as making it the 8th largest donor to the GAVI Alliance.

In the aftermath of the pandemic, Italy joined the global call for international funding of a Covid-19 vaccine, announcing a contribution of EUR 10 million to the Coalition for Epidemic Preparedness Innovations (CEPI) for the year 2020 drawn from MFAIC and MEF resources, joining the Coalition's Investors Council.

During 2021, Italy will also reaffirm its commitment to the Global Partnership for Education (GPE) which coincides with the next multi-year refinancing conference, confirming the priority accorded to the theme of quality education for all and proactive administration of the Fund in all developing countries and delicate situations.

**4. Banks and Multilateral Development Funds** Our work in the context of the Multilateral Development Banks (MDB) is founded on the principles and objectives adopted at international level; Of these, the Sustainable Development Goals are particularly important.

During the three-year period 2021-2023, the MEF will continue to guide and monitor the activities of the MDBs, establishing the following main objectives:

- continue to develop the ability to guide the discussions and strategic decisions of the MDBs, in order to ensure – in line with the common objectives – their consistency with the priorities of the national agenda for development cooperation;
- pursue the effectiveness and efficiency of investee MDBs;
- ensure the consistency of the positions taken in the various International Financial Institutions (IFIs);
- enhance coordination and collaboration between IFIs with a view to 'system building' and maximise the focus on their comparative advantages;
- disseminate awareness about the MDBs to facilitate participation by Italian stakeholders in implementation of the projects and programmes financed by these institutions, as well as the presence of Italian citizens among the personnel and executives of the MDBs;
- facilitate synergies between the Italian actors within the development cooperation system and the MDBs.

**Multilateral Development Banks as a system.** Italy's financial participation in Multilateral Development Banks and Funds plays an important role in development cooperation, alongside and complementary to bilateral cooperation. Aid provided by banks and funds is an effective tool, as it concentrates flows of resources from the various donor countries and areas of responsibility, making it possible to undertake initiatives that a single country would not be able to do alone. These institutions also focus attention and resources on a number of priority issues, such as combating poverty, finding structural solutions to reducing fragility and tackling the root causes of migration, investing in infrastructure, capacity building, improving regulatory and institutional frameworks, market creation and private-sector development, combating climate change, and gender equality. In particular, by providing resources on concessional terms to the lowest income countries, the Funds act as a major driver for social, human and economic development globally.

Italy has historically contributed to Multilateral Development Banks and Funds through the Ministry of Economy and Finance. This has enabled it to play an important role in the international financial architecture and in informal intergovernmental forums, such as the G7 and G20, where coordination on these institutions takes place. Furthermore, the possible positive effects on the Italian economy from participating in these international bodies should not be underestimated, due to both the indirect effect of stimulating world trade and the direct effect of national companies participating in tenders financed using loans and assistance from these institutions.

**Response to the Covid-19 emergency.** In response to the health, economic and social crisis caused by the new coronavirus pandemic, MDBs have taken action – starting in March 2020 and throughout the year – to mobilise substantial resources to support struggling economies and, subsequently, access to Covid-19 vaccines. The MDBs have planned to mobilise around USD 250 billion to respond to the pandemic and reinforce national health systems, provide social assistance and support the private sector with the aim of saving jobs and counteracting the long-term socio-economic impacts from the crisis. This effort translates into additional funding beyond ordinary levels granted in non-crisis periods.

In particular, as well as reorganising the portfolio of approved but not yet disbursed transactions, the MDBs have implemented budget support operations, such as policy-based lending, as well as short-term liquidity finance, working capital support, trade finance operations, etc.

In April 2020, the **World Bank Group** approved a USD 160 billion aid package in three distinct phases: immediate aid restructuring; relief, restructuring, resilient recovery and four pillars (saving lives; protecting the poor; ensure sustainable growth and job creation; strengthen policies and institutions that could be easily reconstructed). During the first phase, the World Bank Group Covid-19 Fast Track facility (\$14 billion) and the MIGA Covid-19 Facility (\$6.5 billion) were approved. They were to help member countries coping with the health, economic and social impacts of the virus, as well as with government and private sector funding in the immediate term; an additional tranche of the Fast Track Facility (USD 12 billion) for the purchase and distribution of vaccines was approved in October 2020. The aid package could reach approximately \$330-350 billion if the time horizon is extended to the financial year 20237.

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7 The Bank's financial year begins on 1 July of each year and ends on 30 June of the following year.

Also in April, the **Asian Development Bank** approved a line of credit for the response to the pandemic - ADB's Comprehensive Response to the Covid-19 Pandemic (CPRO) - of a total of approx.€20 billion. The measures are applicable for a period of 15 months, extendable up to two years. The main instrument of the package (in volume terms) is budget support via the Covid-19 Pandemic Response Option, which, which has a budget of USD 13 billion and makes it possible to provide each country<sup>8</sup> with: up to 0.5% of nominal GDP, with a maximum of €250 million for A countries, €500 million for B countries, and €1.5 billion for C countries. As of 31 December 2020, €16 billion had been committed.

In December, the Bank approved a new US\$9 billion credit line to facilitate access to vaccines (APVAX). The credit line will remain in place until 31 December 2023. It has two components: a rapid-response component (for buying vaccines and financing the costs of logistics) and an investment component (for infrastructure to distribute, administer, and possibly produce vaccines). The credit line makes it possible to grant each country loans of between \$20 million and \$1.5 billion, with a per-country ceiling equal to the vaccination costs of 30% of the population for countries A and B and 20% of the population for countries C.

At the beginning of the pandemic in China, the Beijing-based **Asian Infrastructure Investment Bank** approved a project to enhance public health infrastructure in Beijing and Chongqing. As the pandemic spread to other countries, it underscored the need for emergency action in the field of public health infrastructure. In April 2020, the Covid-19 Crisis Recovery Facility was approved in the amount of US\$10 billion (later increased to US\$13 billion), to be used over 18 months for sovereign and non-sovereign operations. This flexible instrument can be adapted to many needs arising from the pandemic, including public budget policies and the local economic fabric. In 2020, 27 projects were approved in 16 countries with a value of US\$7.075 billion. A further 12 projects with a total value of US\$2.527 billion are currently in the pipeline.

In April 2020, the **African Development Bank** approved the Covid-19 Rapid Response Facility (CRF), which would be the main tool for channelling the resources required to tackle the crisis, with a US\$10 billion package to be mobilised in 2020 and distributed flexibly across: sovereign-guaranteed loans to beneficiary countries at the Bank's standard rate; sovereign-guaranteed loans and regional operations for beneficiary countries of the African Development Fund; non-sovereign-guaranteed loans. In addition, in March the Bank issued US\$3 billion in Fight Covid-19 3-Year Social Bonds to pave the way for financial support for countries and businesses affected by the crisis. The resources will feed into the initiatives under the CRF. In November 2020, CRF loans of about €4 billion had been approved for the public sector, out of the planned total of about €9 billion, 90% in the form of Crisis Response Budget Support (CRBS); no loans for the private sector had been approved.

The **European Bank for Reconstruction and Development** approved the Covid-19 Solidarity Package in two phases (March and April 2020), focusing on five streams of support for the countries involved: i) €4 billion Resilience Framework, to ensure liquidity for private and sub-sovereign clients; ii) trade finance; iii) debt and balance sheet restructuring; 4) support for businesses, in particular small and medium-sized enterprises; iv) Vital Infrastructure Support to ensure liquidity and safeguard the supply of utilities. The Bank is prepared to dedicate its entire 2020-2021 operations to the emergency and the recovery, to the tune of €21 billion.

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<sup>8</sup>The Bank's Developing Member Countries are divided as follows: group A (eligible for Asian Development Fund – AsDF – grants, concessional loans from ordinary resources or blending of the two); group B (eligible for blending concessional and regular loans from ordinary resources); group C (eligible for regular loans from ordinary resources).

The Board of Directors approved the continuation of the Solidarity Package in 2021, in light of the analysis presented at the end of 2020, which divided the programme into 2 levels: i) Resilience Framework and ii) Fast Track Restructuring, Trade Facilitation Programme, Financial Intermediary Framework, Direct Financing Facility, Risk Sharing Framework, Vital Infrastructure Support Programme. According to data available at the end of October 2020, €1.5 billion had been invested in 48 Level 1 projects and €2.3 billion in 167 Level 2 projects. In terms of volume, more than half of the package went to the Southern and Eastern Mediterranean region (SEMED) and Turkey. About 40% of the projects went to the 15 countries of operation most affected by the crisis. Already 84% of the investments under the Resilience Framework (level 1) have been disbursed.

The **Inter-American Development Bank Group's** activities in support of its regional members focus on: i) the immediate response of the health sector; ii) social welfare networks; iii) support for production and jobs, including measures to provide liquidity, offer financial guarantees, restructure and reschedule payments, etc; (iv) help with drawing up budget policies. The Bank's sovereign-guaranteed resources total approximately US\$15 billion. IDB Invest increased its intervention capacity for non-sovereign operations in 2020 from US\$4.5 billion to US\$7 billion. It also rolled out the Crisis Mitigation Facility, with an allocation of US\$500 million (12-month horizon) for the provision of goods and services in the health sector and other crisis-affected sectors, as well as for SME financing.

At the end of December 2020, the IDB's direct response to the pandemic stood at US\$8.1 billion, focusing on public health financing, support for vulnerable groups, economic productivity and jobs, and fiscal measures to cushion negative economic effects. In addition, the Bank will mobilise approximately US\$1 billion to help member countries purchase and distribute Covid-19 vaccines. These resources will be added to those already allocated in 2020 (US\$1.2 billion).

**Negotiations concluded in 2019 and 2020.** Major negotiations were concluded during 2019, the results of which will be implemented over the three-year planning period 2021-2023: i) general capital increase of the African Development Bank; ii) replenishment of the International Development Association (IDA-19); iii) refinancing of the African Development Fund (AfDF-15).

On 31 October 2019, the Governors of the **African Development Bank** approved the seventh general capital increase with a resolution to increase the Bank's capital by 125%. An ambitious programme of reforms to strengthen the AfDB's institutional and operational capacity and a mechanism to ensure greater financial stability were also approved. An ambitious package of commitments was agreed upon, in line with the African Bank Group's mandate to galvanise sustainable economic development and social progress in its regional member countries, contributing to poverty reduction and the achievement of the Sustainable Development Goals. Italy highlighted the need to focus on the key sectors where the Bank has shown that it has greater capacity and experience. Specific commitments were obtained on the priority status of financing infrastructure, such as transport and energy (especially renewable energy), SMEs and the agri-food sector. The development of an effective approach to tackle the root causes of fragility on the continent, which are the drivers of undocumented migration to Europe, was also the subject of a commitment.



The negotiations for the **International Development Association** (IDA) and the **African Development Fund** (AfDF) were united by the priority focus on Africa. In both Funds, it was decided to focus on: i) fragile situations (specific interventions in the Sahel, Horn of Africa, Chad Basin); ii) migration; iii) institutional capacity and debt sustainability, iv) climate change, and v) gender equality. These commitments are in line with the 2030 Agenda and the 17 Sustainable Development Goals, but are also priorities for Italian Cooperation.

During the negotiations for the nineteenth replenishment of the **IDA** (IDA-19, for the three-year period July 2020-June 2022), the decision was made to consolidate the work started in the previous cycle in the special thematic areas: climate change; gender equality; fragility, conflict and violence, job creation, governance and institutions. The decision was also taken to add a focus on some cross-cutting issues

- human capital (education and health), debt sustainability, resilience and disability - and to maintain the changes introduced by IDA-18 (access to capital markets, introduction of a window for the private sector and one for refugees). For each of the special themes and cross-cutting issues, a package of ambitious and detailed commitments was developed with corresponding indicators to measure progress in their implementation.

Italy insisted on the cross-cutting nature of the issue of migration and the importance of specific commitments in this regard. Along with quality infrastructure, the issue of migration received adequate attention and a commitment was obtained for the Bank to adopt 'migration lenses' in this replenishment cycle in all countries where the issue is significant and, above all, for IDA programmes in these countries to be based on migration diagnostics.

There were also important results on: i) the centrality of the African continent; ii) reinforcing structural actions in support of refugee and host communities; iii) the need to review the fragility strategy in order to improve the effectiveness of interventions; iv) the introduction of regional programmes for the Horn of Africa and Sahel; v) job creation.

The issue of fragility was a central focus. IDA-18 had already enhanced the diagnostic tools to identify "push factors", with a corresponding increase in financial resources for the most fragile countries (mainly in sub-Saharan Africa). IDA-19 then launched an in-depth reflection on the need to operationalise the diagnostic tools and - based on the assumption that it was not a "business as usual" environment - on the need to devise a tailor-made approach, increase the number of staff on the ground and step up collaboration with all development actors. Operations in these areas will be strengthened through: (i) prevention and preparedness activities in each country; ii) initiatives to remain active in active-conflict areas; iii) supporting countries on the path to political stabilisation; iv) introducing three regional programmes for Sahel, Horn of Africa and Lake Chad.

In 2020, the IDA Deputies held their meetings alongside the annual meeting of the World Bank and the International Monetary Fund. The deputies found that, due to the Covid-19 pandemic, the external financing needs of the IDA countries were significantly higher than those envisaged during the IDA-19 negotiations, and that spending to cope with the crisis had depleted the spending needed to make progress towards the Sustainable Development Goals. Therefore, the resources raised through IDA-19 are no longer sufficient to finance the approved work programme for the three-year reference period (financial years 2021-2023). The IDA Deputies are discussing several options to recapitalise IDA, including the possibility of bringing forward negotiations for the 20th replenishment of the Fund (IDA-20).

Two strategic pillars were agreed upon in the negotiations for the fifteenth replenishment of the **African Development Fund** (AfDF-15, for the three-year period 2020-2022): i) infrastructure financing (energy, transport and water) to promote lasting development and greater regional integration, and ii) human and institutional capacity building needed for economic growth and employment. Debate centred on the strategy to tackle fragility and build resilience, starting with a better understanding of the factors (social, economic, political, climatic) at the root of vulnerability, in order to enable targeted and effective interventions in the most challenging contexts, while also helping to address the root causes of undocumented migration flows. Partly thanks to pressure exerted by Italy, the fragility strategy will be enhanced and a regional approach to fragility will be adopted for the Sahel, Horn of Africa and Chad Basin, with a substantial resource allocation for these regions.

The year 2020 featured negotiations for the replenishment of the International Fund for Agricultural Development (IFAD-12) and the Asian Development Fund (AsDF-13).

Negotiations for **IFAD's** twelfth refinancing cycle (IFAD-12, covering the period 2022-2024) focused on the aspiration to double the impact of operations by 2030 and the need to concentrate on strengthening the resilience of rural populations, who are suffering the most severe consequences of the crisis unleashed by the pandemic. The final Donors' Report, approved in December 2020, notably set new and more ambitious targets on support for fragile countries and for Africa – particularly sub-Saharan Africa – and on cross-cutting issues including climate change. An agreement was also reached on the criteria for allocating resources between the different categories of countries, whereby low- and lower-middle-income countries will receive 100% of the resources provided by donors as grants, while upper-middle-income countries will only be able to receive funding through loans, with a commitment to discuss an exit strategy for countries that have reached an income threshold and creditworthiness that mean they no longer need assistance from the Fund. The IFAD 12 negotiations ended in February 2021 with the announcement of contributions by donor countries (Italy announced a contribution of €84 million).

The negotiations started in late 2019 for the twelfth replenishment of the **Asian Development Fund** (AsDF-13, for the four-year period 2021-2024) were concluded in September 2020. The strategic guidelines of AsDF-13 cover six priority areas: i) situations of fragility and conflict, and small island states; ii) gender equality; iii) climate change and disaster resilience; iv) regional cooperation and integration; v) the private sector; vi) debt sustainability.

AsDF-13 will be the first cycle to implement the Asian Development Bank's 2030 Strategy, contributing to financing the development agendas of countries eligible for the Fund's grant resources, predominantly FCAS (Fragile and Conflict-Affected Situations), including Afghanistan, and Small Island Developing States (SIDS). A new 'thematic window' will be created to incentivise governments to support regional cooperation and integration projects, regional public goods (including regional health security), disaster risk reduction, climate change adaptation and the gender agenda. Other priority areas include quality infrastructure (in line with G20 principles), governance, development of private sector operations, and debt sustainability (through the implementation of a financial policy for sustainable development, in coordination with the IDA and the International Monetary Fund). These issues are even more pressing against the background of the fight against the Covid-19 pandemic.

It became clear that it is important to have a broader discussion on the future from 2021 onwards of the Fund, which since 2017 has been operating purely on a donation basis, following the merger

of its resources with the ordinary capital of the Asian Development Bank. This merger implied a gradual decrease in donor contributions and, in parallel, increased transfers of resources from ordinary capital. Looking to the future of the Fund, the view is that it should be restricted to supporting the poorest and most vulnerable countries in the Asia-Pacific region, i.e. those that are highly indebted and that do not meet the eligibility threshold to access the Bank's resources.

**Future negotiations.** The years 2021-2023 will see the negotiation of the replenishment cycles of the Global Environment Facility (GEF-8) and the resumption of the refinancing of the International Development Association (IDA20) and the African Development Fund (AfDF-16).

### **4.3 Participation in European Union cooperation programmes**

Italy will participate in European Union programmes in two main strands for the three-year period 2021 - 2023: indirect management of EU funds (grants, loans and guarantees) by DGCS, AICS and CDP; promoting the cooperation system envisaged by Law 125/2014 for the management of said funds (central government, local authorities and CSOs).

The indirect strand will be delivered through:

**1. Delegated cooperation.** In the external action regulation for the new Neighbourhood, Development and International Cooperation Instrument (NDICI), the new EU Multiannual Financial Framework 2021-2027 (MFF) calls for indirect management of funds ('delegated cooperation').

Italy intends to strengthen its presence on the ground, mainly through AICS and CDP, as well as through administrations certified to manage EU funds, in line with the geographical and thematic priorities of this Document and delegated cooperation programming (Resolutions no. 132/2017 and no. 150/2018). The actions taken in recent years have seen a positive increase in the resources managed. The Agency will continue to manage EU indirect funds in priority and secondary accreditation countries via delegated cooperation, including by participating in EU competitions. Consistent with the programming of delegated cooperation, actions will focus on sectors in which Italy has strategic interests and comparative advantages, such as access to EU funds.

Partnerships with Italian actors (ministries, universities, local authorities, CSOs, other development cooperation actors) or international actors (European cooperation agencies, international organisations) will be fostered and consolidated via EU funding channels, to improve effectiveness and boost the impact of actions in partner countries.

**2. The External Investment Plan and the European Fund for Sustainable Development Plus (EFSD+).** As ever, Italy will submit investment plans via CDP to the relevant Commission bodies in order to access the guarantee provided by EFSD and EFSD+, with a view to fostering economic development by involving private investors.

To enhance the visibility of the system, Italy will continue to use the 'Team Europa' brand to present its activities to partner countries and represent the relative strength of Europe and Italy.

### **4.4 Bilateral cooperation**

Bilateral cooperation remains crucial: relationships between Italy and partner countries, political partnerships, partnerships between institutions, communities, social organisations, local authorities, university and research institutes, and economic and cultural actors are growing stronger.

In accordance with the commitments made by Italy in bilateral agreements with the countries concerned, the programming of bilateral interventions will take into account emerging specific needs and, therefore, the need to develop actions to tackle the health, economic and social consequences of the Covid-19 pandemic, ensuring complementarity and synergies with multilateral and EU programmes.

Bilateral public development cooperation initiatives will be implemented as a priority in the sectors and countries indicated in this Document, with priority given to the Least Developed Countries (Cf. Chapter 5, Peer Review, Recommendation 6).

➤ ***Partnership Initiatives with actors of the Italian Development Cooperation System***

Forms of partnership and interaction with and between actors of the Italian development cooperation system will be fostered, to bring together the wide range of different specialities, as recognised to Italy also by the OECD-DAC in the Peer Review:

- state administrations, universities and other public bodies (Art. 24);
- Local authorities: Regions, Autonomous Provinces, Local Authorities (article 25);
- CSOs and non-profits (article 26);
- Private for-profit entities (article 27).

During the three-year period, a grant allocation of up to approximately 20% of the AICS budget for interventions (subject to availability) will be earmarked to fund programmes conducted by the actors of the development cooperation system referred to in Chapter VI of Law 125/2014, selected through comparative procedures in accordance with current regulations.

The allocation of the budget, which includes funding for Global Citizenship Education initiatives, will be determined in the annual programming phase.

➤ ***“Technical Support Spending” for The Global Fund to fight AIDS, Tuberculosis and Malaria***

Once again in the three-year period 2021-2023, 5% of the Italian contribution to the Global Fund to fight AIDS, Tuberculosis and Malaria is expected to be used via “Technical Support Spending” to directly fund “synergy initiatives” put forward and executed by CSOs, universities and public research bodies, selected through ad hoc competitions called by AICS.

The initiatives will help towards achieving the Global Fund’s strategic objectives for the period 2017-2022: i) maximising the impact of actions to combat HIV, TB and malaria, ii) building resilient and sustainable health systems, and iii) protecting human rights and promoting gender equality. A portion of the funds will be allocated to activities to reduce the impact of Covid-19 on health systems and the most vulnerable and at-risk groups.

➤ ***Interventions to support persecuted Christian minority populations in crisis areas***

The fund dedicated to interventions to support persecuted Christian minority populations in crisis areas, established in 2019, aims to protect the religious freedom of Christian minorities in those contexts whose particular fragility is likely to increase the vulnerability and exposure of Christian communities.

The initiatives will serve to counteract hatred, intolerance and discrimination, and promote cultural, social and economic dialogue and interaction, thereby contributing to the achievement of Goal 16.

The fund has a budget of €4 million for 2021 and €4 million for 2022. Interventions will be deployed by the actors of the Italian development cooperation system referred to in article 26, paragraph 2, of Law 125/2014 and awarded through competitions called by AICS.

➤ ***Fund for specific projects designed to relaunch dialogue and cooperation with those African countries of priority importance for the migration routes***

The fund established by article 1, Paragraph 621 of Law 232 of 11 December 2016 in the MFAIC's budget was extended, as of 2020 (Law 160 of 27 December 2019), to non-African countries and renamed the "Fund for Extraordinary Interventions to Revitalise Dialogue and Cooperation with Countries of Priority Importance for Migratory Movements". Managed by the MFAIC's Directorate General for Italians Abroad and Migration Policies (DGIEePM), the fund is allocated €31.5 million for the year 2021 and €40 million for the year 2022.

It pursues aims that are closely linked to migratory phenomena. Activities are especially geared towards helping migrants, internally displaced persons and refugees, as well as local host communities; promoting technical assistance programmes to local migration authorities; assisted voluntary repatriations for migrants who wish to return to their countries of origin; promoting awareness campaigns on the risks of irregular migration, targeting potential migrants.

The fund is governed by the rules set out in MFAIC decree 4115/616 of 6 March 2020, which sets out its guidelines and the ways in which the resources are to be used. An outline schedule, updated annually, of the distribution of available resources by geographical areas is annexed to the aforementioned decree.

The fund targets its resources at priority countries in terms of migratory movements, adopting an approach based on action plans that act as genuine Italian migration strategies for each country, thanks to prior coordination with the Directorate General for Development Cooperation, the competent geographical Directorates General of the MFAIC, the Italian Embassies in the country, the other Italian public administrations involved, and the United Nations Organisations.

A report on the initiatives financed under the fund and their progress is presented by DGIEePM at Joint Committee meetings.

To ensure the "coherence, cohesion and effectiveness" (article 3 of the aforementioned decree) of Italian action on migration, efforts will be made to strengthen inter-institutional coordination through more structured and regular consultations, also in view of the elaboration of the Strategic Guidelines on Migration and Development (Cf. Chapter 5 *Peer Review*, Recommendations 2 and 8).

## 5. The Peer Review of Italy 2019: action objectives in the three-year period

The Peer Review conducted by the OECD Development Assistance Committee (OECD-DAC) in 2019 provided an in-depth analysis of the effectiveness of the regulatory instruments introduced by Law 125/2014 and an assessment, five years after the reform, of the functionality of the Italian development cooperation system.

The DAC Secretariat's Report highlights the progress made in implementing reform. Among Italy's strengths are its international commitment and leadership role in global processes, in particular on issues where it has expertise and added value to offer, for example in the field of safeguarding cultural heritage and agriculture. Another strong point is its multi-actor approach, which is seen as a central and defining element of the Italian Cooperation system, and a model that other partners can emulate. The DAC and the representatives of member countries attending the presentation of the outcomes of the Peer Review much appreciated the enhanced collaboration between institutions and actors, the participation of the members of the National Committee for Development Cooperation (CNCS) in drawing up guidelines and programming, and the initiatives promoted since the entry into force of Law 125/2014, in particular the creation of a Multi-Actor Platform for Energy and Development and the establishment of the National Summit of Migrant Communities, recognising the role of new actors in development cooperation such as private for-profit entities and diaspora associations.

The Report identifies the areas where efforts should be focused in the coming years and gives recommendations to make the Italian development cooperation system's actions more effective.

The 'Italian Plan for Development Cooperation Effectiveness', currently being finalised, will help to follow-up on the recommendations. It aims to align the actions of all stakeholders in the development cooperation system with Italy's internationally agreed principles and commitments on effectiveness (ownership; results-based management; inclusive partnerships; transparency and mutual accountability), as set out in the Global Partnership's Nairobi Declaration for Effective Development cooperation, in accordance with the provisions of article 2(3)(a) of Law 125/2014. The Plan identifies an initial set of indicators based on the four above-mentioned principles, plus a focus on humanitarian aid and the commitment to 'leave no one behind'. It also specifies and systematically outlines the information that administrations and public bodies are required to contribute towards the Annual Report and identifies a set of indicators for checking the extent to which the actions taken are in line with the priorities and action objectives set out in the three-year document, in accordance with the provisions of article 12(4) of Law 125/2014. The Italy Plan is accompanied by the "Effectiveness Plan of the Italian Development Cooperation Agency and the Directorate General for Development Cooperation" for the three-year period 2020-2022, as required by article 2(3) of the Agency's Charter (Ministerial decree 113 of 22 July 2015), approved by the Joint Committee on 19 November 2019.

The action targets over the three-year period for each recommendation are set out below in view of the Mid-term Review that the DAC will carry out two to three years after the Peer Review, to monitor the follow-up on the recommendations.

**R1.** *Allocate sufficient resources to implement the updated anti-corruption plan and ethics code, accelerating the training of the workforce.*

With reference to the [OECD Recommendation for Development cooperation Actors on Managing the Risk of Corruption](#)”, adopted by the OECD Council on 16 November

Plan for Corruption Prevention and Transparency for the years 2020-2022.

The Plan sets out the general measures relating to the organisation as a whole and the features of the organisational context in which the specific control measures on individual at-risk processes/activities operate. The general interventions refer to: risk management; transparency; incompatibility and non-transferability; Code of ethics and conduct; staff training on anti-corruption; whistleblowing and protecting whistleblower employees; staff rotation and staff contracts abroad; obligation to abstain in the event of a conflict of interest; monitoring.

The Agency has updated its Code of ethics and conduct to bring it more in line with recent international pronouncements endorsed by Italy on combating sexual harassment, abuse and exploitation. Specifically, this includes the DAC Recommendation “[Ending Sexual Exploitation, Abuse, and Harassment in Development Cooperation and Humanitarian Assistance: Key Pillars of Prevention and Response](#)”, which was adopted on 12 July 2019 and whose implementation will likewise be monitored via the DAC Peer Review mechanism (see pages 4 and 13 of the Recommendation).

An integral part of the AICS’s new Code of Ethics and Code of Conduct is the Code of Conduct for the prevention and combating of harassment, abuse and sexual exploitation, safeguarding the dignity of the beneficiaries of development cooperation activities and of all those who work with and within the AICS (PSEAH Code – *Protection from Sexual Exploitation, Abuse and Harassment*).

**Action objectives.** The AICS-DGCS Effectiveness Plan 2020-2022 includes activities to raise awareness and provide information on anti-corruption legislation and training for all staff.

Training will be provided through general courses for all the Agency’s staff, with the help of external experts and/or the use of IT resources, as well as targeted courses for managers and staff of offices falling within the areas at greatest risk of corruption.

The Agency will organise refresher seminars for staff on ethics and integrity issues as well as in-depth courses, including via e-learning, on complex procedures where there is a risk of maladministration or a lack of transparency.

Implementing the PSEAH Code and enacting the DAC Recommendation of 12 July 2019 will require AICS to build its capacity to train its staff and to bear any costs of adapting to the IASC/CHS standards or implementing the other commitments set out in the above Recommendation.

Training and refresher courses will be provided to staff working in the national headquarters and offices abroad, as well as to their cooperation project partners and local communities, in order to instil a culture of preventing and combating sexual harassment, abuse and exploitation, and to improve the quality and safety of the working environment. Regular ad hoc seminars will be held for staff working in the prevention and listening bodies described in article 4 of the Code, to further develop and upgrade their skills and ensure that people who contact them receive appropriate psychological, legal and administrative advice (cf. article 9 of the new PSEAH Code). The training activities for the implementation of the PSEAH Code will also be conducted taking into account the experience and expertise of CSOs (membership of the Inter-Agency [misconduct-disclosure-scheme](#)).

In accordance with article 8 of the PSEAH Code and article 20 of the new Code of Ethics and Code of Conduct, the two Codes will be translated into the main vehicular languages so that they can be distributed widely by publishing them on the official website of the AICS and of its foreign offices, and by any other means suited to sharing them with cooperation project partners and local communities.

The Agency will insert specific clauses on compliance with the rules set out in the two aforementioned Codes in contracts with external staff (collaborators, consultants, service providers, etc.), and in contracts, conventions and agreements with its partners (see articles 18 and 19 of the new Code of Ethics and Code of Conduct and articles 6 and 12 of the PSEAH Code).

In line with the applicable rules on the safeguarding whistleblowers and the protection of personal data, the AICS will set up a database of the whistleblowers' reports or complaints received, as well as of the actions and proceedings carried out as a result. This will make it possible – including through coordination and exchange of information with other national and international bodies and organisations – to monitor and evaluate the functioning of its own system for preventing and combating sexual harassment, abuse and exploitation (cf. article 10 of the PSEAH Code).

Finally, AICS will ensure compliance with the standards demanded by IASC/CHS, and will fulfil the other commitments of the DAC Recommendation of 12 July 2019.

Law 125/2014 introduced coordination mechanisms to ensure that policies are consistent with the aims of development cooperation, specifically the Interministerial Committee for Development Cooperation (CICS) and the National Council for Development Cooperation (CNCS) - whose operations will need to be tightened up.

**R2.** *Ensure the coherence of its policies with the sustainable development of partner countries; make full use of the mechanisms outlined in Law 125/2014.*

**Action objectives.** Proposals to make the coordination mechanisms provided for in Law 125/2014 fully operational are under consideration.

**Interministerial Committee for Development Cooperation (CICS).** The MFAIC will take steps to ensure that “preparatory” meetings of the CICS, chaired by the Deputy Minister for International Cooperation and attended by representatives of the Ministries, are convened on a regular basis. The meetings will provide an opportunity to discuss strategies, priorities and programming, with the aim of strengthening inter-institutional coordination and ensuring that development cooperation activities are consistent and unified. Inter-institutional coordination for greater policy consistency will also be stepped up via consultations on specific topics and strategic documents, e.g. on migration and development in view of the drafting of the Guidelines (Cf. Recommendation 8).

**National Council for Development Cooperation (CNCS).** The MFAIC will provide technical and logistical support to help ensure that the CNCS is convened in plenary session on a regular basis (at least once a year). The CNCS will be able to examine and express its views on proposals from the Working Groups, on sector-specific and thematic strategy guidelines, and on other issues surrounding development cooperation: policy consistency, effectiveness, evaluation. Ad hoc working groups will be set up according to the topics covered, in order to engage cooperation actors in the preparation of strategic documents.



Joint Committee (CC). The meetings of the Joint Committee will include a presentation by the MFAIC, state administrations, local authorities and other public bodies containing a detailed briefing on planned and financed development cooperation initiatives, as well as on their progress. This should strengthen inter-institutional coordination and ensure that public development cooperation activities are consistent with the guidelines, priorities and action objectives set out in the Three-Year Programming and Policy Planning Document.

Tools for analysing policy coherence in sustainable development. In view of the nexus between the internal and external dimensions of the 2030 Agenda, a link has been established between the National Sustainable Development Strategy and the Three-Year Programming and Policy Planning Document, both of which are organised according to the five areas of the 2030 Agenda (People, Planet, Prosperity, Peace and Partnerships) and a cross-cutting area known as the 'vectors of sustainability' ('knowledge, education and communication').

The National Sustainable Development Strategy is updated every three years. The triennial review process, which is currently underway, involves ministries, agencies and research institutes, which are tasked with providing technical and policy input to shape the updated content to be included in the new strategy document. Civil society also contributes via the working groups of the National Forum for Sustainable Development.

To this end, the National Forum for Sustainable Development and the National Council for Development Cooperation (CNCS) work interactively. The two bodies – the Forum and the CNCS – are designed to operate in synergy: the former focuses on the internal dimension of the Strategy, the latter on the external dimension. The Coordinator of the CNCS Working Party on "Follow-up of the 2020 Agenda, policy coherence, effectiveness and evaluation" has been scheduled to participate in the work of the Forum Coordination Group.

Further reflection is needed on interrelationships at the different levels and on the available tools for analysing policy coherence, in order to identify interactions, overlaps, synergies and conflicts at the various stages of strategy formulation/review, policy setting, and evaluation/reprogramming. The National Sustainable Development Strategy, which is reviewed every three years, and the Three-Year Programming and Policy Planning Document, in the upstream policy-making phase, both framed around the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals; the Annual Report on the Implementation of the National Strategy and the Annual Report on Development Cooperation Activities Carried out, in the downstream phase of monitoring and evaluation.

The project "[Policy coherence for sustainable development: mainstreaming the SDGs in Italian decision-making process to enforce the paradigm shift](#)" (under the framework of the OECD Structural Reform Support Programme 2017-2020) will help towards the establishment of a participatory and institutionally sound working methodology in view of the three-year review of the National Strategy. The initiative will make it possible to draw on the OECD's support to encourage ex-ante and ex-post evaluations of public policies in pursuit of sustainable development goals, and to define a "National Plan for Sustainable Development Policy Coherence".

**R3.** *New priority country strategies should be comprehensive and reflect whole-of-government cooperation activities.*

**R4.** *Move towards programmatic funding fully integrated into national development programmes.*

**R5.** *Strengthen support for its dense network of NGOs in the field, particularly in the most fragile contexts.*

**Action objectives.** Country Strategy Papers will be drawn up and negotiated for priority countries, consistent and in coordination with any joint European analysis and programming exercises, and in line with the National Development Plans of partner countries.

The Country Strategy Papers – whose duration is aligned with the cycle of the Joint European and Country Strategies

– must set out the entire Italian Cooperation system’s medium-term strategic response to the partner countries’ development priorities, starting from a diagnostic analysis and the most comprehensive survey possible of all Italy’s activities on the ground. The methodological approach calls for centralised coordination (MFAIC-DGCS, AICS) and local and central consultations involving all development cooperation system actors.

These Papers will form the foundation for the preparation of Multiannual Indicative Programmes, which are medium-term programming documents that are linked to the partner country’s programming and agreed with it. The Papers will indicate the SDGs and Targets to which actions are intended to contribute, the funding channels, the instruments, the actors involved, and the governance, monitoring and evaluation mechanisms.

The AICS-DGCS Effectiveness Plan sets out the following objectives for action over the three-year period:

- increasing Italy’s involvement in the EU Joint Programming exercise;
- drawing up Multiannual Indicative Programmes adopting a results-based management (RBM) approach;
- increasing the number of initiatives adopting a programme-based approach in line with the priorities set out in partner countries’ National Development Plans;
- expanding the number of broad-spectrum, multi-sector programmes at country and regional level, to replace a proliferation of small projects;
- finalising the guidelines on the humanitarian-development-peace nexus and adopting an approach aimed at breaking down the distinction between humanitarian and development, moving towards synergistic and coherent programming and introducing flexibility between the different financial instruments (bilateral, multilateral, humanitarian aid);
- updating the “Guidelines for bilateral humanitarian aid initiatives” (former Joint Committee resolution no. 102/2016) and the procedures “Conditions and arrangements for entrusting bilateral-channel humanitarian aid projects to non-profit entities” (former Joint Committee resolution no. 49/2018) in order to further simplify and harmonise procedures with the new General Procedures for the Planning, Selection and Management of Initiatives promoted by Cooperation Subjects – approved by the Joint Committee with resolution no. 71/2020 – and to optimise the timeframe for the implementation of humanitarian aid initiatives;
- translating notices for the award of humanitarian aid projects to non-profits and their accompanying documentation into English, French and any other vehicular languages, to encourage broader involvement of local CSOs as implementing partners.

To ensure rapid responses to crisis situations, mechanisms are being considered to identify specialised CSOs that can be approached to carry out humanitarian and emergency

aid operations, which are able to immediately mobilise and ensure an operational presence on the ground as and when needed.

**R6.** *Reverse its decline in ODA and comply with the obligation to the least developed countries.*

**R7.** *To mobilise public and political support, develop and implement the action plan foreseen under its strategy for global citizenship education.*

**Action objectives.** The Government is committed to continuing to adjust the appropriations for development cooperation in order to allow Italy to meet its international obligations, in accordance with the provisions of Article 30 of Law 125/2014, and to reverse the downward trend of recent years (0.25% ODA/GNI in 2018 and 0.22% in 2019 compared to 0.30% in 2017), as advocated by

the Committee on Foreign and European Affairs in its opinion on the Three-Year Programming and Policy Planning Document 2019-2021<sup>9</sup>.

To meet Italy's international commitment to the Least Developed Countries (LDCs), we aim to increase the resources allocated to the LDCs to 20% of bilateral aid in 2023 (16.7% in 2018; the average for DAC countries is 23.8%). This will be pursued through the action areas set out in Chapter 3.1 (Objective 17, Target 17.2).

Development cooperation necessitates effective information and communications initiatives. By stressing transparency and mutual benefits, this should foster broad consensus and awareness of the crucial role of international cooperation, in turn underpinning and legitimising Italy's international political commitment to support developing countries. Investing in sustainable socio-economic development in these countries is an investment in our future. Investing in stability and security in Africa and neighbouring countries is tantamount to supporting stability and security in our own country.

Greater focus on information should bring an awareness of development cooperation activities and results to a wide audience, using events, media campaigns, the press, television and social media to demonstrate the benefits and advantages that also flow (indirectly) to us.

The second National Conference for Development Cooperation in 2021 will provide an opportunity to engage and inform the general public and to run a media campaign focusing on the role of international cooperation in times of global crises, what has been done and what has been achieved, the challenges of the coming years, policy coherence and the actions needed to make progress in achieving the Sustainable Development Goals.

Global Citizenship Education (GCE) offers a major opportunity to increase political consensus and public support for global development and international cooperation issues. Efforts will continue to implement GCE initiatives, following up on the recommendations in the document "Citizenship Education": engage with the various stakeholders in the area; interdisciplinary system; systemic approach linking social, cultural, economic, technological, environmental, political aspects; critical understanding of social norms and values (fundamental freedoms, rights, peace, justice); partnerships and exchanges with stakeholders from other regions and cultures; embedding GCE into the

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<sup>9</sup> Bulletin of the Parliamentary Councils and Foreign and Community Affairs Committees. 1 July 2020. Doc. no. 184 and attached reports.

education system.

A representative working group of the ministries (MFAIC, Ministry of Education, Ministry of University and Research, Ministry of the Environment and Protection of Land and Sea, Ministry of Labour and Social Policies) and of the actors who contributed to the development of the National GCE Strategy will be established in order to define the ECG Action Plan: regions and local authorities, universities, public administration research and training centres, CSOs, workers' organisations and diaspora associations.

In terms of transparency, work will continue on the creation of a national development cooperation database which will publish data and information on public development cooperation activities promptly, sufficiently comprehensively and according to international standards.

The Agency is in the process of setting up a digital platform (SIStake, Stakeholder Information System) that not only provides disaggregated data, but also meets the need to connect up all the direction, management and control activities in the offices in Italy and abroad, and to interlink the various actors of the development cooperation system.

**R8.** *Enhance the medium-term strategic value of the Three-year Programming and Policy Planning Document.*

*Complete its body of policy and operational guidance, in particular on its top priorities, including whole-of-government policy guidance on migration and development.*

Based on the experience of the past few years, the long and complex drafting and approval process stipulated by article 12 of Law 125/2014 makes it de facto impossible to submit for approval by 31 March of each year

the Triennial Document including the Report on the activities carried out in the previous year.

**Action objectives.** A number of proposals are being considered to reinforce the three-year validity of the Programming and Policy Planning Document while maintaining an annual report on the activities carried out.

The sectoral and cross-cutting strategic guidelines shape the medium-term strategy of the entire Italian Cooperation system in a given sector or thematic area. An inclusive multi-actor approach will be adopted in drafting these documents, involving the actors of the development cooperation system referred to in Chapter VI of Law 125/2014 and creating ad hoc working groups according to the themes covered.

During this three-year period, priority will be given to the Strategic Guidelines on Migration and Development. The relevant authorities will collaborate in the drafting of these guidelines, including, in addition to the MFAIC (DGCS and DGIEePM) and the AICS, the Ministry of the Interior, the Ministry of Labour and Social Policies, local authorities, CSOs, diaspora associations and other actors of the development cooperation system.

**Action objectives.** In order to strengthen CDP's role as a financial institution for international development cooperation, over the years Italian lawmakers have introduced a series of amendments to Law 125/2014 that will enable CDP to compete with other international financial institutions, specifically stipulating:

**R9.** *Ensure that Cassa Depositi e Prestiti (CDP) has the framework, tools, and resources to fulfil its mandate as a development finance institution.*

- the establishment of a guarantee fund for loans granted by CDP with its own resources (art. 8.1-bis), set at €50 million, drawn from the resources of the Revolving Fund, to cover CDP's exposures to sovereign and private entities;
- the creation of a guarantee of last resort (i.e. that can be activated following the unsuccessful completion of recovery procedures by CDP - article 22.4 bis) to cover CDP's exposures to sovereign recipients of cooperation measures[1].

To activate both instruments, a MEF - CDP technical roundtable was created to address legal and opportunity obstacles to drawing up the implementing decrees.

Work was also carried out on:

- interventions relating to the participation of private actors in cooperation activities, introducing new instruments for private cooperation actors (article 27(3)(a,b)), going beyond loans to financing in any form, such as the granting of financing, the issue of guarantees, the underwriting of risk or debt capital, etc;
- establishing a guarantee fund for financing in any form (article 27(3)(c)) for joint enterprises granted by CDP, EU and non-EU banks, provided they are subject to prudential supervision.

It is noted that article 27 had remained unimplemented, pending an ad hoc resolution by the Interministerial Committee for Development Cooperation (CICS), which would need to indicate: i) the portion of the Revolving Fund allocated for the purposes of article 27; ii) the criteria and conditions for granting financing in the form of loans to joint enterprises within the meaning of article 27(3)(a). At its meeting on 11 June 2020, the Interministerial Committee for Development Cooperation (CICS) approved the implementing resolution, which will enable the Joint Committee to prepare the implementing regulation.

Additional instruments. Multilateral development banks and funds are strategic partners for the Italian development cooperation system and Italy is one of the main shareholder and donor countries.

The 2020 Budget Law (Law no. 160, article 1(535) of 27 December 2019) authorises the MEF to participate in the replenishment of Multilateral Development Funds, including by means of entities that carry out international development cooperation activities, such as Cassa Depositi e Prestiti, within the limits established by the Funds themselves. Once their financial viability has been established by ministerial decree, contributing through these 'concessional partner loans' will maximise Italy's contribution to the Multilateral Development Funds.

Lastly, another instrument designed to facilitate greater inter-institutional coordination is the MFAIC-AICS-CDP Convention, signed in December 2020, pursuant to Law no. 125/2014 (article 22(2)). The Convention establishes a Coordination Committee

that convenes the three institutions in a permanent dialogue “on consultation processes for drafting strategic documents” and paves the way for closer coordination in countries and areas where Italian Cooperation is active, strengthening Italy’s presence and the impact of its actions. The same Committee will examine and appraise transactions using CDP’s own resources to be submitted to the Joint Committee. The Convention lays the foundations for better and clearer organisation and division of tasks in the use of aid financing, which are managed by CDP on the financial side and by AICS offices on the technical and operational side at the local level. It calls for personnel exchanges, feasibility assessments on structuring innovative financial products, and a commitment to collaborate on researching and attracting European and international resources to be managed jointly. To ensure coordination on matters within its remit, the MEF may be invited to participate.

**R10.** *Define and consult broadly on a medium-term human resources strategy to attract qualified staff and ensure the well-being, engagement, and professional development for all categories of staff in Italy and in field offices.*

**Action objectives.** The Agency has adopted a medium-term strategy to enhance and upgrade its human resources, simultaneously

aimed at expanding partnerships with other actors in the System and at capitalising on synergies and exchanges of experience, expertise and people.

The action objectives are three-pronged: increasing staff numbers and partnerships, reinforcing overseas offices and rationalising their staffing, and upgrading skills and charting a career development path.

On the first aspect, there is currently a competition underway for the recruitment of 60 level III officials (40 technical, 20 administrative), although progress has been slowed down by Covid regulations. The competition for the recruitment of new managers will be published in 2021. At the same time, all available procedures for activating management appointments will be implemented in order to complete the Agency’s management structure as quickly as possible, filling both Italian and foreign appointments. The legislative changes brought about by Decree-Law 162/2019, ratified with amendments by Law 8/2020, also secured a slight increase in staffing both in Italy and abroad. However, AICS headcount remains too low, also when compared to that of other European agencies. It will therefore need to be steadily increased over the coming years to ensure adequate coverage of the significant volume of resources to be managed, bringing it closer to international levels.

To get around the constraints on recruitment in the public administration and to secure the necessary flexibility in terms of staffing needs and specific skills in cooperation projects, AICS was granted the same prerogatives envisaged by the law on research projects by amending article 23 of Decree-Law 81/2015. This allows AICS to enter into fixed-term contracts ‘for the implementation and monitoring of cooperation initiatives’, whose duration is equal to the projects on which they are used. A rational and proportionate use of this instrument – following the fine-tuning of the implementing regulations – could in the coming years improve the ability to attract the specific skills and expertise that are needed.

Accordingly, the medium-term strategy contemplates the possibility of combining permanent employment at the Agency with more flexible contractual forms, tailored to the technical specifications of cooperation projects (in terms of professional profile, skills, duration, place of work and remuneration)

similar to other European agencies. In the same vein, partnerships, institutional agreements, and ad hoc agreements will be set up with public and international entities to enable access to and sharing of skills and human resources specialised in the various fields (based on the model already tested through the agreements with SOGESID, Studiare Sviluppo and CIHEAM).

On the second aspect, work to reinforce and rationalise staffing in foreign offices and changes in legislation have resulted in a larger pool of local contractors that can be used. The Agency has also formalised its standard organisational set-up for all foreign offices, with a view to a more efficient allocation of human resources at the various sites; this is gradually being implemented.

Finally, we turn to the training and qualification of human resources. In addition to the periodic refresher and qualification courses included in the annual training plans for staff provided by the Scuola Superiore di Pubblica Amministrazione, specific qualification courses will be developed and held for the future directors of the Agency's foreign offices (and, more generally, for the staff who will be assigned to them in various capacities). The courses will be organised with the support of universities and training centres with a track record of excellence in the development sector.

In the coming years, the reorganisation of the Agency's offices and an improved structuring of the offices abroad will make it possible to define career paths for the various functional levels. These will make it possible to provide a variety of experiences, in Italy and abroad, and gradually build up the individual's professional expertise, ensuring progression in line with personal growth, knowledge and experience.

**Action objectives.** The AICS-DGCS Effectiveness Plan sets out the actions to be taken in the three-year period 2020-2022 in order to put into practice the "results-based" commitments in the Effectiveness Agenda:

- the increase in the number of initiatives adopting the National Results Framework;
- the adoption of a results-based management (RBM) system;
- the creation of Country Outline Programmes employing an RBM approach;
- the introduction of a quality control system at all stages of the project management cycle;
- the introduction of the RBM approach in the monitoring and evaluation system (revision and update of the Monitoring and Evaluation Manual);
- the engagement of partner countries in evaluations.

**R11.** *Build a system to link projects and programmes with desired impact and long-term outcomes, including the SDGs. The system should also connect officials, partners and other actors working on development cooperation with relevant information and evidence to improve decision-making.*

Over the three-year period, the implementation of the DGCS's Three-Year Impact Assessment Programme will continue to run, using independent external assessors and the financial resources earmarked for evaluations in annual appropriations programming.

In parallel, an opportunity for in-depth discussion and exchange with all the administrations, the AICS, Cassa Depositi e Prestiti, and the other public and private actors of the Italian development cooperation system, will provide a chance for a joint examination of the experiences and challenges that cooperation actors experience, with a view to improving and enhancing evaluation activities.

The exercise will help to foster a ‘culture of impact’. In this vein, the Peer Review Report points out that assessing impact entails a theoretical and methodological shift from “outputs”, which are the short-term results directly attributable to a specific activity, to “outcomes”, which refer to the more profound changes in the lives of beneficiaries over a longer time horizon. With this in mind, impact assessment will need to become an integral part of a long-term RBM system, to encourage good practices being transferred to new cooperation initiatives, to improve the quality of the actions, to steer development cooperation policies and programming, and to provide support for decision-making processes.

Therefore, it will be essential to broaden the commitment to disclose the results of the evaluations to all actors, including by identifying procedures for increased sharing. The DGCS currently publishes the evaluation reports on the websites of the MFAIC, the AICS and the DAC Evaluation Resource Centre. Additional ways to share include organising seminars in Italy and in partner countries or webinars), which we learned to use following the outbreak of the pandemic. They have proved to be effective and useful in providing opportunities for actors and operators in different places and countries to share experiences, enabling us to reach a very wide audience while incurring lower logistical and organisational costs.

The Advisory Committee on Evaluation set up within the DGCS could play a key role in this process. In addition to members of the DGCS, AICS and the Italian Evaluation Association (AIV), the Advisory Committee on Evaluation includes 10 delegates of the CNCS Group 'Follow-up of the 2020 Agenda, policy coherence, effectiveness and evaluation', which includes lecturers who are members of the Conference of Rectors of Italian Universities (CRUI) and representatives of civil society and other actors of the development cooperation system.