

# Context of Italy's Peer Review

## Economic and political context

With a population of 61 million, Italy was the world's ninth largest economy in 2012 in terms of nominal gross domestic product (GDP). It is a member of many international bodies including the G8 and G20 and a member of the European Union (EU).

Italy's real GDP growth per capita has been weak over the last decade. Italy has also experienced long-standing fiscal difficulties and, most recently, declining real income levels. To emerge from recession, it has embarked on a wide-ranging strategy to restore fiscal sustainability and improve long-term growth. However, the public debt-to-GDP ratio is nearly 130% and Italy has made public debt reduction its top fiscal priority. In line with the recommendations of the EU and the International Monetary Fund (IMF), the OECD recommends that Italy pursue efforts to halt and reverse the upward trend of the debt-to-GDP ratio and focus budget consolidation on spending control (OECD, 2013).

Italy has experienced a series of political changes in the last four years which have impacted its institutions dedicated to development co-operation. The centre-right coalition government, led by Prime Minister Silvio Berlusconi since 2008, embarked on a reform of the Italian public administration in 2010 which involved the Ministry of Foreign Affairs (MFA). The Berlusconi government resigned in November 2011 and a new government led by Prime Minister Mario Monti took office. Emergency austerity measures were introduced in response to worsening economic conditions, and additional budget cuts were imposed throughout the public administration.

The Monti government created the position of Minister of International Co-operation and Integration within the Prime Minister's Office. This gave new impetus to development co-operation, as demonstrated at the widely attended forum on Italian development co-operation in Milan in 2012. Following the February 2013 elections, a new coalition government led by Prime Minister Enrico Letta was formed. Prime Minister Letta assigned the development co-operation portfolio to a Vice-Minister for Foreign Affairs. A new government led by Matteo Renzi took office in February 2014.

**Figure 0.2 Key events with an impact on development co-operation, 2010-13**



Source: Based on information given to the Peer Review team during the headquarter visit