

# Executive summary

Italy has been a member of the DAC since 1961 and was last reviewed in 2014. This report reviews progress since then, highlights recent successes and challenges, and provides key recommendations for going forward. Italy has partially implemented 65% of the recommendations made in 2014, and fully implemented 15%.

This review – containing both the main findings and recommendations of the DAC and the analytical report of the Secretariat – was prepared with examiners from New Zealand and Spain for the DAC Peer Review meeting of Italy on 14 October 2019. The team consulted key institutions and partners at headquarters in Rome, Italy and at the field level in Dakar, Senegal in March 2019.

Italy actively supports global sustainable development, in particular where it links international engagement with domestic expertise, for example on cultural heritage and agriculture. Yet, there is potential for Italy to do more in other areas. Although mechanisms are in place, Italy does not systematically identify, analyse or monitor the transboundary and long-term impacts of domestic policies, including how they might harm developing countries. Italy's performance on trans-border issues like climate change, environment, security, finance and trade is good overall, but there is incoherence in migration policy. On development awareness, Italy shows good practice in enabling multi-stakeholder efforts and mobilising the migrant diaspora. Government action to implement the strategy for global citizenship education will be important to reach all citizens and build awareness.

The new Italian co-operation law lays a strong foundation for principled and quality development co-operation. The three-year programming and policy planning document (PPPD) and policy guidance reflect the SDGs and help focus on populations at risk of being left behind. However, the PPPD's annual renewal makes medium-term planning a challenge. Italy also lacks guidance on some of its top priorities, including migration and fragility. Furthermore, Italy lacks processes to ensure that programming and allocation decisions match its policy priorities.

Italy's official development assistance (ODA) saw a sharp increase from 2012 to 2017, even when excluding in-donor refugee costs. However, this positive trend is not likely to continue, as ODA decreased in 2018 and projections show a decreasing trend for 2019 as well. Italy is not meeting its commitments to mobilise 0.7% of gross national income (GNI) as total ODA, nor to allocate 0.15% of GNI as ODA to least developed countries. Italy stands out for its high share of core contributions to multilateral organisations. Its international engagement on tax crime and vaccine development financing are commendable, but financing to mobilise domestic resources and private-sector engagement is still limited, and a strategic outlook could further enhance Italy's much-appreciated multilateral engagement.

Law 125/2014 clearly spells out the role and mandates of official development actors, and establishes new structures, notably the Italian Agency for Development Co-operation (AICS). Partnership approaches, transparency, accountability and the operationalisation of development policy are key characteristics of the law. In practice, the full implementation of this important reform is still in progress. Overall, Italy has clear processes and quality assurance checks in place; however, accountability will need to be managed as AICS implements a greater share of delegated co-operation on behalf of the European Union. Italy can

further encourage and scale up its innovation efforts. The human resources available to AICS and the Ministry of Foreign Affairs and International Co-operation (MFAIC) are not adequate. Italy will need to act urgently to attract and retain skilled and experienced staff and ensure the satisfactory delivery of Italy's development co-operation programme.

Italy's development co-operation is characterised by strong multi-stakeholder partnerships, including most recently with the Italian private sector and a broader spectrum of civil society. Calls for proposals and a project-based approach define many of these partnerships, which may not always be the most strategic means of engagement. Italy has made good progress on transparency and places a strong emphasis on country ownership. Funding multi-donor, integrated national programmes would help build even stronger and more sustainable partnerships with partner country governments. Medium-term predictability continues to be an important challenge. The development effectiveness marker used for the purpose of project appraisals could assume a more important stocktaking role.

Law 125/2014 calls for a results-based management system, which Italy is in the very early stages of developing. Today, monitoring Italy's interventions and reporting results other than output indicators in a given country, sector or partnership is challenging. The evaluation system for Italian development co-operation was reorganised following the reform: responsibility still lies with MFAIC although the budget line is with AICS. Since 2014, Italy has adopted three-year rolling evaluation plans based on defined criteria; established an evaluation advisory committee; and set up an electronic register of independent evaluators. Italy uses evaluations to inform the design of future programme phases, but less explicitly to learn from successes and failures. It lacks a knowledge management system, or an intranet to connect field offices, Rome, and Florence.

In 2017, Italy was the eleventh largest DAC humanitarian donor, a significant increase since the last peer review. Italy is recognised for its capacity to respond rapidly to natural disasters. In fragile contexts, it has a rich and recognised experience in humanitarian interventions, based notably on a dense network of small to medium-size civil society organisations that have built solid partnerships in their countries of operation. This unique feature is a clear comparative advantage for Italy, giving it the scope to build a specific Italian approach to the humanitarian-development-peace nexus, based on local partnerships. However, this will require Italy to adapt its administrative framework to crisis contexts.

## Summary of the DAC's Recommendations to Italy

1. Italy should allocate sufficient resources to implement its updated anticorruption plan and ethics code, including by accelerating the training of its entire workforce and implementing partners.
2. In order to ensure the coherence of its policies with the sustainable development of partner countries, Italy should make full use of the mechanisms outlined in Law 125 and implement its plans to assess, arbitrate, and monitor potential conflicts.
3. Italy's new priority country strategies should be comprehensive and reflect whole-of-government co-operation activities.
4. Italy should move towards programmatic funding fully integrated into national programmes to achieve greater impact and influence.
5. Italy should find ways to capitalise on its strengths by maintaining and strengthening its support to its dense network of NGOs in the field through flexible, direct support, particularly in the most fragile contexts.
6. Italy should reverse its recent decline in ODA and comply with the obligation under Law 125 to meet its national and international commitments, including to least developed countries.
7. In order to mobilise public and political support, Italy should develop and implement the action plan foreseen under its strategy for global citizenship education, backed by adequate resources.
8. In order to ensure a more strategic, whole-of-government approach to implement its policy vision outlined in the law, Italy should:
  - a. Identify ways to enhance the medium-term strategic value of the PPPD
  - b. Complete its body of policy and operational guidance, in particular on its top priorities, including whole of government policy guidance on migration and development.
9. Italy should ensure that Cassa Depositi e Prestiti S.p.A. (CDP) has the framework, tools, and resources to fulfil its mandate as a development finance institution.
10. Italy should define and consult broadly on a medium-term human resources strategy to attract and retain qualified staff and ensure the well-being, engagement, and professional development for all categories of staff in Italy and in field offices.
11. Italy should prioritise building 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 stakeholders working on development co-operation with relevant information and evidence to improve decision-making.

Figure 1. Italy's aid at a glance

Italy's implementation of the 2014 peer review recommendations

ITALY

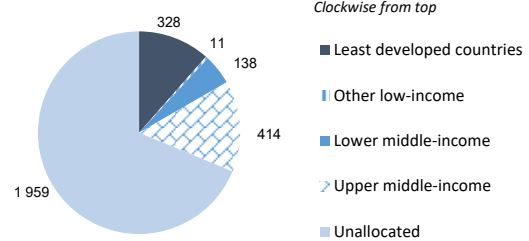
Net ODA	2016	2017	2018 <sup>p</sup>	Change 2017/18	ODA grant equivalent 2018 <sup>p</sup>
Current (USD m)	5 087	5 858	4 900	-16.4%	5 005
Constant (2017 USD m)	5 219	5 858	4 613	-21.3%	4 712
In Euro (million)	4 601	5 197	4 152	-20.1%	4 241
ODA/GNI	0.27%	0.30%			0.24%
Bilateral share	48%	51%	39%		

(p) Preliminary data.

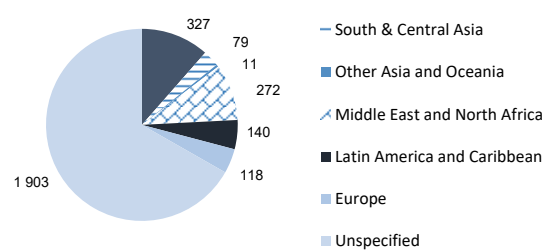
Top ten recipients of gross ODA (USD million)	
1 Turkey	92
2 Iraq	75
3 Guinea-Bissau	52
4 Cuba	51
5 Argentina	50
6 Niger	40
7 Tunisia	38
8 Afghanistan	37
9 Ethiopia	36
10 Libya	33
Memo: Share of gross bilateral ODA	
Top 5 recipients	11%
Top 10 recipients	18%
Top 20 recipients	24%

Gross bilateral ODA, 2016-17 average, unless otherwise shown

By income group (USD m)



By region (USD m)



By sector



Source: OECD - DAC ; [www.oecd.org/dac/stats](http://www.oecd.org/dac/stats)



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