

COOPERAZIONE ITALIA

Italy's official development assistance: back to the past

Worrisome choices on ODA in the 2019 Italian budget law



Photo credit: Abiy Getahun/Oxfam

The cutback in development aid funding	3
Italy's Oda in 2017	3
Italy's Oda forecast for the near future	5
The cost of the migrant reception system inflates Italy's Oda	8
Inflated aid	8
Genuine aid	9
Development aid and the externalisation of border management	10
Externalisation, the new frontier of development aid	11
The Trust fund	12
The European budget	13
Commitment for development, the gap between words and deeds	14
Fields of action	15
Geographical areas	17
To avoid going backwards	18
The broken promises of the annual budget law	18
Reaching the 0,30% target, and then falling short	18
Coherence and collaboration to avoid improper use of development aid	18
The importance of involving stakeholders	19
The Italian agency for development cooperation	19
Transparency is not a priority	20
Peer review, and recommendations for coherent and effective policies	20

The cutback in development aid funding

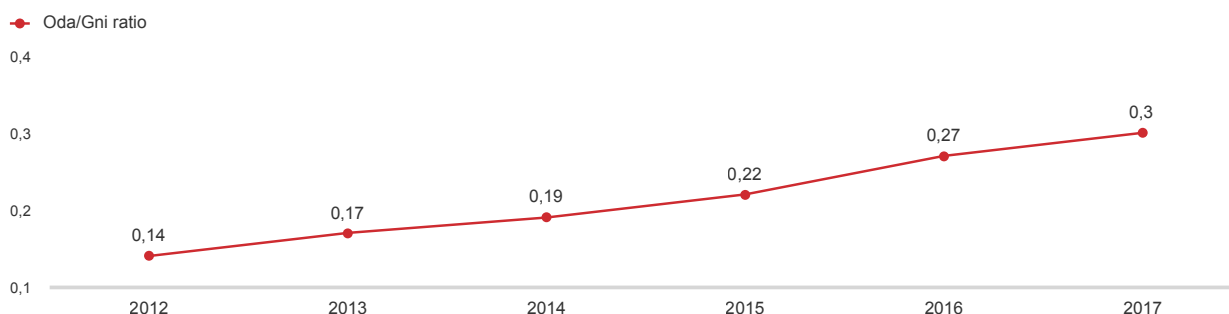
Italy's Oda in 2017

By subscribing Agenda 2030 Italy took on the goal to reach the target for an official development assistance (Oda) to gross national income (Gni) ratio of 0,7% by 2030. As an intermediate goal it was decided for an Oda/Gni ratio of 0,3% by 2020, something that was achieved in 2017, three years ahead of time.

Italy's Oda grew in recent years, and reached the intermediate goal of 0,30% oda/gni in 2017

Oda, in steady growth between 2014 and 2017

In 2017 Italy's Oda reached the intermediate 0,30% Oda/Gni goal



DESCRIPTION: The so called “inflated” aid contributed to the growth of Oda from 2012 to 2017

MUST KNOW: Gni is the total domestic and foreign output claimed by residents of a country, minus income earned in the domestic economy by nonresidents

Source: Oecd

Reaching the 0,30% target, as certified by [Oecd official data for 2017](#), was certainly an important event, even though many developed countries have been doing better than us.

Italy currently ranks 13° among Oecd-Dac countries, behind both Ireland and Finland. Some countries like the United Kingdom and Denmark have already reached the 0,7% Oda/Gni target, while Sweden, Luxembourg and Norway have significantly higher numbers, having reached the 1% threshold.

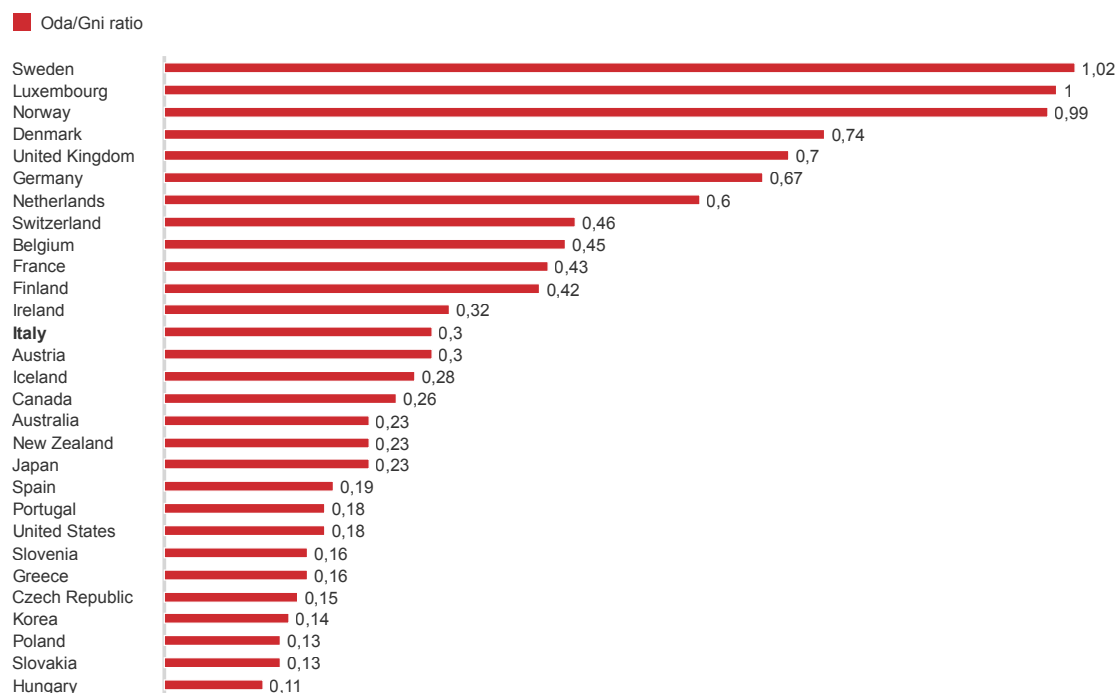
€5,203

Billions were used by Italy for development aid in 2017.

Furthermore, as we will see in chapter 2, an important percentage of our Oda is what is defined as inflated aid. We are talking about aid that in reality never leaves the donor country and that is not really destined to ever reach least developed nations.

Italy ranks 13° in Oda/Gni ratio - Dac countries in 2017

In 2017 Italy's Oda reached the intermediate 0,30% Oda/Gni goal



DESCRIPTION: Italy reached the intermediate goal for 2020 already in 2017, 3 years in advance

MUST KNOW: Agenda 2030's intermediate goal was to reach 0,30% Oda/Gni by 2020

Source: Oecd

Italy's Oda forecast for the near future

In September of 2018 the **update of the Economic and financial document** (Def) contributed to raising high expectations on the resources the government would allocate to Oda. In the document in fact the Oda/Gni ratio was expected to reach 0,33% by 2019, 0,36% by 2020 and optimistically summit to 0,40% by 2021. These numbers certified the country's ambition to go beyond the 0,30% intermediated target reached in 2017, by setting very challenging goals.

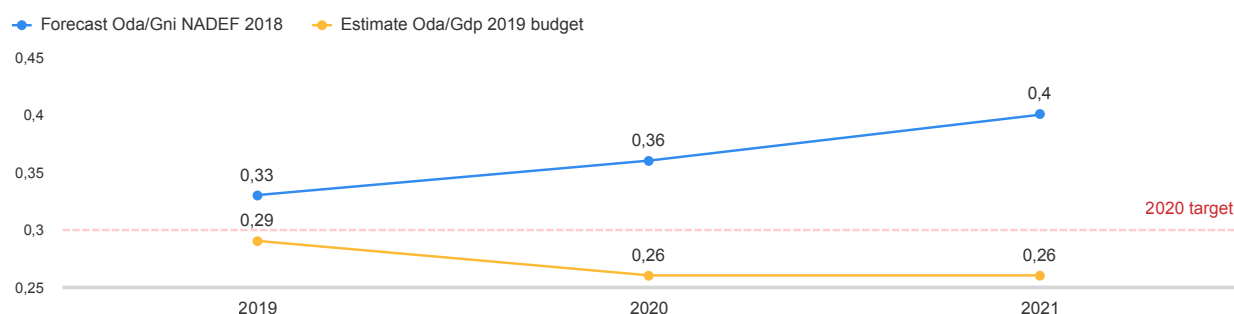
For the first time in recent years development aid will decrease.

These expectations however were not met, since the numbers outlined in the update of the Economic and financial document were drastically changed when the annual national budget law was approved at the end of 2018, after a long bargaining with the European commission. One of the main results of the negotiation was a deficit reduction to 2% for 2019. However, in September the update of the Economic and financial document anticipated a 2,4% deficit, and 1,5% Gdp growth rate. Such a drastic change in the economic scenario inevitably had repercussions on many aspects of the national budget, also involving development aid.

The data presented by the ministry of finance is very clear, highlighting a drastic reduction of the allocated funds. In 2019 the funds for development aid are expected to be €5.077 millions, decreasing to €4.654 millions in 2020 and €4.702 millions in 2021. With these numbers, according to a forecast made by the Ngo Link 2007, the Oda/Gni ratio will shrink to 0,26%, and not meet the 0,30% target that Italy's pledged to achieve, and that was already met in 2017.

The annual budget law completely contradicted the promises made in the Def

Forecast in the Def compared with the actual expenses of the annual budget law



DESCRIPTION: The goals set in the Def were largely changed when the annual budget law was approved at the end of 2018

MUST KNOW: Def is the Documento di economia e finanza, a document in which the government sets its priorities for the upcoming annual budget law. The NaDef updates the Def.

Source: Def and Link 2007

As the chart shows the very ambitious goals presented in the update of the Economic and financial document (NaDef) are not only not confirmed, but Oda funding has been drastically cut. [Link 2007](#)'s forecast is based on an estimated Gdp growth of 1%. With the same approach we can indicatively calculate the difference between what was envisioned in the update of the Economic and financial document, and the forecast presented by the government in the annual budget law: the results are staggering. According to our calculations there are €713 millions missing in 2018, €1,7 billions in 2020 and €2,4 billions in 2021.

€2,4

Billions of Oda will be missing in 2021, compared to what was estimated by the update of the Def

Other than these numbers AOI, the association of Italian Ngos, highlighted others elements of the annual budget law that, though of smaller impact, have significant political

repercussions. More specifically the funds allocated to the United Nations, involving both Unicef and Unhcr, were reduced by €35 millions, and €40 millions in provisions referring to international aid were set aside.

The cutback in the Italian contribution to the UN can be hardly categorised as a technical renegotiation of national quotas, rather as a clear and precise decision to disengage from a multilateral system that is in contradiction with Italy's foreign policy. A decision that also follows the missed ratification of the Global Compact on migration by Italy.

Considering the €40 millions in provisions accountable to development aid in the Italian national budget, we must keep in mind that these resources formally remain as part of the total allocated budget for development aid, even though they are not formally a programmed expense. However, acknowledging the very complex and uncertain nature of Italy's current economic situation, we cannot know for sure if these resources will be unlocked. All in all, this shows in a very clear way how the subject is not a political priority for the current government.

The cost of the migrant reception system inflates Italy's Oda

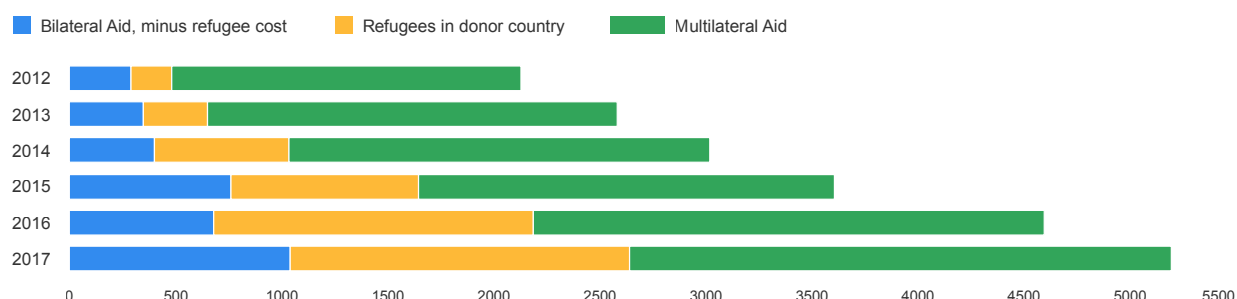
Inflated aid

Between 2012 and 2017 Italy constantly increased its investment in Oda. However, for a more correct analysis of the subject, it must be said that what also significantly increased is the percentage of Oda that technically does not result in more resources for least developed countries. For example, resources allocated for Italy's migration reception system and for debt relief are considered Oda by the Organisation for Economic Co-operation and Development's (Oecd) Development Assistance Committee (Dac), even though this money does not finance in a direct way projects to fight poverty.

Between 2012 and 2017 Italy constantly increased its investment in Oda. However a good amount of this money was not spent on development projects.

This part of development aid is defined as "inflated aid" by the Confederation of European NGOs - **Concord**. This means that the growth in numbers of Italy's development aid in recent years is largely due to money that in reality never left national borders.

The growth of Oda, and the country's expense for migrants



DESCRIPTION: The portion of Oda allocated to "refugees in donor countries" shrunk for the first time in 2017.

MUST KNOW: Development aid is divided in two main categories: bilateral and multilateral aid

Source: Oecd

Development aid is divided in two main categories that determine the way this money gets to least developed countries: through governments (bilateral) or through international organisations (multilateral).

The portion of bilateral Oda constantly increased throughout the years, going from 22,8% in 2012 to little over 50% in 2017. This growth however was pulled by funds categorised as “refugees in donor countries”, growth that only stopped in 2017. In actuality the overall expense augmented also in 2017, but for the first time its weight considering the total Oda decreased.

30,8%

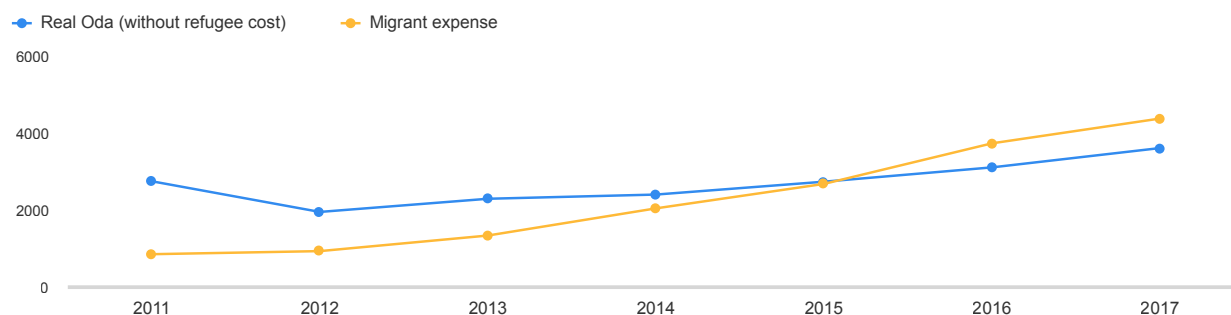
Is the portion of Oda allocated in 2017 to “refugees in donor countries”. In 2016 it was 32,7%, it is the first time the percentage decreased.

Genuine aid

Due to this misrepresentation of development aid data, it becomes necessary to analyse the variation of Oda without the contribution of inflated aid. The kind of aid that can be defined genuine, or pure. Genuine aid collapsed in 2012, and gradually grew back to its initial levels only in 2015. During this period of time the national expense to address the migrant crisis increased significantly, exceeding pure aid by 2016. In the meantime a good portion of this expense was accounted in Oda as “refugees in donor countries” feeding the so called inflated aid.

Pure Oda vs expenses for migrants (2011-2017)

In 2016 Italy's expenses for migrants exceeded genuine Oda



DESCRIPTION: Expenses for managing the migrants crisis went from 840mln in 2011 to 3bln in 2016

MUST KNOW: Genuine Oda is calculated by subtracting the cost of "refugee in donor country" from the total amount.

Source: Oecd

Development aid and the externalisation of border management

With regards to Oda provided through bilateral aid, in the annual national budget the government indicates the total amount of money allocated to each ministry for development aid. Even though between in 2018 the amount of migrants landing on Italian shores decreased by 80%, the annual national budget law did not touch, for the three year period 2019-2021, the high allocation for development aid given to the ministry of interior.

Even with a decrease in asylum requests, during the next years an average €1,6 billions per year will be spent in Oda by the ministry of interior

The Italian ministry of interior will receive €1,8 billions in 2019, €1,5 in 2020 and €1,4 in 2021. This money is also meant for projects with countries of the migrant route in Mediterranean and subsaharan Africa: more specifically €9,9 millions in 2019 and €8,9 in 2020 and 2021 for "assistance to countries in the field of migration and asylum".

Externalisation, the new frontier of development aid

International studies demonstrated that investments in the field of health and education can contribute in convincing people that looking for a better life abroad is not worth it.



Increasing development aid towards countries of origin results in a reduction of regular migration. The effect is more tangible if we analyse aid in the so called social sectors, meaning health and education

Mauro Lainati (Migration Policy Centre - Eui)

Up until now however, to reduce the influx of migrants coming from Africa, the countries of the European Union decided to invest in border control. Often this happened at the expense of basic services: water and food, and basic education. Key elements to fight poverty and the causes that bring to forced migrations.

A growing amount of money meant for development aid is being used for border control in Africa

The most recurrent issue raised by the civil society in the last months is the general habit of the European Union of using an increasing amount of resources meant for development aid to favour national interests and the externalisation of frontiers. As stated by the Confederation of NGOs Concord, the amount of money spent for “conflicts, peace and security” - that basically means financing police forces in non democratic African countries - exceeded the growth of all other types of aid.

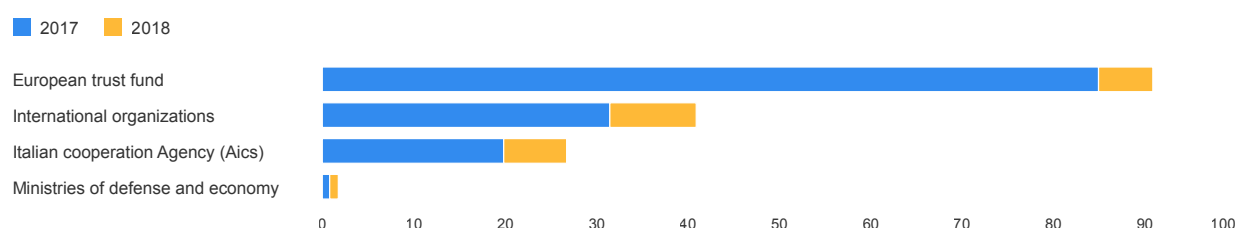
The Trust fund

This happened especially through the Eu emergency trust fund for Africa, launched in 2015 at the Euro-African summit in La Valletta.

With a €4,1 billions budget - 95% financed by development aid - the Trust Fund finances projects for the management of migration flows

Since 2016 the Trust Fund used a large portion of its resources, roughly 35%, for border control activities. This trend is contributing to distorting the use of development aid. Italy is the second major donor of the Fund, with €110 millions. Furthermore our country allocated €232 millions of its Africa Fund for cooperation with the countries of origin and transit of migrants. The resources for these two funds partially overlap.

A good portion of Italy's Africa Fund ends up in the European Trust Fund



DESCRIPTION: Italy is the second major donor of the European Trust Fund, with €110 millions.

MUST KNOW: The European Trust Fund was created to handle the migrant crisis in 2015.

Source: Italian parliament

Different important players criticised the lack of transparency on the use of these resources. More specifically - as stated by the [European Court of Auditors](#) - there does not seem to be a system of indicators to assess the impact of Africa Fund and Trust Fund projects.

The European budget

During the last months the renegotiation for the European budget 2021-2027 (Multiannual financial framework - Mff) took place. However, it seems now clear that the negotiation are at a stalemate and that the most important decisions will be taken by the **next European Parliament**, when the new MPs will be in power, as well as the new European Commission.

In the meantime European NGOs ask European institutions and leaders to safeguard the nature and purpose of the EU's development aid strategy. More specifically that the resources allocated for European development aid policies (89 billions, as proposed by the European Commission) are coherently used to produce significant changes and sustainable development, following the guidelines of Agenda 2030.

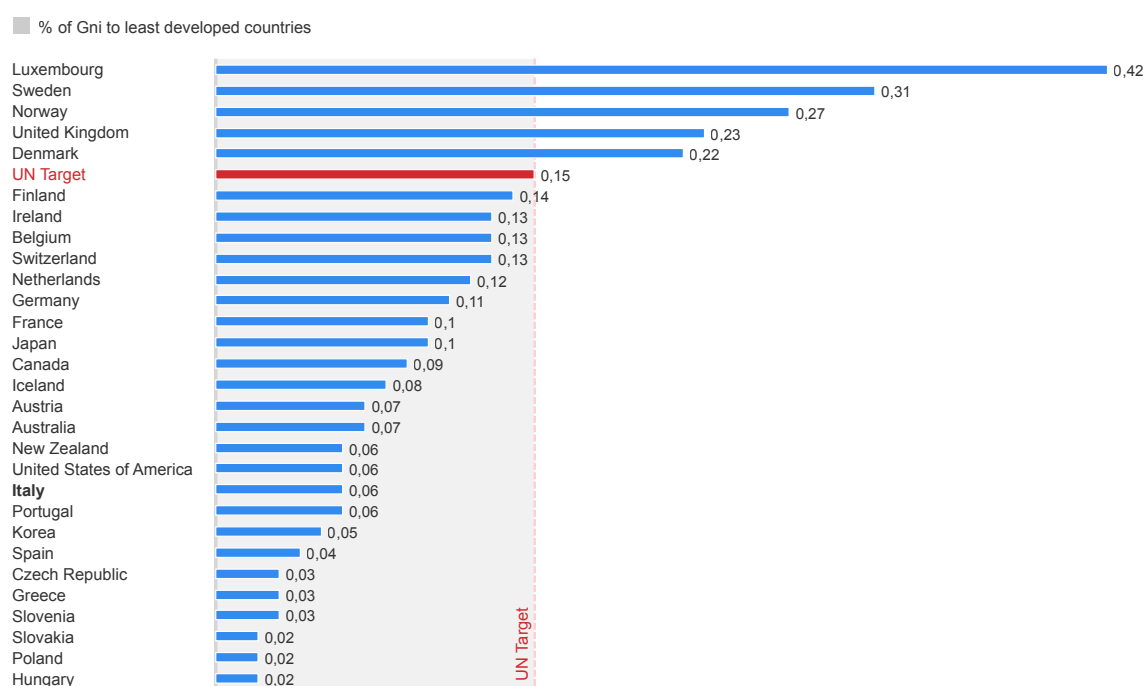
In Italy, as we are witnessing an increased expense on border control, civil society demands that efforts are made to avoid the creation of two different policies on development aid. One follows the guidelines of law 125 on development aid approved in 2014. The other aims at using development aid to externalise border control. In order to uphold the real essence and purpose of development aid, a tool to fight inequalities and to achieve social justice, it is necessary to separate these two options: on one side proper development aid policies, on the other actions to control and manage borders in origin and transit countries of the Mediterranean route.

Commitment for development, the gap between words and deeds

By analysing the Oecd's data for 2017 it becomes clear that activities and projects that were financed through bilateral aid do not follow in an adequate and coherent way the priorities that were set by the programming document 2017-2019 approved by the Coordinamento Interministeriale Cooperazione allo Sviluppo (Cics). Priority sectors to fight hunger and poverty such as access to food and basic services are inadequately implemented. Furthermore the commitments taken towards least developed countries (Ldcs), did not result in an equivalent allocation of resources.

Italy is one of the countries that donates less to least developed countries (Lcds)

Italy ranks 20^o out of 29 in percentage of Oda allocated to Lcds



DESCRIPTION: In 2017 Italy allocated 0,06% of Oda/Gni to Lcds

MUST KNOW: The United Nations advises to allocate 0,15% of Oda/Gni for Lcds

Source: Oecd

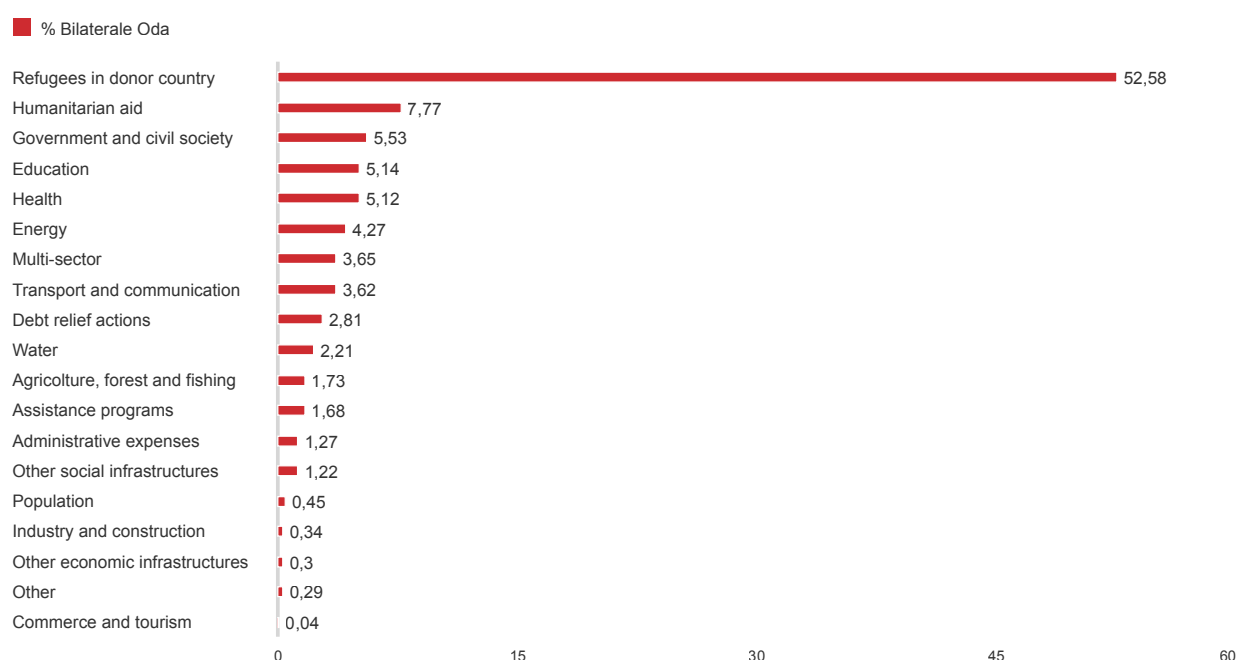
Fields of action

Agriculture, food, access to clean water, as well as basic and essential services (health and education) have historically been indicated as key priorities to exit poverty.

Agriculture, education and health represent little over 12% of Italy's bilateral aid investments in 2017

Even though the programming document 2017-2019 for development aid states the will to strengthen the commitment in these fields, Oecd data for 2017 certifies that Italy invested only 1,7% of bilateral aid in agricultural projects. Similarly education and basic health received only little over 10% of the total funding.

More than half of Italy's bilateral aid is used to manage asylum seekers in the country



DESCRIPTION: In 2017 Italy spent 52,58% of bilateral Oda for the refugee reception system.

MUST KNOW: According to the Oecd the management of migrants is accountable as Oda

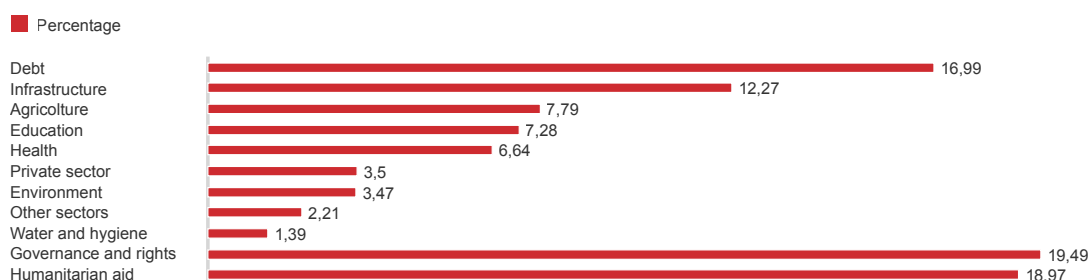
Source: Oecd

The reduced investment in these fields is mainly caused by an increasing amount of money being allocated for “refugees in donor countries”. As we have already seen the weight of this field of action soared in recent years, representing now almost half of Italy’s bilateral aid.

Even excluding the amount of money used for “refugees in donor countries” from our analysis, some clear contradictions emerge when comparing initial priorities to concrete investments. The annual report on development aid redacted by the ministry of foreign affairs highlights that even when considering only the bilateral aid that actually ends up in least developed countries, priority fields of action appear to not have received appropriate funding.

Bilateral aid by field of action

How bilateral aid is used



DESCRIPTION: 16% of bilateral aid goes to debt relief, only 7% goes to education.

MUST KNOW: According to art. 12 of the 125 law of 2014 each year the ministry of foreign affair has to redact a report on development aid

Source: Annual report on development aid by the ministry of foreign affairs.

Geographical areas

The area that Italy considers a priority is Africa. This in fact is confirmed by analysing the data on the geographical distribution of Oda (both bilateral and multilateral). If we consider Oda resources that actually leave our national boundaries (therefore excluding money for “refugees in donor countries”), Italy has allocated between 2016-2017 approximately 36,5% of its aid to subsaharan Africa. At the same time 20,5% is allocate to initiatives in Europe.

That being said it must be reminded that the amount of money allocated to the African continent has decrease by 8% compared to 2006-2007, while money going to Europe has increased by 10%.

To avoid going backwards

The broken promises of the annual budget law

When analysing the numbers of the annual budget law, the current risk for Italy of taking step backwards appears clear. For the first time since 2012 the economy seems to grow, while at the same time the amount of money allocated to development aid in 2019-2021 is decreasing. The goals set in the update of the Economic and financial document have been completely ignored. The constant growth in Oda in the past years, with the consequent ambition of reaching the level of the world's most important donor countries, turned out to be a broken promise.

Reaching the 0,30% target, and then falling short

The intermediate goal of 0,30% Oda/Gni was reached 3 years in advance, but we are currently risking of falling short by 2020. One thing is for sure, the goal will not be achieved if the current allocations set out by the annual budget law are confirmed, something that will drastically mark the international credibility of our country. This is especially true towards African and Mediterranean countries, crucial areas for the challenges of development and peace that Italy and Europe will need to address.

In recent years Italy's Oda grew in a constant way, even though this growth was strongly influenced by allocating large amount of money towards "refugees in donor countries". Money that was basically taken away from the real and proper goals of development aid, such as fighting poverty, and that was kept inside Italy's national boundaries.

Coherence and collaboration to avoid improper use of development aid

Even though the annual budget law reduced funding for Oda, the amount of money allocated to the ministry of interior remains very high for the next couple of years. Today, considering the drastic reduction in migrant influx, one might wonder how this money will be spent. There is a concrete risk that without a coordinated and coherent strategy, development aid policy will fragment, becoming more and more a tool to control migrant flows. Thinking to resolve the critical and generational problem of mass migrations in this

ethical point of view, and also considering the many international laws on humanitarian protection.

Furthermore according to the data published by Oecd-Dac, even in 2017 there seems to be a widening gap between words and deeds. This becomes clear by comparing the numbers of the programming document that sets the priorities, with the real allocation of resources. In this sense the objective of upholding the strategies of Agenda 2030, by making areas such as food safety, agriculture, health and basic education a priority, was strongly disregarded.

Even considering only the bilateral component, and subtracting the investments in “refugees in donor countries”, the improvements are insufficient to register any significant impact. In order to implement a development aid strategy that follows specific international principles, it becomes necessary to fill this gap.

The importance of involving stakeholders

From an internal point of view, the problem appears to be an inappropriate use of consultations instruments set out by law. The inter ministerial committee for development aid (Comitato interministeriale per la cooperazione allo sviluppo - Cics) that should coordinate each ministry's development aid policy, rarely meets. The national council of development aid (Consiglio nazionale della cooperazione - Cnccs) which sees all stakeholders involved (ministries, civil society organisations, local authorities, private companies and universities), and that should carry out an advisory and steering role, is basically not operating, and was never summoned in the past year.

The Italian agency for development cooperation

The Italian agency for development cooperation (Agenzia per la cooperazione - Aics) is the tool created to implement development aid policies on the field and, after three years of work, with many difficulties, finally started working just recently. The annual budget law however does not increase in any way funding for the agency, postponing to 2019 the urgent staffing needed. Apparently one of the biggest recent improvements introduced by the reform of the sector, appears now not to be a priority for Italy's current decision makers. Another proof of this is the fact that the position of general director of the agency has been vacant for almost a year. At this point we are still waiting for the ministry of foreign affairs to nominate a new director, after that the public selection process was completed last

Transparency is not a priority

The website [openaid](#) should allow citizens to verify the actual implementation of what decision makers set out to do in the programming documents. However openaid appears to be not up to date, with data going back only to 2017. Furthermore it is currently impossible to control to which countries and for which activities the resources are allocated, and there are obvious incoherences while comparing the datasets in the open data section with the published information on the website. Considering the current state of the website, there is a real risk of losing the progress from “very poor” to “fair” certified by IATI (International Aid Transparency Initiative) following the creation of the website.

Peer review, and recommendations for coherent and effective policies

That being said, and considering that this year the Dac (Development assistance committee) will carry out its periodic evaluation of Italy's policies, the first one after the approval of the country's last budget law, it becomes necessary to quickly and heavily change direction:

- Reorganise Oda's resources for the next three year period in order to reach the 0,30% target by 2020;
- Strengthen the coordination and collaboration between ministries in the definition of a common strategy;
- Assure that the increasing amount of resources allocated to border control, are instead used more efficiently, following in a coherent way the principles and goals of Agenda 2030;
- Define a program for resources being allocated to least developed countries and guarantee coherence between goals and real use of resources;
- Complete by the end of the year the staffing procedure for the national Agency for development cooperation (Aics), as well as nominate the new director of the Agency;
- Guarantee a regular work plan for the national council for development aid (Cnccs), assuring a participation of all stakeholders and a contribution of all actors involved in defining national policies;
- Guarantee the creation a single online platform where citizens and researches can obtain complete datasets on Italy's development aid, in order to foster studies and relevant analyses.