

The dismantling of development cooperation

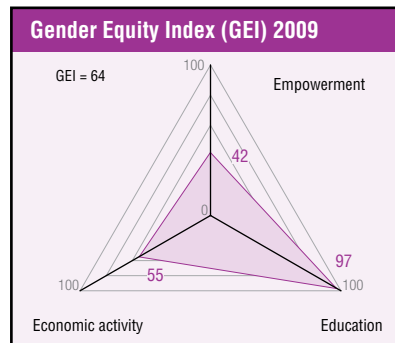
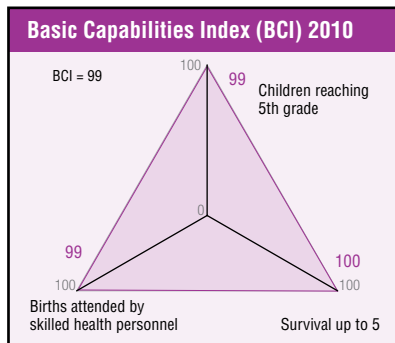


The Italian society has been hit hard by the financial crisis. The Government's main response was to cut resources in key sectors including education, health, welfare and funds for local authorities. Financing for development has also suffered a drastic reduction, and Italy is not meeting its international commitments. The Government's disregard for development cooperation in the same year as the Italian presidency of the G8 is not surprising to civil society organizations, which have been criticizing the country's lack of strategies in terms of the financing for development agenda.

Italian Social Watch Coalition¹

The social impact of the financial crisis has been huge in Italy. It has affected not only the country's economy in general – the national deficit increased 5.2% in 2009 and over 9,000 enterprises closed (23% more than in 2008²) – but workers and families in particular. The unemployment rate increased to almost 8%³ and a third of households are experiencing difficulties in reaching the end of month without going into debt.⁴ Among them, migrants have been the hardest hit.⁵

The banking system has not been particularly affected, nor has it applied the incentives it received from the Government to help businesses and individuals with credit facilities. At the same time, the Government has cut resources in many key sectors such as education, health, welfare and funds for local authorities. In 2009, the G8 meeting took place in the Italian town of L'Aquila, which had recently been devastated by an earthquake, amid criticism of Italy's lack of strong leadership in the pre-summit process and recent cuts to its aid budget. It was a year of further privatization of public companies and infrastructure together with more corruption and tax evasion (corruption cases increased 229% over



2008, while it is estimated that a third of Italians avoid paying taxes).⁶

Disregard for development cooperation

Recent State budgets have decreed the dismantling of development cooperation. For the 2009-2011 period EUR 321.8 million, 331.26 million and 215.7 million (USD 398 million, 409.73 million and 266.63 million) have been allocated, respectively, representing a cut of 56% in the resources available for the Ministry of Foreign Affairs' cooperation projects. The Government's actions in this area in the same year as the Italian presidency of the G8 might seem contradictory; however, it is not surprising considering the expense of organizing the G8 event itself – which cost far more (an estimated USD 600 million⁷) than the annual allocations for international cooperation.

According to the Organisation for Economic Cooperation and Development (OECD), 74% of Italian official development assistance (ODA) is channelled through the multilateral system. This means that adequate transparency and democratic accountability are lacking on the effectiveness of the country's participation in international institutions managing financing for development. In 2010, Italian ODA will be well below the commitment of 0.50% of GNI, leading Europe to miss the collective target of 0.56% despite the good performance of countries that have already

gone beyond it.⁸ An attempt to reform the system of development cooperation – necessary to ensure greater effectiveness, coherence and resource stability – was started during the former legislature but has now been abandoned.

In January 2010, the first OECD report in six years on development cooperation in Italy (the so-called *Peer Review*) was presented in Rome. In 2004 the Development Assistance Committee (DAC) had suggested 13 essential reforms to be implemented by 2009. These included, among others, an increase in the resources committed and in their reliability, better prioritization, recruiting new experts, streamlining administrative procedures and setting up the monitoring, evaluation and approval of a new law defining a regulatory framework for the Italian system of cooperation. Unfortunately, the 2004 recommendations were largely ignored and the list simply grew. The recommendations have become 19,⁹ including the continuing need for a new law, adjusting the volume of resources to commitments made at the international level, paying attention to policy coherence, and the implementation of monitoring and evaluation processes.

The financing for development agenda: lacking strategies

Notwithstanding the shrinking role of the G8 and the emergence of the G20 as the new international forum, the Government has tried to use its presidency of the

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2 *La Stampa*, "Crisi, nel 2009 picco di imprese fallite," 1 March 2010. Available from: <www.lastampa.it/redazione/cmsSezioni/economia/201003articoli/52697girata.asp>.

3 The unemployment rate for Italy in 2009 was 7.8% compared to 6.8% in 2008. The projected rate for 2010 is 10.5%. See: EconomyWatch, "Italy Economic Statistics and Indicators." Available from: <www.economywatch.com/economic-statistics/country/Italy/>.

4 Keynesiano, "Crisi: Duro impatto della recessione sul mercato del lavoro," 29 January 2010. Available from: <keynesiano.wordpress.com/2010/01/29/crisiduro-impattodella-recessione-sul-mercato-del-lavoro>.

5 According to major money transfer operators, during the first part of 2009 remittances decreased by between 10 and 15% with respect to 2008. See: Giulio Giangaspero, "Le rimesse dall'Italia in tempo di crisi," *Working Paper Cespi*, 63/2009. Available from: <www.cespi.it>.

6 NPR, "Culture of Corruption Creeps into Italian Life", 12 March 2010. Available from: <www.npr.org/templates/story/story.php?storyId=124366357&ft=1&f=1004>.

7 Anuradha Mittal, "G8 Summit: Feed the Hungry or Fuel Hunger?" *Foreign Policy in Focus*, 8 July 2009. Available from: <www.fpiif.org/articles/g8_summit_feed_the_hungry_or_fuel_hunger>.

8 See: OECD, *Italy: Development Assistance Committee (DAC) Peer Review 2009*. Available from: <www.oecd.org/dataoecd/54/59/44403908.pdf>.

9 OECD, "Italy (2009) DAC Peer Review–Main Findings and Recommendations" (2009). Available from: <www.oecd.org/document/60/0,3343,en_2649_34603_44387452_1_1_1_1_00.html>.

former to reinforce its public image, both domestically and internationally. However, Italy kept an extremely low profile during the main multilateral summits in 2008-2009 dedicated to financing for development and the impact of the global crisis on development.¹⁰ The only original proposal it put forward was the idea of establishing "Global Legal Standards," a set of rules intended to regulate finance, limit speculative activities and help the global recovery after the crisis. So far, this proposal – the content of which is still being finalized – has not obtained sufficient international backing or led to major action towards much-needed tougher regulation of financial markets.

Within the framework of the EU Aid for Trade initiative, developed in 2007 with the *Joint Aid for Trade Strategy*, Italy's aid programmes do not yet include any specific strategy about trade. The European Commission's *Aid for Trade Monitoring Report 2009*¹¹ notes that aid for trade is part of the assistance strategies for less than 25% of Italian partner countries. There are also many concerns related to the quality, quantity and objectives of the programmes.

Most aid for trade goes to infrastructure, which together with capacity building accounted for 76% of the total spending during the 2002-2006 period. Italy is at the forefront in promoting private companies' investment in infrastructure projects with both bilateral and multilateral aid programmes, in particular with the European Investment Bank. The latter is financing controversial projects in African countries, such as dams (Gigel Gibe in Ethiopia and Bujagali in Uganda) and extractive activities (Democratic Republic of the Congo and Zambia), without clear developmental, social or environmental benchmarks.

More broadly it is still unclear whether, in the aftermath of the financial crisis and of recent mergers and acquisitions affecting Italian multinational companies, the Government is willing to review bilateral investment treaties that have had severe implications for developing countries in the last few years. At the same time the Government is not taking any meaningful leadership in promoting higher standards for export credit agencies that back Italian companies' investments worldwide, often with negative consequences in the global South.

Violating human rights abroad

In its report on the oil industry in the Niger Delta,¹² Amnesty International documents the impact on the local population and the environment of exploration and petroleum production activities conducted by multinational petroleum companies. One of those most active in Nigeria is the Italian company Eni, which has a presence in 77 countries and is the fifth largest oil

group in the world after Exxon Mobil, BP, Royal Dutch Shell and Total.

The petroleum industry in the Delta involves the Nigerian Government and subsidiary companies controlled by multinationals such as Eni, Shell and Total, as well as local companies. The huge oil fields have produced billion-dollar profits for the country, but most of the people residing in the extraction areas live in poverty. Pollution and environmental damage have had a profound impact on the land, water and air, violating the human rights of the Delta's population. Amnesty maintains that the extraction companies operating within the Delta, including Eni, must start clean up activities, consulting the communities and keeping them updated about the results. Companies must also make public all the information regarding the impact of their activities on human rights, including environmental impact assessments or any other study conducted on the effects of their operations on local communities.

A look at the Millennium Development Goals (MDGs): civil society in action

MDG 3: Lack of strategies for gender equity. Civil society's timely analysis of reports and planning documents is very important in the area of gender equality policy, where vagueness prevails and information and sharing of actions, results and strategies are lacking. A good example was the preparation of the dossier for Beijing+15 and Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); although it was accurate in terms of Italy's compliance with global commitments, it showed huge gaps in terms of consultation with civil society and the transparency of the process. In particular the report on CEDAW did not respond to the areas about which the CEDAW Committee had expressed concerns at the time of the 2005 report, namely the health of migrant women, the persistence of gender stereotypes in the media and the inadequate political participation of women at the local and national level. The recent report lacks a strategic vision and a systemic policy to promote equal opportunities and the empowerment of women; it lists measures, laws and data without a clear timeline and shows slight concrete progress on issues that need greater institutional commitment.

In November 2009 the Ministers of Equal Opportunities and of Welfare presented the plan *Italy 2020: Programme of Actions for the inclusion of women in the labour market*. Most of these actions are based on part-time jobs, assuming that the reconciliation of work and care responsibilities should continue to be resolved largely, if not exclusively, by women themselves.

MDG7: A referendum for public water. The right to access to water is covered by a number of international commitments. MDG 7 calls for reducing the proportion of people without sustainable access to safe drinking water and basic sanitation. The United Nations Economic Commission for Europe Convention on the Protection and Use of Transboundary Watercourses and International Lakes promotes public participation in relevant decision-making processes,¹³ and the EU Water Framework Direc-

tive states that "water is not a commercial product like any other but, rather, a heritage which must be protected, defended and treated as such."¹⁴

For 15 years, in Italy there has been a process of gradual privatization of the management of integrated water services (IWS) as an autonomous initiative by local authorities or through national laws that have pushed in this direction. Half the Italian population is now served by mixed-ownership (public-private) joint-stock companies and the other half by totally publicly owned joint-stock companies. In cities such as Arezzo and Aprilia, where private partners first became involved, there has been an exponential increase in prices and a sharp reduction in investment. In the last decade, prices went up by 62% (compared with inflation of 25%) and investments fell by two thirds from EUR 2 billion to EUR 0.7 billion. Consumption of privatized water is expected to grow close to 20% in the next 10 years.

In reaction to the disastrous effects in social and environmental terms, and with respect to the right to water in Italy and worldwide, a strong Italian movement has grown over the past decade, bringing together hundreds of national and local organizations, associations and committees. In 2007, over 400,000 signatures were collected in support of a law proposed by the people – which Parliament did not take up – that outlines a new model of public ISW management. At its heart it is the democratic participation of citizens rather than the maximization of profit. Then, in 2010, a campaign was launched and collected over 1 million signatures for a referendum in 2011 on public and participatory management of water as a common good.

Alongside the civil society movement many local authorities are also taking action. The Puglia Region, for example, has adopted a resolution against the privatization of AQP, the largest aqueduct in Europe, and outlined future ISW management through instituting a law on public management.

Conclusion

The current financial crisis has led to drastic cuts in the development cooperation sector. Italy's proposal for "Global Legal Standards" has received limited attention so far and much-needed financial sector reform has been delayed. As the country grows poorer and more xenophobic,¹⁵ with migrants and especially Roma people suffering continuous discriminations and violence, civil society organizations are attempting to defend constitutional rights under attack, such as free press and an independent judicial system.

If Italian cooperation does not fulfil the OECD recommendations, its contribution to the MDGs will be almost irrelevant or even counterproductive, since it will be slowing European action and global leadership. In particular, the first target of MDG 8 (to "address the special needs of the least developed countries, landlocked countries and small island developing states") needed a significant increase in ODA. As a result of Italian policies, this target now looks even further away from achievement. ■

14 Available from: <ec.europa.eu/environment/water/index_en.htm>.

15 Grazia Naletto, ed., *Rapporto sul razzismo in Italia* (Rome: Manifestolibri, 2009).

10 At the Global Financial and Economic Crisis Conference in June 2009, where many countries were represented at ministerial level or above, the Italian delegation was headed by an official at the Foreign Affairs Ministry.

11 Available from: <ec.europa.eu/development/icenter/repository/COMM_NATIVE_SEC_2009_0442_4_Aid-for-Trade-monitoring-report-2009_EN.pdf>.

12 Amnesty International, *Nigeria: Petroleum, Pollution and Poverty in the Niger Delta*, London, 2009. Available from: <www.amnesty.org/en/library/asset/AFR44/017/2009/en/e2415061-da5c-44f8-a73c-a7a4766ee21d/af440172009en.pdf>.

13 Available from: <www.unecp.org/env/water/>.