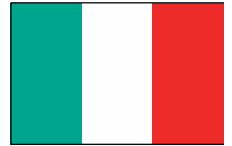


"Not only is it necessary to rapidly increase the amount of resources so as to reach 0.7% ODA/GDP in five years but it is also necessary to utilise these resources to back a vision and a plan. [...] This is a commitment that we make before millions of Italians who have understood that our future is tied up with the future of the Developing Countries." Italian Prime Minister Romano Prodi, April 2, 2006.



ITALY

Did Italy hit the EU target of 0.33% in 2006 without inflating its aid? NO
Will Italy meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: NO

According to the latest OECD statistics, Italy has not met the EU commitment to spend 0.33% of GNI on ODA in 2006. Italy's genuine aid resources have in fact fallen 41% between 2005 and 2006, putting Italy in the bottom position of the EU 15 member states. Italy reported €2.9 billion as ODA in 2006 but nearly €1.3 billion or 44% of this was debt cancellation. When inflated aid is removed from the picture Italy spends only 0.11% of GNI on aid.

Recently, in response to the European Union questionnaire on Monterrey for the May 2007 General Council, Italy committed to meeting the 0.33% intermediate target by 2008 on its way to 0.51% by 2010. However, Italy is not making the necessary preparations to enable this increase. In the event of a substantial increase in fresh resources to fill the gap to €7.5 billion (0.51% by 2010), there is no absorptive capacity at the moment in the development cooperation management structure.

Projections for future allocations are difficult as the ODA budget is spread among different ministries and current allocations could change over the financial year. Approximately one third of the total ODA is managed by the Ministry of Foreign Affairs (MFA) under Law 49/87. The remaining two thirds

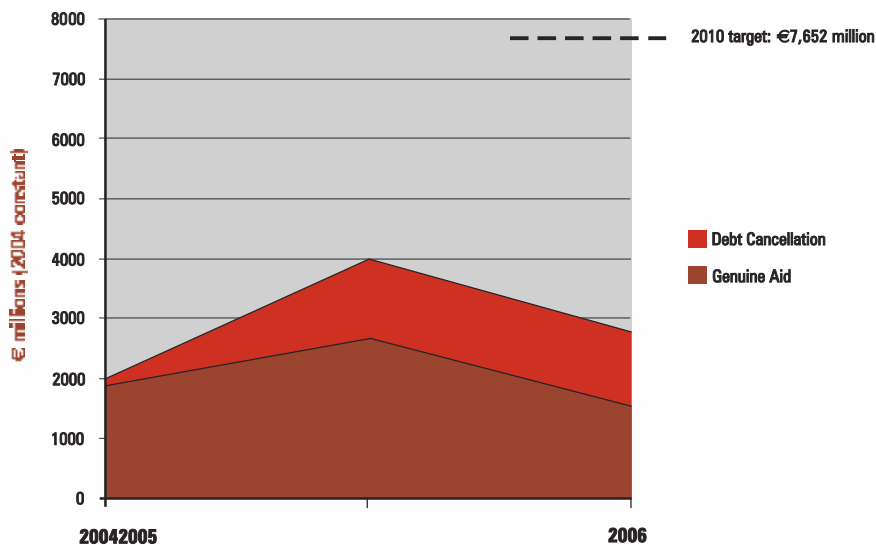
are managed by the Ministry of Economy and Finance. According to civil society organisations' estimates, the current Financial Bill allocates €1.3 billion for development cooperation, although the resources that it is possible to trace are mainly those allocated to the MFA (€600 million).

The high share of debt relief also alters the percentage of tied aid. In 2005, when debt relief is removed, Italy is the 4th worst performing OECD country for tied aid. According to the 2005 human development report, 14 cents in every \$1 of Italian aid to Ethiopia is spent in Italy. According to the 2006 EU Donor Atlas, Italy is the only EU country to highly tie its technical assistance and NGO support. Italy has allocated more resources to technical assistance than to education. Hopefully, the bill on ODA reform will lead to untying all ODA including technical assistance and food aid as well as providing preferential access to local goods and services.

Italian NGOs call on the Italian government to:

- ♦ develop a transparent timetable to increase financial resources to meet the 0.51% target;
- ♦ stop counting debt relief in ODA statistics;
- ♦ fully untie all bilateral aid, including technical assistance.

Italy's genuine and inflated aid



Note: all figures including 2010 target figure in 2004 prices for comparability (see endnote 1)

Organisations consulted: Actionaid Italy, Associazione ONG Italiane.