



## ITALY'S POLICY OF COOPERATION FOR DEVELOPMENT: A "NATURAL VOCATION" FOR RHETORIC?<sup>1</sup>

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### **Abstract:**

After the second world war, the Italian economy was in poor conditions. During the 1950s, Italy received not only the Marshall Plan aid but also conspicuous loans from the World Bank. This situation and the scant attention paid by the public regarding issues of Third World development made the transition very difficult from the condition of recipient to that of a donor country. Moreover, Italy's attitude was influenced by the self-perception that Italian colonialism had provided many benefits to the colonies. It wasn't until the 1960s, to enhance her image, Italy approved a number of measures about technical assistance and better conditions for credit on exports, following the UN resolution on the "decade of development" and international pressures, particularly from the USA. In 1970 the Ministry of Foreign Affairs created an office to coordinate the work of co-operators, while funds allotted to the Third World remained well below the target of 1% of GNP indicated by UNCTAD in 1964. Public aid for development was concentrated in the Mediterranean basin and in Africa, and to a lesser extent to Latin America. In the period 1965-65, 93% of funds went to 10 countries (Yugoslavia, United Arab Republic, Somalia, Greece, Tunisia, Ethiopia, Nigeria, Brazil, Panama and Mexico). Somalia, a former colony, was a special case. The years 1979-1990 saw a tremendous increase in the amount of funds for cooperation (165%) and a change in their composition. This change resulted in more public funds and less private ones, more loans at favourable conditions and less technical assistance. This phase ended when judiciary inquiries on corruption in the public administration involved also the cooperation sector, which was discredited. By the end of the 1990s, after a drastic reduction of funds, Italian policy of cooperation was broadly in line with international parameters, both in objectives and methods.

**Keywords:** Third World, Developing Countries, Cooperation to Development.

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<sup>1</sup> In an interview with the journalist Mario Salvatorelli for *La Stampa* (6 December 1972), the Minister of Foreign Affairs Giuseppe Medici stated that Italy had "a natural vocation to cooperate with Latin America and North Africa. [...] Our people – he added – acquired a great experience from the important economic and social transformations of the Mezzogiorno, and it increased its sensitivity for the grave problems of development". Cit. in IAI (1973), *L'Italia nella politica internazionale, 1972-73*, Massimo Bonanni (ed.), Milano, Edizioni di Comunità, p. 49. For the text of the interview see *La Stampa* on-line archive, <http://www.archiviolaStampa.it>. This paper is based, primarily, on the few historical studies on Italian development cooperation, on published sources and on a few and incomplete archival documents. Such a choice could seem illogical and contradictory, if it was not forced by the almost complete inaccessibility of the bulk of the documents held at the Historical Archive of the Italian Ministry of Foreign Affairs. So, some parts of this paper could prove incomplete, especially those relating to the decision making process that accompanied the action of the various Foreign Affairs Ministries.

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**Resumen:**

*Tras la Guerra la economía italiana estaba en un pobre estado; durante los años 50 Italia recibió no solo la ayuda del Plan Marshall sino también significativos préstamos del Banco Mundial. Esta situación y la escasa atención prestada por la opinión pública al tema del desarrollo del Tercer Mundo hizo muy difícil la transición desde la condición de país recipiente a la de país donante. Además la actitud de Italia se veía influida por su auto-percepción de que el colonialismo italiano había traído numerosos beneficios a las colonias. Solo con el inicio de la década de los 60, con el fin de reforzar su propia imagen, Italia aprobó una serie de medidas relativas a asistencia técnica y mejora de las condiciones para el acceso a créditos para la exportación, siguiendo la resolución de la ONU sobre la “década de desarrollo” y debido igualmente a las presiones internacionales, especialmente de los EEUU. Pero no fue hasta los años 70 cuando el Ministerio de Asuntos Exteriores creó una oficina para coordinar el trabajo de los cooperantes, si bien los fondos destinados al Tercer Mundo seguían manteniéndose muy por debajo del objetivo del 1 % del PIB indicado por el UNCTAD en 1964. La ayuda pública al desarrollo se concentraba en la Cuenca mediterránea y en África, y en menor medida en Latino-América: en el periodo 1965-69, el 93 % de los fondos se destinaron a 10 países (Yugoslavia, la República Árabe Unida, Somalia, Grecia, Túnez, Etiopía, Nigeria, Brasil, Panamá y México). Somalia, una antigua colonia, representaba un caso especial. Los años 1979-90 fueron testigos de un fenomenal incremento de los fondos para cooperación (165%) y un cambio en su composición: más fondos públicos y menos fondos privados, más préstamos en condiciones favorables y menor asistencia técnica. Esta fase finalizó con las investigaciones sobre corrupción, pues la ayuda a la cooperación se vio igualmente afectada, lo cual llevó a su descrédito. Tras una drástica reducción de los fondos, al final de los años 90, la política de cooperación se situaba en términos generales en línea con los parámetros internacionales, tanto en objetivos como en métodos.*

**Palabras clave:** Tercer Mundo, Países en Desarrollo, Cooperación al Desarrollo.

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## 1. Introduction

The question of Third World economic development first emerged as an international issue after the Second World War and, later stood out as a fundamental issue in North-South relations, coinciding with the accelerating decolonization process<sup>3</sup>.

During the Sixties, pressed by the United States on one side, and by the Less Developed Countries (LDCs) quests for economic growth on the other, Western countries and the major international organizations were forced to cope with this problem<sup>4</sup>. After attaining political independence, the expectations for economic growth on the part of the emerging countries represented, for the international community, not only a political and ideological challenge in the cold war context, but also an economic one, as LDCs began to call into question the very distribution of wealth at the international level.

For political and strategic reasons, it was in the USA that the first deep reflection began on the need to intervene from abroad to stimulate the economic growth of the newly independent countries<sup>5</sup>. The major Western European countries as well couldn't avoid facing this matter, either because they needed to cope with the end of their empires and to adapt their foreign policy to a post-colonial international environment (as in the cases of France and Great Britain)<sup>6</sup>, or because of particular international and economic interests (as in the cases of the two German states)<sup>7</sup>, or for domestic reasons, as in the case, for example, of Norway. Different interests and aims combined in these first attempts to imagine and elaborate new development assistance policies: economic, strategic, political reasons or even "moral imperatives"<sup>8</sup>. Furthermore, the work initiated within the UNO at the beginning of the 1950s<sup>9</sup>, contributed to strengthen and spread the awareness of the need to help Third World countries and the idea that development cooperation policies had to become an integral part of the foreign policies of the Western governments.

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<sup>3</sup> On the emergence of the development question as an international issue see, among the others, Arndt, H.W. (1987): *Economic development. The History of an Idea*, Chicago and London, The University of Chicago Press; Tarp, F. (ed.) (2000): *Foreign Aid and Development. Lessons Learnt and Directions for the Future*, London, Routledge; Jolly, R.; Emmerij, L.; Ghai, D.; Lapeyre, F. (2004): *UN Contribution to Development thinking and Practice*, Bloomington, Indiana University Press; Clark, R. F. (2005): *Victory Deferred. The War on Global Poverty, 1945-2003*, Lanham, University Press of America.

<sup>4</sup> On Western European countries development policies see Tosi, L. and Tosone, L. (eds.) (2006): *Gli aiuti allo sviluppo nelle relazioni internazionali del secondo dopoguerra. Esperienze a confronto*, Padova, Cedam; Hoebink, P. and Stokke, O. (eds.) (2005): *Perspectives on European Development Co-operation. Policy and Performance of Individual Donor Countries and the EU*, London and New York, Routledge, and the monograph volume on development cooperation of the review *Contemporary European History*, vol. 12, no. 4 (2003).

<sup>5</sup> On US foreign aid policy see Brissac-Féral, Claude (2001) : *La politique américaine d'aide au développement: conflits entre le président et le congrès, 1947-1979*, Paris, L'Harmattan; Butterfield, S. H. (2004) : *US Development Aid. An Historic First. Achievements and Failures in the XX Century*, Westport, Praeger; Tosone, Lorella (2008): *Aiuti allo sviluppo e guerra fredda. L'amministrazione Kenendy e l'Africa sub-sahariana*, Padova, Cedam.

<sup>6</sup> Cumming, Gordon (2001): *Aid to Africa: French and British Policies from the Cold War to the New Millennium*, Aldershot, Ashgate; Morgan, D. J. (1980): *The Official History of Colonial Development*, 4 vol., London, Macmillan.

<sup>7</sup> Schulz, Brigitte H. (1995): *Development Policy in the Cold War Era. The Two Germanies and Sub-Saharan Africa, 1960-1985*, Munster, Lit Verlag; Lorenzini, Sara (2003): *Due Germanie in Africa: la cooperazione allo sviluppo e la competizione per i mercati di materie prime e tecnologia*, Firenze, Polistampa.

<sup>8</sup> Lumsdaine, David H. (1989): *Moral Vision in International Politics: the Foreign Aid Regime, 1949-1989*, Princeton, Princeton University Press.

<sup>9</sup> See Emmerij et al., *op. cit.*; Toye, John and Toye, Richard (2003): *The UN and Global Political Economy, Trade, Finance and Development*, Bloomington, Indiana University Press.



During the 1960s, development assistance policies went through a sort of institutionalization, both at the domestic level, with the establishment of foreign aid programs and agencies to manage them in many Western countries, and, at the international level, with the birth of various multilateral agencies and programs that dealt with economic development. In those years, new UN Specialized Agencies, programmes and funds were established as, for example, the World Food Programme (1963), the UN Conference on Trade and Development (1964), the UN Development Programme (1965), the UN Industrial Development Organization (1967), together with new regional financial institutes such as the African Development Bank (1964) and the Asian Development Bank (1966), two new branches of the World Bank, the International Finance Corporation (1956) and the International Development Association (1960), as soft-lending instruments; consortiums and coordinating groups were created, as the World Bank consortium for India and Pakistan and the OECD consortium for Turkey and Greece. The EEC development assistance programmes were extended and updated and the OECD Development Assistance Committee was established as a discussion forum and a coordination instrument of the foreign aid policies of the member states<sup>10</sup>.

## **2. Italian Development Policy in the 1950s and 1960s**

Italy fit into that context, which undoubtedly unveiled an excessive optimism for the Western countries' ability to transfer to the LDCs their models for economic development, with a certain delay and reluctance, without having a clear idea of the role the foreign aid policy should play within its foreign policy, in general, and, in particular, within its relations with developing countries. In the post-war years, Italy had to face enormous economic problems, especially in its *Mezzogiorno*; during the 1950s, Rome was receiving not only Marshall Plan aid, but also substantial loans from the World Bank. So it accepted slowly and without conviction the need to become a donor country<sup>11</sup>. The objective economic limits and the very low concern of the Italian public opinion for Third World development issues made it much more difficult for the political establishment, committed to post-war reconstruction, to imagine a foreign aid policy that would have meant a substantial drain of resources in favour of the developing world.

Thus, between the late 1950s and the early 1960s, while the development *discourse* was beginning to attract the attention of Western governments (also because of Moscow's new activism in the Third World and in favour of various national liberation movements<sup>12</sup>), a

<sup>10</sup> See Shaw, J. D. (2001): *The UN World Food Programme and the Development of Food Aid*, New York, Palgrave; Holly, Daniel A. (1999): *L'ONUDI: l'Organisation des Nations Unies pour le Développement Industriel, 1967-1995*, Paris, L'Harmattan; United Nations (1985): *History of Unctad, 1964-1984*, New York, United Nations; Unctad (2004): *Beyond Conventional Wisdom in Development Policy: An Intellectual History of UNCTAD 1964-2004*, Geneva, United Nations; Staples, A.L.S. (2005): *The Birth of Development: How the World Bank, Food and Agriculture Organization, and World Health Organization Have Saved the World, 1945-1965*, Kent, Kent State University Press; Kapur, D.; Lewis, J.P.; Webb, R. (1997): *The World Bank: Its First Half Century*, Washington, The Brookings Institution; Rubin, Seymour J. (1966): *The Conscience of the Rich Nations, The Development Assistance Committee and the Common Aid Effort*, New York, Harper and Row.

<sup>11</sup> Calandri, Elena, "The Last of the Donors: l'Italia e l'assistenza allo sviluppo", in Ballini, P. L.; Guerrieri, S. and Varsori, A. (eds.) (2006): *Le istituzioni repubblicane dal centrismo al centro-sinistra, 1953-1968*, Roma, Carocci, p. 227 and *Id.*, "Italy's Foreign Assistance Policy, 1959-1969", *Contemporary European History*, vol. 12, n. 4 (2003), pp. 513-514.

<sup>12</sup> Dannehl, C. R. (1995): *Politics, Trade and Development. Soviet Economic Aid to the Non-Communist Third World, 1955-1989*, Aldershot, Dartmouth; Rubinstein, Alvin Z. (1988): *Moscow's Third World Strategy*, Princeton, Princeton University Press; Fukuyama, Francis and Korbonski, Andrzej (eds.) (1987): *The Soviet Union and the Third World. The Last Three Decades*, Ithaca, Cornell University Press.



development assistance policy did not actually exist in Italy. The sole referable activities were small programs of technical assistance and an export credit program; the latter represented the main item of the Italian economic activities abroad. Soft loans were actually nonexistent, while financial assistance in grant form was given only in exceptional cases and to countries with which Italy had strong historical ties, as Somalia and Libya. Rome included in its foreign aid budget even war reparations and debt rescheduling<sup>13</sup>. The legislation was inadequate, the appropriations were very low, Italian programs abroad responded to various demands and influences, and the various Ministries had different competences relative on them: the bulk of technical assistance programs was managed by various offices at the Ministry of Foreign Affairs (MFA); the Treasury controlled Italian contributions to international organizations; the Ministry of Education was responsible for the fellowships awarded to foreign students and for the contributions to the Universities of Asmara, Mogadishu and Nairobi<sup>14</sup>; the Ministry of Defense dealt with voluntary service in substitution of compulsory military service. Furthermore, the legislation distinguished very clearly technical assistance from financial assistance that was regulated by the laws relating to the export credits programs<sup>15</sup>.

Since the beginning of the 1960s, also urged by the passage of the UN General Assembly resolution on the Development Decade<sup>16</sup>, the Italian Parliament passed a series of laws on technical assistance activities abroad and to improve the export credit program, but they did not help to reduce the fragmentation of Italian foreign aid programs. In 1961, for example, the law 635 was passed, to extend to five years the state guarantees for the export of Italian goods and services<sup>17</sup>; in 1962, the first law was approved to allow bilateral technical cooperation with all Third World country (the preceding laws dealt only with Somalia); in 1967, the law 13 organically regulated financial cooperation; in 1966, the law 1033 allowed young men who wanted to serve as volunteers in Third World countries to delay or skip compulsory military service. But the law did not provide for the necessary funding or for the establishment of an agency to coordinate and train the volunteers; nothing comparable with the US Peace Corps or to the German volunteers programme (the MFA opened a volunteer office with some funding only in 1970)<sup>18</sup>.

Such unsuitability of the legislation on foreign aid obviously reflected a scarce commitment on the part of the political establishment over an issue which, during the 1960s, continued to remain substantially ignored also by domestic public opinion, and which found

<sup>13</sup> Presidenza del Consiglio dei Ministri, "Conclusioni del gruppo di lavoro sulle possibilità e modalità di assistenza ai paesi in via di sviluppo", 14 September 1961, *Archivio Centrale dello Stato [ACS], Presidenza del Consiglio dei Ministri – Comitato Interministeriale per la Ricostruzione [PCM-CIR]*, b. 148.

<sup>14</sup> Isernia, Pierangelo (1995): *La cooperazione allo sviluppo*, Bologna, Il Mulino, p. 76.

<sup>15</sup> The first law that regulated export credits, law n. 955, was passed in 1953 and it aimed to support and increase Italian exports, through the state guarantee to Italian firms, so that they could easily face foreigner competitors. MAE-DGAE, Uff. IV, *Telespresso* n. 44/17391, *Possibilità e limiti di una partecipazione dell'Italia ai piani multilaterali e bilaterali di cooperazione economica e tecnica in favore dei paesi sottosviluppati*, 02 October 1959, *ACS, PCM-CIR*, b. 148.

<sup>16</sup> "A Programme for International Economic Cooperation", Resolution no.1710 (XVI), *United Nations Development Decade.*, (19 December 1961).

<sup>17</sup> B. C., "L'assistenza ai paesi in via di sviluppo", *Relazioni Internazionali*, vol. 25, n. 21 (1961), pp. 673-674.

<sup>18</sup> Pedini, Mario: "L'assistenza italiana allo sviluppo", *Affari Esteri*, vol. 17, no. 68 (1985), pp. 512-513. During the Sixties, the Italian Parliament passed many other laws relating to development cooperation. Among them: law 157/61 on technical and financial assistance to Somalia for the years 1960 and 1961; law 1526/61 on multiyear technical assistance to Somalia; law 1376/67 on technical, cultural, economic and financial assistance to Somalia for the period 1967-1971; law 380/68 on technical cooperation; law 465/68 that regulated the activities of primary school teachers who served as volunteers in Third World countries, law 168/69, on international cooperation in the health field. Icepts (1989): *Guida all'aiuto pubblico italiano allo sviluppo*, Roma, Icepts, pp. 29-31.



its limits in the economic problems of the country. Moreover, the “strange Italian decolonization”<sup>19</sup> has certainly contributed to stress and widen the limits of Italian development cooperation policy: the delay with which Italy confronted itself with its own colonial past, and the peculiar way in which the Italian political establishment portrayed the successes of its presence in Africa. Representing Italians as the only good colonialists<sup>20</sup> and so reiterating the myth of “*brava gente*” (good people) has certainly contributed to let the Italian governments and public opinion feel exempt from committing seriously to Third World economic development<sup>21</sup>.

All this caused the uncertainties of the Parliament, that worked “in an almost unknown field”<sup>22</sup>, and with a complete lack of a comprehensive political vision on aid. In fact, Italian development assistance policy till the 1980s did not find its role within the foreign policy of the country; it was not conceived as a real and useful foreign policy instrument and did not represent a sort of special channel through which Italy could build the so often recalled “mediation” between the North and the South of the world, an important aim of Italian foreign policy, at least in the statements of Prime Ministers, Ministers of Foreign Affairs or representatives to the major international organizations<sup>23</sup>.

So, Italy long expressed a foreign aid policy characterized by some important differences if compared with the choices of the other Western countries and with what the USA was trying to make them accept with regard to the volume and forms of aid. First, the volume of the resources that Italy transferred to LDCs was always below the 1% GNP target, established in 1964 at the first Unctad meeting<sup>24</sup>. Second, Italian fluxes were never steadfast,

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<sup>19</sup> “During the Fifties and Sixties a discussion on the national colonial past did not develop, because of that strange Italian decolonization. The Empire had been small, it was lost during the war, the interests in it were numerous but often limited [...] The lack of a wide public debate, that in other countries decolonization made urgent, did not allow the Italian public opinion to discuss its very involvement in the colonial past of the country. So it happened that, with the exception of a few experts and critics, Italian colonial past was not “researched” within the country. As a result, Italians cleared themselves, forgot their past, transfigured it or, however, still have a confused and weak knowledge about it”. Labanca, Nicola (2002): *Oltremare. Storia dell’espansione coloniale italiana*, Bologna, Il Mulino, p. 448.

<sup>20</sup> In 1966, Mario Pedini (then member of the House of Representatives Commission on Foreign Affairs) after returning from a mission in Ethiopia, stated: “We found Ethiopia in full development. The impetus and activism left by the Italian presence there – which, according to Ethiopians’ evaluations too, has liquidated a past in some respects medieval – has represented a useful foundation to lead the country to a deeper awareness, namely to prepare it for all the initiatives needed to pass from a subsistence economy to a development one”. “La missione di Pedini in Etiopia. Auspicabili serie iniziative per l’assistenza tecnica e finanziaria”, *Relazioni Internazionali*, vol. 30, no. 8 (1966), p. 194.

<sup>21</sup> On Italian memory of colonialism see Del Boca, Angelo (2005): *Italiani, brava gente? Un mito duro a morire*, Vicenza, Neri Pozza; *Id.* (1992): *L’Africa nella coscienza degli italiani: miti, memorie, errori, sconfitte*, Roma-Bari, Laterza.

<sup>22</sup> D’Angelo, Massimo, “Il processo di maturazione dei concetti e dei principi guida della cooperazione bilaterale italiana negli anni Settanta”, in Alessandrini, Sergio (ed.) (1983), *La politica italiana di cooperazione allo sviluppo*, Milano, Giuffrè, p. 15.

<sup>23</sup> See, for example, the statements delivered by Italian politicians and representatives at the United Nations General Assembly, collected in Tosi, Luciano (ed.) (2010): *Sulla scena del mondo. L’Italia all’Assemblea Generale delle Nazioni Unite, 1955-2009*, Napoli, Editoriale Scientifica.

<sup>24</sup> 1966 and 1969 were the sole years in which the total resources given to LDCs exceeded 1% of GNP. This result was “the effect of a series of occasional circumstances and not a target reached as the consequence of a planned and coordinated political action”. “Linee direttrici per una politica italiana di assistenza ai paesi in via di sviluppo”, *Ministero degli Affari Esteri [MAE], Direzione Generale Affari Economici [DGAE], Ufficio VIII*, (October 1970), p. 38. See also Monaldi, Virgilio: “The Italian Financial Contribution to LDC, 1958-68”, *Lo Spettatore Internazionale*, vol. 5, no. 3-4 (1970); “La Tavola rotonda della SIOI e dell’ISPI. La politica degli aiuti allo sviluppo”, *Relazioni internazionali*, vol. 30, n. 11 (1966), p. 279. In 1960, the UN General Assembly expressed the wish that “the flow of international assistance and capital should be increase substantially as to



but tended to increase or diminish abruptly and this further highlights the episodic dimension of Italian development cooperation policy. Other peculiarities regarded the form of Italian aid: Italian private flows always exceeded public aid, with percentages up to 70%, so relevant that they could determine substantial variations in the total fluxes<sup>25</sup>. While in the decade 1956-1965 the growth of Official Development Assistance (ODA) for Dac countries was much higher than the growth of private flows, in the case of Italian aid this trend was reversed<sup>26</sup>. Private aid was made up of direct investments and, 60% by export credits, that long represented the most important and dynamic part of this item<sup>27</sup>. As far as Oda was concerned, till the end of the 1960s, three quarters of aid was bilateral and only 28% in grant form (technical assistance and war reparations); this percentage tended to diminish during the decade<sup>28</sup>. The loans were given most of all for debt rescheduling operations (as in the cases of Yugoslavia, Egypt, Ghana and Tunisia), within the Dac consortium for Turkey or to carry out development programs or infrastructural works: in the latter case, it was most of all tied aid<sup>29</sup>. So, the loans have long performed the same function as export credits, supporting Italian firms abroad and the exports demand<sup>30</sup>. Especially in Latin America, public intervention often followed the initiative of private and state firms, that worked to search new markets and raw material sources (as in the cases of Eni and Iri).

As far as the geographical distribution of Italian aid was concerned, it had a strong concentration in a few countries, especially in the mediterranean basin, Africa and Latin America. For example, in the years 1965-1969 three countries (Yugoslavia, UAR and Somalia) absorbed 70% of the total bilateral fluxes; if the other seven countries are added (Greece, Tunisia, Ethiopia, Nigeria, Brazil, Panama and Mexico) the result is that 93% of the total aid was concentrated in ten countries. This data needs to be explained in light of the fact that the most important component of the bilateral aid was represented by debt reschedule operations: for these reasons, aid seemed to concentrate in areas in which difficulties for

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reach, as soon as possible, approximately 1% of the combined national incomes of the economically advanced countries” (Resolution n. 1522 (15), 15 December 1960). In 1964, Unctad accepted this target, recommending that it should apply to individual donor countries, taking into account, however the “special position of certain countries which are net importers of capital” (Unctad Recommendation A/IV.2). On 1% target see “Development co-operation, 1999 Report”, *The DAC Journal*, vol. 1, no. 1 (2000), pp. 45-46 and Clemens, Michael A.; Moss, Todd J.: “Ghost of 0.7%: Origins and Relevance of The International Aid Target”, Center for Global Development, *Working Paper*, no. 68 (September 2005), at [www.cgdev.org/files/3822\\_file\\_WP68.pdf](http://www.cgdev.org/files/3822_file_WP68.pdf). *Is worth noting that, although this target was confirmed in subsequent Unctad and Dac recommendations, none of the Dac countries has never met it. It was, substantially, rather a moral obligation than a legal one, that however represented a sort of text of the political will of the donors.*

<sup>25</sup> In the period 1956-71, only in the years 1957, 1959 and 1967 the volume of public aid exceeded private fluxes. Isernia, *op. cit.*, p. 136.

<sup>26</sup> MAE, “Linee direttrici...”, *op. cit.*, p. 41.

<sup>27</sup> Since the middle of the 1950s, export credits had a great expansion for various reasons, among them the LDCs need to import capital goods for their industrialization (they could be obtained more easily and rapidly than financial aid) and the exceeding production of capital goods in industrialized countries. Very soon Western government understood the importance of export credits as an instrument to increase their trade and for the geographical diversification of their investments. In Italy, the engineering industry absorbed about 90% of the export credits funds. Costa, Sergio: “Gli aiuti dell’Italia al Terzo Mondo”, *Problemi del socialismo*, vol. 15, no. 16-17 (1973), p. 633.

<sup>28</sup> This trend was caused by the progressive reduction of the volume of the war reparations to Ethiopia, Yugoslavia and Egypt. Reparations share on the total volume of grants accounted for 25% in the period 1966-1968. Once this item was eliminated, the percentage of the grants became almost irrelevant.

<sup>29</sup> Monaldi, *op.cit.* In the years 1954-71, untied loans represented only 0.3% of the total loans. Costa, *op. cit.*, p. 626.

<sup>30</sup> *Ibid.*, p. 630; Monaldi, *op. cit.*



credit repayments had emerged<sup>31</sup>. Also the aid concentration was not the result of a choice to reach a specific aim, but the consequence of a policy that followed contingent needs. The concentration of private aid in the mediterranean basin and in a few Latin American and Asian countries can be explained by the fact that these kinds of fluxes tended to go to countries that promised greater development and greater productive investments.

In the general framework of Italian development cooperation, Somalia represented a special case, both for the continuity of historical relations and for the quality and volume of aid that Rome channelled to the country. Notwithstanding the divergent evaluations of Italian activities during the years of the Trusteeship Administration, Italy continued to be, after independence, one of the main donors of the country. In 1960, Somalia was one of the poorest countries in the world and, according to a 1957 World Bank report, it would have had to keep on receiving aid for at least twenty years<sup>32</sup>. Italy granted Somalia financial assistance, with substantial contributions to the Somali budget; technical assistance, with the participation to development plans and the dispatch of experts in the health, education, public administration and justice fields; with contributions to support the price of bananas (25 billion lire from 1961 to 1969)<sup>33</sup>.

After independence, Italy signed a series of treaties with Somalia that regarded technical, financial and commercial cooperation<sup>34</sup>. After the 1969 revolution, the new Somali government asked for the continuation of Italian aid and in the 1971 law for technical assistance special provisions for Somalia were included, that guaranteed interventions until 1974; after that date, the country remained one of the main recipients of Italian aid, if per-capita fluxes are counted<sup>35</sup>.

Notwithstanding the fact that Italian efforts in Somalia were not greatly appreciated at the international level and that the US tried to urge Rome to increase its aid, from 1960 onwards Somalia long remained the main African recipient of Italian bilateral aid<sup>36</sup>.

Except for Somalia, Italian development cooperation policy was rather a function of the Atlantic and neo-Atlantic policy of the country, than the result of a deep understanding of the need to respond to the requests of the newly independent countries. Italy began its foreign

<sup>31</sup> MAE, "Linee direttrici...", *op. cit.*, pp. 44-45.

<sup>32</sup> International Bank for Reconstruction and Development (1957): *The Economy of the Trust Territory of Somaliland*, Washington, DC, IBRD, cit. in Guelfi, Carlo (ed.) (1981): *La cooperazione dei paesi in via di sviluppo*, part 2: *La politica dell'Italia*, Roma, Senato della Repubblica, p. xi.

<sup>33</sup> During the 1950s and 1960s the export of Somali bananas to Italy represented 70% of the total Somali exports. "Nota sommaria sull'aiuto dell'Italia alla Somalia nel settore bananiero", s.d. (but 1961), *Ministero delle Finanze, Gabinetto del Ministro*, ACS, PCM-CIR, b. 148 and Ministero del Commercio con l'Estero – Ice (1967): *Somalia*, Roma, Ice, pp. 97-98. See also Atti Parlamentari, Camera dei Deputati, Relazione della III Commissione Permanente (Vedovato) on the bill "Assistenza tecnico-militare alla Somalia e al Ghana per l'organizzazione delle Forze Armate, della Polizia e della Guardia di Finanza", *IV Legislatura, Documenti, Disegni di legge e relazioni*, pp. 1-5.

<sup>34</sup> Guelfi, *op. cit.*, pp. 44-45.

<sup>35</sup> *Ibid.*, pp. xiv-xv. See also Ercolessi, Maria Cristina, "L'amico della Somalia", *Politica ed economia*, vol. 21, no. 2 (1991), p. 53; Id., "Le strategie della cooperazione italiana in Africa dagli anni Sessanta a oggi", *Africa e Mediterraneo*, vol. 5., no. 1 (1996), pp. 27-29.

<sup>36</sup> It is worth noting that US disappointment with Italian efforts in Somalia was rather the result of Rome's reluctance to give aid in the forms and quantities demanded by Washington than of the real evaluation of the resources transferred to Mogadishu. Eisenhower and Kennedy administrations strategy regarding Somali aid was to leave to their allies, Italy and Great Britain, the task to respond to the Somali requests for economic and military aid. This choice pursued specific objectives: it allowed the Western bloc to continue to maintain a certain influence in the Horn of Africa, without jeopardizing Washington relations with its major ally in the area, Ethiopia. Tosone, "Aiuti allo sviluppo e guerra fredda...", *op. cit.*, pp. 199-224.



aid policy at the beginning of the 1960s, under international pressure, especially of the US, because it believed that aid could contribute to improve the Italian image and position within the Atlantic Alliance and to create a favourable environment for the birth of the first centre-left government<sup>37</sup>. In the following period, Italian aid to Third World countries seemed to represent an effort by Italy to keep up with its allies' policies and to persuade them of the role that Italy could play on the international scene.

This attitude inevitably created many difficulties for Italy, both in its relations with the USA and within the various multilateral forums in which the problem was discussed and analyzed, especially within the OECD Development Assistance Committee (Dac). The Dac was established in 1960, on initiative of the US, aiming at directing their European allies towards real burden sharing in the foreign aid field: if the defense of the Free World had to win "the hearts and minds" of the third world people, and if the bipolar confrontation was becoming not only a military one, but a confrontation over two development models, the foreign aid issue did not concern only the US foreign economic policy, but also Atlantic Alliance defense problems. According to Washington, the Dac had to represent a discussion and coordination forum for the development assistance policies of the member states. Furthermore, the US intended to transfer to their allies, through the DAC, their foreign aid "philosophy", with a sort of internationalization of their own foreign assistance policy, which was being redefined in those years<sup>38</sup>.

Since the end of the Fifties, actually, Washington had been putting pressure on Western European countries to make them commit more strongly in the foreign aid field. The pressures increased with the Kennedy Administration that considered development cooperation as a very important foreign policy instrument in the cold war: US quests to their allies multiplied, especially towards Germany and Italy that were experiencing a strong economic growth, with active balance of payments<sup>39</sup>.

Since the early 1960s, at the DAC forum, Italy was forced to cope with the limits of its development assistance policy and with the pressures and the criticism of its allies. The discussions at the Dac, in the first years of its activity, focused on questions relating to the volume and the forms of aid the member states should deliver to the LDCs, and to the very definition of aid, namely what could be considered public development aid and which were the characteristics to make it effective<sup>40</sup>. The question related to the quantity and quality of

<sup>37</sup> Calandri, Elena: "L'Italia e l'assistenza allo sviluppo dal neatlantismo alla Conferenza di Cancún", in Romero, Federico and Varsori, Antonio (eds.) (2005): *Nazione, interdipendenza, integrazione. Le relazioni internazionali dell'Italia (1917-1989)*, Roma, Carocci, p. 254. In a letter to Amintore Fanfani to urge a greater Italian commitment in foreign aid, Antonio Segni expressed arguments that followed US positions: "In general, there is the belief that an effective Atlantic policy of anti-communism defense cannot be implemented without developing, at the same time, a policy of assistance to that "Third World" that will shortly affect the delicate balance of the international relations. As much spread is the idea that our country has not yet contributed to this important sector of the Western policy with an effort adequate to its capabilities and traditions". "Letter, Segni to Fanfani", 23 March 1962, ACS, *Consigliere diplomatico*, b. 37, f. *assistenza ai paesi sottosviluppati*, p. 1.

<sup>38</sup> Tosone, "Aiuti allo sviluppo e guerra fredda...", *op. cit.*, pp. 120-135.

<sup>39</sup> The arguments were well-known: the Sino-Soviet economic offensive, that was threatening the Free World, had to be faced on the development field. US concern on this "offensive", considered in Paris and London not so dangerous, in Italy were received with scarce apprehension. "Telegramma n. 10-336, 5 luglio 1963, e telesspresso n. 10-14/315, 20 giugno 1963, entrambi in ACS, *Consigliere diplomatico*, b. 37, f. *paesi sottosviluppati*.

<sup>40</sup> See, for example, "Telesspresso 3953, Rappresentanza italiana presso l'Ocse", 22 December 1964, DAC – Gruppo di lavoro sul volume dell'assistenza.; Ocse-Dac, *Working Party on Assistance Requirements. Establishment of an Expert Group on the Uses of analytical Techniques*, Doc. DAC/BA (64)4, December 30 1964; USAID, "Conclusions of the AID Study of Development Policies and Assistance Requirements", s.d., all in MBPE-Gab., b. 32, f. 145.



aid, and was discussed on the basis of a series of American proposals that resulted in a definition of official development aid, which the European countries, especially Italy, found hard to accept<sup>41</sup>. In 1965, during the high level Dac meeting, the member states approved a recommendation in which they committed to reach, by 1968, the target of 70% of the volume of public aid in grants or to transfer 82% of their aid as grants or soft loans (with an interest rate not higher than 3%, for at least 25 years and with a grace period of at least 7 years)<sup>42</sup>. Such a strict definition of aid (that eliminated or cut down important items of Italian aid, as war reparations, export credits and debt rescheduling) was accepted by Rome with reserve, but urged the LDCs, within the second Unctad meeting in New Delhi in 1968, to ask for a further specification of the donors' policies: so some countries, including Italy<sup>43</sup>, accepted to commit to transfer to the LDCs, in the framework of 1% of the GNP target, 0.75% in Official Development Assistance – 80% of which in grant form – by the year 1972.

As the concept of aid was being more and more specified, Rome found greater difficulty in defending its positions and in participating in a “developing policy coordinated with richer and more experienced partners”, with more resources to deliver and more interests to defend<sup>44</sup>. During the high level Dac meetings and on the occasion of the annual review of the development policies of the member states, Rome, most of all, had to defend itself from criticism, instead of illustrating its foreign aid program. In fact, the Dac underlined the great limits of the Italian aid policy, not only as far as volume was concerned, but also in relation to the quality and the conditions of the assistance<sup>45</sup>. The massive use of export credits was criticized (since they aimed at gaining commercial advantages, they could not be considered as a form of development aid)<sup>46</sup>, as also the excessively strict conditions of the loans, the fact that Italian aid was most of all private aid, that it had a low percentage of liberality, that it was too tied to the purchase of Italian goods and services. Furthermore, the DAC urged Italy to organize its development policy in a more organic way, both through the creation of an agency to plan and implement the programs and through the planning of the allocations in the national budget<sup>47</sup>. Italy responded to the criticism with arguments that long remained the

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<sup>41</sup> “United States Memorandum on Study of Experts on Terms of Development Assistance”, June 15, 1961 and “United States Memorandum on the Common Aid Effort”, June 16 1961, attached to: PCM – CIR, “Appunto per S.E. il ministro del Bilancio”, 3 July 1961, *Programmi per i paesi sottosviluppati. Prossima sessione del DAC*, ACS, PCM-CIR, b. 148.

<sup>42</sup> MAE, “Linee direttrici...”, *op. cit.*, p. 31.

<sup>43</sup> By 1970, Italy did not comply with the recommendations regarding aid conditions approved by Dac in 1965. To do that would have meant for Rome to raise its aid from 100 to 500-600 billion lire, with an annual increase by 40 billion. “This amount is not so high – a MAE report commented– if we consider that in the last period the Defense budget [...] has increased by 50 billion per year”. MAE, DGAE – Uff. RSP (1970): *Per una politica economica nazionale verso i paesi in via di sviluppo*, Roma, MAE, 1970, p. ii.

<sup>44</sup> Calandri, “L’Italia e il Development Assistance Committee (1958-1968). Preistoria dell’aiuto pubblico allo sviluppo”, in Tosi et al. (eds.), “Gli aiuti allo sviluppo nelle relazioni internazionali...”, *op. cit.*, p. 191.

<sup>45</sup> See, for example, Comité d’aide au développement (1965): *Examen annuel de l’aide*, Paris, 25 mai 1965, pp. 2-13, ACS, *Ministero del Bilancio e della Programmazione Economica, Gabinetto*, [MBPE-Gab.], b. 30, f. 137.

<sup>46</sup> Notwithstanding the fact that export credits were constantly criticized, it is worth noting that even in this field Italian programs were modest, well below those of its allies, even in the areas of historical interest for the country. As a supplier of capital goods with delayed payments, Italy ranked after not only the US, but also Great Britain and Germany and sometimes even France and Netherlands. The same applied in the field of private investments: Italy often ranked last. The worst performance was in Sub-Saharan Africa, where Italian presence was “far from corresponding to our possibilities and to the demands addressed to us”. “Letter, Segni to Fanfani”, 23 March 1962, ACS, *Consigliere diplomatico*, b. 37, f. *assistenza ai paesi sottosviluppati*, pp. 4-5.

<sup>47</sup> See, for example, “telegramma n. 209/205, Ortona to MAE”, 31 May 1965, MBPE-Gab, b. 41, f. 179; “Esame al Dac della politica italiana verso i paesi in via di sviluppo”, Appunto, 4 June 1964, MAE-DGAE, att. no. 2 to telesspresso n. 48/11661/C, MAE to PCM, *Esame annuale dell’Italia al DAC*, 12 June 1964, MBPE-Gab., b. 42, f. 182.



same<sup>48</sup>: it was impossible to fix quotas for the contribution of every state on the basis of calculations that did not consider the structure of the economies of the different donor countries; the Dac had to consider the fact that the Italian economy was much weaker than others, that Italy had very serious underdevelopment problems in the South of the country, that the country needed resources for its own modernization, that the contribution owed by every member state should be calculated on the basis of the per-capita national income<sup>49</sup>. Referring to the 1960 UN General Assembly Resolution n. 1522<sup>50</sup>, Italy proposed that the 1% target had to refer to the cumulative GNP of the Dac members, and that each country's quota had to be fixed taking into account the particular structure of the Italian economy<sup>51</sup>. Moreover, Italian representatives suggested to consider not only the aid directly delivered, but also the trade policies implemented by industrialized states towards the LDCs that, favouring third World exports, could have a greater effect on their economic development<sup>52</sup>. Till the middle of the 1960s, what was submitted to the Dac for its annual review was actually "the result of an a posteriori patchwork of a series of activities implemented by different Ministries in their ordinary institutional activity"<sup>53</sup>.

It is interesting to notice that, in the 1950s and 1960s, the most common argument used by Italian representatives to the UN General Assembly to strengthen the image of the country as a friend of the Third World was to represent Italy as a country that still had underdevelopment problems; for this reason Italy was perfectly able to understand, almost to feel emphatically, the difficulties and suffering of the emerging peoples. For example, Giuseppe Pella, Minister of Foreign Affairs, in 1957 declared:

Although my country has achieved a considerable degree of economic development and industrialization [...] it still has its own urgent development problems in the economically backward areas of the south. We have therefore learned by experience how necessary and urgent and also how difficult it is to break the vicious circle of

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<sup>48</sup> "Assistenza ai paesi in via di sviluppo. Memorandum dell'Italia all'Ocse sugli aiuti concessi e sulla politica di assistenza ai Paesi in via di sviluppo", 15 March 1964, p. 9-14, ACS, MBPE-Gab., b. 30, f. 137; , Oecd – Dac, *Review of Italy*, (31 May 1965), pp. 4-5, MBPE-Gab., b. 41, f. 175; "Telespresso n. 3506, Rappresentanza italiana presso l'Ocse a MAE", 13 November 1965, *DAC: esame assistenza fornita dall'Italia*, , MBPE-Gab., b. 41, f. 179; "Memorandum dell'Italia all'Ocse sugli aiuti concessi e sulla politica di assistenza ai paesi in via di sviluppo nel 1966. Risposta italiana per l'esame annuale 1967", s.d., pp. 1-5, ACS, MBPE-Gab., b. 41, f. 179.

<sup>49</sup> See MAE, DGAE, "Politica di assistenza ai paesi in via di sviluppo" Documento di lavoro, 4 luglio 1961; MAE-DGAE, Uff. I, "Telespresso n. 13656, Riunione interministeriale in vista della V Sessione del DAG", 23 June 1961 both in ACS, PCM-CIR, b. 148.

<sup>50</sup> "Accelerated flow of capital and technical assistance to the developing countries", Resolution n. 1522 (XV), 15 December 1960

<sup>51</sup> A Minister of Foreign Affairs working paper states: "The richer country should deliver aid respecting the principle of a progressive rate. Normally, in fact, a certain level of assistance as a percentage of GNP represents for a poorer country a greater onus than for a richer one. It is necessary to affirm strongly this principle in the international forums; furthermore, the thesis must be accepted that the 1% target should be referred to the cumulative income of the donor countries. [...] If the Dac review on the volume of assistance took into account the principle of a progressive rate, the result would be that Italy is unfulfilling, but in equal measure than richer countries". MAE, "Per una politica economica nazionale...", *op. cit.*, pp. ii-iii.

<sup>52</sup> The 1964 report for the Dac annual review of Italian development policy, for example, states: "In 1963 Italy contributed to determine an improvement of the balances of payments of the developing countries [...]. The Italian trade deficit towards them increased from 250 million dollars in 1962 to 443 million dollars in 1963. Such a growing deficit, that provides the LDCs with a flow of convertible currency, without doubt represents a constructive form of aid to developing countries growth". "Assistenza ai paesi in via di sviluppo. Memorandum dell'Italia all'Ocse sugli aiuti concessi e sulla politica di assistenza ai Paesi in via di sviluppo", 15 March 1964, p. 9-14, ACS, MBPE-Gab., b. 30, f. 137.

<sup>53</sup> Ipalmo: "Un'Agenzia italiana per la cooperazione con i paesi in via di sviluppo", Roma, Ipalmo, cit. in Guelfi, *op. cit.*, p. LVII.



stagnation and poverty in order to raise living standards and improve the lot of mankind<sup>54</sup>.

Attilio Piccioni, in 1958:

In the same way as we now care for poverty and unemployment on the domestic level, we cannot remain indifferent to certain elementary needs on the international level. [...] Italy is certainly not a rich country and therefore, owing to the magnitude of similar problems with which we are coping in our own territory, our contribution will not reach exceptionally large figures. However, I can assure you that we shall accomplish a considerable effort and that our contribution to this cause, which we so fully understand, will not be a purely symbolic one<sup>55</sup>.

Still Piccioni, in 1962, talking about underdevelopment and the low industrialization level of the emerging countries, stated that it was “an historical phase from which my own country has only recently emerged”<sup>56</sup>. Such statements were so frequent to urge a *Herald Tribune* journalist, Claire Sterling, to coin the word “over-underdeveloped” to define the Italian society and economy, exactly because Italy often tended to represent itself, in the international forums, as the first of the least developed countries, and the last of the industrialized ones<sup>57</sup>. This attitude had a twofold objective: on the one side, to show goodwill towards Third World countries and to establish a sort of ideal and rhetoric friendship with them; on the other, it was another means to remind the allies of the fact that Italy could not put great resources into its foreign aid policy, because it had to cope with its domestic economic problems. Such an attitude became more and more difficult to defend, as Italy was gradually joining the club of the most industrialized countries and especially when, not without some insistence, the country was admitted to the G7 in 1975.

Pressures for greater efforts in the foreign aid field came not only from the Dac, but also from other international organizations, such as the UN Specialized Agencies and Unctad. In 1971, also the Pearson report<sup>58</sup>, commissioned by the World Bank, referred to Italy, maintaining that Rome had to strongly increase the public aid quota of its total aid, to eliminate the bureaucratic obstacles and delays in the appropriations, establish a better coordination mechanism of the actions of the various ministries that dealt with technical assistance and reduce the volume of the export credits and of tied aid. Rome reacted to the criticism expressing only general evaluations of the Pearson report, because these recommendations would have had serious economic implications: to comply with them would have meant, for Italy, an increase of the aid appropriations from 168 to 788 million lire (with a stable GNP)<sup>59</sup>.

<sup>54</sup> Tosi, “Sulla scena del mondo...”, *op. cit.*, p. 37.

<sup>55</sup> *Ibid.*, p. 48.

<sup>56</sup> *Ibid.*, p. 77.

<sup>57</sup> Cit. in Costa, *op. cit.*, p. 622.

<sup>58</sup> Commission on International Development (1969): *Partnership in Development*, Lester B. Pearson (chairman), New York, Praeger.

<sup>59</sup> “La cooperazione economica multilaterale”, *L'Italia nella politica internazionale*, vol. 1, no. 4 (October-December 1969), p. 70.



So, it was in the multilateral forums that gradually the ambitions of Italian foreign aid policies emerged, which the weakness of the economy and the indifference of the establishment did not allow to be coherent with.

### 3. The Seventies

Since the second half of the Sixties gradually there began to emerge a growing attention to the issues of decolonization and Third World underdevelopment on the part of a few sectors of Italian public opinion. Catholic associations, for example, began to express third-world orientations, under the lead of the Council renewal and of the encyclicals *Mater et Magistra* (1961), *Pacem in Terris* (1963) and *Populorum Progressio* (1967) that focused on the international distribution of wealth and on the emergence of a North-South confrontation<sup>60</sup>. Even the growing attention of the Italian Communist Party for the decolonization process and the support given by the PCI to some African national liberation movements<sup>61</sup> contributed to the emergence of a greater understanding of the underdevelopment and cooperation issues that represented a further field of convergence of the Italian political forces interests during the 1970s.

Urged by these demands, and under the pressure of the activities of some research centres such as SIOI and ISPI, and aware of the fact that the country could not continue to ignore the requests of its allies, the Minister of Foreign Affairs began the first organic and deep discussion on the Italian development cooperation policy<sup>62</sup>. In November 1966, the Foreign Affairs undersecretary, Mario Zagari, illustrated at the Commission on Foreign Affairs of the Chamber of Deputies the possible contribution that Italy could give to Western efforts in the Third World. His report<sup>63</sup> contained the first articulated analysis of the economic conditions of the emerging countries and dealt, though superficially, also with the problems of international trade and debt<sup>64</sup>: for the first time, he talked about a “global and long-term vision both of the problem of economic development and of the therapies”<sup>65</sup>.

Illustrating the reasons that had to convince Italy of greater commitment in the Third World, Zagari focused, on one side, on Italian interests in stimulating the expansion of international trade through foreign aid<sup>66</sup>, and, on the other, on the strict relation between

<sup>60</sup> Borruso, Paolo: “L’Italia fra cooperazione e terzomondismo negli anni Sessanta e Settanta”, in Tosi et al. (eds.), “Gli aiuti allo sviluppo...”, *op. cit.*, pp. 213-214 e Tosi, Luciano, “La cooperazione allo sviluppo dalla *Pacem in Terris* alla *Populorum Progressio*”, in Giovagnoli, Agostino (ed.) (2003): *Pacem in Terris. Tra azione diplomatica e guerra fredda*, Milano, Guerini e Associati, pp. 147-167.

<sup>61</sup> Borruso, Paolo (2009): *Il PCI e l’Africa indipendente. Apogeo e crisi di un’utopia socialista (1956-1989)*, Milano, Le Monnier.

<sup>62</sup> Calandri, “The Last of the Donors...”, *op. cit.*, p. 250.

<sup>63</sup> Relazione del Sottosegretario Zagari alla Commissione Esteri della Camera dei Deputati, *Politica di cooperazione con i paesi in via di sviluppo*, 9 November 1966, ACS, Carte Moro, b. 92, f. “paesi sottosviluppati, aiuti, 1965-66”.

<sup>64</sup> “As a whole, less developed countries must set aside more than 10% of their export income for debt service and this is a very high percentage. If we consider the total amount of interests on debt, the amortization and the dividends, which amount to six billion dollars per year, the LDCs actually transfer abroad almost the half of the aid they receive. If the existing trend continues, it is possible to foresee that in 15 years the flux of the repayments will match the aid received by Third World countries”. *Ibid.*, pp. 3-4.

<sup>65</sup> *Ibid.*, p. 9

<sup>66</sup> “A redefinition of the LDCs export trade is in the interest of Italy, that can satisfy their demand competing with the other industrialized countries, while it cannot compete with them on the volume and conditions of aid”. *Ibid.*, p. 12.



economic development and strengthening of peace<sup>67</sup>. At the centre of his analysis there was the idea that “ideological differences no longer represented the only line of division for the people, because the more recent international events had clearly and coherently shown that the most dangerous controversies could be referable, directly or indirectly, to the different level of economic development of their protagonists”<sup>68</sup>.

Zagari’s proposals for a new Italian development cooperation policy called for an increase of multilateral contributions and the reorganization of the institutional structures that dealt with it, so that foreign aid policy could be included in a more comprehensive political and economic framework, under the supervision of the Ministry of Foreign Affairs. To this end he proposed, on one hand, a better coordination of the technical assistance activities (in Italy they were carried out by only three officials at the Minister of Foreign Affairs, while Great Britain, for example, had established a Minister to this end in 1960)<sup>69</sup>; on the other hand, he proposed an increase of allocations for technical assistance programs and their provision in the five-years national economic plan. Finally, taking into account also the criticism regarding Italian aid performance, Zagari proposed an improvement of the loans conditions<sup>70</sup>.

In general, Zagari’s analysis drew attention to the delay in Italian consideration of development aid. The link between technical assistance, development and international stability had been illustrated at the beginning of the development assistance debate, in 1949, by the US President Harry Truman, but almost two decades of international efforts and disappointing results (especially as regards the distribution of wealth), had already disproved the validity of this approach. Furthermore, we must underline that in his voluminous report, together with innovative proposals and the request for greater appropriations, Zagari once again presented the issue of the “exceptionality” of the Italian position and the objective limits within which its action was compelled:

A worrying trend has recently emerged which tends to consider all industrialized countries on the same level, as if their contributive possibilities were the same. [...]. This is not true: even the industrialized countries club is a gathering of heterogeneous entities, with different financial potentialities and different economic and social structures. [...] The ability of each donor country to contribute to the common effort cannot be based on an only element, namely its national income, but on many other factors, first of all, the level of the per-capita income and, as far as long-term loans are concerned, the real availability of the single national capital markets<sup>71</sup>.

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<sup>67</sup> *Ibid.*, p. 6.

<sup>68</sup> *Ibid.*

<sup>69</sup> “Discussione delle comunicazioni del Sottosegretario di Stato per gli Affari Esteri sulla politica di aiuto ai paesi in via di sviluppo”, 20 October 1966, *Atti Parlamentari, Camera dei Deputati, Bollettino delle giunte e delle commissioni parlamentari, Affari Esteri* (III), p. 5.

<sup>70</sup> In 1965, for example, the maturity period for the loans given by Dac members was, on average, 22.2 years, 28 years for the US, and 7.3 years for Italian loans; the interest rate applied to the loans by Dac member was, on average, 3.6%, while Italian interest rate was 4.2%. Zagari, “Politica di cooperazione con i paesi in via di sviluppo...”, *op. cit.*, p. 9, ACS, *Carte Moro*, b. 92, f. “Paesi sottosviluppati-aiuti, 1965-66”.

<sup>71</sup> *Ibid.*, p. 14.



Together with general statements, echoing Kennedy<sup>72</sup>, on the need to improve the living standards of Third World people as the only way to pursue peace, Zagari highlighted the economic and commercial interests that Italy had in implementing a more effective and credible foreign aid policy.

Such proposals were undoubtedly too little for the LDCs, whose analysis on the causes and the cures of underdevelopment was more and more articulated and whose demands were becoming increasingly radical. However, it is important to underline that the debate that started in Italy from the second half of the 1960s onwards represented the first public debate on the foundations, the instruments and the aims of Italian development cooperation policy.

This debate was stimulated also by the discussions of the end of the 1960s, especially at the UN and at the Dac, on the occasion of the second Unctad meeting in New Delhi in 1968 and of the launch of the Second Development Decade. These discussions provided the Italian government with the opportunity to clarify, in Parliament, the country's positions on these issues. The Ministry of Foreign Affairs stated that the Italian government was working to outline "a development strategy at world level", founded on a few fundamental elements: long-term policies, to cope with a problem that had to be faced "with a global vision of its economic, political, cultural, technical and scientific aspects"; common action by Western and Eastern bloc countries; trade expansion at the international level; the establishment of a generalized system of preferences for tropical goods; stabilization of raw materials prices; establishment of a system to finance development cooperation, that could take into account of the debt level of each recipient; strengthening of the multilateral channels<sup>73</sup>.

These were very progressive positions, both because they met the requests that the G-77 had expressed in the Charter of Algiers regarding international trade rules, and because they gave indications pointing towards overcoming East-West confrontation even on the development cooperation issue, actually acknowledging the emergence at the international level of a different division, that could become as deep and dangerous as the cold war.

These positions would be confirmed and reinforced in the years when Aldo Moro became Minister of Foreign Affairs (1969-1974, with the brief intervals of Medici and Nenni). They were set in fact in the more comprehensive framework of Italian foreign policy between the end of the 1960s and the beginning of the 1970s that tried to interpret *détente* as the opportunity to overcome the two bloc divisions and as the possibility to widen the occasions of multilateral cooperation. The focus on the latter was part of the so called "global strategy for peace", explained by Aldo Moro in his statement at the UN General Assembly of October 1969<sup>74</sup>: to eliminate the deep roots of conflicts, disarmament was not enough. Governments had to focus on social and economic gaps that existed within the international community, giving the UN a central role and strengthening the Organization's activities<sup>75</sup>. In this context, development cooperation could become also another field of cooperation between the two blocs, at the international level, and between the government and the Communist Party, at the domestic level.

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<sup>72</sup> The report actually concluded with a quotation from the inaugural address of President Kennedy: "If a free society cannot help the many who are poor, it cannot save the few who are rich", *Ivi*, p. 59. For the text of Kennedy's inaugural address see Public Papers of the Presidents of the United States, 20 January 1961, at <http://www.presidency.ucsb.edu/ws/index.php?pid=8032>.

<sup>73</sup> "Discussioni", 15 November 1967, *Atti Parlamentari, Camera dei Deputati, IV Legislatura*, pp. 40573-74.

<sup>74</sup> Tosi, "Sulla scena del mondo...", *op. cit.*, pp. 165-172.

<sup>75</sup> Tosi, Luciano, "Le Nazioni Unite nella politica estera di Aldo Moro", in Caviglia, Daniele and De Luca, Daniele (eds.) (forthcoming, 2011): *Aldo Moro nell'Italia contemporanea*, Firenze, Le Lettere.



In 1970, a Ministry of Foreign Affairs report discussed the state of the art of Italian foreign aid policy and presented proposals that acknowledged the most important conclusions of the international debate on the strategies for the Second Development Decade<sup>76</sup>; those proposals “aimed at substantially reducing the gap that divide us in this field, especially on the qualitative level, from most of the industrialized countries”. The report admitted:

Italy does not yet have a real development assistance policy. There is a policy of support of the action of our industries abroad, especially on the markets of the less developed countries. Export credits and the investments of our industries in the emerging countries, integrated with limited allocations of the public sector [...] and contributions to international organizations on the basis of commitments taken in the various forums are presented by us as the result of our foreign aid policy. [...] We have long adopted various justifications for our impossibility to elaborate an assistance policy coherent with international indications and requests, highlighting some particular aspects of our economic system, [...] but our position is becoming actually more and more difficult to justify and sustain<sup>77</sup>.

And it concluded:

Our repeated statements, in various multilateral and bilateral forums, that expressed solidarity towards Third World countries, comprehension for their problems and the will to contribute to solving them have raised expectations to which we must give a concrete answer, if we do not want to risk losing, not only our prestige in the Third World, but also our credibility, with consequences that could be very negative for our political and economic relations with those countries<sup>78</sup>.

Another document of the Ministry of Foreign Affairs defined with greater precision and with a more comprehensive and forward-looking perspective the reasons why Italy had to contribute more and better to the international effort for development:

Development cooperation binds together economy, strategy and politics; it has to do with the idea that each nation has of its own participation in the community of states and of the task that derives from it. [...] The reason must be searched for in non-economic considerations that can be summed up in the defense and promotion of peace. [...] The division line between states today also (and perhaps especially) separates developed countries (Western and Eastern) and underdeveloped countries. The division that could become deeper is not the East-West one, but the North-South gap. Of course, it is a process in its initial phase, it is a story not yet written, but that could be written in a short time. [...] The division of the world between developed and underdeveloped countries is made more serious by the fact that, Japan excluded, it opposes white and coloured people, thus risking of paving the way for racial confrontations. As the exploitation of man by man causes social conflict, the same happens when relations between states are concerned. [...] If we follow this analysis and if we believe that

<sup>76</sup> “Resolution n. 2626 (XXV)”, 24 October 1970, *International Development Strategy for the Second United Nations Development Decade*.

<sup>77</sup> MAE, “Linee direttrici...”, *op. cit.*, citations pp. ii e 50-51.

<sup>78</sup> *Ibid.*, p. ii.



Italian foreign policy must have as its priority to build continuously functional obstacles to wars and to constantly support the forces of peace, we must convene that the means to use are two: to promote initiatives capable of leading to the systematic weakening of the decision power at the national level and [...] to implement an effective aid policy to the LDCs<sup>79</sup>.

These diagnosis and the proposals that followed (along the direction expressed by the undersecretary Zagari in his various statements) could seem the premises to free Italian development cooperation from the episodic dimension that had characterized it till then. The parliamentary debate that developed between 1968 and 1971, on the occasion of the passing of the law n. 1222, marked a new step forward. The law was considered the real beginning of Italian cooperation, but actually disciplined more organically only technical assistance activities, unifying all the preceding laws and innovating on some points, but it did not deal with multilateral assistance and, most of all, with the soft-loans instrument.

Nevertheless, notwithstanding a greater consciousness of the need to reform aid policy, during the 1970s Italy did not improve its performance as a donor country. The new attitude towards foreign aid was forced to collide with the deep economic crisis of the 1970s, opened by Nixon in 1971 and worsened by the consequences of the 1973 first oil shock. The appropriations for the law 1222 were largely insufficient and the law itself remained unenforced in many parts.

The 1972 Dac review, once more, highlighted the scarcity of Italian flows to LDCs, the too low percentage of Official Development Aid and the too severe conditions of the loans<sup>80</sup>. Moreover, according to Dac, Rome did not work for a real change, as Italy was the only member state that did not accept the recommendation adopted at the high level DAC meeting of October 1971 on the financial conditions of public aid that called for a liberality element of 84-86% for every financial operation<sup>81</sup>.

At the beginning of the 1970s and during the whole decade, Italian development cooperation continued to be marked by the well-known problems of coordination and planning of the activities<sup>82</sup>, and to be characterized by a scarce volume of bilateral aid, 60% of which was represented by technical cooperation, that continued to be the preferred instrument of Italian development aid. In the second half of the 1970s there was a strong decrease of the aid volume that reached the minimum threshold of 0.08% of GNP<sup>83</sup>. The only new element, with respect to the previous decade was that multilateral cooperation represented on average 80% of the total aid volume, and the percentage of aid channelled by Italy through

<sup>79</sup> MAE, "Per una politica economica nazionale...", *op. cit.*, pp. 23-24.

<sup>80</sup> In 1972, the volume of aid decreased by 81 million dollars. Isernia, *op. cit.*, p. 87.

<sup>81</sup> "La cooperazione economica multilaterale", *L'Italia nella politica internazionale*, vol. 3, no. 4 (Sept.-Dec. 1971), p. 139.

<sup>82</sup> Notwithstanding the choice to channel the bulk of economic assistance through multilateral organizations, Italy was in general the last country to subscribe capital increases of the World Bank, and it was well-know for the extreme delays of the appropriation process. In January 1977, the Parliament approved the fourth IDA replenishment, for the period 1974-1976, but Italy still had to pay the amounts of the previous period. In 1976, for six months, Italian firms were even excluded from participating in international competitive tenders for projects financed by the Asian Development Bank, as Rome hadn't complied with its commitments toward it. Similar delays there were for the other regional development banks and for UN agencies and funds. Barattieri, Vittorio: "La cooperazione economica: un punto di vista diverso", *Affari Esteri*, vol. 10, no. 38 (1978). p. 336.

<sup>83</sup> Alessandrini, Sergio: "La politica di cooperazione allo sviluppo dell'Italia", in Alessandrini, *op. cit.*, p. 266.



multilateral agencies remained constantly higher than the DAC average (about 28%)<sup>84</sup>. This choice was made for various reasons. First, multilateral aid allowed Italy, that could find scarce resources for development aims, to maximize the political utility of its contributions; in fact, working through international agencies, Rome could take part in more activities and meet the demands of the LDCs, that preferred multilateral aid because it was untied and because they could accept it without suspects of neo-colonialist intents. Finally, multilateral aid also gave Italy important economic advantages, because Italian firms had been able to obtain many international orders<sup>85</sup>.

#### **4. The 1980s and Beyond: a New Development Assistance Policy?**

The limits of the law 1222 soon emerged and lead to a new debate that began in 1976 and ended in 1979 with the passing of law n. 38 that opened the most important phase of Italian development cooperation policy. The law regulated both technical and financial cooperation and, from the institutional point of view, it reinforced the centrality of the Ministry of Foreign affairs in the planning and management of the aid policy, linking it to the general foreign policy of the country and establishing a Department for Development Cooperation and coordination and planning committee, the CIPES<sup>86</sup>. Since then, Italian development policy began to be conceived as an integral part of the country's foreign policy. In its first report, the Cipes indicated, among Italian priorities, the commitment to raising the flow of public aid to reach, in a few years, the Dac average (about 0.34%); the need to concentrate aid resources to establish more effective relations with some LDCs countries; the need to determine some key sectors to channel the bulk of the resources, such as agriculture, energy, health services; the need to raise bilateral aid percentage on the total aid. It was the first time that the Italian government, tough with some uncertainties, was taking a specific position on such issues<sup>87</sup>.

At the beginnings of the 1980s the political parties and the domestic public opinion raised their attention on development cooperation issues. A decisive role, in this sense, was played by the Radical Party that, in 1979 started an awareness campaign, both in Italy and at the European Parliament, on the problem of hunger in the less developed countries. The Radical Party asked for and obtained the convening of a special session of the Italian Parliament that lead, in September 1979, to the first Italian parliamentary debate on the issue of malnutrition in the Third World<sup>88</sup>. Also thanks to this campaign, that overlapped parliament discussion on law 38, during the 1980s aid appropriations increased by 165%. In the framework of a general increase of foreign aid resources, also its form improved: the percentage of ODA increased, technical assistance dropped and the quota of soft loans increased<sup>89</sup>.

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<sup>84</sup> Isernia, *op. cit.*, p. 142.

<sup>85</sup> Till 1966, Italy paid 53 billion lire to IDA and the World Bank as participation quotas, but received 250 billion lire from the latter in favor of the *Cassa per il Mezzogiorno*, and more than 150 billion lire in the form of goods and services exported by Italian firms on the basis of international competitive tenders held by the World Bank. Zagari, "Politica di cooperazione con i paesi in via di sviluppo...", *op. cit.*, p. 20.

<sup>86</sup> Alessandrini, *op. cit.*, p. 267; Calchi Novati, Giampaolo, "La sfida della cooperazione per lo sviluppo", *Politica Internazionale*, vol. 10, no. 2, (February 1982), pp. 68-70.

<sup>87</sup> Guelfi, *op. cit.*, pp. ii-iii and attachment no. 3; Calchi Novati, Giampaolo, "Rassegna commentata dei documenti sulla cooperazione italiana allo sviluppo", in Alessandrini, *op. cit.*, pp. 77-81.

<sup>88</sup> On the Radical Party campaign see Isernia, *op. cit.*, pp. 96-108.

<sup>89</sup> *Ibid.*, pp 143-144.



Once again, Italian activities were in countertrend with respect to what was happening in other donor countries. The 1980s, that were successively defined “lost decade” for development, were marked in fact by a growing distrust towards development cooperation and the very idea of foreign aid, challenged by neoliberal economic theories. During the decade, the international resources for development dropped drastically. This strong reduction, together with the new consciousness of the Italian governments, led Italy to become one of the major international donors.

This was a phase when Italian development cooperation reached its historical peaks; but it was abruptly interrupted at the beginnings of the 1990s, when the judicial inquiries of public administration corruption in Italy involved the development cooperation administration, casting discredit on it in the eyes of domestic public opinion<sup>90</sup>.

The second half of the 1990s actually saw a new wave of aid resources reduction, which is still the main feature of Italian development cooperation. The complete loss of credibility, budget problems and the new Italian international role after the end of the cold war lead to new changes. The reduction in the appropriations was accompanied both by a growing public opinion interest in some particular aspects of development cooperation, as for example the debt question, and by the choice to concentrate the bulk of the resources in a few areas that represented great economic and strategic interests for Italy. This clearly indicates a better understanding of the national interest that cooperation had to pursue, especially in the Mediterranean and in the Balkan region<sup>91</sup>.

In 2000 an extensive international campaign in favour of debt relief lead to the passing of a specific law, law n. 209, that lead to an increase in aid allocations. The debt relief issue had wide political and social support, both from the Catholic Church and from personalities of the mass media world. It is worth noting that the focus on this specific aspect of development policy is a further indication of the growing distrust in the traditional mechanisms of cooperation policies, not efficient enough and with scarce resources. The most important new element in Italian cooperation policy during the 1990s was the active participation of local authorities to various development programs (the so called decentralized cooperation)<sup>92</sup>.

At the end of the 1990s, it seemed that Italian development cooperation was gradually aligning itself with other Western countries’ policies. However, many problems and limits of Italian aid activities of the previous decades seem to be present nowadays.

The 2009 peer review recalls, in many parts, the past evaluations. For example, on the question of program management and coordination, the Dac still highlights the need for a legislative reform that could allow a greater effectiveness of development policy:

Italian Co-operation needs a new, simplified and clearly-targeted legislative framework. Italy has made a number of attempts to reform its aid system. [...] The incoming (2008) foreign affairs minister, who took full responsibility for the development co-operation portfolio, indicated that the summary text on the reform debate would be the basis for restarting a parliamentary discussion. He also stated that the Ministry of Foreign Affairs

<sup>90</sup> Luis Rhi-Sausi, José and Zupi, Marco, “Trends in the Debate on Italian Aid”, in Hoebink et al., *op. cit.*, p. 338; Pennisi, Giuseppe: “La cooperazione allo sviluppo dell’Italia”, in IAI (1994): *L’Italia nella politica internazionale*, Roma, SIPI, pp. 157-162.

<sup>91</sup> *Ibid.*, p. 340.

<sup>92</sup> *Ibid.*, p. 342; Zupi, Marco: “Evoluzione nella politica italiana di cooperazione allo sviluppo”, in IAI-ISPI (2001): *L’Italia e la politica internazionale*, (F. Bruni and N. Ronzitti eds.), Bologna, Il Mulino, pp. 251-254.



would undertake to submit a new proposal for legislative reform. However, the government has not yet indicated when such a proposal will be submitted to the Council of Ministers and parliament<sup>93</sup>.

The same applies to the problems relating to the volume and forms of Italian aid. In 2008, Italy was the eighth Dac donor, if the volume of aid is considered, but only the nineteenth (of 23 countries) if the percentage of aid to the GNP is considered. As an EU member, in 2005 Italy committed to allocate the half of its Oda increase to poverty reduction programs in Sub-Saharan Africa. But data show that Rome is not working towards that direction: in 2008, in fact, only 30% of Italian bilateral aid (debt relief program excluded) went to Sub-Saharan Africa, about half of the resources allocated in that area in 2001.

Furthermore, it is worth noting that the still very high percentage of multilateral aid (59% of the total volume in 2008) cannot be considered only the result of a strategic choice to strengthen international aid agencies: this percentage, in fact, is also the consequence of the fact that the appropriations to international agencies must be considered fixed expenses on the budget, stemmed from international accords, and cannot be cut down even in a period of economic crisis, as happens to bilateral aid resources<sup>94</sup>. Finally, in 2009 the Dac underlined that the budget cuts contemplated till 2011 cast doubts on Italian ability to comply with its international commitments on the raising of aid by 2010 and 2015. The confirmation of this prediction has come a few weeks ago when the Italian government announced its will to cut the aid allocations by 45%, for budget difficulties. If this trend continues, the resources given by Italy to the LDCs could be more properly compared with the budget of a big international NGO than with the aid budget of the major donor countries<sup>95</sup>.

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<sup>93</sup> OECD, Development Assistance Committee, Peer Review: *Italy*, 2009, p. 11, <http://www.oecd.org/dataoecd/54/59/44403908.pdf>.

<sup>94</sup> *Ibid.*, pp. 14-15.

<sup>95</sup> Di Blasi, Giulio: "Finanziaria 2011, cooperazione addio", *La Repubblica*, 19 October 2010.