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Italy and Africa in 2009: a tale of too many stories?

Africa has gained a more-than-usual visible place in Italy's foreign policy in 2009. It was not only a matter of Africa-washing for the incoming G8 presidency. As it happened with the previous Italian G8 presidency¹, the Government during the L'Aquila summit devoted space and attention to the continent². Italian consideration of Africa in 2009, however, has not only been connected with the meeting of the Bigs of the world: many Ministries, chiefly the Ministry of Foreign Affairs (MFA) and the Ministry of Economic Development (MED), in their ordinary functioning, have shown a high degree of political activity and involvement with respect to Africa. Too many points of view have characterized the way the "Sistema Italia" has approached Africa in 2009.

Remarkable as it was compared to previous years, **Italian attention to Africa was driven by two contrasting aims.** On the one side, the

Ministry of Foreign Affairs has tried to revive the "traditional" goals of poverty reduction, while on the other side the initiatives of the Ministry of Economic Development have voiced the interests of the private sector. These directions, even if not necessarily contrasting, underline the absence of a coherent framework for the relationship with the continent.

Two key documents concerning Africa

Most of the lines of Italian involvement in Africa for 2009 have been sketched in **two documents** produced by MFA and MED, respectively the **Guidelines for development cooperation**³ and the so-called **Africa Plan**⁴. While the MFA is used to produce every year guidelines concerning its development aid activities, if not Africa in particular, it is

³ Direzione Generale Cooperazione e Sviluppo, *La cooperazione italiana allo sviluppo nel triennio 2009-2011. Linee-guida e indirizzi di programmazione*, Roma 2009, http://www.cooperazioneallosviluppo.esteri.it/pdgcs/italiano/LineeGuida/pdf/Linee_guida_ital.pdf.

⁴ Ministero dello Sviluppo Economico, *Piano Africa*, Roma 2009, www.globus.camcom.it/uploads/PIANO_AFRICA.doc.

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Abstract

Italy, given also the presidency of the G8, has devoted unusually high levels of attention to Africa in 2009.

However, the numerous policy actions, carried out both by the Ministry of Foreign Affairs and surprisingly also by the Ministry of Economic Development, betray a fundamental lack of coherence and clarity on the ultimate objectives of Italian involvement in Sub-Saharan Africa.

Given the high number of actors trying to acquire an influential position in the continent, it is particularly important that Italy clarifies its strategic priorities, be it in terms of issues to be addressed and in terms of countries with which it wants to strengthen a relationship.

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¹ In Genoa in 2001 Italy managed to formally invite 5 African countries to the outreach dialogue for the first time in the history of G8 summits.

² http://www.g8italia2009.it/G8/Home/Summit/G8Africa/G8-G8_Lay_out_locale-1199882089535_G8AfricaPresidenza.htm.

quite unusual for the MED to dedicate a specific dossier to Africa. Both of the documents show a change in the perspective from which the Italian Governments of the last 15 years approach foreign policy at large and thus also Africa⁵. The left-wing Governments, in fact, stimulated by the constituencies of NGOs, traditionally left-wing oriented, the pacifist and no-global movements, have generally addressed the South of world with a specific and almost exclusive focus on poverty reduction and human and primary rights. The last left-wing Government (2006-2008) led by Romano Prodi, did not see Africa only as a terrain for compassionate charity but put forward some initiatives that did try to treat Africa as a rightful player of international relations. This posture has certainly innovated the traditional posture of Italian Left-wing towards Africa. The right-wing, instead, has tried to move diplomacy and Italian commercial interests closer.

A close reading of the two documents confirms that **the change of Government**, from left- to right-wing, that occurred half way in the running of 2008, **has brought a different way of dealing with Africa**. For what concerns the *Guidelines for development and cooperation*, it is clear that the MFA, similarly to the previous years, has tried to reinforce its efforts at making aid more effective for poverty reduction. The document on the one side

reduces Italian interventions to some specific areas, thus complying with efforts at coordination amongst donors. Italy will concentrate on agriculture and food security; on the management of natural resources (and specifically water); on health; on education and governance. The traditional actions in terms of poverty reduction, are complemented by another major area of intervention, usually connected with the promotion of economic diplomacy: the support to micro, small and medium enterprises. The focus on private sector development and on the Italian good practices for what concerns small and medium enterprises (SMEs) development gets for the first time an important space in a document that should concern development assistance rather than the promotion of Italian interests abroad.

Not only: in the section concerning tools for international assistance, the MFA identifies **development of the private sector and public-private partnerships** (ppp) as an instrument for the strengthening of Italian assistance in all areas of the world. A reference to ppp is unique with respect to past versions of the *Guidelines*. It remains to be seen whether the private sector focus stated in the *Guidelines* implies a shift in practice. Two facts seem to confirm the opposite. The *Guidelines* state that the majority of soft loans will be granted to countries of Sub-Saharan Africa, but none of the soft loans insofar granted in 2009 have actually been allocated to this region.

Equally, the SIMEST (Società Italiana per le Imprese all'Estero) annual fund for supporting joint-ventures never gets used up completely: only 30 million euro per year get used, mainly for joint ventures in China. While it is true that the reference to interests of the Italian private sector is unprecedented, the *Guidelines* provide an effective starting point for the rationalization of Italian development assistance, along the lines of the three most recent DAC Peer Reviews⁶ and in the light of the commitments for development effectiveness undersigned by Italy in the Paris Declaration⁷. Italy has been consistently "named and shamed"⁸ at the international level in the past few years for not upholding to its international commitments in terms of quantity and quality of its aid⁹. The problem of untying Italian aid remains a priority on the agenda: the latest available data, referring to 2001, indicate that as much as 92% of Italian aid was still tied. If Italian economic interests get a priority with respect to the efforts at making aid more effective, the issue of tied aid will become all the more sensitive.

⁶ DAC (1996, 2000, 2004), *Italy. Development Cooperation Review*, Paris, OECD.

⁷ *Paris Declaration on Aid Effectiveness*, 2005, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

⁸ M. CARBONE, *Holding Europe Back: Italy and EU Development Policy*, in «Journal of Balkan and Near Eastern Studies», 9, 2, 2007, pp. 169-182.

⁹ One, *The DATA Report 2008*, 2009, www.one.org/report.

⁵ M. CARBONE, *Italy in the International Arena since the End of the Cold War*, mimeo, 2009.

Doubtlessly, the choice of the MED when drafting the *Africa Plan* is even more unexpected: while in the past the MED, MFA and Confindustria have tried to actively promote Italian economic interests in remote angles of the world, it is unheard of a specific Plan of the MED dedicated to the promotion of Italian industrial and commercial activities in Africa. The first instance of a **direct action of promotion of Italian economic activities in Africa** can be traced back to the July 2007 visit by the then Minister of Foreign Affairs, Massimo D'Alema, and the then Minister of External Trade, Emma Bonino to Africa. The three-leg tour included a stop-over in South Africa, where the political delegation was accompanied by an economic delegation composed of 170 entrepreneurs and headed by the President of Confindustria, Luca Cordero di Montezemolo¹⁰.

Otherwise busy with more attractive and strategic areas of the world, the MED in 2009 has chosen to include Sub-Saharan Africa in its activities for a number of reasons. First of all, given the "effort to keep up with opportunities in big emerging countries", Africa had been marginalised as an area of expansion of Italian trade. Secondly, Africa has progressed immensely in the areas of development and poverty reduction. Third of all, the appearance of strong and vital actors on the scene of the continent, such as India,

China, and the increasing attention that the US has devoted to this region, are stimulating competition to gain positions in strategic sectors of the economy of Africa, such as in securing access to primary goods, to energy sources but also to gain access to the expanding regional markets¹¹.

The MED, therefore, aims at stimulating Italian entrepreneurs getting interested in the opportunities that Sub-Saharan Africa has for them in terms of investments and trade in the leading sectors of "made in Italy" (furniture, agribusiness, clothing, industrial machinery). The document, however, has a traditional approach to African economic opportunities: primary goods – from minerals and hydrocarbons to fertile soils for agriculture, water and timber – are seen as the main prospect for Italian economic interests.

The themes chosen for the G8 are another sign of Italian attention to Africa¹². These themes and the ensuing resolutions, however, are not an indication *per se* of Italy's attitude to Africa, since they were the expression of a process of consultation and negotiations with the G8 members and the African

partners. The Italian presidency promoted three actions that fed into the G8 agenda on African issues:

- It elaborated four programmatic points that were discussed during the sessions of the G8 (the mitigation of the impact of the economic crisis on African economies; the effects of climate change on the continent and in the Congo basin in particular; a focus on peace and security with reference to the transnational crime networks, especially in West Africa and the Horn; e-government);
- It presented a synthetic report on the commitments towards Africa undertaken during the previous G8 summits;
- It put forward a proposal for the reform of the Africa Partnership Forum and of the role of the Special Representatives for Africa of the G8 head of states and governments.

A change of direction

The literature on Italian foreign policy has underlined that, since foreign policy is mainly an internal matter¹³, there are marked differences between left- and right-wing postures in external affairs and inconsistency in the underlying choices for foreign policy. As said, this is also the fate for Italy's attitude to Africa in 2009. While the MFA has

¹¹ The document in particular stresses the growing importance (in terms of market dimensions and number of potential consumers) of Regional Economic Communities.

¹² Discussing Africa during a G8 summit is not a novelty, since Africa is in the G8 agenda since the 2000 Okinawa summit. Generally, the new presidency tends to maintain the items of the agenda of the previous presidency.

¹³ N. CHELOTTI - F. COTICCHIA - G. GIACOMELLO, *Government Majorities, National Identity and Italy's Foreign Policy*, mimeo, 2007.

¹⁰ R. POLATO, *Missione "piccola industria" in Sudafrica. Un ponte per l'economia del continente*, in «Corriere della Sera», 10 luglio 2007.

tried to improve its mechanisms for aid delivery and thus to strengthen its main tool for dealing with most African countries, the interests of the national private sector are exacting a toll on coherence of overall priorities for relating to the continent.

Of all the geographical areas of the world, **the relationship between Italy and Africa is possibly the one that is going to feel the most such a change in priorities and tools.** Despite efforts, recent trends and the newly-fashioned rhetoric concerning African development¹⁴, most countries of Africa still depend on external assistance as a source of capital investments and at times even as an important part of state revenues. Aid cannot be substituted in the short run exclusively by profit-oriented capital flows of other nature. Moreover, the private sector in Sub-Saharan Africa still needs time and support to evolve into a full-fledged partner. If Italy intends to give much weight to the private sector, it will have to reinforce those institutions that can accompany Italian enterprises in the difficult entry into “the heart of darkness”.

However, things are moving fast. Following the above-mentioned 2007 initiative, that for the first time had a business component alongside the political dialogue, in 2009 the **Minister of Economic Development visited South**

Africa and Mozambique¹⁵ with the intention of promoting and supporting Italian presence in Africa. According to sources, it will be the first visit of a series of trips that the MED is planning. More specifically, the ministerial visit to Mozambique will be followed by a first exploratory mission of the Chambers of Commerce by the first half of 2010. Certainly, a sign that economic interests can be arisen and nurtured if necessary.

If one looks at the **resources** that Italy is spending for Africa, the reorientation of priorities is even more evident. According to the *Africa Plan*, Italy in 2009 will mobilize almost 1 billion euro for the support of Italian economic activities in the continent. This comes from the resources that the MED and ICE (Istituto per il Commercio Estero) have mobilised for the start of the Africa Plan (3.5 billion euro), plus the 90 million euro that SIMEST is making available for the support to investments in Sub-Saharan Africa, plus 720 million euro that SACE (Servizi Assicurativi del Commercio Estero S.p.A.) uses for the insurance of export and investments in the area. For what concerns the resources made available by the Ministry of Foreign Affairs, instead, the *Guidelines* state that 50% of the bilateral resources of Italian aid should go to Sub-Saharan Africa. In 2009, the MFA could disburse more than 185 million euro for

its interventions. 70% of this amount, equal to almost 130 million euros, was to be devoted to bilateral interventions. This means that in 2009 the MFA is planning to spend for its direct activity in Sub-Saharan Africa roughly 75 million euro. In this case again there seems to be a discrepancy between what policy and practice: the policy documents since 2007 have always committed grossly half of total Italian bilateral aid to Africa, but in practice the share of disbursements going to the continent has consistently decreased since 2005, reaching in 2008 its minimum.

This is not the total of Italian aid. In fact, the MFA oversees also the contributions to international organisations, while the Treasury is in charge of the contribution to multilateral institutions (EU, WB, IMF, regional banks), as well as of the initiatives of debt cancellation. An amount of these contributions will be spent in Africa. However, **the disparity between the resources available in 2009 for poverty reduction and for the promotion of Italian economic interests is evident.**

The Italian Government during the G8 in L'Aquila has put forward a proposal, called **“whole of the country approach”**, that aims to include in the accounting and evaluation of contributions for development all available resources (public and private funds including innovative financial mechanisms and philanthropic), topping the majority of funding towards poor countries, those labelled as Official Development As-

¹⁴ D. MOYO, *Dead Aid. Why Aid is not Working and How There is a Better Way for Africa*, London 2009.

¹⁵ A. RISOLO, *Scajola: “Il mio Piano Africa darà un impulso agli investimenti italiani”*, in «Il Giornale», 3 settembre 2009.

sistance¹⁶. This proposal, while increasing policy coherence for development, is regarded with much suspicion from civil society organisations: it seems a way to blur the line dividing resources aimed specifically at reducing poverty and promoting development and resources aimed also at supporting other (be it in the field of trade or security) interests of the donor country.

A change in geographical priorities

In the history of Italian relationships with Sub-Saharan Africa, **the Horn has always occupied a special place**, given the ties dating back to the colonial period. In the '70s and '80s, in particular, the Horn has been the main theatre of Italian influence in Africa and thus also the main recipient of development assistance¹⁷. The system labelled *partito-crazia*, coupled with an attitude that intended foreign aid as a way to feed empresarial cronies, resulted in interventions that were finger-pointed for the squandering of public resources and their ineffectiveness, if not for outright corruption¹⁸. A through

evaluation of the Italian development programme to the Horn of Africa is beyond the scope of this briefing.

With the scandals that marred the Italian Cooperation in the '90s, and with the reorientation of priorities in foreign policy following the fall of the Berlin Wall, **the focus on the Horn of Africa was downsized**. Other African countries, chiefly Mozambique¹⁹, became terrain for a privileged relationship with Italy. It is in Mozambique that the Italian development cooperation is experimenting with its most innovative project, direct budget support.

At the same time, in the last 10 years, the priorities of Italy as a donors have changed: **Iraq, China and Afghanistan** have surged amongst the top-ten beneficiaries of Italian aid. Once again, economic and strategic interests have entered the realm of development assistance.

Analysing the two documents pinpointing Italian strategy to Africa as of 2009, one uncovers that **Italy**, in its effort to be present in Africa, **is yet unclear on its geographical priorities**. On the one side, the *Guidelines* identify a number of priority countries. Alongside the "usual suspects" (Mozambique, Somalia, Ethiopia), other countries get a position of prominence: Niger, Senegal, Burkina Faso, Ghana, Sierra Leone, Guinea Bissau, Kenya, Sudan. The MFA at the same time has decided to reduce or end its interventions in countries like Uganda where the Italian

Cooperation is experimenting innovative modalities of aid, such as the participation to Common Funds.

There is a feeling that the decision to rationalize aid giving in order to make it more effective has not trickled down satisfactorily at the level of the decisions on geographical priorities. It would be otherwise inexplicable the identification of **11 priority countries**, and the continuation of **activities in 13 other countries**: in total Italy is present in half of the 48 Sub-Saharan countries but it cannot be considered a leading donor in any²⁰. The choice of a more concentrated focus on a smaller number of countries would have increased the leverage Italy could use with the recipient Governments and at the same time it would have supported the goal of increasing aid effectiveness.

Equally puzzling is the **absence of important Italian commercial partners** from the list of beneficiaries. If the goal of effective aid spending for poverty reduction seems to have been overtaken by other priorities, it remains mysterious why development aid is not used – as instead it is announced in the *Guidelines* – to support Italian investments abroad, such as the industrial giant of the continent, South Africa and the two big oil-producers, Nigeria and Angola.

¹⁶ G8 Italian Presidency, *An innovative systematic approach for supporting development in low-income countries* "Whole of Country Approach", G8 Factsheet, 2009, http://www.g8italia2009.it/static/G8_Allegato/factsheet/WHOLEOF_COUNTRY%20EN.pdf.

¹⁷ Sbilanciamoci!, *Libro bianco sulle politiche di cooperazione allo sviluppo*, Roma 2007.

¹⁸ A. SEMPLICI, *La cooperazione governativa dell'Italia in Africa*, in «Africa e Mediterraneo», 2, 1996, pp. 30-33.

¹⁹ Italy was the main broker of the difficult peace between the Mozambican Government and the rebel forces of Renamo in October 1992.

²⁰ For what concerns the latest data available referring to 2006-2007, in Mozambique and Somalia Italy is not amongst the top-ten donors. It is 7th for Ethiopia, http://www.oecd.org/countrylist/0_3349.en_2649_34447_25602317_1_1_1,00.html#S.

According to the data contained in the *Africa Plan*, South Africa and Nigeria are the main commercial partners of Italy in Africa, while Angola is rapidly climbing up. In 2007 Italy and South Africa traded for a merchandise volume up to 4 billion euro, while trade exchanges with Nigeria amounted to more than 1.7 billion euro and with Angola to more than 342 million euro. On the 23rd of November 2009, ENI, the Italian oil company, announced it will acquire stakes in two Ugandan oil fields from U.K.-listed Heritage Oil PLC for 1.35 billion US dollar²¹. Uganda is one of the countries where the Italian Cooperation has decided to close its activities in within the next three years. It will be interesting to see in the future whether an expansion of commercial exchanges will pass also through an increased presence of development cooperation.

Conclusion

For Italy, the year 2009 has seen an **unprecedented flourishing of declarations of interests at the governmental level towards Africa**. It was not only a due to the increased pressure deriving from the G8 presidency: strategic considerations as well as possibly the effects of the economic crisis have certainly played a part in this

revival. The attention devoted to Africa has followed two main aims. On the one side the MFA has tried to better its performance in terms of quality of aid – given that for an increase in the quantity of aid certain macroeconomic parameters need to be met in the future. One crucial issue that must be tackled is the question of tied aid. Italy is the European country where this problem has been addressed the least, despite an EU Directive.

On the other side, the MED has sprouted with unexpected activism in the promotion of Italian economic interests also in Sub-Saharan Africa. These activities, however, betray a lack of clarity in aims, instruments and priorities, that risk endangering the frail Italian position in Africa.

Italy played a **reduced political role** (if compared to the potential it has) in those countries where it is deemed still an important player, like Somalia and the Horn in general. The year 2009 opened with Mario Raffaelli, the Italian government special envoy to Somalia, being moved to another task. This is one reason that could explain Italian reduced actions in those regions.

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²¹ G. CHAZAN, *Eni to Buy Oil Stakes In Uganda*, «The Wall Street Journal», 23rd November 2009, <http://online.wsj.com/article/SB10001424052748704779704574551421463456390.html>.