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HIGH LEVEL SEGMENT

STATEMENT BY

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2004 High Level Segment of ECOSOC

Statement of the Head of the Italian Delegation
Sen. Roberto Antonione, Vice Minister for Foreign Affairs

Madame Chair,

First of all I would like to state that we broadly agree with the conclusions and recommendations of the Secretary General in his Report for this High Level Segment of ECOSOC.

Italy is strongly committed to the implementation of the Millennium Development Goals, the Monterrey Consensus and the Brussels Programme of Action for the Least Developed Countries, in coordination and complementarily with its partner Countries in the European Union.

My intervention is complementary to the Statement delivered by the Presidency of the European Union and relates specifically to Italian commitments.

Food security and rural development, education, access to health care and the fight against pandemics (as HIV/AIDS), the development of the private sector (namely SMEs), conflict prevention and post-conflict relief and reconstruction are Italy's priority areas of action.

ODA Volume

Since the beginning of the decade Italy has significantly increased the share of its ODA disbursed to LDCs: from 17,5% in 2000 to 29,5% in 2003. The average share for the 2000-2003 period is 22%.

Italy, as a member of the European Union, is committed to increase its overall ODA up to 0,33% of GDP in 2006 and, consequently, its assistance to LDCs, aiming for an average share of 25% of the total.

Trade with LDCs

Italy fully supports a renewed commitment by the EU in addressing the challenges posed by the dependence of LDCs on commodities and, in particular, cotton. As a Country member of the EU, Italy works consistently to bring the Doha negotiations back on track and to promote the development agenda in this Round of WTO negotiations, including the cotton issue.

Italy's commitment can be presented as follows.

1. The international community must help all LDCs that are dependent on the export of few commodities, independently on the region or continent they belong to.
2. It is critical to help LDCs to diversify their patterns of production. Given the volatility of commodities' world prices, these Countries' economies would not be in a position to grow substantially if they continue to depend on the export of a few commodities.
3. Fuller integration of the envisioned measures and actions in Poverty Reduction Strategy Papers (PRSPs). International aid and technical assistance should complement domestic policies of LDCs on the basis of the principles of "ownership" and "shared responsibility".
4. Help LDCs to make a fuller use of preferential trade regimes granted by Developed Countries. Data show quite a low rate of exploitation by producers of these Countries of preferential tariff margins foreseen in the EU "Generalised System of Preferences".
5. Convince Developed Countries and more advanced Developing Countries to grant duty-free and quota-free market access to Least Developed Countries, given the erosion of preferential margins that will ensue from the conclusion of the Doha Round.
6. Promote market - oriented measures (insurances, better access to bank loans, etc.) that can help producers to overcome price instability in the short -and medium- term.
7. Promote, through trade negotiations and technical assistance, a deeper regional integration of these Countries to exploit internal and external economies of scale. South - South trade opportunities are not fully exploited as they should be: the flow of goods and services among developing Countries, particularly those belonging to the same region must be enhanced and promoted.

Italy is engaged in supporting LDCs to enhance their capacity to participate to world trade through technical assistance. Italy is a financial contributor to the Integrated Framework and to the Doha Development Fund.

Debt relief

Italy, which was one of the promoters of the “enhanced HIPC Initiative” in 1999, decided in 2001 to provide unilaterally additional debt relief beyond the provisions of the HIPC Initiative, also to encourage other bilateral creditors, both members and non-members of the Paris Club, to follow suit. Italy is committed to effectively complete the process of cancellation of foreign debt of HIPC countries, without restrictions to “eligible” debt, at the same time increasing the financial resources released from debt cancellation to be used in the fight against poverty in all its aspects (with a priority for food security, healthcare and education). Italy implements its policy of 100% cancellation of pre and post-cut-off-date commercial and ODA debt from the first interim debt relief agreement, suspending all payments from the decision point and cancelling the entire debt stock at completion point.

Italy is now ready to cancel another US\$ 2,5 billion of HIPC debt on top of the US\$ 2 billion already cancelled to date, up to a total amount of US\$ 4,5 billion. About US\$ 1 billion of this amount will be additional bilateral debt relief cancelled beyond the “enhanced HIPC Initiative”.

The “enhanced HIPC Initiative” contains provisions that allow for the provision of additional debt relief under exceptional circumstances (i.e. exogenous shocks) to countries reaching their “completion point”. Italy supports a methodology for calculating “topping up” that maximizes the additional relief to the countries with a persistently unsustainable external debt, while guaranteeing at the same time transparency and an equitable burden-sharing among creditors.

Italy supports the extension of the HIPC Initiative in order to allow Countries that have not yet qualified for the Initiative to benefit from debt cancellation.

Strengthening the Role of the Private Sector

Italy recognises the crucial role of the private sector as the engine of LDC’s economic development and the need to direct financial support towards institution building and technical assistance, aimed at creating an enabling environment for private sector development.

Italian ODA policy in support of the private sector is driven by four principles:

1. supporting the creation of appropriate institutional and juridical frameworks;
2. strengthening the financial institutions through capacity building;
3. encouraging FDI;
4. providing technical assistance and financial support to local enterprises.

Grants, multi-bilateral funds, soft loans and credit lines for the Italian participation in equity in joint-ventures with local firms in LDCs are the main tools to implement these principles.

Support to local SMEs is a permanent and prominent feature of the Italian ODA. Italy provides soft loans to LDCs for the untied procurement of equipment and services to be used to address the development needs of local SMEs, as well those of micro-entrepreneurs. Italy also co-finances NGO-promoted and decentralised cooperation projects aimed at creating and strengthening micro-credit and micro-finance institutions, by contributing up to 75% of total financing. Decentralised cooperation is targeted to strengthen the management capacities of local financial institutions.

In 1993-2000 the portfolio totalled 75 initiatives for an amount of USD 570 million, out of which USD 400 million were soft loans and USD 170 million were grants. About 45,3% of grants was in the form of commodity aid, 38,2% multi-bilateral funding, 8,8% contributions to NGO-promoted projects. Support to private sector in developing countries has substantially increased in the last three years: soft loans increased from USD 136 million in 2001 to Euro 180 million in 2003; grants from USD 30 million in 2001 to an estimated Euro 180 million in 2004.

Peace-building and post-conflict intervention

Italy is committed to work jointly with multilateral organisations and developed and developing countries to reinforce and better coordinate the response capacity of the international community to the difficult challenges in post-conflict situations, taking into account the specific needs of the LDCs. Italy can offer the experience gained over the years in relief, rehabilitation and reconstruction activities, with the specific capacities acquired in the training of police officers and handling of local police/security issues at the local level. The widespread activities of Italian NGOs and local authorities (Regions, Provinces, Municipalities) that take place in post-conflict countries where Italy is engaged in peace-keeping represent an additional asset.

According to the principle that peace is the basic condition for development, as stated in the UN Millennium Declaration, Italy supports both politically and financially several peace-building activities related to a number of conflict-affected LDCs in Sub-Saharan Africa, implemented by the United Nations, the African Union (AU) and the

Intergovernmental Authority on Development (IGAD). Italian activities in this field include post-conflict assistance, through implementation of DDR (Disarmament, Demobilisation and Reintegration) programs, in particular to the "children-soldiers", and assistance to refugees and displaced persons, mainly through participation to programs and initiatives implemented by UNHCR and International Red Cross.

Italy supports the establishment of the African Peace Corps, mainly by offering courses for African officers at the U.N. Staff College in Turin, Italy. Training courses will be offered also by Scuola Superiore S. Anna in Pisa, Italy, in cooperation with the Kofi Annan Centre for Peace in Accra, Ghana.

Most recently Italy promoted the G8 Action Plan: Expanding Global Capability for Peace Support Operations, adopted by the G8 Sea Island Summit. Italy is set to establish, on a multinational basis, an international training centre to provide skills for peace support operations, building on the experience and expertise of the *Carabinieri*, Gendarmerie and other similar forces.

We also recall in this context the Italian support to the operations of the UN Logistical Support Base in Brindisi (Italy), mainly peace operations in Africa and food aid shipments managed by WFP.

Outside Africa, Afghanistan has been the largest LDC recipient of Italian assistance. Since the outbreak of the crisis in late 2001, the Italian government has contributed with approximately 140 million Euros for the reconstruction of Afghanistan. Italy's aid has been delivered in the framework of the existing co-ordination mechanism involving the afghan Government, bilateral donors and multilateral agencies. In 2002, Italy has taken the lead in the justice sector, funded initiatives aimed at the support of Afghanistan's Administration, at the relief of the more vulnerable groups of the local population and at the rehabilitation of infrastructures, notably the Kabul-Bamyan road. A particular emphasis has been put on the development of selected rural areas, including some in the south-eastern provinces, which were suffering from an insufficient level of funding from international donors.

The Global Fund to Fight AIDS, Tuberculosis and Malaria(GFATM)

Italy is the second largest donor to the GFATM and has already contributed, in the two year period 2002-2003 more than USD 200 million. It has pledged to contribute a similar amount over the years 2004 and 2005. LDCs are by far the largest recipients of GFATM funding with more than USD 1 billion over 2002-2003.

Operational mechanisms should be improved through faster decisional procedures and a greater attention should be paid to the strengthening of the capacities and local infrastructures.

Italy finances also a multi-bilateral programme with WHO to fight HIV/AIDS in 13 Sub-Saharan Countries.

Education for all

The World Bank Fast Track Initiative was launched in 2002 as a major effort to mobilise resources to support Education for All, with a specific focus on the goal of Universal Primary Completion. This is the most effective follow up of the G8 Task Force on Education, chaired by Italy in 2001.

Italy has supported the proposal to open the Fast Track Initiative to all low-income countries, besides the first eighteen countries selected by the World Bank to join the program. Moreover, Italy has committed financial resources to the Catalytic Fund to help FTI-endorsed Countries with difficulties in mobilizing additional external funding at the local level, to start scaling up implementation of their education programs.

In this context, Italy has also taken the lead of the primary educational program in Ethiopia with a contribution of 25 million Euros.

Food security and rural development

Italy considers that poverty and rural development in the LDCs should be tackled both with immediate responses to emergencies, such as natural calamities and bad crops, and with long term structural measures in order to prevent calamities and stimulate sustainable agriculture and food security.

The follow-up of the World Food Summit of 1996, held in Rome in 2002, has offered the opportunity to reiterate the Italian commitment towards the goal of eradicating hunger. Food security is a priority of Italian ODA. Funds for this sector are channelled mainly through the three Rome-based organizations: FAO, WFP and IFAD. In particular, Italy has contributed to the FAO «Special Programme on Food Security», by financing nine projects, mainly in LDCs, and to the «Trust Fund for Food Security and Food Safety», launched by FAO in 2001, with an initial contribution of 50 million Euros.

Italy's support to rural development programmes aims to integrate food security with the trade dimension, in order to reward increased productivity with sustainable incomes for the rural population. The development of rural infrastructure plays a key role to promote

access to domestic and foreign markets. In this view I recall also the importance of greater security of land tenure and land ownership, namely for women. Access to credit is another crucial factor for rural development.

Environment

Italy recognizes that the fight against poverty requires the preservation of the national patrimony of natural resources and ecological systems, and access to the financial and technological tools to achieve sustainable development.

In the context of the Johannesburg Plan of Implementation, Italy supports the establishment of national and regional environmental policies and plans and their integration into the adopted social and economic development models, as well as the search for sustainable patterns of production and consumption of basic resources, such as energy.

In this regard, Italy reiterates its commitment to the development and dissemination of renewable energy technologies, of energy efficient techniques, and of a substantial increase of the renewable energy component in the national and global energy mix. Italy therefore will continue its active participation into the EU initiatives aiming at reaching these goals.

NGOs

We value particularly NGOs' capacity to mobilize LDCs' material and human resources with the goal to eradicate poverty and stimulate LDCs' economic growth. NGOs are an essential instrument to reach the Millennium Development goals in LDCs, because of their humanitarian approach and their attitude to get into relate directly with the local realities.

NGOs' high flexibility, the importance they attach to the development of human resources and the introduction, in the projects they implement, of sustainability elements such as the use of appropriate technologies, the training of local partners and the strenghtening of local institutions make allow them to bring essential added value to Development Cooperation.

E-Government

The Italian initiative «E-Government for Development» has been launched in Palermo in April 2002, with the aim to improve the quality of public services, to boost economic competitiveness and to promote the use of Information and Communication Technology (ICT) to foster democracy, efficiency and transparency in developing countries.

Since then, Italy has signed partnership agreements with UNDESA (2002) for the establishment of the “Trust Fund Capacity Building Initiative on ICT for Development”, to assist mainly African countries; and with the Inter-American Development Bank (2003) for the establishment of the “Italian Trust Fund for ICT for Development”, to assist seven Latin American and Caribbean countries; and finally with the World Bank’s Gateway Foundation. Italy -in partnership with UNDESA- has promoted the regional capacity building initiative “Strengthening of parliamentary information systems in Africa”.

Bretton Woods Institutions

Voice of Developing Countries - Italy is an active supporter of the strengthening of the international dialogue and the work of International Financial Institutions aimed at enhancing Developing Countries’ voice and participation in their own decision-making as well as in the international financial architecture as a whole. At the World Bank Italy has been strongly advocating the need to build country ownership of Bank’s operations and to find possible measures to increase the voice of the poorest countries. This involves the majority of LDCs.

Grants vs. Loans - recognising the need for more development resources to poor countries Italy has been always supportive to increase the effectiveness, the quantity and the concessionality of aid flows at the IDA and other regional Fund replenishment negotiations, including the use of grants. The majority of LDCs are IDA-only countries or HIPC.

Madame Chair,

let me conclude my intervention endorsing the Secretary General’s conclusions on the necessity to fully engage civil society in LDCs and domestic and international NGOs in the implementation of the Brussels Action Plan in order to achieve the Millennium Development Goals and eradicate poverty and hunger.