

"Stream" 2013-2015

PAKISTAN

1. Rationale and overall framework of the Italian development cooperation in Pakistan

Italy's aid commitment to Pakistan is linked to the poverty ratio of the Country and is part of the approach pursued by the international community in regional fragile context, with a focus on peace-building in the border areas with Afghanistan, which have been suffering from conflict since 2009 and is periodically hit by natural disasters, like the floods that devastated large swathes of Pakistan's territory since 2010. Humanitarian aid and recovery programs are therefore an important part of Italian Cooperation's portfolio in Pakistan.

Since the 1980s, Italy's Aid programs aimed at supporting local agriculture, natural resources management and environmental protection. Many of these programs were channeled through the Pakistan Agriculture Research Council (PARC), a leading technical body of reference for the national aid coordination system. Rural development and agriculture have remained the focus sector of Italian development cooperation in Pakistan.

Italy does not have a comprehensive framework agreement for cooperation with Pakistan, but development cooperation is included in the Strategic Partnership Agreement signed in 2013. In place, there is a series of intergovernmental memorandum for the execution of different programs and projects. In 2012, a national operations office (UTL-Islamabad) became operational and strengthened implementation, review and evaluation processes upon the overall program investments and its shaping and features.

2. Other major international donors, coordination and the possibility of workload sharing, joint evaluation exercises (harmonization)

International assistance to Pakistan is impressive and still growing. The main contributors include the U.S. Agency for International Development (UsAID), the UK Department of

International Development (Dfid), the European Commission (EC), the Australian Agency for International Development (AusAID), the Canadian International Development Agency (CIDA), the German Development Cooperation (GIZ), the Danish International Aid Agency, the Dutch Development Cooperation, the Norwegian Agency for Development Cooperation, the Swiss Agency for Development and Cooperation and the Japan International Cooperation Agency, the Korean Aid, and increasingly also the Chinese ODA. France and other partners stand in a lower position; less-important Donors in financial volumes include Australia, Italy Switzerland, Denmark and other Norway.

Despite an ongoing mechanism for monthly consultations among European partners, there is a lack of division of labor with a high degree of coordination. Furthermore, to date there has been no structured group of aid agencies coordinating with regional development banks and the UN Development Program, whilst a unitary coordination scope it has been designed, the Friends of Democratic Pakistan and the D-10 Group. The federal Economic Affairs Division represents the Government coordinating body.

Consistently with its initial stage, Italy's Overseas Technical Unit participates in all Donor coordination mechanisms, including working groups attended by EU Embassies' officials in Development sector, coordination group at the G8 Heads of Mission and Experts, and the Coordination Group of the Friends of Democratic Pakistan. The Embassy of Italy/UTL participates in regular Donor meetings requested by the Economic Affairs Division, or to the meetings with the same objective of coordination organized by UN agencies. Development activities by EU Countries are coordinated under guidelines laid down by the EU Action Plan.

3. Other expressions of the Italian development cooperation with Pakistan: NGOs, universities, local authorities and the private sector, and potential strategies for their full involvement

Compared to the presence of Pakistani NGOs and civil society organizations, the number of Italian NGOs in the country is relatively low, including CESVI, ISCOS, ALISEI, Actionaid, VIS/Don Bosco (which has lately closed its activities in Quetta-Balochistan), operate, with a training project administered by CNR , and a number of universities belonging to projects and



Ministero degli Affari Esteri

DIREZIONE GENERALE

PER LA COOPERAZIONE ALLO SVILUPPO

Ufficio IV

action programs as providers of consulting services; among these we name the same CNR, through the association EVK2CNR of Bergamo, a group of Italian university Institutes connected to EvK2Cnr Milan Polytechnic / Polytechnic Foundation, the ISIAO Institute of Rome are those fully operational in the country. In the agricultural sector, the IAO of Florence executes programs aimed at strengthening knowledge and practices, and building new capacities, in particular in the areas of agriculture diversification and olive-tree cultivation for the production of olive oil, improving the living conditions of the local Communities in the project area, and encouraging technical dialogue and interaction at the regional level. A dialogue with the Pakistani government and Italy's non-governmental and decentralized Cooperation is nowadays envisaged, aiming to plan an advanced focus on the future planning of priority needs in both urban and rural areas.

At Pakistan's request, a network of universities is being considered to furthering and materializing Italian and Pakistani exchanges in areas of priority interest for the two Countries. These can develop activities for a development cooperation platform with exchanges of experiences, action programs and information-sharing. Amongst the areas identified for further collaboration there are: energy in support of rural development, education, health and cultural heritage. With technical support from the UTL, the Directorate General of Cooperation and Development of the Italian Ministry of Foreign Affairs in Rome, and the Italian Embassy in Islamabad the liaison between different actors in the areas, with constant activities of coordination and exchange of information has been strengthened; this is aimed at facilitating the building of partnerships, the collaboration between projects, and facilitation of networking on best practices.

Italian private consulting companies and traders in the country are still scarce. A funnel to the Country's opportunities - particularly with EU Partners and the Asian Development Bank (ADB) in the northern corridor of Central Asia or on the opposite side with India – is being considered. ADB plans to invest more than \$5 billion in energy and infrastructure over the next five years.

4. Overall Objectives of the Italian Development Cooperation in the Country; its common sharing with local partners, and its coherence within the overall international development framework and goals.



Ministero degli Affari Esteri

DIREZIONE GENERALE

PER LA COOPERAZIONE ALLO SVILUPPO

Ufficio IV

The objective of the Italy's ODA in Pakistan is to contribute to the development of peace and stability in the Country through, namely, the reduction of income inequalities and community vulnerability to natural disasters. In this perspective, the Italian Cooperation focuses its socio-economic support on the Country's rural Communities.

The degree of ownership of Italy's Cooperation initiatives in Pakistan is very high: humanitarian initiatives are carried out in response to emergency appeals made by the Pakistani Authorities and the UN system. Investments based on the current debt-swap agreement are identified with Federal and Provincial Authorities, administered under a bilateral Steering Committee once projects have been endorsed, and assessed by a Technical Support Unit co-managed by the two Countries under the old Co-directorate formula. The soft loans schemes are mainly addressed through co-financing within the framework of multi-donor initiatives of the Government of Pakistan. A common feature for most of Italy's undertakings is the inclusion of an NGO dimension as proposing and implementing partners of projects financed under the Debt-Swap schemes, whereas Italy's international NGOs can present their proposals and contribute to planned activities under different institutional umbrellas. The principle of local ownership also reflect Italy's partnership schemes and its contribution to the World Bank Multi-donor Trust Fund for the Border Areas (MDTF).

The alignment of the overall program objectives with national development priorities, expressed in Pakistan Development Strategy Papers, is exemplified by the Pakistan-Italy Debt Swap Program, where local Authorities endorse a comprehensive strategic plan approved by the Program Management Committee.

Italy's ODA in Pakistan is a dimension of the bilateral partnership with the Country which, *inter alia*, accounts for Italy as being the second host of the Pakistani Diaspora in Europe.

5. Priority areas and expected results

Italy's Development Cooperation finances an articulated portfolio of investments in Pakistan, with a total value of about 215 million Euros. It includes projects on a grant basis, soft loans, debt-swap and supports through the multilateral aid system. The largest part of Italy's programs are focusing on rural development, and fall, to a large extent, within the north-western areas, bordering with Afghanistan.



Ministero degli Affari Esteri

DIREZIONE GENERALE

PER LA COOPERAZIONE ALLO SVILUPPO

Ufficio IV

The current program, totaling 215 million Euros, is divided into two main components. The first part relates to a multi-sectoral nation-wide program, amounting to 70 million euro, set up through a debt swap agreement, active since 2006. Its projects are running in all provinces encompassing rural development, health and the environment. They aim at foster the socio-economic development of the Pakistani poor and promoting sustainable use of the environment.

The second component, mainly funded through two soft loan schemes, is focused on rural development. The two main projects falling within the soft-loans scheme, harmonized as parallel financing with WB-led multi-donor programs with an integrated approach, include:

the funding of 57,750,000 Euros in direct subsidies (cash-transfer) to Communities affected by the floods of 2010, through a multi-donor scheme called CDCPII, aimed at reduce the impact of the floods and support the recovery of rural communities affected by the natural disaster;

40 million Euros of investments for rural development through the platform adopted by the World Bank, in support to the Pakistan Poverty Alleviation Fund (PPAF), in the areas bordering Afghanistan, aimed at the socio-economic empowering of rural communities and their access to basic services.

Furthermore, through an important project of 4 million Euros to the World Bank Multi-donor Trust Fund for the Border Areas (MDTF), Italy is also supporting the building of infrastructure in the border areas of the Country.

In the programming pipeline are included 20 million Euros, originally assigned to vocational training in the Mining Sector (Marble Industry), whose destination is presently being discussed with the federal Authorities, to align them with the priorities of the new Pakistani Government; discussions are presently focusing on two possible alternatives: access to basic education and access to renewable energy in rural communities.