



IRAN vs ITALY

INTERNATIONAL COOPERATION CHALLENGES

Roberto Pasca di Magliano

Despite the international political troubles, Iran and Italy are pursuing close collaboration in many fields in order to promote a more effective international cooperation oriented to the people

HISTORICAL RELATIONS - The relations between Iran and Italy have ancient origins since Roman Empire.

- Following the Joint Comprehensive Plan of Action (JCPOA) known commonly as the Iran nuclear deal or Iran deal, reached in Vienna on 14 July 2015 between Iran and China, France, Russia, United Kingdom, United States plus Germany together with the EU, and the interruption of the sanctions, the President Rouhani chose Italy for his first State trip.

- On that occasion, the memorandum of understanding for a total of 20 billion euros was signed. Among the most important groups involved there were Pessina (Saipem), Danieli (Finacantieri), Gavio Group, COET, Vitali, SEA, Enel, Belleli, Stefano Boeri Architetti, Itway, Italtel, Marcegaglia, Fata, IMQ.

- But, after the US administration twice certified Iran's compliance in 2017, in May 2018 the United States withdrew from the Iran deal as Trump pledged he would negotiate a better deal. Trump left office without fulfilling that pledge by inducing Iran to develop again his nuclear weapon.

KEY POINTS

1. Consolidated cultural relations between Iran and Italy
2. Toward more effective cooperation policies

CULTURAL RELATIONS – A long history of cultural collaboration characterizes the relations between Iran and Italy since 1958.

- Collaboration of Iranian universities that offer Italian language courses.
- Executive Collaboration Program in the fields of culture, education, higher education and research, was signed in 2015
- In the 2019, the exhibition entitled "Italy and Iran, 60 years of collaboration on cultural heritage" was inaugurated at the National Museum of Iran.
- It follows the project involving the promotion and exchange of Italian and Iranian knowledge and skills in the field of management and development of the historical, artistic and cultural heritage.
- In the 2021 Italy and Iran have restarted their collaboration on a cultural tourism project after the interruption caused by the Covid-19 pandemic. The collaboration in this field between started in 2019 from the initiative of the Italian Embassy and the ICE Office in Tehran, in collaboration with the Italian Alliance of Cooperatives and the Iranian Ministry of Cultural Heritage, Tourism and of Handicraft.

ECONOMIC RELATIONS - Italy became the first trade partner among the EU.

- Economic relations between the two countries have had positive evolution after the signing of the nuclear agreement. Economic operators and political parties in both countries, through a precise understanding of mutual national interests, have been able to create the conditions for the development of economic relations.
- The significant decrease in the volume of economic relations between the two countries in 2021 is mainly due to external factors and in the last year in particular with two main elements: the US threats against Iran and the effects of the

coronavirus epidemic.

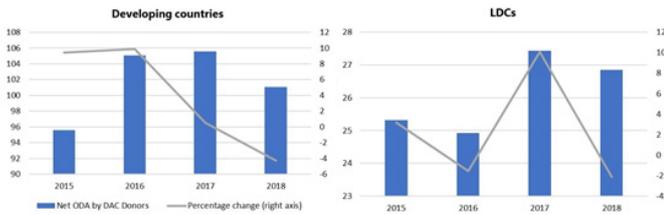
- The Islamic Republic of Iran has always underlined its full willingness to interact with Italy in various areas of bilateral cooperation including political, regional, economic and commercial fields.
- With a population of 83 million, Iran is ready to increase economic and trade cooperation as well joint ventures with Italy. In addition, Iran has a specialized workforce and large natural resources with access to a market of about 400 million people living in the countries of the area.
- Italy was the first commercial partner of Iran from 2006 to 2012 in the period in which Iran decided to keep pursuing its plan to develop and use nuclear energy, and then the US and the EU imposed economic and financial sanctions on some key sectors for Iran.
- Trade still suffers from the sanctions. In the 2021: Italian exports amount to 350 million € (- 26%); Italian imports increased to 149 million € (+ 76%9)

Let's have a rapid look at the relations between International Economic Cooperation and Migration flows

INTERNATIONAL ECONOMIC COOPERATION

- According the Economic Cooperation and Development (OECD) in 2020 the official development assistance reached 161.2 billion \$, 0.32 per cent of GNI, even below the United Nations target of 0.7 per cent of GNI.
- Six donors met or exceeded the target: Denmark, Germany, Luxembourg, Norway, Sweden, and the United Kingdom. 16 donor countries increased their Official Development Aids (ODA), 13 countries' ODA declined.
- Net ODA in 2020 was recording an increase of 7.1 per cent in real terms. Bilateral ODA by OECD members to least developed

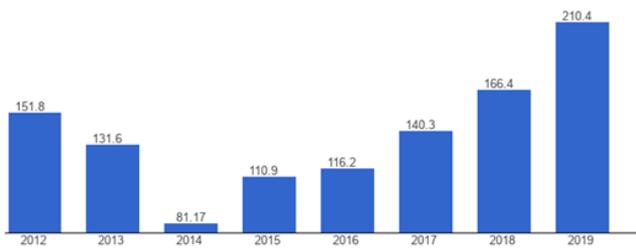
countries increased in real terms by 1.8 percent



(\$34 billion) and in particular to to Africa by 4.1 per cent (\$39 billion).

- ODA to Iran from 1960 to 2019 reached 210 million \$: a minimum level 82 million was reached in 2014 and a maximum of 243.05

ODA to IRAN (million \$)



million \$ dollars in 1978. But In average it reaches only 1,5 % of the total ODA.

- During the last 4 decades, the country has also hosted one of the world's largest refugee populations, including around 4 million vulnerable Afghan, of which 780.000 registered as refugees
- Meanwhile, Iran is one of the countries most affected by COVID-19. The pandemic puts severe strains on its healthcare system and on the economy, already burdened by sanctions.

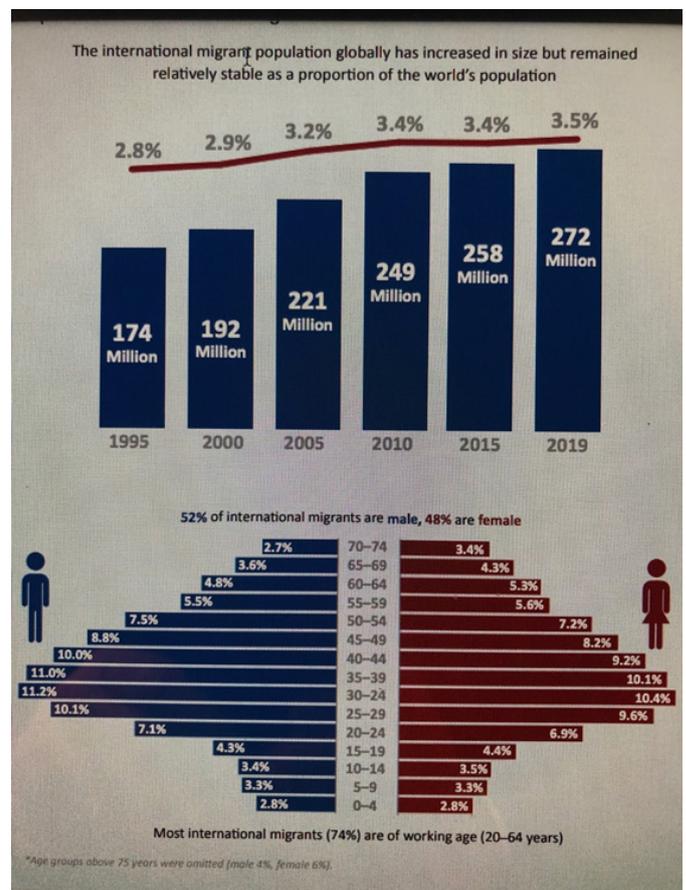
- In 2021, the EU allocated € 19 million in humanitarian assistance to the most vulnerable people in Iran, bringing the total EU humanitarian support to € 81.3 million.

- Part of the funding aims to battle the COVID-19 pandemic, including the provision of urgent medical, protective and testing equipment. EU humanitarian funding also supports the delivery of other life-saving medicines and equipment in Iran.

- EU humanitarian aids provide vital assistance to the most vulnerable Afghan refugees and host communities, through protection programs, including cash assistance to the most vulnerable people.

MIGRATION FLOWS

- On the world basis, unless the increase of the Official Development Aids (ODA), international migrations flows are constantly increasing in last years



- In 2020 the global estimate is that there were around 281 million international migrants in the world, which equates to 3.6 per cent of the global population. Overall, the estimated number of international migrants has increased over the past five decades.

- As we already said, Iran hosts more than 4 million Afghan refugee
- We would like to underline the necessity

to reduce the uncontrolled migration flow as it deprives the country of origin of the main resource needed to promote domestic development

- To do so, international cooperation have to be devoted to improve local poor human capital by promoting the access to basic needs, such as civil rights, food, primary education, basic health.

In order to answer to your question, we would like to look at.....

MORE EFFECTIVE COOPERATION POLICY - Development effectiveness is about increasing the impact of the development cooperation on the people.

- Aid is a limited resource, which needs to be spent as effectively as possible in order to achieve the best and most sustainable impact for those most in need.

- Therefore, Official Development Aids (ODA) have to be used in very effective way in order to reach well-known development objectives such as poverty-reduction, human capital improvement, discouragement of migration flows.

- Benefits of Cooperation Policies has to be measured in term of the impact of aid on local population. Inappropriate policies and poor practice can negatively affect public aid. It is therefore determinant to ensure that the approaches used by governments, donors and other partners at country-level are consistent with the principles and practices of development effectiveness.

- The multi-stakeholder platform Global Partnership for Effective Development Cooperation (GPEDC) is an association aiming to bring together governments, bilateral and multilateral organizations, representatives from civil society, the private sector, parliaments, local governments and trade unions to advance the effectiveness of all development actors' efforts.

- The effectiveness of the development cooperation can be pursued by:

- defining objectives based on the partner countries' own development priorities;

- supporting policy processes through which these priorities are formulated;

- strengthening and building partner countries' budget systems to better implement development programs and practices devoted to local population

- In June 2020, the European Commission published a study based on data collected by the Global Partnership for Effective Development Cooperation (GPEDC) to measure the effectiveness of the Member States ODA to developing countries. Despite a continued commitment in EU and Member State policies to the effectiveness principles, the study finds deteriorating performance against most effectiveness targets, explores the reasons behind this and identifies the key-issues that need to be addressed to reinvigorate development effectiveness and achieve more rapid progress on the social development goals.

- To our mind, it is necessary to move from top down to bottom up policy-measures in order to improve local human capital in the belief that it will generate domestic small firms as well attract foreign capitals.

- Many country experiences show that investing in human capital would not only reduce the stimulus to emigrate but also increase domestic economic development

- South Korea is the most remarkable example

- Than, many so-called emerging countries in Asia, some in South America and in Africa (Uganda)

- Our review on the education sphere – namely, testing, system improvement, and motivation to participate in local villages or communities – underline that schools are responsible for other important functions that fall outside of economic growth and prosperity.

- A human capital discourse is attractive to policy-makers as it provides a simple solution to a country's economic prosperity: invest in people's education will be rewarded with higher economic returns.
- Among the most effective policy-measures, microfinance appears to be one of the most stimulating instrument to improve local human capital as it involves even uneducated individuals, to produce goods and to participate to political decisions
- The microfinance system offers also a wide range of services, including the following ones:
 - Savings Facilities → many microfinance institutions promote the provision of savings as their core business instrument.
 - Credit Facilities → microfinance institutions offer a variety of short-term credit facilities ranging from the traditional growing consumption financing, including those devoted to education and other household emergencies with particular attention to agriculture.
 - Local Transfers and Remittances → some microfinance institutions are involved in money transfers by using new digital technologies. As international transfer companies, some microfinance institutions are also acting in joint venture with other international firms.
 - Micro-insurance → microfinance institutions can also provide micro-insurance to low-income people to help them better manage risks to cope with crisis. Most common insurable risks regard life and burials, health, crop, and property insurance schemes.
- Many experiences suggest that microfinance, by improving the financial education among individuals or groups, can be an primary bottom-up policy to alleviate poverty, reduce forced migration and, then, improving local welfare and development.
- A recent study undertaken by the high

school SFIDE of UnitelmaSapienza, University of Rome shows that:

- a 10% increase in microfinance gross loan portfolio:
 - leads to a substantial increase in human capital (measured by the Human Capital Index) and to a 4% decrease of migration
 - increases the per capita GDP by 0.1%.
- vice versa, a 10% increase in forced migration leads to a 0.2% decrease in GDP per capita.

WE WOULD LIKE TO CONCLUDE WITH AN HOPE: BILATERAL COOPERATION BETWEEN IRAN AND ITALY HAS TO BE INSPIRED TO BOTTOM-UP POLICY-MEASURES...:

- to promote individual's emancipation and human capital improvement and, by these ways, to facilitate participations to local institutions
- to increase local labor productivity and, by these ways, attract capitals from abroad
- to promote development solutions that can discouraged uncontrolled migration flows

CONFERENCE AGENDA:

- 04 FEBRUARY 4TH: Opening ceremony and Welcome Dinner
- 05 FEBRUARY 5TH: Plenary Session
- 06 FEBRUARY 6TH: Plenary Session

IMPORTANT DATES:

- 01 FEBRUARY 4TH: Registration opens
- 02 FEBRUARY 5TH: Registration closes
- 03 FEBRUARY 6TH: Registration closes

CONFERENCE TOPICS:

- Business Growth and Innovation
- Digital Marketing and E-commerce
- Human Resource Management
- Financial Management
- Strategic Management
- Business Development
- Entrepreneurship
- Innovation and Creativity
- Leadership and Management
- Business Ethics and Social Responsibility
- Business Law and Compliance
- Business Analytics and Big Data
- Business Intelligence
- Business Process Management
- Business Operations
- Business Strategy
- Business Transformation
- Business Value
- Business Performance
- Business Risk Management
- Business Security
- Business Sustainability
- Business Innovation
- Business Growth
- Business Success
- Business Excellence
- Business Leadership
- Business Inspiration
- Business Motivation
- Business Empowerment
- Business Enablement
- Business Support
- Business Assistance
- Business Guidance
- Business Advice
- Business Help
- Business Aid
- Business Relief
- Business Respite
- Business Reprieve
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Roberto Pasca di Magliano

Roberto Pasca di Magliano has been full professor of Economics from 1980 to 2014 at University of Naples (up to 1985) and at Sapienza University of Rome (up to 2014). He is honorary professor of Growth Economics, Sapienza University of Rome; professor of Innovation Economics and Management and director of the High School on Financial Cooperation and development and of the Master "International Cooperation, Finance and Development", Unitelma Sapienza, University of Rome.

He is member of the Scientific Council of the Fondazione Roma Sapienza and coordinator of the International Cooperation section. After the degree in Economics at University of Naples he specialised in economic studies at the Rossi Doria Center of University of Naples (1969), the London School of Economics and Political Science (1971-73) and others British and American Universities (1977, 1978). He was invited as visiting professor on International Economics at the University of California, Berkeley (1980).

He won the competition for full professor in 1980.

During his career he covered institutional engagements. He was appointed responsible for the Development Cooperation at the Italian Ministry of Foreign Affairs (1985-87). He held the position consultant to Ministry of Agriculture (1991). He was appointed as General Director of business incentives policies at the Italian Ministry of Productive Activities (2002-2005).

In Sapienza University he promoted the establishment of the course in Development Sciences and International Cooperation, of which he became president (2006).

He is author of many publications concerning economic analysis, development economics, agricultural economics, international finance, innovation and governance.



High School of Financial Cooperation and Development

- SFIDE -

UnitelmaSapienza, Università di Roma