

The Italian Republic

Positions for the United Nations Development Programme Executive Board

I. Addressing Growing Levels of Sovereign Debt Related to Development Financing

The Italian Republic is keenly aware of the dangers that can accompany sovereign debt. Even as a developed Member State with the third-largest national economy in the European Union and the eighth-largest economy in the world, Italy suffers from structural economic issues, developmental disparities between our northern and southern regions, a tough recovery following the Great Recession, and now the devastating effects of COVID-19. Our current debt to GDP ratio is nearly 135 percent. Since the start of the COVID-19 crisis, our economy has already contracted 13 percent, surpassing the IMF's prediction of a 10 percent contraction for the fiscal year. Additionally, our deficit has reached 15 percent of GDP. The Italian Republic's debt burden is set to reach 180 percent by the end of 2020. While domestic investors and central banks are the majority holders of Italian debt, nearly 34 percent of our debt is held by foreign investors including France, Germany, Belgium, Spain, the United Kingdom, and the United States. Prior to the events of 2020, the European Commission had started a debt-driven excessive deficit procedure with us as a result of our current levels of debt and our struggle to pay down current debts. Despite recommendations from the IMF, the European Commission, and the European Central Bank (ECB), we have found it necessary to increase spending even though we are already running a surplus deficit in order to provide much needed economic relief during these unprecedented times. The ECB has helped to make this possible by providing liquidity necessary to issue this new national debt at low interest rates with minimal payments. Italy recognizes that those in our southern regions have been hit especially hard by the repeated economic crises. Our Ministry of Economy and Finance recognizes that policy decisions that have given northern regions greater economic autonomy financially have increased disparities between regions and created a division similar to that between Eastern and Western Europe. We recognize that development solutions still need to be implemented in our southern regions, and we look forward to directing supplemental aid during these uncertain times until sustainable plans can be found.

However, the Italian Republic recognizes that not all states have the resources and advantages that are afforded to us as a developed state and a member of both the European Union and the Eurozone. As we work toward solutions for Member States that must seek out lenders outside of the IMF, World Bank, and other recognized international monetary institutions, we must remember the importance of open communication and the free exchange of information. One of the most impactful approaches of the European Union is the transparency of economic status between participating states. This creates a clear presentation of where a state is financially and allows investors ample information for making informed decisions. We understand that many Member States do not have central banks or other financial institutions on which to call in cases where borrowing is necessary or quantitative easing might help mitigate economic strain. As a state that has borrowed from other Member States, Italy understands the pressures that accompany such decisions. It is clear to us that constant communication is even more necessary between borrowers and lenders now than ever before. In order to maintain the relationship between these parties, we encourage Member States to consider using existing international financial investment institutions, like the Multilateral Investment Guarantee Agency, to provide risk insurance until developing Member States are able to find their footing in the current economic climate; such changes will be best achieved with open sharing of information. Relying on research institutions like the Sovereign Debt Initiative and other NGOs that can share valuable insight on how to approach this issue is a strong approach moving forward. So long as states are open and willing to discuss the current status of their debts, other actors within the international system will be able to use existing resources and research to help determine the next steps in debt servicing, financing, and development based on Member States' unique situations. We recognize that no comprehensive mechanism exists to restructure sovereign debt, but we encourage creditors and debtors to remember the Sustainable Development Goals we are all working together to achieve. As we navigate the current economic crisis, it is imperative that we take long-term goals into consideration and remember that the SDG debt relief initiative remains highly important, as does maintaining the sovereignty and autonomy of Member States.

II. The Role of Cities in Promoting Sustainable Development

Domestically, the Italian Republic understands the role of cities in promoting sustainable development. In recent years, we have begun actively promoting sustainable development across our provinces in order to minimize disparities between regions; however, there is still an observable difference between the northern and southern halves of our state despite sustainable development efforts. The 2018 Conference on Local Leadership for Sustainability focused on the importance of conversing and idea sharing across municipalities, both of which are integral to our implementation of Sustainable Development Goals (SDGs). After observing 101 cities in the *Per un'Italia Sostenibile: l'SDSN Italia SDGs City Index 2018* report, we can confirm that 53 percent of our SDGs have already been reached. With this in mind, we have begun directing resources to those areas which still need improvement. When looking at urban sustainability, Trento is our leading city based on the components necessary for urban sustainability presented in the Limited Smart City Index 2020. Close behind the city of Trento are Turin, Bologna, Mantua, and Milan. In furthering the promotion of sustainable development, we devised the *National Sustainable Development Strategy 2017/2030* with the support of the Italian Council of Ministers. It addresses various SDGs established in the *2030 Agenda for Sustainable Development*, which was adopted by all Member States. To further the realization of the *2030 Agenda for Sustainable Development*, the Italian Ministry of Education, University and Scientific Research has begun implementing the importance of sustainable development within the education system of our state. We know that youth are the leaders of the future, and we are excited to instill these core sustainable values in our students from an early age. In a case study exploring the #weResilient strategy put forth by the Province of Potenza, the effectiveness of sustainable city and community development strategies implemented within Potenza to work towards improving SDG 11 regarding sustainable cities and communities were evaluated and found to be highly effective. The Province of Potenza previously struggled with natural and man-made disasters that made infrastructure difficult and unsustainable; the rising risks of climate change and natural disasters pose threats to general safety and have transformed the Province of Potenza into an area of concern. The implementation of the #weResilient strategy engaged almost every part of the municipalities using an accountability system, horizontal networking through stakeholder groups within the region, and by engaging citizens and institutions in the crafting and implementation of policy promoting sustainable development using social media to generate awareness.

Internationally, the Italian Republic is a crucial actor in the United Nations Development Programme (UNDP) for aiding and accomplishing the objectives within the *2030 Agenda for Sustainable Development*. During the 43rd G7 Summit (2017) in the Environment Ministers meeting that took place in Bologna, the G7 Presidency and the Commissioners of the European Union for Environment and Climate created the *Africa Centre for Climate and Sustainable Development* with the assistance of the UNDP and the United Nations Food and Agriculture Organisation to further promote sustainable development with the first targets being in the Sahel region of Africa. Additionally, the Italian Republic is a top contributor to both the World Bank and the IMF, organizations which both seek to promote sustainable urban development. Notably, we have provided a fifth round of aid to the IMF's Poverty Reduction and Growth Trust through a \$562.2 million USD loan from the Bank of Italy.

Noting our domestic success with the #weResilient strategy, we encourage other Member States to consider adopting a social media approach to the sustainable development of cities. Knowing that cities are rich environments for youth, development, and modernization, the Italian Republic believes that appealing to those who can help support sustainable development efforts using platforms familiar to these populations is an effective way to promote unity as we seek to implement these strategies in Member States. We recommend the **#TogetherAsOne** strategy, where Member States can work together to share plans of action that promote sustainable development that accommodate to the needs of states, cities, and communities through national, regional, and citizenry engagement and accountability. Additionally, a hashtag will allow citizens of Member States to actively document real-time progress, showcase sustainable development projects, and encourage citizens to participate in the improvement of their societies.