ITALY

Italian credit-mixte financing, like that of Germany, is part of Italy's cooperation program. ODA bilateral funding is composed of grants and soft loans, the latter being the source of funding for the soft loan portion of mixed credit. Funding earmarked for soft loans totalled 1,156.0 billion lira (U.S. $919 million) in 1989, and 2,000.0 billion lira (U.S. $1.59 billion) in 1990.

A three year revolving fund, reassessed annually, is established for soft loan allocations. The fund is financed by Treasury and managed by Mediocredito Centrale (MC), the Italian export credit agency.

The Italian soft loan program is a specialized cooperation tool for projects or programs which can be income generating. It is directed at recipient countries whose balance of payments can bear reimbursement, and it is a tied aid and project oriented program. Projects which can be financed with mixed credits are selected and assessed following the same procedures, mechanism and criteria applied for all cooperation projects. Soft loan (which includes mixed credit) sectoral distribution is concentrated in energy, industry, and infrastructure, and soft loans for mixed credits are in the order of U.S. $170 million annually.

An interdepartmental committee for development and cooperation (CICS) approves yearly development credits and the proportion which can go to concessional funding. The CICS sets cooperation priorities and budgetary priorities. While MC is the executing agency for soft loans and mixed credit, country assessment is done by SACE, the Italian guarantee and insurance agency involved in mixed credits. Loans that cannot be guaranteed by SACE will not be approved.

The Italian cooperation program has selected priority countries and has clearly supported the energy industry sectors and infrastructure projects. Mixed credits have been regularly utilized in China, India, Indonesia, Pakistan and the Philippines. In principle, Italy will not approve funding of a project on the basis of matching.