



## **The Italian Foreign Ministry on the Way of Reform**

**Raffaello Matarazzo**

### **Abstract**

For some time now the MFA has sought to equip itself with a more flexible organisational structure with the ability to coordinate the increasingly di-verse range of Italian activities abroad. There is a widespread awareness that increased – and increasing – international competition cannot be addressed by individual players acting alone. To meet this challenge, Italy needs to strengthen the “country system” as a whole and promote the economic-financial and cultural components of that system, in close and constant coordination with the European Union.

**Keywords:** *Italy / Italian Foreign Ministry / Organisational Structure Reform*

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## The Italian Foreign Ministry on the Way of Reform

by Raffaello Matarazzo\*

The Italian government recently approved a reform of the Ministry of Foreign Affairs (MFA) which should take effect by the summer of this year. By bringing the structure of the MFA into line with those of Italy's principal European partners, the reform envisages:

- a reduction from 13 to 8 in the number of Directorates General (DGs). These will no longer be divided by geographical region but by main subject area;
- the creation of a stable, structured relationship between the MFA and the Ministry for Economic and Financial Affairs (MEF);
- the creation of "ambassador-managers" who will be called to manage the budgets of Italy's missions abroad in an increasingly autonomous and entrepreneurial manner.

### 1. Acting as a system

For some time now the MFA has sought to equip itself with a more flexible organisational structure with the ability to coordinate the increasingly diverse range of Italian activities abroad. There is a widespread awareness that increased – and increasing – international competition cannot be addressed by individual players acting alone. To meet this challenge, Italy needs to strengthen the "country system" as a whole and promote the economic-financial and cultural components of that system, in close and constant coordination with the European Union.

The overall goal of the reform is to increase the efficiency and autonomy of the embassy and consular network and intensify the linkages and synergies between it and central government, local authorities, the business community and universities. In this way, and by renewing its internal organisational structure, the MFA aims to better coordinate the activity of these actors, and thus avoid duplication and diseconomies.

The implementation of the reform will be particularly complex for Italy, in view not only of the country's traditional resistance to "act as a system", but also of the increasingly tight budgetary constraints it is subject to. The resources allocated to the MFA decreased from 0.35% of the state budget in 2008 to 0.27% in 2009. This represented a return to the percentage levels of 1997-98 and a cut, in net terms, of 19.7% (from 2,546 million euros in 2008 to 2,044 million in 2009). Even in light of the current economic crisis, this is a somewhat paradoxical decision in a period of growing globalisation. As a percentage of the state budget, public spending on Italian foreign policy is lower than that of its main European partners.

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Paper prepared for the Istituto Affari Internazionali (IAI), February 2010.

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## 2. Moving towards the European model

With their reduction from 13 to 8, the MFA's Directorates General will no longer be categorised by geographical area (considered too sectoral for the current international context) but by major themes. These will correspond to Italy's strategic priorities: political affairs and security; globalisation and global issues; promoting "system Italy"; and the European Union. These will be flanked by two existing directorates, again thematic: the DGs for Italians abroad and migration policies (traditionally significant to Italy), and for development cooperation. Lastly, a specific DG for resources and innovation is envisaged to manage human and financial resources while a DG for assets and information technology and communications will cover the use of the new technologies, investment goods, enhancing and capitalising on real estate assets abroad and the needs of the ministry headquarters.

This new structure of the MFA is modelled on that of France, Germany, the United Kingdom and Spain. In these countries' foreign ministries the divisions dealing with bilateral relations always answer to a higher level (Directorates General or, in the Spanish case, Secretariats of State) which combines thematic and geographical competences. Bilateral relations with EU member states are always allocated to the DG responsible for European integration. At the Quai d'Orsay, for example, the Direction de l'Union européenne is also responsible for bilateral relations with EU member states, while the Direction Générale des Affaires Politiques et de Sécurité includes all the geographical directorates. In Berlin, bilateral relations with EU countries again come within the remit of the DG for the European Union, while geographical remits are distributed between two political DGs. Finally, of the British Foreign Office's six DGs, three have both thematic and geographical remits.

## 3. New synergies with the Ministry for the Economy and the "ambassador managers"

The reform is also intended to establish a more stable and structured relationship between the MFA and the Ministry for the Economy (MEF), which will focus on using to greater effect the resources freed up by reorganising the central administration (with the reduction in the number of DGs and centres of responsibility) and rationalising the net-work of missions and real estate assets abroad.

Similarly, the reform also intends to create a more structured dialogue with the Ministry of Defence and, above all, with the Prime Minister's Office, which in recent years has had a growing influence on foreign policy.

A final significant change consists of the new budgetary responsibilities to be assigned to ambassadors. They will be able to manage their missions' financial resources with considerable autonomy and flexibility and will also have the opportunity to attract donations or sponsorship through ad hoc contracts.

The new model will enable heads of mission to remodulate their resource allocations in accordance with their missions' priorities and any emergencies they have to address. In parallel, Italy's consulates abroad will be reduced in number and reorganised: a process, however, that is not directly included in the reform and will in part follow a different procedure.

Overall, therefore, a reform that is widely awaited and timely. One positive aspect is that the DG for the European Union (which will combine the two DGs for "The Countries of Europe" and "European Integration") will encourage greater coordination between the MFA and the EU's new diplomatic structures, starting with the European External Action Service.

However, the new organisational structure will enable the MFA to express its potential to the full only if the EU develops more effective policies with respect to its priority regional areas. This will also depend, in part, on Italy's ability (and political will) to play a pro-active and stimulating role within the EU, leaving behind the all-too-many uncertainties that have dulled its drive and influence in recent years. Especially – but not only – with respect to the European Union.

*Updated 12 February 2010*



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