



Memorandum of Portuguese Cooperation 2003



Memorandum 2003

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ACRONYMS

- APAD – Portuguese Agency for Development Assistance
ODA – Official Development Assistance
BERD – European Bank for Reconstruction and Development
DAC – Development Assistance Committee
CDI – Centre for Industrial Development
EC – European Commission
CIC – Inter-ministerial Cooperation Commission
CPLP – Community of Portuguese-Speaking Countries
TC – Technical Cooperation
EDF – European Development Fund
GEF – Global Environment Facility
HIPC – Heavily Indebted Poor Countries
ICP – Institute of Portuguese Cooperation
MDG – Millennium Development Goals
MFA – Ministry of Foreign Affairs
NEPAD – New Partnership for African Development
UN – United Nations
NGO – Non-governmental Organisation
PAC – Annual Cooperation Programmes
PEOP/PALOP – Portuguese-Speaking Countries/Portuguese-Speaking Africa Countries
PIC – Indicative Cooperation Programme
LDC – Less Developed Countries
UNDP – United Nations Development Programme
GNI – Gross National Income
SADC – Southern African Development Community
EU – European Union
UNESCO – United Nations Educational, Scientific and Cultural Organisation

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NOTE: \$ - US DOLARS

1. General Strategic framework and political orientations

➤ Reform of the cooperation system and main orientations

The Portuguese Institute for Development Assistance, created under the law n°5/2003 of 13th January, is the result of the merger between the Portuguese Cooperation Institute (ICP) and the Portuguese Agency for Development Assistance (APAD) and, thus, assumed the role of central body of development cooperation policy coordination and of main financing agent of that same policy.

In its function of central instrument of development cooperation policy, IPAD undertook, as its main goals, and in external representation of the State, the objectives of improving the effectiveness of Portuguese intervention, guaranteeing a greater visibility of cooperation policy and the accomplishment of the international commitments made by the Portuguese State.

The concentration of development cooperation in one structure, with the mechanisms of programming, coordination, financing, information, control and evaluation, sought to eradicate the organic and functional dispersion, which existed in the formalization, implementation and financing of this essential component of Portuguese foreign policy, in order to be more coherent, more effective and more in accordance to the needs of recipient countries.

As the main executive of development cooperation, IPAD tried to conceive and apply the ODA, delineating a new framework of action, which had as its reference the countries strategy papers and respective sector priorities.

Throughout 2003, at the same time that the previous commitments were continued, several internal measures were taken in order to reinforce the quality of cooperation, namely at the level of project design and monitoring of implementation, aiming particularly at improving risk predictability and contributing for the sustainability of our recipient countries' development.

Therefore, according to the mentioned principles, it was prepared the Plan of Activities 2003, which, under the guidelines of the Ministry of Foreign Affairs, and taking into account the suggestions made by the Portuguese Embassies and other public and private participants in development cooperation, sought to apply in a coherent, effective and updated form a strategic framework of cooperation that would include not only the national interests, such as poverty eradication, fight against inequalities and social exclusion in developing countries, but also the concerns imposed on the definition of concepts that enable a better coordination of all its activities and the harmonisation of procedures, guiding its action by the following objectives:

- Improve the effectiveness of Portuguese Development Aid, through a better coordination of bilateral and multilateral interventions and a better monitoring of actions in the field;
- Maximize both the technical and financial resources, promoting a greater coordination of interventions developed by public entities and by other national agents;
- Reinforcement of the cooperation mechanisms of financial programming, namely through the Budget Programme for Portuguese Foreign Cooperation

(P5), aiming at achieving the target agreed internationally of allocating 0,33% of GNI to Official Development Aid;

- Support the participation of civil society, particularly of non-governmental organisations for development and individual cooperation agents, in the common goal of promoting the progress of societies and economies less developed.

➤ **Goals and priorities of development cooperation**

The general objectives of portuguese policy in terms of development cooperation delineated in the Government Programme, focus on values such as peace, solidarity, promotion and consolidation of social equity, democracy and human rights. In a world where about half of the population lives under the poverty line, the respect for the universality of human rights impose on richer countries the responsibility to adopt an active policy towards development. Portugal shares this international responsibility and solidarity.

The progress that we wan to achieve, through development cooperation, must be sustainable and equitable. Therefore, the portuguese development cooperation policy is underscored by the principles of sustainability and equal distribution. Thus, we eschew measures that damage the environment and the preservation of natural resources or that enlarge economic and social inequalities and promote polarized societies. Portuguese cooperation poliy seeks to eradicate all forms of discrimination and promote the distribution of development outcomes through the whole population.

Respecting these objectives, Portuguese Cooperation has rationalized in the last few years, its intervention areas, identifying the priority sectors of development assistance, according to two main criteria.

The first concerns the partner countries' most pressing needs, which can be clearly seen in their development-strategy guideline documents. Precisely because they are Least Developed Countries under the terms of United Nations, our partner countries suffer from multiple needs in every economic, social and institutional sector. However, development strategies must be based on a clear identification of priorities. The day-to-day reality is different in each country, and through its 3-year programming, Portuguese cooperation draws up an intervention strategy that supports and reinforces the efforts of local authorities.

The second is related to the specific comparative advantadge that Portuguese cooperation offers within the framework of its involvement in various bilateral and multilateral cooperative efforts in each country. Portuguese cooperation is comprised of some unique areas of potential that are rooted in the Portuguese language and our long-standing familiarity with our partners. The language factor suggests a very particular emphasis on the education and training areas, while the experience that history has bequeathed us in terms of common matrices in certain fields points to the importance of providing support for the partners' institutional frameworks, ranging from strengthening states' capacities to promoting the conditions needed for governance.

2. Organisation, structure and management of cooperation

➤ **Structure and organisation of the cooperation system**

The implementation of cooperation policies is decentralized and includes the participation of public departments, autonomous or not, state bodies, state enterprises and some private entities, such as NGOs, Foundations and also enterprises with public funding. The Ministry of Foreign Affairs is responsible for the conduct of policy, coordinating its implementation, through the Secretary of State of Foreign Affairs and Cooperation (SENEC).

The Inter-ministerial Commission for Cooperation (CIC) supports the Ministry of Foreign Affairs with a Permanent Secretariat, which is a technical entity that enables a better monitoring, planning and performance of the decentralized cooperation policy. This Secretariat is directed by the President of the Portuguese Institute for Development Assistance, and it is an useful instrument for the coordination function exercised by the later.

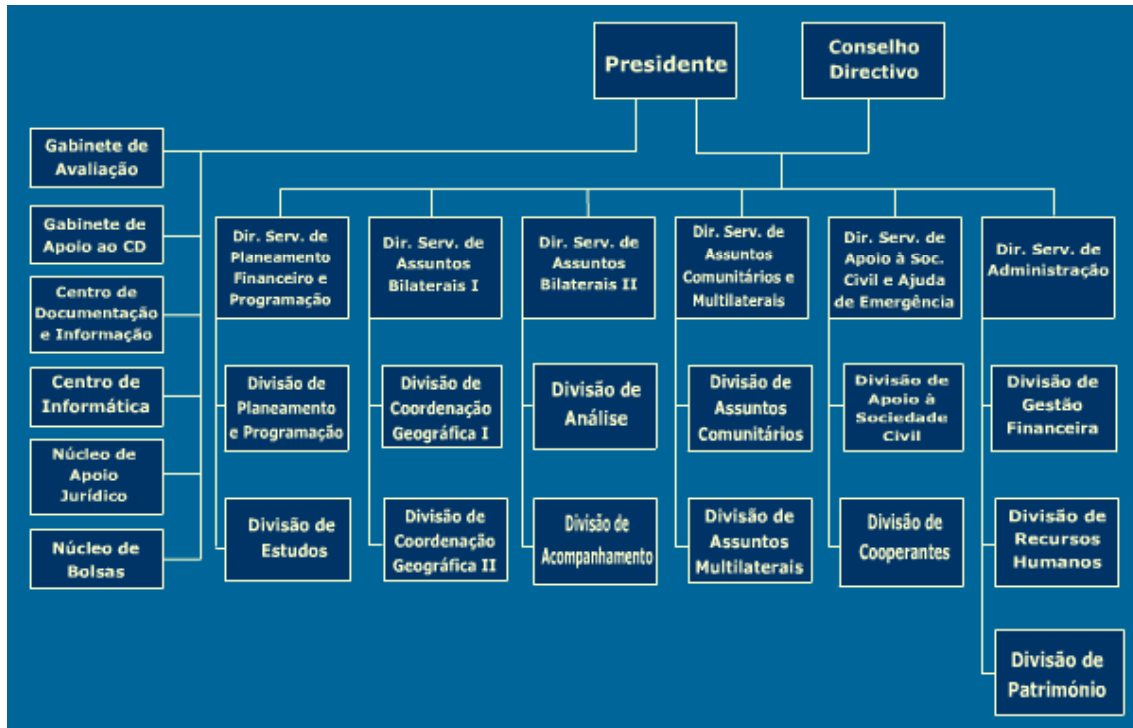
Portuguese Institute for Development Assistance, as it was mentioned, resulted from the merger between the Portuguese Institute for Cooperation and the Portuguese Agency for Development Assistance, and it is the central body of cooperation policy. Therefore, amongst its competencies it has the planning, financing, implementation and evaluation of the results of cooperation along with the centralization of all the information concerning the cooperation developed by private entities, with or without public funding.

Although IPAD has now new features as an executive body, its action, in terms of priorities, has been the continuation of the activity that had been developed in the past. The year 2003 was the period for establishing the new cooperation model, responding with the possible effectiveness to the demands and necessary internal adaptations derived from it, and having as reference the aims and global strategy mentioned above.

Therefore, the intervention of the Institute followed these specific objectives:

- Delineation of cooperation programming instruments
- Reform of programming mechanisms
- Reinforcement of cooperation and monitoring of bilateral interventions
- Promotion of greater participation of civil society and creation of respective framework conditions
- Coordination and reinforcement of Portuguese participation in the multilateral organisations for development assistance
- Promotion of Portuguese Cooperation visibility

Portuguese Institute for Development Assistance



The year 2003 was faced as a transition year between the former model of development cooperation and the current one, which involved in terms of internal organisation, the reallocation of staff and responsibilities. Thus, throughout the year, the IPAD sought to define precisely the competencies, responsibilities and functions of each department.

On the other hand, the action of Camões Institute, which aims at disseminating the Portuguese language and culture, is not exclusively integrated in cooperation policy, though it maintains significant contacts with it when concerning the countries to which it directs its action. As it was said, the common language is a fundamental element of Portuguese Cooperation strategy in almost all its forms. Therefore, all the contributions for its dissemination, particularly in PEO, have the potential for development aid.

The relation with recipient countries includes also the Embassies, which are local direct links of Portuguese Cooperation.

Under the head of each diplomatic mission, the local Delegations of Portuguese Cooperation are administrative autonomous units, with specialized personnel in the area of development cooperation. These structures not only co-ordinate and supervise the implementation of programmes, but also act as the link with the partner countries' authorities and multilateral bodies that are represented in the respective countries.

These have an important role when it comes to respond to difficulties felt locally, in the implementation and execution of cooperation policies, enabling the improvement and effectiveness of information channels and working methods, and ensuring a new dynamism in the operational coordination of the actions of the different sectors of Portuguese Cooperation.

➤ **Aid Programming and Management**

The implementation of cooperation policy is based on two types of basic documents: the indicative cooperation programmes signed with each PEOP, which are the result of a bilateral harmonisation of interests concerning development aid for a period of three years, and the Budget Programme for Portuguese Foreign Cooperation (P5), which has as its main objective the integration of every sector intervention in the area of foreign cooperation.

P5 is constructed by the initiative of each public department to register there the cooperation projects and actions that they develop. Its effective utilization for the reinforcement of development cooperation depends largely of IPAD's coordination capacity.

➤ **Cooperation Data Base**

In the context of programming mechanisms, it was considered important to continue the effort of permanent update of Portuguese Cooperation Data Base (BDCP), which centralizes, both in a quantitative and qualitative way, the information on the cooperation activity carried out by State departments or other public and private entities. BDCP is a vital instrument, namely for the accomplishment of several functions of the Institute, such as the completion of the calculation of Portuguese Cooperation total official and private flows and the production of studies and national and international reports on this matter. Efforts to improve its functionalities were developed, as well as to improve the access to the information that it contains by a larger group of users.

3. Volume and Evolution of Official Development Assistance

➤ Evolution of Official Development Assistance

The total official and private flows in 2003 amounted to 1.013,07M€ reversing the trend verified since 2000. This increase was mainly due to greater private flows as the Portuguese direct investment in developing countries increased.

TABLE 1
TOTAL OFFICIAL AND PRIVATE FLOWS OF PORTUGUESE COOPERATION 2001/2003

(Million of €)

	ODA/GNI *	ODA	EVOLUTION	OTHER PRIVATE	PRIVATE	NGO	TOTAL	EVOLUTION
	%		%	SECTOR FLOWS	FLOWS	DONATIONS		%
2001	0,25	299,75	2%	-1,18	1.677,98	5,47	1.982,04	-60%
2002	0,27	342,30	14%	-1,49	-158,91	n d	181,90	-91%
2003	0,22	282,87	-17%	-1,60	728,46	3,51	1.013,07	457%

Portuguese ODA in 2003 was 283 M€, recording a ratio ODA/GNI (gross national income) of 0,22%.

In 2003, ODA growth rate was negative (-17%), comparing with the 0,27% in 2002, and the 0,25% in 2001. This was the result of a period of strong public deficit control and of budget consolidation, due to the discipline set by the Pact of Stability and Growth. Consequently, the ratio ODA LDC/GNI decreased as well to 0,12% (0,15%* in 2002).

The bilateral aid registered a relative contribution of 57% (161 M€), and the multilateral amounted to 43% (121M€) of total ODA. Like in the previous years, bilateral ODA continues to register a greater weight than multilateral ODA.

Technical cooperation remains an important share of aid, and in 2003 it accounted for 78% of bilateral aid, compared with just 68% in 2002. In fact, technical cooperation continues to be a privileged way of cooperating due to the cultural and historical bounds and the institutional and legal matrix that Portugal shares with its partners.

Portuguese ODA is also characterized by a high number of grants conceded. In 2003, 99% of aid was disbursed in the form of donations, comparing with just 98%, in 2002.

*Includes East Timor

TABLE 2
OFFICIAL DEVELOPMENT ASSISTANCE 2002/2003

	(Thousand €)			
	2002	%	2003	%
BILATERAL ODA, TOTAL	197.443	100	161.494	100
ANGOLA	15.325	7,8	17.249	10,7
CAPE VERDE	11.554	5,9	35.611	22,1
GUINEA-BISSAU	7.051	3,6	7.304	4,5
MOZAMBIQUE	25.367	12,8	16.920	10,5
SÃO TOMÉ AND PRÍNCIPE	13.806	7,0	9.856	6,1
PALOP **	15.193	7,7	4.280	2,7
EAST TIMOR	80.485	40,8	37.781	23,4
OTHER COUNTRIES	28.662	14,5	32.492	20,1
MULTILATERAL ODA, TOTAL	144.852	100	121.379	100
1. UNITED NATIONS	11.489	7,9	7.139	5,9
1.1. United Nations - Agencies, Funds and Commissions	11.489	7,9	7.139	5,9
2. EUROPEAN COMMISSION	77.766	53,7	78.232	64,5
2.1. EC Budget for Developing Countries	64.642	44,6	60.966	50,2
2.2. EDF – European Development Fund	13.124	9,1	17.266	14,2
3. IMF, WORLD BANK AND WTO	7.896	5,5	10.185	8,4
3.1. World Bank Group	7.298	5,0	9.590	7,9
3.2. World Trade Organisation	598	0,4	595	0,5
4. REGIONAL DEVELOPMENT BANKS	46.766	32,3	21.584	17,8
5. OTHER MULTILATERAL INSTITUTIONS	935	0,6	4.239	3,5
Of which:				
GEF - Global Environment Facility	0	0,0	2.134	1,8
Montreal Protocol	355	0,2	1.130	0,9
TOTAL ODA	342.295		282.873	
As Reference:				
% ODA/GNI	0,27		0,22	

The question of revision of financial planning methodology was particularly relevant largely due to the commitment made internationally by Portugal to allocate, in 2006, a minimum of 0,33% of the Gross National Income to Official Development Assistance. The additional financial effort necessary to achieve this goal was carefully analysed, taking into consideration that much of that effort would have to come from the State Budget and that the country was living in an unfavourable financial context.

It was concluded that in order to achieve that goal, Portugal would have to increase its total expenditure in between 120 and 150 M€ until 2006, which would represent an annual increase of 50 M€ in the cooperation budget, if the levels of the cooperation budget execution were maintained, along with the partner countries' absorption capacity.

This increase, representing an annual growth rate of about 15%, will be a heavy burden, therefore, there will be implemented measures to improve the mechanisms of aid effectiveness in order to enhance the performance of programmed actions and the absorption capacity of beneficiaries, and the disbursement will be concentrated in the sectors which can be included in Official Development Assistance.

➤ **Geographical Distribution**

Sub-Saharan Africa continues to be a priority of the Cooperation Programme, amounting to 99,5% of total bilateral ODA to Africa, comparing with 99,2% in 2002.

In 2003, Cape Verde was the greatest recipient - 35,46% of bilateral ODA to Africa, followed by Angola with 17,17%, and by Mozambique with 16,85%, giving away its leading position of 2002. In fact, this is the result of the uncompleted negotiations about Mozambique's debt and of the lack of a cooperation framework with Mozambique for 2003.

Outside the african continent, East Timor remains the main recipient country, being also, since 1999, the main beneficiary of Portuguese aid.

TABLE 3
PORTUGUESE BILATERAL ODA TO AFRICA- 2002/2003

	€			
	2002	%	2003	%
DZA – Algeria	11.215	0,01	15.900	0,02
EGY – Egypt	252	0,00		
EH – West Sahara	125.608	0,12	125.318	0,12
MAR – Morocco	607.767	0,59	60.473	0,06
TUN – Tunisia	76.672	0,07	18.590	0,02
North of Sahara	821.514	0,80	220.281	0,22
AO – Angola	15.324.722	14,88	17.249.435	17,17
BJ – Benim	19.118	0,02	9.368	0,01
CD – Democratic Republic Congo	4.991.526	4,85	2.122.924	2,11
CI – Cameroon	4.725	0,00		
CM - Ivory Coast	87.051	0,08		
CV – Cape Verde	11.554.374	11,22	35.611.370	35,46
ET – Ethiopia	2.279.194	2,21	729.546	0,73
GA – Gabon	77.327	0,08		
GW – Guinea-Bissau	7.050.557	6,84	7.304.150	7,27
KE – Kenya	4.518	0,00		
MG – Madagascar	50.127	0,05		
MR – Mauritania	256.522	0,25		
MZ – Mozambique	25.367.370	24,62	16.919.767	16,85
NA – Namibia	932.620	0,91	75.667	0,08
NE – Niger	3.000	0,00		
PALOP	15.193.433	14,75	4.280.158	4,26
RW – Rwanda			871.121	0,87
SL - Sierra Leoa	2.797.261	2,72	4.667.841	4,65
SN – Senegal	234.373	0,23	3.107	0,00
ST - Sao Tome and Principe	13.805.918	13,40	9.856.141	9,81
ZA – South África	2.131.717	2,07	238.247	0,24
ZW – Zimbabwe	30.357	0,03		
South of Sahara	102.195.810	99,20	99.938.842	99,50
Undifferentiated África			277.467	0,28
ÁFRICA TOTAL	103.017.324	100,00	100.436.590	100,00

Africa is the continent that faces greater difficulties in the sustainable development process, one that enables its integration in the global economy, what is highly visible in its low level of participation in world trade and investment.

In this context, it is easy to understand - taking into account the cultural and historical bounds that Portugal has with all the main regions in this continent – that these are the priority regions of Portuguese Cooperation.

In terms of recipient countries, the intervention strategy continued to be based on the principle of concentration, mainly focused on Portuguese Speaking Countries (PEOP).

According with what was planned, among the priority countries, in 2003, it was given special attention to **Angola**, **East Timor** and **Mozambique** through a careful preparation and negotiation of the respective Indicative Cooperation Programmes – PICs, which were already signed or to be signed by the end of the year.

The improvement of the political situation in Angola created the conditions for a more consistent re-launching of the bilateral relations between the two countries and, consequently, for a better articulated joint analysis of Portuguese intervention in the development process of that country.

The level of support to East Timor was maintained and reinforced, especially because of the period that will follow the end of UNMISSET mandate in June 2004.

Among the priority countries of Portuguese aid, Mozambique has received an increased attention by the donor community, particularly in what concerns the implementation of the new aid tools. Therefore, Portuguese Cooperation worked, during 2003, with the authorities of that country, to promote a strategic position integrated in the assistance model used by the other international cooperation, which will be reflected in the strategy and cooperation programming documents.

In the other partner countries of our bilateral cooperation, there were continued the activities of the annual cooperation programmes, except in Guinea Bissau due to its great political instability.

➤ **Composition and sector distribution of aid**

The priority sector of Portuguese ODA remains the Social Infrastructures and Services, accounting for 75% of bilateral ODA. The main reasons are the various projects/programmes in the sectors of Education (35%), Government and Civil Society (26%) and Other Social Infrastructures and Services (10%).

The concentration in these sectors is mainly rooted in language and historical bounds between Portugal and its partner countries, which enables a greater proximity not only because of the common language but also because of similar legal and administrative structures. It is also due to the various needs related to social development that the beneficiary countries have, as LDC. Portuguese Cooperation strives to soften those needs.

On the other hand, debt related actions have been decreasing: 2,9% in 2003; 6,3%, in 2002; and 10,7%, in 2001. This gradual reversal complies with the DAC/OECD Recommendations, which point to a less weight of this sector in cooperation programmes.

TABLE 4
SECTORED DISTRIBUTION OF PORTUGUESE ODA 2001-2003

THOUSAND €

Sectors	2001	%	2002	%	2003	%
I – SOCIAL INFRASTRUCTURES AND SERVICES	114 934	56,1	151 477	76,7	121 099	75,0
EDUCATION	34 714	17,0	38 112	19,3	55 864	34,6
HEALTH	8 070	3,9	8 437	4,3	7 120	4,4
POPULATION PROGRAMMES	32	0,0		0,0		0,0
WATER SUPPLY AND SANITATION	1 271	0,6	334	0,2	126	0,1
GOVERNMENT AND CIVIL SOCIETY	51 808	25,3	80 351	40,7	41 778	25,9
OTHER SOCIAL INFRASTRUCTURES AND SERVICES	19 041	9,3	24 242	12,3	16 210	10,0
II – ECONOMIC INFRASTRUCTURES AND SERVICES	22 941	11,2	9 145	4,6	3 536	2,2
TRANSPORT AND STORAGE	4 293	2,1	4 360	2,2	1 255	0,8
COMMUNICATIONS	3 680	1,8	907	0,5	770	0,5
ENERGY	609	0,3	1 720	0,9	342	0,2
BANKING AND FINANCIAL SERVICES	549	0,3	886	0,4	653	0,4
BUSINESS AND OTHER SERVICES	13 811	6,7	1 273	0,6	515	0,3
III – PRODUCTION SECTORS	8 152	4,0	7 235	3,7	3 501	2,2
AGRICULTURE	5 722	2,8	4 759	2,4	2 452	1,5
FORESTRY	41	0,0	52	0,0	125	0,1
FISHING	112	0,1	3	0,0	15	0,0
INDUSTRY	240	0,1	142	0,1	32	0,0
MINING INDUSTRY	214	0,1	329	0,2	350	0,2
CONSTRUCTION	1 262	0,6	1 146	0,6	314	0,2
TRADE	20	0,0	9	0,0	13	0,0
TOURISM	541	0,3	794	0,4	201	0,1
IV – MULTISECTORAL / CROSSCUTTING	7 771	3,8	4 171	2,1	13 758	8,5
TOTAL SECTORAL	153 799	75,1	172 027	87,1	141 895	87,9
V – COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	16 234	7,9	46	0,0	2 655	1,6
VI – ACTION RELATED TO DEBT	21 871	10,7	12 341	6,3	4 672	2,9
VII – EMERGENCY ASSISTANCE	2 624	1,3	1 807	0,9	1 072	0,7
VIII – ADMINISTRATIVE COSTS	7 316	3,6	7 417	3,8	8 829	5,5
XIX – SUPPORT TO NGOS	2 298	1,1	2 930	1,5	1 358	0,8
X – UNALLOCATED/UNDEFERENTIATED	553	0,3	876	0,4	1 013	0,6
TOTAL:	204 695	100	197 443	100	161 494	100

However, we cannot forget the Portuguese Cooperation effort in the area of economic infrastructures and also in the production sectors such as water distribution, energy, transports and communications and the promotion of economic activities in the primary sector, with a focus on those aimed at creating conditions for food security.

Within the sector of infrastructures, it is important to point out the central role of the water sector (understood globally as the collection, treatment and distribution of water, as well as the collection, treatment and final disposal of residual waters) as a decisive factor for the sustainable development concerned with populations salubrity, investment captation and qualified human resources.

4. Distribution and Activities in terms of Intervention

➤ Poverty Reduction

The extreme poverty in which millions of women and men live has an extreme social cost and represents an irreparable loss for the immediate potential of their societies, because it prevents the creation of wealth and demands social expenditure to which state budgets are incapable of respond. The reduction of the profound inequalities between the developed countries and the poorest ones has become the most important challenge in the development cooperation area.

Both states and multilateral institutions have adopted this new idea - reflected in the Millennium Declaration, which identifies and quantifies goals that are to be attained by 2015.

In this respect Portugal has been pursuing its development cooperation policy in compliance with the International Development Goals (IDG) set by the United Nations. In doing so it has attached priority to the education, health and agricultural sectors, while simultaneously acting transversally to support training and state administrative capacities of partner countries.

Portuguese Cooperation has also been seeking to establish the necessary partnerships with both the appropriate ministries of the countries that benefit from its work and the civil society organisations, so as to put the measures designed to help build law-abiding states and combat poverty into practice in the field.

➤ Social Development

Education¹

Primary education, literacy and access to schooling are among the main priorities when it comes to create the conditions needed for the economic and social development of recipient countries. Portugal has a privileged means of communication with the countries that benefit from Portuguese Cooperation: the Portuguese language – an element that constitutes fundamental added value in the cooperation in this area.

¹ See chapter on Scholarships, related to this issue.

In what concerns primary education, Portugal Cooperation continued to fund and monitor, together with the Ministry of Education, the Support Programmes to the Education System of Guinea Bissau, Cape Verde, Sao Tome and Principe and East Timor. It was also maintained the support to the Portuguese School of Dili. On the other hand, it was initiated the binding process for the 2nd phase of the construction of that school. Moreover, some schools in Mozambique were rehabilitated.

Concerning higher education, during 2003, the projects of cooperation between Universities was continued involving the Law Faculty of Coimbra University and the University Agostinho Neto, and the Law Faculty of Lisbon University and the University of Bissau and the University Eduardo Mondlane. The project Portuguese Universities Foundation (FUP)/National University of East Timor was also maintained.

These projects have as their goals the consolidation of the Higher Education and their activities focus on the support to Professors and the acquisition and supply of bibliography.

It was also given support to the Distant Education Centre of Dili, which is integrated in a larger network of similar centres called Global Development Learning Network (GDLN), of the World Bank, that has as its main objective the dissemination of knowledge and the promotion of human resources.

Health

The cooperation in the health sector was carried out in straight collaboration with the Institute of Tropical Hygiene and Medicine. We have strived to improve the efficacy and visibility of our intervention in this priority sector by carrying out actions designed to place a greater emphasis on education for health, prevention of disease, provision of primary care, local empowerment of staff and specialists and improvement of operational conditions of the hospital units in which our cooperative effort is present.

Therefore, the interventions integrated two main strategic goals, according to the international guidelines for poverty reduction: promotion of basic health care, and the fight against transmissible diseases pandemics, such as HIV/AIDS and Malaria.

We highlight the following interventions:

- “Intervention Plan on the Priority Areas in the Health Sector in Angola”, which focused namely in the new approaches to Meningitis, the treatment of hospital residuals and training.
- The “Project of the Hospital Centre in Sao Tome and Principe” was concluded. We point out the assistance coverage in differentiated healthcare, the training of staff, the supply of medicines and the technical assistance to the hospital management. It was also sent equipment for endoscopies, orthopaedic and ENT medicine.
- The Portuguese financial contribution to the Tripartite Project Portugal/USA/STP for malaria control was approved, which includes health staff training and technical and scientific support for a pilot intervention, for which was prepared the joint document on its multi-annual finance framework. It was also ensured the participation in the meetings within the scope of the Cooperation and Defence Agreement Portugal/USA, namely in the meetings of the Bilateral Commission and of the Scientific Sub-Commission.

- It was initiated the implementation of the “Evaluation Project of the Effectiveness of Cholera vaccination WC/rBS in Beira – Mozambique”, in a joint effort with the Faculty of Medical Sciences of the New University of Lisbon, the Gutenberg University and the World Health Organisation.
- The “Project for Staff Training and Health Infrastructure and Equipment Maintenance in Cape Verde” was approved, which will be implemented by the Hospital Common Use Service, with the objective of giving technical assistance and building institutional capacity in the health sector in that country.
- Concerning the “Project for Post-graduation Training of Doctors in Bissau”, the co-financing was approved and the implementation was initiated, under the control of the Institute of Bio-medical Sciences Abel Salazar, in what respects the acquirement of catalysts and other medical material.

Good Governance and Institutional Capacity

Economic and social development strategies are based on a solid legal and administrative structure that makes it possible to fully develop the potential of a country’s human and physical resources. This has led cooperation policies to attach special weight to the matter of governance, recognised as being a decisive factor in development.

Portugal and its main cooperation partners share a common legal and administrative matrix. One of Portuguese cooperation’s crosscutting strategies is thus to strengthen the institutions capacity by providing training and technical assistance. Every Portuguese cooperation initiative must thus seek to ensure the sustainability of its interventions by adding and attaching value to human resources. On the other hand, social security and employment promotion are also in the limelight of Portuguese Cooperation concerns in what refers to social development.

We have also tried to look at our institutional support intervention in a manner that is integrated and coherent with that of civil society at large (Foundations, NGOs and others).

In this sector we underline the cooperation developed with East Timor, which included: i) “Cooperation Project in the Justice Sector”; under the UNDP, which had as its main objectives East Timor judges’ training who will integrate the Juridical Training Centre in Dili and will support legislation production; ii) “Project to Assist the Maritime Borders Delimitation of East Timor with Australia and Indonesia; iii) “Project of the Study Group for East Timor Reconstruction”, which included the draft and implementation of an integrated territorial management system and the resolution of urgent questions concerning the country’s reconstruction effort.

On the other hand, it was given support to the process of legislative reform and judicial restructuring in Sao Tome and Principe.

It was continued throughout the year, in collaboration with the Foreign Affairs Ministry, the candidates' selection for the missions of Electoral Supervision/Observation within the European Union programme.

In 2003, Portugal participated in the Nigeria Elections (2 LTO’s and 3 STO’s), in the Parliamentary Elections in Cambodia (2 LTO’s and 2 STO’s), in Rwanda Elections (1 LTO and 4 STO’s), in Mozambique Elections (1LTO’s and 2 STO’s) and in Guatemala Elections (1LTO’s and 5 STO’s).

We emphasise that the Portuguese Observants participated in the Training Courses for LTO's Observants and Core Teams, organised by the EuropeAid/Needs.

In what concerns the electoral processes in Mozambique's calendar for 2003 and 2004, including the municipal, parliamentary and presidential elections, two complementary Portuguese Cooperation support processes were approved, one related to the UNDP Project for Electoral Assistance in Mozambique and other related to the organisation of a seminar held by the Association of European Parliaments for Africa (AWEPA).

➤ **Environment**

The environmental question, and in particular the environmental issues related to the climate change debate, do not have been by themselves a central priority in cooperation policy. It is included in other intervention sectors, such as agriculture, fishing, industry, tourism, and others. However, the development cooperation policy has increasingly been turning its attention to the "environment and development" dimension, not only in the preparation of projects but also in the support of action in this sector of development.

At the bilateral level, several actions were carried out supporting the developing countries, namely in the areas of education and professional training and support to legislation outline in the environment sector. There were also developed a series of projects related to Energy/Environment, mainly focused on energetic efficiency and renewable energies, which are linked, directly or indirectly, with climate change in the scope of mitigation and adaptation.

Amongst the developing countries, the african countries with Portuguese as their official language have been the main recipients of Portuguese aid. In fact, it is a priority not only for the central administration but also for the scientific/university community, the later emerging as a valuable partner for knowledge and technology transfer. Some projects were co-financed by public and private entities and also by the European Union.

In what concerns the multilateral cooperation for the environmental issues in development, Portugal has been contributed to the various International Financial Institutions and to the United Nations system to support the developing countries. In 2003, Portugal contribution to the Global Environment Facility (GEF) amounted to 3,21 \$M.

➤ **Debt Related Actions**

Portugal's general policy towards the handling of debt has been to conduct restructuring operations, either within the framework of the Paris Club, or bilaterally under terms and conditions that are decided in accordance with the levels of income and indebtedness of the debtor countries in question.

Where countries that possess a low income and are heavily indebted (HIPC's) are concerned, in addition to rescheduling payments under highly favourable terms, Portugal has entertained the possibility of assistance above and beyond the reduction of the debt itself, such as schemes involving its conversion into investment or aid, while making sure to safeguard the budgetary and monetary implications for the debtor countries themselves. Furthermore, it has also forgiven debt (over and above the

minimum standards established by the Paris Club) and has granted aid for the payment of multilateral debt.

Of the two forms of conversion referred to above, due to its many positive effects, which include not only a reduction in the country's balance of payments gap, but also the direct influence on its economic development that results from the strengthening of its private sector, Portugal has preferred the application of debt to investment.

During 2002 particular mention should be made of the continuation of the Monetary and Exchange Cooperation Agreement with Cape Verde. This Agreement provides for the grant of an annual credit facility of up to 45 M€ which are addressed to finance imports and pay foreign debt in situations in which there is a shortfall in foreign reserves, thereby functioning as a complementary guarantee of the convertibility of the Cape Verdean currency.

➤ **Conflict Prevention, Management and Resolution**

The initiatives in the area of conflict prevention, management and resolution have been given increased attention in what concerns cooperation strategies of donor countries. There is a commitment today, among the donor agencies, to direct their aid towards peace construction, the main goal when dealing with conflict situations. It is a challenge that implies a constant work among the various partners before, during and after the conflict.

While responding to this challenge, the agencies have been incurred in risks derived from their involvement in areas deeply political and delicate. This is because, in general terms, conflict prevention, management and resolution are concepts that imply a set of interpretations, namely in what concerns priorities, i.e. if development is, in fact, the main goal of certain types of aid. Especially because these concepts, understood as military until today, have now meanings that go beyond territory defence and sovereignty, including also security and the well-being of populations and peace keeping, supported in a sustainable development environment.

Portuguese Cooperation understands the reinforcement of the rule of law and of civil society, of the efficiency and transparency of governance as fundamental to democratic institutions functioning. Thus, it has been developing projects in the area of Armed Forces reform, restructure and re-dimension in PALOP aiming at strengthening security and stability through Armed Forces training without the influence of political parties, making them subordinate to political power and well adapted to democratic regime's framework. These actions correlate to the judicial systems, both in security and public administration, especially in what concerns training, demobilization, re-implantation and support to performance of missions of public interest.

Portuguese Cooperation has been emphasising the relation between conflict prevention and efforts of poverty reduction, considering poverty as cause and consequence of conflicts. Insecurity is deemed to be an important factor of instability to political structures democratically elected, therefore Portugal also considers important to reinforce the mechanisms that lead to the development of conflict prevention and management actions.

Portugal also considers insecurity an important factor of destabilization for political structures democratically elected. Thus, Technical-Military Cooperation contributes to positive measures taking in conflict prevention, to the reinforcement of democratic

system and, lastly, to the creation of a favourable/stable atmosphere for investment and sustainable economic growth. In addition, the benefits of some projects to civil society should be stressed, mainly because they are carried out in countries less developed of which civil society has needs of all sort. Therefore, it's our understanding that the technical/scientific training, even though through the military way, and the capacity building of the Armed Forces in PALOP improving the performance in missions of public interest (fishing control, maritime pollution combat, etc) are essential.

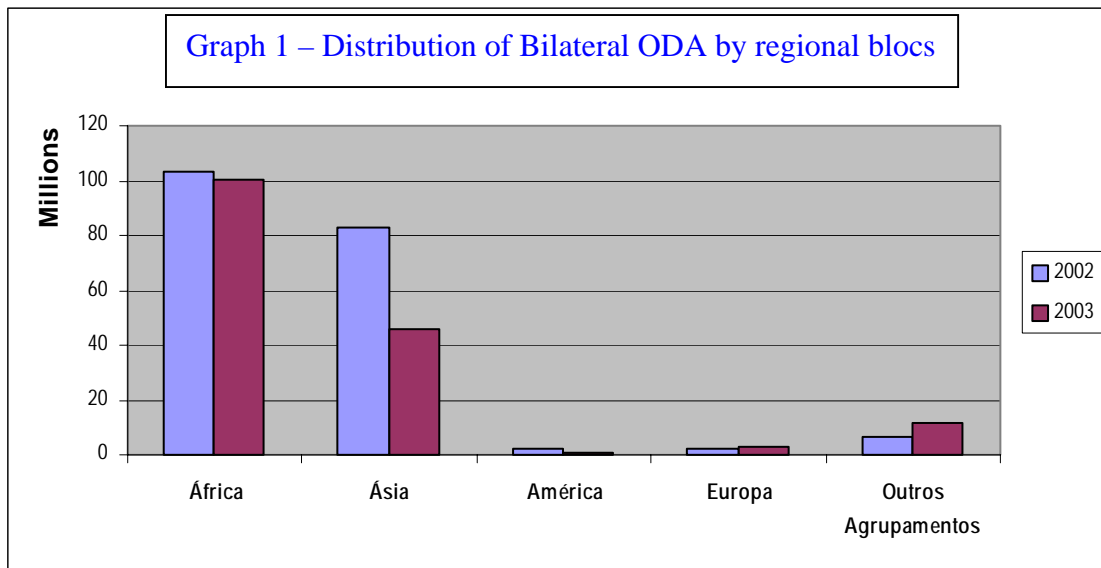
➤ **Regional Cooperation**

As it was said, Africa is the continent that faces greater difficulties in the sustainable development process, one that enables its integration in global economy, which is highly visible in its low level of participation in world trade and investment.

In this context, it is easy to understand - taking into account the cultural and historical bounds that Portugal has with all the main regions in this continent – that these are the priority regions of Portuguese Cooperation, especially PALOP. Therefore, Portuguese Cooperation has been privileged the dynamics of regional integration that are part of those countries today, intensifying their relations with the respective members of the African regional organisations.

The African continent remains the priority region of Portuguese Cooperation. Following the last years trend of regional concentration, the African continent received in 2003, about 62% of bilateral ODA (52% in 2002).

Although East Timor is the main beneficiary since 1999, giving a greater weight to Asia, the african region remains the priority regional bloc.



Furthermore, Portugal continued its support to the restructuring process in the Energy sector of SADC – *Southern African Development Community*, which amounted to €27 thousand in 2003.

5. Bilateral Cooperation

➤ **Bilateral Cooperation Strategy and Priorities**

During 2003, IPAD initiated the reform of the programming instruments for cooperation with partner countries, especially with Angola, East Timor and Mozambique, for which the respective Indicative Cooperation Programmes were prepared for the period 2004-2006.

This reform focused mainly on the revision of the methodologies for the preparation of those instruments, giving priority to the adaptation of intervention strategies to the development objectives and priorities of partner countries (stated in the national papers for poverty reduction and PARPA in the case of Mozambique, the Interim Strategy for Poverty Reduction in the case of Angola, and the National Development Plan of East Timor), and to the choice of support modalities that fit better the specific situation of each country, having always in mind the global objective of poverty reduction and promotion of equality of opportunities.

In compliance with this reform, there were embraced the synergies not only amongst the various departments of IPAD, but also amongst those and the sector entities responsible for the implementation of cooperation (Education, Health, Social Security and Labour, and Finances), along with the Portuguese diplomatic representations and their structures to support cooperation.

In this context, initiatives were launched with the authorities of Angola, East Timor and Mozambique, framed in the political plan of the Foreign Affairs Ministry, in order to enable, until the end of 2003, negotiations to conduct to the approval of the respective Indicative Cooperation Programmes for the period 2004-2006. The Angola's PIC was endorsed by both the countries in November 2003, and the PICs for East Timor and Mozambique were prepared to be endorsed in the first political opportunity in 2004.

Although with some delay, due to the process of creation of IPAD and extinction of ICP and APAD, the Annual Cooperation Plans 2003 were prepared as soon as possible, within the framework of the Indicative Programmes already approved. In the cases where there were none, as with Angola and East Timor, they systematized and gave coherence to the actions taking place.

Therefore, the PACs with Cape Verde and Sao Tome and Principe were prepared, within the framework of the Indicative Programmes for the period 2002-2004. In the cases of Angola and East Timor, due to the fact that the previous PICs had finished in 2002, there were negotiated Annual Plans for 2003.

In what concerns Mozambique, it was agreed by both the countries that it would not be delineated a Programme for the current year. However, the actions previously programmed or in its implementation phase were continued.

➤ **Beneficiary Countries: PEOP (Portuguese-Speaking Countries)**

East Timor

East Timor, Portuguese Cooperation main recipient, is a special case due to the fact of being a new country and extremely poor – it was considered Less Developed Country (LDC). Therefore, in 2003, there were followed the issues related to unemployment, poor living conditions and consequent social instability. It was also given special attention to the internal situation of East Timor (essentially in what concerns the institutional relation amongst the Sovereignty Bodies, the evolution of the issues respecting the internal security, the question of refugees and the Falintil/Defence Forces of East Timor) and to the external situation (namely in what concerns the international involvement in the development process of this country, particularly, the relations with Indonesia, Australia, ASEAN, EU, UN and CPLP).

Aiming at ensuring the sustainability and continuation of the actions previously initiated, the Annual Cooperation Programme 2003, taking into account the demands of Timor authorities and the positioning of bilateral and multilateral co-operations present there, focused on the main following priority areas: Support to the Education System; Reinforcement of Institutional Capacity: Construction and Rehabilitation of the Urban Area; Support to the Economic Development. Additionally, it was given budget support and a contribution to the World Bank Trust Fund.

In the preparation of the PIC, and in articulation with East Timor authorities, IPAD concentrated on the definition of a medium term strategy, which would enable to respond effectively to the main challenges faced:

- The promotion of sustainable development and the fight against poverty as cross-cutting target

And in a more immediate context,

- The transition to a period post-UNMISSET, in what respects the concerns about security and internal stability, along with the question of transfer of technical competencies, essential to the creation of endogenous capacities that enable a sustainable and continuous cooperation model.

With a budget of 50 M€ the PIC includes three main intervention elements:

- Re-introduction of Portuguese, along with Tetum, as East Timor Official Language;
- Reinforcement of the institutional capacity, namely the public administration;
- Economic and social development as an instrument for poverty reduction.

TABLE 5
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA – EAST TIMOR
2003

SECTORS	€	
	2003	%
100I – SOCIAL INFRASTRUCTURES AND SERVICES	23.767.045	62,91
110 EDUCATION	4.687.209	12,41
120 HEALTH	135.261	0,36
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION	87.683	0,23
150 GOVERNMENT AND CIVIL SOCIETY	15.554.419	41,17
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	3.302.473	8,74
200II – ECONOMIC INFRASTRUCTURES AND SERVICES	679.847	1,80
210 TRANSPORT AND STORAGE	3.825	0,01
220 COMMUNICATIONS	425.998	1,13
230 ENERGY		
240 BANKING AND FINANCIAL SERVICES	250.024	0,66
250 BUSINESS AND OTHER SERVICES		
300III – PRODUCTION SECTORS	635.834	1,68
310 AGRICULTURE, FORESTRY AND FISHING	393.962	1,04
311 AGRICULTURE	393.962	1,04
312 FORESTRY		
313 FISHING		
320 INDÚSTRY, MINING AND CONSTRUCTION	241.872	0,64
321 INDÚSTRY		
322 MINING INDÚSTRY	35.137	0,09
323 CONSTRUCTION	206.735	0,55
330 TRADE AND TOURISM	0	0,00
331 TRADE		
332 TOURISM		
400IV- MULTISECTORAL/CROSSCUTTING	8.627.420	22,84
500V – COMMODITY AND GENERAL PROGRAMME ASSISTANCE	2.655.102	7,03
600VI – ACTIONS RELATED TO DEBT		
700VII – EMERGENCY AID	17.765	0,05
910VIII – ADMINISTRATIVE COSTS	827.144	2,19
920IX – SUPPORT TO NGOS	571.078	1,51
998X – UNALLOCATED/UNDEFERENTIATED		
TOTAL BILATERAL	37.781.235	100

Guinea-Bissau

The situation of political instability in Guinea Bissau due to the state coup has conditioned the development of cooperation projects. However, we stress the importance of supporting this country in this transition phase until the elections, especially concerning conflict prevention. Therefore, during this period, the IPAD followed attentively the evolution of the political-social situation in Guinea Bissau. Notwithstanding the instability, Portugal continued in 2003, the implementation of some projects, although without any framework document approved by both the countries.

Thus, there were carried through the projects in the area of Education (primary and secondary education, training of teachers and higher education, maintenance and attribution of scholarships), Health and Agriculture. Aiming at preparing the legislative elections in 2004, Portugal gave technical and material support to the process of census.

Moreover, it was conceived and approved a Short-term Intervention Programme. In its framework, in 2003, the emergency intervention in the Hospital Simao Mendes took place, for the recovery of the Central of Electricity, the supply of fuel and the cleaning of the buildings.

Portugal gave a contribution in the sum of 1 M\$ to the public finances of Guinea Bissau, \$500 thousand to the UNDP Trust Fund through the CPLP Special Fund to assist the payment of wages to civil servants and €10,6 thousand to support the functioning expenses of CNT (National Council of Transition).

TABLE 6
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA – GUINEA BISSAU
2003

SECTORS	€	
	2003	%
100 I – SOCIAL INFRASTRUCTURES AND SERVICES	5.715.834	78,25
110 EDUCATION	2.732.212	37,41
120 HEALTH	1.515.817	20,75
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION		
150 GOVERNMENT AND CIVIL SOCIETY	1.347.181	18,44
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	120.624	1,65
200 II – ECONOMIC INFRASTRUCTURES AND SERVICES	148.490	2,03
210 TRANSPORT AND STORAGE	13.287	0,18
220 COMMUNICATIONS	92.205	1,26
230 ENERGY		
240 BANKING AND FINANCIAL SERVICES		
250 BUSINESS AND OTHER SERVICES	42.998	0,59
300 III – PRODUCTION SECTORS	301.938	4,13
310 AGRICULTURE, FORESTRY AND FISHING	301.938	4,13
311 AGRICULTURE	301.938	4,13
312 FORESTRY		
313 FISHING		
320 INDUSTRY, MINING INDUSTRY AND CONSTRUCTION	0	0,00
321 INDUSTRY		
322 MINING INDUSTRY		
323 CONSTRUCTION		
330 TRADE AND TOURISM	0	0,00
331 TRADE		
332 TOURISM		
400 IV - MULTISECTORAL/CROSSCUTTING	449.590	6,16
500 V - COMMODITY AND GENERAL PROGRAMME ASSISTANCE		
600 VI – ACTIONS RELATED TO DEBT		
700 VII – EMERGENCY AID	133.808	1,83
910 VIII – ADMINISTRATIVE COSTS	554.490	7,59
920 IX – SUPPORT TO NGOS		
998 X – UNALLOCATED/UNDEFERENTIATED		
TOTAL BILATERAL	7.304.150	100

S. Tome and Principe

The Portuguese Government followed attentively the political crisis provoked by the state coup in July 2003 and tried to alleviate the problems that this instable situation could bring to the implementation of the cooperation projects between both countries.

These projects were developed within the priorities established in the Indicative Cooperation Programme 2002-2004, which defines the sectors of Agriculture, Education, Health, Justice and Professional Training as the main intervention areas, underlined by the main articulation element of the cooperation as a whole: the fight against poverty.

It was delineated the Action Programme for 2003-2004, which follows the intervention guidelines and sectors set in the PIC, considered a priority for the next two years.

During the 1st semester, it was concluded the Portuguese participation in the Programme of Support to Medium Agricultural Enterprises in Sao Tome (PAMEA) – the management of the project is now under the SP authorities.

TABLE 7
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA - SAO TOME AND PRINCIPE
2003

SECTORS	€	
	2003	%
100I – SOCIAL INFRASTRUCTURES AND SERVICES	7.728.724	78,42
110 EDUCATION	2.805.608	28,47
120 HEALTH	2.533.755	25,71
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION		
150 GOVERNMENT AND CIVIL SOCIETY	762.806	7,74
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	1.626.555	16,50
200II – ECONOMIC INFRASTRUCTURES AND SERVICES	1.046.962	10,62
210 TRANSPORT AND STORAGE	733.284	7,44
220 COMMUNICATIONS	56.957	0,58
230 ENERGY	2.529	0,03
240 BANKING AND FINANCIAL SERVICES	22.004	0,22
250 BUSINESS AND OTHER SERVICES	232.188	2,36
300III – PRODUCTION SECTORS	94.518	0,96
310 AGRICULTURE, FORESTRY AND FISHING	63.685	0,65
311 AGRICULTURE	63.685	0,65
312 FORESTRY		
313 FISHING		
320 INDÚSTRY, MINING E CONSTRUCTION	30.833	0,31
321 INDÚSTRY		
322 MINING	30.833	0,31
323 CONSTRUCTION		
330 TRADE AND TOURISM	0	0,00
331 TRADE		
332 TOURISM		
400IV- MULTISECTORAL/CROSSCUTTING	300.373	3,05
500V – COMMODITIES AND GENERAL PROGRAMME ASSISTANCE		
600VI – ACTIONS RELATED TO DEBT	406.230	4,12
700VII – EMERGENCY AID		
910VIII - ADMINISTRATIVE COSTS	169.991	1,72
920IX – SUPPORT TO NGOS	104.320	1,06
998X – UNALLOCATED/UNDEFERENTIATED	5.023	0,05
TOTAL BILATERAL	9.856.141	100

Mozambique

The cooperation relations with Mozambique during 2003 were underlined by the main objective of reducing the absolute levels of poverty, in articulation with PARPA – Action Plan for Absolute Poverty Reduction (2000-2005).

As both the countries agreed not to sign a PAC for the current year, in 2003, there were 25 programmes/projects/actions in implementation. However, the financial contribution was lower than in the previous year. In this context, we continued the support to the completion of the Post-Emergency Support Programme to Mozambique in the areas of Agriculture, Water and Sanitation, Education and Gender and Social Action.

Aware of this situation, IPAD pursued a field analysis in order to understand the reasons for the decrease in terms of implementation of projects or even its impediment, focusing on the planning of a new strategy, aiming at the approval of a PIC for the period 2004-2006, and the Annual Cooperation Plan 2004. The first document was almost concluded by the end of the year, and will be endorsed in the appropriate political situation.

During 2003, negotiations were also developed for the establishment of conditions for Portugal start participating in the Joint Programme for Macro-Financial Support to Mozambique. An Agreement was prepared and will be signed in the beginning of 2004.

On the other hand, the good relationship between the two countries, was reflected in the reciprocal visits at a political level, namely the visit of the Secretary of State for Foreign Affairs and Cooperation to Mozambique (15th to 21st June), which reiterated the Portuguese effort in assisting Mozambique's development, through partnerships, both trilateral and multilateral, within the new model of interaction with the world set by NEPAD – New Partnership for African Development – now joined by Mozambique.

In the agricultural sector, there was concluded the financing of the Programme for Rural Development in the Coast of Cape Delgado in Mozambique, implemented by Aga Khan Foundation, which included activities focused on the social organisation of the communities, the training of human resources, technical assistance in the agriculture, fishing and forestry sector and social interventions in education and health.

TABLE 8
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA – MOZAMBIQUE
2003

SECTORS	€	
	2003	%
100I – SOCIAL INFRASTRUCTURES AND SERVICES	10.543.950	62,32
110 EDUCATION	4.989.276	29,49
120 HEALTH	468.870	2,77
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION		
150 GOVERNMENT AND CIVIL SOCIETY	2.191.891	12,95
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	2.893.913	17,10
200II – ECONOMIC INFRASTRUCTURES AND SERVICES	172.412	1,02
210 TRANSPORT AND STORAGE	27.362	0,16
220 COMMUNICATIONS	35.400	0,21
230 ENERGY		
240 BANKING AND FINANCIAL SERVICES	77.039	0,46
250 BUSINESS AND OTHER SERVICES	32.611	0,19
300III – PRODUCTION SECTORS	525.099	3,10
310 AGRICULTURE, FORESTRY AND FISHING	448.052	2,65
311 AGRICULTURE	426.013	2,52
312 FORESTRY	22.039	0,13
313 FISHING		
320 INDÚSTRY, MINING AND CONSTRUCTION	77.047	0,46
321 INDÚSTRY	29.147	0,17
322 MINING	47.900	0,28
323 CONSTRUCTION		
330 TRADE AND TOURIM	0	0,00
331 TRADE		
332 TOURISM		
400IV- MULTISECTORAL/CROSSCUTING	586.715	3,47
500V - COMMODITY AND GENERAL PROGRAMME ASSISTANCE		
600VI – ACTIONS RELATED TO DEBT	4.765.908	28,17
700VII – EMERGENCY AID		
910VIII – ADMINISTRATIVE COSTS	245.228	1,45
920IX – SUPPORT TO NGOS	70.490	0,42
998X – UNALLOCATED/UNDEFERENTIATED	9.965	0,06
TOTAL BILATERAL	16.919.767	100

Angola

As there was no Indicative Cooperation Programme for Angola, it was formalized and implemented an Annual Cooperation Plan, which included interventions according to the development priorities both of Angola and of Portugal, and focusing on projects in the areas of poverty reduction and education. At the same time, it was delineated, in permanent negotiation with Angolan authorities, a new PIC for the period 2004-2006, that was approved in October 2003, during the visit of the Portuguese Prime Minister to this country. It was initiated the preparation of the PAC 2004.

The humanitarian situation in Angola was followed and two humanitarian operations were organised, which involved the supply of basic needs material, essential for the success of the process of settling the internal displaced people in their original location, contributing, therefore, for the strengthening of the peace established in 2002. The transition phase from a situation of emergency to a situation of development is the consequence of the positive evolution of the humanitarian condition and the gradual political stabilization. The Angolan authorities is trying to obtain the approval by the International Community of a Conference of Donors in order to collect the financial contribution considered crucial for the reconstruction and rehabilitation of the economic and social structures - goal supported by Portugal, who is following the situation concerning this issue.

The good relations between Portugal and Angola were reflected in the reciprocal visits at the political level that happened throughout the year and in the cooperation instruments approved. On our side, besides the visit of the Prime Minister and of its ministerial delegation, the Secretary of State for Foreign Affairs and Cooperation visited Luanda during the preparation of the PAC 2003. On the Angolan side, the Minister of Foreign Affairs came to Portugal, when the PAC 2003 was signed, as well as the Minister of Fishing. There were also followed with great interest and attention, the entrepreneurial missions to Angola, which prove the growing confidence in the political stability and in the process of macro-economic reforms in implementation. Aiming at reinforcing the good entrepreneurial environment, it was carried out an action of training of financial authorities in order to enhance their abilities to negotiate with Portugal an Agreement to Avoid Double Taxation, and a possible future Agreement of Mutual Protection of Investments.

TABLE 9
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA - ANGOLA
2003

SECTORS	€	
	2003	%
100 I – SOCIAL INFRASTRUCTURES AND SERVICES	15.320.249	88,82
110 EDUCATION	10.096.047	58,53
120 HEALTH	257.736	1,49
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION		
150 GOVERNMENT AND CIVIL SOCIETY	1.809.871	10,49
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	3.156.595	18,30
200 II – ECONOMIC INFRASTRUCTURES AND SERVICES	414.284	2,40
210 TRANSPORT AND STORAGE	1.898	0,01
220 COMMUNICATIONS	36.199	0,21
230 ENERGY	269.896	1,56
240 BANKING AND FINANCIAL SERVICES	47.140	0,27
250 BUSINESS AND OTHER SERVICES	59.151	0,34
300 III – PRODUCTION SECTORS	242.252	1,40
310 AGRICULTURE, FORESTRY AND FISHING	140.891	0,82
311 AGRICULTURE	107.704	0,62
312 FORESTRY	33.187	0,19
313 FISHING		
320 INDÚSTRY, MINING AND CONSTRUCTION	88.861	0,52
321 INDÚSTRY		
322 MINING	4.369	0,03
323 CONSTRUCTION	84.492	0,49
330 TRADE AND TOURISM	12.500	0,07
331 TRADE	12.500	0,07
332 TOURISM		
400 IV - MULTISECTORAL/CROSSCUTTING	660.847	3,83
500 V – COMMODITY AND GENERAL PROGRAMME ASSISTANCE		
600 VI – ACTIONS RELATED TO DEBT		
700 VII – EMERGENCY AID	188.836	1,09
910 VIII – ADMINISTRATIVE COSTS	107.391	0,62
920 IX – SUPPORT TO NGOS	167.555	0,97
998 X – UNALLOCATED/UNDEFERENTIATED	148.021	0,86
TOTAL BILATERAL	17.249.435	100

Cape Verde

The cooperation relations with Cape Verde were carried out in the same good environment as always, and were reinforced by frequent contacts of sector managers. We highlight the visits of the Ministers of Science and Superior Education, Health and Justice, and the endorsement of the new agreements in those areas, and the Official Visit of the Portuguese Prime Minister to Cape Verde, in July 2003, when the PAC 2003 was signed.

During this year, the Society of Development of Boavista Island, created in 2001, was reactivated. It was designated for its Technical Unit (UTE), a Portuguese representative and meetings of UTE took place both in Lisbon and in Praia. These resulted in the endorsement, in the Cape Verdean capital, of an Agreement that includes the development of plans, studies and appreciation concerning the tourism planning and development, works of digital mapping and identification of plots in that Island and in Maio Island.

Portugal participated in the Meeting of Development Partners of Cape Verde (Praia – April), and followed, in various levels, the process that took Cape Verde to the group of Lower-Middle-Income Countries from the group of Least Developed Countries, and made the commitment with CV concerning the creation of a group to support the ambition of Cape Verdean authorities to achieve a special status within the EU, which we have supported by intervening in the appropriate institutions.

Furthermore, we draw attention to the approval of the projects of “Reinforcement of Partnerships and Support to the Rural Poverty Reduction Programme” and of “Support to the 2nd Phase of the Project for Institutional Capacity Building of the National Agency for Food Security (ANSA)”.

TABLE 10
SECTORED DISTRIBUTION OF PORTUGUESE BILATERAL ODA – CAPE VERDE
2003

	€	
SECTORS	2003	%
100I – SOCIAL INFRASTRUCTURES AND SERVICES	34.764.061	97,62
110 EDUCATION	29.685.460	83,36
120 HEALTH	2.208.751	6,20
130 POPULATION PROGRAMMES		
140 WATER SUPPLY AND SANITATION	10.000	0,03
150 GOVERNMENT AND CIVIL SOCIETY	638.130	1,79
160 OTHER SOCIAL INFRASTRUCTURES AND SERVICES	2.221.720	6,24
200II – ECONOMIC INFRASTRUCTURES AND SERVICES	113.206	0,32
210 TRANSPORT AND STORAGE	-196.832	-0,55
220 COMMUNICATIONS	55.249	0,16
230 ENERGY	37.050	0,10
240 BANKING AND FINANCIAL SERVICES	102.372	0,29
250 BUSINESS AND OTHER SERVICES	115.367	0,32
300III – PRODUCTION SECTORS	346.113	0,97
310 AGRICULTURE, FORESTRY AND FISHING	73.671	0,21
311 AGRICULTURE	58.581	0,16
312 FORESTRY		
313 FISHING	15.090	0,04
320 INDÚSTRY, MINING AND CONSTRUCTION	196.174	0,55
321 INDÚSTRY		
322 MINING	196.174	0,55
323 CONSTRUCTION		
330 TRADE AND TOURISM	76.268	0,21
331 TRADE		
332 TOURISM	76.268	0,21
400IV- MULTISECTORAL/CROSSCUTTING	605.318	1,70
500V – COMMODITY AND GENERAL PROGRAMME ASSISTANCE		
600VI – ACTIONS RELATED TO DEBT	-500.391	-1,41
700VII – EMERGENCY AID		
910VIII – ADMINISTRATIVE COSTS	153.747	0,43
920IX – SUPPORT TO NGOS	4.000	0,01
998X – UNALLOCATED/UNDEFERENTIATED	125.316	0,35
TOTAL BILATERAL	35.611.370	100

➤ **Cooperation with Other Countries**

Trust Fund for Afghanistan Reconstruction

In the Donors Conference in Tokyo, Portugal made the commitment to contribute to the Trust Fund for Afghanistan in the sum of €750 thousand. The first instalment of €200 thousand to the World Bank was demanded by the former APAD in December 2002, but paid only in January 2003 by the General Direction of Treasury. A second instalment of €200 thousand was paid in October 2003.

Iraq Reconstruction

In the 23/24 October 2003, a Conference of Donors for Iraq reconstruction took place in Madrid. The Foreign Affairs Minister was present and announced a Portuguese contribution in the total amount of 17,5 €M: humanitarian aid (2003)² - €500 000; Stabilization and security (2003/2004) - 15 €M (GNR); Training - €500 000 for bilateral programmes; support to expatriates and emigrants - 1 €M to be allocated, in equal shares, to agencies and multilateral programmes that work in these areas UNHCR and IOM; Support to the Ministry of Displaced and Migrants of Iraq – CPA department (Coalition Provisional Authority) in which Dr. José Lamego participated - €500 000.

² See chapter on “Humanitarian Aid” for more information

6. Multilateral Cooperation

➤ Multilateral Aid General Framework

The new institutional model approved for the Portuguese Cooperation underlines that IPAD shall reinforce and give greater consistency and coherence to its participation in the main international *fora*, namely the United Nations, the World Bank, OECD and, especially, because of its strategic importance, the European Union.

The compliance of this responsibility should be developed progressively but decidedly, even because it is constructing a larger consensus around the big lines of international development cooperation, that will enable the international coordination of the various donors and its ascendance as an essential instrument of international cooperation, which demands from us a greater integration between the bilateral and the multilateral cooperation, both in the headquarters and in the field.

The year 2003 was especially influenced by the debate around the commitments made in Barcelona and Monterrey. The European Commission presented a first report about the way Member States, both individually and together, were putting those commitments in practice. It concluded that it was necessary a greater effort by some Member States to accomplish the goals that were set, namely those concerning the ODA increase, at least to 0,33% of GNI, by 2006, in order to achieve the Union average of 0,39%.

Another commitment made in Barcelona mobilized in a more visible way both Member States and Commission efforts, throughout 2003 – the goal of Policy Coordination and Harmonisation of Procedures. There was progress in that direction what is closely related to greater aid effectiveness.

We also highlight the following of the great International Summits and Conferences, such as the Monterrey Conference and the Conference on Least Developed Countries³ as well as the preparation of the World Summit on the Information Society, which took place in Geneva, at the end of the year. This first phase produced a Declaration and an Action Plan.

During 2003, we continue to develop the activities within the framework of the Cooperation Protocol between the IPAD, the ECDPM (European Centre for Development Policy Management) and the IEEI (International Institute of Strategic Studies). We draw attention to the Seminar about the Challenge facing the Relations Europe-Africa, which took place in Lisbon in October 2003. By the end of the year, a new Protocol between IPAD-ECDPM-IEEI was signed, which will last for two years, until the end of 2005.

Finally, we emphasize that, similarly to previous years, throughout 2003, we continue to participate in the meetings of the Inter-ministerial Commission for EU affairs.

³ IPAD was responsible for the national report on the commitments made by the donor community during the Conference on LDCs, which took place in Brussels, May 2001. In that report, several chapters of Brussels Action Plan are highlighted and it is made the respective correspondence with the actions that Portuguese Cooperation has financed in order to achieve those commitments.

In global terms, the contributions to the multilateral organisations registered in 2003 a negative growth rate (-16%) comparing with 2002 disbursements. This decrease was felt, essentially, in the contributions to the UN system and to the Regional Development Banks.

However, we point out that there has been a gradual participation of Portugal in certain multilateral entities. We draw attention to the substantial contributions, namely to the European Commission with 64,5% in 2003, comparing with just 53,7% in 2002; to the Bretton Woods and WTO with 8,4% comparing with just 5,5% in 2002; and, to other multilateral organisations, with 3,5% comparing with 0,6% in 2002.

TABLE 11
MULTILATERAL ODA 2002/2003

(Thousand € *)				
MULTILATERAL ORGANISATIONS	2002	%	2003	%
1. UNITED NATIONS	11.488	7,9	7.139	5,9
1.1. United Nations – Agencies, Funds and Commissions	11.488	7,9	7.139	5,9
2. EUROPEAN COMMISSION	77.766	53,7	78.232	64,5
2.1. EC Budget for Developing Countries	64.642	44,6	60.966	50,2
2.2. EFD – Euroepan Development Fund	13.124	9,1	17.266	14,2
3. IMF, WORLD BANK AND WTO	7.895	5,5	10.185	8,4
3.1. World Bank Group	7.298	5,0	9.590	7,9
3.2. World Trade Organisation	597	0,4	595	0,5
4. REGIONAL DEVELOPMENT BANKS	46.766	32,3	21.584	17,8
5. OTHER MULTILATERAL INSTITUTIONS	935	0,6	4.239	3,5
<i>Of which:</i>				
<i>GEF - Global Environment Facility</i>			2.134	1,8
<i>Montreal Protocol</i>	355	0,2	1.130	0,9
TOTAL	144.850	100	121.379	100

➤ International Financial Institutions

Portugal participation in international financial institutions involved, in 2003, a budget of about 40,2 M€ in compliance with the commitments made related to the contributions and participations and to the capital share in the various institutions.

Portugal continued to defend, during the negotiations for the reconstitution of resources in 2003, that each country's shares of participation in these institutions should be made on a fair and equitable basis, taking into account both the weight of its economy in the world economy and its capacity to pay.

Around 90% of the above-mentioned amount was allocated to grants funds, among which the European Development Fund (EDF) is especially important, as we shall see below.

In what concerns the World Bank Group, in 2003, Portugal did not repay any promissory notes for the International Bank for Reconstruction and Development (IBRD), but it recovered 258.219 € related to a promissory note issued in 1992 for the maintenance of the value of the Bank's capital actions owned by Portugal in national currency.

There were no promissory notes issued or paid in the International Financial Society (IFS) neither in the Multilateral Investment Guarantee Agency (MIGA).

In what respects the International Development Association (IDA), various promissory notes were redeemed as part of a number of processes to reconstitute the institution's resources – namely IDA 11, the Interim Fund and IDA 12 – in the sums of 1.391.955 €, 45.885 € and 2.544.000 €, respectively, for a total of 3.981.840 €. Also concerning the IDA, there were issued promissory notes in the amount of 9.590.000 € as the first instalment of Portuguese contribution for the thirteenth Reconstitution (IDA13).

Within the instruments of the International Financial Society (IFS), Portugal signed an Agreement with this Institution in 2002, on the Portuguese contribution for the Africa Project Development Facility (APDF), for which IPAD and BPI also contribute, aiming at financing the activities of that Facility for African Portuguese-Speaking Countries. In 2003, there was no payment for the above mentioned agreement because the APDF had not yet spent the resources disbursed in 2001 (500.000\$).

Moving on to the funds that are administered by the World Bank, Portugal participates in the Global Environment Facility (GEF) for which two promissory notes were issued in 2003, in the amount of 1.432.590 € each, for a total of 2.865.180 € as the payment of Portuguese contribution for the Third Resource Reconstitution of GEF (GEF3). There were redeemed promissory notes already issued in the total amount of 1.510.800 € related to the first, second and third reconstitutions of resources.

In what concerns the Regional Development Banks and Funds, and following the negotiations for the fifth increase of the capital of the African Development Bank (AfDB), which resulted in a Portuguese subscription in the amount of 24,52 M€, in 2003 it was paid the 4th of 8 annual instalments, each in the sum of 184.723 €

Respecting the African Development Fund, Portugal redeemed a number of promissory notes that had been issued in the scope of the seventh (AfDF VII) and eighth (AfDF VIII) reconstitutions of the AfDF's resources, in the total amount of 4.462.170 €. There were also issued two promissory notes in the sum of 7.300.983 € each, in a total of 14.601.966 € concerning the Portuguese contribution to the 9th Reconstitution of Resources of the Fund (FAD IX).

Redemptions in relation to the eighth increase in the resources of the Inter-American Development Bank (IDB) amounted to 40.934 € for promissory notes that had been issued related to Portugal's participation in the Bank's capital and 226.227 € for the Portuguese contribution to the IDB's Grants Window – the Special Operations Fund (SOF 8).

To the Multilateral Investment Fund (MIF) - which belongs to the IDB Group and aims at promoting, through grants, the private sector development, particularly micro enterprises, in Latin America and the Caribbean - redemptions in the sum of 636.111 € were made.

Concerning also the IDB Group, in 2002 Portugal joined the Inter-American Investment Corporation (IIC), which promotes the development of the private sector in Latin America and the Caribbean, through the financing of small and medium enterprises in those countries. In 2003, it was made a payment of 189.210 € related to the 3rd instalment of capital.

Regarding Portugal's participation in the first increase in the capital of the European Bank for Reconstruction and Development (EBRD), in 2003 were made a cash payment

of 472.500 € the issue of a promissory note in the sum of 708.750 € and the redemption of promissory notes in the sum of 708.750 €

In what concerns the Asia Development Bank Group (AsDB), as Portugal joined this Bank in 2002, and consequently started to contribute for the Asia Development Fund (AsDF), namely to the 6th and 7th Resources Reconstitution (AsDF VII and AsDF VIII), in 2003, the contribution to the Bank amounted to 2.110.145 €, of which 1.016.906 € was disbursed in cash and 1.093.239 € in promissory notes. It was also issued a promissory note in the sum of 1.347.992 € to pay the 2nd instalment.

Regarding the AsDF, it was issued a promissory note in the sum of 4.237.432 € to pay for the 3rd instalment of Portuguese contribution for AsDF VIII. The total amount of the partial redemptions of the promissory notes issued in the scope of AsDF VII and AsDF VIII, amounted to 7.873.000 €

In what regards the International Fund for Agricultural Development (IFAD), Portugal redeemed 240.050 € related to a past promissory note concerning its contribution to the 5th Reconstitution of Resources.

Concerning the European Community, Portugal made an important contribution to the European Development Fund (EDF) in the sum of 17.272.272 €, of which 776.000 € were disbursed for the Investment Facility managed by the European Investment Bank (EIB).

In 2003, it was disbursed the amount of 44.947 € for the payment of Portuguese participation fee in the Latin American Centre for Development Administration.

➤ **EU Cooperation**

During 2003, and following the work done in previous years, the Community and its Member States, in the several discussion forums, intensified the effort to truly implement the great goal of EU development cooperation policy – the fight against poverty in order to eradicate it – which is stated in the Joint Declaration of the Council and Commission, approved at the end of 2000.

In 2003, in accordance with the data, still temporary, given by the Commission, there were achieved the highest levels not only of commitments but also of disbursements and financial aid of the General EU Budget and also of the EDF. Thus, the commitments related to the budget amount to 3.919 M€ and the disbursements to 3.271 M€, while the EDF commitments summed 4.127 M€ and the disbursements, 2.431 M€

The Council reaffirmed the role that the EU should perform in achieving the Millennium Development Goals and the need to focus on the results obtained, through which it can be observed the real impact on poverty reduction. It was also deemed as essential to deepen the collaboration and co-ordination within the EU and other donors, based on partnerships and national plans like the Country Strategy Papers, the Poverty Reduction Strategy Papers (PRSPs) and Sectoral Programmes.

IPAD also followed the work of the Council Groups – Development Cooperation (CODEV), Africa, the Caribbean and the Pacific (ACP; including the financial questions) and Food Aid, and ensured the Portuguese representation in several financial committees (EDF – European Development Fund, PVDALA – Developing Countries of Latin America and Asia, Development Cooperation Committee for South Africa, Committee for food security and food aid and Human Rights Committee).

General Affairs and External Relations Council (GAERC)

In 2003, with the extinction of the Development as a separate shape in the Council, it was decided by both the presidencies, in a non-institutional way, and with the support of all Member States and the Commission, that the debate around the questions related to development cooperation should be concentrated in two annual GAERC, usually in May and November. This decision, which shall be maintained by the future presidencies, until 2006, has the advantage of greater visibility, operationalizing and public interest for development cooperation, in the context of EU External Relations.

Portugal, in the various *fora* where this problem was discussed, considered always as positive the concentration of development cooperation themes, in two GAERC per year. As a contribution to this debate, Portugal disseminated a study, ordered to ECDPM, in the scope of the tripartite agreement IPAD/ECDPM/IEEI, entitled “The new organisation of the European Union Council: a drawback or an opportunity for the EU Development Cooperation?”

In March 2003, the usual GAERC debate took place, in the beginning of each year, on the Effectiveness of External Action, where four major themes were discussed: Reform of EU external aid management; Priorities and allocation of resources; Enhancement of the response capacity of external expenditure; Improvement of CSFP financing.

We also draw your attention to the fact that the two presidencies, throughout 2003, decided to hold two informal meetings of the development ministers, which took place in June in Alexandroupoules and in October in Trieste. The main issues discussed in these meetings were: consequences of the enlargement to development; development cooperation in the European convention; progress in the negotiations with WTO; flexibility and effectiveness of the European development fund; peace facility; coordination, complementarity and coherence.

In what concerns the Development Cooperation in 2003, the Council discussed and approved several Conclusions, of which we highlight the following: International Conference on Financing for Development; Aid Untying; Implementation of EC Development Policy; Commission’s Report on EC Development Policy and external aid implementation in 2002; Governance and Development; Private Sector in Developing Countries; Conclusions on Migration and Development.

Furthermore, the Council appreciated in 2003, the questions related to Gender and Development and the role of civil society in Developing Countries development.

Other Meetings

During 2003, the Portuguese Institute for Development Assistance followed the work of several experts meetings organised by the Commission, about different themes and sectors related to development aid – health, education, society of information, research, among others. Due to the lack of technicians and budget constrains, IPAD did not participate in those meetings, though in some of them, namely education and health, the problems discussed were of great importance to the Portuguese bilateral cooperation.

Regarding these meetings, we underline the informal meetings of General-Directors of Development re-established in 2001. There were held three meetings throughout 2003 (February, May and October), which were good occasions to discuss relevant themes for the development cooperation policy of the Commission and Member States.

EU-AFRICA RELATIONS

In 2003 Portugal continued to follow the Europe-Africa Summit of Cairo and to lead the discussion, on the European side, on the theme Conflict Prevention and Management and Land Mines (in collaboration with the European Commission, France and Belgium).

Although the II Europe-Africa Summit was postponed, initially forecasted to take place in Lisbon, 4-5 April, and no other date was appointed for its realization, in 2003, there were some important developments in the retake and revitalization of this process: presentation by the Commission, of a Council Communication, 26th June, including proposals of guidelines relative to the shape and priorities for the EU-Africa dialogue; and the continuation of the talks through the meetings of the EU Troikas and the African Union, at Senior and Ministerial level.

In the GAERC of November a decision was adopted concerning the use of the 9th European Development Fund (250 M€) for the constitution of a Peace Facility for Africa, with the objective of financing the non-military costs of the African peace operations, carried out by the African sub-regional organisations. Portugal expressed since the beginning its favourable political position to an initiative of this kind, which can be an important operational instrument for the reinforcement of the EU-Africa dialogue concerning peace and security issues.

Following the Conclusions of the G8 Summit in Evian, and aiming at formerly enlarging the partnership of G8 with Africa (New Partnership for African Development) to other international partners, Portugal was invited to participate in the “Enlarged Forum for the Partnership with Africa”, for which Dr Jose Manuel Brios e Gala was nominated as the Prime Minister Representative. This Forum includes the participation of the Heads of State and Government Representatives of the main partners for African development, with African ODA disbursement superior to 100 M\$ per year, besides the Representatives of the G8 countries and the NEPAD Implementation Committee. The enlarged Forum should contribute to the regular monitoring of the African States and donor countries’ progress, and promote the cooperation with NEPAD, by presenting proposals and/or recommendations to Governments and organisations participating in the process. The Forum will meet twice a year, in Africa and in one of the partner countries. The first meeting took place in Paris in November 2003.

The 4th Cooperation Council of EU-South Africa took place in Pretoria, in December 2003. In the scope of the Reconstruction and Development Programme for the period 2000-2006, which sets the framework for EU and South Africa cooperation relations, an evaluation of the first Multi-annual Indicative Programme (2000-2002) was accomplished, in 2003, along with the approval of a Strategy Paper and respective Indicative Programme for the period 2003-2006 (515 M€). In 2003, the EU committed about 126 M€ to support to South Africa, corresponding to the total amount of the budget for that year.

EU-ACP RELATIONS

The Partnership Agreement ACP-EU (Cotonou Agreement) started to be applied in the 1st April 2003, when the ratification process by all EU Member States and ACP States was concluded. Portugal contributed with about 133,86 M€(0,97%) to the IX European Development Fund, constituted by the contributions of the 15 Member States.

According with the data, still temporary, given by the Commission, the financial aid in this framework of the EDF, achieved significant amounts in 2003, concerning both the commitments - 4.127 M€ – and the disbursements - 2.431 M€ These sums are substantially superior to the ones registered in previous years and reflect not so much the changes introduced by the reform of aid management, but the effective endorsement of the programme of 9th EDF, and its important approved programmes of more than 100M€

In 2003, the second phase of the negotiations of the Economic Partnership Agreement ACP-EC (EPA) was initiated – by ACP countries and regions – predicted in the Cotonou Agreement, with the Central African regional organisations – CEMAC and Sao Tome and Principe, and with West Africa – CEDEAO and the Republic of Mauritania. This process will be based on the gradual abolishment of trade barriers between counterparts and the reinforcement of the cooperation in the main areas of trade, putting a great effort in regional integration reinforcement, essential to the future integration of those countries in the world economy. The current trade regime will be prolonged until 2008 (when EPA’s application starts) as a preparatory step for the introduction of reciprocity.

The year of 2003 included the approval of East Timor’s inclusion in the Cotonou Agreement. However, until the constitution of the 10th EDF, the financial cooperation under the Cotonou Agreement will be limited to the 9th EDF resources (2000-2005) to regional cooperation and integration support. The completion of the Cooperation Strategy EU-East Timor (2002-2006) will continue to be guaranteed through the resources provided by the Community budget (about 70,5 M€).

This decision was made in the 28th Session of ACP-EU Council of Ministers, which took place in Brussels in the 17th May, and where there were also approved some important joint papers on the ACP-EC political dialogue, on the access of non-state actors to EDF resources and on the preparation of joint positions for the next international conferences. Moreover, it was decided to allocate 335 M€ of the 9th EDF reserve to debt relief of ACP countries, under the Initiative for Heavily Indebted Poor Countries, and the proposal to create a Water Fund for ACP countries was appreciated.

In the framework of the regular dialogue EU-ACP, in 2003, two sessions of the Peer Parliamentary Assembly took place (in Brazzaville and in Rome).

In October 2003, the Commission presented to the Council and European Parliament a Communication entitled “Full Integration of the Cooperation with ACP Countries in EU Budget”, going in the direction of EDF extinction as an autonomous financial instrument and the inclusion of EU-ACP cooperation in the principles and models established for EU Budget. Portugal’s position is probably favourable to the EDF maintenance as an autonomous instrument, as it considers this the best way to ensure the maintenance of quality, volume and predictability of the cooperation with ACP countries. The United Kingdom and Spain also expressed their unfavourable position concerning *budgetization*. This proposal will continue to be discussed in 2004, as it is necessary unanimity among Member States for its approval.

Following the state coup in September 2003 in the Republic of Guinea Bissau, the Commission presented a Communication to the Council in the 17th of December, respecting the opening of consultancies in Guinea Bissau, in application of the article 96 of the Cotonou Agreement - aiming at verifying if there were the conditions to re-launch cooperation. Within the Council and in bilateral contacts with the Commission and the

other Member States, Portugal has tried to raise awareness in the Commission and amongst other EU partners about the necessity of finding resources, in the National Indicative Programme of the 8th and 9th EDF, to support the efforts that Guinea Bissau's government has been demonstrated in this transition phase, until the elections, in the 28th of March 2004.

Within the PIR (Regional Indicative Plan), it was pursued the articulation work amongst the Portuguese entities involved in the implementation of the three projects previously approved, the Technical Assistance to PIR-PALOP II and the Commission Services, inherent to their implementation.

The PIR-PALOP II, endorsed in 1997, includes the "Project to support Judiciary Systems" (in implementation phase), the "Project to reinforce Public Administration Capacity" (starting), and "Project to support the development of Statistics Systems in PALOP" (in implementation phase), which shall be complemented with a Portuguese project.

Furthermore, it was ensured the participation in the meetings between the National Orderers and the European Commission, which had as its goal the analysis of the implementation of the Programme and the identification of possible constrains, seeking at the same time, to enable coordination.

➤ **Multilateral Cooperation**

United Nations

One of the most important actions of the multilateral cooperation has been to accompany the work developed by the United Nations, more specifically the activities of the UNDP, UNFPA, UNESCO and UNIDO.

▪ ***UNDP – United Nations Development Programme***

Visit of the UNDP manager to Lisbon

In June 2003, the UNDP manager, Mr Mark Malloch, visited our country and maintained contact with the Portuguese authorities. In order to prepare his visit, the IPAD invited Mrs Cecile Berthaud, Coordinator of European Relations with the South, for a meeting in May 2003. There were discussed the questions about the regular resources of UNDP and the possibility of Portugal signing a new agreement with this Programme of the United Nations (Thematic Funds).

Voluntary Contribution

In 2003 Portugal paid its voluntary contribution to the UNDP in the sum of 1.6M\$, of which \$400 thousand were paid by the IPAD (SAF ensured the rest of the payment).

UNDP Trust Fund

The reconstitution of the Portuguese UNDP Trust Fund was authorized in the amount of \$380 thousand, in compliance with the commitments made during 2002 concerning the projects: *Support to the Sector of Justice in Mozambique* - \$125 thousand (last instalment); *Support to Mozambique's Parliament* - \$120 thousand (3rd and last instalments); *Development of the Media in Mozambique – Phase II* - \$100 thousand and *Publication of the Human Development Report in Portuguese* - \$35 thousand.

Regarding 2003, there were financed the projects of the Development of the Media in Mozambique, the 2nd and 3rd instalments – Phase II - \$200 thousand and the Publication of the Human Development Report in Portuguese - \$35 thousand.

We highlight the launch of the Portuguese version of the Human Development Report in July 2003 in the Foundation Cidade de Lisboa, where the Secretary of State of Foreign Affairs and Cooperation was present, along with the President of IPAD and the UNDP Representative in Zimbabwe (Dr Vítor Ângelo), amongst others.

“Junior Professional Officers” Programme

It was authorized the renewal, for 2003, of the contracts of the two Portuguese JPOs located in the UNDP offices in Angola and Mozambique and, consequently, the payment of the related expenditures, in the amount of \$249.260,13.

- **UNFPA**

IPAD committed in 2003 to pay \$15 thousand in a “complementary” contribution of SAF, in order to achieve a national contribution of \$40 thousand. To avoid fractioned contributions, it was suggested that, from 2004 onwards, the Portuguese contribution to UNFPA, of \$40 thousand, would be disbursed only by IPAD.

- **UNESCO**

In 2003 there was no reconstitution of the Trust Fund in UNESCO, although in the meeting of the Minister of Foreign Affairs and Cooperation with the General Director of UNESCO in April 2003, Portugal had announced the financing of the Portuguese Trust Fund in the sum of \$100 thousand for a project within the scope of “Education for All”. This has as its main goal to help the PALOP to delineate their National Plans of Education for All.

- **UNIDO**

Portugal retains a sum of \$1,240.294 in UNIDO, which is the result of the contributions made in the past and of an amount given by the Institute of Economic Cooperation, aiming at the opening of a Promotion Centre for Investment in Lisbon, that was never accomplished. Consequently, the interest rate added annually enabled to reach the amount mentioned above.

During 2003, UNIDO presented several proposals to use that fund, namely, the *Project to Reinforce Capacities in the Rehabilitation of Agro-food Industry in Angola*, the *Integrated Programme to support the Development of the Private Sector in Mozambique*, the *Integrated Programme to support the Development of the Entrepreneurial Sector in Cape Verde* and the *Programme of Technical Cooperation in East Timor*. However, the decision-making process relative to the application of the existing Portuguese resources in UNIDO was not concluded during 2003.

WORLD BANK

- ***Global Fund for HIV/AIDS***

In July 2003, the International Conference to Support the Global Fund for HIV/AIDS, Tuberculosis and Malaria was held in Paris, organised by France and the US. The Conference focused on a greater dissemination of the Global Fund, in order to attract new financial contributions from the public and private sector.

Following this Conference, Portugal announced for the first time that it would contribute to the Global Fund for AIDS – a letter was sent to the President of the Administration Council of the Fund, Mr Tommy Thompson, announcing a contribution of 1 M\$ to be paid in several instalments. The first was paid in December 2003 in the sum of \$400 thousand.

▪ ***Seminar on Low Income Countries Under Stress***

It was held in May 2003 in the Foundation Cidade de Lisboa, a seminar on “Low Income Countries Under Stress” – LICUS, organised by the Portuguese Institute of Development Assistance.

The introduction to the theme was given by Dr Sarah Cliffe, who is the current coordinator for the World Bank Programme for LICUS. She was responsible, until the summer 2002, for the World Bank representation in Dili and has been given a great dynamics to the Assistance Programme of the Bank in East Timor.

The goal of the seminar was the analysis of the challenges posed to everyone that deals with countries considered LICUS, bearing in mind the necessity to respond in accordance to the inherent conditions of each country.

We verified an active participation of different entities involved in development cooperation at a national level.

▪ ***Seminar “World Bank Sessions”***

The World Bank organised a Seminar entitled “Sessions with the World Bank” – 14th-15th October 2003 – in collaboration with the Ministry of Finances and the IPAD.

The first day was especially dedicated to the presentation of the World Development Report 2004”, an important document of policy framework, which mainly includes the best practices and the implementation failures of activities related to development, suggesting the path to achieve the Millennium Development Goals.

The second day was an informative session, which essentially focused on the important role that Civil Society has been acquired in the context of international development cooperation programmes. Various NGOs, Portuguese Foundations and Universities participated.

Development Aid Committee (DAC) of OECD

DAC/OECD High Level Meeting

The DAC High Level Meeting took place in the 22nd and 23rd of April 2003, counting with the participation of Government Members of Member Countries, namely the representatives of development cooperation. The Portuguese delegation was headed by the Secretary of State for Cooperation.

The main issues discussed in the meeting were the following:

- ***Aid Effectiveness.*** There was an agreement concerning the need to significantly improve the official development aid effectiveness, envisaging that the necessary increase in ODA volume should be accompanied by mechanisms that ensure its good use and concrete results. It was also highlighted the importance of harmonisations of procedures among donors, in order to reduce transaction costs and enhance the international development aid procedures. Hence, it was

reiterated the need to deepen the Rome Conclusions, including the adoption of an Action Plan on this issue by all Member States.

- ***Economic Growth and Poverty Reduction.*** The idea underlining this discussion was that economic growth is a bottom line factor in poverty reduction and does not depend exclusively of ODA. Concretely, it was mentioned the important role of coherence between ODA and trade policy. Besides the initiatives aiming at reinforcing the private sector in developing countries it was referred as well, the need for “capacity building” in these countries, particularly in the areas of investment and trade, along with the financing and development of infrastructures crucial for their development, such as transports, energy, water and sanitation, for which the private sector of donors and beneficiaries can also be involved.

Senior Level Meeting

In DAC Senior Level Meeting – 10th and 11th December 2003 – IPAD was represented by a front official of the Head Council.

The relation between security and development was the most debated issue, both in the conceptual perspective and in terms of changes that should or should not be introduced in the ODA eligibility criteria, in order to include the donor expenses in the area of security/defence. The debate will continue in the High Level Meeting in 2004.

It was also approved, and sent to the OECD Council for consideration, the proposal that puts forward the creation of a peer evaluation mechanism between the OECD and NEPAD, which should start functioning in 2005.

Evaluation

IPAD participated in the meeting of the Network on Development Evaluation, the group that came to substitute the DAC Working Party on Aid and Evaluation, in which there was progress towards the establishment of a joint work programme for the following three years. Portugal is considering its financial participation in favour of activities to be carried out within this Working Programme.

Portugal maintained an active presence in the meeting “Group of the Heads of Evaluation Departments of the EU Countries”, which focused on the coordination of the various Evaluation Departments, and the articulation/monitoring of the activity of the Development Evaluation Department of EU.

The meeting also concentrated on the preparation for the enlargement countries’ integration in the Group’s work.

➤ **Community of Portuguese-Speaking Countries (CPLP)**

The Portuguese Institute for Development Assistance is the Portuguese focal point for cooperation and, consequently, participates in the meetings of CPLP Focal Points for Cooperation that take place twice a year.

In 2003, the cooperation was outlined by an important activity in the economic, social, cultural, judicial and technical-scientific areas, which included a whole range of possibilities in the framework of delineation, implementation and evaluation of projects within harmonised and integrated initiatives in a perspective of multilateralism and

complementarity. The following projects in which Portugal participated in 2003, exemplify such action:

Creation of an Excellency Centre in Entrepreneurial Development – aims at promoting programmes and actions in human resources training in CPLP countries in the area of enterprise management. Each Member State should make a contribution of about \$40 thousand per year. The agreement shall be signed in 2004.

Creation of an Excellency Centre in Public Administration – this centre is similar to the former but aims at training human resources in public administration in CPLP countries. Each Member State should make a contribution of about \$40 thousand per year. The agreement shall be signed in 2004.

Support to Guinea Bissau Reconstruction: two projects were approved (Training of New Regional Inspectors and Delegates of Labour and Public Administration and Support to *Bas-Fond* Rice Production) and a solo action for Guinea Bissau (Restructuring and Revitalizing of Bissau's Law Faculty), taking into account the difficult socio-economic context that this country is living. The Portuguese Focal Point assumed, at a bilateral level, the responsibility to pay for the transport of material related to that solo action of restructuring Bissau's Law Faculty, initiative included in the framework of the bilateral cooperation developed between the Law Faculty of Lisbon and the former.

Education Statistics: a meeting with INE⁴-Portugal took place in 2003 to re-launch the statistical cooperation in CPLP framework. A CD-ROM is being prepared about this.

Technical Cooperation in Telecommunications: the project started and the I International Seminar on Telecommunications took place in Luanda in July 2002. By the end 2003, the II Seminar took place in Brazil.

Lusophone Studies in the National Library of Lisbon: a meeting between CPLP, the Luso-Brazilian Foundation and the National Library of Lisbon took place and resulted in the signature of a regulation concerning scholarships. The period for candidature was open and by the time the VII Meeting of CPLP Focal Points (July 2003) took place, there were 4 candidats – 2 from Mozambique and 2 from Guinea Bissau – waiting for the candidatures of other Member States.

Project HIV/AIDS: in June 2003, the CPLP presented this project for funding to the Global Fund of United Nations. However, it did not obtain the necessary approval. The justification is the fact that the Global Fund stopped accepting programmes designed by groups of countries, as it is very difficult to control those programmes.

In the framework of CPLP economic and entrepreneurial cooperation, it is important the confirmation as a priority of the luso-brazilian entrepreneurial dimension. The II Entrepreneurial Forum of CPLP (June 2003) and the creation of an Entrepreneurial Council are considered essential steps for the progress of that dimension, in which the Portuguese interest is clear through ELO.

⁴ INE - National Institute of Statistics

➤ **Iber-American Summit**

Under Bolivian Presidency and focusing on the theme social inclusion, in 2003 there were three meetings of the Heads of Iber-American Cooperation in preparation of the Iber-American Summit of Heads of State and Government, which included the participation of IPAD, as the entity responsible for cooperation.

Important to stress that the Portuguese 2003 contribution for SECIB, in the sum of \$32.011,455 (1,4%) was already paid.

Portugal is the fifth country in terms of financial contributions to SECIB (1º - Spain; 2º - Brazil; 3º - Mexico, 4º - Argentina). Spain finances about 80% of SECIB budget, and the remaining 20% are financed by the other member states. We also highlight in 2003, the discussion around the Report of the Brazil former President, Fernando Henriques Cardoso, about the “Future of Iber-American Cooperation”, which summarizes the history, mechanisms and work of the Summits.

➤ **Others**

TICAD

The third session of the International Conference for African Development was in Sep/Oct 2003 in Japan. Portugal was represented by the former Secretary of State for Foreign Affairs and Development, Dr. Lourenço dos Santos.

One of the main messages that this session of TICAD emphasized was the fact that NEPAD was now the new challenge of African continent, through which it should continue its efforts in order to obtain its own development.

Among the documents of this meeting we highlight the following:

- *Stories of Projects Successes and Models*, for which all the participants in TICAD made a contribution, including African countries and donors. Portugal also presented its contribution, constituted by a set of papers containing information about its cooperation with African countries.

MICRO-CREDIT

Like in the previous years, the Form of the Institutional Action Plan 2003 was sent to the Secretariat of the Microcredit Summit, in which IPAD pointed out the amounts related to activities regarding microcredit development programmes in developing partner countries.

IIDEA – International Institute for Democracy and Electoral Assistance

In 2003, IPAD paid its contribution in debt related to its part in SPM 2001 and 2002, as well as the total of its 2003 contribution, in the amount of \$150.000.

It was also problematized the possibility of Portugal leaving this Agreement, due to its weak enrolment with IIDEA, and to the likelihood of seeing the financial contribution of Member States increased; moreover, there is the need to rationalize and concentrate Portuguese contributions to international organisations considered as priority.

7. Technical Cooperation

The Portuguese cooperation action uses several instruments, depending on which its better suited for the nature of each project or objective. We highlight the technical, civil and military assistance, within the framework of each Indicative Programme, given to portuguese-speaking countries that live in more difficult situations in terms of their administrative organisation, both through civil servants and young staff, such as teachers. Moreover, we draw attention to the reform of the policy concerning scholarships and internships, within the larger reform of Portuguese Cooperation reform of programming mechanisms, especially because it is traditionally a strong element in terms of visibility and impact in the partner countries.

➤ **Scholarships**

The IPAD focused on the scholarships policy introducing some convenient changes, namely directing them towards an attribution which concurs with the areas considered as essential for the accomplishment of the targets in terms of sustainable development, delineated by the respective countries. It took always into account the local training already in place, which is, in most of the cases, heretofore supported by Portuguese Cooperation.

Thus, and because the previous rules were not adjusted to the present situation, which were outlined in 1995, IPAD worked towards the reform of that regulation. It was not able to conclude the process, though, due to the situation of East Timor case, unabling the uniformity of Portuguese Cooperation scholarships policy.

In the academic year 2003/2004, IPAD privileged the attribution of scholarships for PhDs, Masters and post-graduates. Furthermore, and taking into account the needs identified by the partner countries, Portugal continued to attribute scholarships of professional training, of various lengths.

At the same time, the programme of internal scholarships was reinforced, which aims at promoting the training of students in their country of origin, targeting those students of remote areas and without the financial resources, but with the intellectual capacities, avoiding their displacement and giving them the possibility of pursuing further studies. This programme, previously implemented in Cape Verde, Guinea Bissau, Mozambique and Sao Tome and Principe, was enlarged in 2003 to Angola and East Timor.

TABLE 12

SCHOLARSHIPS DISTRIBUTION - 2003

Country	Secondary	“Licenciatura”	Master	PhD	Total
Angola	-	18	3	1	22
Cape Verde	-	20	10	1	31
Guinea-Bissau	-	9	6	2	17
Mozambique	-	17	5	1	23
S. T. Principe	-	8	2	1	11
Total	-	72	26	6	104

Besides the scholarships attributed to PEOB students - under specific legislation - other scholarships were attributed to students of other countries due to political reasons. The academic programme and respective scholarship, by extension and analogy, were regulated by the DC of 18th May.

We had in this situation, in the beginning of the academic year 2003/2004, 11 Palestinian students (medicine *licenciatura*), 5 from Equatorial Guinea (waiting to be accepted in the University) and 1 from Benin (Master student).

Within the framework of the Programme of Scholarships for Professional Training, the demand/attribution of this scholarships have been decreasing, as the element of professional training as been more and more included in structured and structuring projects. In 2003 there were subsidied 73 months of training beneficiating 16 trainees.

The areas where these scholarships have been used are, essentially, the sectors of health (internships for doctors), training in LNEC (bilatreal Protocols between each of PALOP's laboratories and LNEC) and training in INE (statistics, also within the framework of bilateral protocols between counterparts).

We highlight the training in the Higher Institute of Police, in which 16 scouts from the PALOP attended during the academic year 2003/04. IPAD co-funds this training giving to each trainee a complementary subsidy (the training costs are under MAI responsibility, as its training in boarding regime), for 2003 the amount established was €40.000.

Concerning this issue, we can also include the scholarships of training in the technical-military area. This corresponds to necessities negotiated bilaterally between the Defense of Portugal and its counterparts in the 5 PALOP, for which it was decided to allocate an annual budget. In 2003, the financial contribution was €624.000.

In what concerns training in the area of diplomacy, in 2003 it was restarted a training with some tradition in our cooperation – training in the diplomatic-consular area. The initiative had, however, different features from previous programmes as the results did not correspond to the expectations.

Therefore, in 2003, the programme was only for diplomatic staff and it took the shape of an intensive course on the theme “Modern Diplomacy”. It included 16 diplomats of 6 portuguese-speaking countries – 4 from Angola, 4 from Mozambique, and 2 from Cape Verde, S. Tome and Principe, Guinea Bissau and East Timor, respectively.

The course lasted for one month and was fully funded by IPAD – trips, accommodation and food, pocket money, manuals, teachers, etc – in the sum of €66.360.

Moreover, the Institute coordinated/managed the scholarships offered by Luxembourg to S. Tome and Principe (Tripartite Agreement), by the EU for training in statistics – project COMSTAT, and by the EC to Angola in the Fishing sector (based on documents from 1993 and that were reevaluated in December).

➤ **Cooperants**

In 2003, the IPAD, aiming at reorienting the policy of contracts of cooperation agents, systemized the information in order to define a framework that would allow outlining the appropriate methodology.

IPAD continued, though, under the law in application, to ensure the selection and contract of cooperation agents. The greater number of agents went for the Education sector, for which, in collaboration with the Ministry of Education, several teachers were selected and contracted for the following projects:

- Cape Verde : In order to respond to the lack of cape-verdean teachers at this level of education, the support was initiated in the academic year of 1999/2000 –

in the academic year of 2003/2004, 85 teachers were lecturing in the various islands.

- Guinea Bissau: The support to this country was initiated in the academic year of 2000/01 and included the contract of 11 teachers of Portuguese language.
- S. Tome and Principe: In the particular case of this country, the element of teachers' training, for the academic year of 2003/2004, involved the contract of 12 teachers.

In the framework of the project "Reintroduction of Portuguese Language in East Timor", the contract of 117 teachers was ensured, to lecture in that country.

Furthermore, 13 teachers were allocated to Dili's Portuguese School and 3 others to the Great Seminar Inter-Dioceses of S.Pedro and S.Paulo, and the process of attribution of Special Licenses to University teachers was pursued, within the project CRUP/Foundation of Portuguese Universities.

As the individual contracts of cooperation agents linked to the Portuguese public administration is still in place, there are, under the law DL 363/85 of 10th September, 10 agents working in PALOP in the sectors of Education and Health.

Besides the cooperation agents under Portuguese Cooperation, there are other experts that, without any costs for us, have also the statute of cooperation agent and sometimes are called to work under Portuguese Cooperation in mixed or private companies within the framework of Bilateral Cooperation Agreements. In 2003, 2 experts were working in Guinea Bissau and 6 in Mozambique.

In 2003, there were followed some technical assistance situations under other judicial frameworks. Thus, we continued to give technical support to East Timor public administration, namely in the sector of Education, Internal Administration, Tourism, Labour and Solidarity and Finances.

8. Humanitarian Aid and Civil Society

➤ **Humanitarian Aid**

One of the main trends of the last years in terms of cooperation, is the increasing pressure of humanitarian emergency demands, as a response to the succeeding crisis that have shaken the international system, not only in Africa but also in other continents.

It is necessary an extra effort of coordination in the multilateral plan, given the increasingly demanding interventions, namely with institutions such as the EU and the United Nations and, in the national plan, among the public departments called to intervene and NGOs more specialized in this type of action.

In 2003, IPAD's budget for humanitarian aid amounted to €2.300.000.

There were carried out two interventions in Angola, in the sum of €301.167, in order to continue the support to the reinforcement of the peace process. It was also subsidized the transport of convoys of the Foundation *Pro Dignitate* in the amount of €9.833.

Concerning the military conflict in Iraq, it was disbursed the sum of €500.000 to support the victims of the conflict and for the reconstruction of the country, through the support of the following Portuguese NGOs projects present there: AMI – International

Medical Assistance and MDM – World Doctors, and the contribution to the United Nations Agencies, WFP and UNICEF, along with IRCC.

In response to the great earthquake in Algeria, IPAD gave medical support offering to the authorities of that country, medicines and medical material, in the sum of €15.000.

In Guinea Bissau, there was a humanitarian emergency aid mission that consisted in the supply of priority goods, by plane, in the amount of €33.607,60.

In order to assist the victims of the earthquake in Iran, IPAD sent basic needs goods (medicines and blankets), amounting to €45.196,80.

There were also funded, within the humanitarian aid framework, 3 projects of the NGOD AMI, in Timor, Guinea Bissau and Angola, in the sum of €296.292.

As it is considered necessary to delineate a plan for humanitarian emergency aid, which can define the competencies of each State institution in this matter, seeking to enhance aid coordination and its effectiveness in the field, IPAD participated in 2003, in the draft of a Plan for Humanitarian Assistance to be implemented by Portugal in response to the international and bilateral appeals.

In what concerns the Portuguese representation in European bodies, IPAD ensured that all the issues related to Humanitarian Aid were followed, namely the Humanitarian Aid of ECHO, in order to define the priorities of EU humanitarian intervention.

➤ **Non-Governmental Organisations**

The NGOs are increasingly turning into an essential partner for development, what is reflected in the raise of the number of supported projects.

The dynamism and growing participation of these organisations, is reflected in the number of projects submitted (111), in 2003, in a total amount that exceeded the 77% allocated in IPAD's budget to support NGOD.

Thus, in 2003, the budget was enlarged in about 60%, which involved the funding of 43 projects, presented by 22 NGOD, in the sum of 2.793 M€

As a result of the experience acquired in the process of appreciation of projects and according to the documents formalized, the current rules need minor adjustments. Hence, contacts were made with the NGOD Platform, in order to define a working framework that will enable its reform.

Moreover, other entities were funded, besides NGOD, which are considered priorities for the objectives of Portuguese Cooperation. Therefore, it was initiated the preparation of a new definition of the framework concerning the budget and the eligibility.

On the other hand, the monitoring of projects in the field constituted a fundamental element not only to know the reality in which they are developed, but also to enhance the objectivity in its analysis, enabling at the same time, the verification of its implementation. Subsequently, there was initiated the draft of a plan to monitor the projects in implementation phase.

In what respects Education for Development, IPAD integrated the group GENE - *Education Network Europe*, promoted by the Centre North-South of the Council of Europe. It participated in the Conference *Learning for a Global Society*, organised in a partnership with the *Development Education Association*. Within this area, it was given

support to the realization of the *Summer School* promoted by the Portuguese NGOD Platform, which took place in Peniche and had the participation of IPAD.

The contact with the Portuguese NGOD Platform was maintained, with the framework of the existing Protocol, which has been very important for the delineation of measures to be adopted aiming at improving the performance of civil society, such as: Statute of Cooperation Agent, Law of NGOD Registration, Statute of Patron, Rules for Emergency Projects, Adaptation of the Rules for Development Projects, and Projects of Education for Development.

Concerning Portuguese representation in European institutions, IPAD ensured that the issues related to civil society were followed:

- Co-funding of NGOD, aiming at defending the concerns and needs of Portuguese NGOD, in order to enable not only their access to European funds but also to reinforce its links with other European institutions involved with this sector.

➤ **Business Cooperation and Partnerships**

When it comes to supporting economic activities, generally speaking ICP continues to focus on market development actions and programmes. It does so by providing direct support for private initiatives and for economic agents from the public sector, inter alia, by setting up institutional support actions aimed at the creation of environments that are suited to the promotion of investment and to the development of partnerships, especially with Portugal's private sector.

Thus, the objectives that underline the cooperation in the area of trade, emphasize the reinforcement of human and institutional capacities in developing countries, and the maintenance of the geographical equilibrium, taking into account the priority given to small and medium enterprises, particularly in African countries and low income economies, in order to enable those countries to build the necessary institutions and to qualify the human resources.

The needs in terms of technical assistance related to Doha Development Agenda, demand that the various international organisations, particularly those that work in this area, such as the WTO, WB, IMF, OECD and UN and its specialized agencies, along with the regional and bilateral groups of donors, pursue their actions in close collaboration and in a complementary way.

The initiatives to be carried out, in general terms, should include training on trade policies and their fundamental elements, the multilateral trade system, the rules of international trade, WTO functioning, the effectiveness of techniques of negotiation, assistance in the implementation of commitments made in the multilateral trade system and the appropriate use of the Mechanisms to Resolve Conflicts of the WTO.

In more specific matters, and following the 4th Ministerial Conference of the WTO, we consider necessary to enhance the reinforcement of targeted technical support in the new themes of international trade (Trade and Investment, Competition, Transparency of Public Markets and Trade Facilitation), or in areas such as Trade and Environment.

The cooperation initiatives take place within the strategy defined by the World Conference of WTO. These initiatives are directed to institutional capacity building, technical and human, in the counterparts of ODA recipient countries, particularly the LDC, PALOP and East Timor.

More recently, we have focused on the new themes of international trade, and proposed to support the recipient countries in the current negotiations with WTO, in order to integrate the multilateral framework in the various areas.

The cooperation activity is based on the annual plans delineated and negotiated with the partner entities, and respond to very concrete and predetermined objectives, which guarantee part of its effectiveness and which are developed in two main fronts: training and technical assistance.

Recently, within the framework of the cooperation with East Timor, there were developed activities to define the sector development strategies, including tourism, energy, geology and mining, in order to stimulate the investment and the cooperation in terms of enterprises. It was also given technical support to East Timor authorities, through a study aiming at integrating the country in the economic international context.

Furthermore, we draw attention to the projects and reports on activities carried out by donor countries in this area, which can be accessed in the joint Data Base of DAC/OECD and WTO, entitled “Doha Development Agenda Database” - www.tcbdb.wto.org. Portugal participates since the beginning in this joint project, giving information for this Database.

In 2003, Portuguese Foreign Direct Investment in developing countries was mainly allocated to the African continent. Nigeria was the prime recipient country of PFDI, €1.022.687. In what concerns PALOP, the interest of Portuguese business people remained the same, especially in Angola (42 M€) and Mozambique (29 M€).

TABLE 13

PORTUGUESE PRIVATE DIRECT INVESTMENT IN PALOP 2003

	Thousand €
Angola	41.653
Cape Verde	10.104
Mozambique	29.381
S. Tome and Principe	1.861
TOTAL	82,999

When granting support, IPAD complies with the general priorities that the Portuguese government established for countries that receive aid and their governments. Its intervention is two-folded: “Incentives to Investment” and “Decrease in interest rates”.

TABLE 14 – INCENTIVES AND INTEREST RATES SUBSIDIES - 2003

Incentives and Interest Rates Subsidies	211.172,85
Incentives	88.805,63
Incentives Angola	34.017,55
- Viability Project agro/cattle breeding in Caquengue	20.012,57
- Professional Training for workers in Fazenda Chivemba	14.004,98
Incentives Mozambique	21.914,06
- Study of agro-food sector in Mozambique	21.914,06
Incentives Other Countries	32.874,02
- Hidroelectric Central of El Borj. (MOROCCO)	32.874,02
Interest Rates Subsidies	122.367,22
Interest Rates Subsidies Cape Verde	69.028,52
- Recovering/Reshaping the Hotel Praia Mar in Santiago Island	69.028,52
Interest Rates Subsidies Mozambique	29.147,46
- Equipment for industry of plastic material - packages	29.147,46
Interest Rates Subsidies Other Countries	24.191,24
- Company of import/distrib of food in Brazil	24.191,24

➤ **Public Opinion Awareness and Information**

Recognising the increasing importance and need of having easy access to information, more and more updated and transparent, on the activities carried out by Portuguese Cooperation, IPAD made, within the framework of reinforcing Portuguese Cooperation visibility, an effort to produce and maintain a more active, modern and user-friendly website, which shows in a clear and effective way its reality. Its constant update, including all the relevant issues for Cooperation and a more modern design, was pursued throughout 2003.

The site was online by the end of the summer 2003 and, since then, is functioning with the technical and creative support of the Informatics Centre and under the general and content coordination of the Communication and Image Department, which is responsible for the selection and adaptation of the texts and/or information given by other departments. It was also created a team of focal points, appointed by each department of IPAD, to work as intermediates in what concerns questions related to its maintenance and update.

Furthermore, we highlight the work of the Centre of Documentation and Information of IPAD, which promotes the dissemination of material and information related to ODA through the acquisition, analysis and dissemination of information concerning the cooperation, namely, journals, monographs and legislation. It is a centre opened to the public and gives access to important papers for the study of Portuguese Cooperation.

It has also given support to the acquisition of bibliographic funds for centres and libraries in PALOP and East Timor, and collaborates with Portuguese Books' Fairs.



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This dissemination, internally and externally, includes the distribution of IPAD publications – Journal of IPAD; PICs – amongst others, which are considered interesting. This distribution involves the Embassies, Consulates, Permanent Missions, Ministry of Foreign Affairs, Camões Institute and its Cultural Centres, NGOs, etc.

CDI is promoted through Informative Leaflets, distributed in Libraries, Universities, Documentation Centres, etc. It also organises sessions on Portuguese Cooperation, and it was responsible for an exhibition of photography in Tokyo about cooperation projects, during the TICAD III, October 2003.

Moreover, it has coordinated the support to editions considered relevant for Portuguese Cooperation or for the common history with the PEOP. Finally, CDI conceived and prepared the presentation of a Portuguese Cooperation Gateway.

9. Aid Efficiency, Effectiveness and Results

➤ Aid Coordination

Portugal's development cooperation policy is set in an international context, in which increasing care is being put on the path to ensure an effective coordination, both global and sector, between the various bilateral and multilateral interventions, and an increasing accountability of the developing countries, makes it necessary to ensure a greater collaboration between the bilateral and the multilateral cooperation, in order to enable a better integration of the projects in the global strategies, increasing the complementarities of the interventions and, consequently, their effectiveness.

An effort towards this has been carried out by IPAD central services, though it is recognised the need to pursue it also in the field, through continuous monitoring of cooperation projects and programmes, as well as participating in the global or sector coordination of different donors, improving its effectiveness.

At the national level, through regular contacts and a policy of dialogue, awareness of the various participants in cooperation has been pursued concerning the advantages of coordination among all the sectors.

Taking into consideration that the commitment made by Portugal to increase its financial contribution to ODA in order to achieve the 0,33% of GNI in 2006, would imply a particularly heavy financial effort for the Portuguese Government, demanding the use of programming and resource management efficient mechanisms of the cooperation policy of the State Budget, IPAD, according with its mandate, exercised its function of Coordinator of the Budget Programme for Foreign Portuguese Cooperation (P5), which was an important step in the creation of a capable instrument to respond efficiently not only to the necessary financial effort but also to a tight control (by the Foreign Affairs Ministry) of its execution, avoiding the possibility of funds deviation to other ends.

The programme is built based on the initiative of each public entity to introduce there its cooperation projects and actions, therefore, its effectiveness in reinforcing Development Cooperation depends heavily on IPAD's capacity to articulate with all the national partners the action guidelines, the priorities and the interventions needed and to perform its role as coordinator of Portuguese Cooperation.

In this context and for this end, it was recognised the key role of the Inter-ministerial Commission for Cooperation (CIC), as a forum for articulation and reaffirmation of FAM/IPAD coordination. Three meetings of this Commission were held during this year. The first, in January, had as its goal the presentation of the new structure of Portuguese Cooperation, which resulted from the merge between ICP and APAD and consequently the creation of IPAD. The other two meetings focused on the discussion and appreciation of the PICs for Angola, East Timor and Mozambique.

Concerning the permanent update of information about the countries or geographical area of concentration, it was made an effort in all IPAD's departments to maintain the Coordinator of each geographical area informed about the recipient countries, especially in what respects the political, economic and social situation, sending all this type of information to the Data Base, in order to enable the access by everyone in the Institution, and eventually from outside.

It is important to mention the Coordination Meeting with the local heads of the Cooperation Departments of Portuguese Embassies in the Portuguese Speaking Countries (PEOP), organised by IPAD, in Lisbon, in September. It was a great opportunity to share information, suggestions and answers, towards a better articulation, information circulation and efficiency in projects and actions monitoring and an enhanced visibility of Portuguese Cooperation.

➤ **Policy Coherence**

The introduction of measures designed to make donor-country policies addressed to developing countries more coherent is becoming more and more necessary.

At the bilateral level, we are seeking to enhance coherence through the coordination mechanisms that fall under the authority of IPAD and the CIC (Inter-ministerial Commission for Cooperation), as well as through IPAD's participation, as special guest, in CIAC (Inter-ministerial Commission for EU Affairs) and in regular co-ordination meetings in the Ministry of Foreign Affairs.

However, the objective of attaining greater coherence between the other policies that affect the developing countries and development cooperation policy is extremely difficult to put into practice. This is because, inasmuch as development policy naturally does not possess a hierarchical status that would enable it to dominate other policies – either domestically or at Community level – and given that the various different policies have contradictory objectives for which it is necessary to find compromise solutions, the result does not always favour the developing countries. The role of those who are responsible for cooperation (both internally and in the Community) has been to try to make the people who are in charge of other policy sectors aware of the effects that their policies have on developing countries.

➤ **Aid Untying**

Portugal's Official Development Assistance is above all comprised of debt relief and technical cooperation actions, so to date, aid related to the financing of projects and programmes has only involved a relatively small number of actions and a limited amount of funds.

Tied aid has essentially entailed the financing of small projects and support for programmes to import consumer goods or equipment. In 2003 commitments to new tied-aid financing only amounted to 0.7 M\$. Decisions concerning which actions are funded through this type of aid are taken on a case-by-case basis in the light of each project's characteristics and the comparative advantages enjoyed by Portuguese suppliers.

In the near future we expect to see the use of forms of support that admit the concession of tied aid to larger projects, subject to the OECD rules that govern this type of financing (Helsinki Discipline). In an initial phase the main beneficiaries of this kind of aid are likely to be the North African countries.

In order to ensure competition in terms of quality and price of the items and services that are to be supplied under tied and partially untied aid agreements, the award of the contracts in question is normally preceded by consultation with more than one supplier (depending on the specific nature of the project and the amount involved).

When it comes to untied aid, an international binding process normally precedes contract awards, whenever the sums involved justify one.

➤ **Harmonization**

Portugal has been attentive, within DAC, to issues related to Harmonization of procedures in order to reduce the transaction costs and make ODA disbursement more flexible, having participated during 2002 in the *Task Force on Donor Practices*, which produced the document *Harmonising Donor Practices for Effective Aid Delivery – Good Practice Papers: a DAC Reference Document*, presented in the High Level Forum in February 2003.

As a result of this Forum, in which Portugal participated, it was incorporated in that Document the Rome Declaration on Harmonization, where all the participants, including Portugal, made the commitment to disseminate and implement the Good Practices. Portugal, in its statement, reinforced its participation in the joint efforts towards harmonization, and its commitment to implement the processes of harmonization of procedures and policy coordination, in accordance with the Good Practices. In this context, despite the complexity of this work and the scarcity of resources, Portugal pursued the efforts in this area.

Therefore, in 2003, Portugal accompanied the works of the *Task Team on Harmonisation and Alignment of Donor Practices* of the new Working Group on Aid Effectiveness and Donor Practices. It was of great importance the sharing of information as it enabled the elaboration of common strategies based on the experiences of DAC's members.

An Internal Action Plan was defined aiming at discussing and disseminating the Good Practices adopted by the DAC, and ultimately, in order to enable the elaboration of a National Action Plan on Harmonization. In the scope of this work, in 2003, the Rome Declaration was translated to Portuguese and a document was prepared, which summarises the six Good Practices Papers.

➤ **Evaluation**

Evaluation is a key element of Official Development Aid. Not only is an essential instrument of learning and data collection for future programming of interventions, but also it permits to show, by sectors or countries, the results and impact of aid. This, when made public, can increase transparency concerning public funds application, knowledge and experience and awareness of aid possibilities and limitations as an instrument for development and economic and social change.

In 2003, it was carried out the Evaluation of the Cooperation Portugal – Cape Verde relative to Superior Education. A final workshop between all stakeholders involved in the evaluation was held to discuss its preliminary results. The product of this workshop was later incorporated in the final evaluation report.

The IPAD promoted the dissemination of the report and of its conclusions and recommendations, not only internally, with the stakeholders, but also in the state departments more involved in the issues that were evaluated.

The report, its conclusions and the summary of the evaluation are in IPAD's website – both in Portuguese and in English – also with the same purpose.

Finally, it was also initiated in 2003 the evaluation of the Collaboration Protocol with ISCTE. The Terms of Reference are being discussed between the two institutions and in the first semester of 2004 it is expected to start.