

COOPERAÇÃO
PORTUGUÊSA

IPAD Instituto Português
de Apoio ao Desenvolvimento

**PORTUGUESE COOPERATION
MEMORANDUM
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I. Introduction

The last quarter of the 20th century demonstrated once and for all that there was no inevitable link between progress and happiness. Nowadays, the fact that the two are not linked is becoming ever clearer, as we witness worsening environmental problems, pandemics such as AIDS, and the increase in extreme poverty that afflicts so many countries, especially in Africa. Progress has certainly brought benefits, but at a very high price.

One result of this is an increase in economic and social disparities between developed and developing countries, in today's interdependent world. This widening gap makes it imperative for developed countries to help reduce poverty and improve well-being in developing countries.

Development cooperation has become a cornerstone of the fight to attenuate inequalities between countries and societies, and to prevent the serious conflicts that can arise as a result. The Millennium Declaration is one of the main beacons highlighting development cooperation's growing importance as mechanism within the context of international relations, inasmuch as it mirrors a more careful and across-the-board approach to complex world affairs.

Portugal has committed itself to this struggle by signing up for international undertakings such as the Millennium Goals and the harmonization and alignment of policies, practices and procedures to enhance aid effectiveness. The purpose of this memorandum is to review Portugal's main cooperation activities in 2005, in order to assess its contribution towards a new global partnership for development.

II. General Strategic Framework and Political Guidelines

Domestically, the strategic framework surrounding Portuguese cooperation policy in 2005 was based on the guidelines set forth both in the Programme of Portugal's 15th Constitutional Government, and the Portuguese Development Support Institute (IPAD)'s Plan of Activities for 2005.

As regards the strategic axes set out under the Programme of the 15th Constitutional Government, the Ministry of Foreign Affairs prioritized the strengthening of privileged relations with Portuguese-speaking countries and consolidating Portugal's presence in international organizations. As the body which coordinates Portuguese cooperation, IPAD was responsible for implementing those foreign policy guidelines as they relate to development cooperation, and it set out the following strategic goals for 2005:

1. Commitment to satisfying international undertakings made under the Millennium Declaration, in particular the fight against poverty and the EU member-states' commitment to increase ODA effort to 0,33% of GNI by 2006.
2. Increasing the effectiveness of Portuguese development aid in Portuguese-speaking countries;
3. Stimulating economic growth in Portuguese-speaking countries, by strengthening private initiative;
4. Boosting cooperation in the CPLP^{b)};
5. Strengthening Portugal's presence in international organizations with respect to ODA ^{c)};

^{a)} GNI – gross national income

^{b)} CPLP – Community of Portuguese-Speaking Countries

^{c)} ODA – Official Development Assistance

In December 2005, Portugal's Council of Ministers passed Resolution no. 196/2005, entitled *A Strategic Vision for Portuguese Cooperation*. This sets out the guidelines for Portuguese cooperation over the next few years. Its main aim is to “make cooperation policy more strategically coherent and disciplined, provide more effective political controls, provide more rational organization and establish a suitable financing system¹⁾”, so as to enable Portugal to face the major global challenges arising in development cooperation and the fight to reduce poverty.

Amongst the most important aspects of this strategy are the main guiding principles for aid instruments and modalities, for defining and concentrating on the sectoral and geographical priorities of aid, for coordinating policy, practices and procedures, and for multilateral cooperation.

¹ In Council of Ministers' Resolution no. 196/2005, *Introduction*.

Within an international strategic setting, Portuguese cooperation sought to satisfy the aims set out by the main international fora involved in coordinating development cooperation policies and strategies held in 2004, which discussed such subjects as:

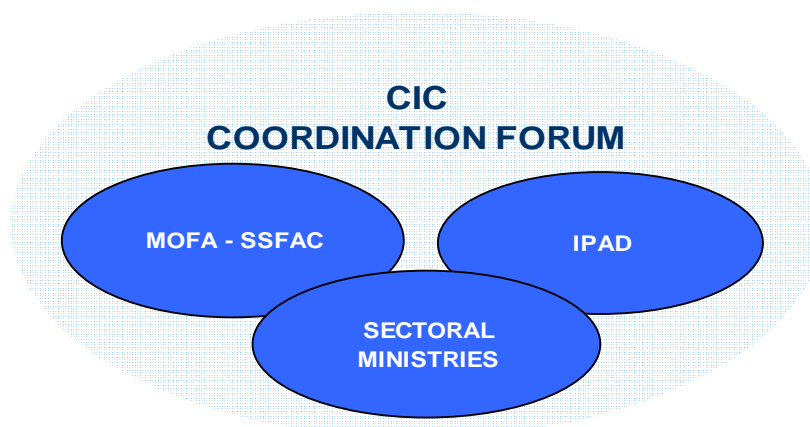
1. Millennium Development Goals (MDGs);
2. Coordination of policies, harmonization of procedures and alignment;
3. European Union-Africa dialogue;
4. Support for NEPAD;
5. European work in the field of development policy

At the same time, it tried to keep abreast of the changes arising from international fora in 2005 that dealt with the same matters, in particular:

1. The UN High-Level Meeting on the MDGs;
2. The 2nd High-Level Forum on Aid Effectiveness;
3. The European Union's strategy for Africa;
4. The European Consensus on Development.

III. Organization, Structure and Management of the Portuguese Cooperation System

Portuguese development cooperation has a decentralized structure, run by different central-government bodies (sectoral ministries, public institutions, etc.), local government (municipalities, municipal associations, and others), and civil society, such as development NGOs.



Via the Secretary of State for Foreign Affairs and Cooperation (SENEC), the Ministry of Foreign Affairs (MNE) is responsible for setting out policies and guidelines for Portuguese cooperation.

IPAD is the central body for Portuguese cooperation. Its mission is to implement, supervise, run and coordinate policies by the relevant ministries, and to centralize information on cooperation activities. IPAD is also responsible for drawing up Indicative Cooperation Programmes (PICs), Annual Cooperation Programmes (PACs), and the Cooperation Budget Programme (PO05).

The Inter-Ministerial Cooperation Committee (CIC) is a sector-cooperation forum and an instrument for coordinating development cooperation matters amongst the various government departments. It helps with the planning, monitoring and implementation of development aid plans and projects. The CIC holds meetings of its permanent secretariat², the sectoral ministries usually being represented by their international relations departments. Those departments are responsible for disseminating the strategic guidelines governing cooperation policy, and for coordinating that policy with the work of their own ministries.

IPAD set out the following main strategic aims for 2005:

1. Meeting international commitments made under the Millennium Declaration, in particular the fight against poverty as a basic guide for providing Official Development Aid, and increasing the funding of that aid to 0.33% of GNI by 2006;
2. Optimizing resources and introducing mechanisms to increase the levels of execution of cooperation programmes and projects, priority going to the planning of projects for Portuguese-speaking countries, focusing on four main axes: education, health, vocational training, and institutional capacity building;
3. Halting the dispersal of resources in the form of small scattered actions with little impact and a low profile, favouring instead the concentration, improved rationality, efficiency and effectiveness of aid;
4. Maximizing the advantages of an integrated programme, via the Cooperation Budget Programme (PO05);
5. Improving the coordination of the cooperation policy, using the CIC for raising the awareness of the need of increasing the execution levels of the programmes, among the sectoral structures;
6. Encouraging the greater involvement of NGOs and other bodies from civil society in development programmes, as agents of cooperation;
7. Improving the inclusion of Portuguese cooperation in the wider international development aid system, and strengthening its activities within the Commonwealth of Portuguese-Speaking Countries.

Portugal signs three-yearly (PIC) and annual (PAC) cooperation programmes with the governments of partner countries. They set out cooperation activities, i.e. which projects are to be staged, budget planning, and the role of such actions in development aid and cooperation policy. In 2005, PACs for 2006 were prepared for Angola, Mozambique, São Tomé, Cape Verde, Guinea-

² The permanent secretariat comprises representatives of the sectoral ministries and is chaired by the IPAD chairperson.

Bissau and East Timor. The 2006 PAC for Mozambique was signed in 2005. At the same time, the 2005-2007 PICs for Cape Verde, Guinea-Bissau and São Tomé entered into force.

As a planning tool, the Cooperation Budget Programme (PO05) can play a fundamental role in Portuguese cooperation, and in its long-term effectiveness. Up to now it has not been possible to provide it with that dimension, and as such the ability to forecast aid levels is still limited. However, currently the PO05 does enable us to identify funding specifically budgeted by implementing bodies for cooperation activities. The advantage works two ways, inasmuch as it also benefits partner countries, who are given earlier information on Portugal's financial contribution thanks to more predictable budget planning.

The PO05 has three main operational axes, to which the overall programme budget is allocated: Measure 1 – Development Cooperation³; Measure 2 – Specialized Scientific Cooperation; and Measure 3 – Specialized Military Cooperation⁴.

The PO05 was implemented experimentally in 2004, but in 2005 a number of goals were set out, aimed at strengthening ties with those involved in the programme⁵, making processes more flexible, improving coordination of the programme, and centralizing and disseminating information on the programme. As a result of the improved flow of information and articulation between the various stakeholder in the programme, the bodies involved in implementation increasing their funding in 2005. All of this enabled IPAD to coordinate the whole process more effectively. It was able to collect, process and disseminate information more effectively and deepen and widen its ability to issue technical reports, and this led to more efficient implementation of the programme overall. In 2005, the funding made available by the implementing bodies was increased⁶ and the implementation rate improved (Graphs 1 and 2).

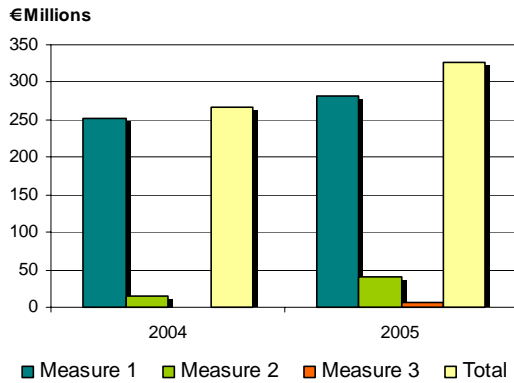
³ Only projects included within Measure 1 are deemed to be Official Development Assistance.

⁴ Measure 3 – Specialized Military Cooperation was only established in 2005.

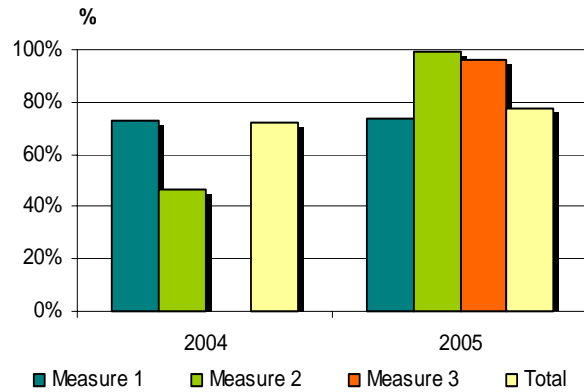
⁵ IPAD, Directorate-General of Budget (DGO), Department of Forecasting and Planning (DPP) and implementing bodies – sectoral ministries.

⁶ The increase in funding is linked to the introduction of Measure 3 – Specialized Military Cooperation, and wider dissemination of the programme amongst implementing bodies, which in turn brought more bodies into the PO05 fold.

Graph 1. Funding provided for each PO05 measure (2004-2005)



Graph 2. PO05 implementation rate (2004-2005)



Source: IPAD

The Cooperation Database is another planning mechanism. It is a fundamental tool for centralizing, coordinating and managing official information on cooperation activities. 2005 saw the launch of statistical processing and notification of data on Portugal's Official aid to developing and transitional countries in 2004, under the international rules of the OECD's Development Assistance Committee (DAC-OECD). The final data were published on IPAD's website.

By making the database more functional, in 2005 we were able to simplify the processing of information, the content of data made available, and access to that data. At the same time, this change helped to improve the quality of information, analysis and planning.

IV. Portuguese Official Development Assistance (ODA)

1. Principles

a) Harmonization and Alignment

With aid effectiveness as one of its central concerns in the field of cooperation, in February 2005 Portugal released its Plan of Action for Harmonization and Alignment. The plan was structured in line with the three levels set out in the DAC-OECD Good Practices document: between donor and partner; between donating agencies; and within the donor system. The plan was disseminated among the various stakeholder involved in Portuguese cooperation. It was translated into English and sent to DAC-OECD, and published on the IPAD website in Portuguese and English, in the Harmonization and Alignment section.

Portugal was also represented at the 2nd High-Level Forum for Aid Effectiveness (Paris, 28 February to 2 March 2005). This resulted in “partnership undertakings” between donors and partners that were embodied in the Paris Declaration. IPAD circulated the Paris Declaration by e-mail among the main stakeholder in Portuguese cooperation. The IPAD website had a Portuguese version of the 12 indicators. In addition, a news item about the forum was prepared for a Cooperation Charter, published in the *Jornal de Notícias* newspaper. The declaration will be available in Portuguese in 2006.

In the European Union context, Portugal has participated in its various international fora and in the resulting commitments. As an EU Member State, following on from the Barcelona commitments Portugal approved the new commitments of May 2005. The country was also involved in drawing up the Package on Aid Effectiveness, comprising three communications on the funding of development and aid effectiveness. In a similar connection, it was involved in other strategic documents such as the European Consensus on Development, and the EU Strategy for Africa: Towards a Strategic Partnership.

The DAC-OECD also approved a pilot exercise⁷ in fragile states⁸. Portugal has a particular interest in this, given that some of its main partners fall into that category. Thus, Portugal put itself forward as a “facilitator” for Guinea-Bissau.

⁷ The aim is to identify “principles” with other donors working in the field - bearing in mind the partner’s specific circumstances - that have to be given priority in order to generate the best results from aid granted to such countries.

⁸ Fragile states are deemed to be those affected by violent conflicts and/or governance shortcomings, with poor capacity to develop and implement policies to help the neediest sections of the population.

As a further part of the efforts to coordinate and harmonize policies, the EU developed a pilot initiative in Mozambique: the Database Information System (DBIS). This is an essential coordination and harmonization exercise, as it generates a better understanding of the work of donors in the field. However, it also enables alignment with the Mozambican authorities, because it was created to provide for the specific needs of the Ministry of Planning and Development (MPD)'s Department of International Cooperation (DCI) and the National Budget and Planning Department (NDPO) in Maputo. Once again, Portugal was involved in the exercise.

b) Policy Coordination and Coherence

In order to better combine its policies, harmonize and rationalize its procedures and make its work more complementary and effective, in line with the commitments it made at the Monterrey Conference, Portugal participated in various international working groups and fora in 2005.

Domestically, Portugal took steps to improve coordination between the various stakeholder in Portuguese cooperation, so as to eliminate any shortcomings in the internal coherence of its development policies.

From the second half of 2005, the CIC received a boost as a major forum for inter-ministerial cooperation and information exchange, and in 2006 it will meet on a monthly basis. The meetings discuss sectoral matters, but also matters affecting all aspects of development cooperation, so as to improve the internal coordination and complementary nature of policies and practices.

Another essential instrument for centralizing, coordinating and managing official information on cooperation provided by Portugal's central and local government, especially Official Development Assistance, is the Portuguese cooperation database referred to in the previous chapter.

c) Untying Aid

Portugal accepts the recommendation of the Development Aid Committee (DAC) to untie aid for the Least Developed Countries (LDCs) as a significant step in bilateral donors' efforts to improve aid effectiveness. In December 2005, at the DAC's Senior Level Meeting, Portugal joined the recent consensus on exceeding the recommendation's limits. Overall, Portugal believes that donor countries should concentrate on implementing the current recommendation, and should monitor and assess the positive impact that it has had on aid effectiveness.

In 2005, the percentage of Portuguese aid that was untied represented 61% of its gross Official Development Assistance, which demonstrates an effort to follow the DAC recommendations (Table

1). As regards tied aid, this mainly went to fund small projects selected on a case-by-case basis according to their specific nature.

Table 1. Tying Status of Bilateral Portuguese ODA in 2005 (€ Million)*

Gross ODA	Grants	%	Loans	%	TOTAL	%
a) Untied	46	81	0	0	46	61
b) Partially Untied	0	0	11	58	11	14
c) Tied	11	19	8	42	19	25
TOTAL	57	100	19	100	76	100

* Excludes technical cooperation and administrative costs.

a) Untied - when the aid results directly in the acquisition/importing of goods and services, a call for tenders is launched, open to all OECD countries and all countries benefiting from the aid.

b) Partially untied - when the aid directly results in the acquisition/importing of goods and services, a call for tenders is launched, open to the donor and for all countries benefiting from the aid.

c) Tied - when the aid results directly in the acquisition/importing of goods and services, a call for tenders is launched, open only to the donor, or the donor and specific beneficiary countries.

Source: IPAD

d) Assessment

One of the central questions in the international donor community is the effectiveness of ODA, as gauged using the key elements set out under the Monterrey Consensus⁹. In this connection, the role of assessment is to reveal the output and outcome of development cooperation efforts, so that results can be maximized via the management of resources. From the domestic viewpoint, there is also a need to make Portuguese cooperation credible, effective and transparent, not only for taxpayers, but especially for Portugal's partner countries, particularly Portuguese-speaking African countries and East Timor.

Assessment is a relatively recent feature of Portuguese cooperation. As such, we need to create a culture and language of assessment that transform it into a routine task. This is the only way in which we can truly incorporate lessons and recommendations into future aid programmes. IPAD's document entitled *Estratégia da Avaliação e Plano de Avaliação a Médio Prazo* [Medium-Term

⁹ At the 2002 Monterrey Conference, the following key elements were set out:

- Results: especially poverty reduction, and more broadly, achievement of the MDGs;
- Global partnership: submission of joint accounts by development partners;
- Appropriation: policies and programmes defined at national level using participatory processes, good governance and effective institutions;
- Aid efficiency: reform of aid practices, new mechanisms and approaches to development;
- Better performance management, based on improved measurement of performance, supervision and assessment;
- Coordination of policies and harmonization of procedures.

Assessment Plan and Assessment Strategy] was approved¹⁰ in early 2005, as a way of modernizing and enhancing assessment.

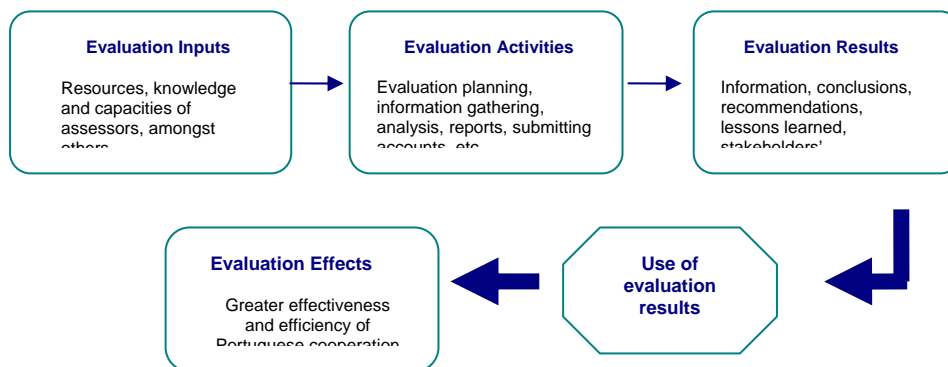
The document states that:

The aims of IPAD's evaluation strategy should be rooted in its ultimate aim of improving the effectiveness of aid by means of an independent and excellent assessment. Those aims would include placing evaluation on a higher plane, increasing the relevance of evaluation, creating an evaluation culture, strengthening assessment capacity and investing in knowledge and partnership;

The organizational model for assessing Portuguese cooperation should take account of its specific nature, and should be coordinated with the strategic options of cooperation, i.e. the philosophy behind the PICs and PACs;

Evaluations should be diversified still further (to cover ever more policies, sectors, programmes, countries and across-the-board fields). This would provide a better understanding of the real situation and provide lessons for increasing the effectiveness of Portuguese cooperation. Consequently, evaluation would have to be strengthened, and its results would have to be applied (see graph below).

Assessment Logic¹¹



Source: IPAD

¹⁰ As the central body for coordinating Portuguese cooperation policy, IPAD – specifically its Assessment Division – is responsible for “...assessing the implementation of public development aid programmes, plans and projects by sector or country, in line with their objects, either directly or via external assessment”. Dispatch no. 22 251/2004, Artº 2º I), 30 October, Official Gazette series II.

¹¹ In *Estratégia da Avaliação da Cooperação Portuguesa e Programa de Acção a Médio Prazo*, IPAD, 2005.

Table 2. Summary of assessments conducted in 2005

Portuguese Cooperation Evaluations	Current Situation
Evaluation of the Quebo Market Gardening Experimental Centre in Guinea-Bissau.	Completed. Results have been disseminated.
Evaluation of IPAD's grants policy.	Underway. The fieldwork phase has been completed. This evaluation has not been completed as planned, owing to problems linked to the availability and collection of data in the first two phases of the work - in the office and in the field.
Internal effectiveness of cooperation.	The terms of reference for discussion with IPAD's board of management have been drawn up.
Statistical cooperation.	The terms of reference for discussion with the players involved have been drawn up.
Joint Evaluations	Current Situation
Global Budget Support (DAC) and 3 Cs - Coherence, Coordination and Complementarity (EU).	Monitoring of the work is currently ongoing.
CAD examination of Belgian cooperation.	Involvement as examiner, which included analysis of documents and visits to the Democratic Republic of Congo, Morocco, Brussels and Paris.

Source: IPAD

The assessments carried out during this period highlighted a weakness shared with other agencies, which is the difficulty in finding experienced consultants with the legal capacity to conduct assessments. Although the assessment of public policies is an area in which there is considerable ability and experience, in the specific field of assessing development cooperation, such ability and experience are scarce, partly owing to the lack of specific training in this field.

As for involvement in international meetings and other activities, we participated in meetings of assessment units (DAC assessment network and EU assessment heads) and in preparing DAC's examination of Portuguese cooperation. This involved the dispatch of documents and organizing the examiners' visit to East Timor and Lisbon. We also drew up a new chapter on self-assessment in the Assessment Guide and completed an Internal Procedures Manual for external assessments.

2. Modalities and Instruments

In 2005, most of Portugal's bilateral ODA was in the form of technical cooperation, investment projects, programme aid and emergency aid. (Table 3).

Table 3. Main Modalities of Portuguese Bilateral Aid (2005)

Main Aid Modalities	Technical Cooperation	%	Investment Projects	%	PROGRAMME AID			%	Other	%	TOTAL
					Sectoral and product aid	%	Budget support				
TOTAL	92.113	52	29.327	17	10.501	6	1.352	1	42.351	24	175.644
110 - EDUCATION	43.324		6.044		1.455				713		51.536
120 - HEALTH	1.757		31		38				6.187		8.013
130 - POPULATION POLICIES	87										87
140 - WATER AND BASIC SANITATION	1.106		837						58		2.001
150 - GOVERNMENT AND CIVIL SOCIETY	18.020				443				1.483		19.946
160 - OTHER INFRASTRUCTURE AND SOC. SERVICES	16.829		742						1.598		19.169
210 - TRANSPORT AND STORAGE	361		19.463						587		20.411
220 - COMMUNICATIONS	983		116								1.099
230 - ENERGY	732		194								926
240 - BANKS AND FINANCIAL SERVICES	523										523
250 - BUSINESS AND OTHER SERVICES			169						75		244
311 - AGRICULTURE	2.167										2.167
312 - FORESTRY	113										113
313 - FISHERIES	9										9
321 - INDUSTRY	36								125		161
322 - MINERAL RESOURCES AND EXTRACT. INDUSTRIES	804										804
323 - CONSTRUCTION	396		1.033								1.429
331 - TRADE POLICY AND REGULATIONS	70				2				90		162
332 - TOURISM	50										50
400 - MULTISECTORAL/TRANSVERSAL	4.746		698		8.064				1.574		15.082
500 - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE					499		1.352				1.851
600 - DEBT-RELATED ACTIONS									781		781
700 - EMERGENCY AND RECONSTRUCTION AID									10.249		10.249
910 - ADMINISTRATIVE COSTS OF DONORS									12.721		12.721
920 - SUPPORT TO NGOS									4.947		4.947
998 - UNSPECIFIED									1.163		1.163

Source: IPAD

a) Technical Cooperation

In 2005, technical cooperation (TC) continued to be the most significant modality of aid used by Portugal (92 M€), although its relative weight fell compared to other forms (52%). Of the various sectors in which TC projects were run, the most important were education, government and civil society, and other infrastructure and social services. The importance of TC to these sectors is due to Portuguese cooperation's strong focus on education, vocational training and institutional capacity building as priority elements of its guiding policy. These areas are seen as the key to sustainable development and the consolidation of democracy, if effectively taken on board by the partner country.

b) Debt Reorganization and Debt Forgiveness

Portugal's general policy towards debt issues has been to restructure it within the Paris Club framework or bilaterally, the conditions being dictated by the income and debt levels of debtor countries.

For Heavily Indebted Poor Countries (HIPC), in addition to rescheduling debts under very favourable conditions Portugal has considered additional debt-reduction support, such as schemes for converting debt into investment, while safeguarding the monetary and budget implications for debtor countries. Portugal has also been considering whether to cancel debt beyond the minimum standards set forth at the Paris Club, and whether it should grant support to pay off the multilateral debt.

c) Budget Support

Portugal has been implementing budget support steps for receiving countries, which normally result from commitments made at donor meetings and are aimed at countries with good levels of governance. In 2005, the final 3 MUSD tranche of a total 9 MUSD direct budget support commitment was disbursed to East Timor.

Just as important is the *Credit Facility Programme* established under the Foreign-Exchange Cooperation Agreement between Portugal and Cape Verde, to strengthen the latter's foreign exchange reserves and sustain the Cape Verde currency's parity with the euro as a way of achieving monetary and exchange-rate stability.

Portugal also provides budget support to Mozambique, as part of the commitment which it made in the Agreement for Portugal's Adherence to the Joint Macro-Finance Donors Programme. This resulted in a contribution of approximately 1 M€ in 2005.

d) Emergency and Reconstruction Aid

In overall terms, Portugal is firmly committed to the *Principles and Good Practice of Humanitarian Donorship* approved in Stockholm in 2003, and developed at the 2004 Ottawa meeting and the 2005 London meeting. To that end, steps have been taken at EU level to reaffirm human rights principles, namely those of humanity, impartiality, neutrality and non-discrimination.

Domestically, IPAD¹², together with other public bodies such as the National Emergency and Civil Protection Service (SNBPC), the Ministry of Internal Administration, the National Medical Emergency Institute (INEM), the Ministry of Health and the National Civil Emergency Planning

¹² Under Portuguese law, IPAD is responsible for planning and implementing humanitarian aid in coordination with domestic and international bodies according to the area of activity.

Board (CNPCE), answerable directly to the prime minister, has been preparing a plan to deal with humanitarian crises, in line with the principles and good practices of humanitarian aid.

Where there is no specific strategic document covering humanitarian efforts, the granting of humanitarian aid is, in general, based on diagnoses carried out by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), other UN agencies and departments working in the field, the International Red Cross Federation, Portuguese NGOs, or Portuguese diplomatic missions in the countries affected by humanitarian crises. Often, it is also provided via contributions to United Nations Inter-Agency Consolidated Appeals.

Aid is channelled through international organizations and the governments of beneficiary countries, which boosts their ability to operate in the field. NGOs are essential partners.

Portugal's humanitarian aid policy seeks to create a continuum between emergency aid, reconstruction and rehabilitation, and development aid. In the annual agreements signed with countries with which Portugal has a special relationship, account is taken of the humanitarian crisis affecting the country and the humanitarian aid provided by Portugal and the international community.

For countries with which Portugal has no specific partnership agreements, it seeks to ensure a continuum between humanitarian aid and development, and to ensure that they complement one another, by contributing to the development programmes of international organizations or beneficiary countries' governments by means of memoranda of understanding. One example is Portugal's aid to Afghanistan, provided via the World Bank. Another is its aid to the Indian Ocean countries affected by the tsunami of 26 December 2004.

Humanitarian catastrophes are by nature unpredictable, and in essence the response to them depends on political decisions. In 2005, aid was given to various countries in line with Portugal's priorities and in response to international appeals, more specifically those of the United Nations (Table 4).

Table 4. Geographical Distribution of Emergency and Reconstruction Aid in 2005 (€)

Emergency and Reconstruction Aid 2005		
Emergency Food Aid 1.060.341	Angola	100.000
	Mozambique	300.000
	Countries affected by the Tsunami	400.000
	Guinea-Bissau	260.341
Emergency Aid 4.938.373	East Timor	14.489
	Guinea-Bissau	144.000
	Angola	355.267
	Countries affected by the Tsunami	4.197.156
	Cape Verde	64.279
	Countries hit by Hurricane Stan (Guatemala and El Salvador)	120.000
	São Tomé and Príncipe	43.182
Aid to Refugees (in the donor country) 115.400	Support for asylum seekers	115.400
Aid to Refugees (in the beneficiary country) 550.000	Protocol between Portugal's Foreigners and Borders Dept. and International Organization for Migration (IOM) – Voluntary return pilot scheme	150.000
	Aid to countries affected by the Indian Ocean tsunami via the IOM	400.000
Reconstruction 3.584.412	Iraq	2.276.079
	Countries affected by the Tsunami (Sri-Lanka and Somália)	308.333
	Guinea-Bissau	1.000.000
Total		10.248.526

Source: IPAD

In addition to the emergency aid provided in 2004 to countries affected by the Indian Ocean tsunami, two aircraft carrying medical equipment and humanitarian items were sent to Indonesia and Sri Lanka. Bilateral contributions (rehabilitation and reconstruction) and contributions to international organizations were also made. Portugal's total emergency aid to countries hit by the tsunami was approximately 5 M€. Partly through this, emergency aid as a proportion of Portugal's overall bilateral ODA in 2005 rose considerably compared to the 2002-2004 averages (Table 5).

Table 5. Emergency Aid as a Proportion of Total Bilateral ODA 2002-2005

	€ Million			
	2002	2003	2004	2005
Emergency Aid	2	1	15	10
Total Bilateral ODA	197	161	702	176
Emergency Aid as a percentage of Total Bilateral ODA	1%	1%	2%	6%

Source: IPAD

Portugal was also involved in 10 formal meetings and both informal meetings of the ECHO Humanitarian Aid Committee, which sets forth the EU's humanitarian priorities.

3. Main Stakeholders

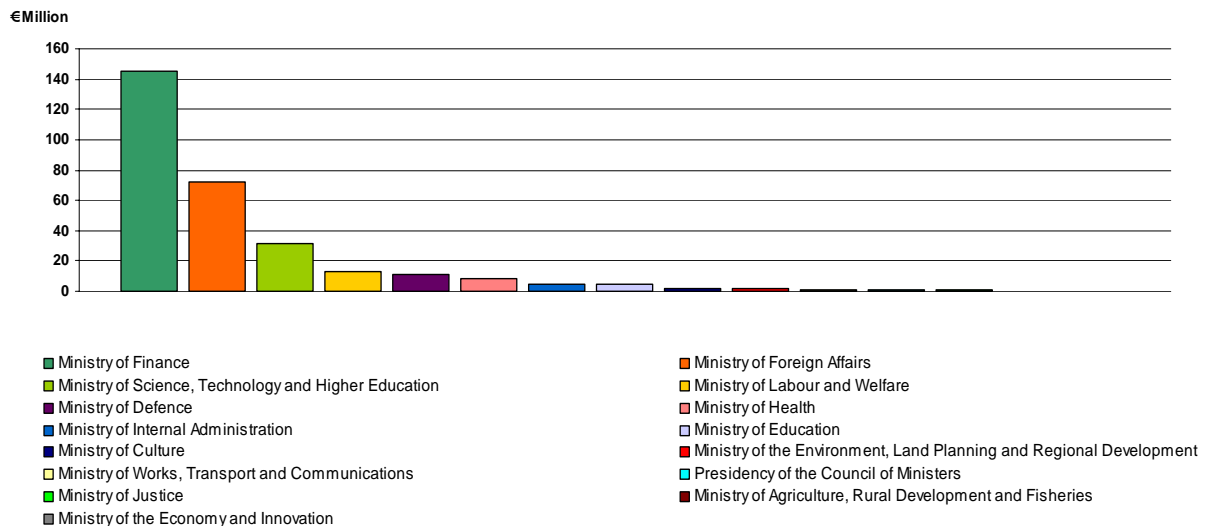
Being decentralized, Portuguese cooperation involves numerous stakeholders from central, regional and local government, universities, development NGOs and others. The activities below, carried out in 2005, provide a clearer picture of the role and importance of each one in Portuguese cooperation.

a) Central Government Bodies

Ministries are the main stakeholders in Portuguese cooperation. They provide most of ODA funding. Their activities include support programmes for strengthening institutions, which many of them run with their opposite numbers in partner countries, thus decisively helping the official entities and governments of partner countries to gain structural and instrumental control and improve their capacities.

Through its involvement in supporting budget stability, debt-related activities and multilateral contributions, traditionally the Ministry of Finance is a leading funder of Portuguese cooperation. In 2002, it provided 44% of all Portuguese ODA. In 2003 the percentage rose to 57%, and in 2004, thanks to the rescheduling of Angola's debt, it funded 80% of all ODA. In 2005, it funded approximately 50% of the total (Graph 3).

Graph 3. ODA Funding by Line Ministries in 2005



Source: IPAD

The Ministry of Foreign Affairs provided 24% of all ODA in 2005, making it the second most important funding body. IPAD provided 18%.

The Ministry of Science, Technology and Higher Education has been the third largest funder of Portuguese ODA since 2003. This is because the cost of training students from developing countries who attend higher education in Portugal under the Special Access Scheme is now accounted for as ODA¹³.

The Ministry of Labour and Welfare is also an important and stable contributor to Portuguese ODA. Most of its projects focus directly on reducing poverty and supporting the neediest sections of the population. In 2005 it was the fourth largest contributor, providing 4%. The same is true of the Ministry of Education, which after a sharp fall in 2003 and 2004 saw a significant rise in 2005.

The Ministry of the Environment, Land Planning and Regional Development is worth mentioning because its contributions have steadily increased since 2002. Given that environmental sustainability is a cornerstone of human development, this indicator represents a welcome step forward in Portugal's cooperation strategy.

b) Development NGOs

The Portuguese government's policy has been to work increasingly with development NGOs, in order to give greater coherence to development cooperation policy. This initiative, developed closely with the development NGO Platform¹⁴, has taken the form of regular meetings aimed at satisfying the undertakings made under the Millennium Declaration and at boosting the effectiveness and transparency of aid.

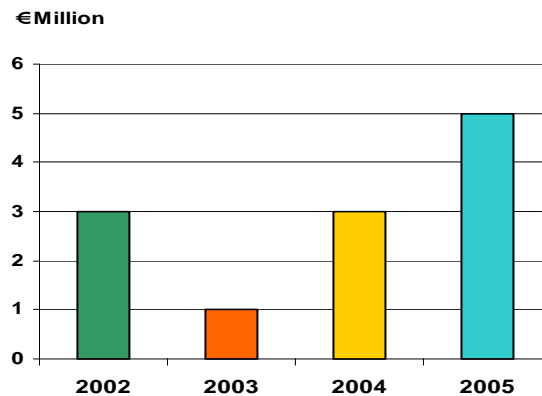
In 2005, steps were taken to encourage the ongoing exchange of information and points of view. To that end, joint working groups were set up to consider and prepare key documents on education for development, the funding of development cooperation projects, and humanitarian aid. Under the protocol signed by the Ministry of Foreign Affairs and this association, 39 000 euros were provided to strengthen its capacities as an institution. Thus, development NGOs have been playing an increasingly important role in implementing aid programmes.

In 2005, IPAD's support for development NGO projects under its Rules for Jointly Financing Development Cooperation Projects totalled €3 million, which was 70% of all Portuguese support for development NGOs over the course of the year. Overall, public funding for development NGOs is rising, and totalled €5 million in 2005 (Graph 4).

¹³ The Higher Education Special Access Scheme is aimed at helping students from developing countries to attend higher education in Portugal. It is the result of higher education cooperation agreements signed with beneficiary countries, covers 4 148 students and involves 26 M€.

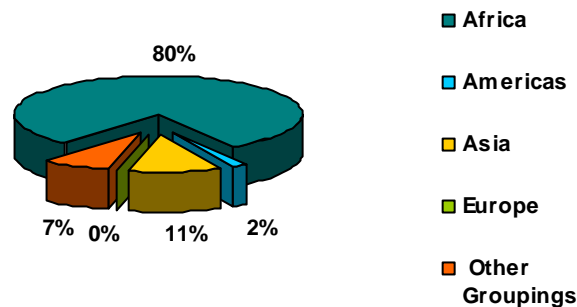
¹⁴ Plataforma Portuguesa das ONG – a private not-for-profit association bringing together the vast majority of Portuguese development NGOs registered with the Ministry of Foreign Affairs.

Graph 4. Public Funding of Development NGOs



Source: IPAD

Graph 5. Geographical Distribution of Public Funding of NGOs in 2005



Source: IPAD

c) Municipalities

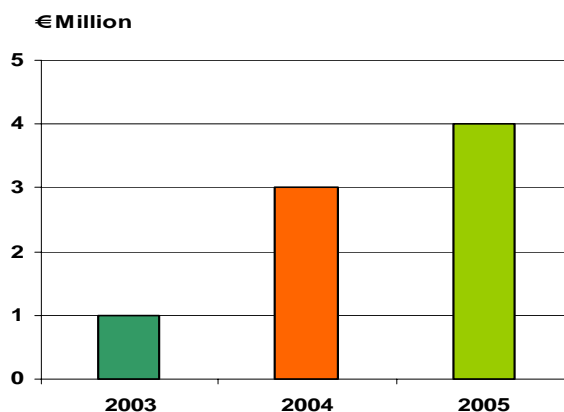
Municipal authorities also conduct development cooperation activities, especially via twinning agreements covering institutional capacity building and organizing local-authority structure, as well as for education, infrastructure and urban upgrading, help with basic sanitation, cultural exchanges and heritage restoration. Local authorities' contribution to ODA has been increasing (Graph 6).

In 2005, in order to set down the rules for jointly funding cooperation projects organized by local authorities and intended for similar structures in partner countries, especially Portuguese-speaking African countries, and with a view to replacing previous similar agreements, a partnership agreement was prepared between IPAD and the National Association of Portuguese Municipal Authorities. The agreement sets out the regulations for submitting applications, how to assess, approve and oversee them, and a template financing agreement.

Under the partnership agreement entered into by IPAD and the aforesaid association, a specific database has been established containing 77 projects submitted by Portuguese municipal

authorities. These have been sent to Portuguese embassies in beneficiary countries for their opinions. A process has also been launched to allocate funding for those projects. However, budget restrictions mean that this joint funding facility cannot be extended any further.

Graph 6. The Contribution of Portuguese Municipalities to ODA (2003-2005)



Source: IPAD

d) Universities and Scientific Institutions

Universities and scientific institutions cooperate in higher education and scientific research. To that end they enter into scientific and technical cooperation agreements or protocols with their opposite numbers in beneficiary countries.

In the field of university cooperation, projects fall into the PIC priority categories and often cover such areas as medicine, law, political and legal sciences, agronomy, natural resources and tourism. Such projects involve direct lecturing and field training of local teachers, the assessment and monitoring of students, the drawing up of manuals and programmes, and capacity building/institutional strengthening by developing the educational and management skills of beneficiary institutions. In 2005, the leading projects included university cooperation between Portugal's Higher Technical Institute and Agostinho Neto University's Faculty of Engineering (Angola), the Oporto Faculty of Medicine and the Agostinho Neto Faculty of Medicine (Angola), Lisbon University's Faculty of Law and the Bissau Faculty of Law (Guinea-Bissau), and Lisbon University's Faculty of Law and Eduardo Mondlane University's Faculty of Law (Mozambique).

Scientific research is governed by general agreements or institutional protocols based on the principles of autonomy, equality and mutual benefit. One of the leading players in 2005 was the Institute of Scientific and Tropical Research, which carried out 64 research projects. The sectors benefiting most are health, agriculture, forestry and the environment.

Such cooperation programmes between universities/scientific research centres and their opposite numbers in partner countries have proved to be fundamental, particularly in two areas:

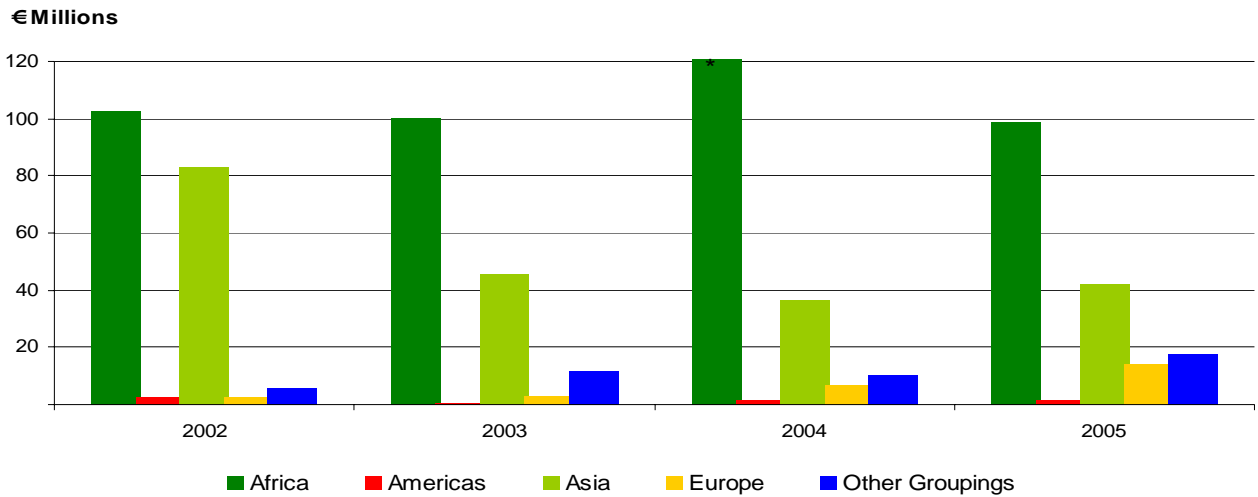
- ✓ health, given that the fight against poverty also involves substantially reducing the impact of major epidemics on the populations of the least advanced countries. To that end, these partnerships have helped in the setting up plans for preventing and controlling infectious and contagious illnesses. One example is the Project to Research and Control Endemic and Infectious/Contagious Illnesses in Angola. This is a partnership between the Ricardo Jorge Institute and Luanda Paediatric Hospital's Laboratory Unit; and
- ✓ institutional capacity building. Given the structural deficit and limited administrative capacity of partner countries, the essential focus has been on modernizing teaching institutions, the specialization and training of management staff within those administrative bodies, and conducting studies, particularly those linked to surveying and identifying partner countries' natural and geomorphological resources, which are important planning and investment tools (e.g. the production of geological maps of Mozambique, Angola and São Tomé and Príncipe).

4. Geographical Priorities

Geographically, Portugal focuses its ODA on Portuguese-speaking countries, especially the five Portuguese-speaking African countries (all sub-Saharan), plus East Timor. Together, these countries absorbed 97% of bilateral ODA in 2005. After Africa and Asia, Portugal concentrates its ODA on developing countries in Europe, especially Bosnia-Herzegovina via support for the rail sector, and Serbia and Montenegro through its involvement in UNMIK, the United Nations peacekeeping mission in Kosovo (Graphs 7 and 8).

Today, Portuguese-speaking African countries and East Timor are Portugal's priority, owing to our historical ties. In partner countries, historical and cultural links have given rise to an institutional and legal framework similar to that in Portugal, and this helps Portugal to capitalize on its advantages (language and history) compared to other donors. The advantages are not just geographical, but also sectoral.

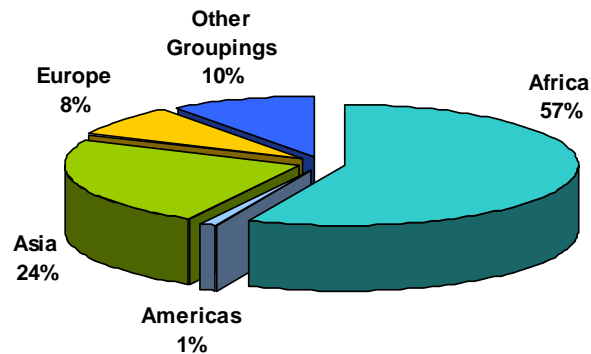
Graph 7. Geographical Distribution of Bilateral ODA 2002-2005



* In 2004, the figure for Africa was € 647 million, owing to the rescheduling of Angola's debt

Source: IPAD

Graph 8. Geographical Distribution of Portuguese Bilateral ODA in 2005



Source: IPAD

5. Sectoral Priorities

In recent years the sectoral priorities of Portuguese cooperation have been rationalized, based on two main criteria. The first is identification of the most pressing needs of partner countries, as set out in their national development-strategy documents. The second criterion has to do with the specific value added of Portuguese cooperation. The factors that give Portugal an edge are mainly the Portuguese language, Portugal's specific historical knowledge, plus its concentration on education and training, and institutional capacity building, ranging from building up the state's administrative capacity to promoting the conditions for good governance (Table 6 and Graph 9).

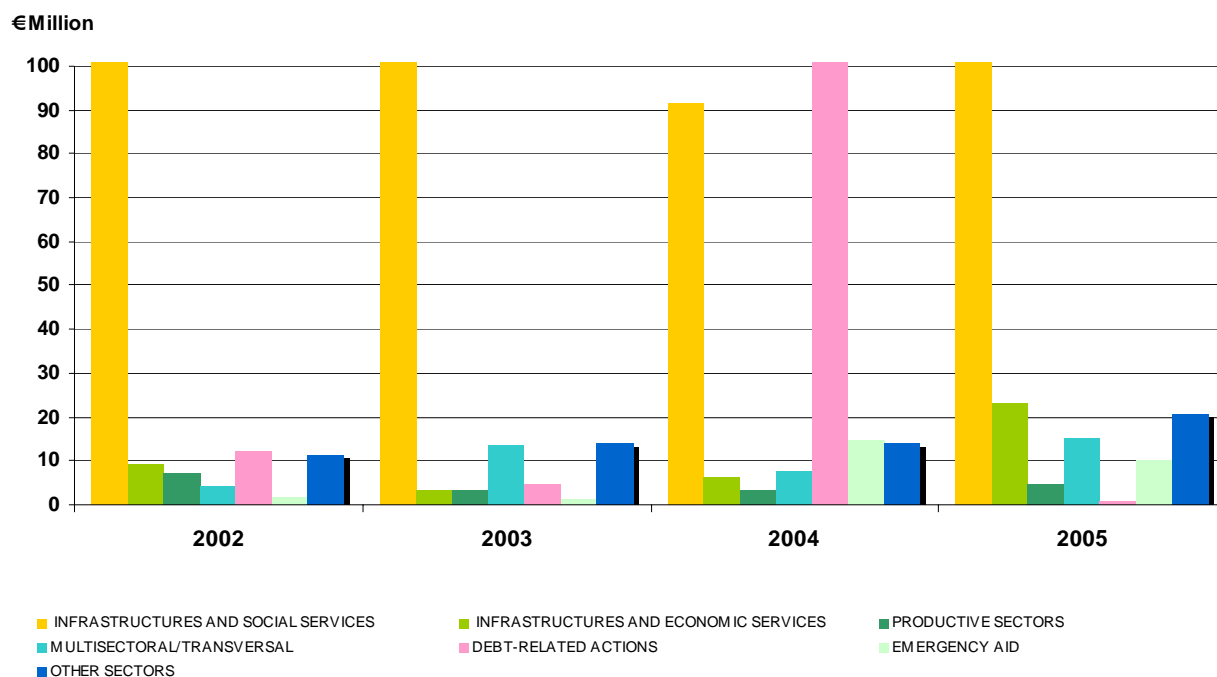
Table 6. Bilateral ODA by Sector of Destination 2002-2005

(€ Thousands)

SECTOR OF DESTINATION	2002	2003	2004	2005
I - SOCIAL INFRASTRUTURE AND SERVICES	151 477	121 099	91 415	100 752
EDUCATION	38 112	55 864	43 758	51 536
HEALTH	8 437	7 120	7 716	8 013
POPULATION AND REPRODUCTIVE HEALTH			227	87
WATER SUPPLY AND SANITATION	334	126	1 743	2 001
GOVERNMENT AND CIVIL SOCIETY	80 351	41 778	20 963	19 946
OTHER SOCIAL SERVICES	24 242	16 210	17 009	19 169
II - ECONOMIC INFRASTRUTURE AND SERVICES	9 145	3 536	6 248	23 203
TRANSPORT AND STORAGE	4 360	1 255	1 150	20 411
COMMUNICATIONS	907	770	2 595	1 099
ENERGY	1 720	342	961	926
BANKING AND FINANCIAL SERVICES	886	653	454	523
BUSINESS AND OTHER SERVICES	1 273	515	1 088	244
III - PRODUCTION SECTORS	7 235	3 501	3 498	4 894
AGRICULTURE	4 759	2 452	1 969	2 167
FORESTRY	52	125	141	113
FISHING	3	15	8	9
INDUSTRY	142	32	188	161
MINING	329	350	181	804
CONSTRUCTION	1 146	314	787	1 429
TRADE	9	13	150	162
TOURISM	794	201	74	50
IV - MULTISECTOR / CROSS-CUTTING	4 171	13 758	7 741	15 083
TOTAL SECTOR ALLOCABLE	172 027	141 895	108 902	143 933
V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	46	2 655	2 539	1 851
VI - ACTION RELATING TO DEBT	12 341	4 672	564 536	781
VII - EMERGENCY ASSISTANCE	1 807	1 072	14 827	10 249
VIII - ADMINISTRATIVE COSTS OF DONORS	7 417	8 829	8 273	12 721
IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	2 930	1 358	3 082	4 947
X - UNALLOCATED / UNSPECIFIED	876	1 013	287	1 163
TOTAL BILATERAL:	197 443	161 494	702 446	175 644

Source: IPAD

Graph 9. Bilateral ODA by Sector of Destination 2002-2005



Source: IPAD

V. Total Resource Flows of Portuguese Cooperation

Of the four components of a donor country's resource flows for developing countries, ODA is the most concessional. Those components are:

Table 7. Breakdown of a Donor Country's Resource Flows

TOTAL RESOURCE FLOWS			
PUBLIC SECTOR		PRIVATE SECTOR	
ODA	OOF	PF	NGO
Official Development Assistance	Other Official Flows	Private Flows	Grants by Non-Governmental Organizations

Source: IPAD

Total flows are measured on the basis of financial flows (incoming and outflowing money). The distinction between the various components is linked, firstly, to the source of the resources: Public Sector – ODA and OOF, and Private Sector – PF and NGOs. Secondly, it concerns the aims and concessionality of aid: ODA (Objective: development, and concessionality of at least 25%); OOF (Objective: commercial ends, and concessionality of less than 25%); PF (Objective: commercial ends, and originating in the private sector) and NGOs (Objective: development, and originating in the private sector).

1. Portuguese Cooperation's Total Resource Flows – Amounts and Evolution

In 2005, Portuguese cooperation flows rose to 892 M€ compared to 544 M€ in 2004 (Table 8). The rise is attributable to an increase in Private Flows to 586 M€, thanks to a sharp rise in direct foreign investment and the increase in Other Official Flows, which were up from -557 M€ in 2004 to -2 M€ in 2005. NGOs doubled their contribution compared to 2004, to 5 M€. The rise in overall Private Flows and Other Official Flows made up for the fall in ODA compared to 2004, when the figures were exceptionally high owing to the sums targeted at restructuring Angola's debt (562 M€).

Table 8. Total Resource Flows - Portuguese Cooperation (2002-2005)

Year	ODA/GNI* %	ODA	Change %	Other Public-Sector Flows	Private Flows	NGO Grants	TOTAL	€Millions
								Change %
2001	0,25	299,75		-1,18	1.677,98	5,47	1.982,02	
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	1.013,24	457%
2004	0,63	829,89	193%	-557,39	269,47	2,16	544,13	-46%
2005	0,21	303,43	-63%	-2,20	586,00	5,22	892,45	64%

Source: IPAD

2. Portuguese Official Development Assistance – Amounts and Evolution

In 2005 Portuguese cooperation disbursed 303 M€ in ODA, which was a return to the averages for the previous five years, if one excludes 2004, when the restructuring of Angola's debt (562 M€) caused that year's ODA figures to rise exponentially.

Within that total, the ratio of ODA to GNI in 2005 was 0.21%. If it remains the same next year, Portugal will not satisfy its undertaking to achieve a ratio of 0.33% by 2006. The difficulty in meeting that commitment mainly stems from the government's current efforts to reign in the public deficit and consolidate the budget so as to fall into line with the EU's Growth and Stability Pact.

The concessionality of Portuguese ODA is close to 100%, with the exception of 2004 (Table 9).

Table 9. Concessionality of Portuguese ODA (2002-2005)

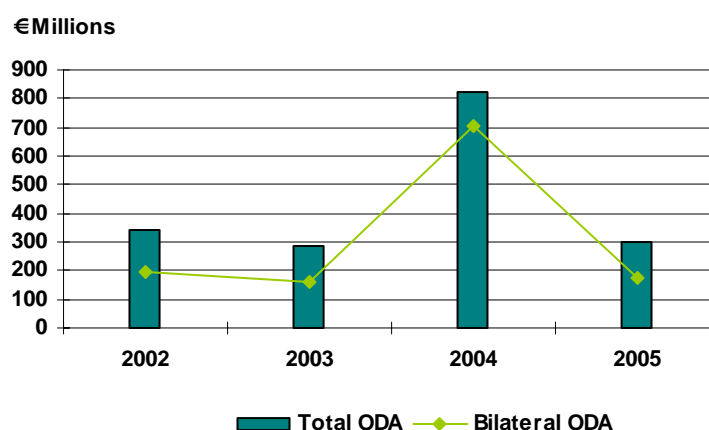
2002	2003	2004	2005
98%	99%	32%	95%

Source: IPAD

2.1. Bilateral Official Development Assistance

The relative weight of bilateral ODA compared to multilateral ODA has been falling since 2002, despite exceeding 50% of overall ODA (Graph 10). In 2005 it totalled 171 M€, or 58% of all ODA.

Graph 10. Weight of Portuguese Bilateral ODA Compared to Total ODA (2002-2005)



Source: IPAD

From a geographical viewpoint, most aid goes to Africa. Portuguese-speaking African countries absorbed 96% of all bilateral ODA for Africa, and since 2004 its weight as a proportion of bilateral ODA for Africa and compared to overall bilateral ODA has been increasing (Table 10).

Table 10. ODA for Portuguese-speaking African Countries (PALOP) – (2002-2005)

	2002	2003	2004	2005
Weight of PALOP in bilateral ODA for Africa	71%	87%	99%	96%
Weight of PALOP in overall bilateral ODA	37%	54%	91%	56%

Source: IPAD

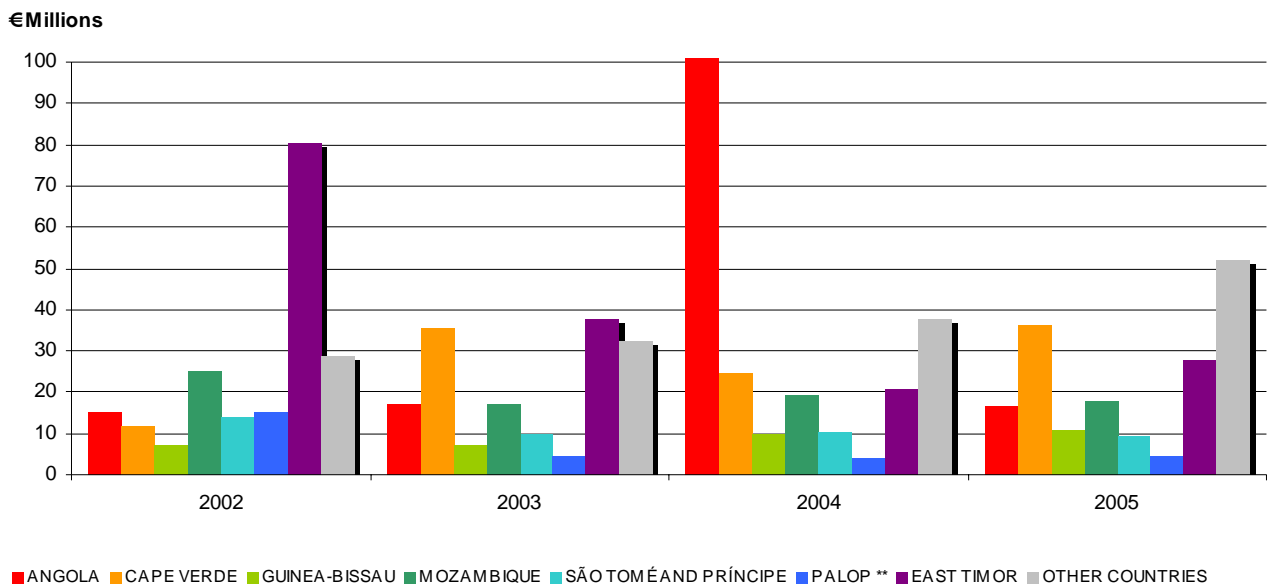
The relative weight of aid for East Timor has fluctuated considerably over the years, especially owing to changes in the aid granted to Portuguese-speaking African countries and other developing nations. For example, the 2004 figure is explained by the rescheduling of Angola's debt in proportion to total ODA (Table 11). The decline seen since 2002 is linked to the gradual reduction in United Nations peacekeeping missions, which are partly funded by Portugal.

Table 11. ODA for East Timor (2002-2005)

	2002	2003	2004	2005
Weight of East Timor in Bilateral ODA to Asia	97%	83%	57%	66%
Weight of East Timor in overall bilateral ODA	41%	23%	3%	16%

Source: IPAD

Graph 11. Portuguese Bilateral ODA (2002-2005)



** PALOPS: Joint projects or non-country-specific projects

Source: IPAD

Cape Verde was the main beneficiary of Portuguese ODA in 2005, taking 21% of bilateral aid. East Timor received 16%, Mozambique 10%, Angola 9.6%, Guinea-Bissau 6%, and São Tomé and Príncipe 5% (Table 12).

Table 12. Geographical Distribution of Portuguese Bilateral ODA (2002-2005)

BILATERAL ODA	€ Millions							
	2002	%	2003	%	2004	%	2005	%
ANGOLA	15.325	7,8	17.249	10,7	575.892	82,0	16.836	9,6
CAPE VERDE	11.554	5,9	35.611	22,1	24.772	3,5	36.499	20,8
GUINEA-BISSAU	7.051	3,6	7.304	4,5	9.767	1,4	10.874	6,2
MOZAMBIQUE	25.367	12,8	16.920	10,5	19.516	2,8	18.150	10,3
SAO TOME AND PRÍNCIPE	13.806	7,0	9.856	6,1	10.299	1,5	9.224	5,3
PALOP **	15.193	7,7	4.280	2,7	4.047	0,6	4.295	2,4
EAST TIMOR	80.485	40,8	37.781	23,4	20.568	2,9	27.907	15,9
OTHER COUNTRIES	28.662	14,5	32.492	20,1	37.585	5,4	51.859	29,5
TOTAL	197.443	100	161.494	100	702.446	100	175.644	100

**PALOPS: Joint projects or non-country-specific projects

Source: IPAD

2.2 Main Bilateral Partners

Portugal stepped up its efforts to negotiate and sign PICs and PACs in good time with its six main partner countries, and to improve the way implementation is overseen via regular stocktaking meetings with partner countries. This provides greater credibility for the agreements reached.

Angola

The 2004-2006 PIC signed with Angola involves a financial envelope of 42 M€, plus a 6 M€ provision for supplementary requirements. The priority areas identified are the social sphere (especially education and health), the strengthening of institutions, training and upgrading of human resources, social re-insertion and job creation.

In 2005, ODA to Angola totalled 16.8 M€, of which 50% was targeted at Education (Table 13). Other Social Services and Infrastructure accounted for 16% of ODA, covering such areas as job support, housing and cultural development. Overall, Social Services and Infrastructure absorbed about 80% of all ODA for Angola.

Table 13. Portuguese Bilateral ODA by Sector of Destination – Angola 2005

SECTOR OF DESTINATION	2004	%	2005	%
100 I - SOCIAL INFRASTRUCTURE AND SERVICES	9.815.913	1,7	13.113.122	77,9
110 EDUCATION	6.314.434	1,1	8.345.892	49,6
120 HEALTH	133.910	0,0	375.029	2,2
130 POPULATION AND REPRODUCTIVE HEALTH				
140 WATER SUPPLY AND SANITATION	178.479	0,0	929.863	5,5
150 GOVERNMENT AND CIVIL SOCIETY	655.288	0,1	703.915	4,2
160 OTHER SOCIAL SERVICES	2.533.802	0,4	2.758.423	16,4
200 II - ECONOMIC INFRASTRUCTURE AND SERVICES	1.323.523	0,2	826.908	4,9
210 TRANSPORT AND STORAGE	3.122	0,0	1.500	0,0
220 COMMUNICATIONS	318.685	0,1		
230 ENERGY	909.460	0,2	788.426	4,7
240 BANKING AND FINANCIAL SERVICES	30.569	0,0	36.982	0,2
250 BUSINESS AND OTHER SERVICES	61.687	0,0		
300 III - PRODUCTION SECTORS	325.702	0,1	631.094	3,7
310 AGRICULTURE, FORESTRY AND FISHING	97.633	0,0	227.664	1,4
311 AGRICULTURE	73.771	0,0	203.802	1,2
312 FORESTRY	23.862	0,0	23.862	0,1
313 FISHING				
320 INDUSTRY, MINING AND CONSTRUCTION	202.304	0,0	396.030	2,4
321 INDUSTRY	32.136	0,0	835	0,0
322 MINING			38.630	0,2
323 CONSTRUCTION	170.168	0,0	356.565	2,1
330 TRADE AND TOURISM	25.765	0,0	7.400	0,0
331 TRADE	25.765	0,0	7.400	0,0
332 TOURISM				
400 IV - MULTISECTOR / CROSS-CUTTING	882.186	0,2	575.957	3,4
500 V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE				
600 VI - ACTION RELATING TO DEBT	561.708.319	97,5		
700 VII - EMERGENCY ASSISTANCE	826.631	0,1	455.267	2,7
910 VIII - ADMINISTRATIVE COSTS OF DONORS	100.768	0,0	139.528	0,8
920 IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	908.889	0,2	1.094.387	6,5
998 X - UNALLOCATED / UNSPECIFIED				
TOTAL BILATERAL	575.891.931	100,0	16.836.263	100,0

Source: IPAD

Cape Verde

The 2005-2007 PIC allocates 55 M€ for these three years. The priorities were deemed to be upgrading human resources and building up their technical capacities; helping to establish basic infrastructure; land planning; heritage restoration; and helping to create macroeconomic stability.

In 2005, Portuguese ODA for Cape Verde totalled 36.5 M€, making it the leading beneficiary (Table 14). Over half of that sum went to Education (55%), and almost all of the aid (72%) focused on sectors under the Social Services and Infrastructure heading.

In 2005, transport absorbed a large proportion of ODA flows to Cape Verde, receiving 12 M€ (33%). This was mainly due to construction of the Praia ring road and improvements to the Praia to São Domingos highway. The negative figures in ODA to Cape Verde are the result of repayments to Portugal of loans to support the Cape Verde budget and to restructure the debt that resulted from loans to finance the country's domestic deficit.

Table 14. Portuguese Bilateral ODA by Sector of Destination– Cape Verde 2005

SECTOR OF DESTINATION	Euros			
	2004 *	%	2005	%
100 I - SOCIAL INFRASTRUTURE AND SERVICES	25.995.844	104,9	26.301.736	72,1
110 EDUCATION	18.990.872	76,7	19.929.292	54,6
120 HEALTH	1.816.154	7,3	2.553.668	7,0
130 POPULATION AND REPRODUCTIVE HEALTH	85.010	0,3	87.181	0,2
140 WATER SUPPLY AND SANITATION	1.008.000	4,1	7.750	0,0
150 GOVERNMENT AND CIVIL SOCIETY	1.527.653	6,2	924.729	2,5
160 OTHER SOCIAL SERVICES	2.568.155	10,4	2.799.116	7,7
200 II - ECONOMIC INFRASTRUTURE AND SERVICES	-77.529	-0,3	12.375.611	33,9
210 TRANSPORT AND STORAGE	-205.770	-0,8	11.976.299	32,8
220 COMMUNICATIONS	24.082	0,1	314.052	0,9
230 ENERGY				
240 BANKING AND FINANCIAL SERVICES	104.159	0,4	85.260	0,2
250 BUSINESS AND OTHER SERVICES				
300 III - PRODUCTION SECTORS	188.925	0,8	237.183	0,6
310 AGRICULTURE, FORESTRY AND FISHING	15.245	0,1	114.206	0,3
311 AGRICULTURE	15.245	0,1	111.363	0,3
312 FORESTRY				
313 FISHING			2.843	0,0
320 INDUSTRY, MINING AND CONSTRUCTION	140.075	0,6	72.851	0,2
321 INDUSTRY	15.370	0,1	1.220	0,0
322 MINING	124.705	0,5	71.631	0,2
323 CONSTRUCTION				
330 TRADE AND TOURISM	33.605	0,1	50.126	0,1
331 TRADE	11.303	0,0	44.713	0,1
332 TOURISM	22.302	0,1	5.413	0,0
400 IV - MULTISECTOR / CROSS-CUTTING	1.034.126	4,2	1.025.167	2,8
500 V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	-1.120.000	-4,5	-2.239.204	-6,1
600 VI - ACTION RELATING TO DEBT	-1.506.748	-6,1	-1.572.375	-4,3
700 VII - EMERGENCY ASSISTANCE	5.000	0,0	64.279	0,2
910 VIII - ADMINISTRATIVE COSTS OF DONORS	118.403	0,5	109.049	0,3
920 IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	112.624	0,5	164.697	0,5
998 X - UNALLOCATED / UNSPECIFIED	21.122	0,1	32.730	0,1
TOTAL BILATERAL	24.771.767	100,0	36.498.873	100,0

* 2004 – The total under Social Infrastructure and Services (code 100) is higher than Total ODA, accounting for 104.94%. As ODA is measured on a flow basis, the amounts of loans paid by Cape Verde to Portugal (negative figures in lines V and VI) are subtracted, meaning that individually a particular sector can have a higher amount than the figure for total ODA.

Source: IPAD

Guinea-Bissau

The 2005-2006 PIC for Guinea-Bissau has a total budget of 42.4 M€. The main areas to be focused on are education, health and institutional capacity building.

In 2005, Portuguese ODA to Guinea-Bissau totalled 10.9 M€, almost all of which went towards Social Services and Infrastructure (73%) (Table 15). Education (28%), Health (21%), Other Social Services and Infrastructure (14%) and Emergency Aid (13%) were the main beneficiaries. It also included a 1 M€ contribution to the UNDP Trust Fund for crisis prevention and reconstruction as part of the Emergency Economic Management Fund.

In 2005, the Round Table Conference to Raise Partners' Awareness of Guinea-Bissau was organized by the Portuguese government. At the same time, coordination work was carried out to

deal with the need to support the country politically and financially, by ensuring that the conditions existed to hold presidential elections. These were staged on 19 June and 24 July. This was a basic condition if multilateral financial organizations and some bilateral donors were to continue to provide support.

Table 15. Portuguese Bilateral ODA by Sector of Destination – Guinea-Bissau 2005

		Euros			
SECTOR OF DESTINATION		2004	%	2005	%
100	I - SOCIAL INFRASTRUCTURE AND SERVICES	7.067.461	72,4	7.893.460	72,6
110	EDUCATION	3.212.892	32,9	3.083.103	28,4
120	HEALTH	2.215.297	22,7	2.305.346	21,2
130	POPULATION AND REPRODUCTIVE HEALTH	35.905	0,4		0,0
140	WATER SUPPLY AND SANITATION	52.370	0,5	117.495	1,1
150	GOVERNMENT AND CIVIL SOCIETY	704.432	7,2	858.492	7,9
160	OTHER SOCIAL SERVICES	846.565	8,7	1.529.024	14,1
200	II - ECONOMIC INFRASTRUCTURE AND SERVICES	385.425	3,9	80.076	0,7
210	TRANSPORT AND STORAGE	2.500	0,0	500	0,0
220	COMMUNICATIONS	357.295	3,7	79.576	0,7
230	ENERGY				
240	BANKING AND FINANCIAL SERVICES				
250	BUSINESS AND OTHER SERVICES	25.630	0,3		0,0
300	III - PRODUCTION SECTORS	414.130	4,2	393.599	3,6
310	AGRICULTURE, FORESTRY AND FISHING	352.130	3,6	393.599	3,6
311	AGRICULTURE	344.054	3,5	393.599	3,6
312	FORESTRY				
313	FISHING	8.076	0,1		0,0
320	INDUSTRY, MINING AND CONSTRUCTION	62.000	0,6	0	0,0
321	INDUSTRY	62.000	0,6		
322	MINING				
323	CONSTRUCTION				
330	TRADE AND TOURISM	0	0,0	0	0,0
331	TRADE				
332	TOURISM				
400	IV - MULTISECTOR / CROSS-CUTTING	475.603	4,9	322.709	3,0
500	V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE				
600	VI - ACTION RELATING TO DEBT				
700	VII - EMERGENCY ASSISTANCE	718.547	7,4	1.404.341	12,9
910	VIII - ADMINISTRATIVE COSTS OF DONORS	198.102	2,0	152.470	1,4
920	IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	507.354	5,2	590.288	5,4
998	X - UNALLOCATED / UNSPECIFIED			37.521	0,3
TOTAL BILATERAL		9.766.622	100,0	10.874.464	100,0

Source: IPAD

Mozambique

The 2004-2006 Portugal–Mozambique PIC involves a financial envelope of 42 M€. The priority areas are education, health, agriculture and rural development, good governance, budgetary and macro-financial support, socio-community development, support for women, and culture.

In 2005, Portuguese ODA to Mozambique totalled 18.2 M€, most of which went to sectors under the Social Services and Infrastructure heading (63%) (Table 16). Again, Education took the lion's share (34%), followed by Other Social Services and Infrastructure – especially employment – (19%) and Debt-Related Actions (13%).

Table 16. Portuguese Bilateral ODA by Sector of Destination – Mozambique 2005

SECTOR OF DESTINATION	Euros			
	2004	%	2005	%
100 I - SOCIAL INFRASTRUTURE AND SERVICES	10.563.825	54,1	11.381.561	62,7
110 EDUCATION	4.310.516	22,1	6.165.989	34,0
120 HEALTH	563.916	2,9	614.327	3,4
130 POPULATION AND REPRODUCTIVE HEALTH				
140 WATER SUPPLY AND SANITATION	353.496	1,8	155.539	0,9
150 GOVERNMENT AND CIVIL SOCIETY	1.001.591	5,1	1.038.099	5,7
160 OTHER SOCIAL SERVICES	4.334.306	22,2	3.407.607	18,8
200 II - ECONOMIC INFRASTRUTURE AND SERVICES	634.323	3,3	208.383	1,1
210 TRANSPORT AND STORAGE	60.537	0,3	14.361	0,1
220 COMMUNICATIONS	400.269	2,1	124.007	0,7
230 ENERGY				
240 BANKING AND FINANCIAL SERVICES	20.935	0,1	70.015	0,4
250 BUSINESS AND OTHER SERVICES	152.582	0,8		
300 III - PRODUCTION SECTORS	306.375	1,6	274.439	1,5
310 AGRICULTURE, FORESTRY AND FISHING	199.635	1,0	89.627	0,5
311 AGRICULTURE	182.235	0,9	66.177	0,4
312 FORESTRY	17.400	0,1	17.400	0,1
313 FISHING			6.050	0,0
320 INDUSTRY, MINING AND CONSTRUCTION	70.335	0,4	184.812	1,0
321 INDUSTRY	41.500	0,2	14.358	0,1
322 MINING	28.835	0,1	131.410	0,7
323 CONSTRUCTION			39.044	0,2
330 TRADE AND TOURISM	36.405	0,2	0	0,0
331 TRADE	1.867	0,0		
332 TOURISM	34.538	0,2		
400 IV - MULTISECTOR / CROSS-CUTTING	1.295.764	6,6	913.298	5,0
500 V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	1.253.657	6,4	1.176.932	6,5
600 VI - ACTION RELATING TO DEBT	4.334.387	22,2	2.353.455	13,0
700 VII - EMERGENCY ASSISTANCE	258.236	1,3	300.000	1,7
910 VIII - ADMINISTRATIVE COSTS OF DONORS	176.525	0,9	167.665	0,9
920 IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	693.191	3,6	1.374.309	7,6
998 X - UNALLOCATED / UNSPECIFIED				
TOTAL BILATERAL	19.516.283	100,0	18.150.042	100,0

Source: IPAD

As in previous years, the main aim of cooperation with Mozambique in 2005 was to reduce absolute poverty levels, in line with the Mozambican government's strategy set out in its Plan of Action to Reduce Absolute Poverty (PARPA). This encompasses the main steps to be taken in each sector. A particular feature of Portuguese cooperation with Mozambique is that once again it provides direct support for the state budget.

In September 2005 negotiations for the 2006 PAC began. It was signed on 2 November 2005 when the Mozambican president visited Portugal. The financial envelope is 19.2 M€

São Tomé and Príncipe

The 2005-2007 PIC for São Tomé and Príncipe set an indicative budget of 41 M€. That document laid down as priorities the upgrading of human resources and specialist capacity building (education, vocational training, upgrading of management staff, institutional capacity building and technical assistance), help with improving basic infrastructure and services (improving health care, a social welfare network, and strengthening other basic services) and also complementary actions.

Portuguese ODA for São Tomé and Príncipe in 2005 was approximately 9.2 M€. Again, the money was aimed mainly at Social Services and Infrastructure (73%), especially Education (29%), Health (22%) and Other Social Services and Infrastructure (15%), covering areas such as job support, housing and cultural development (Table 17).

A São Tomé and Príncipe Donors' Round Table was held on 6 December in Brussels. Portugal's 2006 contribution was announced at the meeting, based on the 10.6 M€ earmarked for the 2006 PAC.

Table 17. Portuguese Bilateral ODA by Sector of Destination – São Tomé and Príncipe 2005

SECTOR OF DESTINATION	Euros			
	2004	%	2005	%
100 I - SOCIAL INFRASTRUTURE AND SERVICES	7.883.819	76,5	6.685.381	72,5
110 EDUCATION	2.542.764	24,7	2.625.177	28,5
120 HEALTH	2.884.207	28,0	2.020.706	21,9
130 POPULATION AND REPRODUCTIVE HEALTH				
140 WATER SUPPLY AND SANITATION				
150 GOVERNMENT AND CIVIL SOCIETY	751.709	7,3	616.642	6,7
160 OTHER SOCIAL SERVICES	1.705.139	16,6	1.422.856	15,4
200 II - ECONOMIC INFRASTRUTURE AND SERVICES	1.281.714	12,4	1.177.221	12,8
210 TRANSPORT AND STORAGE	784.572	7,6	797.031	8,6
220 COMMUNICATIONS	247.226	2,4	54.379	0,6
230 ENERGY	46.808	0,5	137.530	1,5
240 BANKING AND FINANCIAL SERVICES	2.615	0,0	18.830	0,2
250 BUSINESS AND OTHER SERVICES	200.493	1,9	169.451	1,8
300 III - PRODUCTION SECTORS	103.086	1,0	117.997	1,3
310 AGRICULTURE, FORESTRY AND FISHING	53.661	0,5	45.736	0,5
311 AGRICULTURE	53.661	0,5	45.736	0,5
312 FORESTRY				
313 FISHING				
320 INDUSTRY, MINING AND CONSTRUCTION	38.091	0,4	27.838	0,3
321 INDUSTRY	10.260	0,1		
322 MINING	27.831	0,3	27.838	0,3
323 CONSTRUCTION				
330 TRADE AND TOURISM	11.334	0,1	44.423	0,5
331 TRADE				
332 TOURISM	11.334	0,1	44.423	0,5
400 IV - MULTISECTOR / CROSS-CUTTING	578.933	5,6	345.599	3,7
500 V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	-9.667	-0,1		
600 VI - ACTION RELATING TO DEBT				
700 VII - EMERGENCY ASSISTANCE			43.182	0,5
910 VIII - ADMINISTRATIVE COSTS OF DONORS	114.200	1,1	109.686	1,2
920 IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	347.192	3,4	745.389	8,1
998 X - UNALLOCATED / UNSPECIFIED				
TOTAL BILATERAL	10.299.277	100,0	9.224.455	100,0

Source: IPAD

East Timor

The indicative financial framework for East Timor's 2004-2006 PIC was 50 M€, spread over the three years. The priority areas were seen as education, institutional capacity building and support for economic and social development.

Portuguese ODA for East Timor in 2005 totalled 27.9 M€. The focus was on Social Services and Infrastructure (45%), the main sectors being Education (29%) and Other Social Services and

Infrastructure (10%). Portugal's contribution to the World Bank Trust Fund for East Timor, at 8 M€, is the reason for the high figure under Aid for Programmes (9%) (Table 18).

Further assistance was provided by staging the Meeting of Partners for Development, in Dili from 24 to 26 April, and the World Bank meeting held in Lisbon to deal with negotiations for the Consolidation Support Programme (budget support).

Table 18. Portuguese Bilateral ODA by Sector of Destination – East Timor 2005

SECTOR OF DESTINATION	<i>Euros</i>			
	2004	%	2005	%
100 I - SOCIAL INFRASTRUTURE AND SERVICES	13.367.281	65,0	12.679.572	45,4
110 EDUCATION	5.819.752	28,3	8.168.847	29,3
120 HEALTH	80.107	0,4	144.035	0,5
130 POPULATION AND REPRODUCTIVE HEALTH				
140 WATER SUPPLY AND SANITATION	150.516	0,7	754.052	2,7
150 GOVERNMENT AND CIVIL SOCIETY	5.817.802	28,3	965.726	3,5
160 OTHER SOCIAL SERVICES	1.499.104	7,3	2.646.912	9,5
200 II - ECONOMIC INFRASTRUTURE AND SERVICES	1.038.658	5,0	430.126	1,5
210 TRANSPORT AND STORAGE			136.290	0,5
220 COMMUNICATIONS	260.836	1,3	173.259	0,6
230 ENERGY				
240 BANKING AND FINANCIAL SERVICES	130.268	0,6	120.577	0,4
250 BUSINESS AND OTHER SERVICES	647.554	3,1		
300 III - PRODUCTION SECTORS	1.105.322	5,4	1.857.626	6,7
310 AGRICULTURE, FORESTRY AND FISHING	473.744	2,3	699.388	2,5
311 AGRICULTURE	452.870	2,2	678.510	2,4
312 FORESTRY	20.874	0,1	20.878	0,1
313 FISHING				
320 INDUSTRY, MINING AND CONSTRUCTION	617.150	3,0	1.158.238	4,2
321 INDUSTRY			124.920	0,4
322 MINING				
323 CONSTRUCTION	617.150	3,0	1.033.318	3,7
330 TRADE AND TOURISM	14.428	0,1	0	0,0
331 TRADE	8.636	0,0		
332 TOURISM	5.792	0,0		
400 IV - MULTISECTOR / CROSS-CUTTING	1.390.080	6,8	8.932.266	32,0
500 V - COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	2.414.700	11,7	2.413.800	8,6
600 VI - ACTION RELATING TO DEBT				
700 VII - EMERGENCY ASSISTANCE			14.489	0,1
910 VIII - ADMINISTRATIVE COSTS OF DONORS	1.059.174	5,1	1.071.426	3,8
920 IX - SUPPORT TO NON-GOVERNMENTAL ORG. (NGOs)	192.716	0,9	507.500	1,8
998 X - UNALLOCATED / UNSPECIFIED				
TOTAL BILATERAL	20.567.931	100,0	27.906.805	100,0

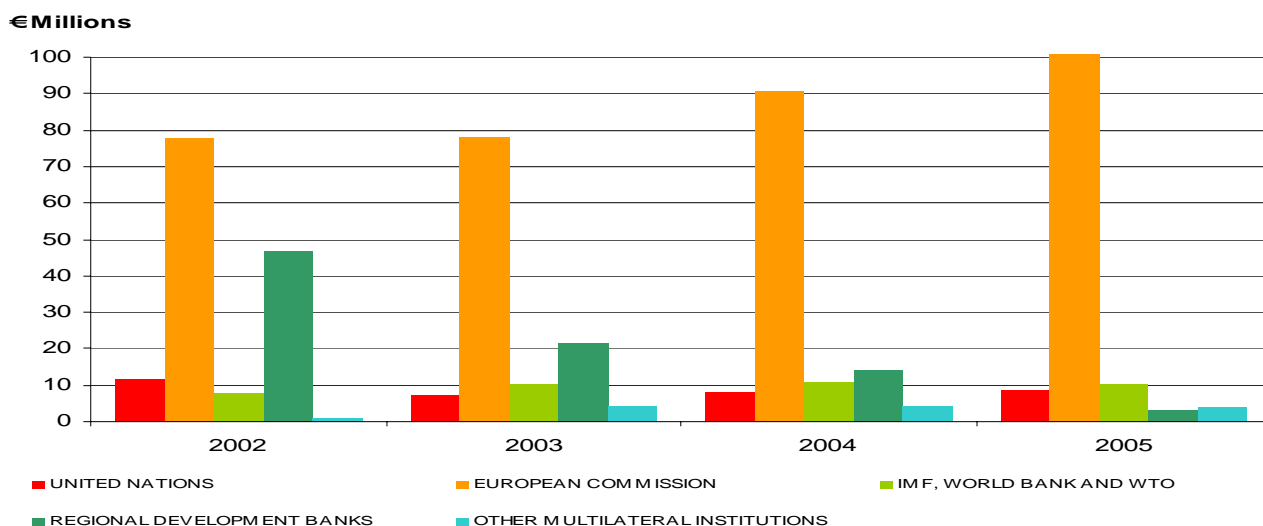
Source: IPAD

3. Multilateral Aid

a) Multilateral Aid Framework

Turning now to the distribution of Portuguese multilateral ODA, contributions to the European Commission, especially its Budget for Developing Countries, have been rising exponentially, up from 77 M€ in 2002 to 102 M€ in 2005. This trend contrasts with the fall in contributions to regional development banks, which dipped in 2005, only reaching 2.8 M€. Contributions to the United Nations, the IMF, the World Bank and the WTO have remained fairly stable (between 7 M€ and 11 M€ for the United Nations, between 7 M€ and 9.5 M€ for the World Bank Group, and from 590 000€ to 600 000€ for the WTO) (Graph 12).

Graph 12. Distribution of Portuguese Multilateral ODA 2002-2005



Source: IPAD

b) International Financial Institutions

The cost of Portugal's involvement in international financial institutions in 2005 was about 50.7 M€, as a result of its contributions, commitments and its capital holdings in those various bodies. During negotiations to rebuild funds during 2005, Portugal continued to call for a just and equitable division of each country's holdings in those institutions, based on the size of each one's economy in global terms and the capacity of each one to pay.

Of the aforesaid amount, about 94% was allocated to concessional funds, the European Development Fund being particularly important, as detailed below.

In 2005, Portugal issued no promissory notes and made no payments to the World Bank Group – whether to the International Bank for Reconstruction and Development (IBRD), the International Financial Society (IFS), or the Multilateral Investment Guarantee Agency (MIGA).

The International Development Association (IDA) redeemed promissory notes as part of several replenishments of its resources, specifically IDA 11, IDA 12 and IDA 13, with a value of 147 511€, 613 000€ and 5 036 000€, respectively, giving a total of 5 796 511€. A promissory note of 9 590 000€ was also issued in favour of the IDA to pay the third tranche of Portugal's contribution to the 13th replenishment (IDA 13).

Portugal participates in the Global Environment Facility (GEF), and in 2005 issued a promissory note for 1 432 590€ to pay the fourth instalment of its contribution to the Third Replenishment (GEF 3). Promissory notes were redeemed totalling 1 554 868€, previously issued under the First, Second and Third Replenishments.

As regards banks and regional development funds, following negotiations for the fifth general increase in the African Development Bank (ADB)'s equity, which resulted in Portugal underwriting 24.52 M€, Portugal paid the sixth of eight identical 184 723€ annual tranches in 2005.

Redemptions by the African Development Fund totalled 5 865 849€, relating to promissory notes issued under the seventh (ADF VII), eighth (ADF VIII) and ninth (ADF IX) fund replenishments.

For the Inter-American Development Bank (IDB) Group, 488 958€ were contributed to the Portuguese Technical Cooperation Fund. Redemptions of 198 520€ were made for the Multilateral Investment Fund (MIF), an IDB Group institution providing concessional support for private-sector development, especially micro-companies in Latin America and the Caribbean.

Still with the IDB Group, after Portugal joined the InterAmerican Investment Corporation (IIC) in 2002 – the IDB institution which encourages development of the private sector in Latin America and the Caribbean by financing small and medium-size private companies – Portugal paid out 184 268€ in 2005, as its fifth equity instalment.

For Portugal's participation the European Bank for Reconstruction and Development (EBRD)'s first equity increase, in 2005 it paid out 472 500€ in cash, issued a promissory note for 708 750€ for the eighth tranche, and promissory notes worth 708 750€ were redeemed.

Portugal paid a total of 1 651 707€ to the Asian Development Bank group, of which 849 440€ was in cash and 802 267€ resulted from the redemption of promissory notes. A promissory note of 1 126 002€ was also issued to pay the fourth tranche of Portugal's equity contribution.

Payments to the Asian Development Fund (ADF) totalled 6 952 000€. They stemmed from partial redemptions of promissory notes issued under ADF VII and ADF VIII.

519 300€ were redeemed from promissory notes issued in favour of the International Fund for Agricultural Development (IFAD) under the Sixth Replenishment.

In the European Union, Portugal made a major contribution of 22 601 000€ to the European Development Fund (EDF), and 3 007 198€ was paid into the investment facility managed by the European Investment Bank (EIB).

Portugal also contributed 500 000€ to the EIB for the Euro-Mediterranean Facility for Investment and Partnerships (FEMIP).

In 2005, Portugal also paid 42 456€ for its holding in the Latin American Centre for Development Administration (CLAD).

c) Multilateral Cooperation

United Nations

Portugal was present at the international conference to review the action programme for small developing island states (January, Port Louis); the High-Level Dialogue on Development Funding (June, New York); the Millennium + 5 Summit (September, New York); and the UNDP/UNFPA Executive Councils.

Portugal also participated in the First Replenishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria, to which it contributed 1.5 MUSD.

OECD

IPAD participated in the High-Level Forum on Aid Effectiveness (Paris, February), at which the Paris Declaration was adopted; at high-level meetings (March) and meetings of top officials (December) of the Development Assistance Committee (DAC); at the Working Group on Conflict Prevention, Peace and Security; and in the Fragile States Group. In the latter, Portugal put itself forward as a facilitator country for the pilot project in Guinea-Bissau. As such, it participated in meetings of the group in May and October, and sent a mission to Bissau in October, in line with the principles governing aid from the international community to fragile states, approved at the DAC high-level meeting. Portugal also submitted a preliminary report on the subject.

Commonwealth of Portuguese-Speaking Countries (CPLP)

Portugal participated in various meetings and working groups. At Portugal's initiative, in 2005 the CPLP joined the DAC/OECD list of international organizations eligible for public development aid.

d) Community Cooperation

Under the new Joint Declaration of the European Council, Commission and Parliament on Development Policy – *The European Consensus*¹⁵ – IPAD was involved in the work of the various groups which prepared the subjects subsequently adopted by the Council. These included conclusions concerning the MDGs (interim goals were set for increasing ODA budgets by 2010¹⁶, both for Member States individually and for the EU as a whole, in order to reach the overall target of 0.7% of GNI by 2015); conclusions on the European action plan for the overseas fight against HIV/AIDS, Malaria and Tuberculosis; and conclusions on the effectiveness of EU overseas action.

It also participated in the December European Council which adopted the *EU Strategy for Africa: A Strategic Partnership*. This Council set out the steps to be taken by the EU with Africa by 2015 to support African efforts to meet the MDGs and promote sustainable development, security and good governance on that continent.

In completing the five-yearly revision of the *Cotonou Agreement*, signed by EU and ACP ministers on 25 June in Luxembourg, and as regards the decision adopted by the December European Council relating to the EU's Financial Perspectives 2007-2013¹⁷, it was agreed that Portugal would contribute 1.15%, in line with the specific allocation key set forth for contributions. In addition, it was decided to release the remaining 1 000 M€ tranche of the 9th EDF conditional donation. This resulted in a commitment to allocate 18 M€ to an indicative programme for East Timor in 2006-2007, that country having become a beneficiary of the Cotonou Agreement.

To monitor the implementation of Community aid, Portugal, represented by IPAD, participated in the relevant financing committees (Democracy and Human Rights, DCLAA¹⁸, Security and Food Aid, and the EDF).

Still on the subject of the DCLAA, in Lisbon, Portugal together with ICEP¹⁹ and the European Commission, and supported by Portugal's Permanent Representation in Brussels, organized an activity to disseminate the Asia Pro-Eco regional Community programme which funds environmental and urban development projects. The purpose was to provide information on how to apply to the programme, which has been underused by eligible bodies in Portugal.

¹⁵ This document replaces the 2000 Declaration, to reflect new commitments since made by the EU, and taking account of enlargement.

¹⁶ The 15 Member States who made this commitment in Monterrey must now raise their individual ODA reference levels to 0.51% of GNI by 2010. The 10 new Member States' ODA must reach 0.17% of GNI, to bring them close to the 0.33% commitment made at Monterrey, by 2015. This method means that the average for the 25 EU Member States will be 0.56% by 2010.

¹⁷ At which an envelope of 22 682 billion euros was earmarked for funding cooperation with ACP countries, arising from contributions by Member States. This will comprise the 10th EDF.

¹⁸ DCLAA – Developing Countries of Latin America and Asia

¹⁹ ICEP Portugal – Foreign Trade Institute of Portugal

VI. Transversal Issues

1. Millennium Development Goals (MDGs)

As part of their international commitments, it is up to donor countries to target their ODA in order to meet these goals and assess their progress. To monitor the process, IPAD carried out a study in order to establish a method for classifying its ODA on its cooperation database, based on the MDGs. The practical implementation of this, planned for the first quarter of 2006, is intended to provide statistical information on the channelling of ODA to each MDG and their 18 targets.

Two years after the Millennium Summit, the United Nations launched its worldwide Millennium Campaign to disseminate and raise public awareness of the MDGs and the fight against poverty. In Portugal, it took the form of the *Pobreza Zero* campaign²⁰. IPAD contributed 150 000 euros to the Millennium Campaign Trust Fund and actively participated in financing the Portuguese campaign, by providing 25 000 euros to Oikos, a development NGO. It also presented Portugal's report to the public at a seminar on the subject. The initiative, organized by Oikos in association with the Luso-American Foundation for Development (FLAD), included the presence of Eveline Herfkens, the executive coordinator of the United Nations' World Campaign for the MDGs.

2. Public Opinion and Development Awareness

Portugal is continuing its efforts to define its information strategy clearly and effectively. It has begun the systematic dissemination of its activities via the IPAD website and is committed to providing prompt answers to e-mail question concerning Portuguese cooperation.

IPAD has a Documentation and Information Centre (CDI) which was fully refurbished in 2005, so as to help it fit in with a more effective communication strategy. A new reader-reception area and library area were opened, and a new concept introduced – the Cooperation Shop – which stages activities in both areas. In 2005, the centre's profile was raised both within IPAD and in the outside world. The CDI now represents IPAD at international meetings on information for development held under the aegis of the EU and DAC/OECD. Also, for the first time IPAD was present at various publicity events with its own pavilion, including the Lisbon Book Fair, the Public Administration Conference and the National Association of Municipal Councils Conference.

²⁰ The Pobreza Zero [Zero Poverty] campaign's mission is to mobilize Portuguese society to take steps in the fight against poverty and to achieve the Millennium Development Goals. For further information go to www.pobrezazero.org.

Publishing has also been boosted. IPAD has started to publish cooperation studies, in particular master's degree theses dealing with cooperation development. For 2006 we are preparing a monthly newsletter dealing with cooperation activities.

Promotion of Development Awareness (PDA) was boosted in 2005, when it became a sectoral priority as detailed in the latest Portuguese cooperation strategic guidance document. It was felt to be essential for building knowledge and raising Portuguese public awareness of international cooperation matters and for active participation in global citizenship.²¹

In this connection, through IPAD Portugal has been directing its PDA strategy along three axes. These are articulation with the European Commission, and as such it is involved in the debate surrounding a European strategy and the mechanisms needed to support projects by non-governmental organizations; involvement in meetings of the Global Education Network Europe (GENE) group, benefiting from exchanges between members on good global education practices, including PDA; and the co-funding of PDA projects developed by Portuguese DNGOs.

Realizing the huge importance that PDA has for raising awareness of development issues amongst the Portuguese, a specific funding facility was agreed with the Portuguese DNGO Platform. In 2005, financing of PDA totalled 1.16 M€.

3. Fragile States

One feature common to several priority partners in Portuguese cooperation is the fragility of the state. This can be due to poor capacity or political will, weak institutional and administrative capacity, or a reduced ability to supply basic services to their people, such as health, education, justice, democratic governance, respect for human rights and security. The presence of at least one of these vulnerabilities is a common factor, and is decisive in Portugal's approach towards its partner countries. In other words, strategy is based on a holistic, integrated, dynamic and flexible approach to the partner's needs. The support provided has to be flexible and timely, but also predictable and sustained over the long term, in order to serve the needs of sustainable development and poverty reduction, human development and security, without losing sight of the specific aspects and features of each state, via ongoing dynamic political and diplomatic dialogue. In practice, that dialogue results in Indicative Cooperation Plans and Annual Cooperation Plans.

This approach not only takes account of the issues and priorities contained in the *Principles for Good International Engagement in Fragile States*, but has also enabled Portugal to influence the debate on this subject.

²¹ *Uma Visão Estratégica para a Cooperação Portuguesa* - Chapter 4.2, page 28.

As the facilitator country in the pilot project to apply the aforesaid principles to Guinea-Bissau, Portugal sent a mission to that country in October 2005, and was able to confirm that those principles are relevant. In particular, it saw evidence that this is still a new field of knowledge; and although the amount of theoretical thought is rising, there is still a poor link between theory and action on the ground. There is a shortage of development agents in the field, as well as practical guidelines for responding quickly and effectively to the challenges posed by fragile states.

The cooperation programmes agreed with our partners include support for consolidating democracy and rule of law, which are essential if such states are to gain international credibility. All of these countries benefit from cooperation projects focusing on justice and institutional support, so as to provide ministries with more effective human and material resources.

Just as important is the support that Portugal has been providing for elections, such as sending materials for conducting censuses and for the elections themselves. It also includes providing election observers as part of bilateral cooperation and under the aegis of the Commonwealth of Portuguese-speaking Countries (CPLP). In 2005, Portugal assisted elections in Guinea-Bissau, Mozambique, São Tomé and Príncipe, Angola and East Timor.

3. Environment

The main activities were aimed at strengthening the institutional capacity of CPLP countries. The most important included the *Second Portuguese-Speaking Environment Meeting*, bringing together directors-general and managers responsible for water resources, climate change, and the cooperation offices of Portuguese-speaking countries' environment ministries. It also involved representatives from the United Nations Environment Programme, the World Environment Fund, the European Commission and IPAD.

The main topics discussed were international environmental issues such as climate change, water resources, the fight against desertification, as well as the rules for developing cooperation projects between Portuguese-speaking countries and how to secure European Union and UN support.

For *Climate Change*, two projects were prepared to develop a climate-information and sea-state system for supporting sustained development. This is currently being implemented in Cape Verde and S. Tome and Principe. The aim of the projects is to create a climate information system in each country, enabling in-depth examination of climate change and variability, together with scenarios, impact assessment and adaptation measures. Thus, the system will aid political and economic decision-makers in the struggle for sustained development and the fight against poverty.

Portugal also published and translated *Guinea-Bissau's National Environmental Management Plan*, the drafting of which was supported by the United Nations Environment Programme. This enabled Guinea-Bissau to disseminate an important document detailing its environmental situation, and which sets out guidelines for the correct use of natural resources. It has also enabled steps to be taken with international organizations to secure funding for the projects set out in the plan.

On the subject of water resources, Portugal has developed several activities linked to dam safety in Mozambique. They include inspecting the Chicamba Real Dam's structure and monitoring system, launching the monitoring system for the Pequenos Limbombos Dam, hydraulic and operational safety inspections of Mozambican dams, and assessing the structural safety of Nampula Dam. Support was also provided to the International Rivers Office in regulating the management of shared hydrographic basins.

Multilaterally, Portugal contributed financially to the main conventions, protocols and funds, such as the Global Environment Facility (GEF), the Multilateral Fund of the Montreal Protocol, the United Nations Framework Convention on Climate Change, the Convention on International Trade in Endangered Species and the Convention of the International Union for the Conservation of Nature.

4. Gender

In 2005, IPAD stepped up its monitoring of international transversal issues – gender and HIV/AIDS – to take on board the recommendations of the main international aid organizations.

In January, for the first time Portugal, represented by IPAD, participated in the *EU Experts Meeting in Development and Gender issues* (January, Brussels). The meeting dealt with three main areas: progress in the EU's gender-equality and development strategy; contributions by Member States to the new European strategy and increasing the emphasis on poverty reduction; and preparing the review and revision of Beijing +10.

The case of Mozambique was presented as an example, and an exhibition was held of gender-issue developments in that country. The commitment of the president at that time, Mr Chissano, was highlighted. He sought to strengthen women's social role by focusing on their education and training as a way of building up their capacities to participate in decision-making and the economy, as well as backing changes to the law, such as the Family Act.

Table 19. Funding of Gender Projects in 2005 (€)

GENDER Projects (2005)			2.073.084
Support for refurbishing and operating Matola Infant School.	MOZ	Construction and fitting out of an infant school in the city of Matola, provincial capital of Maputo Sul, which caters for abandoned physically disabled and vulnerable children and youths.	471.431
ISU - Establishment and support for Rural Family Schools and a teacher training centre.	MOZ	To encourage social and economic development in rural areas; boosting employment for young people, preventing exodus via suitable vocational training of adolescents and youths; encouraging and boosting women's development in rural areas.	158.199
Teaching children, young people and women to read and write in the borough of Cambambe-Dondo (province of Kwanza Norte).	ANG	Rebuilding of educational structures, creating classrooms for basic education and literacy, water supply and study grants.	280.500
Day centre for Mavalane mothers.	MOZ	Creating conditions to enable women to become actively involved in social developments.	197.898
Institutional strengthening - support from the Ministry for Women and the Coordination of Social Action (MMCAS).	MOZ	Institutional strengthening of state bodies supporting women.	86.540
AMU - Pequena Chama Infant School.	ANG	Helping to reduce poverty in Angola amongst people made homeless by the war, focusing on the most vulnerable groups, such as children, by providing better sanitation, food, education, overall development and social reinsertion.	102.589
CIC - Project to support rural residents' cooperatives in the boroughs of Ukuma, Chinjenje and Longonjo.	ANG	Helping to boost rural family incomes in Ukuma, Chinjenje and Longonjo by strengthening farming/livestock association structures.	120.539
IMVF - Sustained rural development project in the borough of Ekunha.	ANG	Increasing agricultural diversification; creating/strengthening basic farmers' associations; improving systems for processing, conserving and storing products; re-establishing and boosting trade circuits; building and strengthening the institutional capacity of provinces and boroughs.	105.457
Gonçalo da Silveira Foundation - Women's Training Centre	MOZ	Full development and training for women, helping them to discover their true worth to society.	78.050
Sol sem Fronteiras - Assistance for orphaned and street-living girls in Mwenho - Ukola.	ANG	General education for 75 girls from 5 to 17, providing courses in cookery, dressmaking, art and decoration, pastry making, nursing, and civic and moral monitoring of the girls.	52.575
IMVF - Activities to generate income and improve the diet of families affected and infected by HIV/AIDS.	MOZ	Improving and diversifying farm production; encouraging the creation of new farm associations and boosting those that exist; encouraging local trade circuits; promoting and supporting land registration; improving the income of beneficiaries; improving the nutrition of beneficiaries; supporting education to provide an understanding of environmental protection and protection against HIV/AIDS.	19.346
Doctors of the World - Integrated anti-HIV/AIDS project in the province of Maputo - Shikanwe, entitled Vamos Juntos.	MOZ	Reducing HIV/AIDS transmission in the province of Maputo.	86.151
OMAS/LBN - Support for Pemba.	MOZ	Supporting and boosting the work of the Centre for the Promotion of Women; helping to improve teaching quality at the D. Bosco diocesan school; improving the running of the Maria Auxiliadora Parish Schools.	61.155
Thesis entitled Mais Futuro.	MOZ	Contributing towards greater integration of deprived children and young people into higher education and work, especially women and orphans, in the province of Maputo.	58.626
VIDA - Utomi la lintwa.	MOZ	Creating housing conditions and access to water and health, and promoting food safety for poorer families or those affected by HIV/AIDS, by strengthening women's economic capacity.	49.131
Fernão Mendes Pinto Association - Art and Dressmaking Centre.	STP	Helping to set up the Art and Dressmaking Centre, helping to improve the employability of women living in the Santa Catarina quarter and attenuate the impact of STDs and mother-child illnesses.	15.005
AMI - Training of local health executives: monitoring local medical assistance, raising awareness of AIDS and drug addiction and their prevention, and improving the conditions and structures for providing medical assistance.	ET	Improving the specialist knowledge of nursing, auxiliary and health-assistance staff via training courses and on-the-job training. Taking steps to raise the general public's, and particularly students' and pupils', awareness of issues such as drug addiction and AIDS.	38.515
CIC - Refurbishment of a Level 1 School in the district of Caluquembe, teacher training, and literacy classes for adults in the borough of Ukuma.	ANG	Improving the response capacity of existing school infrastructure to meet the needs of the borough's educational community.	49.285
GRAAL - Women in action.	ANG	Upgrading the human resources of the Promaica movement, improving the knowledge, capacities and attitudes of 100 women in their management of community projects.	42.092

Source: IPAD

5. Poverty Reduction

Poverty reduction has to involve a policy of strengthening and deepening democracy, consolidating peace and preventing conflict, plus gradual integration of all economies into the world economy via sustained economic policies containing the requisite social and environmental features, gender equality, and which strengthen the capacity of all public and private players. To that end, Portugal's strategy in the fight to reduce poverty has been to extend social protection, encourage sustainable social and economic development, and strengthen democracy and rule of law.

The Ministry of Labour and Welfare (MTSS) plays a fundamental role in implementing that strategy. It is responsible for various bilateral cooperation programmes with its opposite numbers from Portuguese-speaking African countries and East Timor. The programmes cover three main areas: fighting poverty and extending social protection; employment and vocational training; and strengthening institutions. A number of projects can be highlighted within those areas:

- fighting under-nutrition and improving diet;
- literacy and support for community schools, for children and adults;
- basic sanitation;
- raising awareness of issues such as hygiene, health and the environment;
- basic health care;
- improved housing;
- vocational training (including short-term actions);
- insertion into employment;
- differentiated support for specific groups suffering from social exclusion, orphaned children, street children, the elderly and the disabled;
- the creation and strengthening of social protection networks (including social services and facilities);
- support for implementing and operating social security systems;
- encouraging social change/transformation and the creation and improvement of living conditions for target communities;
- encouraging participation in networks involving governments, local authorities, non-governmental organizations and target communities (including informal groups);
- support for mobilizing resources and creating sources of income to make these activities sustainable.

Table 20. Poverty Reduction in Portuguese-Speaking African Countries and East Timor - 2005

Thousands €

Focus	Angola	Cape Verde	Guinea-Bissau	Mozambique	S. Tome & Principe	East Timor	Total
Fighting against poverty and extending social protection	1.567	949	1.044	1.831	744	1.405	7.540
Employment and vocational training	387	605	0	328	259	657	2.237
Institutional capacity building	22	7	23	178	5	100	336
Total	1.976	1.561	1.067	2.338	1.008	2.162	10.114

Source: Ministry of Labour and Welfare data

Multilaterally, the MTSS has partnership agreements with the International Labour Bureau, aimed at jointly developing cooperation programmes for the fight against social exclusion and poverty, and the widening of social protection. In 2005, the logic followed was one of convergent action and optimizing the resources used both bilaterally and multilaterally. This improved the effectiveness of actions conducted in the field in these areas. This logic is governed by a series of concepts that are fundamental to the implementation of Portugal's poverty-reduction strategy:

- encouraging/training hotspots of socio-community development, taking account of the multi-dimensional nature of poverty, and the inter-sectoral and sustainable aspects of social change and improvement in people's living conditions;
- identifying the needs, aspirations and resources of the target population's various sectors, bearing in mind the priorities of partner countries and the viability/planning of how to allocate the physical and financial resources available;
- building up the capacity of the bodies involved, with the aim of helping target groups to take up the opportunities provided and ensuring public institutions' commitment to good governance;
- the establishment of partnership networks involving government and non-governmental organizations, and suppliers of goods and services that are essential to sustainable socio-economic development and the fight against poverty, with particular focus on relations between those who, thanks to their physical proximity, provide added advantages when working "at ground level".