



## **Climate Financing by Portugal<sup>1</sup>**

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<sup>1</sup> Portugal (2010). Fifth National Communication to the United Nations Framework Convention on Climate Change and Second National Communication in the context of the Kyoto Protocol – Revised Version, Portuguese Environment Agency, June 2010, 248 pp.

## **1. Background to the National Policy on Development Cooperation**

Development cooperation policy is determined and coordinated by the Portuguese Government, with the direct participation of the parliament and the necessary involvement of all relevant stakeholders, namely public administration bodies, municipal authorities, non-governmental organizations, business associations, universities, foundations and other social institutions. The strategic guidelines for Portuguese Cooperation are defined in a document named A Strategic Vision for Portuguese Cooperation, approved by the Council of Ministers Resolution 196/2005, on the 24th of November.

The policy is defined in the frame of the International Development Agenda and in accordance with successive commitments undertaken in various international fora. It also aims at implementing, in a coherent, effective and up-to-date manner, a strategic cooperation framework whereby the fight against poverty, inequity and social exclusion in developing countries are high priorities. Furthermore, such policy will also reflect an enhanced inter-connection between bilateral and multilateral cooperation, so as facilitate a better integration of Portuguese cooperation and Official Development Assistance (ODA) in global strategies.

In this backdrop, environmental issues, particularly those pertaining to climate change, are included in cooperation and ODA in an integrated way and mainstreamed in other intervention sectors like agriculture, fisheries, industry and tourism.

In the Main Planning Options (GOP) 2005-2009 the policy aimed at reviving Portuguese Cooperation sought to achieve the following objective, “To correspond to international commitments with regard to the quantity and quality of Official Development Assistance, keeping in mind that the present international context, both in terms of the European Union as well as the commitments undertaken in multilateral terms, requires a great deal of dynamism and efficiency on the part of Portugal, namely, in attempting to fulfill the Millennium Development Goals”.

Likewise, the National Strategy for Sustainable Development (ENDS) views global poverty and achieving sustainable development as a challenge to be overcome. The Sixth Objective of the ENDS frames international cooperation in a dimension of global sustainability, affirming that this should, “Contribute decisively towards global economic and social development, for the consolidation and reinforcement of peace, democracy, human rights and a Just State, towards reducing poverty and, in general, towards achieving the Millennium Development Goals, as well as a better and safer environment on a planetary scale and, especially, towards preserving the biodiversity and sustainability of eco-systems” (IPAD, 2008).

In the light of the various commitments undertaken by donors in recent years, development aid has become increasingly stringent, especially in structural terms. In order to achieve objectives, it is not enough to merely increase the volume of aid but it is essential to also improve the quality of aid so as to ensure a greater level of sustainability.

This need has been the subject of much debate in diverse international forums. The Conference on Financing for Development (Monterrey, 2002) was an emblematic event in this regard, having identified

the challenges involved in seeking innovative sources of finance; a greater emphasis on the benefits to be derived from the relationship between the private sector/trade, financing and development; and greater leadership/responsibility on the part of partner countries in the overall process of development. Another fundamental aspect was the appeal made to donors to increase the amount of ODA they make available, as an essential tool to achieving the MDGs. In response to this appeal, the EU and its Member States have committed to specific goals to be achieved in terms of ODA/GNI (0.33% for each State in 2006, with a view towards achieving a collective EU target of 0.39% and an individual target of 0.51%, in 2010, and a collective target of 0.56%, so that, in 2015, the EU can achieve its objective of 0.7% ODA/GNI).

The Paris Declaration on Aid Effectiveness (2005) was decisive for the commitments of donors and partner countries in terms of changing practices with regard to the granting/management of aid, so as to ensure greater aid effectiveness. However, it is essential to highlight this declaration as a fundamental input for the international strategy aimed at achieving the MDGs.

In keeping with these debates, the EU and its Member States have also been developing diverse reforms and new strategies concerning the delivery of aid. The European Consensus on Development (November 2005) is a paradigm of these new dynamics and the new realities in the world of development aid. It constitutes a matrix of principles and guidelines for EU Member States in this regard (IPAD, 2008).

In the light of this new scenario, Portugal, like many other donors, prepared a new strategy for its policy of cooperation, which was published in December 2005. Via this new document, entitled A Strategic Vision for Portuguese Development Cooperation, an effort has been made to ensure greater clarity in terms of objectives and confer greater effectiveness to Portuguese Cooperation for Development, in harmony with international efforts to achieve the MDGs. Learning from international best practices and attempting to adapt them to its own situation, the Portuguese government has thus adopted a new policy for strategic management, which is aimed at implementing an integrated approach towards programming, monitoring, evaluation and a result oriented management that seeks to attain specific objectives.

An operational document was prepared to facilitate the implementation of this strategy, which encompasses the following dimensions: enacting terms, mechanisms and instruments and the multilateral framework of Portuguese Cooperation; support for the private sector; and the relationship between Portuguese Cooperation and civil society (IPAD, 2008).

The fundamental mission of Portuguese Cooperation, as defined in the Strategic Vision, is, "To contribute towards achieving a better and more stable world, especially in Portuguese speaking countries, characterized by economic and social development and the consolidation and strengthening of peace, democracy, human rights and the rule of law". Five fundamental objectives were defined in order to achieve this mission, which today provide a framework for all the actions of Portuguese aid:

- To steadfastly pursue the MDGs

- To contribute towards reinforcing human security, especially in “Fragile States” or in post-conflict situations
- To support the diffusion and use of the Portuguese language, as an instrument for education and training
- To support economic development, with a view to ensuring social and environmental sustainability
- To participate more actively in international debates, to support the principle of international convergence around common goals.

With a view to ensuring greater rationality and effectiveness for its cooperation, Portugal has sought to follow the principle of concentrating its priorities, both at a geographical as well as a sectoral level, targeting them to achieve positive results in the quest to fulfill the MDGs.

In terms of geographical priorities, Portugal has always maintained a very close relationship with Portuguese speaking countries, owing to a common historical past. Angola, Cape Verde, Guinea-Bissau, Mozambique, Sao Tome and Principe and Timor-Leste are thus the main partners of Portuguese Cooperation. However, since countries are not isolated units, it is necessary to view them in the regional context in which they are framed. Thus the new Strategic Vision for Portuguese Development Cooperation has also focused its attention on the regional areas in which its partner countries are located.

Sectoral priorities have also been defined, in association with these geographical priorities. Common historical and cultural ties have resulted in the creation of an institutional and juridical matrix in these Portuguese speaking partner countries that is similar to the existing matrix in Portugal. This has ensured that Portugal has comparative advantages as compared to other donors - especially in terms of historical and linguistic aspects - which have facilitated its support in certain sectors. In keeping with these factors, the following areas have been identified as priorities in terms of intervention:

- Good Governance, Participation and Democracy
- Sustainable Development and Poverty Reduction, with a special emphasis on the areas of Education, Health, Rural Development, Environment and Economic Growth/Generating Employment
- Education for Development.

The Portuguese Ministry for Foreign Affairs (MNE) is responsible for the Portuguese foreign policy namely for defining the policy guidelines, priorities and strategies of Portuguese Cooperation. In its turn, the Portuguese Institute for Development Assistance (IPAD) is responsible for implementation and coordinates Portuguese aid under the tutelage of the said Ministry.

Amongst other functions, IPAD has been entrusted with the following tasks<sup>102</sup>:

- To supervise, to orient and coordinate ODA
- To plan, programme, monitor and evaluate cooperation programmes and projects
- To provide a suitable framework for cooperation programmes and public development aid financed and implemented by other Portuguese state bodies and other public authorities
- To collect and compile information regarding actions developed by private entities
- To support initiatives undertaken by civil society with regard to development aid
- To ensure and coordinate Portuguese intervention in the area of humanitarian and urgent aid.

In addition to these two coordinating entities, the Portuguese cooperation system also involves other public entities, such as institutions from the central and local administration, universities and public institutes, and is characterized by its broad based, high decentralized nature.

Along with public institutions, private entities such as Development NGOs or Foundations also assist the efforts of Portuguese Cooperation.

Given the multiplicity of these actors, it was necessary to create mechanisms that ensured greater rationality and efficiency for cooperation interventions, coordinating actions and making them more coherent. The new Strategic Vision document has sought to respond to this need through two essential measures.

On the one hand, the role of the Inter-Ministerial Commission for Cooperation (CIC) was revitalized. The CIC is a forum to concert sectoral efforts and an instrument for coordination between different state departments in the field of development cooperation, assisting in the tasks of planning, monitoring and implementing programmes and projects. The CIC holds meetings of its Permanent Secretariat, in which the sectoral ministries are generally represented by their respective Departments of International Relations. These departments are responsible for circulating the strategic guidelines pertaining to the cooperation policy, as well as their coordination within the scope of intervention by their ministry.

On the other hand, the government sought to ensure a greater articulation between the public and private sectors, creating the Development Cooperation Forum (FCD). The purpose of this forum is the coordination among central state administration, civil society and local administration and to thus catalyze synergies and promote forms of complementarity between the actions being developed.

In order to carry out the coordination functions that have been attributed to it, IPAD has three fundamental instruments at its disposal: the coordination of the Budgetary Programme for Development Cooperation, the management of the Portuguese Cooperation Database and the preparation of the Indicative Cooperation Programmes.

Created in 2004, the Budgetary Programme for Development Cooperation (PO05) was developed as a budgetary programming instrument, which outlines the allocation of funds to commitments undertaken by Portugal in the context of Cooperation. It is coordinated by the Ministry for Foreign Affairs, through IPAD. The PO05 is one of the fundamental mechanisms in terms of aid predictability, since it provides a clearer idea of what each Ministry intends to spend; coordination, since it results in a lesser dispersion of funds, which frequently occurs when there are multiple agents/executors; and accountability, since during the process of allocating funds for cooperation in the State Budget, targets and indicators are associated with each action that is to be funded.

Ever since it was created, the structure and functioning of the PO05 has been improved, which reflects how important and necessary this mechanism is, not just for the granting of aid but also, mainly, for its effectiveness. In the wake of the Portuguese government's strategy to implement the Performance Budgeting system, to be concluded in 2010, the PO05 was selected as a Pilot Programme for this initiative since it met all the required criteria. A central element in terms of budgeting for programmes is a shift in focus, which is now aimed more at results instead of focusing on resources, with clearly defined and monitored goals and objectives. Another significant aspect is its pluriannual nature. This implies that it is essential to plan and define objectives and goals on a pluriannual basis and that supporting financial resources have to be attributed in a similar timeframe. These characteristics ensure that the PO05 initiative makes Portuguese aid more predictable, due to its pluriannual commitments, and will also improve the quality of aid, owing to a greater concentration on the results. This innovative PO05 initiative is scheduled to be introduced in the 2009 State Budget.

The Portuguese Cooperation Database is another essential instrument for the centralization, coordination and management of official information about cooperation activities. Every year, IPAD collects information about the cooperation activities developed by different agents and compiles it in this Database, thus enabling a reliable monitoring of Portuguese aid flows and activities. This instrument was designed according OECD/DAC statistical system and is close linked to it.

As for the Indicative Cooperation Programmes, these are strategic documents that guide Portuguese Cooperation with Portugal's main partner countries. In 2006, Portugal adopted a new strategy for these Programmes, which is based on the Common EU Country Strategic Programme Framework. This strategy essentially seeks to institute a common format in keeping with the EU programming framework. The document entitled Guidelines for the PICs 2007-2009 establishes the following objectives for all Portuguese Cooperation Programmes:

*Global:* To contribute towards reducing poverty, via a medium term approach that allows the promotion of sustainable economic and human development.

*Specific:* To support the process of good governance and reinforce institutional capacities in a long and medium term perspective, so as to reinforce the capacity to provide services to the population, transparency, a democratic culture and human rights. To promote decentralization, namely via social

and community development actions, so as to contribute more directly towards improving living conditions for inhabitants.

These objectives must be implemented keeping in mind questions such as a concentration on geographical and priority areas; the incorporation of transversal questions, coordination and complementarity with other donors; greater integration of actions into multilateral projects; and greater participation by civil society and the private sector.

In the two Forums for Aid Effectiveness, Portugal pledged to change its development aid practices. In order to implement this commitment, Portuguese Cooperation prepared two Action Plans: Portugal's Action Plan for Harmonization, prepared by Portuguese Cooperation in 2005, as a manifestation of the commitments undertaken within the Rome Declaration; and Portugal's Action Plan for Aid Effectiveness, prepared in the wake of the II High Level Forum for Aid Effectiveness.

Portugal's Action Plan for Aid Effectiveness incorporates the measures defined in the Action Plan for Harmonization and adds other measures that, in their turn, translate into goals with timeframes. These measures and goals are structured towards each of the dimensions of the partnership commitments: Appropriation, Alignment, Harmonization, Result Oriented Management and Mutual Accountability. The implementation of this Plan is currently being evaluated internally by the IPAD.

Portuguese Cooperation likewise seeks to integrate the commitments undertaken within the framework of the European Union with regard to Aid Effectiveness. In addition to incorporating the recommendations contained in the Paris Declaration, Portugal also follows EU guidelines outlined, amongst other documents, in the Aid Effectiveness Package (2006), which includes three essential communiqués aimed at improving the quantity and quality of aid: "Joint Programming Framework", "Delivering Aid: More, Faster and Better" and "Financing for Development and Aid Effectiveness – Scaling Up Aid 2006-2010"<sup>108</sup>. These three communications seek to establish a concrete strategy to be adopted by EU Member States in order to achieve the MDGs.

In 2008, the European Commission issued the Communication entitled "The EU – A Global Partner for Development - Speeding Up Progress Towards the Millennium Development Goals", which analyzed the EU's contribution towards achieving the MDGs and suggested ways of overcoming the obstacles that had been identified in the process. This Communication is an important EU manual in terms of aid effectiveness and serves as an input not just for the next High Level Forum on Aid Effectiveness (Accra, September 2008), but also for the subsequent period. As an EU Member State, Portugal follows this document.

Financial Planning and Budgeting mechanisms for Portuguese Cooperation were reinforced and improved in order to comply with the international commitments, such as the earmarking of 0.33% of Gross National Income (GNI) to ODA by 2006. In this context, the creation of the Budgetary Programme for Portuguese Cooperation (P5), under the State Budget, was of special relevance, as it aims to concentrate and budget all cooperation activities developed by Portuguese Public Administration bodies. This programme constitutes an important instrument for compliance with guidelines, priorities and

objectives in the context of policy for development cooperation, conferring more predictability, coherence and transparency to cooperation and ODA.

Other commitments were agreed in the context of the European Union (EU) in important areas for sustainable development, namely the untying of aid, technical assistance related to trade, new forms of partnerships for the management and financing of global commons, and environmental conservation, policy coordination and harmonisation of procedures.

Despite having reaffirmed its commitment to the pledges undertaken in the context of global efforts to achieve the MDGs, Portugal has faced serious difficulties in increasing its ODA. It is impossible to ignore the fact that most Portuguese ODA is still derived from the State Budget. In a phase of strict budgetary restrictions imposed in order to reduce the national deficit, this fact makes it difficult to increase sums allocated to ODA without having a serious impact on Portugal's public finances. Future international financial commitments will require Portugal to achieve a ratio of 0.51% ODA/GNI in 2010 and 0.7% ODA/GNI in 2015. For this to be possible, the proposal for the Main Planning Options for 2009 has established an intermediary target of 0.45%, which, upon being approved by Parliament, will entail a greater financial effort on the part of the entire central administration.

Between 2003 and 2006, the volume of Portuguese ODA recorded a slight tendency to grow, with the exception of 2004, a year in which the restructuring of Angola's debt (562 M€) caused an exponential rise in aid figures. In 2006, European donors were put to the test before the goal established by the EU to achieve an ODA/GNI ratio of 0.33%.

The ratio of Portuguese aid was about 0.21%, below the EU target. The difficulties in honoring this commitment had, in large measure, to do with the Portuguese government's efforts to control Portugal's public deficit and budgetary consolidation, in order to fulfill the rules established by the EU Stability and Growth Pact. In 2007, this ratio grew slightly and was 0.22% ODA/GNI.

Most aid is channeled bilaterally - an average of 61% of total ODA, from 2002 to 2007. However, the relative importance of Bilateral ODA, as compared to Multilateral ODA, has reduced progressively during this period, although it still exceeds 50% of total ODA annually.

Portugal has traditionally had a high percentage of untied aid. Between 1995 and 2007, untied aid represented an average of 84% of total ODA. In terms of international practices, Portuguese Cooperation has implemented the DAC Recommendation on Untying Bilateral Development Assistance to Least Developed Countries (LDCs). It has also joined the international consensus to eliminate minimum untying limits for the activities covered by the Recommendation and approved the option of extending the Recommendation's coverage to include Heavily Indebted Poor Countries (HIPC)s that are not LDCs.

With regard to the procedures of procurement (processes to acquire goods and services), Portuguese Cooperation has clearly given priority to local and regional procurement, thus seeking to stimulate



local/regional economies. Procurement from Portugal is used only when local procurement proves to be impossible.

The main modality of Portuguese ODA is Technical Assistance, with an annual average that is generally above 50%, owing to the emphasis on the sector of Education and programmes for technical assistance and training. This is also facilitated by the very similar institutional and juridical matrix that exists between Portugal, PALOP and Timor-Leste. Investment projects, debt reorganization, debt forgiveness and direct budget support are modalities that are likewise used by Portuguese Cooperation.

Portuguese ODA is traditionally highly concessional. Most aid is distributed in the form of grants.

Portugal delivers its ODA mainly through Technical Assistance and debt relief activities, and to a lesser degree but still noteworthy, direct government budget support of some partner countries and emergency and reconstruction aid. Tied aid has essentially occurred through the financing of small projects and the support to import programmes of consumer goods and equipment.

Technical Cooperation (TC) is the most important item of bilateral assistance, facilitated by the historical and cultural ties and the institutional and legal frameworks common to Portugal and its partner countries. Technical cooperation is developed mainly through sectoral programmes or projects covering, among other activities, teacher training, placement of aid workers, scholarship awards (not only for studies in Portugal but also in schools within the beneficiary country) and technical assistance for capacity-building of third country institutions.

Following the commitment by the EU, Canada, New Zealand, Norway and Switzerland at the Second Part of the Sixth Conference of the Parties in Bonn in 2001, agreed to contribute annually with 410 million dollars to support non-Annex I countries in climate change related projects (Bonn Political Declaration), as well as the decisions subsequently made within the EU, Portugal ensured that its own share of annual international obligations were duly met. In the period from 2005-2007, Portugal's contributions in accordance with the Bonn Political declaration amounted to €3 910 669.

Under the Bonn Declaration, Portugal contributed to the UNFCCC funds and provided support for activities under the supplementary fund of the Convention. Part of Portugal's contributions will continue to be channeled to provide support to developing countries through the Convention and its Kyoto Protocol, including the Adaptation Fund once it becomes fully operational.

A substantial part of the funding available for compliance with the Bonn Declaration results from a new budget line of MAOT created specifically for this objective. Further to the integrated support already provided to other projects, the management of this specific funding line, under the responsibility of APA, will support both mitigation and adaptation projects conceived for the implementation of the Convention and the Kyoto Protocol.

Additionally, the referred funds have been managed in order to meet the objectives of the two regional networks established specifically to promote cooperation on the implementation of the Convention and

Kyoto Protocol – the Portuguese Speaking Countries Climate Change Network (RELAC) and the Iberian-American Climate Change Network (RIOCC) – both promoted by Portugal between 2004 and 2005 in close collaboration with the involved countries. With similar goals and formats, these networks differ mainly by their geographical scope, being focused in Africa and Latin America respectively. Both these networks aim at promoting the exchange of knowledge and experiences between the regions, through specific mechanisms to be established.

RELAC includes Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Sao Tome and Principe and East-Timor, and is a fundamental instrument for networking between CPLP countries. It will facilitate the exchange of perspectives and experiences, as well as the preparation of joint proposals on action against climate change.

RIOCC involves Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Equator, El Salvador, Spain, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Dominican Republic, Uruguay and Venezuela. The general objectives common to both networks are:

- Keeping an effective and permanent dialogue amongst participant countries.
- Promoting the exchange of information on mitigation and adaptation policies, by identifying priorities and barriers to tackle climate change and its impacts.
- Supporting and promoting the implementation of the Convention and the Kyoto Protocol.
- Promoting capacity building initiatives and exchange of knowledge in the context of the Convention and the Kyoto Protocol.
- Identifying opportunities and promoting initiatives in the domain of education, training and public awareness on climate change.
- Exchanging views on possible ways forward in international negotiation fora.
- Supporting the integration of climate change strategies into development policies and ODA strategies, as complements to existing programmes.
- Facilitating initiatives aimed at taking advantage of opportunities in the context of the Clean Development Mechanism (CDM).

Projects in the context of these networks will be developed within the following areas of intervention:

- Capacity building
  - Exchange of information and/or experiences on methodological aspects, particularly with regard to the preparation of National Adaptation Programmes of Action (NAPA), GHG inventories, projects to be submitted to GEF and Clean Development Mechanism (CDM) projects.

- Exchange of information and/or experiences on research and systematic observation on climate change.
- Adaptation
  - Collaboration and/or exchange of information and/or experience on vulnerability and impacts of climate change.
  - Collaboration and/or exchange of information and/or experience on adaptation strategies.
  - Development of NAPAs.
  - Use of funding mechanisms foreseen in the context of the Convention and GEF.
- Clean Development Mechanism
  - Identification of the main obstacles to the development and implementation of CDM projects.
  - Identification of possible opportunities for projects in RIOCC and/or RELAC countries.
- Capacity Building, Education and Public Awareness
  - Identification of other institutional capacity building needs not covered in the previous points and identification of potential activities that can contribute towards this end.
  - Promotion of the exchange of experiences and/or collaboration in education and public awareness-raising.

## **2. Multilateral Cooperation**

Multilateral development cooperation policy is seen as an essential complement to bilateral cooperation, as well as a means of reinforcing Portugal's integration in the international system of development support. Portugal is in compliance with the commitments that the international donor community has made at multilateral fora, namely in terms of resource allocation and improved effectiveness of ODA.

While the main beneficiaries of bilateral ODA are PALOP and Timor-Leste, the major share of multilateral Portuguese aid goes to the European Union, as a result of contributions to the European Development Fund (EDF), which finances EU aid to ACP (Africa, Caribbean, Pacific) countries, and to the European Commission Budget for External Aid, which finances aid to developing countries that are not covered by the EDF.

At a multilateral level, Portugal has contributed financially towards the main conventions, protocols and funds dedicated to environmental protection, namely the Global Environment Facility (GEF), the Multilateral Fund for the Montreal Protocol, the UN Framework-Convention on Climate Change, the

Convention on International Trade in Endangered Species or the International Union Convention for Conservation of Nature, amongst others. Portugal has been paying attention to the work developed by the EU-ACP Water Facility.

In the context of the United Nations, Portugal contributes towards diverse UN agencies, namely to the UNDP, FAO, UNFPA, UNHCR, UNICEF and the WHO. Contributions to the United Nations received an average aid of approximately 8.7 M€ between 2002 and 2007.

The group of Financial Institutions constituted by the International Monetary Fund (IMF), World Bank and the World Trade Organization (WTO) received an average of about 10.7 M€ during the same period. Portugal has simultaneously sought to maintain an active role in diverse regional fora in Africa, Latin America and Asia. The Community of Portuguese Speaking Countries (CPLP) is particularly relevant in this regard, since it is the forum that brings together the main beneficiaries of Portuguese Cooperation, along with Brazil.

Portugal has been engaging ever more actively in the activities developed by the various international bodies and specialized agencies in the context of assistance to developing countries. It has been particularly active in its participation in a variety of international fora in Africa, Latin America and Asia, although its interventions still have a special focus on the Community of Portuguese Speaking Countries (CPLP) (The Community of Portuguese Speaking Countries (CPLP) was created on the 17th July 1996 and is a privileged multilateral forum for deepening friendship and cooperation among its member-states: Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Sao Tome and Principe and East Timor).

Portuguese multilateral contributions represented between 38% and 51% of total external assistance in the period 2001-2003, with a sharp drop to 20% in 2004. This reduction is not due to a decrease in multilateral contributions, which in fact increased as an individual item by 17% relative to the previous year, but rather to the marked increase in total assistance resulting from the expansion of the bilateral component.

The largest share of multilateral contributions is channeled through the EU, via installments to the European Development Fund (EDF) which finances EU assistance to African, Caribbean and Pacific (ACP) countries, and contributions to the European Commission Budget for External Assistance which finances the assistance to developing countries not covered by the EDF.

Portuguese multilateral cooperation with the ACP countries is defined in the context of the EU and its various mechanisms, with the Cotonou Agreement playing an important role in EU's development cooperation policy and external relations. Its unique characteristics make it a true symbol of EU policy.

The Portuguese Presidency of the EU in the first semester of 2000 presented a special opportunity for fostering an enhanced partnerships between Europe and Africa, with the realization of the first Europe-Africa Summit, in Cairo, on the 3-4 April 2000, and the resulting follow-up mechanism that marked the

beginning of a new era in the relationship between the EU and the African continent and with to the conclusion of EU/ACP negotiations, which in turn led to the signing of the Cotonou Agreement.

Strengthening the relationship between the EU and Africa was also a major priority of the third Portuguese Presidency of the EU, in the second semester of 2007. The Second EU-Africa Summit held in Lisbon, on the 4-5 December 2007, was a landmark in the relationship between the two continents, by reviving and deepening the political dialogue at the highest level and laying the ground for the future relationship, taking into account the developments that have taken place in the African continent (launch of the African Union and New Partnership for Africa's Development), in the EU (enlargement of the EU), as well as new global challenges (e.g. climate change). This Summit has resulted in the adoption of a Joint Africa-EU Strategy and its first Action Plan (2008-2010) that established enhanced partnerships in eight key areas, including climate change.

Within the framework of the United Nations, Portugal has implemented co-financing mechanisms for projects in the PALOP countries and East Timor through trust funds, in the context of agreements with the United Nations Development Programme (UNDP) and United Nations Education, Science and Culture Organisation (UNESCO). Portugal also makes voluntary contributions to a wide number of United Nations (UN) agencies and funds, namely the World Food Programme (WFP), the HABITAT Programme (UN-HABITAT), the World Health Organisation (WHO), the United Nations High Commission for Refugees (UNHCR), the United Nations Population Fund (UNFPA), and the United Nations Children's Funds (UNICEF), among others.

In order to address global environmental problems, including those stemming from climate change, Portugal contributed to the Global Environment Facility with a total of USD 13,883,474 million, in the period 2001 to 2008. Of this amount, a total of USD 11,672,246 accounted for ODA. It is also worth noting that, in 2009, commitments to the GEF amounted to EUR 1,432,500.

### **3. Bilateral Cooperation**

With regard to bilateral cooperation, political initiatives favor intervention in the Portuguese speaking countries – with which historical, linguistic and cultural ties exist – through public-private partnerships, the development of an appropriate financial support framework and the support to civil society organizations with relevant activities in this area. Portugal places specific interest in its participation in the context of the CPLP, aiming at reinforcing political and diplomatic relations with this group of countries, as well as contributing to their inclusion in international guidelines, so that they become active participants in the global economy and capable of overcoming poverty. The privileged relation of Portugal with these countries thus allows the development of capacities which enable the pursuit of sustainable development goals.

The monetary values of Portuguese bilateral cooperation related to the implementation of the Convention amounts to a total of € 9 125 782 in the period from 2001 to 2007. This value has been on the increase, peaking in 2005 with a value of € 1 845 316 and then in 2007, with € 3 314 299.

In terms of cooperation for development, and at a bilateral level, Portugal has also been developing diverse projects in the sector of the environment, in PALOP countries and in Timor-Leste, which focus, above all, albeit not exclusively, on the areas of water and sanitation, combating climate change and institutional capacity building for this sector. Examples include the Project to Quantify Stored Carbon and the Carbon Sink Capacity of Forests, in Guinea-Bissau; or aid for the implementation of the Climatic Information System and the State of the Sea to Support Sustainable Development, in Cape Verde, Guinea-Bissau and S. Tome and Principe.

#### **4. Technology Transfer**

Technology transfer is mainly done through projects supported by Portuguese ODA . Focus is mainly on know-how and related institutional capacity building in particular in water and energy related projects. Equally important is the Portuguese Carbon Fund (FPC), which is responsible for diverse activities to obtain carbon credits, through investments in the Kyoto flexible mechanisms (Joint Implementation Projects – JI and Clean Development Mechanisms - CDM). Another relevant area in terms of technology transfer comes from contributions to the established UNFCCC funds, in particular the Special Climate Change Fund which operates a technology related window.

Cooperation with developing countries in the Climate Change field has been increasing significantly since the establishment (in 2005) of the Network of Climate Change Offices of CPLP countries (RELAC). In its context, the Portuguese Ministry for the Environment has been starting to promote some activities and projects, some of them focused on the transference of know-how, processes and technology towards these countries, in different sectors, in line with the Strategic Vision for Portuguese Cooperation. Increasingly Portugal will enhance focus of cooperation, including technology, in the energy sector and in particularly in renewable.

In the forestry sector, Portugal has been working with Guiné-Bissau on the CARBOVEG project - Quantifying the Stocks and Sink Effects in the Forests of Guinea-Bissau. The purpose of this project was to quantify the stored carbon as well as the CO<sub>2</sub> sink capacity of Guinea-Bissau's forest vegetation. Local experts were provided with the methodology and techniques needed for these measurements. This project started in December 2006 and it's near conclusion. A side-event was organized at COP14 in Poznan, dedicated to present this particular project. On a more informational note, recently, Portugal has started implementing another project in Guinea-Bissau (GB) related to the reinforcement of energy supply of public institutions through the use of renewable energy. Recognizing the instability of power supply in GB as a strong barrier to the daily activities of GB's Law School, the intention was to ensure a reliable supply of energy while at the same time contributing to reducing the energy bill of that institution. The main activity of this project involves setting up solar panels in GB's Law School, able to secure part of their energy needs. It also intends to appeal on good practices for energy efficiency as well as to implement a management model and maintenance of equipment.

Portugal's main approach in the past years has been on reinforcing capacity building (technical level and institutional) as well as sharing experiences, for example, during a visit from his Excellency the Minister of Environment of Brazil (27th-28th April 2009) the agenda included a visit to the Solar Building XXI, the

National Laboratory for Energy and Geology and a working meeting for the discussion of the following issues: water resources (with emphasis on the National Plan of Dams with High Hydropower Potential - PNBEPH), renewable energy, climate change and biodiversity, with focus on Access and Benefit-Sharing.

Portugal has also been translating several technical documents related to climate change and supporting the establishment of DNAs for the Kyoto Mechanisms in several CPLP countries.

### **5. Institutional Capacity-Building**

In terms of institutional capacity building, Portugal has supported CPLP countries in the areas of: environmental licensing; environmental impact evaluation; environmental inspections; environmental education; implementation of practices and processes part of the main international agreements and conventions regarding the environment, territorial organization, cartography and records.

In this scope, IM has also promoted with Cape Verde's meteorology institute, in March 2008 and with the support from CPLP, WMO and EUMETSAT, the International Workshop on Climate and Natural Resources in the Portuguese Speaking Countries (WSCRA 2008) aiming at identifying priorities in climate change understanding and the adoption of adaptation measures and, also, to establish public-private partnerships in this scope.