

# What About Portugal?

This document is based on the OECD/DAC Peer Review of 2006 and reflects the situation of Portugal until July 2010.

## Responsibilities for development cooperation

- The key actor in Portuguese aid is the Portuguese Institute for Development Support (IPAD). IPAD is part of the Ministry of Foreign Affairs, and was created in 2003 as the central body responsible for the planning, supervision and coordination of Portuguese aid. Despite IPAD's formal lead role, the implementation of Portuguese aid also involves 15 different ministries, 308 municipal governments, universities and other public institutions. The diffuse nature of cooperation poses challenges at all levels for the coherence, coordination, management and reform of Portuguese aid.
- In November 2005, the Council of Ministers approved the new Portuguese strategy for development co-operation entitled "A strategic vision for Portuguese co-operation." This strategy includes a commitment to the MDGs as one of the five guiding principles of Portuguese development co-operation.
- The strategy adopted in 2005 charges the Inter-Ministerial Commission for Co-operation (CIC) with coordinating development co-operation policy. However, the CIC has functioned weakly in this role.
- The 2005 Portuguese strategy maintains Portugal's traditional geographic focus on six priority countries with which it shares historic, linguistic, and cultural links from its colonial past: the Portuguese-speaking countries of Africa (PALOPs) (Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe) and Timor-Leste in South-East Asia. Five out of these six priority countries are fragile states. Priority sectors include education, good governance, participation and democracy, sustainable development, and the fight against poverty.
- The Foreign Affairs Commission at the Parliament monitors the Portuguese development cooperation policies and usually facilitates debates on MDGs.

## Portugal's Contribution to the Millennium Development Goals (MDG's)

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## Portugal's record on aid

### Aid quantity

- As an EU-15 member, Portugal committed to reach 0.7% of GNI by 2015, with interim targets set at 0.33% by 2006 and 0.51% by 2010. **Portugal failed to meet its 2006 target and will miss the 2010 target as well.**
  - Portuguese ODA represented 0.27% of GNI in 2008, up from 0.22% in 2007. **Portugal's ratio of ODA to GNI lags far behind the average country effort of DAC-EU countries (0.43%). The DAC 2009**

**preliminary data estimate Portugal's ODA/GNI as 0.23% in 2009, which is substantially lower than the estimated DAC-EU average of 0.44%.**

- In 2008, Portugal was the third worst-performing country among DAC-EU member states in terms of ODA/GNI. Only Italy (0.20%) and Greece (0.20%) reported lower country efforts.
- Portugal's ODA/GNI ratio has remained fairly constant at these low levels. ODA averaged 0.25% of GNI between 1999 and 2003; it peaked at 0.27% in 2002 and hit a low of 0.22% in 2003. In 2004, a rescheduling of Angola's debt caused Portugal's reported ODA/GNI ratio to jump to 0.63%; however, when the debt rescheduling operation is discounted, Portugal's 2004 ODA/GNI ratio falls to only 0.20%.
- Portugal provided 614 million USD in net ODA in 2008, up from 471 million in 2007. Only Luxembourg gave less net ODA. ODA in 2009 is expected to fall to 507 million USD.
- While Portuguese ODA grew by 21.1% in real terms between 2007 and 2008, driven by increased bilateral aid particularly to Africa, it decreased by 15.7% between 2008 and 2009 as per the DAC 2009 preliminary data.
- None of Portugal's 2008 ODA represents debt relief grants (i.e. grants which forgive the debt of developing countries). In contrast, debt relief grants constituted high shares of ODA for some peer donor nations, including Italy (20.0%), Germany (18.7%), France (8.2%), and Spain (5.1%).
- The OECD/DAC recommended to Portugal to keep increasing its ODA in order to meet its international commitments. It also adds that Portugal should create an implementation plan detailing how it expects to attain its 2010 target, specifying the resources and instruments to be used.

The last national budget voted in parliament (2009) includes for the first time a three-year pilot unified budget programme for all development cooperation activities. Due to recent budget cuts, the three-year financial programme is no longer included in the 2010 budget as in 2009 and there is growing uncertainty on the financial resources to be allocated for development aid. This raises the issue, five years to 2015, of the extent to which development cooperation has increased its profile within the government's priorities.

### Aid quality

- Portugal's share of bilateral aid was 57% in 2007 and 60% in 2008, up from 53% in 2006. However, this share fell back to 53% in 2009.
- **In Portugal's 2006 Peer Review, the OECD/DAC commends Portugal for concentrating bilateral aid on a small number of LDCs and allocating a high proportion of aid to Sub-Saharan Africa.** In 2007-08, 40.5% of Portugal's bilateral ODA went to least-developed countries (LDCs), negligible amount to other low-income countries, 39.0% to lower middle-income countries, and 9.5% to upper middle-income countries. By region, Sub-Saharan Africa received the greatest share of Portugal's bilateral ODA (43.9%). By country, top recipients of gross bilateral

ODA in 2007-08 were Cape Verde and Morocco, neither of which is an LDC.

- Country Programmable Aid (CPA) is the proportion of aid that developing countries can allocate according to their needs. CPA represented 65% of Portugal's gross ODA in 2005 – one of the best ratios among DAC-EU peers; the remaining 35% of Portugal's gross ODA was allocated toward humanitarian aid, debt relief, imputed student costs, administrative costs, food aid, in-donor country refugee costs and funding to NGOs. Portugal's ratio of CPA to total ODA far exceeds those of Spain (35%), France (32%), Germany (30%), and Italy (21%) and exceeds the combined figure across all DAC countries (47%).
- In 2007, only 58% of Portugal's aid was untied (tied aid is assistance given to developing countries which must be used to purchase goods and services from the donor country). **Portugal has the lowest share of untied aid among its peer nations**, performing worse than Germany (93.4%), France (92.6%), Spain (89.1%), and Italy (59.8%). **A significant proportion of tied Portuguese aid is disbursed as Technical Cooperation (TC)**; typically Portugal has been spending more than 2/3 of its bilateral ODA on TC. Latest Government's figures from IPAD show that 24% of technical cooperation is for 'imputed student costs' and an additional 4% for scholarships. The DAC states "that bringing foreign students to Portugal to study is costly in absolute terms and has a high opportunity cost in terms of the developmental gains foregone, especially when Portugal's partner countries have pressing needs at all educational levels." Indeed, these countries face great difficulties to achieve MDG2 – Primary Education for All – on which Portuguese ODA spends very little. The country remains hesitant in untying its aid. Portugal should strive to fully untie its aid, as Luxembourg, the Netherlands, and the UK have already done and to reform T.C. in such a way to ensure that recipient countries decide how to build their institutional capacity.
- Portugal is a signatory to the 2005 Paris Declaration on Aid Effectiveness and a member of the DAC Working Party on Aid Effectiveness and the EU's Ad-hoc Group on Harmonisation. While the OECD/DAC conducted a **Survey on Monitoring the Paris Declaration** in 2006 and 2008 to gauge the progress of donor nations toward improving aid effectiveness, only two of Portugal's partner countries participated and at times did not provide comprehensive responses; this unfortunate lack of information makes it difficult to measure Portugal's recent progress on aid effectiveness. **In general, the report finds that Portuguese aid is much more predictable now than in the past as it is disbursed and recorded on schedule. However, in most other measures of aid effectiveness Portugal scores very low when compared to its European peers.**
- The DAC recommends that Portugal design and implement a "*multi-year, results-based action plan*" to modify its development policies and procedures in line with the poverty reduction framework set out in the new strategy for development co-operation adopted in 2005.
- The DAC also suggests that IPAD move towards a more results-oriented culture and modify its employee training and recruitment accordingly. IPAD is already formally moving into a more results-oriented culture but it is still too early to assess the policy changes in terms of impact.
- The 2006 Peer Review of Portugal notes: "*The new strategy for development co-operation advocates strong multilateral engagement and donor co-ordination but*

*provides no particular guidance on how Portugal might address the Paris Declaration other than integrating bilateral and multilateral programmes and pooling funds with other donors.*"

- The 2006 Peer Review also finds that Portugal has progressed further in aligning its aid activities with partner countries than in harmonising procedures with other donors: "*Portugal's development co-operation is increasingly aligned with the national development strategy and/or poverty strategies of its partner countries. Despite some notable efforts to collaborate with other donors, e.g. in Mozambique and Timor-Leste, there is much scope for Portugal to contribute more actively to joint activities and to evaluate its organisational and management approach to development co-operation, with a view to building capacities internally to address the international agenda more effectively.*"

### Policy Coherence

- The OECD defines policy coherence for development as "working to ensure that the objectives and results of a government's development policies are not undermined by other policies of that same government which impact on developing countries, and that these other policies support development objectives where feasible".
- Policy coherence is a priority for Portugal as demonstrated by the Portuguese Government's recent launch of the Forum for Development Cooperation, which gathers all relevant public and private actors working on development cooperation. This Forum aims to promote coordinating mechanisms and information sharing between relevant actors.
- Portugal's new strategy for development co-operation adopted in 2005 includes a commitment to intensify inter-ministerial co-operation and policy coherence and calls for several new mechanisms to be implemented to increase collaboration among actors.
- The Inter-Ministerial Committee for Cooperation (CIC) has the mandate to facilitate greater coordination among the various stakeholders of Portuguese Cooperation. According to the progress report on aid effectiveness presented by IPAD in 2008, CIC implements its mandate through sessions with representatives of sectoral ministries, the preparation of Cooperation programmes or simple discussion on Cooperation issues.
- Despite this acknowledgement of policy coherence, there continues to be lack of debate about it and much remains to be done to make it operational.
- In Portugal's 2006 Peer Review, the OECD/DAC suggests that Portugal adopt policy coherence for development as a government objective at the highest political level and clarify the role that the Council of Ministers for Cooperation (CIC) and IPAD might play in promoting coherence across government ministries.
- Moreover, the OECD suggests that IPAD requires more analytical capacity and greater human resources in order to fulfil its role in promoting policy coherence for development across government. Presently, IPAD is formally moving into a more results-oriented culture but it is still too early to assess its impact.

## Portugal's record on trade

- Coherence of trade policies with development is key to help create livelihoods in poor countries.
- As an EU Member State, Portugal implements the Common Agricultural Policy (CAP), providing subsidies and price controls on agricultural commodities. Subsidies for EU producers lead to overproduction, pushing down world prices, and obliging the EU to 'dump' production abroad in order to keep prices high at home. As a result, poor farmers in developing countries are unable to compete and at the same time find their access to the European market denied. EU citizens meanwhile pay more for the food they buy and bear the burden of higher taxes resulting from the huge cost of maintaining the CAP.
- Over the years, gradual reforms of the CAP, particularly those adopted by EU Member States in June 2003, have slowly decreased support levels and shifted some support toward less-distorting mechanisms, including decoupling payments from production and tying direct payments to good agricultural stewardship. Nonetheless, the CAP continues to distort the market for a wide range of products of critical importance to developing countries, such as cotton, dairy products, rice, fruits and vegetables, etc.
- In Portugal's 2006 Peer Review, the OECD/DAC notes that Portugal supports the reform of the CAP and of the world trade system to better serve the interests of developing countries. However, Portugal has advocated for protectionist policies where national interests are at stake. In June 2009, Portugal joined with France and Spain in an attempt to pre-empt the European Commission from cutting banana import tariffs, which would threaten their production. In order to re-launch WTO talks, the European Commission hopes to end an historical trade dispute with Latin American producers by significantly reducing its banana import tariffs.
- According to the Commitment to Development Index 2009, Portugal's trade weaknesses are:
  - High tariffs on agricultural products (38.7% of the value of imports; rank: 14)
  - High agricultural subsidies (equivalent to 12.4% tariff; rank: 10)

## Public Opinion

- Following recommendations in its 2001 DAC Peer Review, Portugal made significant improvements in the dissemination of development co-operation information to the public. Several Portuguese NGOs have dedicated themselves to development education; most notably, Pobreza Zero was launched in 2005 as part of the Global Call for Action Against Poverty. The Portuguese-speaking countries of Africa (PALOPs) are reasonably covered in the Portuguese media and IPAD finances educational events, including seminars, films, and, for the first time in 2005, development education projects.
- However, reports by the OECD (2003) and the European Commission (2005) concluded that Portugal had been slow to implement development education strategies and public debate remained limited. A December 2005 survey by the Portuguese NGO Platform and the University of Aveiro reported that half of respondents were unaware of Portuguese development co-operation and 85% believed

it to be unimportant.

- Portugal's 2005 strategy for development co-operation made education for development a key priority, including in school curricula. This strategy, particularly the development education component, received broad support in Parliament. According to the 2007 Peer Review of Portugal, "*there is strong parliamentary consensus regarding the government's new strategy for development co-operation and the need to raise aid volumes to meet the MDGs. Yet, pressure to show results has not been very strong in Portugal compared to other DAC member countries. With respect to public opinion, a welcome feature of the strategy is to raise education for development as a key priority... Government officials seem eager to increase the constituency for development co-operation, particularly among the younger generation which does not have the same cultural, historical or emotional links to the Portuguese-speaking countries as its predecessors.*"
- The Portuguese government approved in 2010 a national strategy for development education where advocacy emerges as a new and important area of work by all actors involved in development issues.
- A 2009 Eurobarometer survey showed that the number of people responsive to the MDGs has increased from 24% to 35%. When asked if they had ever heard or read about the Millennium Development Goals, 35% of Portuguese respondents (65%) knew about the Millennium Development Goals. This is an improvement since the 2007 survey where only 17% of the respondents in Portugal had heard of the MDGs.
- The OECD/DAC recommended that IPAD create and implement a communication strategy for educating the public on development co-operation and sufficiently fund activities related to development education.

## Commitment to Development Index

- The Centre for Global Development (CGD) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. CGD's "Commitment to Development Index" (CDI) looks at seven policy areas important to developing countries: aid, trade, investment, migration, environment, security and technology.
  - **CGD's 2009 Commitment to Development Index ranks Portugal 16th among 22 OECD countries. This score represents a rise in the rankings since 2006, when Portugal was ranked 16th among 21 nations.**
  - Portugal's overall score is brought down by low marks on aid and migration. Portugal allocates a very low share of GNI to aid and accepts few refugees in the wake of humanitarian crises.
  - On the positive side, Portugal performs well on the environment - as its low per capita greenhouse gas emissions and low fishing subsidies benefit poor countries, and on security - as the Portuguese government has made significant financial and human resource contributions to international peacekeeping efforts and humanitarian interventions.

## **UN Millennium Campaign Portugal**

### **Policy demands**

- **Increase the political profile of development cooperation within the government policies and strengthen the coordination of the Portuguese aid system;**
- **Improve policy coherence by implementing a comprehensive multi-annual development cooperation budget inclusive of programmes and procedures from different ministries;**
- **Improve the transparency and disclosure of information in order to allow development stakeholders to constructively engage in government aid related debates;**
- **Strengthen NGO participation in the process of designing development aid strategies;**
- **Provide results-based evaluations for all agencies involved in the development cooperation and aid resources;**
- **Press Portugal to join the recently launched International Aid Transparency Initiative;**
- **Agree on a new collective interim target of at least 0.63% of GNI as ODA by 2012;**
- **Agree on EU accountability mechanisms on ODA commitments by establishing a system of peer reviews.**

**Principal sources:** OECD (2006): Portugal (2006) DAC Peer Review; OECD (2008): 2008 Survey on Monitoring the Paris Declaration; 2008 Survey of Aid Allocation Policies and Indicative Forward Spending Plans; Centre for Global Development (2009): Commitment to Development Index Country Report: Portugal; OECD (2009): Development Cooperation Report 2009; AidWatch/CONCORD (2009): Lighten the load: In a time of crisis, European aid has never been more important; Eurobarometer (2009): Europeans and Development Aid Report; OECD (2008): Development aid at its highest level in 2008

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**[www.endpoverty2015.org/en/regions/europe](http://www.endpoverty2015.org/en/regions/europe)**

**[info.europe@endpoverty2015.org](mailto:info.europe@endpoverty2015.org)**