



Millennium Development GOALS



COOPERAÇÃO
PORTUGUESA

IPAD Instituto Português
de Apoio ao Desenvolvimento

REPORT FROM PORTUGAL

Millennium
Development
GOALS

Millennium Development GOALS



COOPERAÇÃO
PORTUGUÊSA

IPAD Instituto Português
de Apoio ao Desenvolvimento

REPORT FROM PORTUGAL

COLOPHON

Millennium Development Goals - Report from Portugal

PUBLISHER:

Department of Financial Planning and Programming (*Direcção de Serviços de Planeamento Financeiro e Programação*)

Portuguese Institute for Development Support (*Instituto Português de Apoio ao Desenvolvimento*)

Ministry of Foreign Affairs (*Ministério dos Negócios Estrangeiros*)

CONTACT:

Av. da Liberdade, 192-2.º, 1250-147 Lisbon

Tel.: (351) 213 176 700

web: www.ipad.mne.gov.pt

e-mail: pfp.geral@ipad.mne.gov.pt

November 2004

CONTENTS

1. Introduction	7
2. Focus of Development Policy and Instruments on MDGs	11
2.1. Overall Development Policy	11
2.2. Aid Effectiveness	12
Resource Allocation	12
Harmonisation and Coordination	13
Aid Modalities	15
2.3. Policy Coherence for Development	16
3. Contribution to the MDGs 1-7	17
3.1. Specific policies, guidelines and initiatives with a focus on individual MDGs	17
3.2. Main Challenges	20
4. Implementation of MDGs 7 & 8 commitments	23
Goal 7 – Target 9 Environmental Sustainability	23
Goal 8 – Official Development Assistance	28
Goal 8 – Market Access	32
Goal 8 – Debt Sustainability	35
5. Priorities and Actions on the Way Towards 2015	37
6. Conclusions	41
Annex 1 Complete listing of the goals, targets, and indicators for MDGs	43



1. Introduction

The extreme poverty in which millions of women and men live has a far-reaching social cost and represents an immediate, irreparable loss for the potential of their societies, because it prevents the creation of wealth and requires social expenditure that the respective State budgets cannot bear. In an ever more globalised and interdependent world, reducing the profound inequalities between the developed and developing countries and between populations who enjoy well-being and those who live below the poverty line is not only an ethical and moral imperative, but also a priority in terms of security. Diminishing the gap between the developed countries and their poorer counterparts has thus become the most important challenge in the development cooperation field. Cooperation only makes sense if it leads to sustained development, helps to improve people's living conditions – particularly those of the populations that are most affected by economic imbalances – and thus gradually contributes to a reduction in the dependence on external aid.

The **Millennium Declaration**, which all 189 Member States of the United Nations General Assembly subscribed in 2000, launched a process that is a decisive element in global cooperation in the 21st century. It has given an enormous boost to development issues, thanks to both its identification of the central challenges facing humanity on the threshold of the new millennium, and the approval by the international community of the so-called Millennium Development Goals (MDGs)¹, for achievement within a period of 25 years:

1. *Eradicate extreme poverty and hunger.*
2. *Achieve universal primary education.*
3. *Promote gender equality and empower women.*
4. *Reduce child mortality.*
5. *Improve maternal health.*
6. *Combat HIV/AIDS, malaria and other diseases.*
7. *Ensure environmental sustainability.*

¹ Millennium Development Goals: The complete list of the 8 goals, the 18 corresponding targets and the 48 indicators is set out in Annex I.

8. *Develop a global partnership for development.*

The Declaration also set quantitative targets for most of the goals, in such a way as to make it possible to measure and supervise progress towards their achievement at both global and national level.

The Millennium Declaration was followed by a series of international conferences, particularly the Conference on Financing for Development that took place in Monterrey in March 2002. On the one hand, the so-called **Monterrey Consensus** restated the commitment by both the donor community and the beneficiary countries to look for innovative alternative sources of funding, and to create a new spirit of partnership and a new development cooperation concept based on an holistic approach – one that places the emphasis on the interrelationship between trade, financing and development; on the other hand, it signified the renewal of the donor community's political will to pursue the MDGs, especially as regards the eradication of poverty.

The EU, when taken as a whole, is responsible for more than 50% of the world's ODA, has reaffirmed its position as a key partner in this process and has actively contributed to the process that resulted from the Conference on Financing for Development, taking as its basis for doing so the following fundamental commitments made at the Barcelona European Council in 2002:

- § Increase each Member State's ODA/GNI *ratio* to at least 0.33% by 2006, so that by then the overall EU average can be 0.39% – an extra annual increase of 7 billion dollars by 2006;
- § By 2004, adopt concrete measures on policy coordination and harmonisation of procedures;
- § Take measures designed to increased the extent to which aid is untied;
- § Identify global public goods;
- § Examine new and innovative sources of financing;
- § Support reform of international financial systems and reinforce DC² contributions to the process of economic decision-making at the international level;
- § Pursue efforts to restore debt sustainability within the context of an enhanced HIPC³ initiative;
- § Increase trade-related assistance.

The **World Summit on Sustainable Development**, which was held in Johannesburg in September 2002, finally gave a fundamental boost to the establishment of partnerships (between countries from the North and countries from the South, and between the public and private sectors), thereby closing the triangle of which the World Trade Organisation's (WTO) Doha Conference is also a part⁴.

Portugal has accompanied and participated in the whole of this discussion in the various international *fora*, which has had some major effects on development cooperation.

² DC – Developing Countries.

³ HIPC – Heavily Indebted Poor Countries. The HIPC initiative was launched in 1996.

⁴ At its IV Ministerial Conference in Doha, Qatar (2001), the WTO called on donor countries to increase their trade related technical assistance and capacity building.

Portuguese Cooperation has made the same commitments as all the other donors, with particular emphasis on the core of all the MDGs – the fight against, and the eradication of, poverty.

In September 2005 the United Nations General Assembly is going to examine the progress that has been made towards implementing this new global agenda. The objective is to see to what extent the targets set for the different goals have or have not been reached. This analysis will be based on reports to be submitted in 2004 by both the donor community and the developing countries, as part of an international effort to monitor, supervise and measure the progresses that have been made to date.

The donor community of which Portugal is a member is thus committed to reporting on its contribution to this process, especially as regards Goal 8 – the Development of a Global Partnership for Development – which focuses on development assistance, market access and debt sustainability. The purpose of this Report is to fulfil that commitment, and to this end it attempts to employ the standard format agreed by the European Union. This Report from Portugal will thus also analyse our contribution to Goals 1 to 7.

TABLE I

Estimates based on the donor commitments made at the Conference on Financing for Development

Country	Net ODA 2002 (\$ millions)	ODA as % of GNI	
		2002	2006
Austria	520	0.26	0.33
Belgium	1,072	0.43	0.46
Denmark	1,643	0.96	0.83
Finland	462	0.35	0.42
France	5,486	0.38	0.47
Germany	5,324	0.27	0.33
Greece	276	0.21	0.33
Ireland	398	0.40	0.63
Italy	2,332	0.20	0.33
Luxembourg	147	0.77	1.00
Netherlands	3,338	0.81	0.80
Portugal	323	0.27	0.33
Spain	1,712	0.26	0.33
Sweden	1,991	0.83	0.87
United Kingdom	4,924	0.31	0.40
EU MEMBERS, TOTAL	29,949	0.35	0.42
Australia	989	0.26	0.26
Canada	2,006	0.28	0.34
Japan	9,283	0.23	0.26
New Zealand	122	0.22	0.26
Norway	1,696	0.89	1.00
Switzerland	939	0.32	0.36
United States	13,290	0.13	0.17
DAC MEMBERS, TOTAL	58,274	0.23	0.29

Source: DAC/OECD.



2. Focus of Development Policy and Instruments on MDGs

2.1. Overall Development Policy

Portugal has been pursuing its development cooperation policy in line with the Millennium Development Goals (MDGs) defined by the United Nations. In this respect it has been prioritising the education, health, government and civil society and social services sectors, plus cross-cutting action in relation to training and assistance in relation to the administrative capacity of the beneficiary countries, all with a view to achieving the ultimate goal of reducing poverty. Given the link that must undeniably exist between promoting security and promoting development – conditions that are indispensable if the MDGs are to be attained – to a substantial extent Portugal's cooperation with the partner countries has been targeted at areas that are directly related to peace, security and political stability. This is the case, for example, of its efforts to strengthen Africa's administrative capabilities, democratic governance, respect for human rights and ability to maintain peace.

The international commitments made by the Portuguese State are reflected in the general objectives of the Portuguese development cooperation policy, as set out in the government's overall strategy, which focuses on values such as the search for peace, solidarity, the promotion and consolidation of social equality, democracy and human rights.

Within a political framework that aims to promote the sustainable economic, social and cultural development of the recipient countries, reducing poverty has thus been one of Portuguese Cooperation's central concerns and has led us to concentrate our interventions from both the geographic and the sectoral point of view.

In geographic terms the Sub-Saharan region of Africa has continued to be a priority for Portuguese Cooperation, with the five Portuguese-Speaking African Countries (PALOP)⁵ as its main target countries. Africa is the continent that is currently experiencing the greatest difficulties in kick-starting a sustainable development policy that would permit its

⁵ Angola, Cape Verde, Guinea Bissau, Mozambique and São Tomé and Príncipe.

economies' integration into the global economy – a fact that is made very clear by the limited extent to which it takes part in world trade and investment. It is thus understandable that in this context, and given Portugal's historical and cultural relations with the main regions of the continent, the latter should be the priority areas in which the Portuguese Cooperation efforts are concentrated. At the same time, Portugal's commitment and involvement in the reconstruction and development of East Timor since 1999 made this young country the largest beneficiary of Portuguese aid.

In sectoral terms, over the last few years Portuguese Cooperation's priorities have been undergoing a process of rationalisation based on two fundamental criteria.

The first concerns the *partner countries' most pressing needs*, which are clearly identified in the documents that lay out the guidelines for their development strategies. Precisely because they are Least Developed Countries (LDCs)⁶, to use the United Nations classification, these countries suffer from multiple shortcomings in every economic, social and institutional sector.

The second criterion is related to the *specific comparative advantage that Portuguese Cooperation enjoys* in a context in which a whole variety of bilateral and multilateral cooperation agencies are involved in each of the countries in question. The factors that give Portuguese Cooperation a number of unique potentials are primarily rooted in the Portuguese language and in historical ties with and knowledge of the beneficiaries, which in turn indicate that there are advantages to be gained from concentrating on the education and training fields and the institutional framework, ranging from strengthening the state's capabilities to promoting the conditions needed for good governance.

⁶ The LDCs are a group of 50 countries classified by United Nations as the poorest in the world. Thirty-four of them are located in Africa. Approximately 600 million people live in these countries.

2.2. Aid Effectiveness

Resource Allocation

Portuguese Cooperation channels most of its external aid bilaterally – on average, 65% of total ODA between 1995 and 2003 was bilateral. Until 1998, more than 97% of bilateral ODA was targeted at countries with the lowest level of *per capita* income – particularly the PALOP, all of which are located in Sub-Saharan Africa. However, the aid that has been granted to East Timor since 1999, in the wake of Portugal's support for the country's autonomy process, has altered this predominance and modified the resource allocation profile that had thus far been a constant element in Portuguese aid. Since then, East Timor has been the single largest recipient of portuguese net ODA (32%), followed by Mozambique (17%), Cape Verde (12%), Angola (8%), São Tomé and Príncipe (7%) and finally Guinea Bissau (6%).

Portugal and its partners have determined the geographic allocation of resources in accordance with the partners' planning instruments, development plans and strategies and

their performance and capacity in terms of the absorption and management of the funds made available to them. At the same time, the rationalising of funds placed at Portuguese Cooperation's disposal against the backdrop of the Portugal's general public expenditure containment policy, has required the adoption of criteria and principles which have led to the concentration of resource allocation on specific countries and sectors, in which the Portuguese contribution is particularly valuable.

Portugal's multilateral contributions have fluctuated between 28% and 35% during 1995 and 1998, but fell to 19% in 1999. This reduction has more to do with the 62% increase in bilateral aid between 1998 and 1999, particularly the increase funding for Mozambique and East Timor, rather than to the cycle of replenishments for the larger international financial institutions. The average for multilateral aid in 2002 and 2003 was 42%. The major share of Portugal's multilateral aid has been channelled through the European Union, in the form of contributions to the European Development Fund (EDF), which in turn finances EU aid to the ACP countries⁷, and to the European Commission's External Aid Budget, which finances aid to the developing countries that are not covered by the EDF. EU received around a quarter of Portuguese total aid between 1995 and 1998, 90% in 1999, and an average of 66% from 2000 to 2003. Between 1995 and 2003 the various United Nations Agencies, Funds and Commissions received 10% of multilateral aid, much of which also went to the Regional Development Banks (11%) and the IMF, WB and WTO⁸ (7%).

⁷ Group of 79 states in Africa, Caribbean and Pacific, which enjoy a privileged cooperation agreement with the European Union.

⁸ International Monetary Fund, World Bank and World Trade Organisation.

Harmonisation and Coordination

Portugal's Harmonisation and Coordination commitment is that by the end of 2004, it will take concrete measures to coordinate policies and harmonise procedures at both the European Community and Member State levels, including application of the DAC/OECD Recommendation.

COORDINATION

Today there is a recognition that aid can be rendered more effective by ensuring a greater coordination of policies and harmonisation of procedures, together with a complementarity between bilateral and multilateral programmes. The coordination and harmonisation elements are intended to reduce the administrative load imposed on the partner countries by ensuring that the aid provided by the donors is governed in a way that is coherent and avoids duplications. Achieving coordination requires a variety of activities and measures, such as exchanges of information, formal and informal meetings, donor specialisation, harmonisation of procedures, policies that complement one another better, resource centralisation schemes and the joint implementation of programmes.

In the European context the EU has encouraged information sharing as a way of permitting a generalised knowledge of the activities that are planned and the instruments that are

used. This sharing takes the shape of regular meetings between the Member States' representatives – including those from Portugal – and the European Commission. We are thus seeing a growing concern to keep the various parties informed about policies, assessments, missions, studies and a range of other information about both ongoing activities and those planned for the future. This system is a powerful coordination tool designed to ensure that both the European Commission and the Member States' programmes can be defined in such a way as to avoid duplications and to enable policies and procedures to complement one another.

At DAC/OECD level Portugal has also participated in regular meetings promoted by the Task Team on Harmonisation and Alignment. These gatherings also constitute a forum in which to share good practises, difficulties that have been encountered and new approaches to development.

At the bilateral level Portuguese Cooperation's programming is based on the assumption that for coordination and harmonisation to be effective, they must be coordinated and led by the partner country. To this end it is built on the foundation of the partners' Poverty Reduction Strategies and is facilitated by a high degree of dialogue, consultation and mutual cooperation, which makes it possible to identify priority sectors and areas in which harmonisation can be achieved.

The budgetary support to Mozambique⁹ is one example of Portugal's integration in a coordinated process of supporting the country's development in conjunction with other donors. Taking part in the macro-financial support group in this way will also permit a greater dialogue with the Mozambican authorities and make it possible to supervise PARPA¹⁰ via the PAF¹¹. Portugal's participation in the TFET¹² (a Multilateral Trust Fund administered by IDA¹³, worth a total of 176 MUSD) intended to support the reconstruction and development of East Timor, is another important example of donor coordination and arose out of commitments made at the Tokyo Donors Conference. At the same time, given that the European Commission has chosen health as a priority sector for its intervention until 2006, Portugal is integrating its intervention in the East Timorese health sector within a strategy of ensuring complementarity with its partners by tending to target legal assistance and the empowerment of the health and training system. Portugal is also working in partnership with the United States, via the Tripartite Portugal/USA/STP (São Tomé and Príncipe) Malaria Control Project¹⁴.

HARMONISATION

Within the European Union Portugal has committed itself to harmonising policies, practises and procedures in such a way as to ensure that its aid becomes more effective. In this respect it has participated in the Task Team on Harmonisation and Alignment (DAC/OECD)

⁹ Portugal has committed to an annual contribution of 1.5 MUSD, within 2004-2006.

¹⁰ PARPA – Action Plan for the Reduction of Absolute Poverty.

¹¹ Performance Assessment Framework.

¹² Portugal has affirmed as one of the main donors by committed with 50 MUSD.

¹³ International Development Association – World Bank.

¹⁴ Malaria is responsible for 60% of deaths of both children and adults in São Tomé and Príncipe.

and adopted DAC's *Harmonising Donor Practices for Effective Aid Delivery* document, which was presented at the Rome Forum in February 2003.

In order to implement the commitments to coordinate and harmonise aid, Portugal drew up an Internal Action Plan for the discussion and dissemination of the Good Practises adopted by DAC. This Plan entailed various types of work, particularly writing a summary document (synthesising the Good Practises and the Rome Declaration and translating them into Portuguese) and holding a workshop on the subject. The final objective is to draw up a National Action Plan for Harmonisation (PNAH).

In Europe Portugal has taken part in the meetings of the Ad-hoc Group on Harmonisation, which has already presented a report on the implementation of the Barcelona and Monterrey Commitments and the Rome Declaration. On 22-23 November 2004 this report will be submitted to the General Affairs and External Relations Council (GAERC), with a view to the Council's adoption of an EU Action Plan for coordination and harmonisation. This Action Plan will in turn be presented to the High Level Forum (HLF) on Harmonisation and Alignment of Aid Effectiveness, which will take place in Paris in March 2005.

Portugal believes that the basis for a more coordinated and effective cooperation must include the adoption of the Poverty Reduction Strategies drawn up and presented by the partner countries. With this objective in mind, our strategic programming is built on the foundation of our partners' Poverty Reduction Strategies (e.g. East Timor's National Development Plan) or similar frameworks, thereby facilitating the partner governments' ownership and leadership of the process.

Portuguese programming is also thought out on a tri-annual and country-by-country basis, so as to ensure a degree of predictability in the flows of aid and thus a better management of them by each partner government. It should be noted that the structure of the strategy documents is basically that of the Common Framework for Country Strategy Papers, which is an essential precondition for a real harmonisation of procedures and practises.

With a view to strengthening its partners' capabilities, Portuguese Cooperation has gradually oriented its technical assistance in the public finances, statistical and other areas in such a way as to generate effective training and institutional empowerment.

One of the main objectives of harmonisation – reducing the administrative load on the partners – entails adopting new aid modalities in which the interventions of the donors and the partners are coordinated. One example of this is the fact that in 2004 Portugal initiated its budgetary assistance to Mozambique within the ambit of the Budget Support Programme.

Aid Modalities

Portugal's main aid modality in its bilateral programme is Technical Cooperation (TC), which is primarily targeted at local training and empowerment. This TC takes various shapes,

particularly teacher training, sending cooperation staff, awarding scholarships (including internal ones, for training in the partner country), and technical assistance to partner's government administration in several areas, like financial management and statistical capacity building.

Portuguese Cooperation is increasingly structuring itself in accordance with an integrated philosophy, via a progressive transfer from education/training that is conducted abroad, to education/training that is designed with and given in the country itself, with resort to a real participation by local human resources. The framework for this cooperative modality is provided by the Indicative Cooperation Programmes, which are in turn constructed on the basis of the partners' Poverty Reduction Strategies, in such a way as to ensure an effective response to these countries' sectoral needs and priorities.

Another predominant aid modality is linked to macro-economic assistance, such as budget support, debt forgiveness and other actions relating to debt.

It should be emphasised that Portuguese ODA is highly composed by grants, which on average constitute more than 90% of total aid.

¹⁵ The CIC is a body that provides the Ministry of Foreign Affairs with technical support. It possesses a permanent secretariat, the function of which is to improve supervision of the decentralised planning and execution of the cooperation policy. This secretariat, which comes under the authority of the President of IPAD, serves as a coordinating instrument.

2.3. Policy Coherence for Development

Policy coherence refers to the mutual reinforcement and compatibility of policy areas such as agriculture, the environment, trade, emigration, security and so on, with the policy of development cooperation, particularly where the goal of reducing poverty is concerned. Reducing incoherence and introducing measures designed to make the donor countries' policies mutually convergent in this respect is a substantial challenge, but is becoming vital to achieving a global perspective and integration of the donor countries' strategies.

Portugal has been taking in consideration this concern and need. However, development policy is not hierarchically preponderant in relation to other policies at either the domestic or the Community level, and when the goals of the different policies are contradictory and it is necessary to come up with compromise solutions, the result is not always favourable to the developing countries. The role of those in charge of cooperation (at both domestic and Community level) has thus been to try to make their counterparts in other policy domains aware of the effects that their policies have on developing countries. Having said this, Portugal does possess a privileged discussion forum – the Inter-ministerial Commission for Cooperation (CIC) –, which offers the opportunity to address and develop this issue¹⁵.



3. Contribution to the MDGs 1-7

3.1. Specific policies, guidelines and initiatives with a focus on individual MDGs

Although reducing poverty presupposes multiple approaches and must bear both the constraints and the opportunities experienced by each country in mind, it cannot do without – indeed, it requires – a policy that is targeted at reinforcing and deepening democracy, consolidating peace and preventing conflicts, progressively integrating every economy into the world economy by means of sustained economic policies that take due account of social and environmental aspects, ensuring equality between women and men, and enhancing the capacity of every agent, public and private.

Portuguese ODA is a key input in the support that we provide to the main partner countries in pursuit of the MDGs, first of all because those countries are mostly LDCs, and secondly because the ODA is directly or indirectly linked to “**Goal 1**” – i.e. reducing poverty. As we have already mentioned, Portugal shares a privileged means of communication with the main beneficiaries of Portuguese cooperation – the Portuguese language. The linguistic factor justifies a greater intervention in the education and training fields, while historical experience and that which it has left us in terms of common matrices in certain areas, indicate that it is important for us to support institutional frameworks in everything from reinforcing state capabilities to promoting the conditions required for good governance. This principle of concentrating our assistance also takes account of the strategic objectives and the needs set out by each of the main beneficiary countries.

Basic education, the acquisition of literacy skills and the access to schooling are in the front line of the priorities for the creation of the conditions needed to ensure the beneficiary countries’ economic and social development – “**Goals 2 and 3**”. Education/training is clearly becoming more and more of a factor in the individual and collective development of both

citizens and societies, a goal of that same development process in its own right, and an essential basis for the promotion of gender equality and an end to differences in access to education. At the same time, it is a permanent process (the right and the possibility to return to the education system at different moments in life) that leads to both an increase in pedagogical/technical/scientific skills needed to achieved insertion and a conscious intervention in one's own profession and the transformation of society, and to the development of the responsibilities inherent in citizenship and an improvement in the academic qualification of human resources. This is the background that justifies the major investment that Portuguese Cooperation is making in education/training at the basic, secondary and higher levels.

In the basic education field Portugal is thus undertaking Education System Support Programmes in Guinea Bissau, Cape Verde, São Tomé and Príncipe and East Timor, together with School Rehabilitation Programmes that involve the recovery of school infrastructures, facilities and equipment in the PALOPs and East Timor. In order to fulfil local needs caused by a shortage of teachers, Portugal supports the sending of teaching staff with the dual mission of teaching subjects that are short of teachers and providing on-the-job training.

The Education Scholarships and Training Programme has been revised as part of the attempt to reformulate the aid programming mechanisms and guide the allocation of aid, so that it matches the areas which are considered fundamental to fulfilment of the sustained development targets outlined by the respective countries, while always bearing in the mind the preference for local training.

Active participation in society by women and girls makes an essential contribution to the progress and sustainability of development – “Goal 3”. In this respect Portuguese Cooperation has been increasingly emphasising the execution of actions intended to enhance women's role in the development of the partner countries' societies. These actions seek to help increase opportunities for expressing opinions and participating in decision-making and improve levels of schooling and nutritional and health-related conditions. Mozambique has been the object of special attention in this field. Although in some areas Mozambique returns some relatively positive indicators in this matter, in that it is the Southern African country with the highest rate of female participation in decision-making at the highest level, the woman's role in Mozambican society is still very vulnerable and the promotion of improved conditions for women thus deserves the greatest attention from development cooperation.

Portugal's interventions in this field also extend above all to Angola and Cape Verde, particularly in the maternal health domain – “Goal 5” – and concomitantly, the reduction of child mortality – “Goal 4” – but also at the level of the creation of improved conditions for women's insertion into the active life and an increase in their autonomy. Examples include: the Complementary Internship in Obstetric Gynaecology Project in Cape Verde, which aims to train healthcare professionals, particularly in the specialist gynaecology/obstetrics area,

via local complementary internships; the Corimba Mission Socio-Community Development Project in Angola, which is seeking to create a home for orphan girls in at-risk situations; literacy training for children, young people and women in the Municipality of Cambambe-Dondo, Angola; and the Microcredit Programme for women in Guinea Bissau.

Without prejudice to the continuity of ongoing programmes and projects, Portugal is seeking to improve the effectiveness and the visibility of its interventions in the health sector – “Goals 4, 5 and 6” – by preparing actions designed to place greater emphasis on health education, disease prevention, the provision of primary healthcare, the local empowerment of managers and specialist staff, and the improvement of the operational conditions in hospital units. The main guidelines in the health field also include the expansion and improvement of primary care via special programmes for target groups like women and children.

Portugal’s interventions have thus been pursuing two of the main strategic goals set under the terms of the international guidelines on the battle against poverty: on the one hand, the promotion of primary healthcare; on the other, the fight against transmissible diseases and the great endemics – namely HIV/AIDS, malaria and tuberculosis.

Particularly worthy of note in these domains is the Sao Tome and Principe Hospital Centre Project, especially the differentiated medical assistance actions, the on-the-job training for healthcare managers and staff, the supply of medicines and hospital equipment and the technical assistance with hospital management. Another highlight is the Plan for Intervention in Priority Areas in the Health Sector in Angola, especially in the new aspects constituted by the fight against meningitis, the treatment of hospital waste, and training. Portugal is also acting in partnership with other donors by means of the Tripartite Portugal/USA/STP Malaria Control Project, which covers the training of healthcare professionals and technical and scientific supervision aspects of a pilot intervention; and it is also making use of the advantages inherent in public-private partnerships in its contribution to the *Global Fund to Fight AIDS, Tuberculosis and Malaria*¹⁶.

Inasmuch as it is an active member of practically all the international instances dedicated to environment and development-related problems – “Goal 7”, Portugal is committed to special responsibilities in assisting the development of countries with which it has very special historical ties, such as the PALOPs and East Timor. Portugal’s privileged relationship with these nations permits the development of potentials that are highly favourable to the implementation of the sustainable development goals there. Portugal gives pride of place to initiatives at the level of training actions conducted within the ambit of the assessment of environmental impacts, and of courses in Local Administration and Environmental Management. It also is particularly pushing: assistance with documentation and information in the environmental field; the creation and implementation of the Lagoas da Cufada Natural Park

¹⁶ Following a call by the UN Secretary-General, 2001 saw the creation of a Global Fund to Fight AIDS, Malaria and Tuberculosis – better known as the Global Health Fund. The Fund is open to both the public and private sectors and is used to support the development and implementation of national strategic plans targeted at the battle against these three transmissible diseases. It is expected that the whole of this process will be led by national political authorities and will involve every sector of society – local communities, NGO’s and the private sector. The greatest emphasis will be placed on strengthening the capacities of the partner countries’ health systems.

in Guinea Bissau; water supply and sanitation-related projects; the environmental rehabilitation of Mozambique Island – basic sanitation; the planning and management of water resources; and the upgrading of human resources.

Portugal's multilateral cooperation is characterised by our financial and technical participation in specific United Nations, World Bank and OECD programmes, the objectives of which are related to sustainable development in developing countries.

In the wake of the Johannesburg Summit, international global, regional and sub-regional partnerships/initiatives were established with the objective of providing practical support for the implementation of Agenda 21 and sustainable development activities in the developing countries in general, and LDCs, small island developing states and countries in economic transition in particular.

Aware of the need to establish pragmatic, coordinated measures in the water resource area, the European Union has developed a *Water Initiative* around which to implement strategic initiatives. Its purpose is to generate greater effectiveness in water-related development by providing a platform for coordinating and offering concrete evidence of present and future activities.

Portugal, Spain and Mexico are the lead countries in the Latin American Component of this Initiative, the objectives of which are to ensure the supply of water and sanitation, the integrated management of water resources and measures designed to alleviate the consequences of extreme events (floods and droughts). The work of this Initiative is being undertaken in meetings between Director-Generals of Water from the Ibero-American community.

3.2. Main Challenges

The current reform of the way in which Portuguese Cooperation is organised is intended to rationalise and improve the effectiveness of aid and fulfil Portugal's international commitments. The challenge facing us in the future is to attain the poverty reduction goals that have been set within the ambit of the United Nations Millennium Summit by ensuring that the targets and principles laid down therein are reflected in the priorities we establish and the programmes and actions we pursue. The new framework of action for Portugal's official development assistance is also based on the relevant country strategy papers and the respective sectoral priorities.

IPAD seeks to ensure that its strategic framework is in tune with the suggestions received from our embassies and the other public and private bodies that play a role in development cooperation. IPAD's goal is to apply a coherent, effective and up-to-date strategic cooperation framework which combats poverty, inequalities and social exclusion in the developing

countries, and which also reflects our concern to define and enrich concepts that make it possible to improve the coordination of all our work and harmonise our processes and procedures, while targeting them at the operational level in such a way as to pursue the following goals:

- § Enhance the effectiveness of Portugal's official development assistance by increasing the coordination of our bilateral and multilateral interventions and reinforcing the field supervision of the actions in which we participate;
- § Maximise the available technical and financial resources by promoting a greater coordination of interventions undertaken by Portuguese public bodies and/or other Portuguese agents;
- § Reinforce the financial programming of our Cooperation efforts, particularly by means of the Budgetary Programme for Portuguese Cooperation Abroad (P5), with a view to fulfilment of the targets under which Portugal has internationally committed itself to allocating 0.33% of GNI to official development assistance;
- § Support the participation of civil society, particularly Non-Governmental Development Organisations and individual cooperation agents, in the solidary task of ensuring the progress of the least advanced societies and economies.

The question of the review of our ODA financial planning and budgetary methodology is especially important in the light of the commitment that Portugal has made at the international level. The additional financial mobilisation that fulfilment of this objective implies has been the object of careful analysis, bearing in mind that much of this increase would come from the State Budget and that the country is currently experiencing an unfavourable financial environment.

This analysis has shown that if Portugal is to attain the aforementioned objective, by 2006 actual expenditure will have to rise by somewhere between 120 and 150 Meuros. If the existing levels of both the execution of the cooperation budget and our partner countries' absorption capacity are maintained, this would represent an annual increase in the cooperation budget of something in the region of 50 Meuros.

This rise, which would constitute an annual rate of growth of about 15%, would represent quite a heavy effort, unless it could be attenuated either by improving the mechanisms designed to ensure the efficacy of our aid in such a way as to in turn improve both the degree of execution of the programmed actions and the absorption capacity of the beneficiary countries, or by concentrating expenditure on those sectors that possess the greatest ability to turn it into official development assistance.



4. Implementation of MDGs 7 & 8 commitments

Goal 7 Target 9 Environmental Sustainability

The obligation to integrate the environment into the various sectors of the economy (a *sine qua non* for sustainable development) of the Member States of the European Union was officially recognised in Article 6 of the Amsterdam Treaty, and over the last few years Portugal has done a great deal of work in this direction. Transversal and multiple-scope topics that are heavily influenced by the international agenda, the most significant of which include climate change and the National Sustainable Development Strategy (ENDS), have both facilitated and required the implementation of joint initiatives in this respect. Transport and energy are sectors that already possess a variety of commitments and joint initiatives in this area, while agriculture, forestry, the fishing sector, industry and tourism are all following suit. We are gradually moving towards both the integration of environmental concerns into all our sectoral policies and a reduction in the use of natural resources, the sustainability of which can be measured by means of indicators.

Despite the fact that in the last two decades Portugal has continued to display some not very eco-efficient tendencies in terms of indicators such as energy intensity (energy consumption per unit of GDP) and carbon intensity (greenhouse gas emissions per unit of GDP) – an evolution that must, however, take account of the country's socio-economic starting point and the respective capitations – there are also other indicators that demonstrate the national effort to preserve and improve our natural resources and biodiversity, such as the evolution of the proportion of the country's territory that is occupied by forests and woodlands and/or protected areas. Given its representativity within the context of this analysis of policy integration, we will now look in more detail at the subject of climate change, and consequently the energy and transport sectors, together with that of Protected Areas and access to potable water.

Climate Change

The national-level response to the issue of climate change began with the creation of the Inter-ministerial Commission on Climate Change (CAC), which drew up the National Climate Change Strategy (ENAC) in 2001 and promoted the drawing up of the National Climate Change Plan (PNAC) over the course of 2002.

In 2002 Portugal's greenhouse gas emissions (GGEs) exceeded the 1990 (base year) level by 40.5% and were thus 13% above the 27% figure that was agreed for 2008-2012 with the rest of the European Union Member States within the ambit of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

The main source of GGEs in Portugal is associated with the energy sector – more specifically, the burning of fossil fuels. Within the energy sector, the energy production (thermoelectric power stations and oil refineries), transport and industrial sectors are those that most contribute to the output of GGEs. Over the last 12 years the emissions of the energy production and transport sectors have risen by 53% and 92% respectively. The increase in the transport sector has been caused by the major expansion in the vehicle fleet, which is in turn proportional to the fact that in the 1990's the country invested heavily in road infrastructures. In 2002, after energy use¹⁷ (78%), the agricultural sector was the second largest producer of GGEs (10%) and the only one that reduced its output in the period between 1990 and 2002 (-7.4%). In the same year, industrial processes and waste represented around 7% and 5% respectively, while the use of solvents accounted for 0.4% of total emissions.

¹⁷ Including energy production and transport.

In response to this situation, one of the PNAC's specific objectives is to control and reduce GGEs in such a way as to meet the target set by the Kyoto Protocol and the EU Burden Sharing Agreement. This Plan seeks to foresee the impacts of climate change and propose the measures needed to minimise the negative ones. The first version of the PNAC came out in 2001 and was the initial step in a long process of its regular revision and adaptation to the evolutions taking place at international, Community and national level. Over the course of 2002 the first version was subjected to a review that culminated with the presentation of sectoral studies in February and December 2003 (Reference Scenario). Work was then done on additional proposals for incorporation into the PNAC, and PNAC 2004 was approved on the 15th of June – a fundamental step towards making it possible to implement the whole range of policy instruments from 2005 onwards. In practise the PNAC is based on a mitigation strategy using blocks of policies, measures and instruments (sectoral and/or horizontal), the impact of which on the reference scenario can be assessed.

More recently, following on from the Directive on the European Union Emission Trading Scheme (ETS), the National Programme for the Allocation of Emission Licences (PNALE) was approved for the experimental period of the abovementioned regime (2005 to 2007). The PNALE is an economic or market instrument designed to help fulfil the Kyoto commitments

in an economically efficient manner, and covers some of the main activities that produce GGEs in Portugal. The activities that are addressed by the first period of the ETS represented around 42% of total GGEs in Portugal in 1990, and 43% in 2002. Given that less than 50% of Portuguese GGEs are covered by the ETS, we need to resort to an economic/financial instrument in order to deal with the different sectors fairly. An Additional PNAC Measure in the form of a Carbon and Methane Tax has been approved to this end. Its purpose is to send signals to the market in the form of its impact on the different forms of energy, the cost of raising livestock, and price discrimination between vehicles depending on the intensity of their emissions, thereby covering sectors such as transport, services, housing and agriculture.

Integrating the environment into the energy sector

Although 2002 saw reductions in the emissions of SO₂¹⁸, those of CO₂ – the great majority of total greenhouse gas emissions in the energy sector – continue their upward trend, with a 53% rise compared to 1990. Total GGEs in the energy sector in 2002 were also 53% higher than in 1990.

Portugal's present energy framework is thus diverging from compliance with the targets set in the Kyoto Protocol, which is why PNAC 2004 (which includes both PNAC 2002 – the reference scenario – and a range of additional measures) is seeking to achieve the following in the energy sector:

- § By 2010, reduce energy losses in transport and distribution by 8.6% and ensure that co-generation represents 18% of electricity production;
- § Improve energy efficiency at the demand level, with a view to a 1,300 GWh fall in demand for electricity;
- § Generate electricity from renewable energy sources¹⁹;
- § Bring natural gas to the Madeira Autonomous Region.

Various measures and policies designed to change the current situation have been and are being put into practise.

Integrating the environment into the transport sector

As in almost every EU country, in Portugal the transport sector was responsible for 25% of GGEs in 2002, and is thus one of the sectors in which reductions would contribute most to the overall picture. Between 1990 and 2002, Portuguese transport sector GGEs rose by approximately 92%.

The PNAC entails a whole range of policies and measures aimed at the transport sector, which are indispensable if we are to attain the targets set by the Kyoto Protocol. The most significant are:

- § The conversion of the existing Automobile Tax (IA) into a Special Tax on Vehicles (IEV), and the creation of a Single Tax on Vehicle Use (IC);

¹⁸ (-7%) and also NOx (-1%).

¹⁹ By 2010 it is hoped to attain 500 MW + 400 MW from hydroelectric and 3,750 MW from other sources.

- § The creation and implementation of the National Logistical Platform Plan (PNPL);
- § The Voluntary Agreement between the European Commission and EAMA (European Automobile Manufacturers Association) to increase the technological efficiency of light passenger vehicles, with the help of a tax revision that will provide incentives for the renewal of the park of such vehicles;
- § Modal transfers in the interurban transport of goods, and a reduction in empty segments in short-distance distribution;
- § Modal transfers in urban environments, from private vehicles to public transport.

A number of other measures designed to alter the existing situation have also gradually been introduced. One of the most important was the institutionalisation in 2003 of Metropolitan Transport Authorities for the Lisbon and Oporto regions. These are expected to make deep-reaching changes in the sector's guidelines and business, particularly in the shape of a range of traffic management measures.

Protected Areas

Portugal is implementing a number of important initiatives designed to reverse the loss of natural resources: the National Strategy for Conserving Nature and Biodiversity (ENCNB); the National Classified Areas System (SNAC); the National Ecological Reserve (REN); the Natura 2000 Network; and the National Protected Area Network (RNAP) and Protected Area Planning Documents.

Around 8% of mainland Portugal is currently designated as Protected Areas (APs) – a figure that already exceeds the target for 2006 (7.5%). The *Natura 2000 Network*, the fundamental objective of which is to help ensure the conservation of the habitats of bird species, which are considered to be either threatened or significant within the EU, presently covers about 20% of Portuguese territory.

Drinking Water

In 2001 90% of the Portuguese population had access to potable water and 71% was served by waste-water drainage systems. In the short term these figures will reach 100% thanks to the implementation of the National Water Plan (PNA) and the Strategic Water Supply and Waste-Water Sanitation Plan (PEAASAR). With a view to improving the levels of service enjoyed by the population, various Systematic Control and Sanitary Surveillance (SCVS) programmes are currently targeting both the supply of water for human consumption and the country's natural mineral and spring waters, while a National Environment and Health Plan (PNAS) is in the process of being drawn up at the moment.

GOAL 7

Target 9 Environmental Sustainability

Indicators for Portugal	1990	1995	2000	2002	2003
Proportion of landmass covered by forest: ¹					
Forested area	3,017 ⁽¹⁹⁸⁵⁾	3,133	3,349 ²		
% mainland Portugal covered by forest	34%	35%	38%		
Ratio of protected area (AP) to landmass:					
% of mainland Portugal in AP's ³	5.5%	6.3%	7.7%	7.7%	7.9%
GNP per unit of energy consumed (USD PPS per Kg of equivalent oil):					
Final energy consumption per unit of GNPpc1995 ⁴	169	176	188	192	
Final energy consumption per unit of GNPpc ⁵	132	154	199	207	
Carbon dioxide emissions per capital (metric tonnes) ⁶					
	5.9	6.8	7.6	7.9	

¹ Forested Area: Unit: 1,000 ha

Source: until 1995, Plan for the Sustainable Development of Portuguese Forests, Directorate-General of Forests, DGF, 1999; for 2000, National Forest Survey (IFN) – 3rd Revision, DGF, 2001.

Surface area of mainland Portugal.

Source: INE.

² Refers to the 3rd Rev. of the IFN, published by the DGF in 2001.

³ Unit: % of mainland Portugal.

Source: ICN, 2004.

⁴ Unit: toi/10⁶ Euros (GNP at constant 1995 prices).

Source: DGE, 2004 and INE, 2004.

⁵ Final energy, Unit: toi.

Source: DGE, 2004.

GNP in PPS.

Unit: 10⁶ PPS (Millions of PPS – Purchasing Power Standard).

Source: Eurostat, 2004.

⁶ Unit: tonnes of GGEs (greenhouse gases), measured in equivalent CO₂ per inhabitant.

Source: IA, 2004 and INE, 2004.

Goal 8 Official Development Assistance

Portuguese ODA is intrinsically linked to fulfilment of the Millennium Goals. In many developing countries, especially the LDCs, ODA is the main – if not the only – means of attaining these goals. At the same time, the goals themselves are interdependent: sustainable development requires simultaneous progress in relation to a number of goals, such as those concerning poverty reduction, education, health and the environment.

Portugal's ODA is, above all, channelled bilaterally – on average, 65% of our aid between 1995 and 2003. Focused on the LDCs and primarily targeted at the poorest countries in Sub-Saharan Africa, this aid is mostly made up of grants and includes a strong technical cooperation element.

Volume and main beneficiaries

The ODA/GNI ratio has been evolving positively in the last few years, especially 2002, when it attained 0.27% (342.3 Meuros) – a variation of +14% compared to 2001 (299.7 Meuros). However, in 2003 (282.9 Meuros), during a period of strict control of the public deficit and consolidation of the budget, which was imposed by the need to comply with the rules of the Stability and Growth Pact, Portuguese ODA suffered a negative rate of growth (-17%) in relation to the previous year. Having overcome this limitation, it is expected that 2004 will see a resumption of the upward trend.

Portugal has traditionally placed its external aid priorities firmly on the five Portuguese Speaking African Countries (PALOPs) – Angola, Cape Verde, Guinea Bissau, Mozambique and São Tomé and Príncipe – and more recently on East Timor, which since 1999 has been the single largest beneficiary with an average of 32% of Portuguese bilateral ODA.

Of the world's continents, Africa is currently the one that is facing the greatest difficulties in initiating a sustainable development process which will enable it to integrate its economies into the global economy, and which will above all enhance a growing and stable improvement in its people's standard of living. Portugal's privileged external aid partners have been the poorest countries to the south of the Sahara – the most problematic of all in this respect. In recent years the assistance that Portuguese Cooperation has channelled to this region of the globe has substantially exceeded the DAC average and has even attained 99.9% of bilateral ODA (average 1991-1992²⁰). This percentage remained high until 1998 (92.3%), but from 1999 onwards the allocation of funds to East Timor has caused it to fall to the present average of 60% (1999-2003).

²⁰ Source DAC/OECD.

²¹ Source: DAC/OECD.

Aid quality

The aid Portugal gives to LDCs is characteristically substantial and has occasionally topped the United Nations target of 0.15% ODA/GNI (0.26% in 1991-1992²¹). However, from 1999

onwards this percentage decreased to 0.11%, given that ODA to East Timor was not statistically considered to be assistance to an LDC. It should be recalled that it was only in 2003 that ECOSOC²² reviewed East Timor's position on the list of beneficiary countries and classified it as LDC. Until then, East Timor's classification was associated to Indonesia (Other Low Income Countries). In 2003 the ratio was 0.12% – a positive evolution in relation to 2002 (0.10%).

Because of the historic and cultural ties with its partners and the similarities between our institutional and legal frameworks, Portugal continues to privilege the technical cooperation format. This always constitutes more than 50% of bilateral ODA, and since 2001 has tended to rise further, to a current average of 67%.

Portuguese ODA is also characterised by its high degree of concessionality. As a proportion of total ODA, grants attain an average above 90%.

Portuguese ODA is composed above all of debt relief and technical cooperation, and therefore to date, examples of aid related to the financing of projects and programmes have been few in number and low in monetary value. Tied aid²³ has essentially entailed the funding of small projects and the provision of support for programmes involving the import of consumer goods or equipment.

In the near future we expect to employ forms of assistance that include aid credits linked to larger-scale projects, within the framework of the OECD rules governing this type of funding (the Helsinki Discipline). In an initial phase the main beneficiaries of this type of aid are likely to be North African countries.

At the multilateral level Portugal has increasingly been involving itself more actively in the work of various international bodies and agencies specialised in assisting developing countries, thereby ensuring a greater degree of articulation with its bilateral aid policies and thus reinforcing and complementing its state-to-state cooperation.

Portugal has been particularly active in terms of its participation in a variety of international forums on Africa, Latin America and Asia, and has also placed special emphasis on the CPLP – Community of Portuguese-Speaking Countries²⁴.

Portugal has progressively been pursuing its multilateral cooperation with the Africa, Caribbean and Pacific (ACP) countries within the ambit of the EU and its various mechanisms. The Lomé Convention is a particularly important factor in the EU's development cooperation policy and external relations, and is based on a unique set of characteristics that have become a true symbol of Community policy. The Portuguese Presidency of the EU (2000) proved to be a unique opportunity to enhance the partnerships between Europe and Africa and gave a strong boost to the Cairo Summit²⁵ and the conclusions of the EU/ACP negotiations that led to

²² UN Economic and Social Council.

²³ The data on untied aid shown in the table represent gross disbursements and exclude technical cooperation and administrative costs. Debt-related actions are considered to be untied by definition.

²⁴ The Community of Portuguese Speaking Countries (CPLP), which was created on the 17th of July 1996, is a privileged multilateral forum in which to deepen the mutual friendship and cooperation between its members: Angola, Brazil, Cape Verde, East Timor, Guinea Bissau, Mozambique, Portugal and Sao Tome and Principe.

²⁵ The Cairo Europe-Africa Summit on the 3rd and 4th of April 2000 and the follow-up mechanisms it instituted marked the beginning of a new stage in the EU's relationship with the African continent. Besides the relationship that has traditionally been processed at the regional (ACP-EC Agreement, Euro-Mediterranean Partnership), sub-regional (EU-SADC, EU-ECOWAS) and national levels, since Cairo there has been a single global framework for the EU's relations with the whole of the African continent that groups together the Sub-Saharan (members of the ACP Group), North African (involved in the Euro-Mediterranean Partnership) and Southern African (which possess differentiated ACP status and since 2000 have been party to a Trade, Cooperation and Development Agreement with the EU) states.

²⁶ Signed in Cotonou in June 2000 and in effect since April 2003, the new partnership agreement, which is based on economic and trade relations and political dialogue, is still a unique model for the North-South relationship. In Cotonou the fight against poverty, the ACP countries' progressive integration into the world economy and sustainable development were reiterated as EU-ACP Cooperation goals, in a relationship that was adapted to the new international reality (particularly its commercial aspect) and with a view to improving aid effectiveness by rationalising the instruments that already exist.

²⁷ United Nations Development Programme.

²⁸ Established in 1991, the GEF is a fund that is intended to give developing countries resources for projects related to the protection of the global environment (climate change, biodiversity, international waters and the protection of the ozone layer).

signature of the Cotonou Agreement²⁶. Portugal continues to accompany the process of following up the Cairo EU/Africa Summit and to lead the European side of the discussions on the subject of Conflict Prevention and Management, including landmines, in collaboration with the European Commission, France and Belgium.

Within the framework of the United Nations and the ambit of its agreements with UNDP²⁷ and UNESCO, Portugal has established trust funds to implement the mechanisms for the co-financing of projects for the PALOPs and East Timor. Portugal also makes voluntary contributions to a vast range of UN agencies and funds, such as the World Food Programme, Habitat, the World Health Organisation, the Office of the UN High Commissioner for Refugees, the United Nations Population Fund, UNDP, UNICEF and others.

Portugal's participation in international financial institutions is derived from its commitments related to the contributions and participations and to the capital share in the various bodies. All of this is subject to the normal fluctuations imposed by the cycle of payments to the main institutions. Annual contributions to the World Bank average 6 Meuros, while disbursements to the Regional Development Banks (the African, Inter-American and Asian Banks) average 11 Meuros per annum (1995-2003).

Portugal also continues to make major regular contributions to international bodies dedicated to protecting the environment in the developing countries, such as GEF – the Global Environment Facility²⁸ (1 Meuros p.a.) and the Montreal Protocol on Substances that Deplete the Ozone Layer (3 Meuros in 2000-2003).

GOAL 8

Official Development Assistance

Indicators for Portugal	1990	1995	2000	2002	2003
Net ODA as a percentage of GNI	0.24	0.25	0.26	0.27	0.22
Net ODA to LDCs as a percentage of GNI	0.17	0.16	0.16	0.17	0.14
Percentage of total bilateral, sector-allocable ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)*	4.2	2.5	2.5	3.1	2.9
Proportion of bilateral aid that is untied (%)	-	98.1	98.2	33.0	93.7
Percentage of ODA to landlocked countries	0.2	2.5	6.2	9.7	10.5
Percentage of ODA to small islands developing states	31.3	28.3	38.3	34.4	33.2

Source: OECD.

* Calculated on a 2-year basis, for 1995-1996 (column 1990); 1997-1998 (column 1995); 1999-2000 (column 2000); 2001-2002 (column 2002). For 2003, source IPAD.

Goal 8 Market Access

Within the EU, Trade Policy pursues a common vein. As a European Union Member State, Portugal has thus adhered to the Union's commitments in the trade and development fields, including those made within the framework of the Everything But Arms Initiative, the trade regime established with the ACP countries under the terms of the Cotonou Agreement, and the access to the Community market for products from the North African countries that has been granted as part of the Euro-Mediterranean Partnership. We have attached great value to the promotion of regional economic integration in this respect, given the importance it will possess to the progressive insertion of the exports of the developing countries – including the LDCs – into the world market.

In the light of the fundamental role that trade and investment play in the promotion of economic development, Portugal has continued to bilaterally focus its assistance on market development programmes and actions and trade-related sectors – such as agricultural productivity and the development of energy sources, including renewable ones – and to seek to promote a closer articulation between public cooperation and the so-called business cooperation.

The needs for technical assistance related to trade and institutional empowerment within the ambit of the Doha Development Agenda require both the various international organisations with a particular vocation for this subject, such as the WTO, the World Bank, the IMF, the OECD, the UN and their specialised agencies, and a group of regional and bilateral donors to act in close collaboration and in a way that complements one another.

Our cooperation initiatives thus fall within the strategy outlined at the WTO's IV World Conference, which entails strengthening the technical assistance that is focused on the so-called new topics in international trade (Trade and Investment, Competition, the Transparency of Public Markets and Trade Facilitation), or on areas such as Trade and the Environment. These initiatives are targeted at the technical and human institutional empowerment of the equivalent bodies in the ODA recipient countries, particularly the LDCs, PALOPs and East Timor. More recently, we have placed special emphasis on the so-called new topics in international trade and have proposed to support the beneficiary countries in the ongoing negotiations at the WTO, with a view to a multilateral framework for the different areas.

The support for trade-related sectors like agricultural productivity and the development of energy resources, including renewable forms of energy, remains an important field for Portuguese Development Cooperation. As part of our cooperation with East Timor we have also worked to construct and pursue sectoral development strategies that cover tourism, energy, geology and mining, in such a way as to stimulate business investment and cooperation. Portugal has also provided technical assistance to the Timorese authorities in the form of a study designed to help East Timor define its positioning in the international economic context.

Portugal has entered into Investment Protection and Promotion Agreements with a number of partner countries (e.g. Mozambique and Cape Verde), together with some Dual Taxation Agreements (e.g. Angola, Mozambique and Cape Verde), all with a view to promoting a climate that is favourable to investment in two-way trade. In order to promote trade, the eradication of poverty and economic development, in July 2004 the CPLP also created a Business Council.

GOAL 8

Market Access

Indicators for European Union and Portugal	1990	1995	2000	2002
Proportion of EU** total imports (by value and excluding arms and oil), admitted free of duties, from developing countries (excluding LDCs) (%)		33.6*	53.4	47.0
Proportion of EU** total imports (by value and excluding arms and oil), admitted free of duties, from LDCs (%)		94.0*	97.5	96.7
Average tariffs imposed by the EU** on (%):				
a) Agriculture products				
· Developing countries (excluding LDCs)		13.4*	11.7	11.1
· LDCs		3.3*	3.0	2.2
b) Textile products				
· Developing countries (excluding LDCs)		6.9*	6.2	5.4
· LDCs		0.0*	0.0	0.2
c) Clothing products				
· Developing countries (excluding LDCs)		10.6*	10.2	9.6
· LDCs		0.0*	0.0	0.9
Agricultural support estimate for EU** as percentage of GDP	2.2	1.7	1.3	1.2
In volume (US\$ billion)	132.8	145.9	100.1	107.0
Proportion of total bilateral, sector-allocable ODA provided to build trade development capacity (%)***			0.7 (2001)****	8.9
Proportion of total bilateral, sector-allocable ODA provided to build trade policy and regulations capacity (%)***			0.0 (2001)****	0.1

Source: OECD, International Trade Centre, United Nations Conference on Trade and Development and World Trade Organization.

* Data for 1996.

** Global data for the whole European Union.

*** Data for Portugal.

**** Data available from 2001 onwards.

Foreign Direct investment in developing countries

Foreign Direct investment in developing countries is a factor that is essential to economic growth and modernisation, because it facilitates the creation of employment, the acquisition of know-how and the transfer of technology and makes the local business framework more dynamic and vigorous. The best use of these advantages allows further chances of development.

Portugal's foreign direct investment in developing countries (DCs) has been on the increase for several decades now, despite the political instability that has existed in various regions of the world and the ensuing unfavourable climate for investment and sustainable economic growth. In 2001-2003 these conditioning factors did have a negative effect, which was also fostered by the overall framework of economic recession that Portugal has been experiencing for several years now. On the other hand, the tendency towards an increase has been stimulated by the cooperation between Portugal and the DCs that was initially promoted by the Economic Cooperation Fund (FCE)²⁹ and was carried on by the Portuguese Development Assistance Agency (APAD)³⁰.

²⁹ Created in 1991.

³⁰ Created in August 1999, APAD replaced the FCE. In January 2003 APAD and ICP merged to form IPAD.

Portugal's Foreign Direct Investment to Developing Countries	1989-91 average	1994-96 average	1997-99 average	2001-03 average
Volume in US\$ million	12	228	1269	531
Volume as a percentage of GNI	0.02	0.23	1.21	0.43

Source: OECD.

Investing in DCs entails a considerable risk, which is derived from factors of a political, monetary and natural-catastrophe-related nature. The public sector must thus work hand-in-hand with its private counterpart to create incentives for direct investment in such countries and minimise these risk factors. The Portuguese companies that invest in DCs can gain access to export credit insurance, which the Portuguese state guarantees via COSEC (Companhia de Seguro de Créditos, S.A.). Acting on behalf of the Portuguese state, COSEC manages the credit risk cover in relation to Portuguese investments in DCs. Its mission is to furnish support for exports of goods and services that originate in Portugal to markets which are considered to suffer from political risks, or when they involve risk periods of two years or more. This insurance can take various shapes, depending on the payment terms (short or medium/long), the kind of insurable risks (manufacturing and credit) and the nature of the credits (commercial or financial).

Goal 8 Debt Sustainability

Portugal's general policy on the treatment of debt has consisted of restructuring operations conducted either within the framework of the Paris Club³¹, or bilaterally, under terms and conditions dictated by the level of income and indebtedness of the debtor country in question.

For countries with low incomes and high levels of debt (HIPC), Portugal has conceded not only debt rescheduling on highly concessional terms, but also additional forms of debt-relief assistance, such as debt-to-equity swaps or debt for development swaps, while always safeguarding the budgetary and monetary implications for the debtor countries. In addition, it has also agreed to forgive debt (over and above the minimum standards set by the Paris Club) and to offer assistance with the payment of multilateral debt.

Of the two conversion schemes mentioned above, Portugal has generally preferred to apply debt-to-equity swaps. This is because of this format's multiplier effects, which not only include a reduction in the balance of payments gap, but, by reinforcing its private sector, also have a direct effect on the economic development of the country concerned.

Portugal's participation in the HIPC initiative includes:

- § A contribution to the Trust Fund – 22 MUSD in total, of which 7 MUSD via the European Union and 15 MUSD specifically for Mozambique; the latter amount was disbursed in equal tranches in 1998 and 1999.
- § A total of 218 MUSD in debt relief in the form of forgiveness or rescheduling.³²

Portugal's support for the debt sustainability of developing countries is also reflected in the Monetary and Exchange Cooperation Agreement with Cape Verde (in effect since March 1998). This Agreement provides an annual line of credit of up to 45 Meuros, which is destined to finance imports and pay external debt and is for use in situations in which there is a breakdown in external reserves. It thus serves as an additional guarantee for the convertibility of the Cape Verde's currency.

³¹ Founded in 1956, the Paris Club is an informal group of public creditors, the role of which is to find coordinated, sustainable solutions for the payment difficulties experienced by indebted countries.

³² Amount calculated by the World Bank in NPV (Net Present Value) terms.

GOAL 8

Debt Sustainability

Indicators for Portugal	1990	1995	2000	2002	2003
Debt forgiveness as a percentage of ODA	0.0	10.1	60.7	3.6	2.0
HIPC debt relief as a percentage of net ODA			7.2*	3.4	1.8
Proportion of grants (% of total gross ODA)	75	72	99	99	100

Source: DAC/OECD.

* Data for 2001.



5. Priorities and Actions on the Way Towards 2015

The strengthening of our privileged relationships with the Lusophone area and particularly the PALOPs and East Timor, largely – if not preponderantly – entails the pursuit of a development cooperation policy that genuinely seeks to promote the development of our preferred partners. This policy must therefore be one that helps to preserve peace, prevent conflicts, reduce poverty and ensure these countries' harmonious insertion into the world economy.

Portuguese development cooperation is thus an important instrument in our country's foreign policy and reflects a number of fundamental principles, such as respect for human rights and international solidarity. It is composed of a bilateral aspect and a multilateral one, and the latter has been both an essential complement to the former and a way of reinforcing Portuguese Cooperation's insertion into the broader context of the international official development assistance system.

In a political framework that is orientated towards the promotion of the beneficiary countries' economic, social and cultural development, Portugal's main priorities are:

- § **Development Financing.** Throughout this period, to continue with our ongoing efforts to:
 - Fulfil Portugal's international commitments to channel 0.33% of GNI as ODA by 2006 and 0.5% by 2010;
 - Improve the effectiveness of Portuguese aid, including by: concentrating assistance in priority areas (e.g. in accordance with the partner countries' needs, Portuguese Cooperation's specific advantages, and existing means and management capabilities); improving the impact of our cooperation actions thanks to increased rationalisation; and reinforcing coordination both in-house and in the field.
- § **Reinforce the partner countries' political stability and economic development.** Along with the promotion of sustained development and economic growth, support for the

consolidation of a stable, democratic environment will remain a fundamental priority for Portugal's cooperation with its partner countries, in which both the negotiation of agreements to promote investment and avoid dual taxation and other macro-economic instruments, such as negotiations in relation to bilateral debt and support for exchange and budget stability, continue to be essential tools.

At the same time Portugal will continue to actively contribute to the improvement of international efforts to support peace, development and political stability, including by:

- Promoting a leadership role for the United Nations. It was in this respect that the Portuguese government and President Chissano, as President of the African Union, recently presented a proposal for the creation of a Commission for Peace and Development, which would work under a mandate from, and in collaboration with, the Security Council (each would maintain their own areas of competence) and the principal objectives of which would be: to regularly accompany the evolution of countries involved in, or in danger of, conflict; and to ensure cooperation/coordination between regional and international institutions. H.E. the Prime Minister of Portugal reiterated this proposal to the 59th UN General Assembly.
- Reinforcing the EU's role in this domain – by means of a greater coherence and efficacy of its support for security and development and an enhanced collaboration with the United Nations, which is of the greatest importance to an effective multilateralism.

§ **Reinforce Portugal's relationship with the African Continent.** This process will continue to be one of the main priorities of Portugal's foreign policy, both bilaterally and multilaterally.

The main priorities for the bilateral relationship in the next few years will be to:

- Increase relations with Angola, as the greatest priority for our foreign policy in Africa;
- Establish an even closer partnership with Cape Verde in both the institutional and business fields;
- Continue to support the political and transitional process in Guinea Bissau and to work to develop a policy of congregating wills and support in the country's favour in international forums;
- Continue to attentively accompany developments in Mozambique – one of the countries with the greatest potential for stability and growth, and where Portugal is one of the main investors and trading and cooperation partners;
- Support empowerment in São Tomé, so that it can benefit from the economic prospects brought about by the discovery of major oil deposits within the archipelago's territorial waters;

- Establish real strategic partnerships with the PALOPs, by taking advantage of the African rebirth that is reflected in the African Union (AU) and the New Partnership for Africa's Development (NEPAD)³³.

At the multilateral level Portugal will continue to attach the highest priority to reinforcing its positioning in relation to the support it gives to the African continent in the various international forums at the level of the EU, the UN and other significant institutions. With this in view it will remain strongly committed to:

- Promoting the reinforcement and institutionalisation of the EU-Africa dialogue;
- Accompanying and supporting the process of making the UA and NEPAD a reality within the framework of the EU-Africa dialogue, that of the United Nations and the Africa Partnership Forum, and that of other significant forums (e.g. the OECD's DAC);
- Promoting debate in Portugal, the partner countries and the relevant forums about African development issues, including from the point of view of EU-Africa and EU-ACP relations.

§ **Deepen Portugal's strategy for East Timor**, which must entail the consolidation of the institutional framework there. Portugal will continue to support the efforts to structure the Timorese state and administration, particularly by:

- Sending technical assistants;
- Emphasising the importance attached to Portuguese language teaching and the legal sector;
- Supporting East Timor's State Budget.

§ **Stimulate cooperation within the ambit of the CPLP in various areas of activity, and reinforce the privileged relationship with the Lusophone area**, particularly by:

- Promoting the exchange of reciprocal support for funding applications from CPLP Member States;
- Demonstrating the value and interest of the CPLP acting as a block to the PALOPs, Brazil and East Timor, when the latter countries come to engage in relations with the EU (via MERCOSUL and ACP).

§ **Reinforce participation by civil society**, by increasing the relationship with and support for Non-Governmental Development Organisations (NGDOs).

§ **A new agreement with UNDP**. The reforms of the United Nations system and consequently that of UNDP itself have served as the basis for the creation of thematic funds – a new instrument intended to help achieve the MDGs and mobilise additional resources for those areas that are considered to be a priority for the Programme. Of the six funds that were created, Portugal has chosen the *Democratic Governance Trust Fund*. The financing format will be similar to that of Portugal's previous Trust Fund

³³ Approved by the AU Summit in July 2001, NEPAD was presented as a "new model for Africa's interaction with the rest of the world". It is designed to promote the political stability and sustained development of the African continent. The general objective stated in the Initiative is to achieve and maintain an annual average rate of growth in GDP of more than 7% for the next 15 years, with a view to fulfilment of the MDGs.

at UNDP – that is to say, a fund containing one million USD, which will be replaced each year depending on the amount that has been channelled to projects – in this case in the field of democratic governance – in the meantime. The PALOPs and East Timor (the latter was not included in the previous agreement) will be the beneficiary countries.



6. Conclusions

Although reducing poverty presupposes multiple approaches and must bear both the constraints and the opportunities experienced by each country in mind, it cannot do without – indeed, it requires – a policy that is targeted at reinforcing and deepening democracy, consolidating peace and preventing conflicts, progressively integrating every economy into the world economy by means of sustained economic policies that take due account of social and environmental aspects, ensuring equality between women and men, and enhancing the capacity of every agent, public and private.

The awareness of the challenge thrown down by the fact that it is always possible to do more and better, and the certainty of the need to bring Portuguese Development Cooperation closer to the real shortcomings in the beneficiary countries, must serve as a logical framework for our cooperation policy and thereby help to create the conditions required for long-term sustainable development.

Complete listing of the goals, targets, and indicators for MDGs

Goals and targets	Indicators
<p>Goal 1 Eradicate extreme poverty and hunger Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day</p> <p>Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger</p>	<p>1. Proportion of population below \$1 (PPP) a day</p> <p>1a. Poverty headcount ratio (percentage of population below national poverty line)</p> <p>2. Poverty gap ratio (incidence x depth of poverty)</p> <p>3. Share of poorest quintile in national consumption</p> <p>4. Prevalence of underweight children (under five years of age)</p> <p>5. Proportion of population below minimum level of dietary energy consumption</p>
<p>Goal 2 Achieve universal primary education Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</p>	<p>6. Net enrolment ratio in primary education</p> <p>7a. Proportion of pupils starting grade 1 who reach grade 5</p> <p>7b. Primary completion rate</p> <p>8. Literacy rate of 15 to 24-year-olds</p>
<p>Goal 3 Promote gender equality and empower women Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015</p>	<p>9. Ratio of girls to boys in primary, secondary, and tertiary education</p> <p>10. Ratio of literate women to men ages 15 to 24</p> <p>11. Share of women in wage employment in the non-agricultural sector</p> <p>12. Proportion of seats held by women in national parliament</p>
<p>Goal 4 Reduce child mortality Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</p>	<p>13. Under-five mortality rate</p> <p>14. Infant mortality rate</p> <p>15. Proportion of one-year-old children immunized against measles</p>
<p>Goal 5 Improve maternal health Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio</p>	<p>16. Maternal mortality ratio</p> <p>17. Proportion of births attended by skilled health personnel</p>
<p>Goal 6 Combat HIV/AIDS, malaria, and other diseases Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS</p>	<p>18. HIV prevalence among pregnant women ages 15 to 24</p> <p>19. Condom use rate of the contraceptive prevalence rate</p> <p>19a. Condom use at last high-risk sex</p> <p>19b. Percentage of 15-24-year-olds with comprehensive correct knowledge of HIV/AIDS</p> <p>19c. Contraceptive prevalence rate</p> <p>20. Ratio of school attendance of orphans to school attendance on non-orphans ages 10-14</p>

(continued →)

Goals and targets	Indicators
<p>Goal 6 Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</p>	<p>21. Prevalence and death rates associated with malaria</p> <p>22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures</p> <p>23. Prevalence and death rates associated with tuberculosis</p> <p>24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (DOTS)</p>
<p>Goal 7 Ensure environmental sustainability</p> <p>Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</p> <p>Target 11: Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers</p>	<p>25. Proportion of land area covered by forest</p> <p>26. Ratio of area protected to maintain biological diversity to surface area</p> <p>27. Energy use (kilograms of oil equivalent) per \$1 GDP (PPP)</p> <p>28. Carbon dioxide emissions (per capita) and consumption of ozone-depleting chlorofluorocarbons (ODP tons)</p> <p>29. Proportion of population using solid fuels</p> <p>30. Proportion of population with sustainable access to an improved water source, urban and rural</p> <p>31. Proportion of population with access to improved sanitation, urban and rural</p> <p>32. Proportion of households with access to secure tenure.</p>
<p>Goal 8 Develop a global partnership for development</p> <p>Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally)</p> <p>Target 13: Address the special needs of the least developed countries (includes tariff- and quota-free access for exports enhanced program of debt relief for HIPC and cancellation of official bilateral debt, and more generous ODA for countries committed to poverty reduction)</p>	<p>Some of the indicators listed below will be monitored separately for the least developed countries, Africa, landlocked countries, and small island developing states</p> <p>Official development assistance</p> <p>33. Net ODA total and to the least developed countries, as a percentage of OECD/DAC donors' gross national income</p> <p>34. Proportion of bilateral, sector-allocable ODA of OECD/DAC donors for basic social services (basic education, primary health care, nutrition, safe water, and sanitation)</p> <p>35. Proportion of bilateral official development assistance ODA of OECD/DAC donors that is untied</p>

(continued →)

Goals and targets	Indicators
<p>Goal 8</p> <p>Target 14: Address the special needs of landlocked countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)</p> <p>Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p> <p>Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth</p> <p>Target 17: In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries</p> <p>Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>36. ODA received in landlocked countries as proportion of their gross national incomes</p> <p>37. ODA received in small island developing states as proportion of their gross national incomes</p> <p>Market access</p> <p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and from least developed countries, admitted free of duty</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>40. Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>41. Proportion of ODA provided to help build trade capacity</p> <p>Debt sustainability</p> <p>42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>43. Debt relief committed under HIPC initiative</p> <p>44. Debt service as a percentage of exports of goods and services</p> <p>Other</p> <p>45. Unemployment rate of 15 to 24-year-olds, male and female and total</p> <p>46. Proportion of population with access to affordable, essential drugs on a sustainable basis</p> <p>47. Telephone lines and cellular subscribers per 100 population</p> <p>48a. Personal computers in use per 100 population</p> <p>48b. Internet users per 100 population</p>

Source: DAC/OECD.

