

## PORTUGAL

### Development challenges as investment and business opportunities: Portugal's policy and practices

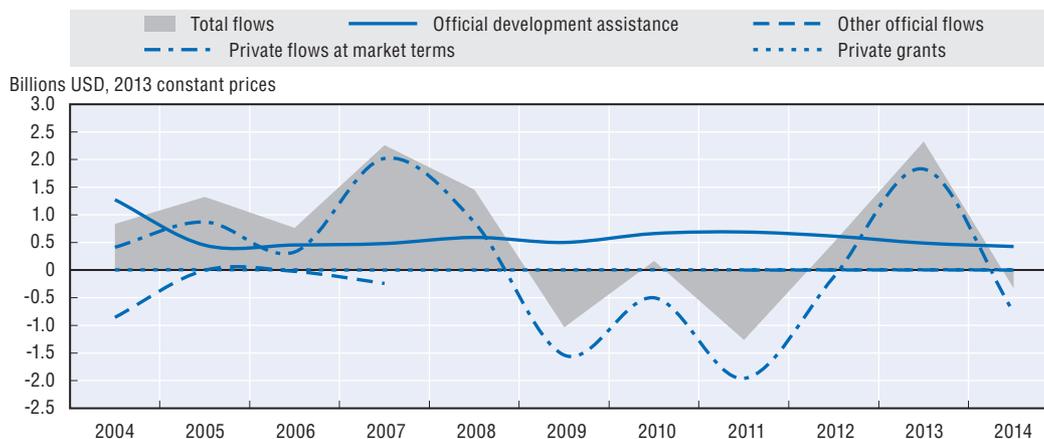
Portugal's Strategic Concept 2014-2020 for its development co-operation places a greater emphasis on private sector development, which has gained in importance in the development programme since 2011. Portugal aims to use its official development assistance (ODA) in a more catalytic manner, notably by increasing its support for private sector development in partner countries through a mutual benefits approach – allowing partner countries to benefit from resources, knowledge and technology sharing while also giving Portuguese companies greater access to foreign markets. The new platform for “Partnership in Development” will facilitate the involvement of the Portuguese private sector in development co-operation.

Portugal is engaged in private sector development mainly through the operations of SOFID, the national development finance institution, which uses a wide range of instruments to leverage private finance. SOFID's funds are limited (USD 17.6 million in 2015) and are currently tied to Portuguese companies. The latest DAC Peer Review of Portugal (OECD, 2015) found that there is scope to increase synergies between SOFID's projects and other ODA-funded projects. In 2014/15, Portugal launched FECOP, the first revolving private sector fund that Camoes, the development co-operation agency, will manage. This USD 13 million fund promotes the development of small and medium enterprises in Mozambique by providing guarantees, interest rate subsidies and technical assistance through local banks to projects promoted by local companies in Mozambique's productive sectors.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Portugal mobilised USD 21 million from the private sector through guarantees in 2012-14, of which 22% targeted climate-related projects.

### Financial flows from Portugal to developing countries

Figure 30.1. Net resource flows to developing countries, 2004-14, Portugal



Note: Data on other official flows are not available for 2008-10.

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### Portugal uses ODA to mobilise other resources for sustainable development

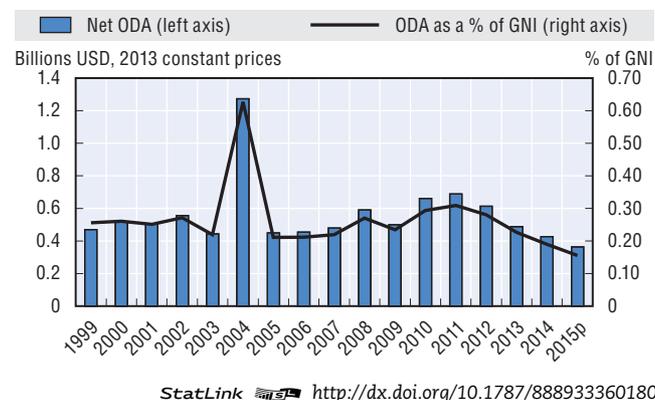
- **Portugal contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that Portugal committed USD 118 000 of its ODA to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 47.1 million (19% of its bilateral allocable ODA) to trade-related activities in 2014, up 103.6% in real terms from 2013.
- **Portugal has pledged USD 2.7 million (EUR 2 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels.

## Portugal's official development assistance

In 2015, Portugal provided USD 306 million in net ODA (preliminary data), which represented 0.16% of gross national income (GNI) and a fall of 16.1% in real terms from 2014 due to a decrease in its lending. Portugal's ODA has fallen since 2011, both in volume and as a percentage of GNI. The country's capacity to meet its ODA targets has been compromised by its severe economic recession and the subsequent Economic Adjustment Programme. Portugal intends to meet its ODA target when its economy begins to recover (OECD, 2015) and is committed, at European level, to collectively achieve a 0.7% ODA/GNI ratio by 2030. Portugal is the 21st largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 23rd by volume. Portugal's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 34.5% in 2014 (up from 30% in 2013), compared to the DAC average of 80.6%. The grant element of total ODA was 89.7% in 2014 (increasing from 87.7% in 2013).

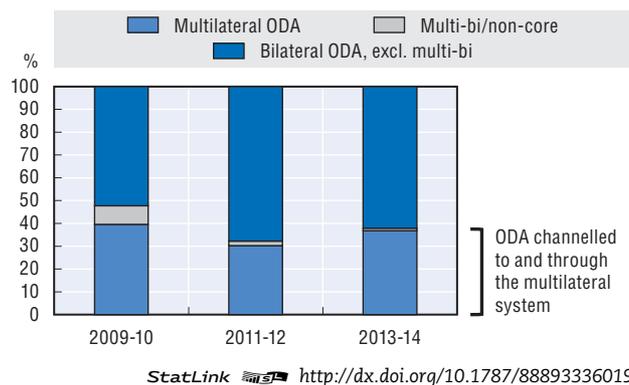
Portugal reported USD 0.9 million of its in-donor refugee costs as ODA in 2014. These costs represented 0.2% of its total net ODA.

Figure 30.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Portugal



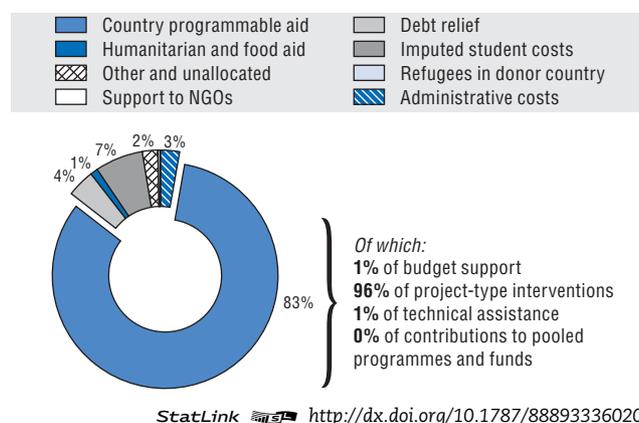
In 2014, 61.3% of ODA was provided bilaterally. Portugal allocated 38.7% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 1.6% of its bilateral ODA to specific projects implemented by multilateral organisations (multi-bi/non-core contributions).

Figure 30.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Portugal



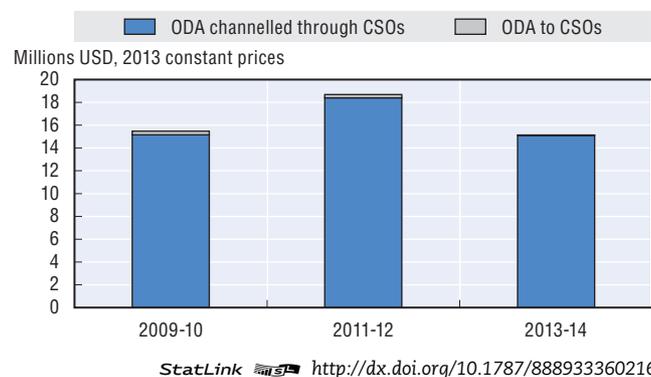
In 2014, 82.8% of bilateral ODA was programmed at partner country level. This share of country programmable aid (CPA) was high compared with the 2014 DAC country average of 52.9%. Project-type interventions made up 96% of CPA.

Figure 30.4. Composition of bilateral ODA, 2014, gross disbursements, Portugal



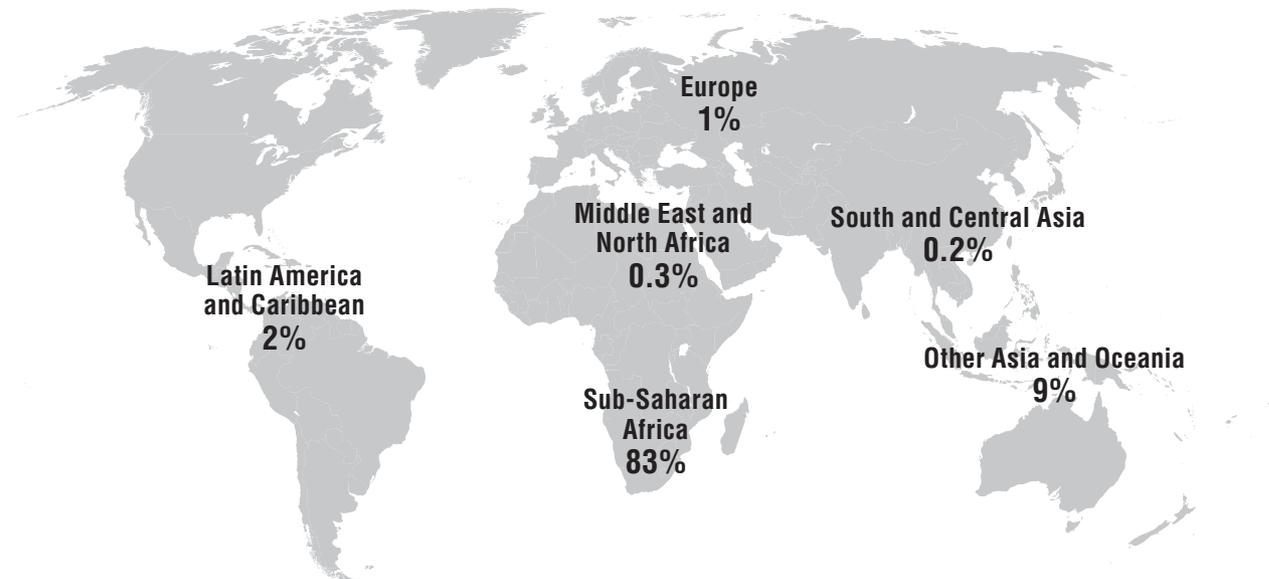
In 2014, USD 15.2 million of bilateral ODA was channelled to and through civil society organisations (CSOs). Portugal's ODA to and through CSOs increased between 2013 and 2014 as a share of bilateral ODA (from 4.4% to 5.2%), but decreased slightly in volume terms (-1%). The DAC country average was 17.4% in 2014.

Figure 30.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Portugal



**Bilateral ODA was heavily focused on sub-Saharan Africa.** In 2014, USD 240.1 million was allocated to this region and USD 27.7 million was allocated to Far East Asia.

Figure 30.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Portugal

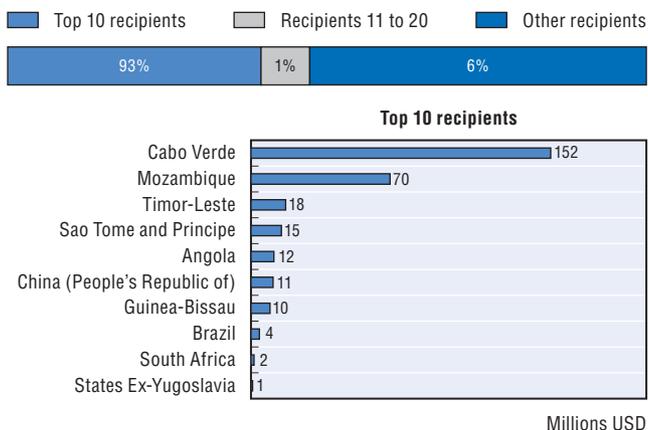


Note: 5% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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**In 2014, 92.6% of bilateral ODA went to Portugal's top 10 recipients.** Portugal's programme focuses strongly on its six Portuguese-speaking priority partner countries, all of which are among its top 10 recipients. Its support to fragile states reached USD 31.3 million in 2014 (10.8% of gross bilateral ODA).

Figure 30.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Portugal

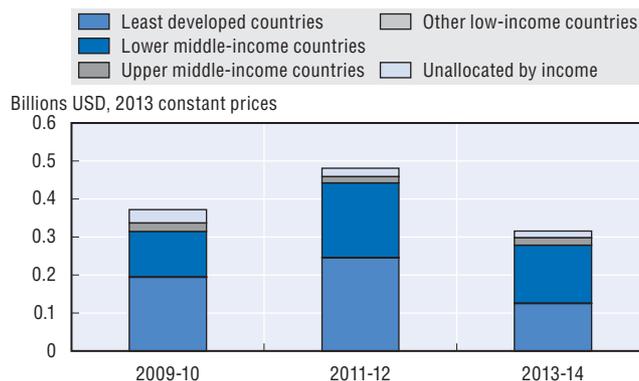


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**In 2014, 38.9% of bilateral ODA was allocated to least developed countries (LDCs),** amounting to USD 113 million. This is a slight decrease from 40.4% in 2013, but is higher than the 2014 DAC average of 25.6%. Lower middle-income countries received the highest share of bilateral ODA in 2014 (49.5%).

At 0.05% of GNI in 2014, total ODA to LDCs was below the UN target of 0.15% of GNI.

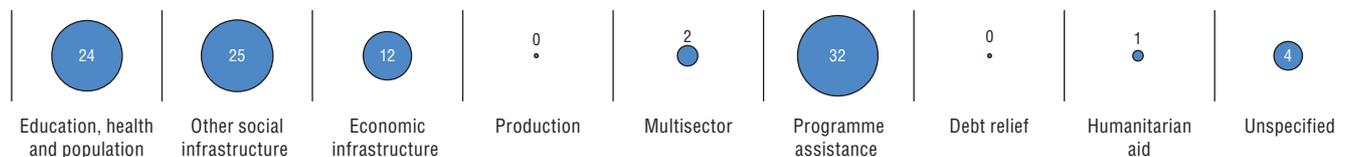
Figure 30.8. Bilateral ODA by income group, two year averages, gross disbursements, Portugal



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In 2014, 54.7% of bilateral ODA was allocated to social infrastructure and services, amounting to USD 152.5 million, with a strong focus on education (USD 56.4 million) and health (USD 19.3 million). USD 60.4 million was allocated to programme assistance and USD 33.9 million to transport and storage (included under ODA to economic infrastructure and services).

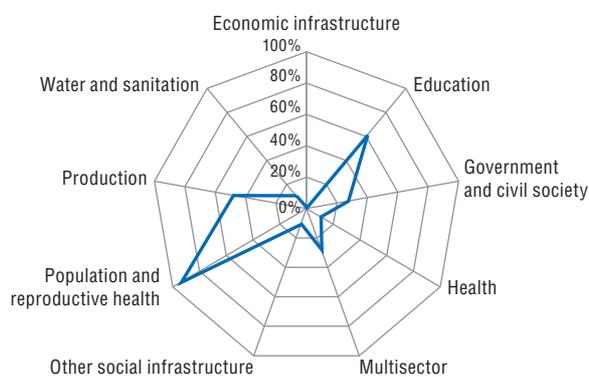
Figure 30.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Portugal



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**USD 36.2 million of bilateral ODA supported gender equality in 2014.** Portugal is strongly committed to gender equality and the empowerment of women and girls. However, this commitment has yet to be fully mirrored within its development co-operation programmes (OECD, 2015). In 2014, 14.6% of Portuguese bilateral allocable aid had gender equality and women’s empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is an increase from 13.7% in 2013 and 4.2% in 2009. Portugal’s aid to population and reproductive health focuses on gender.

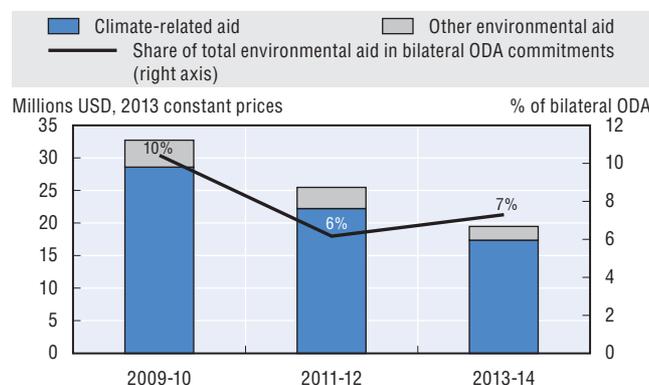
Figure 30.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Portugal



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**USD 14.7 million of bilateral ODA supported the environment in 2014.** Portugal’s share of environment-focused ODA has increased in recent years, and the country’s vision for its development co-operation – the Strategic Concept 2014-2020 – places greater emphasis on the environment. Nevertheless, integrating the environment and climate change across its development co-operation remains a challenge (OECD, 2015). In 2014, 5.9% of its bilateral allocable aid supported the environment and 5.2% (USD 13 million) focused specifically on climate change, compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 30.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Portugal



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Note to reader: Annex B provides “Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members”.

**Reference**

OECD (2015), *OECD Development Co-operation Peer Reviews: Portugal 2016*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264248571-en>.



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