

PORTUGAL

WHAT IS YOUR AID FOR TRADE STRATEGY?

1. Do you have an aid-for-trade strategy and what are the key elements in this strategy?

Portugal, in the field of Aid for Trade, follows the EU commitments at international “fora” attaching great importance to the EU Trade and Development Agenda. In this context Portugal will integrate in its own development Strategies and programming the orientations emerging from the future EU Aid for Trade Strategy, which is being discussed at the Council. This will be implemented in coherence with the UE debate and the orientations on aid effectiveness, namely on complementarity and division of labour between the EC and MS, based on the principle of comparative advantages. Indeed, Portuguese bilateral cooperation is concentrated in a few sectors, mostly, justice, health, education and cross-cutting institutional capacity building.

Portugal fully agrees with the key elements that integrate the project of the EU Strategy on Aid for Trade, in particular in what concerns policy coherence for development, and the importance of the enlarged categories of the Aid for Trade and the priorities to the Least Development Countries (LDCs), in particular those of the ACP Group.

2. How has this strategy evolved since the December 2005 WTO Ministerial Conference?

Portugal follows the main progresses made since December 2005 at EU level namely through the work is now being done in order to finalize the EU Strategy in time to the WTO Global annual Review and will make efforts to contribute to the commitments made by the EU in this area, in particular to the enlarged Aid for Trade (trade-related infrastructures, building productive capacity, trade-related adjustment and other trade-related needs).

3. How does this strategy address regional aid-for-trade challenges?

Portugal’s main partner countries, with the exception of Timor-Leste, are all situated in the sub-Saharan Africa. Therefore, they all share common needs to which the Portuguese cooperation tries to address also in a regional framework. Most of these countries are also considered fragile states. Portugal emphasises that the nature of the problems facing those countries calls for a concerted multilateral and bilateral response, mostly, because key national institutions are weak and need to be stimulated towards self-sufficiency and entrepreneurship. ODA plays here an important role. The most objective when it comes to modernising economies that are finding it hard to achieve international economic integration, and making them more dynamic, is building a market economy that works properly. In turn, a fair and efficient market economy requires the development and permanent consolidation of a strong institutional basis.

It can be no sustainable development without private sector investment and dynamism. A development strategy requires the creation of conditions that foster private sector activity. Portuguese

development cooperation will support the consolidation of market economies in its priority countries, both through IPAD (Institute for Portuguese Development Assistance) and through a new institution that is to be created within the ongoing process of development cooperation reform. IPAD, geared towards ODA, shall act primarily with the view to support the creation of an environment conducive to the development of market economies – i.e. in the field of justice, training, micro-credit and technical assistance, among others. Portugal is also creating a new financial institution. The core mandate will be to promote the advancement of those economies which benefit from Portuguese ODA, while supporting sustainable development, particularly through the involvement of Portuguese enterprises. This institution shall primarily seek to meet the challenges described under Chapter II.B of the Monterrey Consensus.

This new institution will be primarily financed by public funds, but the private sector will be strongly represented. It may also join the EDFI association and thus become a partner of the European Commission and the European Investment Bank within the context of the Cotonou Agreement.

HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?

SCOPE

4. ***How do you define aid-for-trade (i.e. which types of programme and project do you consider trade-related)?¹***

Portugal uses the OECD CRS to report on global volumes of aid-for-trade, adopting the definition of aid-for-trade provided by the WTO Task Force.

METHODOLOGY

5. ***How do you allocate the aid-for-trade share in individual projects and programmes?***

The aid-for-trade share is allocated in accordance with the main partner countries development priorities, particularly the LDCs, PALOP and Timor-Leste, and adjusted to the predefined objectives of both parties.

COMMITMENTS

6. ***According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?***

Portugal uses the OCDE/CRS definition. The data are gathered in the annex table provided in the questionnaire.

PLEDGES

7. ***Describe any aid-for-trade pledges you have made at or since the December 2005 WTO Ministerial Conference.***

No pledges have been made.

8. ***What is your medium-term (beyond 3 years) financial plan for aid-for-trade?***

Portugal does not have a defined medium term financial plan specifically for aid-for-trade.

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

9. How do you ensure that aid-for-trade is effectively integrated in your overall development strategy and programming both at head quarters and in-country?

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 development of energy sources, including renewable ones – and to seek to promote a closer articulation between public cooperation and the so-called business cooperation.

10. Have you recently strengthened your in-house aid-for-trade expertise and how is this expertise deployed to link policies with operations?

No. Within Portugal's human resources limitations, we try to focus our expertise in the areas related to Portuguese cooperation sector priorities.

OWNERSHIP

Refers to developing countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

11. What approach do you follow in your country assistance plan, when national development strategies lack a strong trade development component?

The cooperation initiatives of Portugal are targeted to strengthen the technical assistance that is focused on the so-called new topics in international trade or in areas such as Trade and Environment.

These initiatives are targeted at the technical and human institutional empowerment of the equivalent bodies in the ODA recipient countries. Most recently, Portugal has placed special emphasis on the so-called new topics in international trade and has proposed to support the beneficiary countries in the ongoing negotiations at the WTO, with a view to a multilateral framework for the different areas.

12. How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?

Please see previous answer.

ALIGNMENT

Refers to donors basing their overall support on partner countries. national development strategies, institutions and procedures.

13. Are you using the partner countries' policy planning and budgeting framework as the basis for the provision of your aid-for-trade programmes?

Portugal has a programming cycle of three or four years that results in the elaboration of a country-specific Indicative Co-operation Programmes (PIC), with a financial envelope. The PIC provides the

development co-operation framework for each priority country and are negotiated every through a consultive process. They are based on the country's own poverty strategies or the equivalent and signed by the authorities on both sides.

HARMONISATION

Refers to donors actions being more harmonised, transparent and collectively effective.

14. Do you coordinate aid-for-trade analyses and programming with other donors at the country level, given that its scope often exceeds the capacity of any single donor?

No.

15. Are you increasing the amount of aid-for-trade for regional and/or multilateral programmes? (If you are a regional or multilateral agency, are you managing an increasing amount of aid-for-trade?)

Portugal does not have regional or multilateral programmes in the area of aid-for-trade.

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

16. What objectives and timeframes do you set for your aid-for-trade strategy and programmes? How do you measure success?

The objectives are mentioned in question 3. Our time frame relates to Portugal's programming cycle – 3 or 4 years. Since aid-for-trade is not a priority sector we don't established specific measurement for that kind of intervention.

17. What evaluation methodologies do you apply to your aid-for-trade projects and programmes?

Until now we haven't made any evaluation in this area. In development cooperation evaluations in general we use the five DAC criteria.

18. Do you cooperate with partner countries, other donors and stakeholders in joint monitoring and evaluation of aid-for-trade projects and programmes?

Not yet.

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

19. Do you engage with partner countries, regional organisations, other donors and stakeholders in reviewing progress towards the fulfilment of your aid-for-trade policy and programme commitments?

No.