OECD Development Co-operation Peer Reviews

# PORTUGAL

# 2022

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# OECD Development Co-operation Peer Reviews: Portugal 2022

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**Please cite this publication as:**
OECD (2022), *OECD Development Co-operation Peer Reviews: Portugal 2022*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, https://doi.org/10.1787/550fb40e-en.

ISBN 978-92-64-95629-2 (print)
ISBN 978-92-64-76418-7 (pdf)

OECD Development Co-operation Peer Reviews
ISSN 2309-7124 (print)
ISSN 2309-7132 (online)

Corrigenda to publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.

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# Foreword

The OECD Development Assistance Committee (DAC) conducts reviews of the development co-operation efforts of DAC members every five to six years. DAC peer reviews seek to improve the quality and effectiveness of development co-operation policies, programmes and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries.

From 2021, DAC peer reviews no longer cover all components identified in the peer review analytical framework (www.oecd.org/dac/peer-reviews/about-peer-reviews.htm). Instead they highlight good and innovative practices and reflect on key challenges faced by the reviewed member on select themes, recommending improvements. These themes are selected through consultation with representatives from the reviewed member and its partners.

At the beginning of the process, the reviewed member submits a self-assessment. Based on this, staff from the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials and parliamentarians, as well as representatives of civil society, non-government organisations and the private sector. This is followed by visits to up to two partner countries or territories, where the team meets with the representatives from the reviewed member as well as senior officials and representatives of the partner's administration, parliamentarians, civil society, the private sector and other development partners. The team then compiles the findings of these consultations and prepares a set of recommendations, which are then discussed during a formal meeting of the DAC prior to finalisation of the report. During the whole process, the OECD Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining, in close consultation with the DAC, the methodology and analytical framework within which the peer reviews are undertaken.

To support learning between DAC members, the report highlights a number of areas of good practice from the reviewed member from which other DAC members and development actors can draw inspiration. These are documented in further detail on the Development Co-operation TIPs – Tools Insights Practices – website (www.oecd.org/development-cooperation-learning) – an online peer learning platform that offers insights into making policies, systems and partnerships more effective. Peer review reports are complemented by a "Snapshot" of the member's development co-operation (https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/AR(2022)4/16/FINAL&docLanguage=en), which includes factual information on its policies, institutional arrangements, finance and management systems.

The analysis presented in this report is based on (1) a desk review, including Portugal's self-assessment and assessments provided by Portugal's key multilateral, non-government, private sector and research partners; and (2) an extensive process of virtual consultation with actors and stakeholders in Portugal, Mozambique and select other locations (listed in Annex B). The report, which contains both findings and recommendations, fed into the DAC meeting at the OECD on 9 February 2022, at which senior officials from Portugal responded to questions and comments shared by DAC members.

# Acknowledgements

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report – containing the findings and recommendations of the peer review – is the result of a seven-month in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Germany (Leveke Neumann, Permanent Mission to the OECD, and Thomas Piesch, Ministry for Federal Ministry for Economic Cooperation and Development) and Hungary (Gabriella Fórizs, Ministry of Foreign Affairs and Trade, and Orsolya Tóth, Permanent Delegation to the OECD and UNESCO). From the OECD Development Co-operation Directorate, Santhosh Persaud, Policy Analyst, served as the lead analyst for the review, together with Anita King, Policy Analyst and Matthias Leitner, Policy Analyst (Crises and Fragility Specialist). Katharina Satzinger provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of John Egan, Senior Policy Analyst and Team Lead (Peer Reviews) and Rahul Malhotra, Head of Division, Reviews, Results, Evaluation and Development Innovation. The report was edited by Fiona Hinchcliffe.

The team are grateful for valuable inputs from across the Development Co-operation Directorate – including the Financing for Sustainable Development Division, the Global Partnerships and Policies Division, the Reviews, Results, Evaluation and Development Innovation Division, and the Foresight, Outreach and Policy Reform Unit – and the OECD, in particular the Environment Directorate and the Development Centre.

The Peer Review of Portugal benefited throughout the process from the commitment and dedication of representatives of Camões, I.P., Portugal's development co-operation agency, as well as of the Ministry of Foreign Affairs and across government. The review team is also thankful to the Ambassador of Portugal to Mozambique and his staff, who ensured a smooth virtual mission and valuable exchanges with stakeholders in Mozambique.

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# Abbreviations and acronyms

| | |
|---|---|
| CIC | Interministerial Commission for Co-operation (*Comissão Interministerial para a Cooperação*) |
| COVID-19 | Coronavirus (SARS-CoV-2) |
| CPC | Portuguese Co-operation Centres (*Centros Portugueses de Cooperação)* |
| CPLP | Community of Portuguese-Speaking Countries *(Comunidade dos Países de Língua Portuguesa)* |
| CSO | Civil society organisation |
| DAC | Development Assistance Committee (OECD) |
| EDFI | European Development Finance Institutions |
| EU | European Union |
| FECOP | Portuguese Cooperation Business Fund *(Fundo Empresarial da Cooperação Portuguesa)* |
| GDP | Gross domestic product |
| GNI | Gross national income |
| HDP | Humanitarian-development-peace |
| IRR | Rapid response instrument (*Instrumento de Resposta Rápida para Ações de Emergência*) |
| LDC | Least developed country |
| MFA | Ministry for Foreign Affairs |
| PCSD | Policy coherence for sustainable development |
| PEC | Strategic Co-operation Programme (*Programa Estratégico de Cooperação*) |
| ODA | Official development assistance |
| OECD | Organisation for Economic Co-operation and Development |
| SDG | Sustainable Development Goal |
| SIDS | Small island developing state |
| SOFID | Portuguese Development Finance Institution (*Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, S.A*) |
| UN | United Nations |

**Signs used:**

| | |
|---|---|
| EUR | Euro |
| USD | United States dollars |

Slight discrepancies in totals are due to rounding.

## Annual average exchange rate: 1 USD = EUR

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| 0.7532 | 0.7537 | 0.9015 | 0.9043 | 0.8871 | 0.8473 | 0.8933 | 0.8775 |

# Executive summary

**How can Portugal maximise the benefits of its "decentralised" development co-operation system?** This question was at the core of the 2022 OECD Development Assistance Committee (DAC) peer review of Portugal, conducted by Germany and Hungary. Many key ministries and institutions are strongly engaged in Portugal's development co-operation, while Camões, I.P. has a mandate to steer and co-ordinate all efforts. Each institution brings expertise, resources and long-standing partnerships with peer institutions in partner countries. At the same time, the wealth and diversity of actors involved make it challenging to pull together the numerous efforts. Against a backdrop of consistent political support and improving economic outlook, the peer review assessed the adjustments that would enable Portugal to fully capitalise on the capacities of its rich institutional network while mitigating on-going challenges. As key measures, Portugal should strengthen capacity for implementation and co-ordination by increasing official development assistance (ODA) and devolving authority to country level. All actors should pursue systemic and sustainable change in partner countries through joint objectives and a greater focus on outcomes.

**The well-established institutional set-up could benefit from more strategic co-ordination, devolution of authority and investment in human resources.** All actors acknowledge Camões' leadership role, and regular co-ordination allows for information sharing and identification of synergies in day-to-day work. The creation of Portuguese Co-operation Centres has been an important step towards more localised decision making, complementing efforts to increase capacities and skills at headquarters and in partner countries. To steer its myriad efforts towards joint objectives, Portugal could develop cross-government strategic guidance for its priorities and regularly convene co-operation stakeholders in order to plan ahead collectively. Addressing key human resource constraints, in particular high turnover and insufficient development expertise of new staff, will be critical and should be planned across government. Portugal should pursue plans to devolve authority, and resources, to co-operation centres, as this would increase efficiency and enhance its capacity for delivery.

**Portugal could do more to exploit opportunities for learning across the system.** Portugal uses monitoring and evaluations to design, adjust and review interventions and is actively drawing on the insights of stakeholders outside government. To strengthen the culture of learning throughout government, Portugal could make new knowledge management and learning tools in Camões accessible across government and consider a joint evaluation policy and common results reporting. Focusing evaluations on issues with wider learning benefits could further encourage cross-government engagement and follow-up on evaluation findings. Systematically defining expected outcomes in addition to outputs would produce significant benefits for the effectiveness of Portugal's co-operation. Building on positive experiences, Portugal could create more opportunities for strategic dialogue with stakeholders, including civil society.

**Portugal adds value through its close engagement with the European Union. Pursuing its internal reform agenda will be important to secure the full benefits of delegated co-operation.** Engaging with the European Union (EU) is a top priority for Portugal in both policy and implementation. Its recent Presidency of the Council of the EU helped foster converging views on challenging issues. Large volumes of delegated co-operation increase Portugal's footprint in partner countries, while also driving internal reform efforts and making development co-operation visible politically. Programming under the new EU

budget provides opportunities for Portugal to work to its strengths. However, pursuing internal reform efforts will be important to address challenges in managing EU projects. Defining priorities for Portugal's approach could help address stakeholder concerns over the balance of EU and Portuguese co-operation.

**There is a strong case for Portugal to increase ODA volume while maintaining ODA quality.** Portugal's clear focus on a limited set of countries most in need provides the basis for synergies across the system. Portugal has made significant progress on untying ODA. However, despite recovering from the financial crisis, Portugal's ODA volume has not caught up with past performance, or with its DAC peers. More resources could bolster internal capacity and enable programmatic collaboration across government. To increase ODA, Portugal will need to invest in targeted advocacy, a cross-government communication effort, and tools to plan ahead and allow for debate. Portugal should ensure that promoting the Portuguese private sector in partner countries aligns well with its overall objective of creating development impact.

**Portugal's close relations with and respect for partner country ownership are hallmarks of its bilateral co-operation; it could gain further from pulling diverse efforts together.** Portugal and its priority partner countries value their close bilateral relations, which build on historical and linguistic ties. Portuguese public institutions are committed to these partnerships and mobilise the full range of their expertise, as well as the expertise in Portuguese society. In doing so, they stress country ownership and are responsive to partner requests. Close ties with its partner countries also underpin Portugal's successful international advocacy for triangular co-operation. A greater focus on outcomes and longer-term objectives in its country partnerships could help Portugal maximise its contributions to structural change and sustainable development in its partner countries. Moreover, more programmatic interventions could reduce the high degree of dispersion to increase efficiency and Portugal's focus on results, while preserving its responsiveness to partner needs.

**Portugal could strengthen its substantial efforts targeting the humanitarian-development-peace nexus through greater localisation and support for civilian security sector governance.** In fragile situations, Portugal consistently mobilises the expertise of its justice, home affairs, and defence institutions. Building on its close ties with partner countries, Portugal plays an important role in crisis response and also enables other partners to engage. Co-ordination mechanisms and awareness raising promote the nexus, while diverse instruments facilitate the transition from humanitarian relief to medium-term recovery. To further enhance the longer-term perspective of the nexus, Portugal could draw more on local consultation and joint analysis, and also strengthen local response capacity through humanitarian assistance. Raising the profile of civilian security sector reform and governance would be an important complement to its security sector partnerships. Shifting civil society support towards more long-term and flexible modalities would help ensure civil society organisation programming is demand driven, thereby supporting greater local ownership.

**Opportunities to step up support for partner countries on environment and climate change will benefit from clear priorities and capacities.** Portugal's international advocacy builds on good domestic performance and expertise. To continue leading by example, Portugal could strengthen mechanisms for policy coherence on environment and climate at home. Portugal seeks to enhance its relatively small co-operation portfolio on the environment and climate. To draw on expertise and resources across its system, developing guidance and tools as well as ensuring capacities will be critical to accompany planned funding increases. Investing in stakeholder dialogue could help draw in domestic expertise and networks.

**The peer review also assessed implementation of the 2016 peer review recommendations.** Portugal has taken steps to address 16 out of the DAC's 19 recommendations, with 4 recommendations now fully implemented. The Development Co-operation Profile of Portugal and a "Snapshot" (https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/AR(2022)4/16/FINAL&docLanguage=en) provide additional information on Portugal's co-operation. Good practices to inspire other DAC members and development actors are described on the learning platform, Development Co-operation TIPs - Tools Insights Practices (https://www.oecd.org/development-cooperation-learning).

## The DAC's recommendations to Portugal

The following recommendations aim to support Portugal in building on the strengths of its development co-operation, addressing remaining challenges and pursuing on-going reform efforts:

1. To achieve greater synergies across the development co-operation system, Portugal should **promote joint strategic decision making and, building on Camões' leadership role, work together across government** to co-ordinate programming, budgeting, the development of guidance, and follow-up to monitoring and evaluation.
2. To enhance efficiency, streamline processes and strengthen capacity for local engagement, Portugal should **continue delegating authority for programming and implementation to co-operation centres**, while ensuring they have the capacity to fulfil their additional responsibilities.
3. To strengthen its capabilities for strategic co-ordination, quality assurance and delivery, Portugal should **assess and plan human resources for development co-operation across government,** and in particular continue investing in training, address high staff turnover and make flexible and effective use of expertise, in Camões, in line ministries and through external recruitments.
4. To strengthen the value of monitoring and evaluation, Portugal should **systematically integrate expected outcomes** into project designs and country programmes, monitoring and reporting on progress; **plan for, collaborate and follow-up on evaluations jointly across government; discuss and share learning insights widely; and ensure sufficient resources** are allocated to results-based management and independent evaluation.
5. **To meet its ODA commitments and ambition, Portugal should take a whole-of-government approach to:**
    - Establish a roadmap with time-bound nationally agreed targets to incrementally increase ODA.
    - Set cross-government priorities for how and where ODA increases will be spent, and ensure capacities are in place to manage additional resources.
    - Undertake co-ordinated communication and engagement efforts to convey the added value and rationale of Portuguese development co-operation.
6. To make the most of its private sector engagement, Portugal should **assess how its private sector instruments could best contribute to sustainable development in partner countries** and enhance co-operation with international partners including development finance institutions. Portugal should also ensure that its efforts to internationalise the Portuguese economy contribute to development impact and do not hinder progress on untying its ODA.
7. To strengthen its focus on systemic and sustainable change, and to increase the efficiency and effectiveness of its bilateral co-operation, Portugal should **adopt a more programmatic approach that pulls together its various interventions**, and agree with partner countries a prioritised set of outcomes to which Portugal's activities collectively contribute.
8. To ensure Portugal's peace efforts under the nexus approach contribute to long-term stability and sustainable development, Portugal should **enhance its support to security sector governance by further integrating civilian oversight and security sector reform elements into its military co-operation activities.**
9. To maximise civil society's contribution within its development co-operation efforts at headquarters and in partner countries, Portugal should **– in discussion with CSO partners – provide more flexible and longer-term funding and draw more systematically and strategically on the expertise of civil society** both in Portugal and its partner countries.

10. To enhance its contribution to environmental and climate objectives, Portugal should **agree a set of cross-government co-operation priorities for environment and climate action based on its domestic expertise, as well as increase capacities,** for example, through the development of guidance and training for co-operation staff.

## Infographic 1. Highlights from the 2022 Development Co-operation Peer Review of Portugal

### PORTUGAL'S STRENGTHS...

**MOBILISES CROSS-GOVERNMENT EXPERTISE**

Many public institutions in Portugal engage in peer-to-peer partnerships

**FOCUSES ON COUNTRIES MOST IN NEED**

High shares of ODA support fragile contexts and Least Developed Countries (LDCs)

**PRIORITISES COUNTRY OWNERSHIP**

Co-operation responds to partner needs based on close bilateral relations

**RALLIES INTERNATIONAL SUPPORT**

Portugal champions triangular co-operation and is valued for its presidency of the EU Council

### ...AND AREAS FOR IMPROVEMENT

Make more out of collaboration across government through joint strategic decision-making, programming and learning

Increase ODA to catch-up with past performance and DAC Peers

Pull bilateral interventions together and focus more on outcomes

Plan human resources across government and continue to delegate authority to co-operation centres

### PROGRESS SINCE THE PREVIOUS PEER REVIEW

Portugal has partially or fully implemented **16 out of 19 recommendations** from its review in 2016

FULLY IMPLEMENTED

PARTIALLY IMPLEMENTED

NOT IMPLEMENTED

## Infographic 2. Portugal's development co-operation at a glance

*Figures expressed in USD million and based on current prices unless otherwise stated.*

### PORTUGAL RANKS 23RD OUT OF 29 DAC COUNTRIES ON ODA AS A SHARE OF GNI

2020 (preliminary)

**ODA VOLUME**

USD 385 million

35% BILATERAL

65% MULTILATERAL

**ODA/GNI**

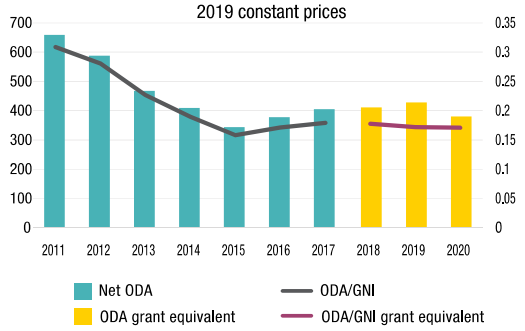
= 0.17% of GNI

*Compared to*

0.32% DAC average

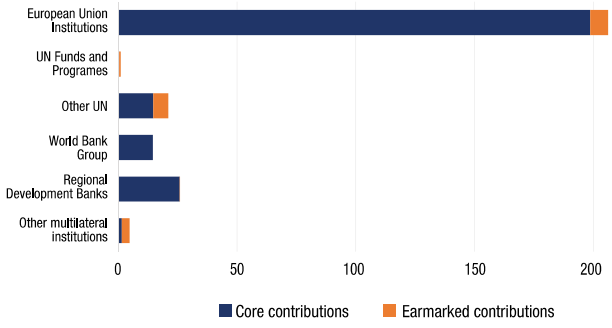
### ODA LEVELS HAVE NOT RECOVERED TO PAST PERFORMANCE

2019 constant prices



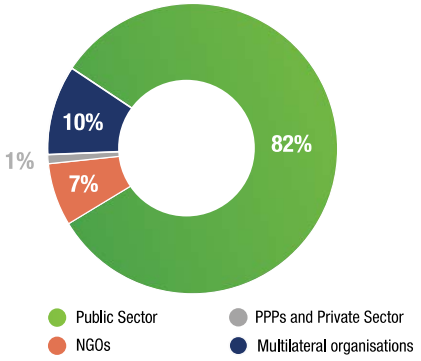

### THE EU IS THE MOST IMPORTANT RECIPIENT OF PORTUGAL'S MULTILATERAL ODA

2018-19, Gross disbursements, million USD
2019 Constant prices



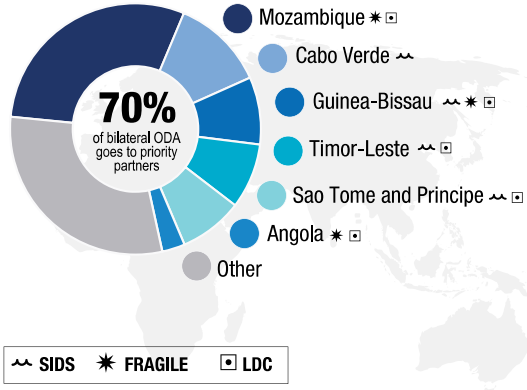

### PEER TO PEER CO-OPERATION IS A KEY CHANNEL FOR DELIVERING BILATERAL ODA

2018-19, % gross disbursements



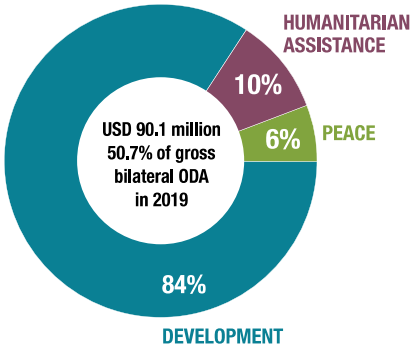

### BILATERAL ODA IS FOCUSED ON PRIORITY PARTNER COUNTRIES

2018-19 disbursements




### OVER 50% OF BILATERAL ODA GOES TO FRAGILE CONTEXTS

Average Bilateral ODA to fragile contexts,
2018-19 disbursements



# Findings and recommendations of the DAC Peer Review of Portugal

This report presents the findings and recommendations of the 2022 development co-operation peer review of Portugal. In accordance with the 2021 methodology, it does not cover all components identified in the peer review analytical framework. Instead, it focuses on select areas of Portugal's development co-operation identified in consultation with Portugal and its partners. Starting with an overview of the current economic and political context, the report then analyses Portugal's development co-operation in five areas: the development co-operation system, capacities and collaboration; official development assistance volume and quality; Portugal's partnerships with partner countries; its engagement in fragile contexts; and its promotion of environmental protection and climate action. For each of these areas, the report identifies Portugal's strengths and challenges, the elements enabling its achievements, and the opportunities or risks that lie ahead. Based on this analysis, recommendations aim to help Portugal improve its development co-operation for the benefit of its partner countries and global sustainable development.

## Introduction

**This report analyses the strengths and challenges of Portugal's development co-operation and provides recommendations for improvement**. In line with the 2021 peer review methodology, the peer reviewers from Germany and Hungary, the OECD Secretariat and Portugal together identified the focus areas of the review, drawing on Portugal's self-assessment, input from partners and research.[1] These areas guided the peer review's research and missions, the findings of which are synthesised in this report. After an introduction to the current political and economic context, the first section explores how Portugal could make more of the network of institutions in its system through enhanced collaboration, capacity and learning. It also considers the role of European Union (EU) delegated co-operation within Portugal's system. The second section assesses why Portugal should increase official development assistance (ODA) and how it could do so. The third section analyses how the strengths and challenges of Portugal's rich institutional system play out in its partnerships with its partner countries, also highlighting Portugal's support for triangular co-operation. The fourth section specifically looks at engagement in fragile contexts, in particular Mozambique. The final section identifies opportunities for Portugal to promote environmental protection and climate change in its development co-operation, building on its good domestic track record and strong international advocacy. Each section closes with recommendations indicating important adjustments Portugal should pursue to further improve its development co-operation. All recommendations are listed together at the front of the report.

**A snapshot of Portugal's development co-operation provides further information**[2]. Prepared during this peer review, the snapshot sets out Portugal's policies, institutional arrangements, finance and management systems. To support learning between DAC members, this peer review report also highlights a number of areas of good practice from which other DAC members and development actors could draw inspiration. These are documented in further detail on the learning platform, Development Co-operation TIPs - Tools Insights Practices.[3]

## Portugal's domestic context: Opportunities for advancing development co-operation

### *Portugal's political and institutional setting provides a good foundation*

**Development co-operation is firmly anchored as a "fundamental instrument" of Portugal's foreign policy** (Government of Portugal, 2020[1]). Regardless of the change from a centre-right to a centre-left government in 2015, development co-operation priorities have remained stable. Portugal is strongly committed to partnering with Portuguese-speaking countries in Africa and Timor-Leste, while seeking to expand co-operation in Africa and Latin America. Human development and governance remain key thematic priorities, with growing attention to climate change, the environment and digitalisation. Portugal is highly committed to multilateral co-operation – with the EU being a major partner – and to protecting global goods, with active engagement on oceans, for instance. Its new co-operation strategy will provide an opportunity to flesh out and update its approach to policy priorities, drawing on and bringing in the full diversity of its development co-operation system.

**Support for development co-operation is high among stakeholders, building on the very close and diverse ties with Portuguese-speaking countries.** Portugal has the second-highest level of popular support for development co-operation of all EU Member States: 71% of citizens surveyed think that development co-operation should be a priority for their government, compared to 62% in the EU (Kantar, 2020[2]). Political parties are supportive of development co-operation, and there is a high level of engagement by ministries and public institutions. The COVID-19 pandemic has strengthened global awareness, for instance linked to vaccine donations. However, understanding of development co-operation

as a long-term investment could improve, as could citizens' personal engagement, and general political support has not translated into a strong lobby for increasing ODA.

**Portugal has strengthened its institutional framework, although challenges remain.** Following the 2012 merger of the development agency and the cultural and language institute into Camões, I.P., Camões is well recognised as the lead for Portugal's development co-operation, and has a strong mandate. Stakeholders have generally embraced the new institutional set-up, despite initial reservations about the merger. Adjustments to the legal framework in 2018 revised Camões' structure, created co-operation centres in partner countries and made temporary recruitment easier. Portugal remains strongly committed to its "decentralised" development co-operation system, which involves numerous public institutions. However, co-ordination of this complex system remains a challenge.

### *An improving economic context could favour greater investment in development co-operation*

**Portugal's economy is expected to rebound following the COVID-19 pandemic.** Pre-pandemic, the economy had steadily recovered from the financial crisis and subsequent bailout in 2011. In 2017, gross domestic product (GDP) reached pre-crisis levels and Portugal exited EU disciplinary procedures. While the economic shock from the pandemic caused the economy to contract by 8.4% in 2020, GDP will likely return to its pre-crisis level in 2022 (OECD, 2021[3]). Real GDP growth is forecast to continue between 1.5% and 2% in the years to come (Economist Intelligence Unit, 2021[4]). Unemployment is low, at 6.8% in 2020. While debt levels had decreased prior to the pandemic, they are once again high (133.6% of GDP under the Maastricht definition in 2020) and the government is continuing consolidation efforts. Given that ODA represents a very small share of total government expenditure (0.37% in 2019),[4] an increase would not significantly affect public debt.

**Promoting the internationalisation of the economy is an important goal of foreign policy.** Portugal's trade links are highly concentrated in Europe, especially neighbouring Spain. In March 2021, Portugal launched the Internationalisation Programme 2030 (*Programa Internacionalizar 2030*) (Government of Portugal, 2021[5]), through which Portugal aims to diversify its economic partnerships into new regions. The Community of Portuguese-Speaking Countries (CPLP) – a priority for Portugal's foreign policy, including its development co-operation – is a particular focus of the programme. Trade with some member countries is already sizeable: for example, 2% of Portuguese exports in 2019 went to Angola. In turn, Portugal is often a very relevant trading partner for CPLP countries (World Bank, n.d.[6]). It is also one of the top 10 sources of foreign direct investment in least developed countries (LDCs) (UNCTAD, 2021[7]). Portuguese private sector networks promoting the Sustainable Development Goals (SDGs) and responsible business conduct can help integrate sustainable development into these internationalisation efforts.

## A system fit for purpose: Enhancing collaboration, capacity and learning to make the most of Portugal's rich institutional network

Strengthening co-ordination across government, continuing to devolve responsibility to staff in partner countries and progressing further on addressing human resources constraints would strengthen Portugal's ability to enhance efficiency and fully draw on its capacities across government. Results management could support this through jointly defined outcomes and results reporting, while evaluations could focus on issues which offer valuable lessons. To draw on external insights, Portugal could invest more in strategic exchange with its many stakeholders. Engaging with the European Union is a top priority for Portugal – both for policy and implementation. Delegated co-operation allows Portugal to mobilise the expertise of its institutions and leverage resources, while pursuing internal reform efforts will be important to fully garner its benefits.

### *More substantial co-ordination could enhance the benefits of cross-government efforts*

**Camões' lead in Portugal's "decentralised"[5] development co-operation system is well established.** Many Portuguese ministries and institutions engage in development co-operation, mobilising a wealth of expertise and long-standing partnerships to support peer institutions in partner countries. There is general acceptance of Camões' mandate to steer and co-ordinate Portugal's development co-operation. Camões' leadership is bolstered by its responsibility for implementing and overseeing central bilateral and multilateral efforts, such as co-ordinating country strategies, managing EU delegated co-operation and engaging in development policy with the EU.

**Formal and informal co-ordination enables information to be shared and synergies to be identified in day-to-day work.** At headquarters, Portugal uses political and working level co-ordination mechanisms to update participants across government on key processes and events of interest to all (OECD, 2022[8]). Camões provides advice on interventions by line ministries, who have to seek approval from Camões through the process of a "prior binding opinion". These formal mechanisms are complemented by very frequent informal exchanges among staff at headquarters and in partner countries. As a result, Portugal is able to generate synergies in day-to-day work, including with activities that fall outside of development co-operation. For example, in Mozambique exchanges with the trade attaché mobilised Portuguese companies for a co-operation project on youth employment. Collaboration between the cultural and co-operation branches within Camões also generates valuable benefits, using networks for outreach, promoting local cultural markets, and supporting technical language training and translations.[6] Systematically bringing together a wide range of government institutions in a complex system is an important achievement.

**However, co-ordination does not always support direction and strategic decision making.** Exchanges through co-ordination mechanisms focus more on practical collaboration rather than medium- or long-term adjustments. As an example, Portuguese institutions often agree their priorities bilaterally with their partner institutions, independently of the development of country strategies. As a result, valuable exchange on country strategies confirms agreed approaches but does not provide strategic steer for the portfolio. Portugal is thus missing an opportunity to see beyond its multitude of bilateral partnerships and projects (see Partnerships: Mobilising expertise across government in partner countries). Camões staff also expressed a wish for more time for strategic reflections, which is currently lacking due to their many operational tasks. Creating more space for these reflections could help Portugal draw on the deep insights of its institutions. One approach would be for Portugal to build on its increased use of virtual exchanges (linked to the pandemic) to create dedicated country teams that include staff at headquarters and in partner countries, as other DAC members do. Camões could regularly convene stakeholders within country teams and at headquarters to take stock and reflect strategically on how the different parts of Portugal's co-operation can come together to maximise support to its partner countries.

**Developing strategic cross-government guidance could be valuable to steer collective efforts towards joint objectives.** The process for the 2018 development education strategy is a useful example, as it pulled together key government (Camões and the Ministry of Education) and civil society stakeholders. Since Portugal currently lacks up-to-date guidance in numerous policy areas, it could use the follow-up to the forthcoming development co-operation strategy to define concretely how the government as a whole will pursue key priorities. Closely involving line ministries in these efforts could strengthen ties, increase mutual understanding and build a sense of the joint objectives to which different institutions can contribute. In this process, Portugal could also consider defining more clearly where it will focus its efforts in the face of varied partner country requests, as greater concentration would make co-ordination easier and reduce capacity constraints.

### *Devolving responsibility to co-operation centres would strengthen implementation capacity, enable co-ordination and enhance responsiveness*

**The creation of Portuguese Co-operation Centres (CPCs) in 2018 was a first step in moving away from highly centralised decision making.** As administratively independent entities overseen by the respective embassies, the centres have been able to hire staff locally and increase their capacity to support and provide advice to the Portuguese co-operation system. Improved recruitment conditions for co-operation agents have further enhanced Portugal's presence in partner countries, such as through local project co-ordinator positions. Staff greatly appreciate the progress already achieved. While CPCs are still relatively new, Camões is committed to devolving further responsibility to them. At present the centres have no authority to approve or adjust interventions or more substantial disbursements. Most project managers are based in headquarters, so that project staff in partner countries are often not fully empowered to represent Camões vis-à-vis their counterparts.

**Ensuring co-operation centres are sufficiently resourced and given greater programming authority would allow Portugal to increase efficiency and enhance its capacity for delivery.** Camões' 2020 staff satisfaction survey points to relatively low satisfaction with management systems and a strong wish for more efficient work processes and modernisation (Camões, I.P., 2021[9]). The need to await approval from headquarters, combined with heavy and risk-averse procedures, is resulting in delays, impacting staff and partners, and affecting co-ordination with partners and responsiveness to local needs (Camões, I.P., 2018[10]; Camões, I.P., 2021[9]). The important knowledge of local context possessed by embassies and CPCs is unlikely to inform decisions if these are taken at headquarters. Exchange with DAC members, such as Ireland and New Zealand, on their experiences with localised decision making could help Portugal decide on the concrete steps it needs to take to devolve greater authority to local offices (OECD, 2020[11]; OECD, 2018[12]). Key considerations would be which capacities and skills will be required on the ground, and to what extent quality assurance and controls (including through internal audit) could be devolved to country level as well.

### *Greater flexibility in project staffing has partially addressed capacity constraints, but further progress is needed*

**Human resource constraints related to skills, turnover and workload affect Portugal's ability to deliver its development co-operation programme**. Many partners appreciate the expertise and experience of Portuguese staff. However, as permanent recruitments are limited to the existing pool of civil servants, new recruits often do not have specific development co-operation expertise. Line ministries have a substantial pool of experts, but there is no simple mechanism to draw on their expertise across government. Mobilising experts for secondments to projects generally requires significant planning in advance. Very high staff turnover rates (25% in Camões, and other parts of government) lead to a loss of knowledge and expertise. Camões assesses the risk of disruptions or even "organisational paralysis" from this high turnover as extreme (Camões, I.P., 2021[13]). High demands on staff in Camões, often assigned to multiple issues, limit the time they can dedicate to cross-government co-ordination and strategic reflection. It also makes it more challenging for them to engage with partners and participate in the full range of political dialogue in partner countries.

**Camões has been taking action to increase capacities and skills at headquarters and in partner countries.** A revised employment framework for temporary staff, so-called co-operation agents, has made it easier for Camões to increase capacity in both headquarters and partner countries. This has enhanced co-operation expertise and capacity, although only partially, as co-operation agents can only support projects, and do not have the same level of authority as permanent staff. In addition to Camões' regular training offer, a new training course on development co-operation is available for all civil servants.

**Planning staffing resources and needs across the system is an important accompaniment to reform efforts.** Camões intends to undertake strategic planning, better understand staff mobility and

develop a staff retention strategy, and offer postings abroad to increase job attractiveness. Given its very high level of staff turnover, Portugal should also plan how best to retain knowledge and organise handovers. Human resource plans should consider the capacity across government and personnel in both headquarters and partner countries to identify opportunities, understand where gaps are and how they can be filled. This will be particularly important as Portugal devolves more responsibility to CPCs. Portugal also has opportunities to make more out of its decentralised system: joint training on policy priorities and strategic use of staff rotation could strengthen networks of development experts, and reinforce mutual understanding and commitment to joint objectives.

### *Monitoring and evaluation could better inform learning and strategic direction*

**Portugal uses monitoring and evaluation to design and adjust interventions and is addressing challenges in results management.** Building on regular dialogue with partners, Portugal uses project steering committees as a key mechanism to adjust on-going projects, while insights and evaluations from previous project phases and exchange with other donors feed into the design of new interventions. However, evaluations and external monitoring exercises highlight weaknesses in project results management, with frequent challenges being defining theories of change, suitable indicators at different levels and baselines (Camões, I.P., 2019[14]; Cardno Emerging Markets, Europlus, 2019[15]; Ferreira and Lamim, 2019[16]).7 As a consequence, monitoring and evaluation only provide Portugal and its partners with a limited sense of what is and isn't working, and why. Portugal is aware of these challenges and has put forward the following ideas to address them in its self-assessment: include dedicated guidance in the Project Management Manual and make it available to all public entities; organise joint training; and, introduce a standard project appraisal mechanism to review the intervention logic (Government of Portugal, 2021[17]). The peer review strongly encourages Portugal to pursue these efforts, which would improve results management across the whole of government. Regularly assessing the quality of the results management systems could further support Portugal's efforts.

**Systematically defining expected outcomes would improve results management and boost learning.** Portugal's results monitoring focuses on project outputs, such as the number of people trained. While some outputs of Portugal's co-operation can have longer-term and structural effects, for instance a revised curriculum, training of trainers, or creation of a new institution, Portugal does not track the effects of these outputs at outcome level (for example, how is the new curriculum rolled out, and have learning results improved?) Lacking an understanding of the outcomes and overall impact of its co-operation presents important challenges for Portugal's results management. Systematically including outcomes in results management, notably for projects and country strategies, would bring multiple benefits for Portugal (Figure 1). It would have a better understanding of which interventions make the most difference; it could more easily identify synergies within its own portfolio and that of other development partners; it could track progress at portfolio level; it could more easily align monitoring with other efforts in partner countries, using the SDGs; and it could better communicate its contributions to sustainable development, both in partner countries and in Portugal. Other DAC members are discussing how to address challenges in managing the results of their peer-to-peer partnerships in the Effective Institutions Platform (Ornemark, 2020[18]) and with the EU on mobilising public sector expertise (Di Ciommo, 2021[19]). Portugal could benefit from these exchanges, and from the work of the OECD Results Community of Practice.

**Figure 1. Benefits of systematically integrating outcomes in Portugal's co-operation**

**Evaluations could focus more on issues that provide greater learning benefits.** Camões' current three-year rolling evaluation plan foresees numerous evaluations, including the evaluation of any intervention larger than EUR 0.5 million and of all country programmes, in addition to compulsory evaluations of EU delegated co-operation projects (Camões, I.P., 2021[20]). However, in reality, Portugal has only been able to deliver a maximum of two evaluations a year between 2018 and 2021. Lack of financial and human resources in the Evaluation and Audit Unit are a key constraint. It is therefore critical to prioritise evaluations that serve decision-making, learning and/or accountability purposes effectively. Systematic country programme evaluations are a particularly challenging choice. They are very difficult to conduct, as Portugal's country portfolios span a broad range of sectors and projects and lack common intervention logics or objectives. Moreover, as ministries conclude bilateral agreements and evaluations are often undertaken in parallel to the development of new country strategies, findings do not inform decision making. Portugal could instead prioritise strategic evaluations of thematic areas in its co-operation, or of institutional capacity building. Improvements in results management would also allow Portugal to rely less on evaluations for accountability and to validate progress.

**External and internal partnerships can help Camões make the most of its limited resources for evaluation.** Camões is actively engaging with international evaluation stakeholders, such as the DAC's Network on Development Evaluation, other development providers and partner countries, both to share learning from Portugal and to use findings to inform Portugal's evaluation systems. The collaboration with Portuguese-speaking evaluation stakeholders is particularly valuable as it helps strengthen evaluation capacity in partner countries. Internally, there are opportunities to rely more on capacity within the system, for instance encouraging line ministries to commission evaluations in partnership with Camões, or enabling CPCs to commission project evaluations, in line with Portugal's intent to devolve more responsibilities to them.

### *Portugal could seize opportunities to enhance learning across the system*

**New knowledge management and learning tools in Camões could bring benefits to the entire system.** While Portugal uses insights from implementation to adapt specific interventions, it faces challenges in drawing out lessons from across institutions or countries and turning these into insights for its entire system. It mainly uses diplomatic cables to inform headquarters of important insights from its development co-operation, but these are not suitable for continuous or easy access to knowledge. This can partially be compensated for by knowledgeable and well-connected staff, but high turnover and workload are critical constraints to this approach. To address learning challenges, Camões has recently updated its intranet, and is investing in an IT project management system and developing a number of thematic "tool boxes". To maximise the wider benefits of these important steps for results management, evaluation and learning, it would be important to ensure that other ministries and institutions can also use these tools.

**As an example, collating and sharing information better could enhance corruption risk management.** Portugal's risk management is largely focused on headquarters, where decision making and financial controls are concentrated. CPCs and project staff in partner countries play an important role, addressing possible infractions directly on the ground in collaboration with partners, building on the strong ties with partner countries. This is good practice. However, information on how Portugal is managing the risk of corruption in partner countries is not fed back to headquarters, and no potential cases have been reported so far (Government of Portugal, 2021[17]). This suggests that more regular feedback and sharing of experiences across the full range of Portugal's institutions and with staff in partner countries could further enhance Portugal's approach to managing the risk of corruption. Portugal could also benefit from considering the more nuanced dimensions of corruption, such as the risks of political corruption, or corruption in private sector engagement, as part of its risk management in programming and partnerships.

**A stronger culture of learning across government would help generate and follow up on insights.** Portugal's policy documents all highlight the importance of monitoring and evaluation across government. However, in practice interministerial co-ordination mechanisms do not discuss lessons from monitoring or evaluation. Evaluations rely mostly on Camões, and there are few examples of active engagement by line ministries. As a consequence, there is little practical follow-up of important evaluation findings, such as on co-ordination and sectoral dispersion. To enhance the culture of learning across government and the appreciation of the role of evaluations, Portugal could consider adopting an evaluation policy and plan that is supported by all ministries, includes their respective contributions, and ensures information is shared. Austria has done useful work in this area that could offer inspiration (OECD, 2020[21]).[8] To boost understanding of the value of results management and evaluation, Portugal could also introduce dedicated discussions of their findings during interministerial co-ordination meetings, or at the Development Co-operation Forum. Discussions at the forum could also have the advantage of sharing learning more widely, and at the same increasing expectations of effective follow-up of key findings.

**Portugal draws on the insights and expertise of a wide range of stakeholders.** Portuguese public institutions, local authorities, civil society organisations and the private sector all have strong ties with Portuguese-speaking partner countries. They have particular insights into local realities and valuable views on Portugal's development co-operation. Portugal already draws on this expertise and feedback through mechanisms such as the Development Co-operation Forum, an annual stakeholder satisfaction survey, policy consultations (for instance on the new co-operation strategy), as well as regular exchanges with stakeholders in partner countries. Civil society organisations (CSOs) in particular appreciate the close collaboration on strategic processes such as the EU Presidency and the formulation of the development education strategy. Moreover, Portugal has the capacity to involve public and civil society stakeholders in joint project implementation, as it does for instance on Ilha de Moçambique in Mozambique.

**Portugal can build on these strengths by creating more opportunities for strategic dialogue with stakeholders.** Camões' 2020 survey shows that stakeholders' satisfaction with their engagement with,

and views of, Camões is high, and even increasing, though their satisfaction is lower when it comes to their involvement and participation (Camões, I.P., 2021[22]). To further enhance stakeholder engagement in countries, structured exchanges with local CSOs and stakeholders could usefully complement individual exchanges. At headquarters, the Development Co-operation Forum has the potential to inform strategic discussions, such as in June 2021, when the forum discussed the focus of the next co-operation strategy. Ensuring the regular organisation of the forum (which has had a break of three years), clarifying participation, preparing early and ensuring consistent follow-up could enhance its function further. Building on the experience of the development education strategy, Portugal could also invest more in multi-stakeholder platforms to debate key issues and jointly develop guidance. Italy's experiences with its National Development Co-operation Council and multi-stakeholder platforms could be of interest to Portugal (OECD, 2019[23]).

### *The close partnership with the EU is integral to Portugal's development co-operation*

**Portugal is deeply committed to partnering with the EU in its development co-operation.** This is based on the conviction that joining forces with EU institutions and Member States enhances effectiveness by combining resources and specific expertise, and increases the influence of both Portugal and the EU. Portugal's commitment extends to both policy and implementation. In political dialogue, Portugal champions human development and Africa. Partners also appreciated the strong Portuguese engagement during its 2021 Presidency of the Council of the EU (see Box 1). In implementation, the Mozambique mission showed that Portugal is actively contributing to EU co-ordination, sharing information, exploring opportunities for collaboration, and mobilising its close ties with Mozambican partners for joint EU efforts. An important facet of Portugal's EU engagement is delegated co-operation; maintaining a significant portfolio of EU programmes remains a clear objective for Portugal.

#### Box 1. Portugal's Presidency of the Council of the EU allowed views to converge on challenging topics

Holding the Presidency of the Council is an opportunity for EU Member States to enhance the way key providers of ODA approach sustainable development. However, advancing dialogue and forging consensus across the diverse EU membership can be challenging.

Portugal's approach combined several elements:

- close engagement with the previous and subsequent EU Presidency holders
- strong outreach to all EU Member States, to listen to and understand interests and positions
- defining clear priorities for the development stream, combining interests from many Member States, current dynamics such as new EU programming and the COVID-19 pandemic, as well as Portuguese experience and interests
- very experienced staff with expertise in both development substance and EU processes
- partnerships with other institutions, such as the think tank ECDPM (European Centre for Development Policy Management), civil society, and the European Investment Bank.

As a result, Portugal was able to advance EU dialogue and secure joint positions in the form of Council conclusions on a number of challenging issues, such as strengthening Team Europe's commitment to human development (Council of the European Union, 2021[24]), succeeding in putting this somewhat neglected issue back on the agenda. Council conclusions were also adopted on previously stalled topics such as engagement with middle-income countries and implementation of EU programmes through a wider range of Member State co-operations.

The peer review identified Portugal's credibility as an honest broker as a key success factor. It was able to illustrate how the Presidency's priorities were of high relevance for the EU as a collective, rather than being perceived as self-interest. Good political awareness and flexibility allowed Portugal to seize opportunities and react quickly to emerging issues and the dynamic of the pandemic response. The valuable engagement with research and civil society under the EU Presidency could be interesting for future development diplomacy efforts, helping to inform political debate both in Portugal and at international level.

Note: This practice is documented in more detail on the Development Co-operation TIPs: Tools Insights Practices platform at www.oecd.org/development-cooperation-learning.
Source: Interviews conducted during the peer review with key actors; Council of the European Union (2021[24]), *Strengthening Team Europe's Commitment to Human Development: Council Conclusions 14 June 2021*, https://data.consilium.europa.eu/doc/document/ST-8856-2021-INIT/en/pdf

### *Securing the multiple benefits of delegated co-operation will benefit from continued internal reform efforts*

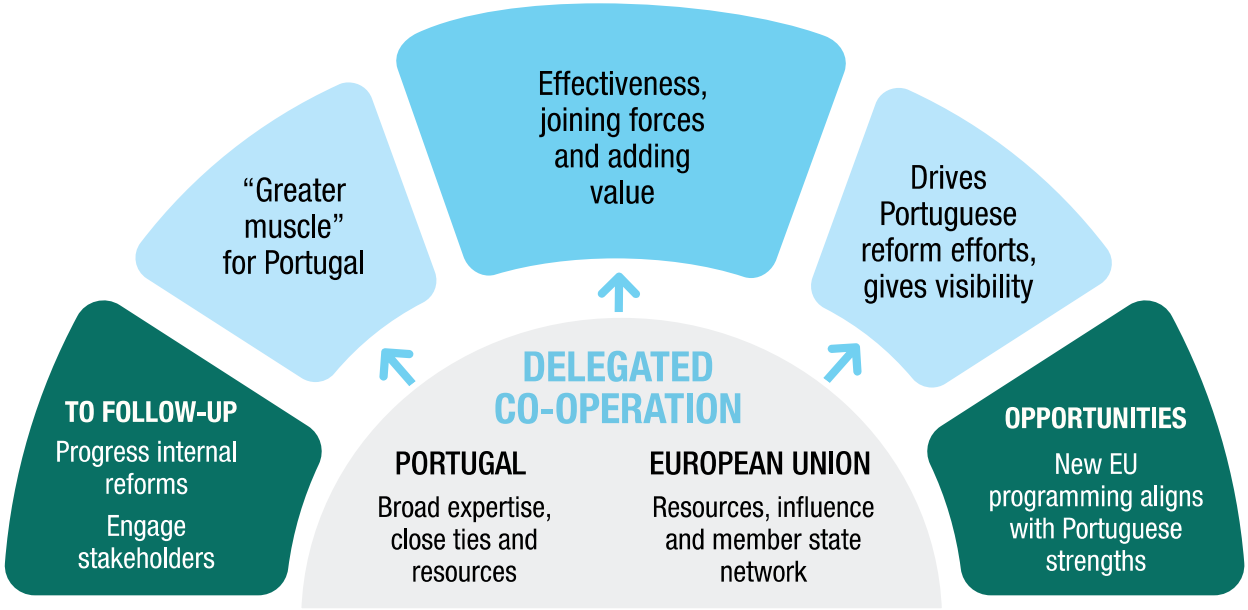
**EU delegated co-operation provides significant leverage for Portuguese bilateral co-operation.** In EU-funded projects, Portugal mobilises the expertise of its public and private institutions and their close ties with partner countries in collaboration with the EU and other EU Member States. This can sometimes enhance development effectiveness (Ecorys, 2016[25]). In return, large EU projects provide Portugal with a more prominent footprint in its partner countries. In fact, a number of projects address areas where Portugal has expertise but is only mobilising moderate levels of ODA, such as the rule of law, security and culture. In Angola, disbursements under a single EU-funded agriculture project are more than double Portugal's total bilateral ODA to Angola. EU resources are also allowing Portugal to engage outside traditional partner countries such as in the Gulf of Guinea and Colombia, in line with its ambition to expand its reach.

**Programming under the new EU budget provides Portugal with opportunities to sustain its strong partnership with the EU.** Several features of the EU's main co-operation funding line, the "Neighbourhood, Development and International Cooperation Instrument – Global Europe", are of particular interest to Portugal (European Parliament, European Council, 2021[26]). At least 20% of ODA under the instrument will support social inclusion and human development, the latter being Portugal's main priority. The instrument also has a greater focus on mobilising public sector expertise and twinning institutions, which matches Portugal's approach well. Finally, it seeks to promote joint implementation whenever appropriate, and places greater attention on inclusiveness, i.e. drawing on the diversity and added value of all EU Member States in implementation. Portugal's broad engagement through public sector expertise, close ties with partner country administrations and openness to EU collaboration make it an interesting partner for EU consortia.

**Delegated co-operation has a strong influence on Portugal's internal co-operation dynamics.** In 2020, EU funds constituted more than half of Camões' co-operation budget, up from more than one-third in 2019 (Camões, I.P., 2019[27]). These high levels create strong incentives to continue seeking EU funding to maintain operations. Large, delegated co-operation projects allow Camões to raise the profile of development co-operation with political decision makers. They also reinforce the collaboration of different Portuguese institutions within a single larger programme steered by Camões, providing valuable examples for Portugal's bilateral practice. Delegated co-operation has also driven change in management procedures in order to comply with the EU pillar re-assessment (as requirements were adjusted in 2019) foreseen for 2022. Hiring staff for EU projects has allowed Camões to complement its staffing levels. At the same time, supporting delegated co-operation creates significant additional workload and pressures for staff in headquarters (Camões, I.P., 2020[28]). These dynamics are summarised in Figure 2. Similarly, Portugal's development finance institution SOFID (Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, S.A.) seeks to implement programmes on behalf of the EU – its pillar

assessment is currently underway (SOFID, 2020[29]) – and sharing experiences with other development finance institutions.

**Figure 2. Achieving greater impact through Portugal's delegated co-operation with the EU**




**Progressing internal reform would help to bolster the effectiveness of Portugal's delegated co-operation.** Portugal brings its close ties with partner countries, broad public sector expertise and also own resources to delegated co-operation with the EU. However, monitoring and evaluation reports of EU-funded projects highlight operational challenges that Portugal should address. These include management structures and procedures not fully suitable for such large programmes; delays; limitations in results management and monitoring; as well as room for improvement in outreach and co-ordination (Camões, I.P., 2018[10]; Cardno Emerging Markets, Europlus, 2019[15]; Ferreira and Lamim, 2019[16]).[9] Camões will need to ensure that appreciation for Portugal's expertise and close ties with partner countries is not outweighed by these operational challenges, especially in countries where other EU Member States can also offer solid expertise and presence. Current and planned reform processes in Camões,[10] and greater devolution of authority to offices in partner countries, could make a significant difference in addressing these challenges, with the dual benefits of improved bilateral co-operation and greater capacity to attract EU delegated co-operation.

**A clear approach to delegated co-operation could inform dialogue with stakeholders and help address concerns.** To improve understanding of how to best manage the advantages and challenges of delegated co-operation, Portugal could develop cross-government guidance for seeking EU delegated co-operation, including an assessment of how it links to Portugal's comparative advantage and complements its bilateral co-operation priorities. This could help guide dialogue to address the concerns of stakeholders in Portugal. For instance, some stakeholders question the extent of delegated co-operation with the EU and seek to better understand its added value and links to Portuguese priorities. Peer review discussions also indicated that Portugal might not as easily draw on its strength in co-creating projects with partners when general programme design decisions have already been taken at EU level. The Timor-Leste country programme evaluation also recommended better information on this modality for partner country authorities (Camões, I.P., 2018[10]).

## Recommendations

1. To achieve greater synergies across the development co-operation system, Portugal should **promote joint strategic decision making and, building on Camões' leadership role, work together across government** to co-ordinate programming, budgeting, the development of guidance, and follow-up to monitoring and evaluation.
2. To enhance efficiency, streamline processes and strengthen capacity for local engagement, Portugal should **continue delegating authority for programming and implementation to co-operation centres**, while ensuring they have the capacity to fulfil their additional responsibilities.
3. To strengthen its capabilities for strategic co-ordination, quality assurance and delivery, Portugal should **assess and plan human resources for development co-operation across government,** and in particular continue investing in training, address high staff turnover and make flexible and effective use of expertise, in Camões, in line ministries and through external recruitments.
4. To strengthen the value of monitoring and evaluation, Portugal should **systematically integrate expected outcomes** into project designs and country programmes, monitoring and reporting on progress; **plan for, collaborate and follow-up on evaluations jointly across government; discuss and share learning insights widely; and ensure sufficient resources** are allocated to results-based management and independent evaluation.

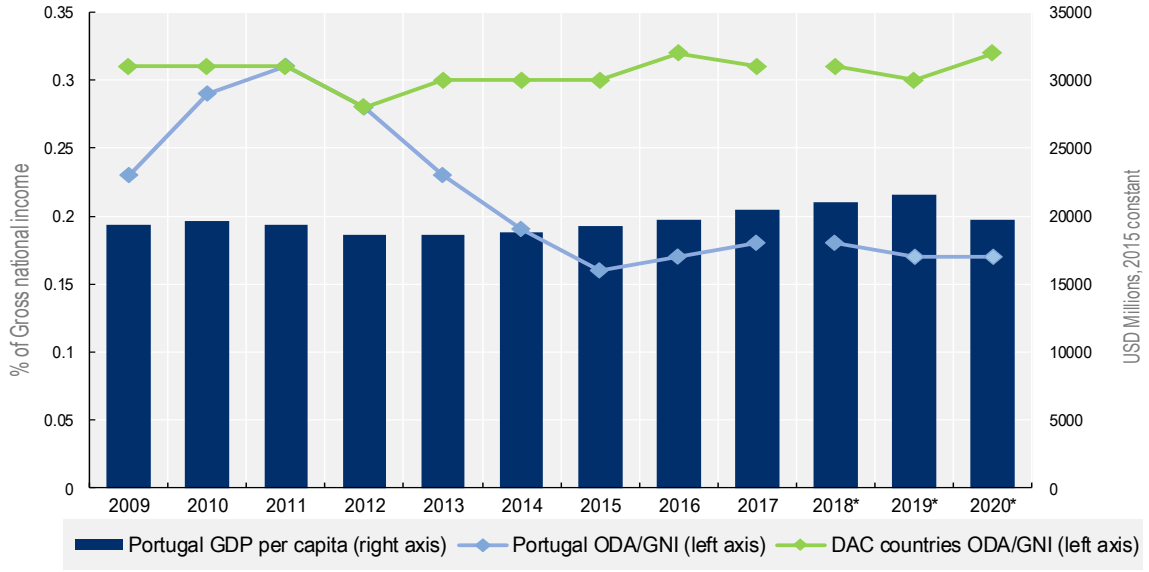
## ODA volume and quality: Delivering on ambitions

Increasing ODA would enable Portugal to meet its ambitions and support efforts to build capacities in its system. New tools for planning ahead would strengthen efforts to advocate for these increases, while investing in communication and engagement will be important to ensure increased ODA levels can be sustained. Defining and setting clear goals for private sector engagement, including its contribution to sustainable development in partner countries, and safeguarding progress on untying ODA, will be important given that engaging the private sector remains a priority.

### *There is a strong case for Portugal to increase ODA volume*

**Despite recovering from the financial crisis, Portugal's ODA has not caught up with past performance, or with its DAC peers.** Since the 2016 peer review, Portugal's economy has continued its recovery, with GDP growth solid prior to the COVID-19 pandemic (OECD, 2019[30]). But ODA levels have not kept pace, with GDP and ODA diverging sharply since 2013. As a result, ODA remains far below the levels Portugal provided 10 years ago, both in volume and as a share of national income (OECD, 2021[31]). In 2020, the ratio of ODA to gross national income (GNI) stood at 0.17%, placing Portugal 23rd of 29 DAC countries. This is a fall from 18th place in 2010 and far from the DAC country ODA/GNI average (0.32%) (Figure 3). As Portugal's economy rebounds from the COVID-19 pandemic, it should seize the momentum to increase the volume of ODA in order to meet its commitments and keep up with its peers (OECD, 2021[3]).

## Figure 3. Portugal's ODA levels have not recovered and are far below DAC peers




Note: 2020 figures are preliminary. From 2018, ODA/GNI is calculated on a grant equivalent, rather than flows, basis.
Source: OECD.Stat, Gross domestic product (GDP) per capita (OECD, 2021[32]); OECD Creditor Reporting System (OECD, 2021[31]).

StatLink https://stat.link/gn3qty

**Increasing ODA would enable Portugal to deliver on its ambitions and build capacities in its system.** Portugal considers its development co-operation to be integral to its foreign policy, is committed to sustainable development and addressing global challenges, and is seeking to step-up its efforts on climate and the environment, as well as in other areas such as digitalisation. Portugal is also expanding the geographic focus of its co-operation, for example to Colombia and Senegal. Increasing the ODA budget, together with strengthened capacity to manage additional priorities and resources, will be important to meet these objectives. As set out above, current staffing and capacity constraints in Camões and across public sector institutions challenge Portugal's ability to implement development co-operation projects efficiently and effectively. The decline of bilateral ODA in recent years (OECD, 2022[8]) has also put pressure on resourcing. Increasing the bilateral budget would support Portugal's efforts to build the implementing capacity needed to meet its reform ambitions, including to devolve greater responsibility and decision making to country level. An increased bilateral budget could also enable Camões to invest more in recruiting and training technical staff, invest in co-ordination and engagement with key stakeholders in line with its mandate, and provide more time for staff and the institute as a whole to reflect on and engage in learning, thereby strengthening the quality of Portugal's programme.

**Targeted advocacy could help turn broad support for assistance into concrete ODA increases.** The involvement of many different ministries and their strong ties to partner country institutions provide a solid basis for mobilising a cross-government effort to increase ODA. At the same time, the "decentralised" system and no clear budget line for ODA make it more challenging for Camões to make a case to Parliament, the Minister of Finance or Cabinet for ODA increases. While there is general public and political backing for supporting partner countries, the breadth and long-standing nature of many of Portugal's partnerships mean that the added value of development co-operation is less visible. Clearly articulating and communicating how Portuguese ODA contributes to the SDGs in partner countries could help turn support for partnerships into a stronger narrative around the role of development co-operation. This should help Camões, the Ministry of Foreign Affairs (MFA) and development units in line ministries demonstrate the relevance of development co-operation to broader government priorities and in turn lobby Parliament

and other stakeholders for increases in ODA. The new development co-operation strategy might be an opportunity for this, by providing a clear, high-level commitment across government. Strong public support for climate and environmental action, in particular, and Portugal's plans to step up its development co-operation in this area (see Supporting Portugal's environmental protection and climate change), are also opportunities to link Portuguese priorities and advocate for more ODA.

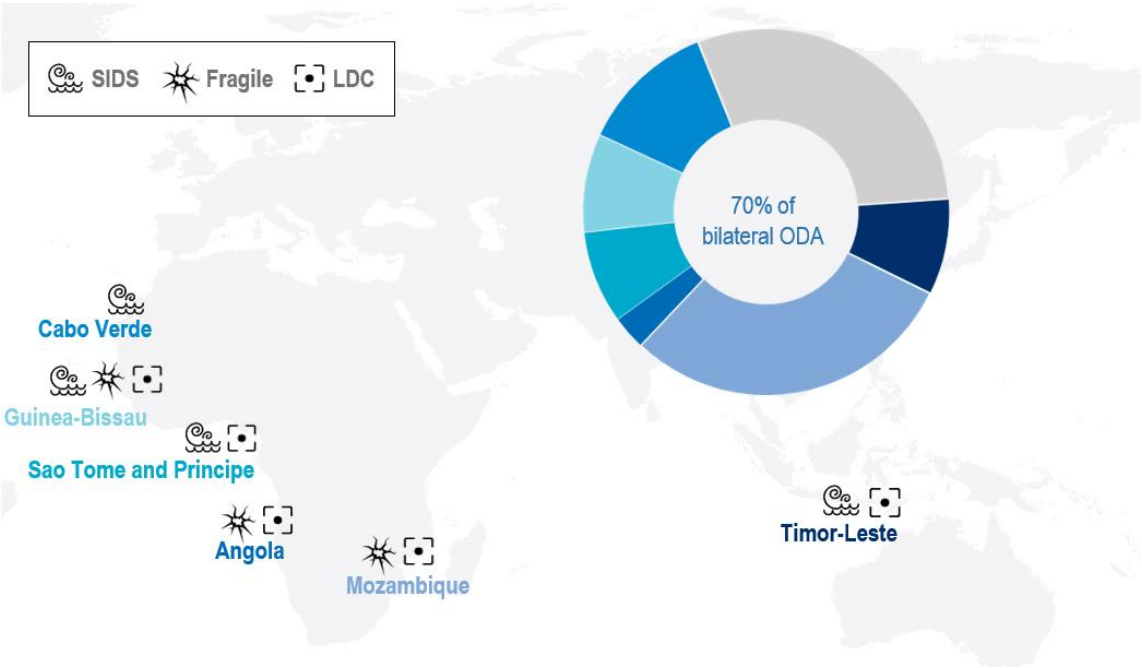
**Establishing tools for planning ahead would help Portugal to inform political debate and prepare for ODA increases.** There is currently no consolidated overview of the planned ODA budget across all public institutions and its evolution over the medium term. Such an overview would be critical to inform debate across government and in Parliament. Ongoing reflections in Camões on mechanisms that could support whole-of-government budget planning are a step in the right direction, and could draw on an existing budget marker ("Marker 3") and information on forward planning. Importantly, such a tool would also help Portugal, and in particular Camões and the MFA, to identify where and how ODA increases could be introduced, and to better plan for sustainable increases over time, including strategic workforce planning and where increases should be directed.

**Increases should be accompanied by a cross-government effort to step up communication.** A small unit within Camões is responsible for communicating the results of all Portuguese development co-operation, as well as on the institute's cultural activities. With very limited resources and in the absence of a common brand or strategic communication framework capturing all Portuguese development co-operation, it is challenging for this unit to communicate systematically on the big-picture goals and achievements of Portuguese co-operation. While an ODA portal managed by Camões allows public access to data on projects, there is no systematic publication or website to communicate positive stories on Portugal's engagements in a specific country or sector. As set out above, a greater focus in results management on the outcomes of co-operation would also help Portugal communicate better on its contributions to sustainable development (see Monitoring and evaluation could better inform learning and strategic direction). Developing a cross-government communication strategy, backed by sufficient resources, would help Camões to tell a more compelling story of the role of development co-operation in supporting Portuguese government priorities. Linking this to a narrative of how Portuguese citizens contribute to sustainable development through development co-operation would in turn help to generate support for and ensure the sustainability of any increases in ODA.

### *Portugal is making progress on improving the quality of its ODA*

**Portugal's ODA is focused on countries most in need, including least developed countries (LDCs).** In 2019 Portugal had the highest share among DAC countries of bilateral ODA allocated to LDCs, a step-up since the 2016 peer review. Portugal also allocated 39.7% of gross bilateral ODA (USD 70.6 million) to small island developing states (SIDS) and three of its six priority countries are considered fragile, with the share of ODA to fragile contexts also increasing since the last review. This commitment to countries most in need is largely driven by Portugal's focus on its former colonies, which received two-thirds of Portuguese bilateral ODA in 2018-19, and are all either LDCs, fragile and/or SIDS (Figure 4). This is good practice, reflecting Portugal's comparative advantage and strategic priorities. At the same time, recent political guidelines signal a broadening of the geographical focus of Portuguese co-operation, including in other parts of Africa and Latin America (Government of Portugal, 2021[17]). Portugal is trying to expand smartly, using triangular co-operation (Box 2), relying on national partners and partnering with the EU. Such an expansion can bring visibility to Portuguese co-operation, for example by demonstrating alignment with foreign policy priorities. Nevertheless, there are risks of further dispersing its limited resources and staff capacities. Clear strategic priorities and an accompanying increase in bilateral ODA would therefore help to address possible risks from a geographic expansion of bilateral co-operation.

## Figure 4. Portuguese assistance is highly focused on countries most in need




Note: Figure based on 2018-19 bilateral ODA disbursements. LDC = least developed country; SIDS = small island developing states.
Source: Based on data from the Creditor Reporting System (OECD, 2021[31]).

StatLink https://stat.link/kp412d

**As the private sector remains a priority, Portugal should safeguard its progress on untying and improving the terms and conditions of its aid.** In line with the DAC Recommendation on Untying ODA and its Busan commitment,[11] Portugal has been gradually increasing the share of its bilateral ODA that is untied by phasing out tied credit lines. However, the share is still below overall DAC performance (OECD, 2021[33]). Beyond *de jure* untying, OECD contract awards data show that a low share of contracts are awarded to national companies, which is positive (OECD, 2021[33]).[12] Portugal has also made progress on the DAC Recommendation on the Terms and Conditions of Aid by increasing the grant element of its loans. Portugal is encouraged to maintain this positive trajectory by further improving its *de jure* untying performance, and ensuring that a focus on engaging the private sector does not compromise its progress.

**Portugal's development funding is predictable for key partner countries.** The annual predictability of Portuguese disbursements is high and above the DAC average, with 91% of funds disbursed to partner countries within the fiscal year in which they were scheduled for disbursement (compared to an 88% average for DAC members). Portugal also gives partner countries three-year forward spending plans to a much higher extent (91% of estimated funding) than the average DAC member (65%) (OECD/UNDP, 2019[34]).

### *Portugal encourages private sector engagement in sustainable development*

**Portugal is making efforts to enhance its private sector engagement although it has not yet developed a strategy, despite this being recommended in the 2016 peer review** (Government of Portugal, 2021[17]). Portugal is seeking to work more closely with international financial institutions, including the European Investment Bank, and the African Development Bank through a new "Lusophone Compact". The Secretary of State for Foreign Affairs also currently serves as alternate Governor of the African and the Inter-American Development Banks (Government of Portugal, 2021[17]). This aligns with Portugal's ambition to expand the geographic focus of its private sector support. High-level efforts to

engage the private sector have also helped Portugal to mobilise additional resources to address global challenges, as demonstrated during the COVID-19 pandemic where the Portuguese private sector quickly raised funding for Gavi, the Vaccine Alliance and the Global Fund. This is appreciated by partners. Portugal's development finance institution, SOFID, is currently undergoing EU pillar assessment and a new strategy in 2017 was accompanied by a capital increase in 2018, part of SOFID's efforts to increase its still limited operations (SOFID, 2021[35]). Ambitions to work more closely with Camões and other European institutions also signal progress in efforts to enhance SOFID's impact.[13]

**Feedback from stakeholders in Mozambique – where two specific instruments, FECOP and InvestimoZ, have been in place for several years – indicates room to improve Portugal's approach to engaging the private sector.**[14] Portugal has tailored these mechanisms to facilitate access to funding by SMEs in response to recent crises and through dialogue with local partners. Nevertheless, private sector partners pointed out that the requirement that Mozambican businesses possess Portuguese capital to apply for loans under InvestimoZ is an important barrier to small businesses accessing these funds. Linked to Portugal's foreign policy objective of internationalising the economy, this brings into question the extent to which the mechanism is designed with the partner country's context in mind. Visibility of the instruments, in particular InvestimoZ, also seems limited. Several recent country strategies (the Strategic Co-operation Programmes, or PECs) define private sector development as a priority area of intervention, including for Sao Tome and Principe (2021-2025) and Guinea-Bissau (2021-2025) (Camões, I.P., 2021[36]). Portugal might reflect on and learn from its experiences with private sector engagement in Mozambique when seeking to expand efforts in other priority partner countries, including ensuring its efforts are well-tailored to local requirements. In particular, Portugal should ensure its instruments balance foreign policy objectives and have a strong focus on local needs and supporting development.

**Setting clear goals for private sector engagement will support recent efforts while ensuring a focus on development impact.** Portugal's current development co-operation strategy details the following objectives for private sector engagement: that its development co-operation supports private sector development in partner countries, both by supporting a favourable business environment and creating partnerships to enable partner countries to benefit from resources, knowledge and technology-sharing and transfer. Partnerships should also enable Portuguese companies to contribute to the development of new markets and innovative products and services in partner countries. Looking ahead, clearly identifying how Portugal's various private sector instruments and efforts contribute to these objectives – including supporting an enabling environment for private sector development in partner countries – will be important for Portugal to live up to its ambitions.

## Recommendations

5. **To meet its ODA commitments and ambition, Portugal should take a whole-of-government approach to:**
   - Establish a roadmap with time-bound nationally agreed targets to incrementally increase ODA
   - Set cross-government priorities for how and where ODA increases will be spent, and ensure capacities are in place to manage additional resources.
   - Undertake co-ordinated communication and engagement efforts to convey the added value and rationale of Portuguese development co-operation.
6. To make the most of its private sector engagement, Portugal should **assess how its private sector instruments could best contribute to sustainable development in partner countries** and enhance co-operation with international partners including development finance institutions. Portugal should also ensure that its efforts to internationalise the Portuguese economy contribute to development impact and do not hinder progress on untying its ODA.

## Partnerships: Mobilising expertise across government in partner countries

Portugal's close ties with Portuguese-speaking countries shape its bilateral co-operation, as well as its promotion of triangular co-operation. Building on strong respect for country ownership, Portugal could pull its diverse efforts together, including through more programmatic interventions, less dispersion and a greater focus on outcomes. This could help maximise its contributions to sustainable development in partner countries.

### *Partner countries appreciate their close relations with Portugal*

**Portugal and its priority partner countries value their close bilateral relations, which build on historical, societal and linguistic ties**. Portugal shares a common language and similar administrative and legal systems with its priority partner countries in Africa and Timor-Leste, where it is also a sizable provider of ODA. This common understanding is valued by partner country authorities, and civil society and private sector actors consider these links to be Portugal's key comparative advantage. Beyond ODA volumes, Portugal stands out for both the stability and breadth of its partnerships. Backed up by regular high-level visits, Portugal has been able to foster long-standing partnerships based on trust at both political and technical levels. Partner country officials appreciate that they can call on Portugal in times of crisis. Portugal in turn uses these close connections to facilitate dialogue and support effective development partnerships at country level, as seen in Mozambique. Through triangular co-operation Portugal also mobilises its partnerships to foster connections and knowledge sharing among partner countries (Box 2).

#### Box 2. Portugal's approach to triangular co-operation combines international advocacy and co-operation partnerships

Portugal sees triangular co-operation as a way to move beyond traditional donor-recipient relations and foster partnerships that allow for the sharing of knowledge and experiences. However, it is not yet a significant mode of co-operation for Portugal. Based on its self-perception as a bridge builder between Europe, Africa and Latin America, Portugal aims to promote the potential of triangular co-operation at international levels and in its own co-operation.

Portugal's approach to triangular co-operation combines international advocacy, strategic engagement with multilateral institutions and partnerships with pivotal countries. In addition to high-level and strong political engagement, Portugal regularly convenes international events. It also actively engages in the Community of Portuguese-speaking Countries (CPLP) and the Ibero-American Conference (CIB) to support dialogue, share experiences and develop joint policy positions for countries at different stages of development.

Key results of Portugal's international advocacy efforts are the greater international recognition of triangular co-operation and the creation of an international community of practice, whose exchanges have deepened the mutual understanding of triangular co-operation and fostered new partnerships. Through its active participation in CPLP and two co-operation projects, on civil engineering and statistics, Portugal is also contributing to dialogue and learning between all CPLP members. To increase its own triangular co-operation, Portugal is actively engaging potential pivotal partners, having concluded memoranda of understanding with ten partners in Latin America and the Mediterranean. Portugal's triangular portfolio is therefore growing, but does not yet match its ambitions.

The peer review drew out a number of lessons from this experience. A larger triangular co-operation portfolio could support international advocacy efforts by allowing Portugal to draw more on practical experience and partnership networks. Opportunities to do so exist: growing ties between Portuguese and partner institutions, notably through CPLP and the Ibero-American community, could help generate

new project ideas. Brazil, who is very active in triangular co-operation, is interested in deepening its partnership with Portugal. Determining a strategic focus and goals for triangular co-operation could help guide Portugal's efforts, while insights from a larger project portfolio could feed into them. Portugal could also explore associating civil society more in its triangular co-operation, building on promising initial experiences.

Note: This practice is documented in more detail on the Development Co-operation TIPs: Tools Insights Practices platform at www.oecd.org/development-cooperation-learning.
Source: Interviews conducted during the peer review with key interlocutors.

**Portugal stresses country ownership and is responsive to partner country requests.** Strategic Co-operation Programmes (PECs) are negotiated jointly with partner governments every five years and co-signed at the political level, often at high-level summits. They commit Portugal to aligning its interventions with national policies and underline the need for partner country leadership. Evaluations find that Portugal's support is generally relevant to partner country priorities (Camões, I.P., 2018[10]). Portugal undertakes joint monitoring with partners, and in some cases also conducts joint evaluations of its development co-operation with partner country authorities.[15] In developing future PECs, more systematic consultation with local civil society and engagement with the private sector could further strengthen the inclusiveness of Portugal's approach. Portugal adjusts its support to changes in local needs and demands, in particular during crises, as seen in Mozambique following Cyclones Idai and Kenneth (Box 4). Partners in Mozambique appreciate joint planning and early and regular dialogue with Portugal on project planning and design, and encourage Portugal to systematically continue this practice.

**Portuguese public institutions are committed to these partnerships and mobilise the full range of their expertise, as well as the expertise in Portuguese society.** A range of public institutions are active in Portugal's priority partner countries. In Mozambique, for example, at least nine ministries are currently engaged, alongside Portuguese research and academic institutions. In addition to the PECs, which are agreed at a whole-of-government level, multi-annual framework agreements between Portuguese and partner country line ministries are used to determine the scope of support. These agreements are based on strong and long-standing connections between peer institutions, including at political level. However, their time periods tend to vary, meaning they do not always align with the timelines of the PECs. This can limit the usefulness of the PECs in helping Camões steer the overall Portuguese programme. Specific interventions are planned jointly between line ministries on an annual basis, sometimes led by the partner country (Government of Portugal, 2021[17]). Based on well-established partnerships between institutions, this approach enables Portugal to draw on a wide range of expertise when responding to partner country requests to provide technical support (Box 3).

### Box 3. Mobilising public sector expertise through a whole-of-government response to COVID-19

The complexity of many development challenges requires providers of development assistance to draw on the resources, skills and expertise from across their governments to deliver on policy priorities. Co-ordinating these different government actors and stakeholders can be challenging.

Through meetings of the Interministerial Commission for Co-operation (*Comissão Interministerial para a Cooperação, CIC*) in early 2020, Portugal quickly adopted a cross-government COVID-19 Health Response Action Plan to respond to requests for assistance from its partner countries. The plan was the result of a joint effort by several ministries, including Foreign Affairs, Health, National Defence, Labour, and Social Security, Science, Technology and Higher Education, and Home Affairs. It also involved other actors with close ties to Portugal's priority partner countries, such as the Portuguese Society of Intensive Care, the LP Science Center, Order of Pharmacists, as well as the Aga Khan and

Gulbenkian Foundations. To ensure implementation was on track, Portugal reviewed the first phase of the plan in February 2021 and presented the results to partner country representatives.

The action plan helped to draw in a broad range of expertise from Portuguese society in response to partner country requests. These requests ranged from equipment and medical supplies to the provision of teams of intensive care doctors and staff, and training for local staff and authorities. Accompanying the plan was a political commitment to make available to priority partner countries at least 5% of the COVID-19 vaccines acquired by Portugal. Vaccine deliveries were accompanied by regular announcements, supporting transparency.

Several factors ensured the success of this approach. Existing cross-government co-ordination mechanisms provided a framework for mobilising efforts at headquarters, ensuring the plan was broadly owned and had high-level backing. Long-standing partnerships between Portuguese ministries and peer institutions in partner countries provided a solid basis for delivering an efficient response. In particular, common understanding and trust enabled smooth transactions. To translate the positive experience of this action plan into future efforts, in its peer review self-assessment Portugal has identified the following lessons:

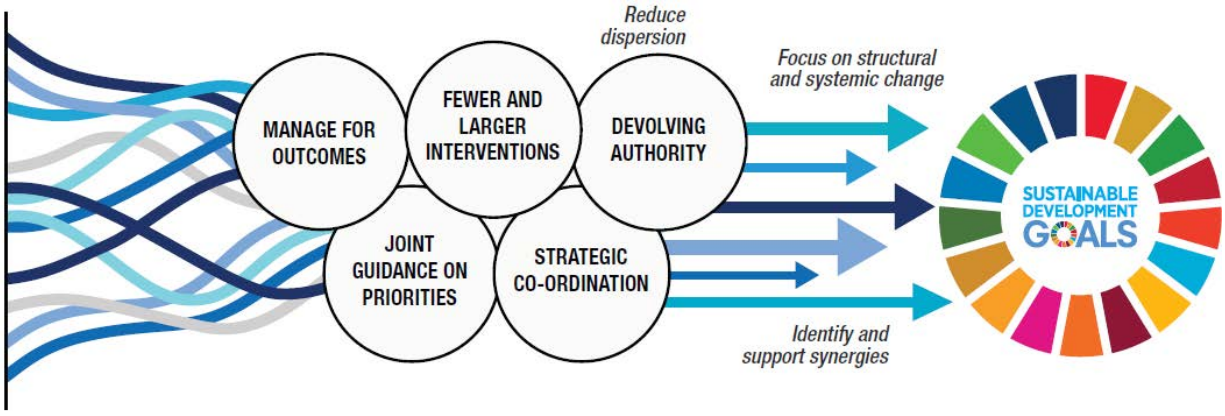
- map inconsistencies between rules and procedures and the objectives of being flexible and adaptable in order to reduce barriers to responsiveness
- integrate digital tools into working methods to improve real-time strategic co-ordination among stakeholders and partners
- mainstream a multi-stakeholder culture and clarify the division of tasks.

Note: This practice is documented in more detail on the Development Co-operation TIPs: Tools Insights Practices platform at www.oecd.org/development-cooperation-learning.
Source: Interviews with key respondents conducted during the peer review; Camões, I.P. (2020[37]), *Plano de Ação na resposta sanitária à Pandemia COVID-19, entre Portugal e os PALOP e TL* [Action Plan for the Health Response to the COVID-19 Pandemic, between Portugal and the PALOP and TL]; Camões, I.P. (2021[38]), *Balanço do Plano de Ação na Resposta Sanitária à Pandemia COVID-19, entre Portugal e os PALOP e TL* [Review of the Action Plan for the Health Response to the COVID-19 Pandemic, between PALOP and Timor-Leste]; Government of Portugal (2021[17]), *Peer Review: Self-Assessment of Portugal, unpublished*.

### *A greater focus on outcomes could help Portugal achieve sustainable results within its broad portfolio*

**Portugal is not able to fully demonstrate whether its commitment to institutional capacity building delivers structural or systemic change**. Interventions in each sector and across sectors do not form part of a programme, missing opportunities to create synergies between interventions or seek higher-order results.[16] Driven by its strong commitment to responding to partner country requests, the majority of Portugal's bilateral interventions are small projects – the provision of technical advice, institutional support and training. Country portfolios also tend to cover an array of sectors, with interventions in education, health, social affairs, justice, security, energy, water, environment, agriculture, public financial management and employment generation. This fragmented, project-based approach confines Portugal's focus to what is achievable within individual projects. As a result, Portugal struggles to define medium and longer-term objectives for its country partnerships, even where these partnerships are very long-standing – often existing for several decades. Agreeing medium and long-term objectives for country partnerships would help Portugal to focus its efforts on more structural and sustainable change (Figure 5).

### Figure 5. A more programmatic approach could boost sustainable development in partner countries




**A high degree of dispersion limits sustainability and efficiency.** While Portugal's business model of responding to partner country requests helps to build trust and long-term relations and networks, the resulting small and isolated interventions, together with a low use of country systems (OECD/UNDP, 2019[34]), can undermine the sustainability of results. Between 2016 and 2020, the majority of Portugal's projects were valued at less than EUR 100 000 (66.9% had a value below EUR 100 000).17 This also presents co-ordination challenges at both headquarters and country levels. Managing many small projects mostly from headquarters – combined with Camões' capacity constraints, burdensome administrative procedures and complex reporting lines – makes it challenging for Portugal to co-ordinate its interventions across its own system (see A system fit for purpose: Enhancing collaboration, capacity and learning to make the most of Portugal's rich institutional network). This also puts extra pressure on staff and limits their capacity to co-ordinate effectively with other development partners in countries. Portugal notes in its self-assessment that it has been increasing the size of its projects (Government of Portugal, 2021[17]). Building on this, Portugal could consider undertaking fewer, more sizable interventions in each sector; pursuing a more multi-sector approach to create synergies among its various efforts; or limiting its support per country to a smaller number of sectors to provide more substantial investment.[18] In addition to increasing efficiency within an already stretched system, this would enable Portugal to better track and communicate its successes.

**More programmatic interventions would further increase Portugal's orientation towards both partner needs and results**. Favouring more structural and larger programmes over projects could further enhance a focus on outcomes and reduce dispersion. Such programmes would allow Portugal to agree with partners higher-level objectives that go beyond individual projects, are owned across government and to which all activities contribute. Portugal could respond flexibly to specific partner requests within such programmes. The advantage would be that Portugal and its partners could then more easily identify and support synergies within and between sectors (for example on security and rule of law), enhance coherence among activities and strengthen their results focus (see A system fit for purpose: Enhancing collaboration, capacity and learning to make the most of Portugal's rich institutional network). Adopting a higher level perspective would provide Portugal and its partners more flexibility to respond to changes in context and needs as they arise. This approach would also increase the extent to which Portugal is delivering on its commitment to mutual accountability by ensuring it structures its efforts in a way that contribute to the SDGs (Figure 5) and delivers results for Portuguese taxpayers.

## Recommendation

7. To strengthen its focus on systemic and sustainable change, and to increase the efficiency and effectiveness of its bilateral co-operation, Portugal should **adopt a more programmatic approach that pulls together its various interventions**, and agree with partner countries a prioritised set of outcomes to which Portugal's activities collectively contribute.

## Fragility: Strengthening Portugal's engagement to prevent and respond to crises

Portugal is adapting its approach to the humanitarian-development-peace (HDP) nexus and plays an important role in crisis response in its partner countries, facilitating the engagement of other partners. Increasing localisation and raising the profile of civilian oversight in security sector reform would be important complements to its security sector partnerships.

### *Portugal has a strong focus on fragility in its bilateral co-operation*

**Portugal makes a clear link between peace, security and development.** It devotes a significant portion of its ODA to fragile states (see Figure 4) – the highest share of all DAC members. This is concentrated on partner countries in sub-Saharan Africa with whom Portugal shares close ties: three out of six priority partner countries are located in this region (Angola, Guinea-Bissau and Mozambique). Justice, police and military co-operation programmes are present in all priority partner countries, as an integral part of the Strategic Co-operation Programmes (PECs). A focus on human security underpins Portugal's support to fragile contexts, and the 2009 Strategy on Security and Development (Conselho de Ministros, 2009[39]) recognises inter-linked aspects of stability. The development co-operation policy 2014-2020 (Government of Portugal, 2014[40]) provides a framework for additional dimensions of economic and cultural diplomacy. Portugal's development co-operation system is committed to the principle of "leaving no one behind", fostering inclusion, universality, equity and sustainability across all sectors. Portugal is also committed to the SDGs and 2030 Agenda, including SDG 16 on Peace, Justice and Strong Institutions. Attachés from Portugal's ministries of home affairs and defence are present in every priority partner country.

**Building on its close relations with the security sector in partner countries, Portugal could more closely align its peace and development interventions.** Portugal's privileged access to national political and security counterparts at all levels in partner countries helps partners navigate interrelated fragility issues, such as in Cabo Delgado Province in Mozambique. During its Presidency of the Council of the EU in 2021, Portugal facilitated decision making and preparations for the new EU military training mission in Mozambique (EU, 2021[41]) which became operational in 2021. There is an opportunity for Portugal to help strengthen civilian oversight of the security sector (by actors outside the security institutions, parliament and media) and security sector reform governance aspects.[19] This could help align peace and development interventions for longer-term human security, stability and development perspectives in Mozambique. For example, in addition to covering relevant humanitarian law obligations in the training modules of its military co-operation programme, Portugal could outline the importance of civilian oversight, explaining parliamentary accountability and transparency mechanisms involving civil society.

### *Portugal has diversified its instruments in crisis contexts, with a clear focus on the humanitarian-development-peace (HDP) nexus and medium-term recovery*

**Portugal has embedded the HDP nexus into its co-ordination mechanisms.** Camões has established two working groups to consult internally and with partners on embedding the nexus in the new development co-operation strategy (2021-2030). It is also developing operational guidelines on the nexus approach and is an early participant in the Nexus Academy in order to train its staff (supported under the DAC-UN dialogue). In addition, Portugal is fine tuning the implementation of a nexus approach beyond relief and development components in Mozambique, and aims to increase coherence with its long-standing military co-operation.

**Portugal has diversified its crisis instruments and their application in fragile situations, such as Mozambique,** which has experienced successive crises in different parts of the country since 2019. Its main vehicle for integrated fast crisis response is the rapid response instrument (*Instrumento de Resposta Rápida para Ações de Emergência,* IRR), first mobilised in 2019 (Camões, I.P., 2019[42]). Portugal uses the IRR in Mozambique for greater synergies between humanitarian relief interventions and complementary private sector development for medium-term recovery (Box 4). Portugal has also adapted several public funds and instruments to the fragile conditions in Mozambique in order to create synergies with recovery and stabilisation programmes. In addition, the Embassy's small projects fund can flexibly address short-term gaps in early response through a solid network of partners. The fund is currently limited to EUR 50 000 per year.

#### Box 4. Portugal's use of more flexible instruments in Mozambique enabled the transition from emergency relief to medium-term recovery and development

Humanitarian needs created by the armed insurgency in northern Cabo Delgado Province in 2021 threatened to overwhelm the response capacity and created risks of spillover. Portugal used a rapid response instrument (IRR) first created in 2018 and deployed in response to Cyclones Idai and Kenneth in 2019 (Camões, I.P., 2019[42]).[1] Portugal had given the IRR flexibility for different types of crisis, including conflicts where normal relief mechanisms are less appropriate. The entire IRR EUR 250 000 envelope in 2021 was allocated to Cabo Delgado. The funding targeted two projects on food security in an internally displaced population of almost one million, including youth (Camões, I.P., 2021[43]). The projects were implemented through two Portuguese NGOs that already ran development co-operation projects in the region and possessed solid knowledge of the context.

This action reduced the risk of conflict spilling over into the neighbouring provinces of Nampula and Niassa, and pockets of exclusion were mitigated in the humanitarian response among internally displaced populations. The intervention also created synergy with a large EU delegated co-operation programme for youth jobs training and placement (+Emprego) in the same province, with a value of EUR 4.2 million. The IRR intervention supported the planned target of enrolling up to 800 youth in the +Emprego programme.[2] To this end, Portugal also adapted its private sector development instruments to the impact of successive crises on Mozambican micro, small and medium-sized enterprises. Opening specific financing windows facilitated their access to loans to boost investments and employment[3] thereby strengthening longer-term recovery and development by increasing the capacity for absorbing trained youth into the local economy.

The IRR financial envelope could be increased to make the IRR instrument more impactful and boost flexibility in addressing unexpected crises in the future. Periodic sensitisation for non-governmental organisations on the IRR, in co-operation with the Portuguese Platform of NGOs, could increase the pool of qualified implementation partners and ensure transparency.

Note: This practice is documented in more detail on the Development Co-operation TIPs: Tools Insights Practices platform at www.oecd.org/development-cooperation-learning.

[1] A joint Mozambique Recovery and Reconstruction Support Fund was created for immediate recovery in the most affected areas of central Mozambique with public and private contributions from Portugal, Camões, I.P. (2019[44]).

[2] The EU chose Portugal as implementing partner for the "+Emprego" Programme due to its strong record of accomplishment in technical and vocational education in Mozambique, Camões, I.P. (2021[45]).

[3] A new modality for on-lending together with a Mozambican bank was introduced as part of the InvestimoZ programme, and a new tranche as part of the FECOP loan facility for MSMEs. Outreach with the business community is on-going.

Source: Camões, I.P. (2019[42]), *Launch of the Rapid Response Instrument for Emergency Actions*, https://www.instituto-camoes.pt/sobre/comunicacao/noticias/lancamento-do-instrumento-de-resposta-rapida-para-acoes-de-emergencia; Camões, I.P. (2019[44]), *Mozambique Recovery and Reconstruction Support Fund*, https://www.instituto-camoes.pt/sobre/comunicacao/noticias/fundo-de-apoio-a-reconstrucao-de-mocambique ; Camões, I.P. (2021[43]), *Projetos apoiados no âmbito do Instrumento de Resposta Rápida para Ações de Emergência (IRR)* (Projects supported through the Rapid Response Instrument for Emergency Action), https://ww2.instituto-camoes.pt/images/img_agenda2021_1/Resultados_IRR_2021.pdf

### *Localising aid would strengthen Portugal's humanitarian assistance*

**Portugal will be evaluating its humanitarian operational strategy to align with new instruments.** Portugal channels its humanitarian aid mostly through ODA contributions to the multilateral system.[20] EU institutions account for 40.6% of Portugal's humanitarian ODA flows to multilateral partners (OECD, 2021[31]). Portugal established a dedicated humanitarian budget line in 2018. A National Coordination Unit of relevant ministries and agencies, including Camões, is in place to programme humanitarian responses when a complex crisis requires a broad palette of expertise, ranging from health to logistics and transport. Humanitarian assistance features prominently in the new country programme for Mozambique (PEC 2022-2026). In light of new funding instruments such as the Rapid Response Instrument (see Box 4), Portugal's Operational Strategy on Humanitarian and Emergency Action (Government of Portugal, 2015[46]) will be updated following an evaluation currently underway. This is an opportunity for Portugal to draw lessons for the HDP nexus co-ordination and explore how to make its assistance more localised.

**Increasing local consultation and joint analysis would help strengthen Portugal's focus on longer-term recovery.** Through the rapid response instrument, Portugal has introduced more flexibility into its humanitarian response financing. In addition, a co-financing instrument to support CSOs in development co-operation was piloted in Mozambique in its response to the cyclones, further tailoring Portugal's response to unexpected situations. There is now room to strengthen the localisation of aid through this mechanism, in order to boost the quality of local consultation and joint analysis for longer-term recovery in Portugal's partner countries. Portugal has also been instrumental in providing initial support to Mozambique's office for the reconstruction post-cyclones (GREPOC). This is good practice and supports the oversight and sustainability of interventions.

**Greater localisation would have systemic benefits for Portugal's development co-operation and inform more conflict-sensitive relief operations.** As outlined in the EU Consensus on Development (EU, 2017[47]), the 2021 EU Communication on the EU's humanitarian action and other international commitments such as the Grand Bargain (IASC, 2016[48]), strengthened localisation efforts could provide systemic benefits, empowering local responders in strategic and programmatic decision making. Steps towards localisation could include partnerships with local actors; training for more conflict-sensitive relief operations; and informed joint analysis, risk assessments and conflict-sensitive relief operations. Greater localisation would also allow for possible synergies with the Portuguese Environment Fund and its planned increases for development co-operation through its development co-operation window. This could finance fragile countries' resilience to major climate-related disasters. Aligning investments with local specifications and requirements would be critical for implementing this technical assistance on the ground effectively.

**Shifting CSO support to long-term or more flexible funding would enable greater efficiency and be more conducive to local ownership.** CSOs receive only a small share of Portuguese ODA (8% of

bilateral ODA in 2019, with 0.1% allocated to CSOs as core contributions).[21] Given the high transaction costs of Portugal's project-based support, the 2016 peer review recommended that Portugal move towards establishing programme-based framework agreements with selected CSO partners (Annex A). On the whole, CSO partners are positive about the flexibility Portugal introduced to its partnerships in response to the COVID-19 pandemic. Nevertheless, CSO partners in Mozambique were less positive about the requirement to submit applications annually, in a context of trusting and long-standing relations. In discussion with CSO partners, Portugal could consider shifting CSO funding to longer-term or more flexible support to enable greater efficiency and predictability. More flexible funding would also increase opportunities for CSO programming to be demand-driven and thus owned locally by constituents and beneficiaries on the ground.

## Recommendations

8. To ensure Portugal's peace efforts under the nexus approach contribute to long-term stability and sustainable development, Portugal should **enhance its support to security sector governance by further integrating civilian oversight and security sector reform elements into its military co-operation activities.**
9. To maximise civil society's contribution within its development co-operation efforts at headquarters and in partner countries, Portugal should **– in discussion with CSO partners – provide more flexible and longer-term funding and draw more systematically and strategically on the expertise of civil society** both in Portugal and its partner countries.

## Supporting Portugal's environmental protection and climate change ambitions

Building on domestic expertise and international advocacy, Portugal is seeking to enhance its relatively small development co-operation portfolio on the environment and climate. Setting clear priorities, developing guidance and ensuring capacities will all be important to accompany greater investments in this area.

### *Portugal's international advocacy for the environment reflects its domestic priorities*

**International advocacy on environment and climate builds on Portugal's good domestic record and expertise.** Portugal is projected to meet and outperform EU emission and energy efficiency targets for 2020 and 2030 (IEA, 2021[49]; EC, 2020[50]) and regularly scores well on international rankings on environmental performance (OECD, 2020[51]; CGD, 2021[52]). Recent national strategies, on climate adaptation (Government of Portugal, 2020[53]) and nature conservation and biodiversity (Government of Portugal, 2018[54]), also reflect a commitment to tackle challenges in these areas, for example, biodiversity loss. Portugal also advocates actively on climate and environment issues internationally, drawing on its domestic expertise. For instance, Portugal is a champion of sustainable oceans and of small island developing states in the UN and other fora in line with its national and strategic priorities and key partnerships.[22] Portugal also advocates on climate issues within the EU, with the approval of the EU Climate Law establishing a more ambitious climate emissions target during Portugal's recent Presidency of the Council of the EU (at least a 55% reduction by 2030 compared to 1990). Partners expressed appreciation for Portugal's engagement in climate negotiations, including efforts to serve as an "honest broker" between EU and partner countries dependant on fossil fuels. Partners also welcomed Portugal's work during its presidency to link climate and disaster risk reduction and to facilitate debate on the impact of climate change on humanitarian action.[23]

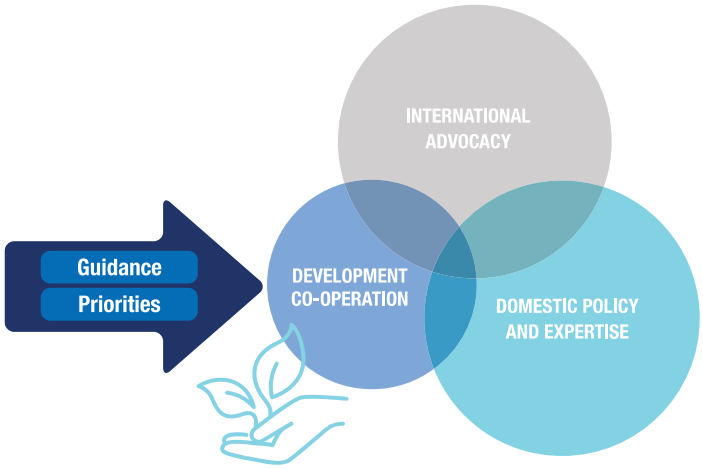
**Mechanisms for policy coherence could be strengthened to help protect Portugal's good international standing on environmental and climate action.** Portugal has established legal and institutional frameworks to promote policy coherence for sustainable development (PCSD). The Council of Ministers Resolution 82/2010 establishes the importance of coherence (Government of Portugal, 2010[55]), and a political commitment to PCSD is enshrined in the Strategic Concept for Portuguese Development Co-operation (Government of Portugal, 2014[40]). Further consolidating Portugal's PCSD approach will be important to address areas of incoherence between domestic policies and sustainable development objectives, such as overfishing and biodiversity, as highlighted by recent studies by civil society (FEC, 2020[56]; Sachs et al., 2021[57]). In 2019, Portugal's Court of Audit also noted the absence of a clear plan and monitoring mechanisms for protecting the oceans, warning that high fishing subsidies were not compatible with SDG target 14.6 (Tribunal de Contas, 2019[58]). Building on existing cross-ministerial mechanisms such as the Interministerial Commission for Co-operation (CIC), Portugal could establish tools for regular reporting – for example, to Parliament – to facilitate follow-up.[24] Regular multi-stakeholder debate in the Development Co-operation Forum and actively seeking perspectives from partner countries would also help Portugal to identify, analyse, address and monitor areas where coherence is lacking. Doing so will be important to maintain legitimacy in its international advocacy and to continue to lead by example.

**While the overall portfolio of development projects on environment and climate is small, Portugal is aware of the need to strengthen support for partner countries on these issues.** In 2019, total bilateral ODA support to the environment and the Rio Conventions increased on previous years (to 12.2%); however, it is still well below the DAC country average (35.3%) (OECD, 2021[59]) Portugal intends to increase its level of ambition on climate and environmental action in its new development co-operation strategy and several recent PECs identify energy and environment as priority sectors. This reflects requests for support from partner countries in the areas of water and sanitation, waste disposal, pollution, and the green energy transition. Plans to gradually increase financing available via the Environment Fund signal Portugal's ambition to do more (see Fragility: Strengthening Portugal's engagement to prevent and respond to crises).[25] Staff in Mozambique also reflected on the complex climate and environmental challenges affecting the country and the need for Portugal to integrate these considerations into its support.

### *Increased support to partner countries on environment and climate action will need clear priorities and capacities*

**Setting priorities will enable Portugal to use limited resources efficiently in partner countries and enhance synergies with its international advocacy (Figure 6).** Solid domestic action, international advocacy and a commitment to support partner countries on climate and the environment are a strong basis on which Portugal can build to step up development co-operation efforts. Given the limited resources available to Portuguese development co-operation, however, it will be important for Portugal to undertake an exercise to clearly identify where it can best add value in its multilateral and bilateral co-operation, and to set long-term priorities across government to use its engagement efficiently. These priorities should go beyond broad areas of intervention and speak directly to specific areas of domestic expertise and comparative advantage.[26] Establishing a cluster on energy and environment under the CIC's technical secretariat (SP-CIC) was a step in the right direction for promoting a more strategic cross-government approach. At the same time, as national co-ordinator for development co-operation, capacity constraints within Camões limit its ability to complement the environment expertise in other ministries with its development co-operation expertise, and also present challenges for co-ordination. In addition to setting clear and manageable cross-government priorities, resolving these constraints will be important to support quality and make the most of possible synergies among interventions, including those funded via the Environment Fund.

## Figure 6. Clear priorities and guidance should steer development co-operation on climate and environment




**Guidance, tools and capability need to accompany planned increases in environmental funding.** Environmental sustainability indicators based on the DAC policy markers are part of the Camões project approval process, which checks the extent to which a project is in line with the markers (Camões, I.P., n.d.[60]). The revision of projects is based on the correct application of the policy marker.[27] Portugal's focus on institutional capacity building means that opportunities to mainstream the environment are less obvious. Nevertheless there is room to improve mainstreaming efforts across Portugal's interventions, in particular at the project design phase. Strengthening technical expertise in Camões through targeted recruitment and training will be important steps. Portugal can also draw lessons from its follow-up to a recent evaluation on the integration of gender as a cross-cutting issue, which faced similar challenges, including the need for guidance and improved objectives, targets and indicators to support monitoring (Camões, I.P., 2018[61]). To mainstream environment across government Portugal could also look to other DAC member experiences (OECD, 2019[62]) and ensure staff in ministries responsible for development co-operation have sufficient training, tools, guidance and resources.[28]

**Greater effort is needed to enhance stakeholder dialogue, draw in domestic expertise, and improve accountability and engagement**. Portugal's multi-stakeholder approach in the water sector is a strong model for how Portugal can draw in expertise and ideas, as well as additional funding.[29] Partners and stakeholders alike value the approach, while recognising that expanding this to other sectors is challenging given the lack of systems in place. More systematically promoting partnerships with a variety of stakeholders could help to enhance knowledge exchange and enable Portugal to draw more efficiently on capacities that exist across its system, including in the private sector, civil society, and within academia, and to make the most of existing networks and partnerships. Looking at how other DAC members have achieved this may be useful.[30] Portugal could also improve regular exchange with partner countries through its strong engagement in CPLP, and with domestic stakeholders through the Development Co-operation Forum. Piloting calls for proposals that cut across sectors might also be one way to support cross-cutting partnerships and to achieve results in a more integrated and sustainable way.

## Recommendation

10. To enhance its contribution to environmental and climate objectives, Portugal should agree a set of cross-government co-operation priorities for environment and climate action based on its domestic expertise, as well as increase capacities, for example, through the development of guidance and training for co-operation staff.

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## Notes

[1] These areas are partnerships with partner country governments; triangular and South-South co-operation; engaging with the European Union; preventing and addressing fragility; a fit-for-purpose development co-operation system; increasing ODA quantity and quality; seizing opportunities for promoting environmental protection as a global good; and learning from monitoring, results and evaluations.

[2] See snapshot for more information https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/AR(2022)4/16/FINAL&docLanguage=en

[3] Please visit https://www.oecd.org/development-cooperation-learning.

[4] Authors' calculation of the ratio of net disbursements of ODA in 2019 (EUR, current prices) (OECD, 2021[31]) in total government expenditure in 2019 (EUR, current prices) (OECD, 2021[67]).

[5] Portugal defines "decentralised" as follows: "Portuguese development co-operation is based on a decentralised structure with the participation of a wide range of state and non-state actors that have complementary objectives and capacities (Government of Portugal, 2014[40])". To avoid confusion with decentralised development co-operation (provided by sub-national entities) and decentralisation in decision making, this report therefore uses "decentralised" in quotation marks.

[6] Exchange within the Practitioners' Network for European Development Cooperation on culture and development provides a space for Portugal to share its experiences and explore further opportunities for creating synergies between Camões' cultural and development co-operation work.

[7] For example, one evaluation notes that: "PACED's internal monitoring system is rudimentary and not related to results management. The plan to 'set up a monitoring system, anchored in a monitoring matrix regularly updated by the technical assistance team, and which allows for the systematic monitoring of activities and their effects by the project's direct partners' was not implemented" (automated translation from the original Portuguese) (Cardno Emerging Markets, Europlus, 2019[15]). N.B.: PACED is a project to support the consolidation of the rule of law in Portuguese-speaking countries in Africa and Timor-Leste.

[8] See also the joint evaluation policy of Austrian Development Cooperation, available here: https://www.bmeia.gv.at/fileadmin/user_upload/Zentrale/Aussenpolitik/Entwicklungszusammenarbeit/Web_Evaluierungspolicy_EN.pdf.

[9] For example, the Timor-Leste country programme evaluation indicated: "Regarding the implementation of delegated cooperation, the challenges facing Portuguese Cooperation are similar to the bilateral cooperation, namely the difficulty of promoting ownership and sustainability. There are other difficulties related to excessive bureaucracy and some complexity of the processes, which are not compatible with the high turnover of human resources at headquarters and the excessive centralization of decisions in Lisbon, and the absence of integrated management and information systems." (automated translation from the original Portuguese) (Camões, I.P., 2018[10]).

[10] For more information on reform process, see Portugal's self-assessment for this peer review (Government of Portugal, 2021[17]).

[11] See the DAC Recommendation on Untying Official Development Assistance (OECD, 2018[66]) and the Busan Partnership for Effective Development Co-operation: Fourth High Level Forum on Aid Effectiveness, which includes a commitment to accelerate efforts to untie aid (OECD, 2011[68]).

[12] *De jure* untying means removing legal and regulatory barriers to open competition, while *de facto* untying means removing all constraints that would make *de jure* untied aid *de facto* tied (for example, publishing the call for bids in only the provider's language). With regard to awarding contracts to national suppliers, according to the most recent OECD report, Belgium (17.8%), Germany (21%), Iceland (10.5%), Italy (12.5%), Korea (26.1%), Luxembourg (0.6%) and Portugal (17.1%) performed very well, with less than a third of their total contracts' value awarded to their domestic suppliers (OECD, 2021[33]).

[13] Half of the investments supported by SOFID are directed to LDCs. See http://www.motioncreator.net/sofid/rc2020.pdf for more information. SOFID is also a member of the Association of bilateral European Development Finance Institutions (EDFI). In 2020, EDFI members committed to align all their financing with the objectives of the Paris Agreement by 2022, transition to net zero by 2050 at the latest, and exclude fossil fuel projects from investments. For more information, see: https://www.edfi.eu/news/edfi-climate/.

[14] The FECOP (Fundo Empresarial da Cooperação Portuguesa) Credit Line is available to micro, small and medium-sized enterprises (MSMEs), associations or producer co-operatives in Mozambique. It was created through co-operation between the Government of the Portuguese Republic, Government of Mozambique and the Mozambican Association of Banks, with the aim of helping to boost the productivity of the various business sectors. It includes two "tranches": the first is intended to finance investment projects of MSMEs, associations or co-operatives of producers in Mozambican territory. The second is a "calamities" window, which is intended to finance investment projects and operations to support Mozambican MSMEs in regions affected by natural disasters decreed by the Government. This includes companies affected by the impact of COVID-19.

[15] This was the case for São Tomé and Príncipe and Mozambique country evaluations in 2016, but not for Timor-Leste in 2018. An annual satisfaction survey also tracks feedback from Camões' external stakeholders.

[16] The Timor-Leste evaluation was sharply critical of this for the case of education sector support (Camões, I.P., 2018[10]). Dispersion and isolated activities were also highlighted in Portugal's education sector engagement in Guinea-Bissau (Camões, I.P., 2017[63]). Moreover, in some instances there seems to be a lack of co-ordination when different Portuguese institutions intervene in the same sector.

[17] Between 2011-2015 and 2016-2020, the average size of ODA projects has increased, with the share of projects with a value greater than EUR 100 000 increasing from 29.5% in 2011-15 to 33.1% in 2016-20. The total number of projects in the second five-year period ticked up slightly, from 1 405 in 2011-15 to 1 467 in 2016-20. Data provided by Camões.

[18] New Zealand addressed small project size through its "fewer, bigger, deeper, longer" approach and took on more of a programme framework approach with key ministries.

[19] Security Sector Reform (SSR) aims to apply the principles of good governance to the security sector, in order to improve state and human security by making security provision, management and oversight more effective and accountable, within a framework of democratic civilian control. This also links closely to the justice sector, an area where Portugal is equally active.

[20] In 2019, USD 278.9 million gross ODA was channelled through the multilateral system, an increase of 5% in real terms from 2018.

[21] In 2019, 0.1% of gross bilateral ODA was allocated to CSOs as core contributions, and 7.9% was channelled through CSOs to implement projects initiated by Portugal (USD 14.3 million in total, current prices).

[22] During Portugal's recent presidency the EU adopted Council Conclusions on a Sustainable Blue Economy. Portugal will also host the next UN conference on oceans together with Kenya in 2022 (postponed from 2020) and is a sponsor of the Sustainable Ocean Business Action Platform (see https://www.unglobalcompact.org/take-action/action-platforms/ocean). Portugal has been supporting the study and analysis of the specific vulnerabilities of SIDS to environmental challenges and climate change; as well as research into blue economy development pathways for countries heavily reliant on ocean-based sectors, such as fisheries or tourism, for income and jobs. As part of these activities, Portugal supported the OECD report *Sustainable Ocean for All* (OECD, 2020).

[23] Portugal also promoted linkages between the environment and development in the EU by co-organising a High-Level EU-Africa Green Investment Forum during its Presidency. For more information: https://www.eib.org/en/events/high-level-economic-and-green-investment-forum-eu-africa.

[24] An obligation to report to Parliament and the general public on policy coherence is one way to increase attention on policy effects and trade-offs (OECD, 2018[65]). Establishing participatory processes for stakeholder involvement can also help translate commitments into action. For more information and examples of DAC member practices, see OECD (2021) *Fundamentals: Policy Coherence for Development* on the TIPs platform, https://read.oecd-ilibrary.org/view/?ref=1099_1099378-okrtlygchv&title=Policy-coherence-for-development&_ga=2.187687149.494492686.1637583978-107777781.1609839290.

[25] The Environment Fund (FUNAB) was established in 2017 and is managed by the Ministry of Environment. It includes a window for development co-operation projects, currently EUR 2 million per year. Portugal has recently announced plans to double this amount to EUR 4 million per year. For more information, see: https://clubofmozambique.com/news/mozambique-portugals-environment-minister-to-visit-with-e2m-for-cooperation-projects-200921/.

[26] This could include investing in advocacy, awareness raising, facilitation of peer learning and South-South exchanges to help countries find solutions that are adapted to their needs. Portugal's efforts to support Mozambique over debt sustainability is helpful and could further encompass debt issues as they relate to climate-related shocks.

[27] For more information on Portugal's and other DAC member approaches, see *Integrating Environmental and Climate Action into Development Co-operation: Reporting on DAC Members' High-Level Meeting Commitments* (OECD, 2021[69]).

[28] The Austrian Development Agency has developed whole-of-government guidelines on various cross-cutting priorities, including environment and development. Evaluations found that these helped to improve awareness in all ODA-contributing ministries (OECD, 2020[21]).

[29] This includes Portuguese support to a joint EU Centre of Excellence for Water based in Lisbon. For more information, see: https://cordis.europa.eu/project/id/763562/fr.

[30] Italy's multi-stakeholder platform on energy and development is one such example (OECD, 2019[23]).

# Annex A. Progress since the 2016 DAC peer review recommendations

## Towards a comprehensive Portuguese development effort

| Recommendations 2016 | Progress |
|---|---|
| 1.1 Building on its strong political commitment to policy coherence for development, Portugal should invest more in analysing and monitoring how its policies in key areas are affecting developing countries and take action to address policy inconsistencies. | **Partially implemented**<br>The government commissioned CSO analyses on key topics. It has adopted policies in areas of relevance (climate change, green procurement, oceans, migration action plan). However, it does not follow up with monitoring and reporting. |
| 1.2 When Portugal develops its approach to private sector development, it should ensure this has a positive development impact and respects the DAC recommendations on aid untying. | **Partially implemented**<br>No strategy yet developed but on-going reflection on private sector engagement and how to maximise development impact, including through study with OECD. SOFID exchanges with European peers to integrate Environmental, Social and Governance (ESG) criteria into its credit appraisals. |

## Vision and policies for development co-operation

| Recommendations 2016 | Progress |
|---|---|
| 2.1 Following its Strategic Concept 2014 – 2020, Portugal should establish a realistic medium-term operational plan that identifies a manageable set of priorities for its programme in line with its funding and expertise capacity. It should also develop appropriate guidance for implementing this plan. | **Not implemented**<br>No operational plan was established and only one specific policy or guidance has been adopted since the peer review (on development education). |
| 2.2 Portugal should fully integrate its bilateral concessional loans portfolio into its strategic planning and country programming processes in order to exploit synergies. | **Implemented**<br>Though of decreasing relevance with the phasing out of loans, they are part of country strategies and annual monitoring. |
| 2.3 Camões I.P. should support programme staff throughout Portugal's public administration to integrate gender equality and the environment into all of Portugal's programmes. | **Partially implemented**<br>Translation into Portuguese of marker guidance and training and evaluation on integration of gender equality, but not substantive changes in practice yet. |

## Aid volume and allocation

| Recommendations 2016 | Progress |
|---|---|
| 3.1 Portugal should establish time-bound, intermediate targets for meeting its international aid volume commitments as its economy recovers. This plan should include a commitment to increase the grant share of its ODA budget. | **Not implemented**<br>No time-bound ODA plan exists even though gross domestic product has reached pre-financial crisis levels. The grant share substantially increased as loans were phased out. |
| 3.2 Portugal should reverse the decline in its ODA to least developed countries and maintain its engagement with countries most in need in line with the 2014 High Level Meeting commitments. Portugal should also comply with the 1978 DAC recommendation on terms and conditions on lending to LDCs. | **Implemented**<br>To the extent Portugal can geographically allocate its ODA, this is strongly focused on countries most in need, with the highest share among DAC countries of ODA allocated to LDCs. With the decrease of loans, Portugal now essentially complies with the 1978 DAC recommendation. |

## Organisation and management

| Recommendations 2016 | Progress |
|---|---|
| 4.1 Portugal should examine its business model to ensure that the entity charged with managing its complex system has a clear and appropriate mandate. | **Partially implemented**<br>Portugal has led reflections on how to enhance Camões' mandate to implement, co-ordinate and steer development co-operation. This led to the creation of co-operation centres in partner countries as a main measure. |
| 4.2 Portugal should also examine whether this entity has adequate human and financial resources to respond to its mandate. | **Partially implemented**<br>Camões has led reflections on its human and financial resources, but substantial challenges remain. |
| 4.3 Portugal should ensure that its development cooperation is governed by human resources and financial rules and regulations with sufficient flexibility to deliver the programme efficiently. | **Partially implemented**<br>Portugal has updated its legal framework for recruiting co-operation agents, and is adjusting its rules, including to meet new EU pillar assessment requirements. It has also introduced new financing lines that improve rapid and flexible CSO responses to crises. |

## Development co-operation delivery and partnerships

| Recommendations 2016 | Progress |
|---|---|
| 5.1 Portugal should strengthen its guidance and the incentives for staff to use partner country systems in delivering their programmes. | **Partially implemented**<br>Portugal continues limited budget support, engages in public financial management and country strategies encourage use of country systems. However, the 2018 GPEDC monitoring highlighted on-going challenges. |
| 5.2 Portugal should move towards establishing programme-based framework agreements with selected CSO partners. | **Not implemented**<br>While new instruments for rapid and flexible responses to crises exist, Portugal is using project agreements for all CSO partnerships. |
| 5.3 - Portugal should establish shared context and risk analysis to guide the numerous public entities actors working in fragile states. | **Partially implemented**<br>Context analysis and internal exchange as well as consultation with stakeholders inform the preparation of country strategies (once every five years). However, Portugal does not undertake dedicated country analysis, and risk management does not specifically consider risks at country level. |
| 5.4 In future allocations and programmes, Portugal should make every effort to meet the OECD recommendation and its Busan commitments to untying aid. | **Implemented**<br>Tied loans are being phased out. On-going tied aid stems from previously agreed loans. It will also be important to balance development co-operation and private sector promotion priorities. |

## Results and accountability

| Recommendations 2016 | Progress |
|---|---|
| 6.1 Portugal should ensure that all its country programmes have a clear set of expected outcome-orientated results and that staff regularly monitor progress towards achieving them. | **Partially implemented**<br>Results frameworks at country level collate outputs. They indicate higher level objectives, but do not articulate concrete outcomes. There are annual progress monitoring exercises of country programmes, and they are systematically evaluated. |
| 6.2 In order to achieve a more cohesive and co-ordinated programme, Portugal's development actors should share lessons on approaches and results with each other on a regular basis. | **Partially implemented**<br>The creation of co-operation centres has the potential to enhance co-ordination and exchange in partner countries. Evaluation findings are disseminated systematically. Thematic and geographic groups exchange prior to the elaboration of country strategies, but not more regularly. |
| 6.3 Portugal should adopt and put into practice the new evaluation policy as soon as possible. | **Partially implemented**<br>A new Evaluation Plan 2021-23 provides some follow-up to the 2016 Evaluation Policy, including for dedicated resources. However, Portugal has undertaken relatively few evaluations over the past years, and uptake of findings is limited. |

## Humanitarian assistance

| Recommendations 2016 | Progress |
|---|---|
| 7.1 Portugal should build on its new operational strategy for the humanitarian programme to ensure that future responses are predictable, leverage Portugal's comparative advantage, and are in line with humanitarian principles. | **Implemented**<br>New funding mechanisms for humanitarian assistance increase predictability and flexibility for CSOs. Multilateral funding is mostly for programmes and pooled funds with soft earmarking. |
| 7.2 Portugal should set out guidelines for the use of military and civil defence assets in its humanitarian response, in line with international agreements. | **Partially implemented**<br>Portugal does not have specific guidelines on the use of its military assets in humanitarian responses, but the 2015 humanitarian strategy stipulates Portugal's adherence to the principles and guidelines of relevant international standards. Increased interactions at operational levels are nevertheless helping to address these concerns. |

# Annex B. Organisations consulted during the peer review

## Portuguese public institutions consulted

1. Camões, I.P.
2. Ministry of Foreign Affairs
3. Embassy and Camões staff in Mozambique
4. Embassy in Guinea-Bissau
5. Permanent Representation to the EU
6. Ministry of Finance
7. Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, S.A. (SOFID)
8. Ministry of Environment
9. Ministry of Labour and Social Security
10. Ministry of Education
11. Ministry of Defence
12. Ministry of Justice
13. Ministry of Home Affairs
14. Parliament
15. Instituto Nacional de Saúde Doutor Ricardo Jorge (INSA)
16. Autoridade Nacional do Medicamento e Produtos de Saúde, I. P. (INFARMED)
17. Instituto Nacional de Emergência Médica, I.P. (INEM)

## Multilateral organisations consulted

18. European Commission, Directorate General for International Partnerships
19. Comunidade dos Países de Língua Portuguesa (CPLP)
20. Secretaría General Iberoamericana (SEGIB)
21. Gavi, the Vaccine Alliance
22. United Nations Development Programme (UNDP)
23. World Bank
24. African Development Bank
25. The Global Fund
26. UN Office for Disaster Risk Reduction (UNDRR)
27. International Organization for Migratoin, Mozambique
28. United Nations Office on Drugs and Crime, (UNODC), Mozambique
29. World Food Programme (WFP), Mozambique

30. EU Delegation, Angola

## Authorities and bilateral partners consulted in Mozambique

31. Ministry of Foreign Affairs
32. Ministry of Economy and Finance
33. Ministry of Science, Technology and Higher Education
34. Ministry of Health
35. Ministry of Justice
36. GREPOC
37. District da Ilha de Moçambique
38. Mayor of Monapo
39. Embassy of Germany
40. Embassy of Italy
41. EU Delegation
42. Agência Brasileira de Cooperação (ABC), Brazi
43. Universidade Federal do Espírito Santo, Brazil

## Civil society, academic and private sector institutions consulted

44. Plataforma Portuguesa das ONGD
45. Fundação Fé e Cooperação (FEC)
46. Prosocial
47. Girlmove
48. Helpo
49. Oikos
50. Fundacão Gulbenkian
51. Instituto Marquês de Valle Flor (IMVF)
52. Vida
53. Associação para a Cooperação Entre os Povos (ACEP)
54. Fundação Gonçalo da Silveira
55. Zero
56. Get2C
57. CAOS
58. CESO
59. University of Lisbon
60. Nova University
61. University of Coimbra
62. University of Porto
63. European Center for Development Policy Management (ECDPM)
64. Rede Intermunicipal de Cooperação para o Desenvolvimento (RICD)
65. Confederação Empresarial de Portugal (CIP)

66. Associação de Empresas de Construção e Obras Públicas e Serviços (AECOPS)
67. Associação Industrial Portuguesa (AIP)
68. Associação Empresarial de Portugal (AEP)

## Civil society, academic and private sector institutions consulted in Mozambique

69. Fundação Aga Khan
70. Diocese de Pemba
71. Associação Kandhelelo
72. Associação de Defesa do Património de Mértola (ADPM)
73. Universidade do Lúrio
74. Universidade Pedagógica
75. Gorongosa National  Park O. E. Wilson Biodiversity Laboratory
76. Associação Moçambicana de Bancos (AMB)
77. Instituto para a Promoção das Pequenas e Médias Empresas (IPEME)
78. Confederação das Associações Económicas de Moçambique (CTA)

## OECD Development Co-operation Peer Reviews

# PORTUGAL

The OECD's Development Assistance Committee (DAC) conducts peer reviews of individual members once every five to six years. Reviews seek to improve the quality and effectiveness of members' development co-operation, highlighting good practices and recommending improvements. Portugal mobilises its whole of government expertise with a strong focus on partner country ownership. Building on long-standing and close bilateral relations, it concentrates its funding on countries most in need. Through effective international advocacy, the country champions triangular co-operation and has fostered agreement amongst European Union (EU) members on issues such as strengthening Team Europe's commitment to human development when it held the Presidency of the EU Council. However, Portugal can make more out of the wide participation of state and non-state actors in its development co-operation. This peer review provides a set of recommendations to improve co-ordination across government, pull bilateral efforts together, focus more on outcomes and take action to increase official development assistance (ODA).

PRINT ISBN 978-92-64-95629-2
PDF ISBN 978-92-64-76418-7

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2022