

**REPORTING ON FINANCIAL AND TECHNOLOGY SUPPORT TO
DEVELOPING COUNTRIES**

**UNDER ARTICLE 16 OF REGULATION (EU) No. 525/2013 OF THE
EUROPEAN PARLIAMENT AND OF THE COUNCIL
(MONITORING MECHANISM REGULATION)**

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Author:

Portuguese Environment Agency
Climate Change Department

*Eduardo Santos
José Paulino
Cristina Carreiras
Rui Papudo*

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ACRONYMS

APA	Portuguese Environment Agency
CC	Climate Change
CPLP	Community of Portuguese Speaking Countries
CRS	Creditor Reporting System
DC	Development Cooperation
DAC	Development Assistance Committee
EU	European Union
FPC	Portuguese Carbon Fund
MoU	Memoranda of Understanding
MMR	Monitoring Mechanism Regulation
MAOTE	Ministry of Environment, Spatial Planning and Energy
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PALOP	Portuguese Speaking Countries of Africa
PPA	Programmes, Projects and Actions
PtC	Portuguese Cooperation
ptODA	Portuguese Official Development Assistance
UNFCCC	United Nations Framework Convention on Climate Change

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INTRODUCTION

Following the entry into force of the Monitoring Mechanism Regulation (MMR)¹ Member States shall submit to the Commission pursuant to Article 16 of the MMR all relevant information on their financial and technology support provided to developing countries. These reporting provisions are essentially aligned with the requirements of the National communications and biennial reporting to the United Nations Framework for Convention to Climate Change (UNFCCC) for the year of 2013.

From a geographical point of view, in 2013 the Portuguese Official Development Assistance (ptODA) focused mainly in the developing countries which are included in the lusophonous universe. Therefore, the African Countries of Portuguese official language (PALOP) and the Democratic Republic of East Timor were the main targets of the ptODA.

The following report intends to provide an overview of the main features of the ptODA, including bilateral/geographical/sectoral priorities and multilateral finance disbursements through institution and/or programme.

This report also includes an overview of the projects that have been financed through the portuguese *fast start* commitment and levels of finance that are being disbursed in this context.

Climate Change cooperation – policies, priorities and programmes in Portugal

Portugal prioritizes cooperation activities towards its partner countries, particularly the Portuguese Speaking African countries and Timor Leste; these priorities are coordinated by Camões - Institute for Cooperation and Language, I.P. (Camões, I.P.) in collaboration with Portuguese Environment Authorities and the Portuguese Speaking Countries Community (CPLP) Climate Change Network. Most of these countries are Least Developed Countries.

Institutionally, development cooperation's coordination is a competence of the Camões, I.P. (in the Ministry of Foreign Affairs). However, given that the main donor for climate change cooperation is the Ministry of Environment, a joint collaboration has been established between the two Ministries since 2010 in order to coordinate these activities. The strategic framework and guidelines for development cooperation Programmes, Projects and Actions (PPA) are aligned with the needs and priorities of partner countries. At an institutional level we have established Memoranda of Understanding (MoU) discussed and agreed with partner countries. We would like to stress that it is the partner country that promotes the PPA and presents it to Portuguese cooperation (PtC) for financing. The partner country is responsible for the selection process of the entity which will execute the PPA, and it happens that in some areas the private sector is better placed to execute them. Therefore the PtC has kept an open door to the private sector engagement working hand in hand with public institutions and/or local communities of the beneficiary/partner country.

In March 2014, Portugal has approved a new Strategic Concept for PtC, which includes climate change (CC) issues and raises its profile to a higher priority level by considering climate change as a main area along with capacity building, education and health.

¹ Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC entered into force on the 8th of July 2013 upon its publication in the Official Journal (OJ L 165, 18.6.2013, p. 13)

RIO MARKER'S IMPLEMENTATION METHODOLOGY

Portugal as an Organisation for Economic Co-operation and Development (OECD) country and OECD/DAC member, tracks development financing according Creditor Reporting System (CRS) directives. In this regard, the national CRS data reporting is verified by OECD statistical staff, every year.

The OECD DAC plays a central role on the production of statistics on aid to developing countries from bilateral and multilateral donor agencies every year. The data are published in the OECD website in both formats: aggregated by partner/donor country and disaggregated by activity. According to this, all information regarding Portuguese provision of financial support to non-Annex I Parties can be found in OECD website. The data are publicly available in the CRS database.

Since 1998 the Development Assistance Committee (DAC) has been monitoring aid targeting the objectives of the Rio Conventions through the CRS using the so-called "Rio markers". The Rio markers on climate change mitigation was established by the DAC in close collaboration with the Secretariat of the UNFCCC. It tracks aid flows that support the implementation of the Convention.

In December 2009 the DAC approved a new marker to also track development finance in support of climate change adaptation. This complements the climate change mitigation marker, and thus allows the presentation of a more comprehensive picture of climate-change-related aid.

These climate markers allows for an assessment of donors' policy objectives in relation to each aid activity. A "principal objective" (mitigation or adaptation) score is given when promoting the objectives of the UNFCCC is stated in the activity documentation to be one of the principal reasons for undertaking the activity. Activities marked "significant" have other objectives, but have been formulated or adjusted to meet climate concerns.

We would like to highlight the participation of the Secretariat of UNFCCC on the discussion undertake by OECD regarding the establishment of "Rio markers" criteria and that continues to participate on the ongoing work regarding its improvement.

PORTUGUESE OFFICIAL DEVELOPMENT ASSISTANCE

General information

Portugal's public climate finance (please see table 2) for programs and projects in partner countries is channeled through Official Development Assistance (ODA). In Portugal, ODA for environment has had little expression regarding total values by virtue of the strategic priorities that essentially lie in areas such as Education, Health, Security and Justice.

Regarding ODA related to CC, it represented between 2007 and 2013 about 51% to 93% of ODA to environment, having represented in the last three years more than 80%. Portugal has institutionalised the Portuguese Carbon Fund (FPC) as a new source of funding for CC development cooperation since 2010.

The majority of Portuguese Cooperation programs, projects and actions (PPA), include capacity building components. Nevertheless the CRS does not allow actually the data tracking by component.

In this context it should be noted that under the PtC the following amounts are disbursed (please see table 1) for 2013 by country.

Table 1
Total amount disbursed in 2013 by country (Bilateral Cooperation - only Principal Objective)

Bilateral cooperation	15,975,760.00 €
Angola	0,00 €
Cape Vert	12.973.752,00€
Mozambique	2.699.679,00 €
Guiné-Bissau	145.938,00 €
São Tomé e Príncipe	156.391,00 €
East Timor	0.00 €

Until December 2013, payments were made amounting to 5.7 M€ (disbursement of about 69% of the total amount committed by contract). Furthermore, there are still some projects in the pipeline that will be financed from 2014 onwards.

In addition to the public amount, it should be noted that, through the co-financing of some projects, it was possible to mobilize an additional amount of funding for these countries of 1.6 M€ (public and private financing).

With regard to the values of multilateral ODA intended to CC, since 2010 these have been reduced. A justification to this lies in the fact of Portugal does not have formally established any commitment regarding a potential national contribution to the 5th replenishment of the Global Environment Fund.

Table 2
Provision of public financial support: contribution through multilateral channels in 2013

Donor funding	Total amount				Status	Funding source	Financial instrument	Type of support	Sector
	Core/general		Climate-specific						
	European euro (€)	USD (\$)	€	USD					
Total contributions through multilateral channels	7,248,472.0	9,623,568.8							
Multilateral climate change funds	0,0	0,0							
1. Global Environment Facility	0,0	0,0							
2. Least Developed Countries Fund	0,0	0,0							
3. Special Climate Change Fund	0,0	0,0							
4. Adaptation Fund	0,0	0,0							
5. Green Climate Fund	0,0	0,0							
6. UNFCCC Trust Fund for Supplementary Activities	0,0	0,0							
7. Other multilateral climate change funds	0,0	0,0							
Multilateral financial institutions, including regional development banks	7 174 210,0	9 524 973,4							
1. World Bank	1,420,000.0	1 885 289,4			Provided	ODA	Grant	Not applicable	Not applicable
2. International Finance Corporation	0,0	0,0							
3. African Development Bank	2 004 210,0	2 660 926,7			Provided	ODA	Grant	Not applicable	Not applicable
4. Asian Development Bank	0,0	0,0							
5. European Bank for Reconstruction and Development	0,0	0,0							
6. Inter-American Development Bank	0,0	0,0			Provided	ODA	Grant	Not applicable	Not applicable
7. Other (CAF - Andean Development Corporation)	3 750 000,0	4 978 757,3							
Specialized United Nations bodies	74 262,0	98 595,3			Provided	ODA	Grant	Not applicable	Not applicable
1. United Nations Development Programme	37 288,0	49 506,1			Provided	ODA	Grant	Not applicable	Not applicable
2. United Nations Environment Programme	36 974,0	49 089,2			Provided	ODA	Grant	Not applicable	Not applicable
3. Other (UNFCCC core contribution - 61% eligible as ODA)	0,00	0,0							

MITIGATION

In what concerns CC matters, the Mitigation approach as principal objective of the projects represents 93.18% in 2013. This scenario is confirmed by comparing the Total Values in the tables 3 and 4, which data emphasize the impact (more than 90%) of this strategy.

Table 3
Climate change related ODA - Mitigation

		<i>Significant objective</i>	<i>Principal objective</i>	Bilateral ODA TOTAL - Mitigation
2013	€	334,270.00	15,605,329.00	15,939,599.00
	%	2.10	97.90	100.00

Source: Camões, P.I./DPC

These rates are due primarily to the financing of renewable energy projects under the Line of Credit for Cape Vert and two ongoing projects in Mozambique which were funded under the Portuguese Fast Start Implementation Initiative.

ADAPTATION

In general, Portugal has been paying particular attention to adaptation to CC, especially its integration in terms of DC, thus seeking to follow through international guidelines. Towards such purpose, Portugal has been following the negotiations on adaptation under the UNFCCC and, at EU and OECD level, in the latter two cases, in particular with regard to the integration of Adaptation to CC in DC policy.

Regarding the balance between mitigation and adaptation Portugal has approved in 2013 two new projects that aim to meet adaptation objectives and one new project with a resilience component.

Table 4
Climate change related ODA - Adaptation

		<i>Significant objective</i>	<i>Principal objective</i>	Bilateral ODA TOTAL - Adaptation
2013	€	794,612.00	370,431.00	1,165,043.00
	%	68.20	31.80	100.00

Source: Camões, P.I./DPC

STRENGTHENING INSTITUTIONAL CAPACITY

When it comes to DC, including the PALOP countries and East Timor whether in the bilateral context or in the CPLP, Portugal has paid special attention to capacity building (please see table 5) at institutional level. This is true both for PPA that are exclusively dedicated to this matter and to the inclusion of a capacity building component in different PPA, trying to adapt them to change demand, to State institutions, to strengths and weaknesses of existing national systems in the recipient countries in a way to produce capabilities of autonomous problem solving.

The PPA supported by the PtC usually have a strong technical assistance component with strong focus on the development of national capacities. Portugal tries to pay special attention to the efficiency and aid principles formally assumed in the Declaration of Paris and developed in Accra and Busan, especially:

- leadership and control by beneficiaries so they can strategically earmark their resources;
- enhance existing capabilities as a starting point, avoiding the creation of parallel structures and systematically using the national systems for aid implementation;
- technical driven cooperation for the demand of partners.

Regarding the cooperation projects on CC, Portugal tries to guide beneficiaries to lead and control systematically using for this the national systems for aid implementation. In this area, several projects should be highlighted, such as:

- a) 50 Villages;
- b) Atlas of the renewable energy (developed in Mozambique by FUNAE);
- c) Implementation of Pilot Projects Local Adaptation Program of Action in Mozambique (developed in Mozambique by MICOA).

Regarding projects with more than one country as a promoter, Portugal has involvement with Cape Vert, Mozambique and São Tomé e Príncipe in the two following examples:

- a) Capacity Building for the Low Carbon Resilient Development Strategies;
- b) Integrating Adaptation to Climate Change into Development.

TECHNOLOGY TRANSFER AND INSTITUCIONAL CAPACITY

Concerning technology transfer (please see table 5) and considering the definition formally accepted in the UNFCCC text, particularly item c, paragraphs 1 and 5 of the Article 4, in several cases the PPA developed by the PtC under the context of ODA involve technology transfer, practices and appropriate processes to each area of the PPA as well as the necessary knowledge to implement these technologies.

Notwithstanding what was already said, it becomes difficult to specify a case since the policy of statistical report of the OECD/ DAC currently does not foresee a marker for the transfer of technology that allows the qualification of the PPA in this perspective or to specifically identify the technology or technologies transferred in each case. This omission does not mean that in the review and approval process that identified technologies are not taken into account, and their assessment is not part of the criteria.

Portuguese cooperative action in the context of tackling CC has increased significantly since the establishment (in 2005) of the Network of Climate Change Offices of CPLP countries, which seeks the implementation of developing actions in the area of training and cooperation above all with its partner countries, including PALOP's and East Timor. In this context, the Portuguese MAOTE started the promotion of some activities and projects which focused on the know-how transfer, processes and technology for these countries, in different sectors and aligned with the Strategic Vision for PtC. The energy sector, and particularly renewables, have been a recurring commitment of the Portuguese Cooperation and two worthy examples to highlight are the projects conducted in Mozambique in the last years.

Portugal has also been involved in the translation of several technical documents related to CC - the guidebook for "Integrating Adaptation to Climate Change in Development Cooperation" was recently translated. This guidebook provides ways to identify approaches in order to integrate adaptation into national development policies at a sectoral and project level, both in the urban and rural environment.

Currently Portugal has in the pipeline others in the initial implementation phase, more projects with its partner countries that promote technologies transfer, practices and processes in different sectors.

Table 5
Provision of public financial support: contribution through bilateral, regional and other channels in 2013

Recipient country/ region/project/programme	Total amount		Status	Funding source	Financial instrument ⁹	Type of support	Sector	Additional information
	Climate-specific							
	European euro - EUR	USD						
Total contributions through bilateral, regional and other channels	15 975 760,00	21 210 515,14						
Line of Credit of 100 Million Euro for imports (renewable energies, environment and water) - Cabo Verde	8 386 816,00	11 134 912,37	Provided	ODA	Loan	Mitigation	Energy Generation and Supply	Technology transfer
ODA Loan of 4.5M€ for imports (renewable energies, environment and water) - Cabo Verde	4 449 175,00	5 907 030,01	Provided	ODA	Loan	Mitigation	Energy Generation and Supply	Technology transfer
Capacity Building for Developing Strategies on Low Carbon Resilient - Cabo Verde	90 190,00	119 742,43	Provided	ODA	Grant	Mitigation	General environmental protection	Capacity building
Capacity Building for Developing Strategies on Low Carbon Resilient - São Tomé and Príncipe	90 190,00	119 742,43	Provided	ODA	Grant	Mitigation	General environmental protection	Capacity building
TESE - NGO support to Provide electricity (with resource to renewable energies) to schools - São Tomé and Príncipe	18 630,00	24 734,47	Provided	ODA	Grant	Mitigation	Energy Generation and Supply	Technology transfer
Atlas of renewable energy - Mozambique	924 805,00	1 227 834,57	Provided	ODA	Grant	Mitigation	Energy Generation and Supply	Technology transfer
Capacity Building for Developing Strategies on Low Carbon Resilient - Mozambique	90 190,00	119 742,43	Provided	ODA	Grant	Mitigation	General environmental protection	Capacity building
Installation of photovoltaic systems - Mozambique	1 409 395,00	1 871 209,51	Provided	ODA	Grant	Mitigation	Energy Generation and Supply	Technology transfer and capacity building
Community Access Program to Renewable Energy - Bamberdi - Guinea-Bissau	145 938,00	193 757,30	Provided	ODA	Grant	Mitigation	Energy Generation and Supply	Technology transfer
IAMCD - Mainstreaming Adaptation to Climate Change in Development - Cabo Verde	47 571,00	63 158,52	Provided	ODA	Grant	Adaptation	General environmental protection	Capacity building
IAMCD - Mainstreaming Adaptation to Climate Change in Development - São Tomé and Príncipe	47 571,00	63 158,52	Provided	ODA	Grant	Adaptation	General environmental protection	Capacity building
IAMCD - Mainstreaming Adaptation to Climate Change in Development - Mozambique	47 571,00	63 158,52	Provided	ODA	Grant	Adaptation	General environmental protection	Capacity building
Pilot-projects' implementation of Local Action Programmes in Climate Change Adaptation in Mozambique - IPPALAM - Mozambique	227 718,00	302 334,04	Provided	ODA	Grant	Adaptation	Other multisector	Capacity building

PORTUGUESE CARBON FUND (FPC)

Since 2010, the FPC was the designated source to provide financial flows for the implementation of the fast start commitment of Portugal. Given the increase interest and impact of the Environment and CC issues within the PtC efforts, an inter-ministerial task force was established following the Copenhagen Conference, composed by the representatives of the Ministry of Foreign Affairs and the Ministry of Environment, Spatial Planning and Energy (MAOTE).

The financial flows provided by this Fund are additional to previous sources, meaning that previously existing flows were not redirected. The financial contribution of the FPC counts as ODA but is an independent and new source that relies entirely on the Fund's independent and autonomous income/revenues.

In that context, several technical and political contacts were made, at different levels. These contacts led to the MoUs established between Portugal and preference-receiving countries (please see Table 6). These MoUs serve as a framework for submission and approval of projects under the Fast Start.

Table 6

MoU between Portugal and preferential countries in terms of cooperation, 2010-2012 (extendable to 2013)

Country	Financial Envelope	Signature Date
Mozambique	9 M€	March 2010
Angola	9 M€	November 2010
East Timor	1,5 M€	December 2010 (Cancun Summit)
Guiné-Bissau	1,5 M€	February 2011
São Tomé e Príncipe	1,5 M€	March 2012
Cape Vert	1,5 M€	June 2012

Between the years 2012 and 2013, the FPC has continuously supported the ongoing implementation of previously approved projects and begun to financially support newly approved ones.

During the course of those 2 years, the list of supported projects includes the following:

- Atlas of Renewable Energy – Mozambique
- Installation of PV systems in 50 villages - Mozambique
- *Capacity Building for the Low Carbon Resilient Development Strategies: Cape Verde, São tomé e Príncipe and Mozambique*;
- *Integrating Adaptation to Climate Change into Development planning Cape Verde, São tomé e Príncipe and Mozambique*;
- *Implementation of Pilot Projects Local Adaptation Program of Action in Mozambique*;

New or Additional Financial Resources

The FPC was established with the aim to finance activities/projects carried out to respond to the challenges of climate change and to meet Kioto Protocol/UNFCCC objectives, at both domestic and international levels.

Bearing in mind that financing ODA projects is not a core objective of FPC, Portugal considers that the financing provided by FPC to activities that aims to promote the economic development and welfare of developing countries is new and additional to the current sources of ODA flows (table 7).

Table 7

New or Additional Financial Resources				
Source of flows	Climate change MITIGATION*		Climate change ADAPTATION*	
	Amount Disbursed (€)	%	Amount Disbursed (€)	%
Total Flows disbursed	15.605.329	100%	370.431	100%
of which,				
Disbursements from the Portuguese Carbon Fund	2.604.770	17%	370.431	100%

* Only Principal objective was considered

Source: BDCOOP/DPC

Source: Camões, 2014

PRIVATE FINANCIAL FLOWS

Currently, Portugal doesn't have a methodology to collect and report this information. According with OCDE/DAC methodologies, we report only mandatory information.

ANNEX

Table 8

Provision of public financial support: Summary information (2013)

Allocation channels	European euro (€)					USD (\$)				
	Core/ general	Climate-specific				Core/ general	Climate-specific			
		Mitigation	Adaptation	Cross- cutting	Other		Mitigation	Adaptation	Cross- cutting	Other
Total contributions through multilateral channels:	7,248,472.00	-	-	-	-	9,623,568.80	-	-	-	-
Multilateral climate change funds	0.00	-	-	-	-	0.00	-	-	-	-
Other multilateral climate change funds	0.00	-	-	-	-	0.00	-	-	-	-
Multilateral financial institutions, including regional development banks	7,174,210.00	-	-	-	-	9,524,973.45	-	-	-	-
Specialized United Nations bodies	74,262.00	-	-	-	-	98,595.33	-	-	-	-
Total contributions through bilateral	15,975,760.00	15,605,329.00	370,431.00	-	-	21,210,515.10	20,718,705.50	491,809.60	-	-
Total	23,224,232.00	15,605,329.00	370,431.00	-	-	30,834,083.90	20,718,705.50	491,809.60	-	-