

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)



TECHNICAL REFERENCE:

Title: **Reporting on financial and technology support to developing countries**

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Contents

ACRONYMS	4
ACKNOWLEDGEMENTS	4
INTRODUCTION	5
GENERAL INFORMATION	5
COOPERATION – POLICIES, PRIORITIES AND PROGRAMMES IN PORTUGAL	5
RIO MARKERS IMPLEMENTATION METHODOLOGY	6
PORTUGUESE OFFICIAL DEVELOPMENT ASSISTANCE	7
GENERAL INFORMATION	7
MITIGATION	9
ADAPTATION	9
STRENGTHENING INSTITUTIONAL CAPACITY	9
TECHNOLOGY TRANSFER AND INSTITUCIONAL CAPACITY	9
<i>General</i> INFORMATION	9
PORTUGUESE ENVIRONMENTAL FUND (FA)	12
<i>General Information</i>	12
<i>New and Adicional Financial Resources</i>	13
PRIVATE <i>Financial</i> FLOWS	13
ANNEX	14

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
FA	Environmental Fund
LDC	Least Developed Countries
MoU	Memoranda of Understanding
MMR	Monitoring Mechanism Regulation
MAAC	Ministry of Environment and Climate Action
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
SG-MAAC	Secretariat-General of the Ministry of Environment and Climate Action
UNFCCC	United Nations Framework Convention on Climate Change

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INTRODUCTION

GENERAL INFORMATION

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. According to number 2 of Article 16 of the MMR, Portugal as an OECD Member State *"provides information on financial flows based on the so-called 'Rio markers' for climate change mitigation-related support and climate change adaptation-related support introduced by the OECD Development Assistance Committee and methodological information concerning the implementation of the climate change Rio markers methodology"*

From a geographical point of view, and as in previous years, the 2019's Portuguese Official Development Assistance (ptODA) focused mainly in the developing countries which are included in the lusophone universe, in particular the Portuguese Speaking African Countries (PALOP) and the Democratic Republic of East Timor, in accordance with geographical priorities considered on the Portuguese Strategic Concept for Development Co-operation 2014-2020.

The following report intends to provide an overview of the main features of the Portuguese ODA, including bilateral/ geographical/sectoral priorities and multilateral finance disbursements through institutions and/or programmes, projects and actions (PPA).

The statistical information included in this document is based on the DAC/OECD, CRS directives and on the "Rio Markers" methodology for climate change mitigation and adaptation.

COOPERATION – POLICIES, PRIORITIES AND PROGRAMMES IN PORTUGAL

In 2019, Portugal continued to prioritize cooperation activities with its longstanding partner countries, namely the PALOP and East Timor.

Portugal has a decentralized model of co-operation, which means a permanent intergovernmental and institutionally collaboration, between Camões – Institute for Cooperation and Language, I.P. (in the Ministry of Foreign Affairs) in the capacity of co-operation for development coordinator entity and the Ministry of Environment and Climate Action (MAAC), responsible for the thematic area.

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, a Memoranda of Understanding (MoU) have been discussed and agreed with partner countries. It should be stressed 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 that 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.

When initiatives or activities include several lusophone countries, the Portuguese Speaking Countries Community (CPLP) Climate Change Network is usually consulted about its interest and relevance. Most of these countries are Least Developed Countries (LDC) and/or Small Island Developing States (SIDS).

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 MARKERS IMPLEMENTATION METHODOLOGY

Portugal is a member of the Organisation for Economic Co-operation and Development (OECD) and OECD/DAC and therefore tracks development financing according to the 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. Therefore all information regarding Portuguese provision of financial support to non-Annex I Parties can be found in the 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 (CC) 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 created a new marker to also track development finance in support of CC 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 allow for an assessment of donor's policy objectives in relation to each aid activity. A Principal Objective (Mitigation or Adaptation) score is given when the main reason for undertaking the activity is related to the promotion of the UNFCCC objectives. Activities marked "significant" have other objectives, but have been formulated or adjusted to meet also climate concerns.

Regarding transparency procedures, all the statistic reported can be consulted also on the following web link <http://coop.instituto-camoes.pt/bdcoopfrontend>.

PORTUGUESE OFFICIAL DEVELOPMENT ASSISTANCE

GENERAL INFORMATION

Portugal's public climate finance (please see table 1) for programs and projects in partner countries is established through Official Development Assistance (ODA). In Portugal, ODA for environment has had limited expression regarding total values by virtue of the strategic priorities that essentially lie in areas such as Education, Health, Security and Justice.

Following the publication of Decree-Law 42-A/ 2016 of 12th of August which constitutes the Portuguese Environmental Fund (FA) and according the Order N.º 538-B/ 2017 of 5th of January of the Minister of the Environment, the national public body in charge of managing the Environmental Fund is the Secretariat-General of the Ministry for Environment and Climate Action. This domestic funding mechanism is currently also financing, however on a smaller scale compared with the overall FA resources, cooperation for development PPA focused on environment and climate change as an additional financing ODA resource.

The majority of Portuguese Cooperation climate related PPA includes capacity building components. Nevertheless the CRS does not allow data tracking by component.

In this context it should be noted that under the PtC the following amounts on climate change cooperation have been disbursed in 2019 by country (as in table 1 below).

Table 1
Total amount disbursed by country in 2019
(Bilateral Cooperation – only Principal Objective)

Bilateral cooperation	
Cabo Verde	285 712.00€
Mozambique	579 890.00€
LDCs unspecified	25 544.00€
TOTAL	891 146.00€

Source: Camões, I.P./GPPE (2020).

In 2019, the bilateral financial flows under Principal Objective amounted to 891 146.00€.

The Portuguese public financial support provided through multilateral channels is described in table 2.

Table 2²
Provision of public financial support: contribution through multilateral channels in 2019

Donor funding	Total amount				Status	Funding source	Financial instrument	Type of support	Sector
	Core/general		Climate-specific						
	Euro	USD ³	Euro	USD					
Multilateral climate change funds	-	-	-	-	-	-	-	-	-
1. Global Environment Facility	-	-	-	-	-	-	-	-	-
2. Least Developed Countries Fund	-	-	-	-	-	-	-	-	-
3. Special Climate Change Fund	-	-	-	-	-	-	-	-	-
4. Adaptation Fund	-	-	-	-	-	-	-	-	-
5. Green Climate Fund	-	-	-	-	-	-	-	-	-
6. UNFCCC Trust Fund for Supplementary Activities	-	-	-	-	-	-	-	-	-
7. Other multilateral climate change funds	-	-	-	-	-	-	-	-	-
Multilateral financial institutions, including regional development banks	34 916 594.00	39 087 198.03	-	-	-	-	-	-	-
1. World Bank	14 570 000.00	16 310 310.09	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
2. International Finance Corporation	0.00	0.00	-	-	-	-	-	-	-
3. African Development Bank	17 763 212.00	19 884 934.21	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
4. Asian Development Bank	60 000.00	67 166.69	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
5. European Bank for Reconstruction and Development	0.00	0.00	-	-	-	-	-	-	-
6. Inter-American Development Bank	549 189.00	614 166.69	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
7. Other (AIIB - Asian Infrastructure Investment Bank - 85% eligible as ODA)	1 974 193.00	2 210 000.00	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
Specialized United Nations bodies	199 594.00	223 434.46	-	-	-	-	-	-	-
1. United Nations Development Programme	145 233.00	162 580.32	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
2. United Nations Environment Programme	0.00	0.00	-	-	-	-	-	-	-
3. Other (UNFCCC core contribution - 61% eligible as ODA)	54 361.00	60 854.14	-	-	Disbursed	ODA	grant	Not applicable	Not applicable
Total contributions through multilateral channels	35 116 188.00	39 310 632.49	-	-					

² Table 7[a] of the excel file.

³ OECD's exchange tax rate (2019): USD = 0,8933EUR

MITIGATION

The bilateral projects that had Mitigation as a Principal Objective represent 29.97% of the total CC – mitigation related ODA in 2019.

Table 3
Climate change related ODA - Mitigation⁴

YEAR		SIGNIFICANT OBJECTIVE	PRINCIPAL OBJECTIVE	BILATERAL ODA TOTAL
2019	€	611 201.00	261 582.00	872 783.00

Source: Camões, I.P./GPPE (2020)

ADAPTATION

In general, Portugal has been paying particular attention to Adaptation to CC, specially its mainstreaming into Development Cooperation (DC), thus seeking to follow international guidelines. Thus the data in table 4 represents the application of Rio Marker's Adaptation to Portuguese ODA.

Table 4
Climate change related ODA – Adaptation⁴

YEAR		SIGNIFICANT OBJECTIVE	PRINCIPAL OBJECTIVE	BILATERAL ODA TOTAL
2019	€	1 983 512,00	629 564.00	2 613 076.00

Source: Camões, I.P./GPPE (2020)

STRENGTHENING INSTITUTIONAL CAPACITY

When it comes to Development Cooperation, Portugal has paid special attention to capacity building (please see table 6) at institutional level when prioritizing the PALOP, East Timor and Tunisia in the bilateral context or in the CPLP. This is true both for PPA that are exclusively dedicated to capacity building or when capacity building is a component included in the PPA.

The PPA supported by the PtC usually have a strong technical assistance component with a particular focus on the development of national capacities. Portugal tries to pay special attention to the development commitments adopted in Paris, 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.

TECHNOLOGY TRANSFER AND INSTITUCIONAL CAPACITY

General Information

Concerning technology transfer and considering the definition formally accepted in the UNFCCC, particularly item c, paragraphs 1 and 5 of Article 4, in several cases a PPA being implemented by the PtC under the context of ODA involves technology transfer, in terms of practices and appropriate processes to each area of the PPA as well as the necessary knowledge to implement these technologies. The available data is provided in table 5.

⁴ Committed and Disbursed. Only Principal Objective.

Notwithstanding, it becomes difficult to specify a case due to the policy of statistical report of the OECD/DAC that 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. However, in the context of the PPA approval process, one of the criteria relates specifically to the issue of technology transfer.

Portuguese cooperative action in the context of tackling climate change has increased significantly since the establishment (in 2005) of the Network of Climate Change Offices of CPLP countries. These seek the development and implementation of actions in the area of training and cooperation with our partner countries, namely the PALOP.

In this context, the Ministry of Environment and Climate Action started the promotion of activities and projects which focused on the transfer of know-how, processes and technology to these countries, in different sectors and aligned with the strategic vision for PtC.

The water and sanitation plus the waste sector have been a recurring commitment of the PtC in the last years. An example to highlight this is the "Water efficiency and valorization Project" conducted in Mozambique, which can be found in table 5.

Table 5
Provision of public financial support: contribution through bilateral, regional and other channels in 2019 (Adaptation, Mitigation) – only principal objective

Recipient country/ region/project/programme ^b	Total amount (€)	Total amount (USD)	Status	Funding source	Financial instrument	Type of support	Sector	Additional information
Total contributions through bilateral, regional and other channels	891 146.00	997 588.72						
<i>Support recovery of the agricultural sector as a way to contribute to the food security of the populations most affected by cyclones Idai and Kenneth (Mozambique)</i>	329 110.00	368 420.46	Provided	ODA	Grant	Adaptation	Reconstruction relief and rehabilitation	<i>General Objective: To increase the resilience of communities affected by Cyclones Idai and Kenneth to the effects of climate change, through an integrated approach to food security and climate risk management. Specific Objective: To recover the product</i>
<i>Measures to strengthen water availability and increase the resilience of water supply systems under climate change (Mozambique)</i>	250 780.00	280 734.36	Provided	ODA	Grant	Adaptation	Water sector policy and administrative management	<i>Advise the Fund for Investment and Assets of water supply (FIPAG). Contribute to the sustainable management of water supplies.</i>
<i>Roadmap for the Implementation of the Paris Agreement in Cabo Verde (Cabo Verde)</i>	24 130.00	27 012.20	Provided	ODA	Grant	Adaptation	Environmental policy and administrative management	<i>To analyze the implications of the Paris Agreement (PA) for Cabo Verde, to analyze the current situation of the implementation of the PA in the country with regard to its requirements and identify the gaps between current policies, strategies and climate</i>
<i>There is n't a PLANet B! Win-win strategies and small actions for big impacts on climate change (LCD's unspecified)</i>	25 544.00	28 595.10	Provided	ODA	Grant	Adaptation	Promotion of development awareness	<i>Contribute to the development of the knowledge and critical understanding of EU citizens about the global interdependence and sense of co-responsibility of European society in climate change.</i>
<i>Roadmap of waste in Cabo Verde (Cabo Verde)</i>	249 979.00	279 837.68	Provided	ODA	Grant	Mitigation	Waste management / disposal	<i>Financed by the Ministry of the Environment (through the Environment Fund), this project aims to map the technologies, locations, methods of collection and to define training actions and the necessary legislative framework in the water management.</i>
<i>No Crê: Water for the Sustainable Development of the Planalto Norte (Cabo Verde)</i>	11 603.00	12 988.92	Provided	ODA	Grant	Mitigation	Basic drinking water supply and basic sanitation	<i>To promote the sustainable development of the communities of Planalto Norte through access to drinking water, agriculture and livestock and the use of clean technologies that contribute to the mitigation of climate change.</i>

PORTUGUESE ENVIRONMENTAL FUND (FA)

General Information

The Environmental Fund (FA) was created by the Decree-Law 42-A/ 2016, of 12th of August, with the main purpose to support environmental policies for the pursuit of sustainable development objectives, contributing to the achievement of national and international objectives and commitments, in particular those related to climate change, water resources, waste and nature conservation, and biodiversity, financing entities, activities or projects that fulfill the following objectives:

1. Mitigation of climate change through actions that contribute to the reduction of GHG's emissions and achieve of targets, particularly in the field of renewables and energy efficiency in the residential sectors and productive in the case of small and medium-sized enterprises, and in the field of transport;
2. Adaptation to climate change, specially with actions in the coastal zone and other water resources areas;
3. Cooperation in the field of climate change, in particular for the fulfillment of international commitments;
4. Carbon sequestration;
5. Use of the carbon market to meet international goals;
6. Promoting the participation of entities in the carbon market;
7. Efficient use of water and protection of water resources;
8. Sustainability of water services;
9. Prevention and redress of environmental damages;
10. Compliance with national and community objectives and targets for urban waste management;
11. Transition to a circular economy;
12. Protection and conservation of nature and biodiversity;
13. Environmental awareness and training.

Currently and according to national legislation, all the PPA financed by the FA should be account as ODA and must have a previous favorable appraisal and approval by Camões, I.P. as co-operation for development coordinatour entity.

The financial flows provided by this Fund are additional to conventional ODA sources. The financial contribution of the FA counts as ODA but is an independent and new source that relies entirely on the Fund's independent and autonomous revenues.

Currently, and according the Order N.º 538-B/ 2017 of 5th of January of the Minister of the Environment, the national public body in charge of managing the FA is the current Secretariat-General of the Ministry for Environment and Climate Action.

Example of Support Through the Environmental Fund

Programme or project title	Recipient country/ region	Targeted area	Description of programme or project
Roadmap of waste in Cape Verde	Cape Verde	Mitigation	Funded to date by the Ministry of the Environment (through the Portuguese Carbon Fund, currently Environmental Fund), this project aims to map the technologies, locations, methods of collection and to define training actions and the necessary legislative framework in the waste setor for future implementation of projects regarding the reduction of Emissions of Greenhouse Gases (GHGs). The project promoter is the National Water and Sanitation Agency (ANAS) of Cape Verde and the executor is the consortium led by the Portuguese company Ecovisão, which also includes the public company Águas de Portugal and the Portuguese NGO TESE.

New and Additional Financial Resources

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

Bearing in mind that financing ODA projects is not a core objective of FA, Portugal considers that the financing provided by the FA to activities that aim to promote the economic development and welfare of developing countries is new or additional to the conventional sources of ODA flows (please see table 6).

Table 6

NEW AND ADDITIONAL FINANCIAL RESOURCES (2019)		
Source of Flows	Climate Change Mitigation*	Climate Change Adaptation*
	Amount Committed (€)	Amount Committed (€)
Total of disbursements from the Portuguese Environmental Fund	308 929.32	1 688 964.00

* Only Principal Objective was considered.

Source: SG-MAAC (2020)

PRIVATE FINANCIAL FLOWS

No information available.

ANNEX

Table 7
Provision of public financial support: Summary information (2020)

Allocation channels	European euro (€)					USD (USD\$) <small>Erro! Marcador não definido.</small>				
	Core/ general	Climate-specific				Core/ general	Climate-specific			
		Mitigation	Adaptation	Cross-cutting	Other		Mitigation	Adaptation	Cross-cutting	Other
Total contributions through multilateral channels:	35 116 188,00					39 310 632,49				
Multilateral climate change funds	0,00	-	-	-	-	0,00	-	-	-	-
Other multilateral climate change funds	0,00	-	-	-	-	0,00	-	-	-	-
Multilateral financial institutions, including regional development banks	34 916 594,00	-	-	-	-	39 087 198,03	-	-	-	-
Specialized United Nations bodies	199 594,00	-	-	-	-	223 434,46	-	-	-	-
Total contributions through bilateral, regional and other channels		261 582.00	629 564.00	-	-		292 826.60	704 762.12	-	-
Total climate specific by funding type (total for mitigation, adaptation, crosscutting, other)		-	-	-	-		-	-	-	-
Total		891 146.00					997 588.72			