



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

The Chairman

DEVELOPMENT ASSISTANCE COMMITTEE

To: DAC Delegates

ED(09)32

18 May 2009

**DAC Mid-term review of the Netherlands
The Hague, 18 February 2008**

Dear DAC Delegates,

On 18 February, Richard Carey, Karen Jorgensen, Ida Mc Donnell and I visited the Netherlands to conduct their mid-term review. The Netherlands is a keen supporter of these reviews and their objective to track progress in implementing the Peer Review recommendations. The Netherlands was the first DAC member to have a mid-term review when the DAC initially piloted them in 2003.

I would like to thank the Netherlands for the comprehensive agenda prepared for 18 February. The memorandum and matrix sent ahead of our mission also provided excellent input to our preparations (see attached). Following meetings with Minister Koenders and senior management at the Ministry of Foreign Affairs' Directorate General for International Co-operation (DGIS), I had separate meetings with five parliamentarians¹, NGOs and the private sector. At the same time, Richard Carey, Karen Jorgensen and Ida Mc Donnell had detailed discussions with MFA officials on how the Netherlands is progressing with the 2006 DAC recommendations.

While the purpose of the mid-term review was to focus on the implementation of the DAC recommendations, our meetings were timely for three additional reasons:

- I. To discuss and assess the impact of the global economic crisis and recession on Dutch ODA. While the Netherlands is confident that it will keep the 0.8% ODA/GNI despite the economic crisis, it is clear that the development co-operation budget will come under pressure. With expected negative growth in 2009, the 2009 ODA volume will be lower than in 2008.
- II. Long-standing, high, and relatively well-informed public support for aid came under pressure in 2008 following several critical media reports on corruption in partner countries, on accountability for results of budget support, and challenging the Netherlands' commitment to 0.8% ODA/GNI. Nevertheless, the support in cabinet for the development policy remains firm and there is fundamental support from citizens that giving aid is right. The Netherlands promotes strong dialogue with new and non-traditional players in development co-operation to broaden the support base for development co-operation. There was, for example, a dynamic and successful consultation with Dutch civil society on the MDGs which culminated in the Schokland Agreements in 2007 - one of the agreements created an MDG3 fund: Investing in equality (EUR

¹ I met with five parliamentarians: Ms. Kathleen Ferrier (CDA - christen democrats); Ms. Chantal Gillard (PvdA - social democrats); Mr. Ewout Irrgang (SP - socialist party); Mr. Raymond Knops (CDA - christen democrats); Mr. Harm-Evert Waalkens (PvdA - social democrats).



70 million). In addition, dialogue forums on the MDGs have been established with, for example, the business community and municipalities.

- III. Minister Koenders announced a Modernisation Agenda for Dutch development co-operation in November 2008 to heighten awareness and re-energise the debate with a new generation of citizens and partly in response to the heated public debate in the Dutch press in 2008. The Modernisation Agenda – International Co-operation 2.0 – was presented in November 2008. It builds on the 2007 policy framework “Our Common Concern” which outlines the core priorities of Dutch Development co-operation in terms of policy – growth and equity; fragile states; women and sexual and reproductive health and rights; climate change and renewable energy. The modernisation agenda addresses questions of implementation: (i) linking development co-operation to global public goods, especially security, climate and energy); (ii) promoting innovative approaches to development under the growth and equity umbrella, such as through public-private partnerships; (iii) being tougher on corruption; and (iv) opening up of interaction beyond traditional players in the development arena; (v) implementing effectiveness and decreasing the bureaucratisation of aid.

The Netherlands is progressing well with the 14 DAC recommendations. Private sector instruments have been untied and streamlined according to the Netherlands’ three country profiles and priority sectors. A rigorous evaluation of the Netherlands tied-aid ORET programme helped to justify untying efforts. This reform was accompanied by an increase in resources for private sector development and the Netherlands is giving higher priority to Aid for Trade and public-private partnership, for example, by expanding access to insurance in developing countries.

The Netherlands’s interesting approach to geographic and sector concentration categorises 40 priority countries into three profiles which roughly determine the focus of the Dutch effort, the scale of financing and the choice of funding channels and partners. Seventeen Dutch partner countries fall under Profile 1 - countries with a reasonable level of stability and improving governance, lagging behind on the MDGs but catching up is within reach. Many of these countries are highly dependent on aid. Profile 2 countries have a pressing security problem or sharp divisions in society that could potentially spill over into conflict, and are unlikely to meet the MDGs in the near future. Nine partner countries fall under this profile along with Bosnia-Herzegovina, Eritrea and Sri Lanka whose programmes will be phased out by 2011. Countries that have already achieved middle-income status or are likely to do so in the foreseeable future, and are on target for achieving the MDGs, are included in Profile 3. Seven partner countries fit in this profile plus Albania, Armenia, Cape Verde and Macedonia, FYR, programmes due to be phased out by 2011.

The DAC recommendation to streamline country level planning and monitoring instruments has been implemented. Initial feedback from embassies suggests that their reporting burden has been eased. For example, reporting has been aligned to the multi-annual strategic plans (MASPs). Moreover, result chains are also linked to the MASP. The yearly monitoring requirements for the track record instrument have been relaxed.

The Netherlands has also fully addressed the recommendation to ensure that the Policy and Operations Evaluation Department retains its independence from operations. This department has been made responsible, once again, for determining the evaluation programme and prepares the programme in close collaboration with operations and the parliament. This should help to demonstrate accountability and transparency as well as performance and results. Furthermore, it will strengthen a knowledge base of the types of programmes and policies that are successful.



There has been progress on the humanitarian front in the Netherlands. While the bulk of the work in the humanitarian division still goes to financing emergencies, attention is also being paid to capacity development and disaster risk reduction in the context of the preparation of a policy framework for humanitarian assistance and internal discussions in the MFA on mainstreaming disaster risk reduction across development co-operation. A new peacebuilding and stabilisation unit has been created. First steps have been taken to establish a close working relation between the new unit and the humanitarian aid division, but also to ensure a clear division of labour on early recovery work in complex emergencies, for example through support for early recovery funds in the DRC and Southern Sudan. A three year budgetary commitments to UN CERF and a pilot for a four year allocation to the Netherlands Red Cross have increased the predictability of Dutch humanitarian aid.

We had a useful discussion on the division of labour at the partner country level which has been a priority of Dutch co-operation, most notably in Profile 1 countries. While the Netherlands intends to work in one key sector and one other sector in the framework of a silent partnership in these countries, staff at the MFA also stressed that historical and traditional dimensions between donor and partner countries can make division of labour difficult, and, in some instances, this can have the perverse effect of decreasing aid for the partner country. Colleagues at the MFA stressed that there must be efficiency gains from dividing the labour between donors and they are not convinced that the approach where donors rotate their leadership in a sector leads to such gains.

The Netherlands recognised that further progress needs to be made in relation to systematically monitoring and tracking the impact of policy coherence for development. It is eager to co-operate with other donors on methods to identify results from PCD. An evaluation of the Policy Coherence Unit (PCU), which is housed within the MFA, concluded that the unit had produced important results but also suggested that a more broad-based involvement is needed to achieve the ideal institutional model for mainstreaming policy coherence across government. While the PCU is represented by a Minister who raises coherence issues effectively in Cabinet, which provides incentives for other ministries to fulfil their responsibilities, the location of the PCU within the MFA can also create the perception that ultimately only the PCU is responsible for implementing policy coherence for development.

The multilateral strategy was sent to Parliament at the end of April and will be published in May. The Dutch approach is to identify the multilaterals it wants to work with according to the intrinsic value of the organisation, the effectiveness in the field of development cooperation and the relevance to its thematic priorities. Current thinking in the MFA on how to increase multilateral effectiveness suggests that strong political leadership from member countries is necessary to push for greater effectiveness. This includes matters relating to division of labour between multilaterals internationally, decentralisation, the One UN Concept at the country level, better HRM policies, better information of the multilateral organisations on their concrete results, increased involvement of civil society and the private sector, better representation of developing countries and the need to enhance the strategic role of Executive Boards. Finally, in the longer term, and once MOPAN is fully operational, the Netherlands intends to cease its own multilateral monitoring system.

The Netherlands Action Plan for Paris/Accra (NAPA) will focus on areas where improvement is needed and possible (e.g. use of country systems, transparency, fragmentation and division of labour, predictability and conditionality, fragile states, personnel policies) and looks at how to support better aid through other channels. The action plan will be complemented by aid effectiveness action plans for each partner country with the objective to improve the Paris indicators for the Netherlands in these countries. The Dutch position on conditionality has been clarified as requested by the DAC in 2006: giving partner countries space to set their policies, using results as conditionality, and supporting activities that promote



domestic accountability. At the same time, respect for human rights will underpin Dutch co-operation in every country and is not considered a conditionality.

With 21.4% of ODA allocated through NGOs, the Netherlands has a strong interest in ensuring that this aid is effective by reducing NGO fragmentation, reaching out beyond the traditional NGOs and bringing NGO activities closer to the Dutch vision of development co-operation. However, like other DAC members the Netherlands has to balance the direction it gives to NGOs with the need to keep them independent. In its next round of NGO co-financing, the Netherlands plans to push for complementarity between NGO and the MASPs in partner countries. Moreover, the co-financing system² will focus more on evaluation of NGO activities than monitoring and the MFA would like NGOs to adapt their interventions in partner countries according to the three country profiles identified by the MFA. For instance, NGOs would play a stronger role in 'voice and accountability' type activities in Profile 1 countries and retain their role as service providers in Profile 2 countries.

In a context of a cut in full-time employees, which is part of a general civil service cutback, achieving the DAC's 2006 recommendation on having the right human resource skills mix and capacity levels is a challenge for Dutch development co-operation. Staff cuts have exacerbated a growing challenge within the MFA having adequate development expertise, not least in terms of matching positions with staff qualifications. The Ministry is mapping the needs and skills within the MFA and plans to adapt its human resource policy, strategy and training so as to equip staff with the right competencies and skills mix to deliver development co-operation. Greater attention will be given to knowledge management in Dutch development co-operation over the coming years with an ambassador for development cooperation mandated with this task.

I would like to thank Minister Bert Koenders for his hospitality, and members of the parliamentary committee, Maarten Brouwer and his colleagues for an excellent set of meetings and open discussions, which gave us a really good opportunity to follow-up the 2006 DAC recommendations to the Netherlands.

With my best wishes,

Eckhard Deustcher

cc: Richard Carey
Karen Jorgensen
Ida Mc Donnell
DCD Heads of Division
Javier Santiso

² The policy note on this subject was sent to Parliament on April 14, 2009