OECD Development Co-operation Peer Reviews

THE NETHERLANDS

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The Development Assistance Committee: Enabling effective development

OECD

OECD Development Co-operation Peer Reviews: The Netherlands 2017

BETTER POLICIES FOR BETTER LIVES

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Conducting the peer review

The OECD Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every five years. Five members are examined annually. The OECD Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and non-governmental organisations representatives of the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions formulated by the Committee in association with the examiners.

This review contains the main findings and recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Ireland and Sweden for the peer review of the Netherlands on 24 May 2017.

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Abbreviations and acronyms

3D	Defence, diplomacy and development
ADB	Asian Development Bank
AfDB	African Development Bank
AIV	Advisory Council on International Affairs
BNC	Working Group Assessment of New Commission Proposals
CERF	Central Emergency Response Fund
CIMIC	Civil-military cooperation
CRS	Creditor Reporting System
CSOs	Civil society organisations
CSR	Corporate social responsibility
DAC	Development Assistance Committee
DGIS	Director-General for International Cooperation
DSH	Department for Stabilisation and Humanitarian Aid
ECHO	European Civil Protection and Humanitarian Aid Operation
EU	European Union
FMO	Dutch Entrepreneurial Development Bank
FLOW	Funding Leadership and Opportunities for Women
GDP	Gross domestic product
GHD	Good humanitarian donorship
GoB	Government of Bangladesh
GoNL	Government of the Netherlands
GNI	Gross national income
HGIS	Homogeneous budget for international co-operation
IATI	International Aid Transparency Initiative
ICRC	International Commission for the Red Cross/Red Crescent
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IOB	Policy and Operations Evaluation Department
LDCs	Least developed countries
MASP	Multi-annual strategic plan
MFA	Ministry of Foreign Affairs
MFS II	Multiannual funding scheme for non-governmental organisations
MOPAN	Multilateral Organization Performance Assessment Network

Abbreviations and acronyms

NGO	Non-governmental organisation
OCHA	Office for the Co-ordination of Humanitarian Affairs
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
RVO	Netherlands Enterprise Agency
SDGs	Sustainable Development Goals
SRHR	Sexual and reproductive health and rights
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Fund
WRR	Scientific Council for Government Policy

Signs used:

EUR	Euro
USD	United States dollars
( )	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available
…	Not available separately, but included in total
n.a.	Not applicable
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = EUR

2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
0.7550	0.7192	0.7780	0.7532	0.7537	0.9015	0.9043

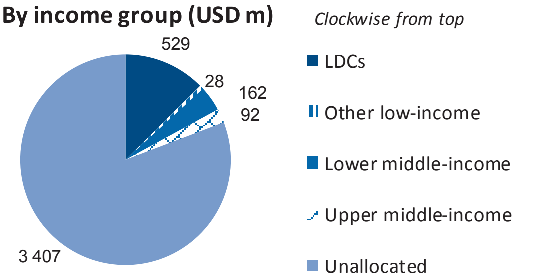
The Netherlands' aid at a glance

NETHERLANDS

Gross Bilateral ODA, 2014-15 average, unless otherwise shown

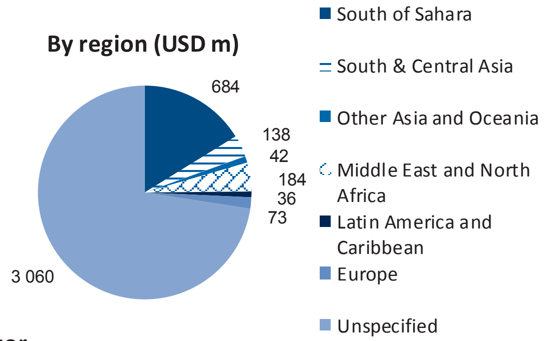
Net ODA	2014	2015	Change 2014/15
Current (USD m)	5 573	5 726	2.7%
Constant (2014 USD m)	5 573	6 829	22.5%
In Euro (million)	4 200	5 162	22.9%
ODA/GNI	0.64%	0.75%	
Bilateral share	72%	73%	

By income group (USD m)



Top ten recipients of gross ODA (USD million)	
1 Ethiopia	85
2 Bangladesh	58
3 Afghanistan	53
4 South Sudan	48
5 Rwanda	46
6 Syrian Arab Republic	45
7 Mozambique	41
8 Mali	41
9 Ghana	32
10 Benin	30
Memo: Share of gross bilateral ODA	
Top 5 recipients	7%
Top 10 recipients	11%
Top 20 recipients	17%

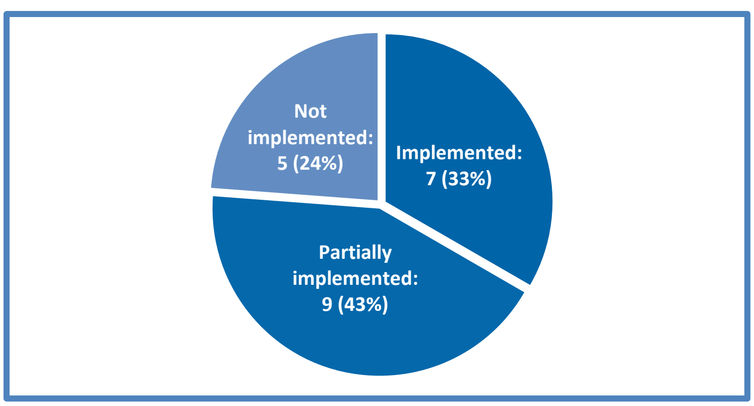
By region (USD m)



By sector

Source: OECD DAC; www.oecd.org/dac/stats

Figure 0.1 The Netherlands' implementation of the 2011 peer review recommendations



Context of the Netherlands' peer review

Political and economic context

A coalition government of the centre-right Liberals (VVD) and the centre-left Labour Party (PvdA) took office in the Netherlands after a snap election in September 2012. Elections were held in March 2017 and a new coalition government is being formed, led by the VVD.

The Dutch economy is recovering slowly but surely from the 2008-09 global financial crisis and subsequent Euro crisis, with growth rates reaching between 1.6% and 2% over the past five years. Inflation is at a historic low, due in part to lower prices for oil and raw materials, and the Dutch banking system has made a strong recovery. Unemployment is slowly declining, falling to 6% in mid-2016 in a population of 17 million.

With an open economy, the Netherlands has historically supported free trade and more liberal attitudes towards European Union (EU) policies. Dutch exports have grown rapidly in recent decades. The Netherlands' openness to international trade (measured as the average of imports and exports of goods and services over gross domestic product) has increased over the past decade and is one of the highest among OECD countries.

The government's trade and development policy from 2013 – *A World to Gain: a New Agenda for Aid, Trade and Investment* – cements a significant policy reorientation that was started in 2010 and reflects commitments set out in the 2012 coalition agreement. The development co-operation budget is subject to frequent parliamentary debate and a high level of scrutiny. Traditionally a very generous donor, each year from 1975 to 2012 the Netherlands exceeded the United Nations target of allocating 0.7% of its gross national income (GNI) to official development assistance (ODA). Although ODA dropped below 0.7% ODA/GNI in 2013 and 2014, it recovered slightly in 2015. Provisional figures for 2016 indicate 0.65% ODA/GNI. Recent budget projections indicate steep cuts in ODA volumes and percentages, however, dropping by a third to 0.46% ODA/GNI in 2019.

Crises in Syria and other regions have contributed to a dramatic increase in the number of refugees and asylum seekers arriving in the Netherlands. Arrivals almost doubled from 2014 to 2015, before stabilising in 2016. The government mounted an impressive and rapid response, but the associated costs have put further significant strain on the ODA budget.

Sources

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The DAC's main findings and recommendations

1 Towards a comprehensive Netherlands' development effort

Indicator: The member has a broad, strategic approach to development and financing for development beyond aid. This is reflected in overall policies, co-ordination within its government system, and operations

Main findings

The Netherlands is a relatively small but influential member of the international community. The Dutch approach to development co-operation, particularly its commitment to innovation, has played a key role in building the Netherlands' international stature.

The Netherlands has carved out a niche for itself in a changing global context in which a number of emerging countries are increasingly influential. It is a global leader – backed up by its full political, financial and moral weight – on a few well-defined issues, notably sexual and reproductive health and rights, gender equality and responsible business practices. It uses its membership of the European Union (EU) and United Nations to amplify its voice and drive change.

Both the Dutch government and Dutch society have embraced the 2030 Agenda for Sustainable Development, recognising the universality and inter-dependence of the associated goals and targets, and the implications for development co-operation.

Robust co-ordination structures are in place across government to implement the 2030 Agenda, and to reduce incoherence between national or EU policies and the Netherlands' international development objectives. Progress is reported annually to parliament. Impressive steps have been taken to improve policy coherence for development in areas of trade, taxation, health, food security, global value chains, investment protection, climate change and remittance costs. Cross-government action plans are proving to be excellent instruments to sustain momentum and build awareness of policy coherence and the 2030 Agenda. It will be important that these plans remain responsive to a rapidly changing policy environment.

With the establishment of a single cabinet-level ministerial post covering both trade and international development, the Netherlands has created new opportunities to link its aid, trade and investment objectives. It advocates in international trade fora for measures to respond to the needs and interests of developing countries, and has broadened its bilateral engagement with developing countries to include political, trade, security and development dimensions.

The Netherlands is willing to be creative and to take risks in order to attract development finance from a variety of sources, in keeping with the 2015 Addis Ababa Action Agenda on Financing for Development. The government has invested in various mechanisms to strengthen the role of the private sector in development co-operation, to promote corporate social responsibility and to encourage investment in fragile states. Where official development assistance (ODA) is used to catalyse other finance, the Netherlands should ensure that development objectives are given precedence over other interests.

Significant volumes of private finance flow from the Netherlands to developing countries. It is home to a number of multinational companies and finance institutions, including Europe's largest development bank, FMO. Although FMO is majority-owned by the public sector, all its operations are reported as private flows and the public finance contribution cannot be separately identified. It is difficult therefore to assess how the FMO portfolio is complementing Dutch development programmes.

The Netherlands is committed to meeting its share of international climate finance commitments from both public and private sources. This share is expected to rise to EUR 1.2 billion per year in 2020. The government's coalition agreement requires public climate finance to be reported as ODA and has set a maximum limit for the ODA budget. This means that fluctuations – in both the share of the development co-operation budget reported as climate finance and the volume of private climate finance – undermine the predictability of the rest of the ODA budget.

Recommendations

1.1 The Netherlands should do more to clarify and communicate how it plans to meet its international climate finance commitments, including a) increasing climate mainstreaming within development co-operation programmes; and b) using concessional finance to mobilise investment from all sources.

1.2 The Netherlands should continue to improve the reporting of its official development finance beyond ODA, in particular finance linked to FMO.

2 The Netherlands' vision and policies for development co-operation

Indicator: Clear political directives, policies and strategies shape the member's development co-operation and are in line with international commitments and guidance

Main findings

The Netherlands' 2013 policy for aid, trade and investment, *A World to Gain*, clearly communicates the government's priorities and policy positions under three objectives: poverty eradication, sustainable development and increased trade for Dutch companies. The policy is regularly referred to in guidance documents and it shapes strategic choices. It is kept up to date through policy letters to parliament.

While implementation of the aid, trade and investment policy is largely the role of the Dutch Ministry of Foreign Affairs, a number of government departments and agencies play an important role and the policy is well understood and supported across the Dutch government and regularly debated in parliament and in the political arena. In the absence of legislation other than annual budget laws, however, both the policy and budget are vulnerable to change.

Within the sustainable development and poverty eradication objectives of the policy, there is a strong focus on four themes – water, sexual and reproductive health and rights, food security, and security and the rule of law. Bilateral and multilateral ODA and political engagement are aligned to these themes, which build on the experience and skills of Dutch businesses and knowledge institutions. Steps have been taken to join up the themes, but more work is needed to integrate the thematic work, in the spirit of the 2030 Agenda, in a way that adds up to more than the sum of its parts.

The Netherlands has invested heavily in evaluation, knowledge and learning but it is not clear that the resulting evidence is driving decisions on budget allocations and partnerships. Budget holders in the ministry do not use standard funding criteria and there is no clear guidance on how resources should be shared across the three objectives of *A World to Gain.*

A World to Gain stresses the importance of partnership and identifies 15 partner countries for the Netherlands. However, the context and preferences of partner countries are not identified as the point of departure for development co-operation. Budgets are increasingly managed from the Netherlands, with limited opportunities for national governments to input into decisions. This is in contrast to the Netherlands' leadership role in the Global Partnership for Development Effectiveness and the emphasis in Agenda 2030 on building developing countries' own capacity. While the Netherlands' efforts to broaden bilateral dialogue beyond development co-operation reflect the 2030 Agenda, this should not be at the expense of development objectives or the ownership of development programmes by partner countries.

A World to Gain recognises the importance of addressing the root causes of poverty and inequality and the Netherlands has consistently championed gender equality, climate change and the role of the private sector. Guidance and tools have been developed to encourage all staff to consider these issues in all policies and programmes. However progress in implementing the guidance remains uneven. Continued attention to these issues will be important.

New ways of working have drawn attention away from *A World to Gain's* first policy objective of poverty eradication. A new policy on inclusive development offers an opportunity to ensure that inequality and exclusion remain prominent in the Netherlands' bilateral and multilateral efforts, particularly in multi-stakeholder partnerships involving the private sector.

The Netherlands has a strong focus on security and the rule of law in fragile situations, where funding instruments and technical assistance are backed up by defence and diplomatic resources. Its robust but flexible approach, which reflects international principles and good practice, allows its partners to engage along the spectrum from humanitarian assistance to longer-term development, as appropriate to the context. Sustaining this approach will require continued support for a range of funding instruments and devolved decision making in risky environments.

Recommendations

2.1 The Netherlands should explore ways to further weave the various strands of its development co-operation programme into a coherent narrative which continues to place due emphasis on poverty eradication and leaving no-one behind.

2.2 The Netherlands should develop, communicate and apply a clear rationale and funding criteria for its bilateral allocations and partnerships, in order to mitigate the impact of fluctuating budgets on its partnerships.

3 Allocating the Netherlands' official development assistance

Indicator: The member's international and national commitments drive aid volume and allocations

Main findings

Historically the Netherlands has been a generous and predictable donor with a strong poverty focus and good adherence to the aid effectiveness principles. However, the shape and scale of Dutch development co-operation has changed over the review period.

Three decisions by the coalition government have, taken together, affected both the volume and predictability of Dutch ODA: the introduction of a ceiling on ODA; budget cuts rising to EUR 1 billion per year; and the requirement to report all eligible climate finance and refugee costs as ODA.

Every year between 1975 and 2012, the Netherlands exceeded the United Nations target of allocating 0.7% of gross national income (GNI) to ODA. However, in 2013 and 2014, the ODA/GNI ratio dropped below 0.7%. Although it rose again to 0.75% in 2015, preliminary figures for 2016 indicate a drop back to 0.65%. Budget projections sent to parliament flag further steep cuts in ODA for the period 2017 to 2019. This presents a risk for the Netherlands' international reputation and the sustainability of the development gains achieved through Dutch support.

Allocations of the Netherlands' bilateral ODA are consistent with the thematic priorities identified in *A World to Gain.* There has been a shift towards centralised tenders, with a stronger role for Dutch business and knowledge institutions. This, together with sharp increases in in-donor refugee costs in 2014 and 2015, has reduced the share of bilateral ODA specifically targeted at recipient countries (country programmable aid).

While *A World to Gain* has a stated intention to increase allocations to 15 partner countries, this is less evident in actual allocations. A large and increasing share of grants is open to countries other than the 15 partner countries. In some cases, over 60 countries are eligible for funding. Just over 11% of total bilateral ODA was directly channelled to least developed countries (LDCs) in 2015. When both bilateral and multilateral ODA are considered, funding to LDCs in 2015 represented 0.14% of gross national income (GNI), an increase from 0.13% in 2014 but below the UN target of 0.20%.

Analysis of the programme's geographic focus is hampered by a lack of country-level data, on both ODA and other financial flows from the Netherlands, reported to the OECD. For example, almost 82% of bilateral ODA in 2015 could not be allocated by country income group, which may affect the reporting on LDCs. This incomplete data limits the extent to which the Dutch and partner countries' parliaments can have full oversight of Dutch ODA. It also hampers efforts by Dutch embassies to shape and leverage the full Dutch aid and trade portfolio at country level.

The Netherlands is an important multilateral donor, displaying many elements of good practice. Although funding to multilateral bodies has reduced, cuts were managed and communicated in a timely manner. Allocation decisions are based on scoresheets and joint donor assessments, both shared with the Dutch parliament. Multilateral grants are increasingly earmarked to Dutch thematic priorities and linked to Dutch interests. It will be important to protect core funding to agencies in order for the Netherlands to realise its stated intention to engage strategically in the reform and governance of the multilateral system.

A *World to Gain* emphasises the importance of broad and diverse partnerships. A quarter of Dutch bilateral ODA was channelled to and through civil society organisations in 2015, reflecting a target set by the Dutch parliament. A smaller proportion, 7% of bilateral ODA, is channelled to and through the private sector.

Reflecting its leadership on gender equality, 60% of bilateral allocable ODA, EUR 2 billion, was targeted to gender equality in 2015, well above the DAC average. Almost one-third (30%) of bilateral allocable ODA in 2015 was targeted to climate change and 15% to the environment. However, these amounts have fluctuated considerably in recent years.

Recommendations

3.1 The Netherlands should halt the decline in its ODA and renew efforts to deliver 0.7% GNI as ODA.

3.2 In line with its commitments to transparency and accountability, the Netherlands should identify the recipient country in relevant ODA reporting.

3.3 The Netherlands should maintain its levels of core support to multilateral organisations to allow it the credibility to engage strategically in relevant multilateral governance structures.

4 Managing the Netherlands' development co-operation

Indicator: The member's approach to how it organises and manages its development co-operation is fit for purpose

Main findings

Innovation and flexibility have become the hallmarks – and the prized assets – of Dutch development co-operation. The Netherlands continues to push boundaries, whether through the aid to trade policy agenda or through innovative partnerships and funding mechanisms. At the same time, it has recognised the need to further professionalise its institutional set-up, creating a more integrated system for delivery and performance. It has, for example, established dashboards to improve the flow of management and organisational information.

The Netherlands has adapted its business model and institutional structures to the new policy framework. Co-ordination across government, for example on the Sustainable Development Goals, works well. However, the resource-constrained environment means the Netherlands now needs to take stock of its structure and how it is organised to deliver effective development co-operation. Three elements warrant particular attention: the role of the embassies, strategic workforce planning, and managing change.

Only 10% of Dutch ODA is channelled through embassies, including priority countries. More and more funding is directed to instruments and tenders originating from the Hague. Even if these flows benefit priority partner countries, they are not captured in the country multi-annual strategic plans.

Whilst mechanisms have been established to improve co-ordination between headquarters and the field – for example, rules of engagement protocols – embassies and their country partners struggle to obtain a full picture of Dutch activity, including its development bank (FMO) investments. This inevitably means missed opportunities for maximising impact and sustainability, as also observed by the Policy and Operations Evaluation Department (IOB). Preparing the next generation of country plans offers an opportunity to reflect on the role, resources and influence of Dutch embassies in the overall structure.

Human resources in Dutch development co-operation are also under strain, undermining morale and continuity. Many long-standing development experts, for example, will soon be retiring. Permanent staff are being replaced by temporary staff. Embassies have little flexibility to adjust their complement of specialist skills according to need or context. Local staff are increasingly relied upon, but have access to limited promotion and other career opportunities.

Progress has been made to improve access to and use of data on human resources. However, the Netherlands will need to reflect – through strategic workforce planning – on the skill sets required to respond to new policy priorities and ways of working, particularly for managing new partnerships.

In line with the overarching "modernising diplomacy" agenda of the Ministry of Foreign Affairs, the Netherlands will need to find new ways of responding to country contexts and allocating staffing capacity. There may, for example, be further potential to draw on expertise across government and develop more regional approaches.

The combination of policy re-orientation, budgetary pressures, the demands of the tender-driven approach and heightened scrutiny of aid has increased pressure on the workforce. Staff surveys confirm that stress levels are high and not all staff see clearly how they contribute to the overall vision and strategy. As the Netherlands reviews or refines its organisation and management, it should focus squarely on delivering the best possible development impact with available resources, managing workloads, and supporting staff with clear guidance and performance management.

Recommendations

4.1 The Netherlands should enhance the role of embassies in 'partner countries', including through delegated funds, in order to increase the effectiveness and sustainability of Dutch investments.

4.2 The Netherlands should improve its internal communications, so that staff – including locally employed staff – are clear on how they are contributing to the overall vision for development co-operation and are well equipped to do so.

4.3 The Netherlands should find new ways of creating a flexible and agile workforce, with the skills to pursue policy priorities and new ways of working, addressing gaps and stress points identified in the new strategic workforce planning processes.

5 The Netherlands' development co-operation delivery and partnerships

Indicator: The member's approach to how it delivers its programme leads to quality assistance in partner countries, maximizing the impact of its support, as defined in Busan

Main findings

The Netherlands is seeking to add flexibility, ensure policy relevance, and identify synergies across portfolios in its budgeting and programming. A number of initiatives are encouraging this. Portfolio reviews seek to compile and take stock of activities across themes and countries. A robust programme appraisal and "quality at entry" process enhances the policy relevance and quality of programming. The four-year, budgeted multi-annual strategic plans offer embassies and partner countries medium-term predictability and context specificity. These are to be extended beyond the 15 partner countries. Risk analysis in country programmes is comprehensive.

However, the Netherlands is not striking the right balance between being innovative and flexible, and predictable and responsive. The centrally-driven tender approach is attracting a range of Dutch businesses, universities and other non-government organisations. It is delivering a number of innovative funding models to tackle big development challenges. However, it comes at the expense of commitments to development effectiveness, as demonstrated in worsening scores on some indicators in the 2016 global monitoring report by the Global Partnership for Effective Development Co-operation.

Firstly, the approach inevitably leads to a fragmented programme which is both difficult to manage internally and complex for external partners to navigate. Secondly, it reduces attention to using and building partner country systems, which are key for long-term sustainability. Thirdly, embassy plans offer only a partial view of Dutch activities in the country, weakening mutual accountability between the Netherlands and its partner countries. Finally, the explicit objective to internationalise Dutch business risks eroding the country's historically high levels of untied aid. The next planning cycle should seek to redress these imbalances.

At the same time, the Netherlands is enhancing its reputation for strong partnership approaches, epitomised by the "Dutch Diamond" approach, which mobilises all sectors of society into multi-stakeholder partnerships and alliances, drawing on the respective strengths of the private sector, academia and civil society. It promotes greater harmonisation with other donors through, for example, EU joint programming.

The Netherlands has stepped up investment in knowledge platforms and has developed a range of ODA instruments intended to increase private sector investment in developing countries and to strengthen the role of the private sector in development co-operation. Experience built up over many years provides rich knowledge with which the Netherlands can further refine its partnerships with the private sector and knowledge institutes and assess their added value. In particular, there is further scope to reduce the number of funding instruments and to ensure that programmes reflect partner countries' priorities.

The nature of the Netherlands' relationship with civil society has changed over this review period. There has been a push to preserve the independence of civil society organisations (CSOs) in relation to government spending, and therefore to move away from core funding. Instead, CSOs can compete for grants from the ministry in each of the thematic areas. In addition, a new and innovative policy framework includes a budget for CSOs to engage in "dialogue and dissent". The DAC can usefully learn from this, and other related donor initiatives that seek to address the shrinking space for civil society globally.

Recommendations

5.1 To increase impact and avoid further fragmentation and dispersion, the Netherlands should review and rationalise its instruments and tenders, particularly in its approach to private sector development.

5.2 To meet its commitment to development effectiveness, the Netherlands should:

1) include all programmes and funds benefiting partner countries in country strategies and formally agree those strategies with the countries, to enhance predictability, transparency and accountability

2) increase the use of or strengthening of partner country systems

3) continue to untie aid.

6 Results and accountability of the Netherlands' development co-operation

Indicator: The member plans and manages for results, learning, transparency and accountability

Main findings

The Netherlands has built on improved results reporting noted in the last peer review and is developing a more robust results culture. It is now emphasising the use of results in learning and decision making, and improving its communication of results. This is to complement the already strong accountability for results in parliament. It is rectifying problems associated with fragmentation of results information. It is also investing in the structures and systems for results-based management, though this is still work in progress.

At the heart of this effort is the introduction in 2016 of an ambitious new corporate results framework, built around 15 indicators aligned with the Sustainable Development Goals. This should also improve alignment with partner country results frameworks, as long as the indicators to be used at country level are negotiated with partner governments through the multi-annual strategic plan process.

In the future, budgets will also be influenced by the results framework. During this transition, the Netherlands should retain the flexibility to focus on long-term development gains and not just short-term targets. It is well placed to keep this focus given its impressive use of theories of change to underpin its priorities. Disaggregated indicators and data would also create stronger incentives for the Netherlands to focus on the poorest, most vulnerable and furthest behind.

The Netherlands' robust evaluation system is more established than the results system. The evaluation system covers policy and operations, process and impact, and a range of interests and needs. The Netherlands' Policy and Operations Evaluation Department (IOB) is an example of a world-class independent evaluation unit. Significant investments in knowledge platforms and partnerships also add to the impressive evidence base available to the Netherlands.

There is, however, scope to improve how this body of evidence is used to encourage learning and inform decision making. It is not clear, for example, how evaluation findings are systematically followed up or contribute to new policies and strategies. There could be more awareness of the knowledge platforms in partner countries, and stronger connections made with partner country initiatives and researchers. More broadly, the Netherlands will need to continue to ensure that systems are fit for purpose for capturing and sharing knowledge across the organisation, building connections within and across themes and teams.

The external face of the development programme is becoming more open. The Netherlands' transparency performance is improving, and it has a very strong commitment to using the International Aid Transparency Initiative for activity and results reporting. The Ministry of Foreign Affairs is experimenting with more interactive ways to present results information to the Dutch public and parliament.

The Netherlands has also developed a communications action plan tailored to various audiences according to influence and interest. Whilst this is a positive development, resources for development education have been cut. Development education is no longer included in school curricula or in civil society grants. Opportunities are therefore being missed for engaging with other ministries and partners to raise development awareness at home.

Recommendations

6.1 To improve learning, and to better inform decision making, the Netherlands should:

1) improve systems for managing for results so that results information can be used to steer the programme

2) disaggregate data to support Dutch commitment to inclusion and leaving no-one behind

3) sustain the commitment to knowledge generation, and better connect Dutch knowledge partners with their counterparts in the field to increase the use of evidence.

6.2 The Netherlands should invest in development education to improve development awareness and support, in line with the Netherlands' strong commitment to global issues.

7 The Netherlands' humanitarian assistance

Indicator: The member contributes to minimising the impact of shocks and crises; and saves lives, alleviates suffering and maintains human dignity in crisis and disaster settings.

Main findings

Humanitarian assistance is a policy priority for the Netherlands. The weight given to the humanitarian programme has been matched by a significant budget increase since 2014, making the Netherlands a key humanitarian donor globally.

The Netherlands' whole-of-government efforts and flexible multi-year funding leave it well placed to confront complex crises in which humanitarian aid, development assistance, migration policies and statebuilding are closely bound. Structured policy work has also allowed some new tools to be developed, such as cash response, transparency and innovation, all of which are in line with global priorities set out at the 2016 World Humanitarian Summit.

The Netherlands deepens its influence on the global humanitarian landscape through interacting with other co-operation actors and participating on the boards of multilateral organisations. The Netherlands also has a clear early warning system and a functioning civil-military co-ordination mechanism.

The Netherlands' ambitions in humanitarian aid are also matched by new funding mechanisms. Notably, the Dutch Relief Fund has become the Netherlands' high-profile vehicle for mobilising its humanitarian aid. This fund enables the Netherlands to provide flexible and multi-year humanitarian funding to its partners, in addition to the core funding it provides through its regular humanitarian budget.

In securing funds for the non-governmental organisations (NGOs) within the Dutch Relief Fund, the Ministry of Foreign Affairs has helped to build a solid consortium of Dutch NGOs – the Dutch Relief Alliance – that is stable enough to fundraise outside the Netherlands. The Netherlands should be commended for crafting a partnership model that promotes co-operation and is based on each member's added value.

The Netherlands' credibility as a major donor was further strengthened when it deployed regional field advisors to East Africa and the Middle East to assess needs, liaise with its partners and monitor projects. The Netherlands is encouraged to use this new field expertise to strengthen its context analysis and knowledge, for example in assessing local response capacity.

All this impressive work in shaping a better humanitarian response is at risk, however. The system built around the Dutch Relief Fund remains fragile and is not yet rooted in the Netherlands' humanitarian policy. Additionally, it is not underpinned by predictable funds.

The Netherlands should protect its humanitarian response system in order to remain a trusted and predictable partner. One way of ensuring the continuation of the Dutch Relief Fund model would be to update the 2012 humanitarian policy *Aid for People in Need* to anchor the funding and the need for a field presence, in a solid framework.

An updated strategy would also make the case for innovative initiatives such as a recent proposal for a humanitarian data centre to enhance humanitarian transparency. The strategy should clarify the role of humanitarian assistance in complex crises to be clear that where humanitarian aid, development co-operation and migration are interlinked, humanitarian assistance cannot address the root causes of conflicts and migrations.

The adherence by the Netherlands to many good humanitarian donorship principles, such as providing mostly core funding or softly earmarked funding to its partners, makes it challenging to communicate to parliament or the general public the results achieved by its humanitarian aid. Being clearer about how humanitarian funds are spent is key for building political and public support. The Netherlands should therefore take advantage of its key role as a humanitarian donor to develop, notably with its multilateral partners, a more strategic approach to communication.

Recommendations

7.1 The Netherlands should update its humanitarian policy to consolidate its work on humanitarian innovation and secure the Dutch Relief Fund and field presence in a solid framework.

7.2 The Netherlands should develop communications strategies with the partners to whom it provides core funding to allow better feedback on results to its domestic constituents.

Secretariat's report

Chapter 1: Towards a comprehensive Netherlands' development effort

Global development issues

The Netherlands takes a broad and strategic approach to international development, which is increasingly aligned to the 2030 Agenda for Sustainable Development, and responds rapidly to new opportunities and challenges. The Netherlands uses its European Union (EU) membership to promote issues of importance to developing economies within the EU and globally.

The Netherlands provides global leadership on a number of key development challenges and has embraced the 2030 Agenda for Sustainable Development

The Netherlands has a strategic approach to addressing global risks and processes that affect development. Its framework policy on aid, trade and investment, *A World to Gain* (MFA, 2013), recognises a changing global context in which emerging economies, such as Indonesia and South Africa, have leapfrogged the Netherlands to become full members of groups such as the G20, representing the world's most powerful economies.[1]

The Netherlands has worked to identify a clear niche within this new environment, using its EU membership to be an effective voice in global development debates. It has shown consistent leadership on issues such as gender equality, sexual and reproductive health, and sustainable business practices. It has demonstrated its capacity to adapt and respond to global events – such as its rapid and robust responses to the Ebola crisis in West Africa and the urgent need to improve working conditions in the garment industry in Bangladesh (Annex C). The Netherlands also responded swiftly and decisively to a recent US Presidential decision[2] to reinstate a block on US federal funding for any group that provides or promotes abortion overseas - by setting up 'She Decides', a new global initiative to raise financial and political support for sexual health and family planning.[3]

A World to Gain acknowledges the importance of global public goods and the role that the Netherlands, particularly by working through the EU, can play in sustaining them. The policy identifies a number of key public goods – trade, security and the rule of law, food security, water, climate and migration – to which the Netherlands can make a contribution with close involvement of the Dutch private sector and Dutch knowledge institutions. In focusing on these issues, the Netherlands commits to protecting both its own interests and the interests of low- and middle-income countries.

The Netherlands has played a pioneering role in linking aid, trade and investment in developing countries in a very concrete way. In doing so, the Netherlands intends to work beyond aid and beyond the use of official development assistance (ODA) in developing countries. It has a strong focus on improving the pre-conditions for trade and private sector development and for making value chains more sustainable.

The Netherlands has taken a lead in promoting responsible investment and transparency in global fora, notably in the Extractive Industries Transparency Initiative and the Kimberley Process on conflict diamonds.[4] In addition, the Netherlands is active internationally in working towards peace, security and developing an international legal order. It responds to threats such as cybercrime, terrorism, transnational crime and piracy, as well as promoting disarmament and non-proliferation of weapons of mass destruction.

A number of international courts and organisations, including the International Court of Justice, the Permanent Court of Arbitration and the International Criminal Court, are hosted by the Netherlands and the government advocates for their recognition by all states.

The Netherlands was active in negotiations leading up to the 2030 Agenda for Sustainable Development (UN, 2015). The government recognises the universal nature of sustainable development and the need for all members of society to contribute to achieving the 17 Sustainable Development Goals (SDGs) identified in the agenda. A September 2016 letter to parliament outlines an SDG implementation plan led by the Ministry of Foreign Affairs (MFA) with actions to be taken internationally and domestically by eight Dutch ministries (MFA, 2016a). Work is also underway to make sure the objectives of the Dutch development co-operation programme are geared towards the SDGs. Current thematic priorities are well aligned with Agenda 2030 and the Netherlands is actively building multi-stakeholder partnerships around the global goals. Together, the national and international response to the SDGs provides a comprehensive, unifying framework for the Netherlands' contribution to global development.

In tandem with the government's efforts, Dutch society has embraced the SDG process. As early as 2014, 70 representatives from Dutch business and civil society had signed a Dutch SDG charter.[5] The aim of the charter is to shape society's role in achieving the goals within the Netherlands, as well as to set up partnerships to overcome challenges to the goals both within the Netherlands and internationally.

Policy coherence for development

Indicator: Domestic policies support or do not harm developing countries

The Netherlands has a clearly prioritised action plan for ensuring that EU and domestic policies are coherent with its international development objectives. Co-ordination groups regularly screen both EU and Dutch policy proposals for their impact on developing countries. Having one cabinet-level minister responsible for both development co-operation and international trade has allowed the Netherlands to effectively combine its aid, trade and foreign policy resources. Good co-ordination and cross-ministry collaboration have allowed the Netherlands to make impressive progress, including improving developing countries' access to trade and medicines. This action plan now needs a clearer timeframe and better monitoring for impact on partner countries.

***A World to Gain* and an eight point action plan reflect the Netherlands' commitment to policy coherence for development**

The Minister for Foreign Trade and Development Cooperation is responsible for ensuring that policies both within the Netherlands and across the EU are coherent with the Netherlands' development co-operation objectives. Dutch commitments to such "policy coherence for development", intended to ensure that Dutch and EU policy do not harm development in low and middle-income countries, are laid out in *A World to Gain* (MFA, 2013). As an EU member, the Netherlands has signed up to five policy coherence priorities agreed by the EU in 2009 – trade and finance, food security, climate change, migration, and security (European Council, 2009).

The last peer review of the Netherlands recommended that it put in place a clearly-prioritised action plan for policy coherence for development (OECD, 2011; and see Annex A). Building on previous policy coherence work by the ministry, a 2016 letter to parliament sets out a renewed action plan which includes specific targets and criteria in eight priority areas (MFA, 2016b). These eight areas – international trade agreements, access to medicine, tax avoidance, sustainable value chains, remittance transaction costs, climate change, investment protection and food security – reflect three of the five EU priorities. The Netherlands' SDG implementation plan also recognises the role of policy coherence in achieving the SDGs (MFA, 2016a).

Co-ordination among ministries ensures coherent policies

Relevant ministries are able to co-ordinate their policies through the following groups, which meet weekly and report to parliament through the council of ministers:

- A group for assessing new European Commission proposals (the BNC), chaired by a representative of the MFA's European Integration Department, screens all proposed EU policies for their impact on developing countries.
- The Working Council on International Affairs, chaired by the Secretary General of the Ministry of Foreign Affairs (MFA), considers the international implications of Dutch policy proposals. Any concerns over policies that may harm development are brought to the attention of the Council of Ministers by the MFA.

The Netherlands' progress on policy coherence is impressive

The cabinet has over recent years submitted progress reports on policy coherence for development to the Dutch Parliament. In 2015 it was agreed with Parliament that this would be done annually. In June 2016 the first annual progress report was submitted to parliament along with the action plan. It reports on an impressive set of achievements across each of the eight priority areas (MFA, 2016b; and see Box 1.1).

A particular strength of the Dutch approach is having a cabinet-level minister responsible for both development co-operation and international trade. This allows the Netherlands to raise development issues in international trade fora[6] to which development co-operation ministers would not normally have access. It also allows them to advocate for the inclusion of least developed countries.

Box 1.1: Coherent policies in the Netherlands have increased access to medicines in the poorest countries

Collaboration between the Dutch Ministry of Economic Affairs, Ministry of Foreign Affairs and the Ministry of Health, Welfare and Sport has improved poor people's access to medicine. This collaboration allowed the Netherlands to persuade the EU to allow least developed countries to continue to produce and market cheaper generic medicines. In November 2015, the EU supported the renewal until 2033 of the least developed countries' exemption from pharmaceutical obligations under the trade-related aspects of intellectual property rights (TRIPS) agreement. In addition, the Netherlands made a strong case to the UN Secretary-General's High Level Panel on Access to Medicines to support developing countries' needs.

Source: "OECD DAC peer review: memorandum of the Netherlands", unpublished, Ministry of Foreign Affairs of the Netherlands, The Hague.

Corporate social responsibility is promoted by the government and has become a requirement for access to government finance. Much effort has gone into promoting responsible business practices, in particular in value chains most relevant for developing countries (e.g. cocoa, coffee, cotton, tea and palm oil). The government has worked closely with Dutch and foreign stakeholders (sector associations, companies, labour unions, NGOs and government) to promote voluntary agreements on international corporate social responsibility. In July 2016, a Sustainable Garment and Textile Sector Agreement, the first of its kind, was signed. This was followed in October 2016 by a Dutch Banking Sector Agreement on international responsible business conduct regarding human rights. Several similar agreements are in the pipeline e.g. on banking, timber and flowers. It will be important to monitor the effectiveness of these voluntary agreements, and to ensure they are accompanied by suitable accountability mechanisms and used, as necessary, in association with other measures, including legislation.

The Netherlands' solid performance on trade policy is acknowledged in the 2016 Commitment to Development Index, which ranks the Netherlands top for trade policies out of the world's 27 richest countries. It is ranked joint seventh in the overall index, which considers aid, trade, finance, migration, technology, security and environment (Centre for Global Development, 2016). The Netherlands scores less well on finance, however, falling to 20th place. This is consistent with recent OECD assessments[7] which noted shortfalls in the Netherlands' financial support and actions for tackling bribery and corruption. Subsequent monitoring reports have noted that the Netherlands has taken positive steps to improve this situation (OECD, 2013a; OECD, 2014).

In Bangladesh, the Dutch Embassy has tackled policy incoherence issues pragmatically and effectively through a variety of channels (Annex C). For example, Dutch-funded development co-operation projects found that EU shipbreaking rules and food safety standards were hindering Bangladesh exports. The embassy raised these concerns at EU level through colleagues in Brussels.

Better monitoring and a clear timeline are now needed

The Netherlands' impressive efforts on policy coherence for development would be strengthened further if there was a timeframe for implementing the action plan, and if the underlying analysis was periodically updated. In addition, the relevance and impact of the new action plan in partner countries is not systematically monitored, which may cause a mismatch between efforts by embassies and in headquarters, and missed opportunities in the overall policy coherence for development effort.

Financing for development

Indicator: The member engages in development finance in addition to ODA

A significant volume of public and private finance flows from the Netherlands to developing countries, particularly through the Dutch development bank, FMO. The government actively uses public funds to bring on board additional development finance from the private sector and from domestic resources. It has developed a number of instruments to harness this potential. However, data gaps mean it is not yet possible to measure the full extent to which Dutch public finance is attracting additional finance, or how these funds are contributing to sustainable development or poverty reduction.

Significant amounts of Dutch public and private finance reach developing countries

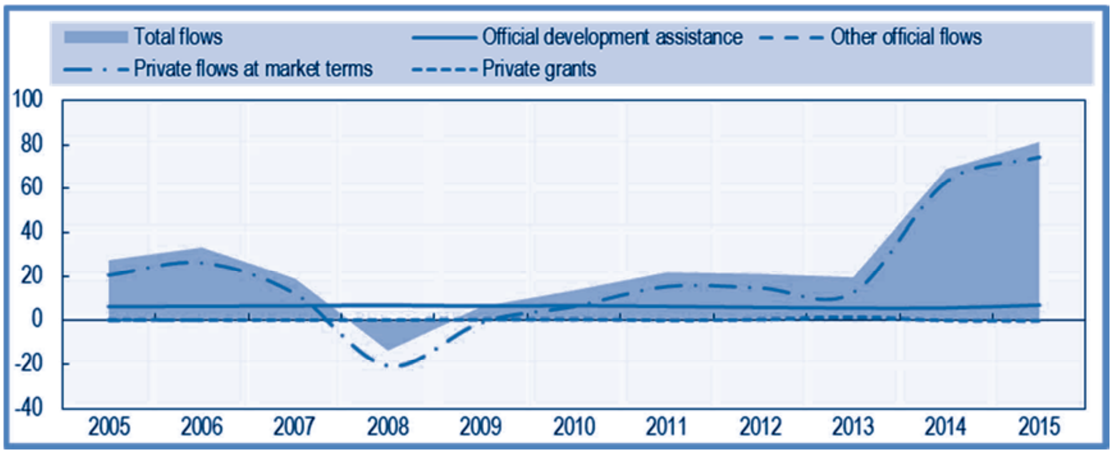
Private financial flows from the Netherlands to developing countries have grown rapidly in recent years despite the global financial crisis (Figure 1.1). In 2015, reported private finance at market terms from the Netherlands to developing countries reached USD 60 billion, ten times the size of the Dutch ODA budget (Annex B; Table B1). Total remittances sent home from the Netherlands by immigrants from developing countries were estimated at USD 10 billion in the same year (World Bank, 2015). The importance of reducing the costs of sending these remittances is noted in the policy coherence for development action plan (MFA, 2016b).

A World to Gain explicitly aims to attract Dutch investors to developing countries (MFA, 2013). The combined aid and trade agenda has changed the character of the traditional economic and trade missions that the Netherlands' government undertakes together with, and in support of, the Dutch private sector. More of these missions have targeted low-income countries (including the West-African countries hit by Ebola), and issues like sustainability and labour rights feature more prominently on their agendas.

With a committed portfolio of EUR 9 billion at the end of 2015 spanning 85 countries, the Netherlands' Entrepreneurial Development Bank (FMO) is a very significant source of development finance. The bank, which was established in 1970 and is 51% owned by the Dutch government, invests in businesses in developing countries and emerging markets and mobilises private finance for development. Under an agreement with the Dutch government, 70% of FMO business must be in low-income countries and lower middle-income countries, at least 35% of which must be among the 55 poorest countries on the World Bank country list.[8] FMO's 2015 annual report notes that the bank's actions have increased new business in some difficult and poor countries, including Pakistan, Myanmar and Congo (FMO, 2016).

Figure 1.1 Dutch private sector investment vastly exceeds aid in developing countries

Net resource flows to developing countries, 2005-15, Netherlands



Note: Data on other official flows to developing countries are not available from 2007.

Source: OECD DAC; www.oecd.org/dac/stats - see Table B.1 in Annex B

The Netherlands has been active in using ODA to support taxation and attract private climate finance

The Netherlands has blazed a trail in exploring the potential for ODA to bring on board additional development finance by mobilising domestic resources, supporting taxation and working with the private sector in partner countries.

The Netherlands promotes fair tax regimes to increase developing countries' own income. It also supports stronger international co-operation for tackling tax avoidance. The OECD's 2013 Tax Transparency review rated the Netherlands as "largely compliant" for its domestic tax policies (OECD, 2013a). By September 2016, the government had agreed bilateral tax treaty changes with anti-abuse provisions with four developing countries, and talks were underway with another 15. The Dutch Presidency of the EU in 2015 oversaw agreements on tax evasion and country-by-country reporting between tax services. In addition, the Netherlands has advocated for, and provided financial resources for, the participation of developing countries in fora such as the OECD's Base Erosion and Profit Shifting project. The Netherlands also championed the 2015 Addis Tax initiative[9] and committed to double its financial support to tax administrations in developing countries.

The majority of the Netherlands' international climate finance is currently public finance and reported as ODA. Efforts are underway to use this money to attract private climate finance and to track it. The Dutch Court of Audit estimated in 2012 that the Netherlands' share of international climate finance[10] from both public and private sources would be EUR 1.2 billion/year in 2020 (MFA, 2015b). A growth path for meeting climate finance commitments was approved in 2014, indicating an increase in total Dutch climate finance from EUR 340 million/year in 2014 to EUR 660 million/year by 2017. In 2015, preliminary public climate expenditures of EUR 428 million mobilised an additional EUR 73 million of private finance. Projections for 2016-2018 suggest a lower level of public finance - EUR 388 million in 2016 and EUR 402 million in 2017 - to be offset by an anticipated increase in private finance to EUR 200 million in 2016 and EUR 300 million in 2017 (MFA, 2015c). The projections include preliminary ideas on how this significant increase in private climate finance might be achieved.

A range of instruments and initiatives encourage private investment in developing countries

The Netherlands has promoted and enabled a strong role for the private sector in development co-operation for over a decade. This pioneering work could yield important gains for developing countries, as well as lessons for other countries. A number of evaluations and reviews have been completed but do not yet provide a clear picture of the impact and added value of Dutch private sector development funding, and how risks are being managed by all involved.

Several ODA instruments are designed to mobilise private finance, improve the business environment in partner countries and promote responsible business practices in developing countries. For example, some funds are designed so that the government takes the first loss in difficult environments, particularly fragile states. This reduces risk and attracts other investors. Financial support is complemented by technical assistance, capacity building and knowledge sharing.

Several instruments are managed by the Netherlands Enterprise Agency (RVO) and a one-stop shop has been set up to make it easier for businesses both in the Netherlands and in developing countries to access RVO's funding and advice. The Dutch Good Growth Fund – a flagship mechanism introduced by *A World to Gain* – provides financial services to both Dutch and local small and medium enterprises in emerging markets and developing counties. It is a revolving fund of EUR 750 million, funded from the MFA budget in 2014-2016. Funds which are earmarked for Dutch enterprises are not reported as ODA. FMO manages three investment funds for the MFA aimed at increasing financial inclusion, infrastructure investment and access to energy in developing countries.

The Netherlands also contributes to joint donor initiatives for private sector development and investment. These include the Private Infrastructure Development Group, the International Finance Corporation, Conflict Affected States in Africa Initiative, and a Currency Exchange Fund, which it finances along with the German government. A selection of these partnerships is documented in a country case study as part of a recent OECD DAC peer learning exercise on private sector engagement (OECD, 2016b).

More can still be done, however, to consolidate the private sector engagement portfolio so as to reduce fragmentation and reinforce development objectives (IOB, 2014; and see Chapter 5). Continuing monitoring, reflection and adaptation will be important. Further, there is scope for the Netherlands to draw on its experience of aid effectiveness at country level and ensure that these instruments are responding to country needs, building local ownership and strengthening country systems in a sustainable manner.

Reporting of total development resources is improving, but remains incomplete

Since the last peer review, the Netherlands has improved its reporting of ODA and non-ODA finance. However, there is still room for improvement. As evident from Figure 1.1, total financial flows from the Netherlands to developing countries far outweigh ODA, but incomplete data – such as on other official flows – make further analysis difficult. FMO's operations are included in the total private flows to developing countries, mainly as foreign direct investment, and are not separately identifiable. The full extent to which ODA and other public funds have brought on board private development finance has not been tracked.

However, the government has begun to address this. As mentioned above, international climate finance reporting has included private finance since 2015 and the Dutch Good Growth Fund estimates that EUR 187 million in loans, shares, insurance and guarantees generated private sector contributions of EUR 618m.[11]

The Netherlands provided information on a limited number of transactions to the OECD private sector mobilisation survey in 2015 (Benn et al., 2016). This included USD 680 million for the period 2012-14, recorded as syndicated loans through FMO. For the subsequent 2017 private sector mobilisation report, FMO has provided additional information on equity, guarantees and loans which will allow some additional analysis.

The Netherlands reports to the United Nations Framework Convention on Climate Change on its international climate finance both through the OECD and the EU Monitoring Mechanism Regulation.[12]

Notes

1. The Netherlands is regularly invited to G20 meetings. As of end 2016, the Netherlands is participating in the G20, invited by Germany as the current G20 president.

2. A US Presidential Memorandum of 23 January 2017 reinstated the Mexico City Policy of 2001 which blocks US federal funding for non-governmental organisations that provide abortion counselling or referrals, advocate to decriminalise abortion or expand abortion services. The 2017 Presidential Memorandum extends this ban to global health assistance furnished by all US departments or agencies www.whitehouse.gov/the-press-office/2017/01/23/presidential-memorandum-regarding-mexico-city-policy.

3. See for example press releases on Ebola response and response on abortion funding at www.government.nl/topics/ebola/contents/action-taken-by-the-netherlands-and-the-international-community-to-tackle-ebola, www.government.nl/latest/news/2017/01/25/ploumen-urges-international-fund-for-safe-abortion and www.shedecides.com/

4. The EU and its member states acts as one of 54 parties to the Kimberley process and chaired the process in 2016. See www.kimberleyprocess.com

5. Netherlands Sustainable Development Goals Charter, see http://sdgcharter.nl

6. Examples include the Transatlantic Trade and Investment Partnership; World Trade Organization, particularly on trade-related aspects of intellectual property rights; and EU discussions on Economic Partnership Agreements.

7. A 2011 mutual evaluation report under the Financial Action Task Force (FATF) identified a number of deficiencies in Dutch measures to counter money laundering and terrorist financing (www.fatf-gafi.org/documents/documents/fur-netherlands-2014.html).

8. World Bank country classifications are updated on 1 July each year, based on the estimate of their GNI per capita for the previous calendar year. See the most recent list at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups

9. For more information see OECD base erosion and profit shifting (www.oecd.org/tax/beps/) and Addis Tax Initiative (www.addistaxinitiative.net/)

10. At the 2009 United Nations Climate Change Conference in Copenhagen, developed countries committed to give a total of USD 100 billion per year from all sources to help developing countries tackle climate change. This was referred to in the 2015 Paris climate agreement (see https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf). The commitment takes effect from 2020. The share of each party to the agreement is currently being negotiated. The Dutch figure will be updated under an EU burden-sharing agreement.

11. The timeframe over which this private finance was brought in by the Dutch Good Growth Fund, and how much of it was leveraged by ODA, is not specified.

12. The EU adopted an enhanced reporting framework on climate finance in 2013. The EU Monitoring Mechanism Regulation requires member states to submit annual reports on financial support, capacity building and technology transfer activities to developing countries based on the best data available.

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Chapter 2: The Netherlands' vision and policies for development co-operation

Policies, strategies and commitments

Indicator: A clear policy vision and solid strategies guide the programme

***A World to Gain* guides the Netherlands' development co-operation programme with a clear vision and direction, set within the country's broader foreign policy and trade objectives. Theories of change are useful in shaping the Netherlands' thematic priorities, which form the backbone of the new policy. The policy introduced significant reductions in the ODA budget. The absence of legislation covering the purpose and volume of ODA leaves the development co-operation programme vulnerable in a contested political space.**

***A World to Gain* defines an aid and trade agenda for the Netherlands' engagement with developing countries**

A World to Gain: A New Agenda for Aid, Trade and Investment was issued in 2013. It gives clear direction to the Dutch development co-operation programme and international trade objectives. It places the eradication of extreme poverty alongside sustainable and inclusive growth and success for Dutch companies abroad as its three main objectives (MFA, 2013a).

The policy builds on a significant reorientation of Dutch development co-operation initiated in 2010, and starts from the premise that integrating aid, trade and investment is of mutual benefit to the Netherlands and developing countries alike. The longer term goal of Dutch development co-operation is therefore to establish stable trading partnerships. The policy sets out an approach to increasing trade and investment in 26 priority trading countries. In addition, it identifies 15 partner countries. In seven of these partner countries, an aid relationship is proposed with a greater focus on security and basic services. In the remaining eight partner countries, a transitional relationship is proposed with a combination of aid, trade and investment.

At the core of the policy are four thematic priorities: water, food security, sexual and reproductive health and rights, and security and rule of law. There are also three cross-cutting themes: gender equality, private sector development and climate change. Humanitarian assistance is included in the scope of *A World to Gain*. All these themes are consistent with the Sustainable Development Goals (SDGs) and their results and objectives are aligned with the relevant SDG targets. A theory of change has been developed for each thematic priority giving a rationale for the thematic focus and outlining a chain of logic for individual interventions. These provide useful background for each policy and are widely used by ministry staff and partners. Budget cuts were achieved by reducing contributions to multilateral organisations; withdrawing from three thematic areas - governance, environment and education - and moving away from giving core institutional grants to civil society organisations and knowledge institutions.

Over 95% of Dutch official development assistance (ODA) is managed by the Ministry of Foreign Affairs (MFA). However, by involving a number of other ministries in setting policies, implementing the thematic priorities and taking part in cross-government co-ordination, the Netherlands has been able to build support across government for development co-operation. The minister for foreign trade and development co-operation is active and engaged on policy and programme decisions. *A World to Gain* is complemented by a number of policy letters to parliament from the minister, including one on inclusive development (MFA, 2015b) and a 2014 letter on humanitarian assistance (MFA, 2014a).

The development budget is the subject of heated parliamentary debate. As the volume and purpose of ODA are determined on the basis of annual budget laws, maintaining cross-party support and policy consistency in the medium term may prove challenging.

Approach to allocating bilateral and multilateral aid

Indicator: The rationale for allocating aid and other resources is clear and evidence-based

***A World to Gain* focuses on themes and partnerships and stipulates that thematic priorities rather than funding channels should drive budget allocations. While this thematic approach brings a focus and added value for the Netherlands’ role in development co-operation, it needs to be balanced with a clearer geographic focus and a recognition of the Netherlands’ intent in shaping the multilateral system. Learning and evidence could be used more effectively in decision making related to funding instruments and partnerships.**

Dutch bilateral ODA is primarily allocated by priority theme

A World to Gain gives clear guidance on the allocation of bilateral ODA in line with its priority themes and cross cutting issues, but is less effective at defining a geographic focus for the programme or providing a rationale for choosing between funding instruments.

Where previously, ODA allocations were made by funding channel (multilateral, bilateral), *A World to Gain* seeks to direct funding to partnerships that are well placed to address the Netherlands’ thematic priorities, with a stronger role for the private sector.

While the policy does indicate increased allocations to the 15 partner countries identified for a transition relationship or an aid relationship[1], the country focus for economic diplomacy, multilateral partnerships, private sector development and civil society programmes is broader. In addition, the policy indicates that multi-country or regional approaches are to be supported where necessary.

In reality, the thematic approach has had far more weight in shaping bilateral allocations than any geographic focus. Large budgets have been assigned to each theme, of which only a third is decentralised to embassies. The centrally-managed thematic budgets are disbursed through global or regional partnerships and competitive grant mechanisms which are open to broad alliances of civil society, knowledge institutes, private sector or multilateral agencies. Many of these mechanisms have a broad geographic focus and some offer multi-country grants. For example, the Netherlands’ flagship gender equality fund, Funding Leadership Opportunities for Women, with a budget of EUR 93 million between 2016 and 2020, targets 97 countries, of which 48 are least developed countries. This wide portfolio and geographic spread undermines the MFA’s ability to be strategic about the countries on which it concentrates. The competitive tender process has also hampered the ability of the embassies to predict what funding would be allocated to each country in order to blend embassy and HQ resources to best effect (Chapter 4).

There is a significant body of evaluation results and evidence available that could help ensure that the Netherlands’ funding channels and instruments are balanced in relation to the level of risk and type of intervention e.g. advocacy, innovation, financing, capacity building (Chapter 6). However, it is not apparent that this evidence has been translated into guidance for staff on how to select and design funding instruments. As a result, elements such as eligibility criteria are set by each budget holder, leading to an ad hoc approach and duplicated effort. Difficult choices will have to be made in the context of shrinking resources. It will be important to review evidence and learning across the portfolio to ensure that decisions result in optimal use of limited resources.

The Netherlands' multilateral ODA is grounded in evidence and focused on priority themes but engagement could be more strategic

The 2011 peer review recommended that the Netherlands should be more focused in how it allocates funding to the multilateral organisations (Annex A; OECD, 2011). In response to this, and building on the 2011 multilateral strategy (MFA, 2011), a 2015 letter to parliament established that the Netherlands would allocate multilateral ODA in a way that supports the main development themes and improves the effectiveness of the multilateral system and its individual agencies (MFA, 2015b). The letter highlighted those multilateral agencies and bodies that are central to the Netherlands' policy priorities, including the World Bank, International Fund for Agricultural Development (IFAD), United Nations Development Fund (UNDP), United Nations Population Fund (UNFPA), and United Nations International Children's Fund (UNICEF).

The Netherlands is active in the Multilateral Organisational and Performance Network (MOPAN) and engages bilaterally with its priority multilateral agencies through both technical discussions and the governance boards. The Netherlands encourages the multilateral agencies it supports to report on their achieved results; these results from Dutch multilateral contributions were included in the 2015 and 2016 results reports to parliament. The MFA uses its own multilateral scorecards as well as those of MOPAN to assess the performance of multilateral agencies. The scorecard process is desk-based and the scores are shared with parliament together with indicative two-year budgets. This process encourages transparency and helps to maintain political support for multilateral aid (MFA, 2015c; MFA 2015d). However, there is some duplication between the scorecards and MOPAN assessments, particularly on assessment of organisational strength. In addition, there is little evidence that the Netherlands draws on its country-level experience of multilateral effectiveness when making decisions on multilateral allocations.

Interviews with multilateral agencies and financial institutions confirmed that the Netherlands has made deliberate efforts to focus its support on priority agencies and trust funds. They also indicated that the Netherlands disburses funds on time, meets its commitments and announces funding decisions two years in advance. It does not impose any parallel reports, performance frameworks or evaluations. All of this is good practice. A number of organisations did, however, note increasing demands for tailored information on their contribution to the Netherlands' priority themes. This reporting risks adding significantly to transaction costs on both sides. A number of agencies also observed that the Netherlands actively encouraged them to involve Dutch business and Dutch knowledge institutions in their programmes.

At present, there is a risk that the Netherlands' strong focus on thematic priorities could erode its historical role in shaping the multilateral system and defining its core mandates. For example, interviewees from multilateral agencies considered that their bilateral engagement with the Netherlands was strong on thematic areas but more mixed in relation to strategic discussions on mandates or policy reviews. There will be opportunities for the Netherlands to reflect further on its strategic engagement with UN agencies and the UN system in 2017 when it will chair the Utstein[2] group and will publish an evaluation of the UN as a development channel.

There is evidence that in working with UN agencies and international finance institutions such as the World Bank, African Development Bank and Asian Development Bank (ADB), the Netherlands tries to complement multilateral and bilateral resources in delivering its thematic priorities. In Bangladesh, for example, the Netherlands effectively managed synergies and complementarities between its large contributions to an ADB water sector trust fund and its bilateral support for a 100-year delta plan (Annex C). However, embassies are not always aware of multilateral funds that are earmarked for their countries and themes and so may miss such opportunities.

The Netherlands is involved in shaping and monitoring the EU's development policy; however, unlike its funding to other multilateral agencies and institutions, it does not include results achieved through its contributions to the EU budget or European Development Fund in its annual results reports. An evaluation by the MFA's Policy and Operations Evaluation Department (IOB) of Dutch involvement in EU development co-operation between 1998 and 2012 observed that the Netherlands has emphasised improving the quality of EU development co-operation since 1999. However, it also found that Dutch perspectives on whether EU aid should align with Dutch priorities or should cover other gaps changed quite frequently (IOB, 2013a). This still appears to be the case. As these contributions represent over a tenth of a declining ODA budget (EUR 540 million in 2015), more thought may be needed as to how to best marry the Netherlands' bilateral ODA with development co-operation budgets available through the EU.

Policy focus

Indicator: Fighting poverty, especially in least developed countries and fragile states, is prioritised

The Netherlands' partner countries are mainly least developed countries and fragile states. However, a policy commitment to poverty reduction and to inclusive growth – in line with global commitments to "leave no-one behind" – is not systematically reflected in funding decisions and policy engagement. The Netherlands invests heavily in private sector development, gender equality and climate change but has struggled to develop a clear and consistent approach to ensuring these issues are integral to all its development programmes.

While eradicating extreme poverty is a Dutch policy objective, this poverty focus does not define political discourse and decision making

The eradication of extreme poverty is the first objective of *A World to Gain*. The 2012 coalition agreement also notes that "the central concern of our development co-operation policy is the world's very poorest people" (GoNL, 2012). The seven countries selected by the Netherlands for an aid relationship all have high levels of poverty and fragility. Yet despite this strong policy mandate to eradicate poverty, a focus on poverty reduction is not always apparent in Dutch funding instruments or policy engagement.

More recently, *A World to Gain*'s poverty focus has been subsumed within a broader theme of inclusive development and "leaving no-one behind", championed by the Netherlands during the SDG negotiations. A 2015 inclusive development action plan identifies technical assistance on data and taxation systems as a central strategy for reducing inequality in developing countries, combined with job creation and promoting gender equality (MFA, 2015b). It identifies a number of excluded groups to be targeted by different initiatives, such as those defined by sexual identity, disability or drug use, but is not explicit on whether there is a poverty focus within these groups. While the action plan is a useful complement to *A World to Gain*, the list of separate initiatives lacks a strong conceptual basis.

In Bangladesh, the Netherlands is investing in generating and sharing knowledge as a foundation for a trading partnership, underpinned by sustainable business practices (MFA, 2014b). At the same time, the embassy promotes participatory approaches to development and provides funding to a number of programmes which target poor and marginalised populations and vulnerable groups, such as those working in the garment industry, living in isolated Chars areas and child brides. This approach to working in a transition country reflects a renewed policy commitment to inclusive growth and the acknowledgement in *A World to Gain* that not all groups will benefit equally from economic growth. However, the country strategy is not based on a robust poverty analysis. Dutch communications and political discourse tend to emphasise linking aid and trade over the role of ODA in eradicating extreme poverty. Operational guidance, analysis and monitoring are not currently sufficient to ensure that poverty analysis underpins programme design and reporting does not disaggregate data sufficiently to assess the poverty impact. It is thus difficult to assess the extent to which the first policy objective of *A World to Gain* – eradication of extreme poverty – is being addressed.

Declining ODA could threaten the coherent Dutch approach to linking longer term development and humanitarian assistance

The Netherlands is bridging the relief-development divide in fragile states, where it advocates for a broad spectrum of support. In particular, the Middle East conflict and refugee crisis highlighted the inter-dependence between humanitarian aid, development assistance and refugee management. While maintaining high levels of humanitarian support for the region, the Netherlands advocated with the World Bank and within the EU for low interest loans and preferential EU market access for Jordan to help it host a large number of Syrian refugees. This combination of good programming and political advocacy is a positive example of coherence in linking humanitarian response with development co-operation.

An evaluation of Dutch humanitarian aid in linking relief and development, found that a mix of well-coordinated multi-sector funding instruments is necessary in crisis contexts (IOB, 2013b). It will be important to retain a balanced mix of funding to underpin the Netherlands' approach in fragile states.

The Netherlands' approach to fragile states and situations is broad and robust

In select crisis situations, the Netherlands takes a 3D approach (which combines defence, diplomacy and development). The MFA's Stabilisation Unit (Chapter 5) is tasked with oversight of this 3D approach which allows the Netherlands to ensure good co-ordination of all three aspects in fragile states. Programmes in fragile states are responsive and appropriate thanks to good institutional capacity, flexibility and clarity over how to manage risk.[3] The Netherlands' co-operation in fragile states is guided by the theory of change for security and the rule of law (MFA, 2015a). Funding that spans several years allows staff to manage risks by designing programmes that take into account changing levels and types of conflict (Chapter 5).

The Netherlands champions its cross-cutting issues well but they could be better integrated across the programme

Since the last peer review (OECD, 2011), the Netherlands has made significant progress in strengthening practices and systems for integrating its main cross-cutting issues – gender equality, climate change, private sector development – into all programmes and policy discussions. Further work is needed, however, to more deeply embed these practices, particularly in private sector partnerships and competitive tender processes.

A World to Gain does not specify any cross-cutting issues, though it does note that gender equality, climate change and private sector development are important for achieving its objectives. The status of environmental sustainability and governance is less clear as some documents continue to refer to them as priority themes.[4] The MFA appraisal tool (MFA, 2016) also includes strengthening civil society as a cross-cutting issue.

It is now compulsory for programme design to include analysis of the relevance and impact of gender equality and climate change. This is checked through appraisal tools. Climate change and gender experts are available to assist staff with the necessary analysis, design and monitoring. However, cross-cutting issues are still not always consistently considered. The ministry of foreign affairs tends to rely on thematic experts rather than make sure that all staff see it as their responsibility to ensure that these issues underpin all analysis. With so much effort invested to date, it is important that mainstreaming is understood and promoted consistently by all levels of leadership.

It is not clear that the overall approach of *A World to Gain* is mirrored in other Dutch funding instruments. The development bank, FMO, for example places emphasis on climate change and sustainability but has a less clear focus on inclusion and gender equality.

Gender equality is a defining strength; but the private sector is missing opportunities to promote women's empowerment

The Netherlands has a long-held global reputation for defending women's rights. It is the largest donor to women's rights organisations and a champion of sexual and reproductive health rights and gender-sensitive development programmes. *A World to Gain* recalls that "the government considers gender equality to be a priority in foreign policy" (MFA, 2013a) and protects gender equality, and sexual and reproductive health from budget cuts. Including gender equality in all programmes offers huge potential to pull together the different thematic strands of Dutch development co-operation. However, gender equality is still not uniformly considered, especially in private sector partnerships: "women's rights and gender equality are almost historically and virtually absent from many centrally financed private sector development programmes" (IOB, 2015).

More ODA-funded programmes need to consider the environment and climate change

The Netherlands' historically high investment in climate change has received fresh impetus in *A World to Gain* and in light of international obligations. A recent OECD Environmental Performance Review of the Netherlands, however, highlighted the need to: "ensure a strong and balanced commitment to the environment and climate within an increased volume of official development assistance, in line with international commitments (ODA and non-ODA)" (OECD, 2015).

The coalition government requires all international climate finance to be reported as ODA. This creates an incentive to ensure that existing ODA contributes to addressing climate change. However, not enough programmes and projects currently being designed are integrating climate to the extent required to meet the Netherlands' international climate finance commitments. Further efforts will be needed to ensure more systematic use of new climate analysis and mainstreaming tools which were introduced in 2016.

The political and financial pressure to address climate change has not necessarily led to any greater focus on environmental sustainability as a priority theme in itself. The Netherlands acknowledged this in a recent OECD DAC Environet survey of members (OECD, 2016a).

Clearer guidance is needed on involving the private sector in development

Harnessing the potential of the private sector to implement development co-operation and foster innovation is treated by the Netherlands as a cross-cutting issue. This is seen as particularly relevant to the need to mobilise effective multi-stakeholder partnerships in order to achieve the SDGs. In Dutch priority themes such as water and food security, important progress has been made to this end. However, there is scope to improve guidance on where and when the involvement of the private sector in projects and programmes is appropriate. A number of partners interviewed in Bangladesh were concerned that Dutch funding was only available to initiatives that could demonstrate a role for the private sector. There was some confusion amongst partners between this cross-cutting objective and the policy objective of increasing trade opportunities for Dutch businesses abroad.

Notes

1. The Netherlands' partner countries are categorised as aid, trade and transitional relationships. The seven partner countries and territories in the aid relationship category currently include Afghanistan, Burundi, Mali, the Palestinian Authority, Rwanda, South Sudan and Yemen. The eight partner countries currently in the transition relationship category are: Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique and Uganda.
2. The Utstein group is a meeting between key donors and heads of UN agencies to discuss multilateral effectiveness and key financing issues.
3. These are good practice institutional arrangements for linking relief and development and working in crisis and fragile situations (OECD, 2016b).
4. See for example the coalition agreement (GoNL, 2012), the Bangladesh country strategy (MFA, 2013b), budget lines in *A World to Gain* (MFA, 2013a), and the mainstreaming criteria in the MFA appraisal tool.

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Chapter 3: Allocating the Netherlands' official development assistance

Overall ODA volume

Indicator: The member makes every effort to meet ODA domestic and international targets

After a 30-year record of exceeding the UN target of allocating 0.7% of gross national income as official development assistance (ODA), the Netherlands' ODA began to fluctuate in 2013, and the overall trend is now downwards. The composition of the ODA budget has changed – the costs of hosting refugees in the Netherlands have markedly reduced the volume and quality of resources available for overseas programmes. There has been no recommitment by the Dutch government to the UN target and the government has no plan in place to restore ODA levels.

The Netherlands' reputation as a reliable, generous donor is at risk

The Netherlands has historically been a very generous donor. Between 1975 and 2012 it consistently exceeded the UN target of allocating 0.7% of gross national income (GNI) to official development assistance (ODA). ODA levels dropped below 0.7% ODA/GNI in 2013 and 2014 before rebounding slightly in 2015 to reach 0.75% of GNI (USD 5.7 billion of net ODA). Preliminary figures of 0.65% ODA/GNI in 2016 indicate that this recovery in the ODA budget was not sustained (OECD, 2017). Budget projections recently sent to parliament indicate further steep cuts for the period 2017 to 2019 (MFA, 2016a).

The 2012 coalition agreement introduced budget cuts rising to EUR 1 billion/year by 2017, placed a ceiling on ODA levels, and required all eligible international climate finance[1] and refugees costs to be reported as ODA (GoNL, 2012). This effectively means that allocations for the costs of refugees in the Netherlands (known as in-donor refugee costs) and international climate finance have first call on the ODA budget, reducing the amount of funding available for other development expenditures. To illustrate the scale of this, in-donor refugee costs rose from 11% to 32% of bilateral ODA between 2011 and 2015, corresponding to an increase from USD 481 million to USD 1.3 billion over this period.

In 2014, a one-off ODA supplementary budget of EUR 1 billion was approved by parliament, following a change in the methodology for calculating GNI. Of this amount, EUR 350 million were used to meet in-country refugee costs incurred by the Ministry for Security and Justice and EUR 570 million were added to the international humanitarian assistance budget to create the Dutch Relief Fund and Dutch Relief Alliance (Chapter 7). In addition, EUR 1.2 billion was borrowed from the 2016-2021 ODA budgets in order to ensure that increased refugee costs within the Netherlands did not affect existing development co-operation commitments.

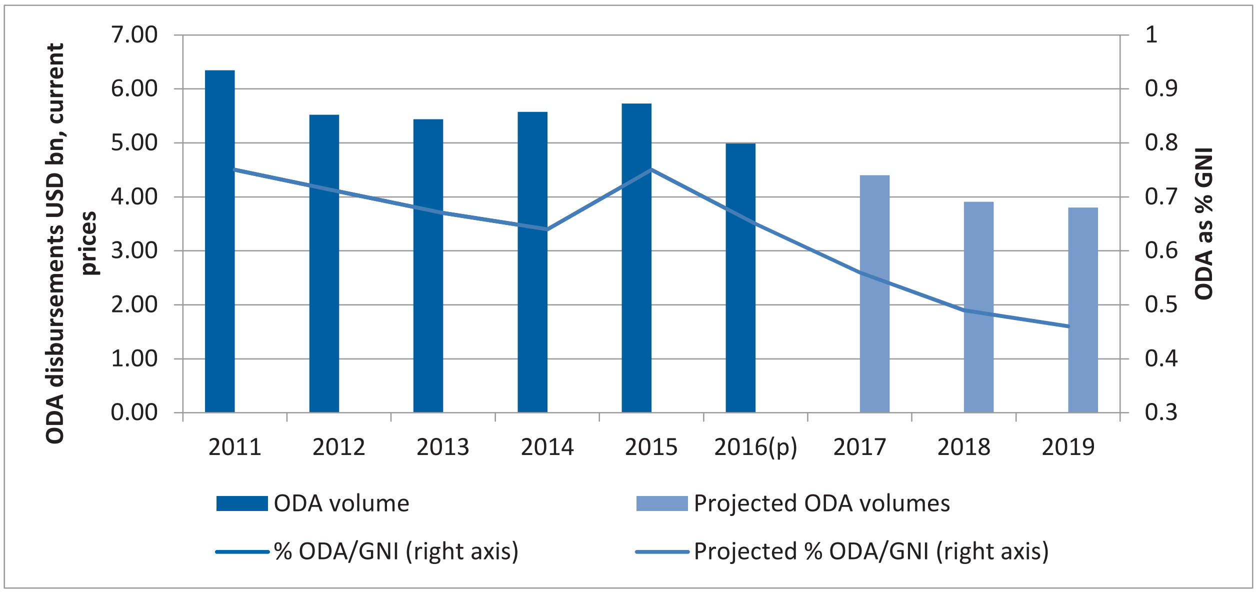
In the run-up to the Financing for Development Conference in Addis Ababa in 2015, the European Council re-committed member states, including the Netherlands, to their individual and collective commitments to pursue the UN target of 0.7% ODA/GNI (European Council, 2015; 11). Despite this, the Netherlands has no timetable or strategy in place to reverse its current trend of declining ODA. ODA budgets are projected to decrease in both volume and percentage terms from 2017-19 (Figure 3.1). Even taking into account the funds brought forward in 2015, projected cuts for 2016-19 are very significant, with net ODA falling from EUR 5.1 billion in 2015 (0.75% ODA/GNI) to EUR 3.4 billion in 2019 (0.46% ODA/GNI) (MFA, 2016).

The costs related to first year sustenance of refugees and people seeking asylum in the Netherlands have consistently been reported as ODA, in accordance with OECD DAC reporting guidelines. These costs represented 5-10% of ODA between 2000 and 2013, but soared in 2014-2015 as the situation in Syria deteriorated. In 2015, the average cost per person was EUR 23 000.[2] Although reported as ODA, this expenditure is not subject to the same standards of transparency and results-based management as the rest of the development programme. The number of people arriving in the Netherlands as refugees or to claim asylum stabilised in 2016 with a corresponding decrease of in-donor costs from USD 1.3 billion in 2015 to USD 461 million in 2016. However, the number of future arrivals will depend on international developments, and the impact on the ODA budget will be determined by forthcoming OECD DAC clarifications on what costs can be reported as ODA.

To safeguard its longstanding reputation as a high quality, generous and reliable donor, it will be important for the Netherlands to mitigate further fluctuations in ODA volumes and to put in place measures to strengthen the predictability of the volume and make-up of ODA allocations. The composition of the next coalition government, following elections in March 2017, will be the most significant determinant of ODA targets and trends in the medium term.

Figure 3.1 The Netherlands' ODA volume and percentage are falling steadily

(net disbursements, current prices)



Source: Historic and provisional data: OECD DAC; http://dx.doi.org/10.1787/dev-v2016-2-table3-en [accessed 18/04/17]; projections using average 2016 OECD USD/EUR exchange rates and figures from "HGIS - nota Homogene Groep Internationale Samenwerking Rijksbegroting 2017", [Harmonised budget for international co-operation memorandum 2017], Ministry of Foreign Affairs of the Netherlands, The Hague, www.rijksoverheid.nl/documenten/begrotingen/2016/09/20/hgis---nota-homogene-groep-internationale-samenwerking-rijksbegroting-2017.

Reporting on current and future ODA still needs to improve

There is scope for the Netherlands to improve its data reporting to the OECD. Project descriptions in the Creditor Reporting System (CRS) are often written in Dutch, which makes analysis of any sector by non-Dutch speakers very difficult. Forward-spending plans are incomplete, as are the data using Rio markers[3] and information on climate financing. For these reasons the OECD has graded the Netherlands as "improvement needed" for its CRS reporting for 2012-2014, and "fair" for its forward-spending projections for 2015-2019 (OECD, 2016). Identification of the beneficiary country and region for individual grants is inadequate for monitoring policy implementation. Nor is it possible to assess the full ODA component of the Netherlands' significant private sector engagements. Reporting of other official flows and private development finance is covered in Chapter 1.

Bilateral ODA allocations

Indicator: Aid is allocated according to the statement of intent and international commitments

There is a strong correlation between the Netherlands' bilateral allocations and its thematic priorities. In contrast, the geographic concentration of Dutch bilateral allocations is poorly documented and increasingly diluted.

Geographic allocations are poorly recorded and becoming more fragmented

In 2015, Dutch ODA was delivered to 75 countries, with 9 of the top 10 recipients being partner countries. In spite of *A World to Gain*'s commitment to focus more resources in fewer countries (MFA, 2013), only 17% of bilateral ODA was directed to the Netherlands' top 20 recipient countries in 2014-15, down from 25% in 2009-13 and 36% in 2004-08 (Annex B). This high level of fragmentation was flagged in a 2014 Dutch court of audit report looking at multilateral aid (Court of Audit, 2014). Private sector and civil society instruments also reach well beyond the list of 15 partner countries set out in *A World to Gain*. A total of 68 countries are eligible for the Dutch Good Growth fund for example. This limits the opportunities for embassies to ensure that they are blending their own budgets with funds available through other Dutch initiatives to best effect.

The 2011 peer review recommended programming more Dutch bilateral funds through embassies and increasing the use of partner country systems (Annex A; OECD, 2013). In the intervening period, however, the trend has been to increase rather than decrease budget centralisation. Country programmable aid[4] dropped from one-third of bilateral ODA in 2011 to just over one-sixth (16%) in 2015. This is well below the DAC average of 48.8% in 2015. The share of ODA allocated to programmatic support (partner country budget support and other programme funds) dropped to 12% of country budgets. General budget support, which has never been very high, has been discontinued.

Total Dutch ODA to least developed countries in 2015 (including imputed multilateral estimates) represented 0.14% of the Netherlands' GNI, below the UN target of 0.15% GNI.[5] In terms of the Netherlands' bilateral ODA, 11.2% of was directed to least developed countries in 2015. However, it should be cautioned that despite the fact that the ministry has detailed information on disbursements, 82% of Dutch bilateral disbursements reported to the OECD creditor reporting system in 2015 did not include data on the income group of the recipient country.

ODA allocations broadly reflect thematic priorities but are subject to fluctuations

Overall, there is a strong correlation between the Netherlands' ODA allocations and its thematic priorities. The MFA estimates that in recent years one-third of the ODA budget has been earmarked for the four priority themes and three cross-cutting issues (MFA, 2016b). Spending commitments for 2013-15 indicate an even stronger match between allocations and thematic priorities.

Financial allocations for gender equality match the Netherlands' global leadership on this issue. All Dutch ODA grants are screened for their relevance to gender equality. In 2015, 60% of allocable bilateral grants, just over EUR 2 billion, had gender equality as a "principal or significant" goal. This percentage has increased dramatically from 15% in 2012. Continued efforts to mainstream gender equality will be required to sustain this progress.

Just over USD 1.1 billion (25%) of bilateral ODA was channelled to and through civil society organisations in 2015, following a fairly steady decrease from almost USD 1.5 billion (34%) in 2011. This is consistent with a target set by parliament for a quarter of Dutch bilateral aid to be programmed through non-governmental organisations (NGOs).

A number of areas have less reported funding than might be expected given their prominence in *A World to Gain*. For example, although the private sector role in Dutch development co-operation policy is very visible, CRS data show less than 7% of Dutch ODA disbursed to and through the private sector in 2015. This figure likely underestimates the total use of the private sector as a development partner and does not include funding to areas such as infrastructure and energy that indirectly enable private sector development.

Previously a global leader on the environment and climate change, the Netherlands' ODA for these themes has lagged behind the DAC average in recent years. In 2015, 15% of allocable bilateral ODA commitments (USD 511 million) supported the environment, compared to a DAC average of 27%.

The Netherlands contributed one-tenth of its bilateral ODA to humanitarian assistance in 2014-15, which is the DAC average. In 2014, an international security budget of EUR 250 million a year was established to support the Dutch 3D approach (Chapter 2). Nonetheless, as discussed in Chapter 7, humanitarian budgets are volatile and projections for 2017 indicate a sharp decline from 2015 levels.

Multilateral ODA channel

Indicator: The member uses the multilateral aid channels effectively

The Netherlands' ODA allocations to multilateral agencies reflect Dutch policy priorities, the importance of different agencies to the multilateral system and the effectiveness of individual institutions. However, the increasing tendency to earmark contributions is limiting the extent to which the Netherlands can fully realise its ambitions in multilateral engagement and reform.

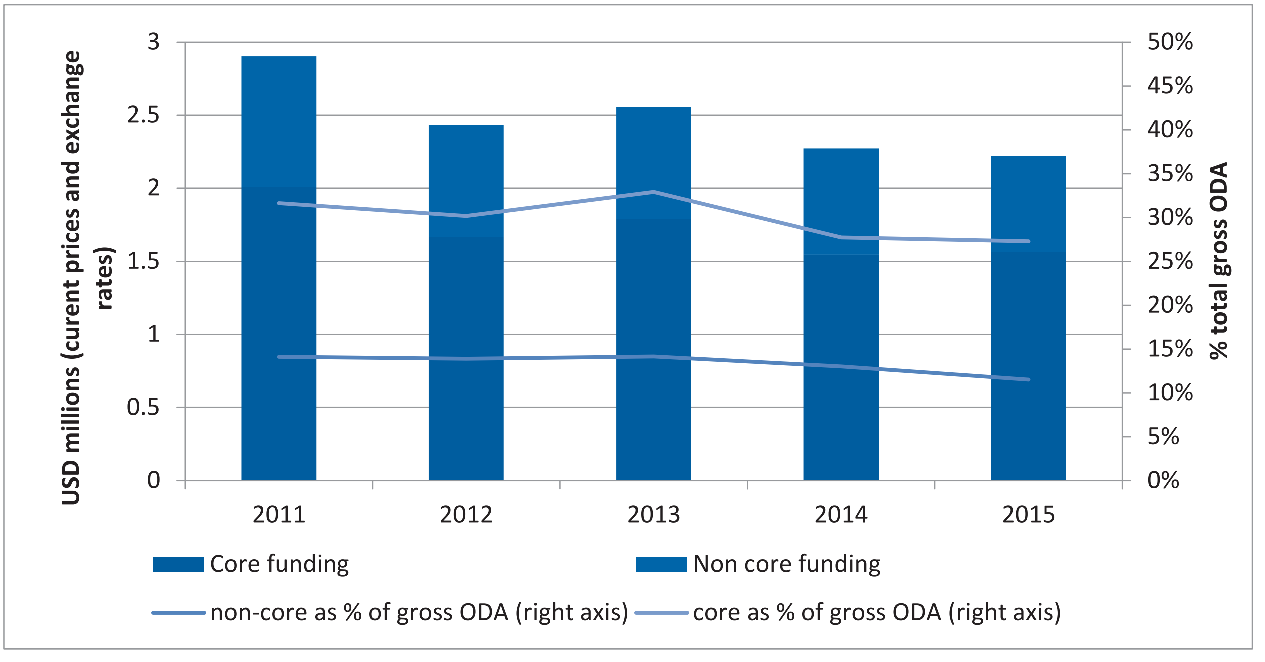
Multilateral channels are used effectively to support policy priorities but levels of core support need to be protected

The Netherlands is a reputable champion of the multilateral system and uses multilateral organisations to deliver a significant share of its development co-operation budget: in 2015, 39% of ODA was channelled to and through multilateral agencies as core or earmarked funds. Similar to other DAC members, the Netherlands contributes to the multilateral system in many different ways, including replenishments, assessed contributions, general voluntary contributions, earmarked contributions, multi-donor trust funds and projects.

As illustrated in Figure 3.2, the overall volume of funding to multilateral agencies has been adversely affected by budget cuts. The share of core funding to multilateral organisations has fallen from 32% of total ODA in 2011 to 27% in 2015.

Figure 3.2 The Netherlands' funding for the multilateral system is declining, 2011-2015

(all gross disbursements in current prices)



Source: CRS Aid (ODA) disbursements to countries and regions [DAC2a] database, http://dx.doi.org/10.1787/data-00828-en [accessed 18/4/ 2017]

In 2015, USD 1.56 billion were allocated as core funding to multilateral agencies, financial institutions and funds, with an additional USD 659 million as earmarked support. Maintaining this level of core support is essential if the Netherlands wishes to engage in processes of multilateral reform and effectiveness. Although a total of 43 institutions were funded, 31 of which received core funding, multilateral allocations were generally consistent with Dutch policy priorities.6 The World Bank Group was the largest channel for Dutch multilateral funding over 2011-15. Of the 26 UN agencies supported in 2015, 22 received core funding ranging from USD 43 000 to USD 40 million.

Similar to other EU members, the largest slice of the Netherlands' reported multilateral funding is allocated through the European Union - this is the Netherlands' share of the EU development budget and the European Development Fund (USD 366 million and USD 177 million in 2015 respectively).

The UN system is an important channel for Dutch humanitarian assistance

There is broad support in the Dutch Parliament for humanitarian assistance in general and for the role of the UN system in humanitarian assistance. In 2015-16, 60% of Dutch funding for humanitarian assistance was channelled through UN agencies and UN-managed funds. The Netherlands is a generous supporter of the Central Emergency Response Fund (CERF) and country-based humanitarian pooled funds. In 2015, the International Committee of the Red Cross was the largest single recipient of Dutch humanitarian assistance, receiving USD 194 million. Chapter 7 covers humanitarian assistance in more detail.

Notes

1. Climate finance – including public funds and the private funding they helped bring on board – was counted as additional to the ODA budget up until 2012. The current coalition agreement stipulates that public international climate finance should now come out of the development co-operation budget (GoNL, 2012).

2. Figures given by the Ministry for Security and Justice (MoSJ, 2016) indicates the following breakdown for these average costs per refugee or asylum seeker: 25% for medical insurance, 40% for support staff, 20% housing and 15% are allowances, including food. The average length of stay in the Netherlands before a decision is made on refugee status is 8.7 months.

3. Five statistical policy markers exist to monitor external development finance for environmental purposes within the OECD DAC. These are: The "Environment" marker (introduced in 1992) and four Rio markers covering the Rio conventions - biodiversity (introduced in 1998), climate change adaptation (introduced in 2010), climate change mitigation (introduced in 1998) and desertification (introduced in 1998). The Rio markers are applicable to official development assistance (ODA) and recently also to other official flows (non-concessional developmental flows, excluding export credits) starting from 2010.

4. Country programmable aid is defined as the portion of aid that providers can programme for individual countries or regions, and over which partner countries could have a significant say. It is calculated as the amount of bilateral aid allocated by country which is reported as one of the following: general budget support, sector budget support, core support to NGOs, other private bodies, PPPs and research institutes, contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO), basket funds/pooled funding, project-type interventions, donor country personnel, other technical assistance or scholarships/training in donor country.

5. The Netherlands' MFA estimates that 0.26% GNI was directly or indirectly targeted at least developed countries in 2015, above the UN target of 0.15-0.20%.

6. The largest disbursements through the multilateral system in 2015 were to the World Bank Group (USD 415 million), European Development Fund (USD 177 million), OCHA (USD 140 million), African Development Bank (USD 133 million), UNDP (USD 98 million), UNICEF (USD 97 million), UNFPA (USD 77 million) and World Food Programme (USD 73 million). Contributions to UNDP, UNICEF and UNFPA included core funding of between USD 30 million and USD 40 million.

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Chapter 4: Managing the Netherlands' development co-operation

Institutional system

Indicator: The institutional structure is conducive to consistent, quality development co-operation

Since the last peer review there have been many changes to how the Netherlands' development co-operation system is organised and managed. These changes reflect new policy directions and have improved systems for managing development co-operation. However, Dutch embassies' declining role, resources and influence are undermining development effectiveness.

The institutional structure is well suited to new directions

In 2012, with the coming into power of the new coalition government, a new ministerial post combining foreign trade and development co-operation was created alongside the Minister of Foreign Affairs. The resulting policy shifts, embodied in *A World to Gain*, have been accompanied by changes in the organisation and management of Dutch development co-operation.

Within the Ministry of Foreign Affairs (MFA), the Director-General for International Cooperation (DGIS) unit continues to be responsible for development co-operation policy and for its co-ordination, implementation and funding. A new directorate for foreign economic relations has been created to cover the trade agenda, in collaboration and co-ordination with DGIS, in line with the coming together of the aid, trade and investment agendas (Annex D).

In line with the new thematic-driven approach (Chapter 2), the thematic departments have been given more authority over personnel and budgets within the DGIS. The regional departments and embassies continue to work together in an integrated manner to serve both ministers (Annex D).

The proportion of ODA spent outside of the DGIS is very small (5%). However, formal structures and informal interactions – within the MFA and beyond – help ensure policy coherence and influence (Chapter 1), and a whole-of-government approach where needed. For example:

- A monthly Sustainable Development Goal (SDG) working group, led by a high-level envoy seconded to the MFA from the Ministry of Infrastructure and Environment, develops and reviews the SDG implementation plan (Chapter 1)
- A weekly cross-government steering group on missions and operations ensures coherence on peace, security and development operations, including humanitarian issues when relevant.

Ad hoc ministerial groups are formed as necessary. They include the Prime Minister's Office, the MFA, the Ministry of Defence, and the Ministry of Security and Justice. For example, a cross-government task force on migration was established in September 2015 to respond to the inflow of migrants from across the Mediterranean and to the outcomes of the Valletta summit.[23] Another example of a whole-of-government approach is the use of the Netherlands Enterprise Agency (RVO)[24] to implement substantial private-sector development programmes funded by the MFA and through ODA (Chapter 1).

Embassies’ role, resources and influence are declining

Although this institutional structure is consistent with overall policy priorities, it has not enabled the Netherlands to fully address the series of recommendations made in the last peer review (OECD, 2011). These recommendations included strengthening the role of embassies, broadening the scope of country plans, improving the flow of information and optimising human resources (Annex A). In particular, the increasing centralisation of decision making and programming tends to undermine the Netherlands' ability to deliver commitments towards effective development co-operation.

A diminishing share of ODA resources is being delegated to embassies: only 10% of total Netherlands' ODA is passed to the embassies to manage. Furthermore, despite the increase in funding being channelled through central programming and instruments, the multi-annual strategic plans (MASPs) do not capture these central flows. The same applies to humanitarian programming (Chapter 7). This increase in centralisation affects coherence and co-ordination within the Dutch development co-operation system, as well as alignment, transparency and mutual accountability in partner countries (Chapter 5).

For example, in Bangladesh only half of Dutch ODA was managed by the embassy and reported to the government of Bangladesh's aid management system (Annex C). In addition, there was very little co-ordination and dialogue between the embassy and the Dutch entrepreneurial development bank (FMO), despite its EUR 350 million portfolio in Bangladesh. FMO's presence in the country was restricted to administration only, which affects the extent to which the embassy and FMO can work hand-in-hand to advance development objectives and to maximise the impact of limited resources. Likewise, a portfolio review in Mozambique concluded that "efforts are needed to improve the co-ordination, harmonisation, visibility, results and impact of centrally funded […] activities" (IOB, 2016a; see Chapter 5).

The decline in embassies’ development co-operation role, resources and influence contrasts with a government response to a policy review which found that delegating responsibilities for bilateral programmes to the missions provides "better alignment with national policies and priorities, as well to contribute to sustainability" (MFA, 2014). In Burundi, a portfolio review concluded that decentralised programmes "seem to have relatively better results than the centralised ones" (IOB, 2016b).

This model also contrasts with the overall MFA change agenda for modernising diplomacy, as set out in a report by the Advisory Committee on Modernising the Diplomatic Service,[25] which recommends that "policy is drawn up as close to the place where it is intended to make an impact" (Advisory Committee, 2014). Another recommendation from the Advisory Committee – to take a more regional focus in ministry efforts in order to be more responsive and to better allocate capacity – has also not been followed in relation to development co-operation, other than an interesting model for regional humanitarian advisers (Chapter 7).

The next generation of MASPs will be prepared from 2017. This offers the Netherlands an opportunity to reflect on the embassies’ position and role in the overall business model for development co-operation, and in the context of the Netherlands' commitment to effective development co-operation and sustainable development results.

Systems are being put in place to improve programme implementation

The MFA recognises the challenges associated with the centralised business model, and has introduced a series of measures in an effort to tackle them. A new delivery system (described in Chapter 5) holds the potential for a more professional, efficient and systematic approach to planning and implementing the Netherlands' development co-operation, once fully rolled out. Better management information systems are also being developed to improve how the Netherlands records and compiles its organisational and management data.

In terms of policy, a task force has been created to improve consistency between policy and implementation. This has recommended training modules and toolboxes to explain the policy cycle, a website which pools all work processes (currently in Dutch only and therefore restrictive for some local staff), and a centre of expertise for finding specialist skills.

In terms of programming, the following initiatives have been introduced since the last peer review:

- Rules of engagement between thematic departments and embassies have been documented. These lay out the expected levels of interaction during the preparation, formulation, assessment, approval and implementation phases of different types of programmes
- The new quality at entry and portfolio review processes are intended to bring greater coherence in programming, ex ante and in the course of implementation (Chapter 5)
- Country teams have been revived. Continuous dialogue and country team missions allow focal points from thematic and regional departments to co-ordinate with individual country missions
- The RVO has created a system of country coaches to provide embassies with knowledge of and access to the various Hague-led private sector instruments.

Finally, given the extent of programming beyond the 15 priority countries, it is encouraging that multi-annual country strategies are now being piloted in countries where there is no MASP (as of late 2016).[26]

Adaptation to change

Indicator: The system is able to reform and innovate to meet evolving needs

The re-orientation of Dutch development co-operation has touched all aspects of the system. Efforts have been made to manage risks. At the same time, the Netherlands has retained and enhanced its ability to innovate. However, changes in the objectives and business model have created fragmentation and staff stress.

A period of intense change has created stress

The Netherlands' development co-operation programme has gone through a transformative period, including budget cuts and budgetary pressures (Chapter 3), policy re-orientation (Chapter 2), organisational reform, increased parliamentary scrutiny and unstable public support (Chapter 6). The shift from channels to actors and themes has created additional pressures on already stretched staff, who now need to develop and manage new partnerships and increasing fragmentation. The reduction in partner countries from 33 to 15 over two years was also challenging. A recent evaluation concluded that the desire for a quick exit and limited budgetary flexibility left little room for involving stakeholders in the process, or taking into account their interests (IOB, 2016c).

Staff surveys suggest high levels of stress. They also reveal that staff in some quarters are unclear as to how they are contributing to objectives, and that they would welcome greater vision and strategy. This suggests that as the MFA management continues to improve structures and systems, it could pay more attention to the logic, pace and sequencing of change, and to how change is communicated to staff. The MFA could also reflect on whether co-ordination structures are fit for purpose for effecting, steering and communicating change within DGIS, and for ensuring the development voice is not lost across the ministry.

The MFA is an innovator in development policy and practice

The Netherlands makes a major contribution to innovation in general, not least through the leading role and high quality of its knowledge institutions (OECD, 2014). As part of this, the Netherlands strongly promotes innovation in its approach to development co-operation.

A World to Gain (MFA, 2013) is one example, embodying a policy vision of a new approach to development co-operation that adapts to the shifting development landscape, and which combines aid and trade to reflect the coalition agreement. The Netherlands is also making progress in aligning its priorities and results with the SDGs, and should continue to do so. Similarly, it is keeping pace with – and sharing experience on – new approaches to innovative financing and to engaging the private sector (Chapter 1; OECD, 2016) and to working with civil society (Chapter 5).

The role and influence on innovation of the statutory advisory bodies should not be underestimated. For example, the analysis and recommendations of the Advisory Council on International Affairs (AIV)[27] and the Netherlands Scientific Council for Government Policy (WRR)[28] have clearly influenced the evolution of Dutch development co-operation, although there is no formal assessment of their impact. The MFA must also respond and adapt to a large number of requests from the House of Representatives.

In addition, the MFA encourages innovation in working practices and in the use of digital tools. A small unit called DARE, for example, has been established to stimulate a culture and attitude for innovation and change, and to provide incentives and to support change across the MFA.

Human resources

Indicator: The member manages its human resources effectively to respond to field imperatives

The MFA is gradually professionalising human resource planning and management. However, limited resources mean it could reflect more on the optimal balance of centralised and decentralised – and specialist and generalist – staff, and on new models to ensure the rights skills are in the right places. This would include a more enabling environment for local staff.

The human resources system is being modernised, but faces serious challenges

The MFA is responding to the insufficient strategic human resource planning and incomplete management information highlighted in the previous peer review (OECD, 2011). A new human resources policy has introduced strategic personnel planning across the ministry, to be rolled out to country missions in 2017. A much-needed dashboard is being introduced to improve the flow and accessibility of human resources information for management. Human resources business partners and special advisers are supporting senior management and departments to plan and manage on the basis of their newly delegated authority in personnel matters. These initiatives are in response to persistent challenges facing human resource management, and a disconnect between policy and human resources. However, it is too early to see their effect and thematic departments have little room to manoeuvre in terms of budgets and staff numbers.

The overall context across the Netherlands' public sector is of job cuts, recruitment and pay freezes, and the non or partial replacement of retiring staff (OECD, 2015). This explains the reduction in overall numbers of permanent staff working on development co-operation (Table 4.1). In this context, the Netherlands acknowledges that the imminent retirement of many long-standing development experts, as well as the tendency to replace permanent staff with temporary staff, pose serious challenges for the composition and continuity of staffing.

As noted above, the new resource-intensive ways of working and new demands on the Netherlands' development co-operation are further stretching limited human resources, particularly those with specialist skills. At the same time, it is not clear that knowledge management (Chapter 6), and learning and development resources, have eased the transition.

For embassies in the 15 partner countries, the uniform instruction is to allocate one expatriate expert and one local staff member to each of the thematic areas supported by the embassy. This approach may not give the embassies sufficient flexibility to respond to risks or opportunities, in relation to capacity in partner countries for example, or to scale up or scale down. The MFA has received consistent advice that it should retain specialist skills, with long enough postings, in the field (Advisory Committee, 2014; AIV, 2013; Lieshout et al., 2010). Postings have been extended in non-hardship countries. However, further initiatives will be required to maintain a sufficient level of technical and country expertise.

Given the increasing numbers of and reliance upon local staff, the MFA is clear that updating the human resources policy for local staff is a priority. However, there is no plan yet as to when this will be done and what it will include. Although the Netherlands follows a "One Team" philosophy in embassies, in reality a number of factors limit the prominence and value of local staff. Their opportunities for promotion are few; their access to the latest policy, thinking and training is sometimes limited by language constraints;[29] and their opportunities to develop and contribute through third country postings are very limited and seemingly ad hoc (although DGIS-internships have recently been made available).

The roll-out of strategic workforce planning and the next generation of MASPs in 2017 should enable the MFA to better reflect on the optimal balance of centralised and decentralised staff, and the type of skills required in this shifting policy space. It could also consider new models for a resource-constrained environment to ensure the rights skills are in the right places. These might include bringing in more expertise from across government and from the knowledge partnerships, as well as assessing the scope for allocating more staff at a regional level.

Table 4.1 Permanent development co-operation staff are declining and have been replaced by temporary staff: 2011 and 2016 compared

MFA Division	Staffing 2011	Staffing 2016		
	Permanent	Permanent	Temporary	Total
DGIS: Director General for International Cooperation	8	6	5	11
DEC/BIS: Effectiveness and Coherence Department/ Office for International Cooperation	32	13	2	15
DAF: Department for Sub-Saharan Africa	27	40	1	41
DDE: Department for Sustainable Economic Development	35	29.5	11	40.5
DME: Environment, Water, Climate and Energy Department	47			
IGG: Department for Inclusive Green Growth		50.5	10	60.5
DVF: United Nations and International Financial Institutions Department	43			
DMH: Human Rights, Gender Equality, Good Governance and Humanitarian Aid Department	59			
EFV: Fragile States and Peacebuilding Unit	23			
DMM: Department for Multilateral Organisations and Human Rights		58	13	71
DSH: Department for Stabilisation and Humanitarian Aid		41.5	10	51.5
DSO: Department for Social Development	58	30.5	12.5	43
Total HQ	329	269	64.5	333.5

Source: "OECD DAC peer review: memorandum of the Netherlands", unpublished, Ministry of Foreign Affairs of the Netherlands, The Hague.

Notes

1. At the November 2015 Valletta Summit on Migration, European and African leaders discussed the European migrant crisis. The summit resulted in the EU setting up an Emergency Trust Fund to promote development in Africa with the aim of addressing the root causes of migration.

2. RVO is an executive agency of the Dutch Ministry of Economic Affairs.

3. In March 2012, the Minister of Foreign Affairs established the Advisory Committee on Modernising the Diplomatic Service, and asked it to produce "an in-depth analysis of the challenges facing the Ministry of Foreign Affairs and the diplomatic service, in light of the new thinking on diplomacy which has been evolving in other countries". The committee provided a progress report in early 2013 and a final report in 2014, which contains several recommendations aimed primarily at increasing the MFA's chances of success in modernising the diplomatic service.

4. Fifteen missions with a development co-operation mandate and three regions currently have a MASP, while 85 missions do not. The pilot includes major recipients of ODA funds e.g. Tanzania, Colombia, Myanmar, Iraq, Nigeria, Georgia and Egypt. The country strategies under this pilot are intended to be integrated, whole-of-government strategies.

5. The AIV, established in 1997, is an independent body which advises government and parliament on foreign policy, particularly human rights, peace and security, development co-operation and European integration. The AIV produces advisory reports on its own initiative or at the request of government or parliament. All reports are presented to the relevant members of the government as well as to the House of Representatives and Senate. Ministers are expected to send a government response to parliament within three months. The requests for advice, the reports and the government responses are all made public.

6. The WRR is an independent advisory body for government policy established by legislation in 1976. It advises the Dutch government and parliament on strategic issues that are likely to have important political and social consequences.

7. The Dutch Academy for International Relations, for example, is part of the MFA and offers training for government employees. The international co-operation training modules are predominantly in Dutch, however.

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Chapter 5: The Netherlands' development co-operation delivery and partnerships

Budgeting and programming processes

Indicator: These processes support quality aid as defined in Busan

The Netherlands is seeking to add flexibility, ensure policy relevance, and seek synergies across portfolios in its budgeting and programming. However, the gradual shift away from the partner country, and towards themes and actors as the modus operandi, has affected development effectiveness – notably predictability, alignment and use of country systems – as well as overall sustainability. Risks are well analysed but not systematically managed or monitored. The share of untied aid continues to be high but is declining as Dutch interests become more prominent.

Budgets are flexible, but at the expense of predictability

Strategic policy planning, budgeting, staffing and programming processes are embedded in a new delivery system consisting of five cycles.[1] The system is still being developed, and needs to be rolled out across the organisation (Chapter 4), but it intends to respond to the need identified in the last peer review for a more strategic and systematic approach to budgeting and programming (Annex A).

The coalition agreement (GoNL, 2012) and *A World to Gain* (MFA, 2013) set out ODA projections from 2013 to 2017, including proposed cuts and new budget lines for the Dutch Good Growth Fund and peace and security. *A World to Gain* also marks a shift in how funding is allocated, moving from channels to themes and partnerships (Chapter 2).

Every year a homogeneous budget for international co-operation (HGIS)[2] is submitted to the House of Representatives, setting out – for all ministries – the international co-operation budget, including ODA and non-ODA, by policy themes rather than by regions or countries.[3] The Minister of Foreign Affairs co-ordinates the HGIS, while the Minister for Foreign Trade and Development Cooperation co-ordinates the ODA budget within it.

Budgets for partner countries are set out in the multi-annual strategic plans (MASPs), which currently run from 2014-17. The introduction of the MASP has allowed medium term clarity on the thematic focus of the embassy budget. The rolling, multi-annual, indicative budgets within the four-year MASPs, allow the embassies some flexibility to enhance the predictability and reliability of funding. Embassies also have a degree of flexibility to return funds and to transfer between budget lines.

However, MASPs do not include the centrally programmed funds which form the lion's share of total Dutch funding. This makes Dutch aid unpredictable for partner countries. In the latest Global Partnership monitoring report, the annual predictability of the Netherlands' ODA had fallen to 59% (from 69% in 2010). This is below the DAC average. The assessment of forward-spending plans also notes room for improvement (OECD/UNDP, 2016).

The Netherlands is seeking to improve coherence in the challenging context of centralisation and the projectised approach

The wholesale shift to a thematic focus – driven largely by the Hague, but involving a range of actors and partners – has had the unintended consequence of fragmenting the aid programme. This was also a criticism made by the committee making recommendations on modernising Dutch diplomacy (Advisory Committee, 2014). As noted in Chapter 4, this approach does not necessarily make it easy for the Netherlands to align programmes with partner country needs and strategies or to promote partner country ownership of the development process. In fact, coupled with the absence of robust information systems, this fragmentation means that even country teams struggle to list all Dutch development activities in a country at any one point in time given the number of tenders originating from the Hague.

The ministry of foreign affairs (MFA) has introduced a number of measures to improve coherence and effectiveness, though these fall short of the fundamental change required to the overall business model to allow embassies to design and manage more programme based approaches. These measures include an appraisal process and Quality@Entry reviews for activities over EUR 1 million, designed to ensure the policy relevance and quality of programmes. Programmes are assessed for whether they include contextual analysis, highlight the target group, demonstrate specific appreciation of cross-cutting issues such as women's rights and climate, and develop results chains for interventions. As seen in Bangladesh, efforts are also now being made in annual planning (although not in monitoring and evaluation so far) to ensure that programmes include the most marginalised people, in line with the inclusive development programming priority.

The Netherlands is also making progress in mapping and linking interventions funded through different thematic channels to encourage greater coherence and synergies. It is doing this, for example, through portfolio reviews and by reviving (infrequent) country team visits to partner countries. Portfolio reviews gauge the policy relevance of all activities that fall under a particular theme, whilst the country portfolio reviews (piloted in 2015) examine the entire DGIS portfolio for a particular country. The Policy and Operations Evaluation Department (IOB) of MFA recently assessed five pilot country portfolio reviews.[4] It concluded that although they are useful, they could look beyond themes and activities to also assess strategy. Their recommendations and follow up could also be stronger (IOB, 2016). The next generation of MASPs will be an opportunity for the Netherlands to review and consolidate these measures, and re-assert the importance of having one plan which covers all interventions and which is aligned with the plans of its partner countries.

Finally, as noted in Chapter 1, the Netherlands has shown itself to be flexible enough to adapt to changing country or global needs, while maintaining its clear thematic focus. This flexibility also has a downside, however, as budgets can become available without adequate planning or be discontinued with limited warning.

Use of partner countries' own systems is low

With only 10% of total ODA delegated to embassies, and government-to-government support reduced to 3% of embassy-managed budgets, the Netherlands is not actively promoting or encouraging the use of partner countries' own systems. This is reflected in the decline in the use of country systems – from 65% in 2010 to 44% in 2015 (OECD/UNDP, 2016). By making a commitment to strengthen the role and capacity of partner governments, backed by an increasing proportion of support to local partners, the sustainability of Dutch investments would be strengthened.

Risk analysis is comprehensive; risk mitigation could be more systematic

The MASP identifies risks for each thematic area of intervention. The activity appraisal template also requires the following risk analyses:

- Contextual risk analysis: the external risks that could undermine the achievement of outputs and outcomes. These include risks related to corruption and fraud, regional/ethnic instability, the quality of governance, human rights etc.
- Programme risks: "possible future events" which could increase or decrease the chances of achieving outcomes and outputs. There is also a call for outlining mitigation measures.
- Risks related to the implementing organisation, including fraud and budgetary risks.

The Netherlands also recognises the increased risks of working in fragile states and has developed a range of instruments to allow partners to adapt to each context (see below).

This approach to risk analysis is comprehensive, matched by a strong overall control environment, including audits, and allows for the robust oversight of public funds. However, thematic departments and embassies are not required to collate or actively monitor how they mitigate risks. It is not clear therefore whether risks are proactively managed or whether there are systems in place to respond to different levels of risk, uncertainty or choice of partner. In addition, during the mission to Bangladesh, it was observed that operating in a climate of constant security risks requires a professionally equipped embassy staff to manage those risks.

Dutch aid is mostly untied

The Netherlands' record on untied aid has been strong. However, while 92.7% of bilateral commitments were untied in 2015, this marks a decline from 100% in 2010 (Annex B). To arrest this decline, and thereby continue to improve value for money, the Netherlands should avoid designing private sector instruments that are tied to Dutch business interests.

Partnerships

Indicator: The member makes appropriate use of co-ordination arrangements, promotes strategic partnerships to develop synergies, and enhances mutual accountability

The Netherlands' overarching policy shift to a thematic focus has led it to invest heavily in multi-stakeholder partners and partnerships. This has been at the expense of accountability towards partner countries, however. Nevertheless, there is vision, strategy and a collaborative spirit in the way in which the Netherlands works with other actors.

The Netherlands is a strong collaborator and seeks to harmonise where it can

The Netherlands is well respected and recognised for its thematic focus, and supports division of labour exercises in partner countries where relevant. The Netherlands is a strong advocate of EU joint programming, and is openly willing to revise and refine its approaches to align its initiatives with joint programming opportunities. The Netherlands is also increasingly using co-financing (e.g. with multilateral agencies) in countries like Bangladesh where ODA resources are falling, in order to make more resources available.

On the global stage, the Netherlands was an active co-chair of the Global Partnership for Effective Development Co-operation (GPEDC) for the 2014-16 term, a period defined by preparations for the second high-level meeting in Nairobi in 2016. As co-chair, the Netherlands helped to sustain momentum for the partnership. It encouraged a more inclusive platform for achieving the 2030 Agenda for Sustainable Development, promoting a stronger role for the private sector and civil society in the governance structures and negotiations. Nonetheless, the Netherlands' ability to champion the principles underlying the Global Partnership was constrained by its own move away from applying all of these principles in its own policy and programming in partner countries.

Mutual accountability is weaker than domestic accountability

The Netherlands is active in donor co-ordination mechanisms in Bangladesh, including regular and high-level dialogue with government, reporting to the aid management information system, and engaging in various thematic working groups (Annex C). However, the MASP's partial coverage and limited visibility amongst partners compromise mutual accountability. Whilst MASPs are submitted to the Dutch Parliament, there is no equivalent process of co-signature or formal submission in partner countries.

The Netherlands champions multi-stakeholder partnerships

In the context of the 2030 Agenda, the Dutch government is increasingly aware of the importance of co-operating with a range of partners. The Netherlands' partnership approach is becoming synonymous with a "Dutch Diamond Approach", in which all sectors of society are mobilised into multi-stakeholder partnerships and alliances. Within this approach, the competences of partners are combined and the various goals, funds, risks and responsibilities are pooled together (OECD, 2016).

Knowledge partnerships are strategic and relevant

The investment in knowledge, research and innovation is a priority of the Dutch programme. The MFA created knowledge platforms[5] in 2012 in each of the four main thematic areas, as well as a cross-cutting platform on inclusive development in Africa (known as Include).[6] The knowledge platforms meet the needs of development policy and practice by bringing together policy makers, researchers, civil society organisations and private sector organisations. 'Include' also brings together researchers from African countries. These platforms support research that is relevant to policy, seeking to balance long-term and real-time research needs, although there is scope to improve awareness and use of these platforms in partner countries (Chapter 6).[7]

In addition, the Netherlands has initiatives to strengthen higher education, and technical training, in its partner countries.[8] These were being well used in partner countries, as witnessed in Bangladesh (Annex C).

These platforms and initiatives exploit the tradition of excellence in Dutch knowledge institutions. It will be important to sustain the commitment to these partnerships, to the policy relevance of research and to links with developing country researchers. Partnerships generated from headquarters and in partner countries could also usefully be consolidated to maximise their use and effect.

There is further scope to streamline private sector instruments

As noted in Chapter 1, the Netherlands has played a pioneering role in linking aid and trade and using public finance to attract private sector investment. The government advocates tirelessly for the private sector to be represented in relevant fora and to be included as an implementing partner or investor in broad alliances with government, civil society and knowledge institutions, where it can bring efficiency, knowledge and innovation. A comprehensive package of financial support, brokering, technical assistance, capacity building and knowledge sharing has been developed, particularly since 2010, to support partnerships with the private sector (OECD, 2016).

The impacts of linking Dutch and local business are evident in Bangladesh, where leading Dutch clothing brands work in partnership with more than 200 textile companies in and around Dhaka to improve labour conditions for textile workers and introduce cleaner, more efficient use of productive resources and energy (Annex C).

The government actively promotes responsible business practices and has clear criteria on taxation and corruption for all its business partnerships. Reviews by both IOB and the Court of Audit were positive about the relevance of Dutch private sector investments, particularly in infrastructure and energy, but noted a high degree of fragmentation (Court of Audit, 2016; IOB, 2014a). IOB also observed a tendency for support to be supply-driven, with weak links between the various initiatives and the Netherlands' broader development objectives or poverty focus. Some of the weaknesses highlighted in these reviews have since been addressed by merging instruments, attracting more investment to fragile states and investing more in monitoring and evaluation. An evaluation protocol, signed with implementers, requires rigorous impact evaluation of private sector instruments. Nonetheless, several instruments are still being used to support private sector engagement, each with different eligibility criteria. This is both laborious to implement and complex for businesses to navigate, both in the Netherlands and overseas.

Innovative new civil society funding models are in place

This review period has seen the nature of relationships with Dutch civil society organisations (CSOs) change. While *A World to Gain* signalled reduced funding, its focus was on preserving the independence of CSOs in relation to government spending, and the need to strengthen CSOs in their role as watchdogs for global issues (MFA, 2013).

The former system for co-financing CSOs (MFS II)[9] was terminated in 2016 despite its positive results (NWO, 2016). It has been replaced by a new policy framework for lobbying and advocacy (Box 5.1), opportunities for CSOs to bid for projects from within the thematic programmes, and support for human rights issues and defenders. The vast majority of funds are therefore channelled through – and not to – CSOs, most of which are in the Netherlands rather than in partner countries.

Feedback from civil society partners suggests that Dutch CSOs have more engagement now with the ministry, at HQ and in the field. Reporting is efficient and not onerous. A body of completed and on-going evaluations into civil society support and impacts could now be used to further shape the MFA's civil society funding mechanisms and objectives (IOB, 2013; IOB 2014b; IOB 2015).

Box 5.1: Supporting dialogue and dissent

Recognising the shrinking space for civil society, the “dialogue and dissent” policy framework is designed to enable CSOs to voice alternative or dissenting views effectively by strengthening their capacity to hold government and business to account. This marks an innovative and bold shift for the Netherlands, and has been well received by civil society partners. Lessons from the approach, and its success or otherwise in effecting change, will be of keen interest to other members of the DAC seeking to redress shrinking civil society space and demonstrate the potential of lobbying and advocacy.

Under this framework, a total of 25 organisations or consortia were awarded grants ranging from EUR 2 million to EUR 20 million for the period 2016-2020. Activities are underpinned by a theory of change, and can be in the international arena, in developing countries, or in the Netherlands. At least one applicant or consortium member is a Dutch CSO of proven quality with a track record in lobbying, advocacy and capacity building. The dialogue and dissent initiative is complemented by an innovation fund for organisations with new ideas in the area of lobbying and advocacy, and a new accountability fund to allow embassies to fund Southern organisations directly.

Through implementation, efforts are made to engage embassy staff in partner countries in order to ensure complementarity and synergy with embassy priorities. The broad geographical coverage of the funding, however, meant that this was not always possible. In the absence of any additional incentives, it has proven challenging to award dialogue and dissent grants for conflict and fragile states and to avoid several initiatives in the same places.

Source: adapted from “Dialogue and dissent: strategic partnerships for lobbying and advocacy”, Ministry of Foreign Affairs of the Netherlands, The Hague, www.government.nl/documents/regulations/2014/05/13/policy-framework-dialogue-and-dissent.

Fragile states

Indicator: Delivery modalities and partnerships help deliver quality results in fragile contexts

The Netherlands has an impressive range of funding instruments to support its work in fragile states, in line with the New Deal principles. Its response to the crisis in the Middle East has strengthened crisis management capacity across government. The Netherlands uses the multilateral system effectively to support peacebuilding and state-building. However, the Netherlands could draw more on its multilateral partners and presence in fragile states to strengthen its political dialogue with their governments.

Addressing the root causes of crises is at the core of the Netherlands’ fragile states approach

The Netherlands’ support to security and the rule of law in fragile states is based on the principle that development co-operation should contribute to legitimate stability and improve citizens’ rights (MFA, 2015). This approach is articulated in the theory of change on security and rule of law which is in turn translated into four areas for achieving results: rule of law (including access to justice), human security (including de-mining), ‘peace processes & political governance’, and social and economic reconstruction. To ensure context is the basis for intervention, in line with the New Deal principles for engagement in fragile states (International Dialogue, 2011), embassies are increasingly involved in deciding which results are achievable in each country context. They also help decide whether programmnes should be included within the MASP (for partner countries), or financed through dedicated funds (for non-partner countries).

The crisis in the Middle East has helped to re-focus the Netherlands’ objectives in fragile states onto the root causes of instability, conflict and forced migration. The work is concentrated in six priority regions,[10] and includes support to refugees in the Middle East. This approach has required co-ordination with other ministries, such as the Ministry of Security and Justice, and closer links with the humanitarian assistance programme. Thus, the Netherlands’ approach to fragile states is becoming increasingly integrated, which is good practice.

Several funds are available for fragile states

The MFA has an impressive level of flexibility in how it can use its funds in fragile states. It is free to select the channel deemed most appropriate to respond to particular needs.

The Stabilisation Unit within the Humanitarian and Stabilisation Department (DSH) is responsible for managing funds for targeting the root causes of crises. This provides an opportunity for greater coherence among the MFA’s stability, development and humanitarian programmes. The Stabilisation Unit also manages the Stability Fund, which combines resources from the development co-operation and foreign policy budgets to support peace, security and development activities in crises. Other funds – such as the reconstruction fund and its successor, the EUR 125 million Addressing Root Causes fund – have been designed for fragile contexts. In addition, a number of the Netherlands’ private sector instruments are intended to attract investors into fragile states.

With so many funding instruments available, the Netherlands can select the one most likely to add value based on its assessment of the situation. However, managing multiple budgets incurs high transaction costs, and it may be prudent to review whether the current range of funding instruments can be sustained with limited staff and mounting budgetary pressures.

Combining funding with policy dialogue would strengthen results and give the Netherlands greater influence in fragile contexts

The financial management system for fragile state support is lean, and disbursement and reporting processes are efficient for both bilateral and multilateral support. Different funds are channelled to affected countries in Africa or the Middle East using different modalities. These include projects managed by embassies, as well as contributions to the EU Madad Trust fund,[11] the Regional Development and Protection Programmes (RDPP) in the Horn of Africa,[12] and the Middle East and North Africa Transition Fund.[13]

Using multilateral channels allows for funding fluctuations to be managed and promotes flexibility and rapid response for peacebuilding or state-building efforts in fragile states. However, light-touch reporting requirements and softly earmarked contributions to multilateral funds limit the extent to which the MFA can learn from programme experience. They can also make it difficult to link multilateral peacebuilding or state-building actions to the other parts of the “3D” strategy in fragile states.

Combining financial support with strong involvement in defining multilateral policies and increased co-ordination with fragile state governments would enhance the Netherlands’ effectiveness. In Mali, for example, the Netherlands chairs the co-ordination platform between donors and the Malian government in the justice sector. This is a good practice and could be usefully replicated in other contexts.

Notes

1. The five cycles of the MFA delivery system are: strategy, budget cycle, annual plan cycle, human resource management cycle and implementation cycle.
2. Since 1997, the HGIS has been a separate part of the central government budget. The HGIS combines the international co-operation budgets of all ministries in one budget, enabling government and parliament to decide on them together.
3. The Ministry of Finance initiates the budget cycle by sending instructions to the MFA and setting spending caps for ministerial budgets. The MFA then draft budgets and memoranda to send back to the Ministry of Finance and then the Council of Ministers for approval. The MFA submits two separate budgets: one for foreign affairs, and one for foreign trade and development co-operation. The finalised budgets are then sent to parliament for scrutiny through oral and written examination. The MFA provides further information to parliament and answers questions from the Committee of Foreign Affairs on the budgets. The parliament votes on amendments to the budget bill, and then both the parliament and the Senate vote for the budget bill as a whole.
4. The first five country portfolio reviews were conducted between early 2015 and June 2016: Mozambique (June 2015), Ethiopia (November 2015), Rwanda and the Great Lakes Region (April 2016), and Burundi (June 2016).
5. For more information, see www.knowledgeplatforms.nl.
6. For more information, see http://includeplatform.net/about.
7. While the platforms set the agenda, the Netherlands' Organization for Scientific Research, Science for Global Development (NWO-WOTRO) decides on the allocation of research funding to the best proposals using competitive calls. To ensure the impact of research, research uptake is an important focus. The platforms feed the results of the research back to policy and practice.
8. These include the Netherlands' Initiative for Capacity development in Higher Education (NICHE) and the Netherlands' Fellowship Programme (NFP). Both are managed by the Netherlands' organisation for international co-operation in higher education (Nuffic).
9. MFS II catered for a wide variety of Dutch NGOs encompassing a broad range of objectives and strategies. These included direct poverty reduction, strengthening the organisational capacity of Southern NGOs, strengthening civil society and influencing policy. Expenditure on MFS II was EUR 1.9bn from 2011-2015.
10. The six priority regions are the Afghanistan/Pakistan region, the Mashreq region (Lebanon, West Bank and Gaza Strip, Jordan, Syria and Iraq), North Africa, the Horn of Africa, the Great Lakes region and the Sahel/Mali region.
11. For more information see: https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/syria/madad_en.
12. For more information see: www.khartoumprocess.net/operations/articles/31-regional-development-protection-programme-rdpp-horn-of-africa.
13. For more information see: www.menatransitionfund.org.

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Chapter 6: Results management and accountability of the Netherlands' development co-operation

Results-based management system

Indicator: A results-based management system is in place to assess performance on the basis of development priorities, objectives and systems of partner countries

The Netherlands is putting in place an ambitious new framework for tracking the impact of its development co-operation. The aim is to improve the use of information on its results for learning and decision making, as well as for accountability and communications. This is work in progress. The new framework should be flexible enough to align with partner countries' own results frameworks. More work is needed to measure results in the field, disaggregate data on target beneficiaries, and ensure clear links between Dutch programmes and impacts.

The Netherlands has high ambitions for improving how it tracks the impact of its aid

The Netherlands has identified a series of challenges in its approach to managing for results. It is now investing in building the culture, structures and systems for a vastly improved results-management system.

These challenges have included 1) the absence of an overarching results framework that can measure progress towards strategic goals as well as activities and outputs; and 2) fragmented information on results. As the Ministry of Foreign Affairs (MFA) acknowledges, "information is not available in one place, not always connected logically and often wrapped in countless memos and thick (paper) reports" (MFA, 2016).

Together, these gaps make it difficult to compile and communicate effectively the results of the Netherlands' development co-operation. This is despite the clear theories of change behind each of its priority themes.

An ambitious response to these challenges – still being developed and implemented – focuses on behaviour, knowledge, structure and resources. It is attempting to improve the use of information on results for learning and decision making, as well as for accountability and communications (OECD, forthcoming).[1]

The response centres on a new corporate results framework introduced in 2016. The framework is structured around 15 core indicators attributed directly to Dutch aid, which are organised by theme and result area (Table 6.1). The majority of indicators are outcome based 'reach indicators'.[2] The framework aligns with the 2030 Agenda goals and targets wherever possible. From 2017, the development co-operation budget will also be aligned with the indicators, filling the "missing middle" between policy objectives, budget and delivery.

Along with the framework, the MFA is creating new information technology systems for improving the availability, accessibility and utility of data, as well as for aggregating results. The MFA is also investing in training staff in results-based management. These are all steps in the right direction.

It will be important to ensure some flexibility is built into the new framework and that the aggregation approach does not become too compliance driven, start to influence programming choices toward meeting short-term targets over achieving positive long-term development impact, or impede learning. In addition, new results systems will need to incentivise, rather than hinder, alignment with partner country results frameworks. This can be achieved by flexibly linking the corporate framework with the new multi-annual strategic plans (MASPs), which should draw on partner country goals.

Measuring results is still challenging

The new corporate results framework will combine data from across the development co-operation programme and assess it against concrete baselines and targets. In partner countries, the Netherlands uses its MASPs to set out result areas. Although current MASPs do not include targets against results or set out how results will be measured, results are monitored annually on the basis of reports from all implementing organisations. Annual plan reports provide honest assessments of where MASP results are off track and the remedial measures needed. There are, however, the following challenges in how results are currently measured which will need to be rectified in the new approach:

- Weaknesses in measuring results in the field, including the reliability of baselines and other data. Court of Audit and IOB reports frequently cite these as problems. This could also be a problem when implementing partners feed their results information directly into International Aid Transparency Initiative (IATI) systems (see below)
- Indicators, targets and data are generally not disaggregated by sex, age and poverty (see Table 6.1, for example)
- Distinctions are not always clearly made between where the Netherlands is contributing to results or attributing results directly to Dutch support.

By way of illustration, in Bangladesh the annual plan contains a target of reaching 420 631 undernourished people. This figure gives no sense of gender or age, and does not specify whether they will be reached by Dutch government support alone or in combination with other partners.

A pragmatic approach to measuring results is needed in fragile contexts

In crisis contexts, access to project and primary data is limited, which curbs the Netherlands' ability to use a results approach to measure, learn, adapt and adjust. In these contexts, the Netherlands' pragmatic approach to empowering its partners could be combined with feedback mechanisms such as third-party monitoring and the newly tested portfolio reviews (Chapter 5).

The theory of change for the security and rule of law theme has introduced conflict sensitivity for fragile or crisis contexts, which is measured by the regional departments and embassies. The theory of change aims to look beyond strict output measurement to evaluate the Netherlands' contribution to transformative processes, while taking into account possible setbacks. A particularly strong area of focus is building legal institutions and processes. In fragile states, the Netherlands gives its partners great flexibility to adapt to evolving situations.

Table 6.1 Selected indicators from the Netherlands' results framework

Sample indicator	2015 result	2017 target	2020 target	Relevant SDG goal and target
Food and nutrition security result area: eradicating current hunger and malnutrition				
Number of people with improved food intake	18.1m reached in 2015	10m reached in 2017	20m reached in 2020	SDG 2 End hunger Target 2.1 (access to food) and 2.2 (nutrition)
Water result area: drinking water, sanitation and hygiene				
Number of people with access to better water sources	13.9m to date	1m reached in 2017	8m reached 2015-2020 (30m by 2030)	SDG 6 Clean water and sanitation Target 6.1 (drinking water)
Climate result area: renewable energy				
Number of people with access to renewable energy	1.9m	2.3m from 2015-2017	11.5m from 2015-2020 (50m by 2030)	SDG 7 Affordable and clean energy Target 7.1 (access to energy)
Women's rights and gender equality result area: strengthened capacity of civil society organisations (CSOs)				
Number of CSOs with strengthened capacity for promoting women's rights and gender equality	Not applicable	50 CSOs cumulative	350 CSOs cumulative	SDG 5 Gender equality (no applicable target)

Source: Adapted from "Ontwikkelingsresultaten in Beeld - editie 2016" [Letter to Parliament of 15 September 2016 presenting the digital report 'Development Results in Perspective - 2016 edition], Ministry of Foreign Affairs of the Netherlands, The Hague. www.rijksoverheid.nl/documenten/kamerstukken/2016/09/15/kamerbrief-inzake-ontwikkelingsresulaten-in-beeld-editie-2016.

Evaluation system

Indicator: The evaluation system is in line with the DAC evaluation principles

The Netherlands has a robust evaluation system, covering policy and operations, process and impact, and meeting a range of interests and needs. The independent policy and operations evaluation department, IOB, is internationally recognised and currently well resourced. It has the autonomy to select and plan evaluations. It supports activity evaluations conducted by individual departments and also works with partner countries. Efforts will be required to maintain the quality of the evaluation system in the long term.

High coverage and the independence of evaluations in development co-operation is ensured

The MFA has its own Policy and Operations Evaluation Department (IOB), whose evaluation policy and guidelines date back to 2009 and are aligned with the DAC evaluation principles from 1991. The IOB evaluates the implementation of the Netherlands' foreign policy, giving particular attention to relevance, efficiency and effectiveness, the sustainability of the results achieved, and consistency and coherence.[3] The IOB has 30 full-time staff, and also uses external evaluators.

The IOB is part of the MFA, including part of its Audit Committee, and is directly accountable to the MFA Secretary-General. However, it has a mandate from the House of Representatives and is operationally independent as it makes its own decisions on what to evaluate. There are other checks and balances to ensure the IOB's independence, such as the formation of reference groups with external experts for each evaluation and the external recruitment and continual rotation of IOB directors.

In addition to the work of the IOB, individual departments under the Director-General for International Co-operation (DGIS) are obliged to evaluate all activities that meet one or more of the following three criteria: (1) a financial value of more than EUR 5 million; (2) of strategic importance for achieving the objectives of a policy theme department; and (3) involving political risks and interests. The IOB has a help desk and conducts training for MFA staff in order to assist them to manage these evaluation processes.

A range of evaluation needs are being met, but there are risks to quality

The IOB has a total budget of EUR 2.5 million and produces 10 to 15 evaluations a year. It conducts policy reviews, combining an assessment of a specific policy area with a comprehensive analysis of a general or operational policy objective. For example, IOB is currently reviewing the integrated water management policy, in order to ascertain the impact of the EUR 700 million spent on water management activities in developing countries between 2006 and 2015. All ministries are obliged to conduct these reviews every five to seven years (OECD, 2016). The IOB also conducts impact evaluations that give insight into the results of policy over the longer term; synthesis studies; and specific studies at the request of the MFA or the House of Representatives.

In 2015, the IOB lost 20% of its annual budget and had to cut down on staff. Whilst the IOB is adjusting its priorities in light of these cuts, the Netherlands should take care to safeguard its internationally renowned quality and independence.

Programme and project evaluations are planned and budgeted by individual operational teams. A decision tree on when to evaluate and when not to evaluate is included in the project appraisal document. Whilst the IOB provides limited support to decentralised evaluations, it has in the past questioned the quality of evaluations carried out on behalf of embassies (Court of Audit, 2014).

Joint evaluations are being conducted

IOB evaluation reports are widely distributed through meetings and discussions in partner countries. In the past five years, approximately nine joint evaluations have been carried out with bilateral agencies and partner governments, such as the European Commission Evaluation Unit; line ministries in Mozambique, Nigeria, Tanzania and Zambia; and the University of Ghana (OECD, 2016). The IOB also participates in several international fora, including the OECD DAC Network on Development Evaluation and the European Evaluation Society.

Institutional learning

Indicator: Evaluations and appropriate knowledge management systems are used as management tools

Whilst the results-based agenda is still taking shape in the MFA, investment in knowledge and evaluation has long been a hallmark of Dutch development co-operation. To make full use of the solid evidence base for learning and making decisions, the Netherlands will need to further develop mechanisms to capture, share and follow up on learning across the institution.

Opportunities are being missed to use the wealth of knowledge and evidence in Dutch co-operation

Improved results practices, extensive evaluation activity and significant investments in knowledge partnerships create a potentially impressive evidence base for institutional learning within the Netherlands.

The MFA has three months to respond formally to IOB policy reviews through a "policy reaction" that is submitted to parliament and made public. There is evidence to suggest that the lessons from the IOB policy reviews are being used to enhance policy. For example, an in-depth policy review of the Dutch contribution to global drinking water and sanitation in 2012 elicited a commitment by the MFA to enhance knowledge and empirical research, to increase focus and consistency, and to strengthen the emphasis on poverty and sustainability (MFA, 2014a). It is not, however, clear how the MFA ensures consistent application and monitoring of these commitments. It is also not clear how and whether the IOB is able to ensure the evaluations are conducted at the most relevant point in the policy cycle, and whether lighter policy reviews could be more responsive to changes, without compromising on quality.

At the level of programmes and projects, there is less systematic dissemination of evaluation results and lessons, although the activity appraisal document requires design teams to describe how the results of evaluations and/or studies feed into project proposal formulations.

As described in Chapter 5, the MFA is also investing considerably in policy relevant research through knowledge platforms (established in 2012) and links with a number of universities. There is also a strong emphasis on knowledge in partner countries: in Bangladesh, for example, partnerships have been formed to build more evidence on sexual and reproductive health and rights (through the SRHR knowledge platform Sharenet) to better support policy dialogue and effective implementation (MFA, 2014b).

However, there is scope to strengthen internal mechanisms (including digital) to capture and apply learning from the extensive body of results information, research and evaluations. There is also scope to improve the use of evaluation findings, for example to inform new strategies and new designs. This is particularly the case for policy setting and country planning, where the Netherlands could reflect on assessments and evidence of what has worked and what has not worked at a strategic level, beyond individual projects. As observed in Bangladesh (Annex C), there is also scope to better connect the knowledge platforms with initiatives in partner countries, and vice versa.

Communication, accountability and development awareness

Indicator: The member communicates development results transparently and honestly

The Netherlands places strong emphasis on using International Aid Transparency Initiative standards, including for reporting its results. It also meets its significant domestic accountability requirements and is seeking to communicate the results of its development programme in a more visually appealing way. However, the Netherlands could engage more with other partners and ministries to increase awareness of development.

The Netherlands development co-operation is increasingly transparent

The Netherlands has improved the transparency of its development co-operation. It had only partially met the Busan standard by 2015,[4] but is now committed to using open data systems and has adopted the International Aid Transparency Initiative (IATI) as the common reporting standard for its development co-operation activities. As a result, the Netherlands has now moved up the aid transparency index from "fair" to "good", reaching 16th position in 2016 (Publish What You Fund, 2016).

The Netherlands is the first DAC member to introduce IATI results reporting. It sees the potential for this system to enable open access to "real-time" data on projects, facilitated by dedicated data portals such as Openaid.nl and Nlaid.org. Milestones have been identified to achieve 80% coverage of all projects by 2021. Comprehensive guidelines have been issued to all implementing partners to support their reporting through IATI (MFA, 2015a). The Netherlands Enterprise Agency (RVO) has also published data to the IATI standard since February 2015. It displays results data for a limited number of private sector development indicators on a dedicated website.[5]

The Dutch Parliament exercises strong accountability over the development co-operation policy. Policy letters are frequently submitted to parliament (Chapter 2), in addition to the regular results reporting and evaluations. It was, in fact, demands from parliament for more meaningful results information that led to the creation of the corporate results framework. In addition, the Court of Audit publishes regular audits of the MFA's performance and systems.

The MFA strives to improve how it communicates results

As part of the effort to connect more with the public, political decision makers and other stakeholders, the MFA launched the "Development Results in Perspective" website in 2016.[6] This dynamic website replaces the more static annual results report and letter to parliament introduced by the MFA in 2004/5 and submitted annually since 2012. The 2016 edition of the report is more accessible, user-friendly and transparent than the previous editions. The website presents results from sectors and countries using an interactive platform. There is a balance between aggregated quantitative results (with some indication of whether progress is on or off track) and stories of impacts on people's lives, including videos to bring the statistics to life.

Opportunities are being missed to raise development awareness

A recent study by I&O Research cited by AIV found that a narrow majority of the Dutch electorate were in favour of increasing the Netherlands' contribution to international peace missions and were opposed to the cuts in development co-operation expenditure (AIV, 2016). At the same time, a qualitative study suggests that the Dutch public would like more positive information about development co-operation (Spitz, Muskens and van Ewijk, 2013). A high percentage of Dutch citizens are also actively involved on a personal level by making private donations. Despite these findings, public support for ODA is vulnerable to continued economic and political uncertainty in the Netherlands, as in other European countries.

In 2015, an action plan for communication "Increasing Relevance and Transparency" was approved (MFA, 2015b). This action plan, now under implementation with broad participation across DGIS and by the MFA communications department, focuses both on increasing and improving communication with influential stakeholders and interested citizens, and on increasing openness by using open data for development co-operation. Yet communication resources have been cut in the MFA and development education resources to civil society have ceased altogether.[7] Opportunities are therefore being missed for engaging with other ministries and stakeholders to raise development awareness (e.g. through the education curriculum) at home.

Notes

1. This paper is one of a series of case studies being developed by the OECD DAC results community to document approaches to results-based management by development co-operation providers.

2. Reach indicators is a term used to refer to indicators which focus on volume, and count the number of beneficiaries who are reached by a service or intervention.

3. The IOB has the following tasks: 1) to conduct high quality evaluations for learning and accountability purposes; 2) to ensure balanced evaluation programming in the field of development co-operation and to advise on programming in other areas of foreign policy; 3) to contribute to improvement of the quality of evaluations conducted by, or on behalf of, policy departments, institutions subsidised by the MFA, and multilateral institutions by drawing up generally applicable quality requirements and guidelines for conducting evaluations, advising on the design and implementation of individual evaluations, and conducting systematic assessments of these evaluations or peer reviews of other evaluation services; 4) to strengthen capacity to conduct evaluations in partner countries by supporting education and training and participating in joint evaluations; and 5) to promote the distribution and communication of evaluation results.

4. In early 2012, the OECD DAC Working Party on Development Finance Statistics (WP-STAT) and the International Aid Transparency Initiative (IATI) developed a framework for the common standard for publishing aid information. This framework built upon the commitments donors made at the 4th High Level Forum on Aid Effectiveness in Busan and was finally agreed by all participants in June 2012. The common standard sets out good practice in reporting and publishing data. It combines three complementary systems and processes: the OECD DAC's Creditor Reporting System (CRS) and the Forward Spending Survey – two reporting instruments of the OECD with comprehensive statistical information – plus IATI.

5. For more information, see: https://aiddata.rvo.nl/

6. For more information, see www.dutchdevelopmentresults.nl/magazine/development-results-2015/home

7. The relevance of public support for development co-operation, and the role of government in strengthening it, has long been debated in the Netherlands (see, for example, AIV, 2009 and Spitz, Muskens and van Ewijk, 2013). The Advisory Council on International Affairs (AIV) has consistently underscored the importance of societal awareness and support in the Netherlands and the priority that government should accord it.

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Chapter 7: The Netherlands' humanitarian assistance

Strategic framework

Indicator: Clear political directives and strategies for resilience, response and recovery

The Netherlands has kept pace with dramatic changes in the global context for humanitarian assistance over the past few years, adapting its practice and creating innovative mechanisms to deliver coherent and efficient humanitarian aid. The good practice embodied in the Dutch Relief Fund, for example, needs to be secured for the longer term. Updating the humanitarian policy now will safeguard this mechanism as well as consolidate progress towards the Netherlands' World Humanitarian Summit commitments.

Updating the humanitarian policy will help safeguard the Dutch Relief Fund model

The Netherlands still uses the 2012 humanitarian policy framework *Aid for People in Need* (MFA, 2012) to structure its humanitarian assistance. The policy has since been complemented by various letters to parliament to adjust humanitarian aid priorities in light of urgent needs arising from new crises. The Ministry of Foreign Affairs (MFA) is considering revising its humanitarian policy following the election in March 2017. A new and updated policy would help to safeguard or even expand the Dutch Relief Fund model (Box 7.1) and safeguard its support to innovation in humanitarian aid.

The Netherlands plays a leading role in the humanitarian realm, helping to shape the agenda. It was instrumental in supporting the Grand Bargain (Grand Bargain, 2016),[1] and is now co-leading work on transparency. The Netherlands could consolidate its prominent role in the wake of the World Humanitarian Summit by taking a stronger position on the boards of humanitarian multilateral organisations. For instance it could have a constructive role interacting with those agencies that have signed the Grand Bargain to ensure they work in a way that is consistent with bilateral donors' efforts.

Combining humanitarian and development support is the key to long-term solutions

The Netherlands has ambitions to strengthen its role in countries emerging from conflict. Increasingly overlapping objectives between humanitarian aid and development co-operation in complex crises have pushed the Netherlands to develop a more comprehensive approach, now concentrated on six different regions,[2] with the explicit goal of addressing the root causes of conflict and migration. The Dutch Relief Fund, with its four-year life span, is useful for supporting humanitarian assistance for refugees. However, whilst humanitarian assistance can reduce suffering, it cannot create lasting peace, development or prosperity. While there tends to be more public support for visible humanitarian action than for long-term development co-operation, it is important in these contexts to shore up the development budget and ensure coherence between humanitarian aid and long-term development efforts. This would allow the Netherlands to strengthen its "3D" approach in crisis regions: combining development, diplomacy and defence activities to achieve the priority goals of security and rule of law.

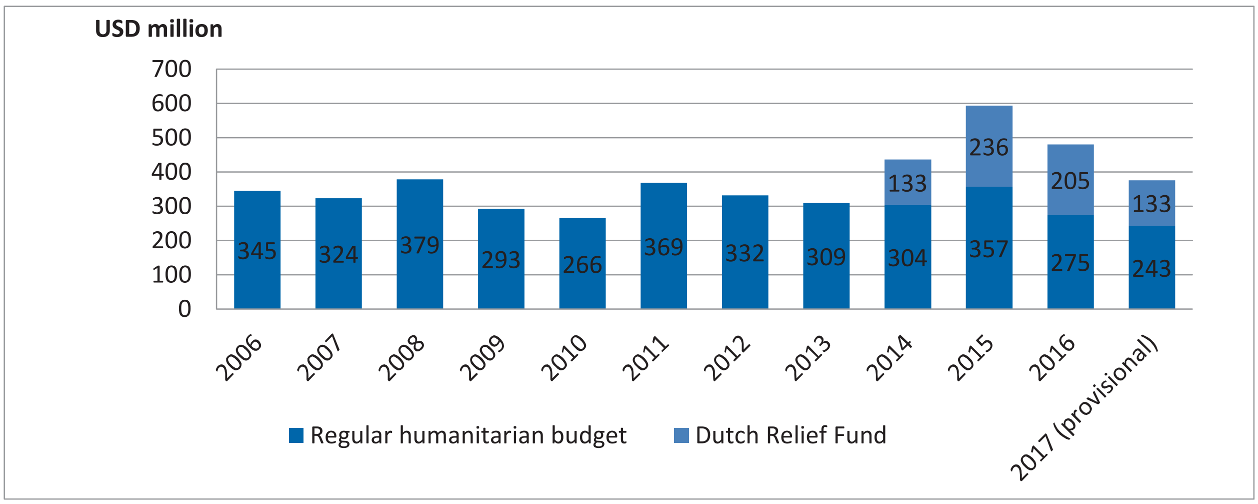
The disaster prevention and preparedness share of humanitarian funding remains slim compared to the Netherlands' ambitions in this domain

The Netherlands considers disaster risk reduction to be a development activity, whereas disaster preparedness is considered to be humanitarian assistance. This clear distinction allows responsibilities to be divided, with the Inclusive Green Growth Department responsible for disaster risk reduction and the Humanitarian Aid Department responsible for disaster preparedness. Disaster risk reduction management is supported through Dutch climate finance. The Netherlands' main focus is on preventing or reducing the impact of water-related disasters, reflecting its expertise. Support to disaster preparedness is in line with the good humanitarian donorship principles (GHD, 2003), putting the emphasis on strengthening local capacities, notably of local Red Cross and Red Crescent societies. However, with only two projects reported in 2015, the disaster prevention and preparedness share of humanitarian funding remains slim[3] compared to the Netherlands' ambitions in this domain.

Humanitarian funding levels have increased in recent years but are at risk

The Netherlands ranked as the sixth most generous DAC humanitarian donor in 2015.[4] Its annual humanitarian budget is consistently over EUR 200 million (Figure 7.1). Supplementary allocations have allowed the Netherlands to meet its overall humanitarian objectives and reinforce its partnership with major humanitarian organisations, including non-governmental organisations (NGOs). For example, an additional EUR 110 million was allocated to the crisis in the Middle East in 2015. The creation of the EUR 570 million Dutch Relief Fund at the end of 2014 has substantially increased the Netherlands' total humanitarian budget (Figure 7.1; Box 7.1). The fund is available until the end of 2017, after which it is no longer secured (it was replenished at the end of 2016 with an additional EUR 48 million). A donor that invests so much in system-wide strengthening should match its advocacy work with appropriate long-term funding commitments. The Netherlands should therefore secure enough funding to avoid leaving its partners facing an abrupt financial shock.

Figure 7.1 The Netherlands' humanitarian budget has increased since 2014



Source: "OECD DAC peer review: memorandum of the Netherlands", unpublished, Ministry of Foreign Affairs of the Netherlands, The Hague; OECD DAC Creditor Reporting System, [accessed 17/1/17] (http://stats.oecd.org/Index.aspx?datasetcode=CRS1); communications with the MFA

Effective programme design

Indicator: Programmes target the highest risk to life and livelihood

The combination of the refugee crisis and the sudden increase in available humanitarian funding thanks to the Dutch Relief Fund, against the backdrop of the World Humanitarian Summit process, have allowed the Netherlands to create a carefully designed programme of humanitarian assistance. Instead of doing more of the same, the Netherlands created an innovative partnership with Dutch NGOs, increasing its response capacity while stimulating innovation and transparency in line with its policy, thus maintaining its reputation as a major humanitarian donor. The Netherlands should make sure it safeguards that reputation.

Unearmarked support is combined with dialogue with partners

Most Dutch humanitarian aid is concentrated on a small number of multilateral humanitarian organisations[5], which receive 60% of its core and unearmarked funding. In 2015, the Netherlands was the second biggest donor to United Nations country-led pooled funds. In 2016 it was also the second biggest contributor to the Central Emergency Response Fund (CERF). This is in line with the Netherlands' policy to strengthen the role of the UN in leading and co-ordinating responses to humanitarian crises. The creation of the Dutch Relief Fund in 2014 gave the Netherlands greater leeway to allocate its humanitarian aid strategically. Innovative partnership mechanisms, such as the Dutch Relief Alliance with Dutch NGOs (discussed further below), have strengthened dialogue with the NGOs that together receive EUR 120 million from the Dutch Relief Fund (Box 7.1). This dialogue allows the Netherlands to match its response to any emerging crisis with its partners' field presence and response capacity, which is good practice.

Early disaster response is ensured through local Red Cross partnerships

The Netherlands' long-term partnership with the International Federation of the Red Cross/Red Crescent Societies (IFRC) for disaster preparedness supports an early response to disasters. This approach acknowledges the crucial role of local actors as first line responders, putting the Netherlands well ahead on its World Humanitarian Summit commitments.

The Netherlands uses innovative methods to involve beneficiaries

The Netherlands is an active supporter of the Grand Bargain, which calls for a "participation revolution": greater involvement by the beneficiaries of aid in the decisions which affect them (GB, 2016). By supporting innovation and promoting the use of cash-based responses when relevant – to give beneficiaries greater control over their lives – the Netherlands is already fostering a participatory approach to humanitarian aid.

Effective delivery, partnerships and instruments

Indicator: Modalities and partnerships help deliver quality assistance

The Netherlands has seized the opportunity offered by the additional funds in the Dutch Relief Fund to rebalance its partnership model – historically most of the regular humanitarian budget was tied up in multi-year core funding commitments. The Netherlands understood that if it wanted to help reshape the global humanitarian landscape and remain a major global humanitarian donor, it needed to complement its good humanitarian donorship practices with a stronger policy dialogue with its partners.

The limited scope of country strategies curtails coherence between humanitarian and development assistance

The Netherlands has created a broad range of funds that can be tapped into for various humanitarian needs, including crises and the management of refugee flows abroad. The Humanitarian and Stabilisation Department (DSH) manages stabilisation funds, the humanitarian budget and migration management abroad, which can improve coherence among these financial instruments in protracted crises, like in Syria (Chapter 5). In such contexts however, notably in partner countries with an "aid relationship" according to the MFA classification, the restricted scope of the country strategy is a constraint to the coherent implementation of both development programming and humanitarian assistance.

An efficient mix of core funding to partners and a financial reserve ensures rapid crisis response

As the Netherlands' humanitarian aid management is both flexible and centrally managed, money can be allocated rapidly during a crisis. The Netherlands has two main ways to ensure this rapid response:

1) 60% of its humanitarian budget is channelled through multilateral agencies and pooled funds. As such, the operational agency or the pooled fund manager can mobilise the response rapidly.

2) The Dutch Relief Fund has increased the capacity of the humanitarian department (DSH) to respond rapidly to humanitarian needs, with a reserve of EUR 120 million to complement the regular humanitarian reserve for emerging crises.

This balanced combination ensures rapid response through prepositioned funds to trusted partners and also gives the Netherlands itself the capacity to respond quickly to an emerging crisis.

Box 7.1: The Dutch Relief Fund

At the end of 2014, the Netherlands set up a relief fund of EUR 570 million to run until the end of 2017. This was additional to the existing Dutch humanitarian aid budget. The fund allowed for multi-year planning and funding, while also allowing greater flexibility to both the Netherlands and the fund's recipients. Total contributions to NGOs and international organisations from the relief fund (EUR 450 million) cover multiple years and are mostly unearmarked or softly earmarked. The remaining EUR 120 million are available for urgent needs. This allowed the relief fund to make extra contributions to humanitarian aid in the most severe emergencies during 2014-17: Syria, South Sudan, the Central African Republic, Iraq, and the Ebola outbreak. As soon as an emergency developed, the government decided which aid agency was best placed to provide humanitarian aid – the UN, the Red Cross, or an NGO – on the basis of their quality, effectiveness and access. At the end of 2016, the Dutch Relief Fund was replenished with EUR 48 million.

Source: Communication with the Dutch Ministry of Foreign Affairs Stabilisation and Humanitarian Aid Department, 2016

Shaping a better humanitarian system requires the active involvement of donors like the Netherlands

The Netherlands' ambition is to shape the humanitarian agenda, and it is promoting aid efficiency, transparency and innovation at all policy levels. This is matched with timely and flexible funding to its humanitarian partners. All partners consulted for this review appreciated the Netherlands' partnership, funding modalities and its "light touch" reporting, although they would value more depth in their interactions on a number of policy issues. Following a recent internal evaluation of results (IOB, 2015) the Netherlands is considering improving results-based management of its humanitarian aid. As a major and trusted donor, this is a sound move and the Netherlands could use its considerable financial weight to better leverage and accompany the necessary changes in the humanitarian multilateral system as agreed at the World Humanitarian Summit.

In 2015, Dutch humanitarian NGOs came together as part of the Dutch Relief Alliance. To ensure the highest standards, the MFA used the criteria laid out in the European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) Framework Partnership Agreement as the entry criteria for the alliance. This alliance model has encouraged fruitful dialogue between Dutch civil society and the MFA. Since significant funds are available, the alliance is solid and has gained credibility beyond the Dutch MFA. The alliance, now with 14 members, has started fundraising as a specific entity, targeting other donors. This is a good example of a donor successfully streamlining its relationships with NGOs for mutual benefit and improved efficiency.

The Netherlands builds alliances with like-minded donors

Even though humanitarian aid is managed centrally and through multilateral partners, Dutch embassies have a grasp of humanitarian challenges in their countries, and are active players in local forums on humanitarian or resilience issues. The deployment by the MFA of regional field experts significantly increases the potential for co-ordination with other donors. The presence of these experts could also make the Netherlands a valuable source of information for other donors who lack humanitarian capacity in the field. In countries in crisis, the Netherlands builds alliances to ensure a coherent and unified donor position, notably within the European Union.

Organisation fit for purpose

Indicator: Systems, structures, processes and people work together effectively and efficiently

The Netherlands is well organised to respond to humanitarian crises. Pragmatic government co-ordination and organisation allow for the timely and coherent mobilisation of aid. However, the temporary status of almost half of the humanitarian staff could weaken the Netherlands' ability to shape the global humanitarian landscape and strengthen strategic partnerships.

Cross government co-ordination is pragmatic and efficient

The Netherlands' cross-government co-ordination and crisis governance mechanisms have stood the test of time. The Netherlands' approach to co-ordination is pragmatic rather than bureaucratic. Ad hoc ministerial meetings between the Prime Minister's Office, the MFA, the Ministry of Defence, and the Ministry of Security and Justice are organised as needed, for instance to manage the incoming refugee flows at the climax of the Syrian crisis.[6] The Ministry of Defence and the MFA have exchanged advisers in their respective departments in order to reinforce mutual understanding, which proves useful when military affairs and humanitarian issues arise in the same crisis. This is good practice.

Civil-military co-ordination works well

The Netherlands takes the civil-military co-ordination (CIMIC) and humanitarian principles seriously. A good example was the provision by the Netherlands of a military vessel in 2014 during the Ebola crisis to transport humanitarian material from eight European countries within the EU civil protection mechanism. The Netherlands hosts an impressive range of CIMIC training: in addition to its own Civil-Military Command within its defence forces, it hosts the CIMIC Centre of Excellence – working on policy and guidelines on civil-military relations – as well as the School for Peace Operations, which prepares military and civilian personnel for deployment in crisis countries.

Continuity and capacity of staff at HQ and in the field is key to ensuring the quality of humanitarian assistance

Dutch humanitarian aid is managed centrally, within the MFA's Humanitarian and Stabilisation Department (DSH). With 15 staff members working on humanitarian issues, the Netherlands has strong capacity to analyse, sustain partnerships and programme its humanitarian aid. However, as almost half of these personnel are on temporary contracts, the Netherlands' future capacity for managing its humanitarian funds is uncertain. Staff continuity will be essential if the Netherlands is to maintain its humanitarian policy and programmes. As many humanitarian responses are designed in the field, whereas financial decisions are taken in donors' capital cities, the recent deployment of Dutch regional humanitarian experts to the Middle East and the Horn of Africa helps to bridge this gap. It also increases the Netherlands' credibility as a humanitarian donor, and increases the potential for co-ordination and monitoring (see next section).

Results, learning and accountability

Indicator: Results are measured and communicated, and lessons learnt

The Netherlands is a good humanitarian donor, providing mostly core or softly earmarked funding to its partners. However, this makes it challenging to monitor these partners' results and communicate the impact of the Netherlands' humanitarian actions. The use of field experts helps to improve monitoring, but a strategic communication partnership and an updated humanitarian policy would also heighten the Netherlands' accountability to its citizens.

An updated strategy will help set the objectives for monitoring

The MFA evaluation department's (IOB) review of Dutch humanitarian aid over 2009-14 led to a range of recommendations (IOB, 2015). These recommendations were the basis for a review of the humanitarian model and helped the Netherlands to be better prepared to respond to the refugee crisis, for instance with an increased number of staff. However, without an updated humanitarian strategy, it is difficult for the Netherlands to monitor whether it is achieving its own objectives. Updating the humanitarian strategy will help to structure performance monitoring, taking into account the review's recommendations.

Improved monitoring increases transparency and accountability

Around 60% of Dutch humanitarian funding comprises unearmarked contributions to its multilateral partners; in 2015, 31% was directed to pooled funds,[7] for both of which reporting requirements are light. This has made it challenging for the Netherlands to monitor the impact of its humanitarian contribution – a point highlighted by the IOB review (IOB, 2015). The field experts present in priority regions will now be able to conduct proper field monitoring. This is good practice, and will allow for a well-informed dialogue with partners. The Netherlands plans to create an open humanitarian data centre with the Office for the Co-ordination of Humanitarian Affairs (OCHA) in The Hague – this will reinforce the overall transparency and accountability of the global humanitarian system still further.

Communication partnerships will increase the visibility of Dutch humanitarian action

The high share of unearmarked and pooled humanitarian funding means the Netherlands has only limited influence over the use of its funds. This makes it challenging to communicate efficiently on its critical humanitarian role worldwide. As the humanitarian budget is dependent on public and parliamentary support, the Netherlands will need to devise a dedicated communication strategy with its main partners. The Netherlands' support to the Dutch Relief Alliance offers great potential for joint communication efforts that could be beneficial to both the alliance and the MFA.

Notes

1. The Grand Bargain is an agreement made at the 2016 World Humanitarian Summit between more than 40 of the biggest donors and aid providers. It includes a series of commitments to provide better financing and more efficient humanitarian aid delivery ; www.agendaforhumanity.org/initiatives/3861,
2. The six priority regions are: (1) Afghanistan/Pakistan, (2) Mashreq and Middle East, (3) North Africa, (4) The Horn of Africa, (5) The Great Lakes region and (6) Mali and the Sahel.
3. In both 2014 and 2015, two projects were reported to the OECD DAC Creditor Reporting System as targeting disaster prevention and preparedness (http://stats.oecd.org/Index.aspx?datasetcode=CRS1,
4. From OECD DAC Creditor Reporting System (CRS) 2015 data (http://stats.oecd.org/Index.aspx?datasetcode=CRS1,
5. The Netherlands has prioritised the following core partners: OCHA (including the Central Emergency Response Fund), United Nations High Commission for Refugees, World Food Programme, United Nations Relief and Works Agency, UNICEF and the International Commission of the Red Cross and Red Crescent.
6. This ad hoc mechanism was then integrated into the relevant EU co-ordination mechanisms.
7. According to the OCHA financial tracking service (FTS) (https://ftsbeta.unocha.org/?fromclassic=1,

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Annex A: Progress since the 2011 DAC peer review recommendations

Key Issues: Development beyond aid

Recommendations 2011	Progress in implementation
Building on the progress that the Netherlands has made in development beyond aid, it should: • Put in place a clearly-prioritised and timebound programme as part of its new globalisation agenda to ensure that relevant Dutch and European Union policies support (or at least do not undermine) their development policies. This programme should translate the Netherlands' commitment to development into plans for action, and should include strategic cross-governmental goals.	Implemented

Key Issues: Strategic orientations

Recommendations 2011	Progress in implementation
To complete the policy framework for development co-operation by: • Setting out the inter-linked principles, clear, overall objectives and criteria for each of the main aid delivery channels; • Making clear how the new policy will be implemented through each of these channels.	Implemented
To help manage the risks associated with the reforms of its development co-operation, the Netherlands should: • Ensure that development objectives remain paramount and that the renewed emphasis on the private sector is not confused with the promotion of Dutch commercial interests; • Plan and carry out the Netherlands' exit from specific sectors and countries in a way that is consultative and transparent with partner country governments and other development partners, honours existing commitments and seeks to minimise negative impacts in aid-dependent countries.	Partially implemented Partially implemented

Annex A: Progress since the 2011 DAC peer review recommendations

Key Issues: Aid volume, channels and allocations

Recommendations 2011	Progress in implementation
To continue to meet its commitment and to support its reforms, the Netherlands should: • Prevent its ODA/GNI ratio from falling below 0.7%; • Ensure criteria and processes for allocating funds to the main aid delivery channels reflect the new policy priorities and strategic objectives; • Continue to concentrate multilateral ODA on a small number of entities, consistent with Dutch development priorities and taking into account agency performance.	**Not implemented** **Implemented** **Implemented**

Key Issues: Organisation and management

Recommendations 2011	Progress in implementation
To improve the synergy among its different aid channels, the Netherlands should: • Involve its field teams more in planning and managing the main aid delivery channels, particularly the civil society, enterprise, thematic and humanitarian programme areas; • Turn its country strategies into more comprehensive planning tools that cover all of the Netherlands' contributions to partner countries.	**Partially implemented** **Not implemented**
Put the knowledge management strategy into action by identifying: • Pools of knowledge and knowledge gaps; • Practical actions to harness in-house experience, monitoring and evaluation; • A way of ensuring this knowledge and evidence is used to inform policy and operational decisions and to strengthen and professionalise Dutch development co-operation.	**Partially implemented**
In order to get the most out of the staff and expertise it has, the ministry should: • Treat development as a discipline within the ministry; • Map staff expertise and experience; • Introduce strategic workforce planning; • Improve support to and incentives for locally-recruited staff.	**Partially implemented**

Key Issues: Delivery and partnerships

Recommendations 2011	Progress in implementation
To make its aid more effective, the Netherlands should: • Find ways to make its support more predictable, clarify its approach to conditionality and increase its use of partner country systems; • Continue to untie its aid.	Not implemented Partially implemented
To ensure a higher proportion of its aid is delivered effectively, the Netherlands should: • Programme more of its non-delegated bilateral resources through the Dutch embassies in the 15 partner countries to maximise existing strengths – notably flexibility and capacity; • Ensure these 15 embassies have the necessary skills and mandate to improve the predictability of Dutch aid, make more use of country systems and improve the transparency of Dutch plans, activities and funding decisions.	Not implemented Not implemented

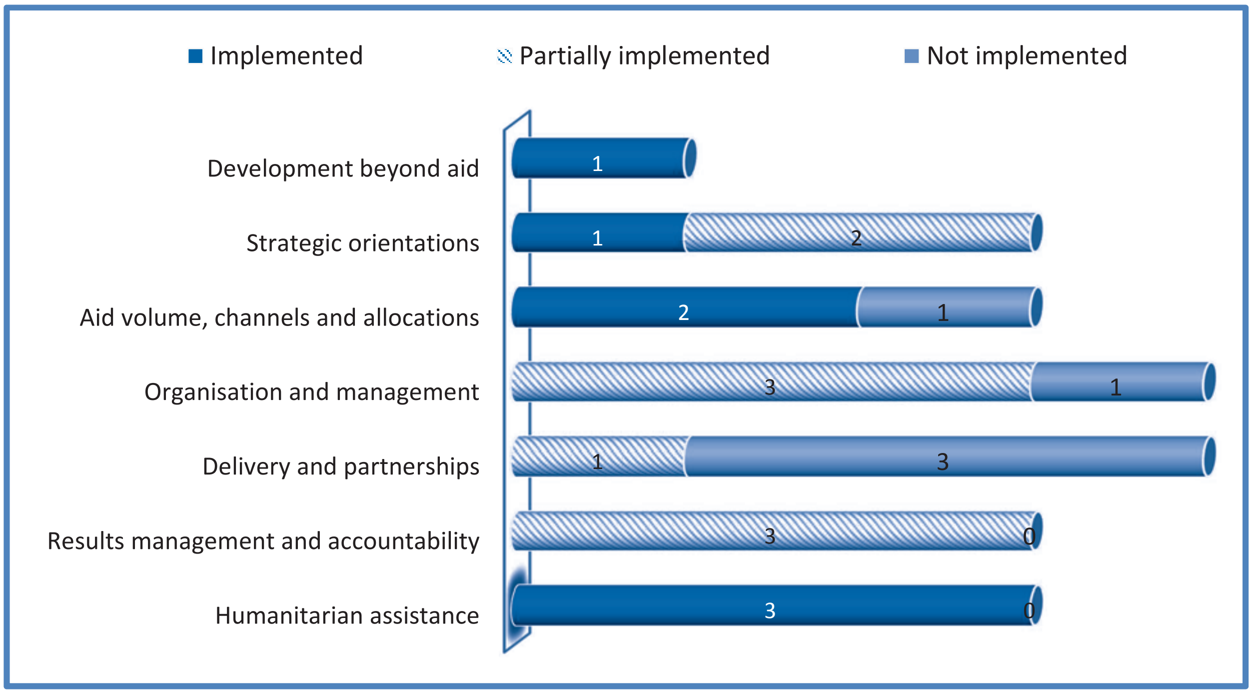
Key Issues: Results management and accountability

Recommendations 2011	Progress in implementation
To make its aid more effective, the Netherlands should: • Improve the transparency of its plans, activities and funding decisions for its partners and other stakeholders and continue to improve the regional and sectoral reporting of bilateral ODA; • Ensure that development objectives – at global, country and programme levels – are explicitly defined and measurable, and that the type of information needed for managing for results, accountability and learning is clear.	Partially implemented Partially implemented
The Netherlands should apply a strategic approach for strengthening communication and engagement with parliament, civil society and the public on development and the results of its development co-operation, including: • Formulating a communication strategy; • Targeting resources and appropriate methods to communicate results to key audiences; • Engaging strategically with NGOs, development institutions and think tanks both at the policy and implementation levels.	Partially implemented

Key Issues: Humanitarian assistance

Recommendations 2011	Progress in implementation
The Netherlands should finalise its cross-government humanitarian policy, which should include clear humanitarian objectives and promote: • Advocacy work to strengthen the global humanitarian system; • Continued respect for the humanitarian imperative, both within the ministry and across government; • Stronger linkages with other Dutch programmes and more structured discussions with parliament and partners; • Further programme efficiencies; • Accountability for Dutch humanitarian objectives.	Implemented
To support effective and efficient humanitarian aid the Netherlands should: • Refine its rapid response mechanisms for sudden onset emergencies; • Expand the use of multi-annual funding streams in complex emergencies and protracted crises.	 Implemented Implemented

Figure A.1 The Netherlands' implementation of 2011 peer review recommendations



Annex B: OECD DAC standard suite of tables

Table B.1 Total financial flows

USD million at current prices and exchange rates

Netherlands	2001-05	2006-10	2011	2012	2013	2014	2015
							Net disbursements
Total official flows	**4 255**	**6 359**	**6 344**	**5 523**	**5 435**	**5 573**	**5 726**
Official development assistance	**3 960**	**6 290**	**6 344**	**5 523**	**5 435**	**5 573**	**5 726**
Bilateral	2 771	4 753	4 336	3 858	3 647	4 027	4 163
Multilateral	1 189	1 537	2 008	1 665	1 789	1 546	1 563
Other official flows	**295**	**69**	-	-	-	-	-
Bilateral	295	69	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Net Private Grants	**342**	**430**	**231**	**528**	**1 514**	**165**	**38**
Private flows at market terms	**4 836**	**3 570**	**15 472**	**13 891**	**12 478**	**63 136**	**62 396**
Bilateral: *of which*	4 725	**3 311**	15 447	11 920	11 735	61 582	60 114
Direct investment	2 118	-1 974	4 787	3 264	181	52 762	47 682
Export credits	3 563	997	- 413	- 262	- 696	- 649	424
Multilateral	111	259	25	1 972	743	1 554	2 282
Total flows	**9 433**	**10 359**	**22 046**	**19 943**	**19 428**	**68 874**	**68 160**
for reference:							
ODA (at constant 2014 USD million)	*5 630*	*6 523*	*6 271*	*5 824*	*5 474*	*5 573*	*6 829*
ODA (as a % of GNI)	*0.79*	*0.81*	*0.75*	*0.71*	*0.67*	*0.64*	*0.75*
Total flows (as a % of GNI) (a)	*1.89*	*1.34*	*2.62*	*2.56*	*2.39*	*7.85*	*8.91*
ODA to and channelled through NGOs							
- In USD million	551	1 471	1 479	1 242	1 297	1 219	1 053
- In percentage of total net ODA	14	23	23	22	24	22	18
- DAC countries' average % of total net ODA	*9*	*7*	*9*	*13*	*13*	*13*	*13*

a. To countries eligible for ODA.

ODA net disbursements
At constant 2014 prices and exchange rates and as a share of GNI

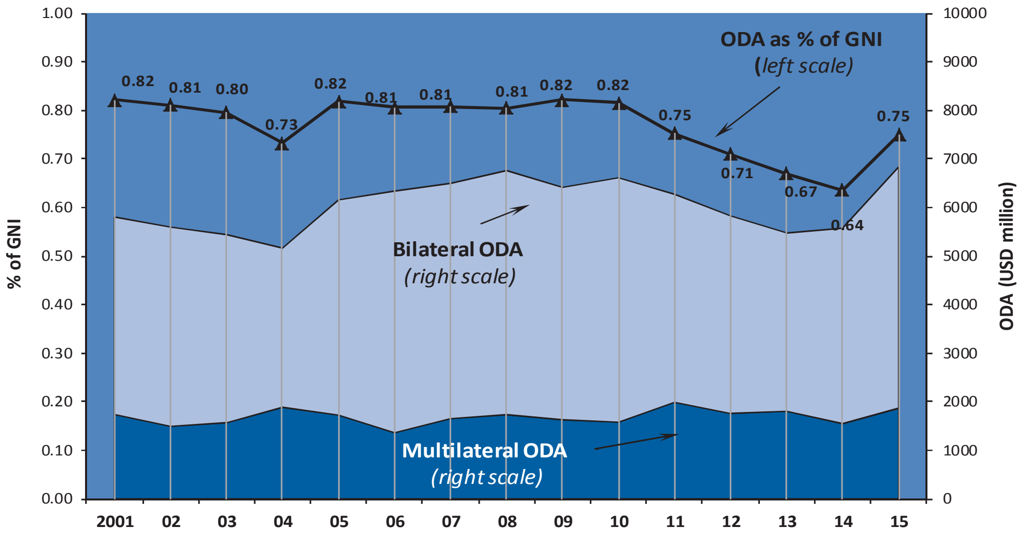
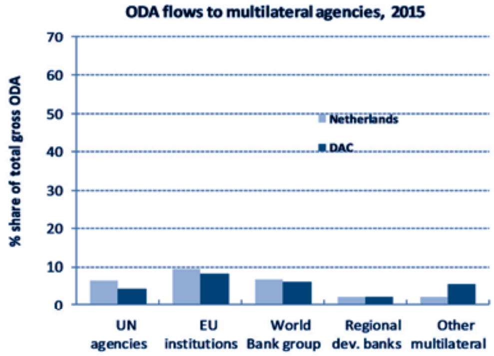


Table B.2 ODA by main categories

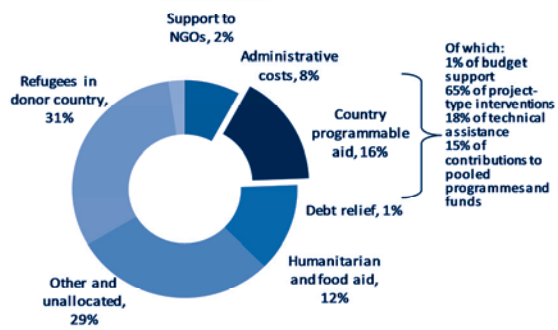
Disbursements

Netherlands	Constant 2014 USD million					Per cent share of gross disbursements					Total DAC
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2015%
Gross Bilateral ODA	**4 499**	**4 180**	**3 852**	**4 180**	**5 076**	**69**	**70**	**68**	**73**	**73**	**74**
Budget support	175	73	24	7	7	3	1	0	0	0	2
of which: General budget support	90	39	24	-	-	1	1	0	-	-	1
Core contributions & pooled prog.& funds	841	530	583	576	615	13	9	10	10	9	14
of which: Core support to national NGOs	2	9	9	7	10	0	0	0	0	0	2
Core support to international NGOs	45	34	61	71	108	1	1	1	1	2	1
Core support to PPPs	9	6	6	7	6	0	0	0	0	0	0
Project-type interventions	2 188	2 270	2 148	1 941	2 019	34	38	38	34	29	39
of which: Investment projects	327	264	260	162	147	5	4	5	3	2	14
Experts and other technical assistance	333	321	339	377	348	5	5	6	7	5	4
Scholarships and student costs in donor countrie	65	76	59	46	39	1	1	1	1	1	2
of which: Imputed student costs	-	-	-	-	-	-	-	-	-	-	1
Debt relief grants	120	127	62	63	54	2	2	1	1	1	0
Administrative costs	288	419	259	233	402	4	7	5	4	6	4
Other in-donor expenditures	489	365	377	938	1 591	8	6	7	16	23	9
of which: refugees in donor countries	476	358	375	935	1 581						
Gross Multilateral ODA	**1 985**	**1 756**	**1 801**	**1 546**	**1 864**	**31**	**30**	**32**	**27**	**27**	**26**
UN agencies	559	586	572	451	435	9	10	10	8	6	4
EU institutions	678	638	650	647	648	10	11	11	11	9	8
World Bank group	463	271	264	71	471	7	5	5	1	7	6
Regional development banks	95	134	161	173	152	1	2	3	3	2	2
Other multilateral	190	128	155	203	157	3	2	3	4	2	5
Total gross ODA	**6 483**	**5 937**	**5 653**	**5 726**	**6 940**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	13	-	-	-	-	0	-	-	-	-	-
Bilateral	13	-	-	-	-	0	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-	-	-	-	-
Repayments and debt cancellation	**- 212**	**- 112**	**- 179**	**- 153**	**- 111**						
Total net ODA	**6 271**	**5 824**	**5 474**	**5 573**	**6 829**						
For reference:											
Free standing technical co-operation	*448*	*406*	*446*	*476*	*421*						
Net debt relief	*120*	*127*	*62*	*63*	*54*						

ODA flows to multilateral agencies, 2015



Composition of bilateral ODA, 2015, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average

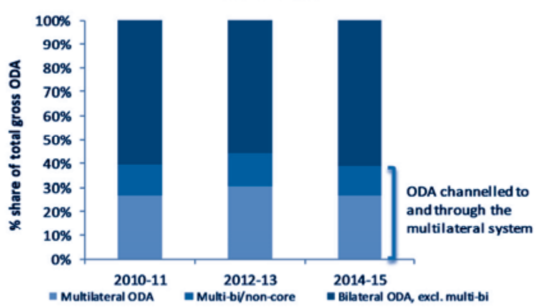
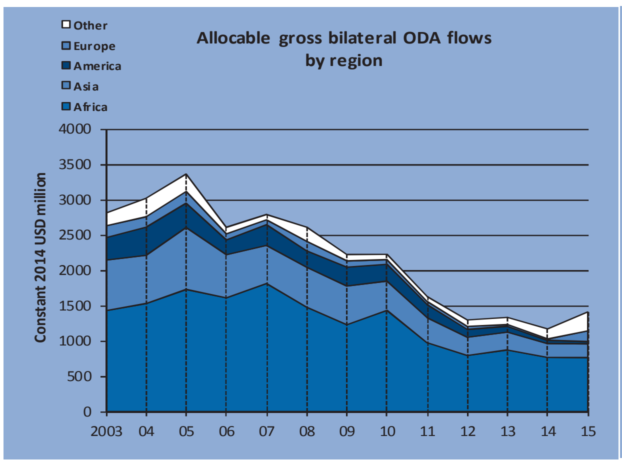
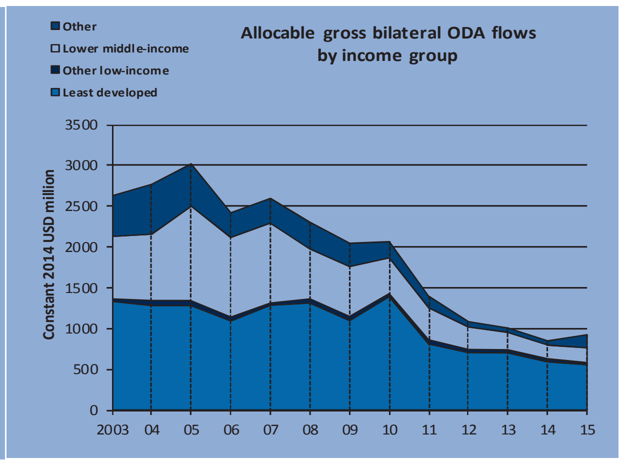


Table B.3 Bilateral ODA allocable by region and income group

Gross disbursements

Netherlands	Constant 2014 USD million					% share					Total DAC
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2015%
Africa	972	791	870	765	762	60	61	65	66	54	**41**
Sub-Saharan Africa	923	742	843	747	740	57	57	63	64	53	**35**
North Africa	17	11	10	5	3	1	1	1	0	0	**4**
Asia	356	259	253	196	195	22	20	19	17	14	**31**
South and Central Asia	227	186	196	148	153	14	14	15	13	11	**19**
Far East	109	65	53	34	36	7	5	4	3	3	**12**
America	186	112	82	45	33	11	9	6	4	2	**10**
North and Central America	54	43	34	24	14	3	3	3	2	1	**4**
South America	128	65	44	18	14	8	5	3	2	1	**5**
Middle East	69	91	102	140	262	4	7	8	12	19	**10**
Oceania	-	-	-	-	3	-	-	-	-	0	**2**
Europe	44	43	24	19	151	3	3	2	2	11	**5**
Total bilateral allocable by region	**1 627**	**1 296**	**1 332**	**1 166**	**1 406**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	811	705	702	593	556	58	65	70	70	60	**40**
Other low-income	49	38	35	35	25	4	3	3	4	3	**4**
Lower middle-income	395	275	216	170	183	28	25	21	20	20	**35**
Upper middle-income	140	66	54	51	159	10	6	5	6	17	**21**
More advanced developing countries	-	-	-	-	-	-	-	-	-	-	**-**
Total bilateral allocable by income	**1 394**	**1 084**	**1 007**	**848**	**923**	**100**	**100**	**100**	**100**	**100**	**100**
For reference:											
Total bilateral	4 498	4 180	3 852	4 180	5 076	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*2 872*	*2 885*	*2 519*	*3 014*	*3 670*	*64*	*69*	*65*	*72*	*72*	***32***
of which: Unallocated by income	*3 104*	*3 097*	*2 845*	*3 332*	*4 153*	*69*	*74*	*74*	*80*	*82*	***40***





1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.

Table B.4 Main recipients of bilateral ODA

Gross disbursements

Netherlands	2004-08 average			Memo:	Slovenia	2009-13 average			Memo:		2014-15 average			Memo:
	Current USD million	Constant 2014 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2014 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2014 USD mln	% share	*DAC countries' average %*
Nigeria	163	183	4		Afghanistan	104	105	2		Ethiopia	85	93	2	
Sudan	142	156	3		Democratic Republic of the Congo	103	107	2		Bangladesh	58	63	1	
Indonesia	139	155	3		Indonesia	82	83	2		Afghanistan	53	58	1	
Ghana	116	130	3		Mozambique	74	75	2		South Sudan	48	52	1	
Tanzania	113	126	3		Bangladesh	73	74	2		Rwanda	46	50	1	
Top 5 recipients	**673**	**749**	**15**	**36**	**Top 5 recipients**	**437**	**445**	**10**	**26**	**Top 5 recipients**	**291**	**316**	**7**	**22**
Afghanistan	92	102	2		Ethiopia	73	74	2		Syrian Arab Republic	45	49	1	
Uganda	77	87	2		Mali	60	61	1		Mozambique	41	45	1	
Bangladesh	76	83	2		Ghana	59	60	1		Mali	41	45	1	
Mozambique	73	80	2		Burkina Faso	52	52	1		Ghana	32	35	1	
Iraq	70	81	2		Sudan	51	52	1		Benin	30	32	1	
Top 10 recipients	**1 061**	**1 183**	**24**	**48**	**Top 10 recipients**	**732**	**745**	**16**	**37**	**Top 10 recipients**	**480**	**522**	**11**	**33**
Mali	68	76	2		Suriname	50	50	1		Indonesia	30	32	1	
Ethiopia	66	72	1		Tanzania	46	46	1		Iraq	28	32	1	
Zambia	64	71	1		Rwanda	46	46	1		Burundi	27	30	1	
Burkina Faso	64	70	1		Bolivia	41	42	1		West Bank and Gaza Strip	27	29	1	
Suriname	58	62	1		West Bank and Gaza Strip	38	38	1		Kenya	26	28	1	
Top 15 recipients	**1 381**	**1 534**	**31**	**57**	**Top 15 recipients**	**951**	**967**	**21**	**44**	**Top 15 recipients**	**618**	**673**	**15**	**41**
Viet Nam	52	59	1		Pakistan	36	37	1		Yemen	25	28	1	
South Africa	49	56	1		Benin	32	32	1		Lebanon	22	25	1	
Democratic Republic of the Congo	47	52	1		Uganda	32	32	1		Uganda	18	20	0	
Bolivia	44	49	1		South Africa	30	30	1		Jordan	18	21	0	
West Bank and Gaza Strip	38	41	1		Kenya	29	30	1		Central African Republic	15	16	0	
Top 20 recipients	**1 610**	**1 791**	**36**	**63**	**Top 20 recipients**	**1 111**	**1 129**	**25**	**49**	**Top 20 recipients**	**715**	**783**	**17**	**47**
Total (129 recipients)	**2 343**	**2 620**	**52**		**Total (105 recipients)**	**1 495**	**1 519**	**34**		**Total (75 recipients)**	**811**	**885**	**19**	
Unallocated	2 133	2 322	48	24	Unallocated	2 955	3 006	66	33	Unallocated	3 407	3 743	81	40
Total bilateral gross	**4 476**	**4 943**	**100**	**100**	**Total bilateral gross**	**4 450**	**4 525**	**100**	**100**	**Total bilateral gross**	**4 218**	**4 628**	**100**	**100**

Table B.5 Bilateral ODA by major purposes

at constant prices and exchange rates

Commitments - Two-year average

Netherlands	2004-08 average		2009-13 average		2014-15 average		2014-15
	2014 USD million	%	2014 USD million	%	2014 USD million	%	%
Social infrastructure & services	**2 266**	**45**	**1 517**	**32**	**1 720**	**34**	**36**
Education	806	16	276	6	124	2	7
of which: basic education	362	7	89	2	14	0	2
Health	289	6	145	3	13	0	5
of which: basic health	152	3	66	1	8	0	4
Population & reproductive health	170	3	150	3	250	5	7
Water supply & sanitation	335	7	242	5	195	4	4
Government & civil society	568	11	633	13	1 098	22	11
of which: Conflict, peace & security	173	3	223	5	178	4	2
Other social infrastructure & services	98	2	71	1	41	1	2
Economic infrastructure & services	**529**	**11**	**438**	**9**	**545**	**11**	**19**
Transport & storage	29	1	18	0	11	0	7
Communications	18	0	12	0	0	0	0
Energy	111	2	114	2	32	1	8
Banking & financial services	160	3	93	2	51	1	2
Business & other services	211	4	202	4	450	9	1
Production sectors	**203**	**4**	**423**	**9**	**335**	**7**	**7**
Agriculture, forestry & fishing	129	3	263	5	140	3	5
Industry, mining & construction	17	0	21	0	78	2	1
Trade & tourism	56	1	139	3	118	2	1
Multisector	**427**	**9**	**1 249**	**26**	**234**	**5**	**10**
Commodity and programme aid	**347**	**7**	**110**	**2**	**62**	**1**	**2**
Action relating to debt	**482**	**10**	**143**	**3**	**38**	**1**	**0**
Humanitarian aid	**466**	**9**	**209**	**4**	**518**	**10**	**12**
Administrative costs of donors	**131**	**3**	**334**	**7**	**317**	**6**	**6**
Refugees in donor countries	**157**	**3**	**383**	**8**	**1 262**	**25**	**8**
Total bilateral allocable	**5 007**	**100**	**4 806**	**100**	**5 031**	**100**	**100**
For reference:							
Total bilateral	*6 014*	*78*	*4 838*	*73*	*5 043*	*75*	*73*
of which: Unallocated	*1007*	*13*	*32*	*0*	*13*	*0*	*1*
Total multilateral	*1 669*	*22*	*1 749*	*27*	*1 705*	*25*	*27*
Total ODA	***7 683***	***100***	***6 587***	***100***	***6 748***	***100***	***100***

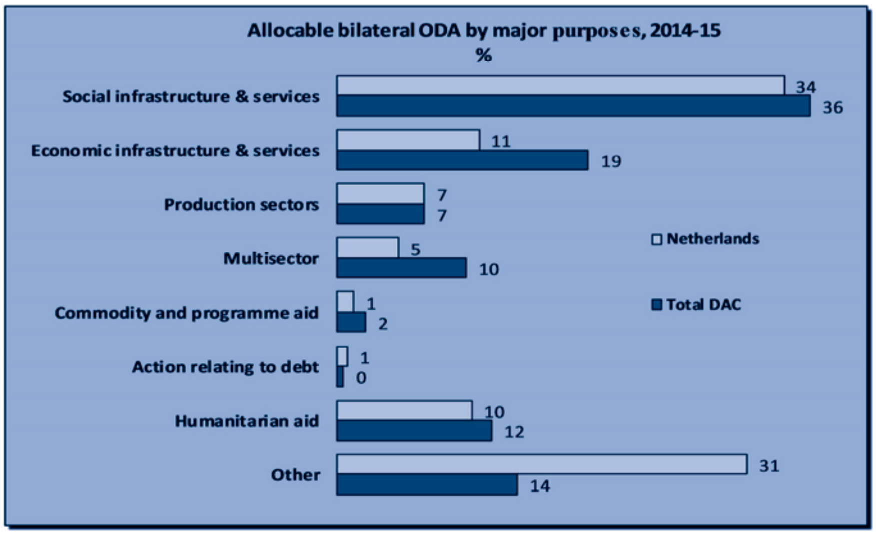


Table B.6 Comparative aid performance

	Official development assistance			Share of multilateral aid				Grant element of ODA commitments	Untied aid % of bilateral commitments
	Net disbursements								*Commitments*
	2015		2009-10 to 2014-15 Average annual % change in real terms	2015				2015	Year
				% of ODA		% of GNI			
	USD million	% of GNI		(b)	(c)	(b)	(c)	% (a)	(d)
Australia	3 494	0.29	2.7	21.2		0.06		99.9	100.0
Austria	1 324	0.35	2.5	40.9	20.7	0.14	0.07	100.0	36.4
Belgium	1 905	0.42	-4.3	41.6	17.3	0.17	0.07	99.8	96.7
Canada	4 277	0.28	-1.4	30.5		0.09		97.3	98.5
Czech Republic	199	0.12	1.0	64.8	11.2	0.08	0.01	100.0	44.3
Denmark	2 566	0.85	0.3	26.7	17.4	0.23	0.15	100.0	100.0
Finland	1 288	0.55	2.3	45.8	32.5	0.25	0.18	100.0	92.6
France	9 039	0.37	-3.9	42.9	21.5	0.16	0.08	79.6	95.6
Germany	17 940	0.52	7.5	21.3	7.6	0.11	0.04	86.6	84.0
Greece	239	0.12	-12.5	69.9	3.7	0.09	0.00	100.0	14.5
Iceland	40	0.24	0.7	22.1		0.05		100.0	100.0
Ireland	718	0.32	-2.8	40.5	20.8	0.13	0.07	100.0	100.0
Italy	4 004	0.22	6.3	54.3	18.7	0.12	0.04	99.6	95.1
Japan	9 203	0.21	3.0	33.2		0.07		87.5	74.6
Korea	1 915	0.14	10.0	20.1		0.03		95.3	50.2
Luxembourg	363	0.95	-1.5	27.6	19.8	0.26	0.19	100.0	98.8
Netherlands	5 726	0.75	-1.0	27.3	17.8	0.20	0.13	100.0	92.7
New Zealand	442	0.27	3.1	18.9		0.05		100.0	84.7
Norway	4 278	1.05	1.9	22.7		0.24		100.0	100.0
Poland	441	0.10	4.4	77.3	10.2	0.07	0.01	98.6	33.6
Portugal	308	0.16	-7.5	52.6	5.6	0.08	0.01	93.7	49.0
Slovak Republic	85	0.10	4.1	79.7	17.5	0.08	0.02	100.0	47.5
Slovenia	63	0.15	1.1	60.3	11.0	0.09	0.02	100.0	12.4
Spain	1 397	0.12	-22.0	74.6	9.7	0.09	0.01	100.0	80.8
Sweden	7 089	1.40	7.4	31.9	26.1	0.45	0.37	100.0	86.8
Switzerland	3 562	0.52	6.5	22.5		0.12		100.0	94.6
United Kingdom	18 545	0.70	6.8	36.9	25.9	0.26	0.18	100.0	100.0
United States	30 986	0.17	0.2	14.0		0.02		100.0	55.5
Total DAC	**131 433**	**0.30**	**1.6**	**28.3**		**0.08**		**94.4**	**78.1**
Memo: **Average country effort**		**0.41**							

Notes:

a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

Table B.7 Comparative aid performance to LDCs

	Net disbursements						Commitments		
	Bilateral ODA to LDCs 2015			Total ODA to LDCs (Bilateral and through multilateral agencies) 2015			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
							Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2014	2015	2013-2015
Australia	679	24.7	0.06	931	26.6	0.08	100.0	100.0	c
Austria	41	5.3	0.01	222	16.8	0.06	100.0	100.0	c
Belgium	377	33.9	0.08	610	32.0	0.13	99.6	99.3	n
Canada	998	33.6	0.07	1 561	36.5	0.10	100.0	100.0	c
Czech Republic	11	16.4	0.01	41	20.7	0.02	100.0	100.0	c
Denmark	384	20.4	0.13	610	23.8	0.20	100.0	100.0	c
Finland	236	33.8	0.10	429	33.3	0.18	100.0	100.0	c
France	1 090	21.1	0.04	2 378	26.3	0.10	82.2	79.8	n
Germany	1 603	11.4	0.05	2 596	14.5	0.08	98.7	98.5	c
Greece	1	1.6	0.00	38	16.0	0.02	100.0	100.0	c
Iceland	13	41.6	0.08	16	40.8	0.10	100.0	100.0	c
Ireland	257	60.1	0.11	345	48.0	0.15	100.0	100.0	c
Italy	280	15.3	0.02	870	21.7	0.05	99.1	98.9	c
Japan	2 480	40.3	0.06	3 659	39.8	0.08	93.2	91.3	c
Korea	580	37.9	0.04	728	38.0	0.05	94.4	95.0	c
Luxembourg	121	46.2	0.32	154	42.4	0.40	100.0	100.0	c
Netherlands	465	11.2	0.06	1 036	18.1	0.14	100.0	100.0	c
New Zealand	113	31.7	0.07	138	31.3	0.08	100.0	100.0	c
Norway	729	22.1	0.18	1 098	25.7	0.27	100.0	100.0	c
Poland	44	44.2	0.01	125	28.4	0.03	78.8	83.9	n
Portugal	53	36.3	0.03	90	29.3	0.05	87.9	92.0	n
Slovak Republic	1	5.4	0.00	19	21.8	0.02	100.0	100.0	c
Slovenia	0	1.6	0.00	10	15.1	0.02	100.0	100.0	c
Spain	81	22.9	0.01	314	22.5	0.03	100.0	100.0	c
Sweden	847	17.6	0.17	1 473	20.8	0.29	100.0	100.0	c
Switzerland	618	22.4	0.09	928	26.1	0.14	100.0	100.0	c
United Kingdom	3 815	32.6	0.14	6 117	33.0	0.23	100.0	100.0	c
United States	9 122	34.2	0.05	10 737	34.7	0.06	100.0	100.0	c
Total DAC	**25 041**	**26.6**	**0.06**	**37 274**	**28.4**	**0.09**	**97.6**	**96.9**	**..**

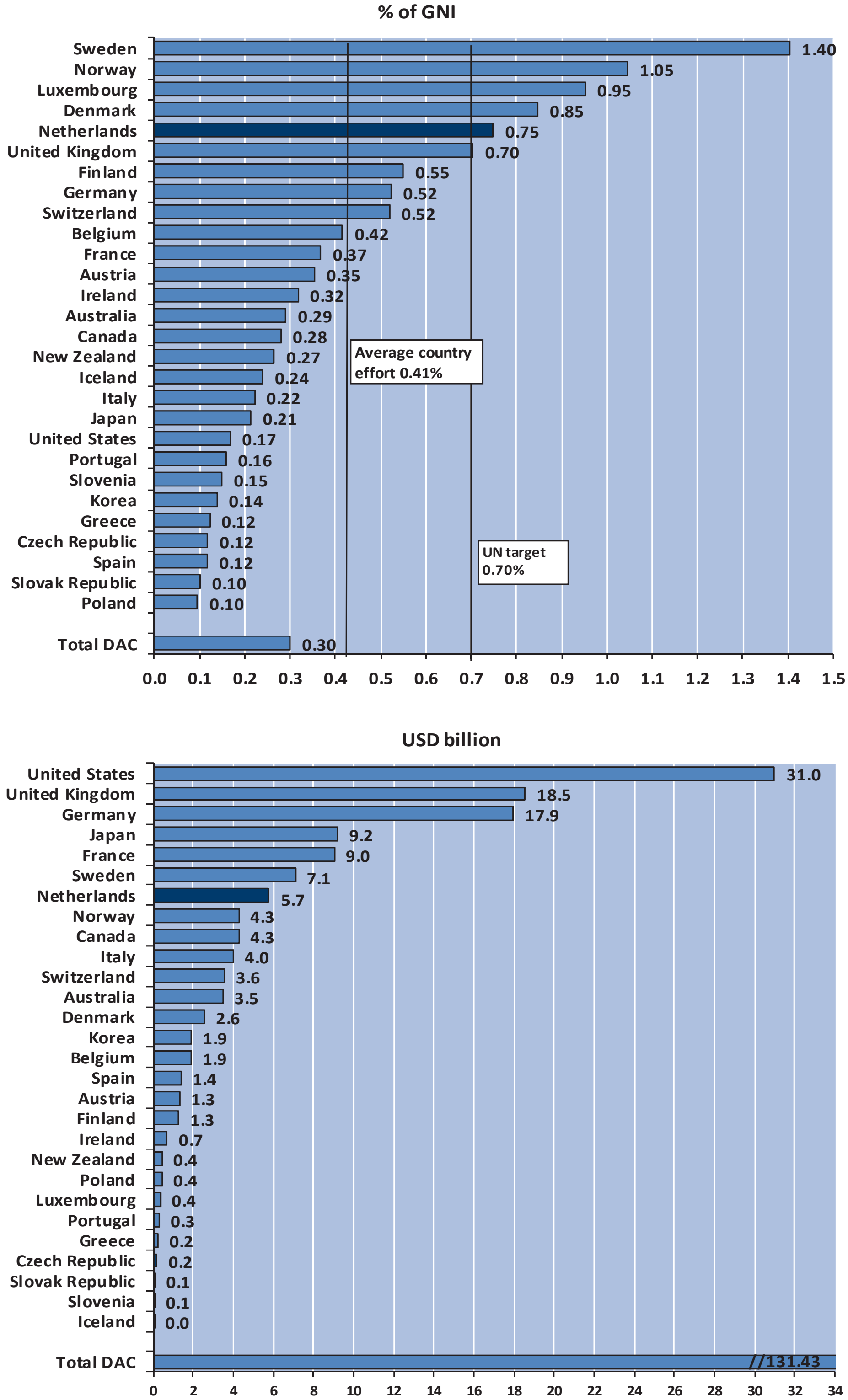
Notes:

a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

Figure B.1 Net ODA from DAC countries in 2015



Annex C: Field visit to Bangladesh

As part of the peer review of the Netherlands, a team of examiners from Ireland and Sweden visited Bangladesh in November 2016. The team met with officials from the government of Bangladesh and the embassy of the Netherlands, a parliamentarian, other bilateral providers, representatives from Dutch and Bangladeshi businesses and civil society organisations, multilateral agencies and knowledge partners.

Towards a comprehensive development effort

Bangladesh's economic growth is strong, despite endemic inequality, climate change and corruption

With a population of 160 million and a growth rate of 6.5% in 2015, Bangladesh is a strong emerging economy that has proven surprisingly resilient to global economic events. With two million people a year entering the workforce, employment is a key challenge. The ready-made garment sector represents 80% of foreign earnings.

Despite the political turmoil that has characterised its history since independence in 1971, Bangladesh is a competitive economy with ambitions to achieve middle-income country status. The country has a very active and large civil society presence, although space for free expression and political freedom are increasingly constrained.

Bangladesh has made remarkable progress on key development indicators with poverty falling from 48.9% in 2000 to 24.8% in 2015 and dramatic improvements in maternal mortality and access to contraception. Nonetheless, inequality remains endemic and climate change, population growth and natural disasters continue to constrain progress. Corruption, the weak rule of law and limited transparency contribute to an insecure environment. The current seventh five-year development plan 2016-2020 reflects 14 of the Sustainable Development Goals (SDGs) and will be translated into 13 sector plans (GoB, 2015a).

In 2014, Bangladesh received USD 3.6 billion in aid, accounting for 1.3% of its gross national income and 11.8% of central government expenditure. The top five donors in volume terms are the Asian Development Bank, United Kingdom, United States, Japan and the World Bank. The Netherlands is Bangladesh's eighth largest donor, while Bangladesh was the second largest recipient of Dutch official development assistance (ODA) in 2014-2015.

The Netherlands' relationship with Bangladesh reflects its transition from an aid recipient to a trading partner

Since Bangladesh's independence, the Netherlands has built a strong, high-level relationship with the country, founded on collaboration and mutual trust. The Netherlands' 2013 aid, trade and investment policy, *A World to Gain*, identifies its relationship with Bangladesh as one of transition – from aid recipient to stable trading partner (MFA, 2013). The Netherlands' embassy in Dhaka has a clear and concrete vision for this transition, balancing a development partnership based on generating and sharing knowledge with a growing trading partnership underpinned by sustainable business practices.

Bilateral relations are being broadened and strengthened in the fields of economic co-operation, investment and trade promotion. Through the embassy and the Dutch entrepreneurial development bank (FMO), private sector programmes are under way, as well as projects in infrastructure, with a specific focus on water management, energy and environmental management.

The Netherlands combines aid, trade and diplomacy effectively in Bangladesh

The review team noted several instances of the Netherlands successfully using its financial, technical and political resources to support development and other foreign policy objectives in Bangladesh. In addition to representing the Netherlands' clear, and growing, trade interest in Bangladesh, the Ambassador remains highly engaged in supporting the development agenda. The embassy has used its trade relationship and high-level visits to broach sensitive issues such as sexual and reproductive health, gender equality and human rights. It uses a mix of tools to exert policy influence, ranging from "quiet diplomacy" to the provision of funding and technical assistance.

The Netherlands' policies, strategies and aid allocation

The multi-annual strategic plan for Bangladesh mirrors Dutch policy priorities

With a total budget envelope of EUR 170 million, the Netherlands' 2014-2017 multi-annual strategic plan (MASP) shapes its development co-operation in Bangladesh (MFA, 2014). Through financial and technical support, the strategy aims to assist Bangladesh to reduce poverty and to achieve sustainable growth and is thus broadly aligned with the government's national development plan. The embassy-managed budget for 2015 was EUR 41.6 million, with a similar level of funding managed centrally in the Netherlands.

The Netherlands' strategic plan for Bangladesh focuses on three sectors: water management, food security, and sexual and reproductive health and rights (SRHR). Corporate social responsibility is an additional priority under the embassy work stream on trade and economic development. In response to a number of tragedies linked to poor working conditions in garment factories, this area has grown into a very significant and visible priority for the embassy.

Private sector development, gender, environment, climate change and governance are the priority cross-cutting issues for Dutch aid (MFA, 2013), but the embassy lacks dedicated experts to advise on them. While most staff seemed to have a high level of awareness of these issues, they are not systematically mainstreamed and there were clear instances of opportunities being missed to address gender equality, environmental management and climate change in particular.

Significant initiatives are managed from the Netherlands, but many have weak links with the embassy or the Bangladeshi government

Initiatives managed from The Hague include tertiary education support, private sector development instruments and programmes, civil society partnerships focussed on sexual and reproductive health and advocacy (see Dialogue and Dissent Box 5.1), Water Mondiaal and the Global Alliance on Improving Nutrition. Several Dutch-funded multilateral initiatives also target Bangladesh, such as the World Bank-managed Global Alliance for Food Security. A number of fellowships and capacity building grants for research are available through Nuffic, the Netherlands organisation for international co-operation in higher education.

The Netherlands is effectively leveraging its trade interests to mobilise private sector finance. It is not currently possible to assess the volume of total official flows reaching Bangladesh or the level of private finance leveraged from ODA and non-ODA resources. FMO has a current investment portfolio of approximately EUR 350 million, some four times larger than the ODA budget. While FMO has a part-time administrative contact point in Bangladesh and keeps the embassy informed of its activities, its portfolio is managed from the Netherlands independently of the MFA economic and development co-operation administrations.

The embassy is increasingly aware of the many different flows of Dutch funding to Bangladesh and seeks to maximise the level of synergy between the various initiatives. The ability of the Netherlands to pursue its development and trade objectives in Bangladesh would be enhanced if both the embassy and Bangladeshi government had a mechanism to discuss and oversee a more complete picture of the Netherlands' footprint in Bangladesh.

Limited adherence to development effectiveness undermines sustainability

Most Dutch development projects in Bangladesh are approved by the relevant Bangladeshi ministry, but are not strongly anchored in government systems. However, a number of programmes, notably the Health Pooled Fund and the 2100 Delta Plan, provide funding to the government's own budget and build capacity at national level. A programme to improve garment factory inspection and audit, while implemented through the International Labour Organization, has been designed to be handed over to government. Annual bilateral consultations, including on development co-operation, take place with the Bangladeshi Ministry of Foreign Affairs in which the Economic Relations Division, responsible for development co-operation, can participate. Sectoral consultations take place with a range of government institutions such as the ministries of health, water, commerce and labour.

The Netherlands' score on the Bangladeshi aid management information system (Box C.1) improved from 9 in 2010 to 31 in 2015 (GoB, 2015b), mainly as 100% of its support is now considered to be aligned with national priorities. However, no aid is reported on the system as programmatic i.e. using government financial, audit, reporting or procurement systems; or included in the Bangladesh government's forward-looking three-year plans.

In many respects, the Netherlands' development co-operation programme in Bangladesh is inconsistent with its commitments to aid effectiveness set out in the Busan Partnership and promoted through the Global Partnership for Effective Development Co-operation, which the Netherlands co-chaired in 2013-2015. Only EUR 1 million of Dutch bilateral ODA is "on budget", i.e. passing through Bangladesh government systems. The MASP was not agreed with the government of Bangladesh and no process for mutual accountability is in place. There is no policy commitment to building or using country systems, and neither the Bangladesh Government nor Parliament has oversight over the full scale of the Netherlands' initiatives in Bangladesh. Results and indicators are drawn from the Netherlands' corporate frameworks rather than the targets in Bangladesh's seventh five year development plan. A number of interviewees urged the Netherlands to work more with and through government systems.

Without a sense of ownership by the Bangladesh government, the sustainability of many of the Dutch-supported programmes is thus in question.

Cross-government co-ordination and policy coherence are managed pragmatically

The embassy is responsible for co-ordinating all Dutch government engagement in Bangladesh. At present, the main Dutch government actors active in country are the embassy, the Netherlands Enterprise Agency (RVO) and FMO.

A useful initiative introduced in 2016 was a pilot study to harmonise economic activities managed by the embassy and by headquarters (EKN, 2016a). This was a direct response to a report by the Policy and Operations Evaluation Department (IOB) on the effectiveness of private sector instruments, which noted a high level of fragmentation and duplication (IOB, 2014). A 2017 work plan draws together private sector activities and objectives from the full range of Dutch investments in Bangladesh and offers compelling insight into the full potential of integrating the aid and trade agenda in Bangladesh (EKN, 2016b).

The embassy team addresses policy coherence issues as they arise. Recent examples include efforts made by the embassy to engage with colleagues in Brussels to raise barriers to investment and programme effectiveness arising out of food safety regulations for access to the EU markets and the EU policy on ship breaking. However, there was no mechanism in place for the embassy to provide feedback on the relevance or impact of the Netherlands' national action plan on policy coherence from the Bangladesh perspective.

Box C.1: Donor co-ordination in Bangladesh

The Netherlands actively contributes to donor co-ordination in Bangladesh. The principal forum for consultation with government is the Local Consultative Group annual meeting. The consultative group also comprises 18 technical working groups which are co-chaired by rotating development partners and senior Bangladeshi government officials. The Netherlands has ably co-chaired the water sector working group for many years and was praised by other development partners for its recent tenure as co-chair of the private sector development group. European Union member states active in Bangladesh also meet regularly and have explored options for joint programming.

A newly created Development Effectiveness Wing of the Economic Relations Division at the Bangladeshi Ministry of Finance is responsible for ensuring effective development co-operation. Officials are experienced and familiar with international commitments to aid effectiveness. An aid information management system has been established to try to track and monitor grants arriving in the country and can generate reports for each development partner. The Netherlands has uploaded data to this database on all embassy-managed grants and a small number of centrally managed funds.

Organisation and management

The embassy receives relevant technical and administrative support

The embassy team is supported by a regional office in Kuala Lumpur – for financial control and programme administration – and a country team in The Hague for technical and trade issues. Systems and processes on issues such as programme cycle management, human resources and financial management are disseminated from The Hague.

The embassy reports to the MFA through the Department of Asia and Oceania. As Bangladesh is the only partner country in the region, the capacity and focus of the regional desk and neighbouring embassies tends to be on trade and relations with China with closer links to the Economic Relations Department than the Development Co-operation Directorate. This limits the extent to which the regional desk is able to provide the embassy in Dhaka with strategic guidance and learning from other embassies in partner countries.

The country team approach appears to be working well for technical issues. Periodic meetings and calls link relevant teams with headquarters and other embassies where appropriate. This appeared to be effective in dealing with the garment sector and minimum wages. A regional approach to water covering programmes in Indonesia, Bangladesh and Nepal was led by the water advisor in Dhaka.

Thematic and administrative budgets are devolved to the embassy. Within the overall MASP results and financial envelope the team has some discretion to select partners and to manage spending from year to year. It can authorise transfers between thematic budgets up to EUR 1 million.

Rigid human resources allocations do not reflect the country context

The embassy has 12 expatriate and 14 national staff. Human resources, including technical advisors, are prescribed by The Hague and cannot be adapted to embassy size or country context. This is unfortunate in a country like Bangladesh where a difficult security situation for expatriate staff and congested traffic add significantly to stress levels and the length of the working day. In addition, it does not take fully into account the relatively advanced technical skills available among the locally engaged staff and government counterparts in Bangladesh.

A "one embassy team" approach has been promoted by the senior management team and there is evidence of sustained investment in team building and a good record of staff retention. Nonetheless, communication with locally-employed staff is hampered by a number of key documents being only available in Dutch. Locally-employed staff lack a clear career path and the approach to secondments or internal transfers is also unclear. As a result, the embassy may be missing opportunities to fully realise the potential of its national staff.

A mismatch between budget planning and human resource planning meant that HQ wanted to keep some thematic programmes running without being able to guarantee the staff needed to manage them. The embassy is aware of efforts underway in The Hague to introduce more systematic planning and process tools.

Partnerships, results and accountability

A number of multi-stakeholder alliances and networks have been established to work on priority issues

The Netherlands has formed broad-based alliances with a range of local and international actors to bring about change in Bangladesh, including on sensitive issues such as sexual and reproductive health and rights (SRHR). It has developed partnerships with knowledge institutions, non-government organisations (NGOs), the private sector and multilaterals and has encouraged them to work together in alliances. In general, partners interviewed by the peer review team were very positive about the embassy's flexibility, level of engagement and high-quality technical input. Efforts were made to network together partners working on similar themes and to ensure that findings were shared in order to encourage learning and maximise the value of Dutch investment. This appeared to be more effective within each thematic area than across thematic areas, although there had been some work to link topics e.g. water resource management with food security and the garment industry.

Two recent initiatives from The Hague – partnerships for dialogue and dissent (Box 5.1) and SRHR – are implemented through alliances of Dutch and local NGOs through competitive bidding processes. Once grants are awarded, they have one year for detailed design work. Embassy staff have actively engaged with the successful alliances during this design period in order to minimise overlap with embassy programmes or with other HQ-funded alliances. In some cases, well-established local networks supported by the embassy cover similar topics to knowledge platforms recently developed in The Hague.

The embassy balances continuity with flexibility

While keeping a clear focus on the priorities of *A World to Gain* and the partnerships set out in the MASP, the embassy also responded quickly to an urgent need to improve working conditions and factory inspections in the garment sector. Following the collapse of a building in Rana Plaza in 2013 which resulted in 1129 fatalities, it began a highly visible and influential engagement with national authorities, factories, buyers and brands. Project support was complemented by political engagement, including four ministerial visits. A Dutch Agreement on a Sustainable Garment and Textile Sector was signed in July 2016 by a broad coalition of 57 Dutch textile brands and retailers, plus their representative organisations; trade unions; five civil society organisations; and the Dutch minister of foreign trade and development co-operation (Sociaal-Economishe, 2016). Together, the participating businesses represent more than one-third of the revenue generated in the Dutch textile market (EUR 3.5 billion).

In spite of a significant overall reduction in ODA, the Netherlands has managed to honour all existing commitments and contracts in Bangladesh. Other than Dutch NGOs who had previously received significant core funds, partners indicated that they were not adversely affected by recent budget cuts. They did indicate that they felt under greater pressure to identify a role for the private sector in their programmes, however. Overall, this focus on engaging the private sector was felt to have contributed to innovation and fresh thinking, but in some cases partners felt that this was an unrealistic expectation.

A strong focus on programme results is combined with corporate results reporting

Partners receiving embassy funding report on progress towards agreed results every six months. The results are discussed in sector meetings which bring together all Dutch partners working in a particular sector. The information is used for learning within the sector and to adjust some programmes. Partners appreciated having the flexibility to adjust activities while keeping a focus on higher level results.

The embassy is obliged to report against a set of corporate results agreed at HQ which apply across the development co-operation programme. This consolidated reporting is the basis for the Development Results website (See 6.4.2) and the annual report to the Dutch parliament. As the list of corporate results is limited, aggregated reporting cannot capture the full richness of the embassy's work. For example, impressive achievements to promote sexual and reproductive rights, with a focus on menstrual regulation (legalised abortion) and child marriage, were not captured within the corporate results report.

Accountability towards Dutch taxpayers is more robust than accountability within Bangladesh

The embassy team produces an annual plan and ad hoc political reports to track progress against MASP objectives using embassy-managed funds. The exceptional level of political interest in the Bangladeshi garment industry has resulted in high visibility of this work in the Netherlands and in the parliamentary committee on trade and development.

However, these reports are not public and no progress report for the Dutch development programme is shared with the Bangladeshi government. Although the Netherlands advocates for transparency and has made an effort to ensure that embassy-managed funds are entered into the Bangladeshi government Aid Management Information System, reporting to the Bangladeshi authorities does not include all funds managed from the Netherlands. Comprehensive and forward-looking information is not yet shared in a timely manner, partly due to open tender processes in HQ which make it difficult to predict what support would flow to Bangladesh. Information sharing may improve now that a number of multi-annual contracts have been awarded.

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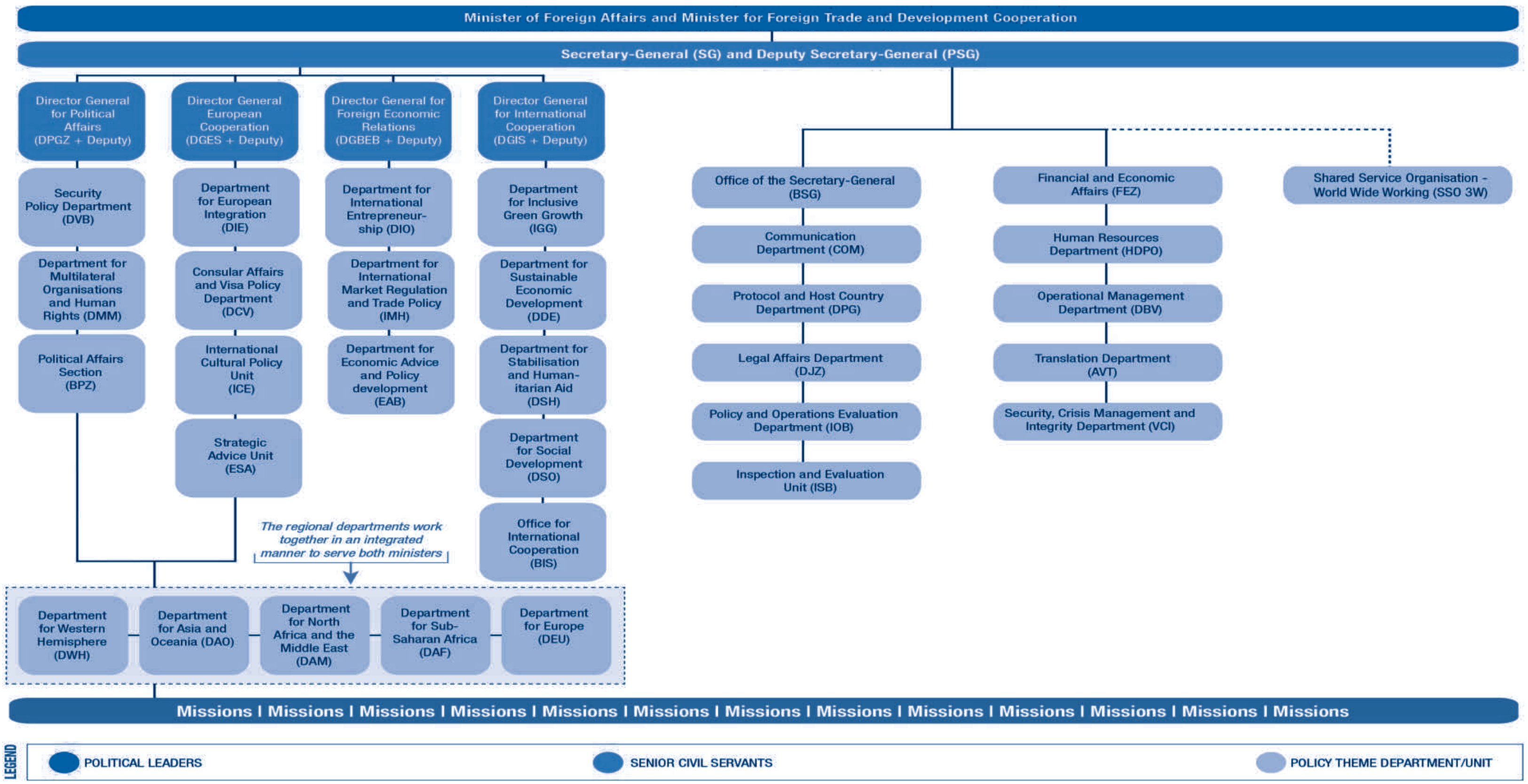
Annex D: Organisational structure



Source: MFA (2016), "OECD DAC Peer Review of the Netherlands 2017: Memorandum by the Netherlands", unpublished

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