



# The Dutch and development cooperation

Ahead of the crowd or trailing behind?

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# 1. Introduction

Dutch development cooperation is at a historical cross-roads. For the first time since 1975, the Dutch financial commitment to development cooperation will fall below the internationally agreed target of 0.7% of Gross National Income (GNI). From an international perspective, this is a critical development. While other donor countries are still striving to achieve the target, the Netherlands has long since surpassed it and is now planning to decrease its financial commitment to Official Development Assistance (ODA). This report is the result of an analysis of the historical, social and economic context of Dutch development aid and aims to provide insight into the factors that have led to changes in the Dutch approach to development cooperation.

The Netherlands has long been a front-runner in the field of international cooperation. Historically a small country of traders, the Dutch are very globally connected in terms of trade, information and migration (Ghemawat & Altman, 2012). In the international arena, the Dutch have always been strongly oriented towards cooperation. Furthermore, traditionally the Dutch international approach is often described as a combination of 'the Merchant and the Clergyman'. The Netherlands has the reputation of being an early campaigner for international aid agreements and a country that advocates the need for coherent development policies and donor coordination. The decision to cut the aid budget and abandon the 0.7% target might seem to outsiders to be a surprising move.

In Dutch society, though, the signs of a less prominent role were already visible. In recent years, the aid budget has come under increasing pressure and public support for the aid budget has diminished. This coincides with other recent changes in Dutch society. The political landscape has changed profoundly over the last 10 years. Populist parties have gained more support and the culture of tolerance for which the Netherlands has long been renowned seems to be decreasing. Also the Dutch liberal tradition has changed; for instance soft drugs regulations have recently become stricter and there has been a lot of pressure to limit the Sunday opening of shops. It may be concluded that Dutch society has shifted from a traditional progressive society towards a modern conservative society (Dekker & Den Ridder, 2011). Since 2008 this shift coincided with the economic recession which increased pressure on the aid budget.

Due to the financial crisis, the government and its citizens are faced with large budget cuts, especially in social services. The decision to increase value added tax (VAT) from 19 to 21% affects all citizens in the Netherlands, contributing to a decrease of consumer confidence. Opinion research by NCDO (2012) shows that although public support for development cooperation endures, the support for the budget has declined in recent years. The shift in focus on the Dutch aid policy from social development (such as health and education) towards economic development is related to an increasing orientation on connecting development cooperation to the Dutch national interests. These changes are noteworthy, as the direction of the debate about development cooperation in the Netherlands seems to differ from that in other European countries, for example the UK. Precisely how these changes in societal attitudes will affect Dutch policy-making is not yet clear. At the time of writing, the new Minister for Foreign Trade and International Cooperation has not yet presented her white paper on policy priorities and on subsequent budget cuts.

The changes in Dutch society and its development cooperation should also be seen in the context of fast-changing global social and economic perspectives. The world is faced with major economic, environmental, social and geopolitical changes that certainly influence international cooperation. The financial and economic crisis of 2008 has affected many industrialized countries, whereas BRIC countries are experiencing rapid economic growth. The world's poor no longer live primarily in low-income countries; 75% of the people living in absolute poverty are currently living in emerging or newly emerged economies such as India and China. And although absolute poverty is declining, the progress on related problems, such as hunger and child mortality, is slower than expected. This

indicates that economic development does not necessarily lead to poverty eradication. At the same time, the world is also faced with urgent global issues in the field of sustainability, such as climate change and the scarcity of natural resources. These challenges are very relevant for human wellbeing and as they also require international policy and investments, there is a risk that development goals and sustainability goals are in competition for funding and commitment. As a consequence, many development actors are trying to ‘reinvent’ development cooperation in such a way that it better fits the changing international reality. All these developments have also to be put in the context that ODA is decreasing compared to other financial streams to developing countries, such as foreign direct investments and remittances. Furthermore, governments of developing countries have increasing options to obtain means of development financing other than traditional ODA. What’s more, new important donors (especially China), have entered the development scene. As the approach of these new donors is different, focusing primarily on their own interests and putting no conditions on the cooperation regarding human rights, for example, this has had an important impact on both development processes in lower income countries and the debates on development cooperation in the ‘old’ donor countries.

### 1.1. Objective and research questions

This report aims to shed light on the social and economic impact of Dutch ODA and the wider contribution of Dutch leadership in foreign aid, both historically and in the current context. It also aims for a better understanding of the recent developments within Dutch society concerning the socio-political debate on development cooperation. The analysis addresses the following topics:

- Historic overview of Dutch development policy;
- Impact of Dutch development aid on developing countries;
- Value of Dutch development aid for the Dutch;
- Recent developments in the Dutch socio-political debate on aid;
- Overview of challenges and opportunities for future development policy.

Besides generating knowledge, the objective of this study is to stimulate broader evidence-based discussion on the role of the Netherlands in development cooperation by sharing insights with professionals and the informed public in the Netherlands.

### 1.2. Methodology

The findings in the report are based on extensive desk research, including policy documents, evaluation studies, opinion research etc. A list of references is included at the end of this report. Furthermore, 11 in-depth interviews have been conducted with key Dutch figures in the field of development cooperation from science, politics, civil society, government and business (see Appendix A). To decrease a ‘Dutch bias’ we have also consulted 3 foreign experts who have affinity with Dutch international cooperation and asked ODI to review the report. In the very early stages of the project, the Worldconnectors, a Dutch informal think tank on international cooperation, have provided inputs to the report by responding to statements in a discussion meeting. A first draft of this report has also been discussed with a small group of experts in a round-table session. Their suggestions, comments and questions have strengthened the report. Regarding terminology: we use the concepts of development aid and development cooperation interchangeably although we do acknowledge they have a different connotation.

### 1.3. Structure of report

Including this introduction, the report consists of 7 chapters. Chapter 2 gives an overview of the history of Dutch aid, describing policies and priorities from the fifties until the recent aid reforms, while chapter 3 discusses the history of Dutch leadership in international development cooperation. Chapter 4 explores the impact of Dutch aid in developing countries and discusses the value of development cooperation for Dutch society. Chapter 5 focuses on the Dutch debate on development cooperation and provides insights into recent changes in public support. Chapter 6, building on the previous chapters, presents an overview of key challenges and opportunities for Dutch development. Finally, chapter 7 summarizes the most important conclusions.



## 2. History of Dutch ODA

This chapter gives an overview of the evolution of Dutch thinking and policies regarding development aid since 1949 against the background of the national political system. Box 1 and 2 present the key information about Dutch development aid. The chapter ends with an overview of the Dutch efforts in reaching and maintaining the UN target to spend 0.7% of the national income on ODA.

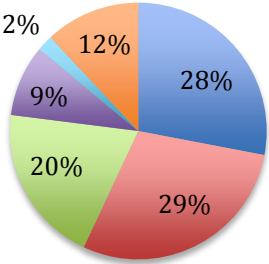
### 2.1. The beginning of Dutch aid

Dutch development aid formally started in 1949 as a reaction to the so called ‘Point Four’ programme initiated by President Truman in the US. Initially, the Dutch efforts focussed on sending experts to developing countries through the United Nations. At that time, Dutch expertise in working in southern countries was considerable. In the 19<sup>th</sup> century, Dutch experts (both governmental and corporate) made the effective and controversial exploitation of the Dutch colonies possible by constructing roads, bridges, factories and by introducing new agricultural systems in the plantations. Missionaries (both Catholic and Protestant) were sent out to spread Christianity, but in practice concerned themselves more and more with service delivery (building and running schools, hospitals). After WW II, aiding other countries, and people in other countries, was by no means new to the Dutch public. At that time, the church had an important impact on public support for development cooperation. More than 80% of the Dutch population belonged to a Catholic or Protestant church (Netherlands Statistics, 2010). In many Dutch communities, money was raised and goods were collected for the work of missionaries.

Box 1: Key information on Dutch development cooperation

#### Distribution of Dutch ODA (2012)

■ Bilateral ■ Multilateral ■ Civil society ■ Business ■ EKI ■ Other



(BBO, 2012)

Box 2: Country and sector focus

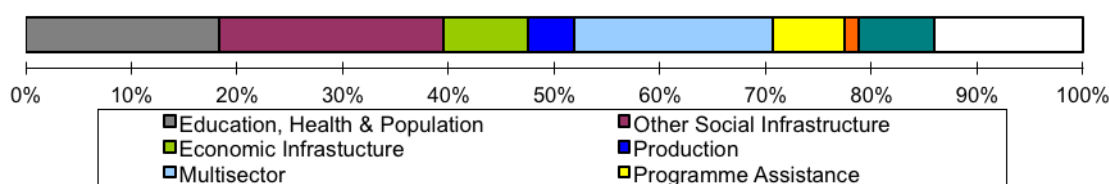
**Bilateral aid**

The Netherlands' bilateral ODA is focusing on a small number of countries and sectors. The main geographical focus is on sub-Saharan Africa.

**Top ten recipients of gross ODA (\$ million) (2011)**

1	Indonesia	165
2	Afghanistan	130
3	Sudan	127
4	Ghana	109
5	Mozambique	103
6	Ethiopia	100
7	Suriname	92
8	Tanzania	89
9	Mali	78
10	Bangladesh	78

**ODA by sector (2011)**



Derived from OECD (2011c).

Reflecting the global view of that time, the first decades of Dutch aid saw development and underdevelopment mainly in terms of modernization. Countries were poor because they had not yet made the transition towards modernity. Aid, in the form of technical assistance, would allow poorer countries to follow the same trajectory as western countries had done. Development thinking was influenced by Rostow's theory of stages of growth (Rostow, 1962). Thus, the public perceived Dutch foreign aid in light of the reconstruction of society; after WWII a new and better world order had to be built. This reconstruction was not only economic; it was also a reconstruction of morality (De Wal, 2009); old hostilities and animosities had to be removed. The appeal for an extensive aid programme towards under-developed countries was also well received in the light of the Marshall Plan for the reconstruction of Europe after WWII. If Europe recovered with the aid of the Marshall Plan, why couldn't a similar approach aid the poor countries? The international aid that the Netherlands received after the big flood of 1953 opened the hearts of the Dutch for development aid even further.

### *Box 3: The Dutch political system*

The Netherlands is both a constitutional monarchy and a decentralized democratic and unitary state. The National Parliament (second chamber) is elected every four years. Compared to most other Western European countries and especially the US there are many political parties represented in parliament, making the political arena rather fragmented. The main political parties are the Liberal Party (VVD), the Labour Party (PvdA), the Party for Freedom (PVV), the Socialist Party (SP), the Christian Democrats (CDA) and the Progressive Liberal Democrats (D66). For decades, the decisive political parties for forming a government were either the Christian Democrats or the Labour Party. Since 2000, these parties from the political centre have been confronted with growing non-central or populist parties, such as PVV and SP.

No political party has ever won absolute majority in the elections, which means that political parties have to form coalitions. As a result, the Netherlands has a long tradition of 'consensus governance', whereby political parties have to cooperate and negotiate. The consensus approach is often perceived as the strength of the Dutch governance system but it can also delay decision-making processes. Since the last elections of September 2012, VVD and PvdA, as the main political parties, have formed a coalition.

Historically, there has been a strong relationship between the national government and civil society organizations. For a large part of the 20<sup>th</sup> century, Dutch civil society was organized in social groups based on religious divisions, referred to as 'zuilen' (pillars). Pillarization ('verzuiling' in Dutch) is the system of social and political segregation in the Netherlands. Dutch society was segmented into three or four 'pillars' according to religious belief and/or political orientation. The four pillars are: Protestant, Catholic, Socialist/Social-Democrat and Conservative/Liberal. The four pillars of society each had their own political parties, labour union, newspapers, hospitals, schools and civil society organizations etc. Even football clubs were segregated. Contact between people from different pillars was minimal and often limited to the work place. This isolation, however, was mostly limited to the base of the pillars. The elite at the top did interact, and cooperate, making coalition politics possible and relatively stable (Lijphart, 1990). During the 1960s and the 1970s, the role of religion declined and the Netherlands became the country with the lowest percentage of religious adherents within Europe (SCP 2000: 133). Also the organization along the old pillars broke down and citizens became affiliated to other kinds of organizations, not organized along the pillars or religious lines. Despite these changes, the state still played an important role in relation to civil society, for instance by funding civil society initiatives. This has recently changed; as a result of the economic slowdown, the Dutch government is gradually beginning to withdraw. Civil society groups and individuals are increasingly organizing themselves as a response to this declining role, as they are not satisfied with the services provided by the state (Van der Berg et al, 2011; Tonkens, 2008).

Dutch foreign relations are historically shaped around the two poles of (economic) self-interest and moral obligation. These poles are dubbed 'the merchant vs. the clergyman' (in Dutch: de koopman vs. de dominee). In the first two decades of Dutch development policy, the merchant was leading, but from the seventies onwards the clergyman gained precedence. The last decade is characterised by a dominance of the merchant. Unlike other larger donor countries such as the UK and France; geo-political interests have seldom played a meaningful role in Dutch development cooperation.

Dutch public involvement with development cooperation was institutionalized in the late 1950s. In 1958, Novib was the first of the big Dutch development NGOs to be founded. The Dutch programme of co-financing NGOs started in the 1960s. Co-financing means that part of the Dutch development budget is spent through Dutch non-governmental development organizations. Following the Dutch tradition of 'verzuiling' (pillarization) co-financing organizations were chosen along the pillars that divided Dutch society: Protestant (ICCO), Catholic (Cebemo, later Cordaid) and Social-Democratic (Novib, later Oxfam Novib). Subsequently, the humanistic organization Hivos joined the co-financing programme. Although these co-financing organizations enjoyed relative freedom in how to spend the budgets allotted to them, their efforts were closely connected to the aid policies of the Dutch governments and its component main political parties.

*Box 4: Enlightened self-interest*

Self-interest was from the beginning an essential part of Dutch aid policies. Aid was important to promote Dutch corporate interests and Dutch scientific knowledge, to enhance Dutch international prestige, to maintain Dutch international influence and to create employment for former Dutch colonial experts (Staten-Generaal, 1950). In the mid-sixties the Dutch bilateral aid efforts were greatly augmented following a plea from the Dutch corporate world: doing good for others would (and should) boomerang back to the Netherlands in the shape of economic opportunities. In the 90s, the term 'enlightened self-interest' was coined (though the concept was anything but new). Development aid was believed to have benefits for donors as well. Economic development would create social harmony and stability: it would promote peace, curtail migration and promote free international trade. In reality, the correlation between economic development and, for example, migration is not as straightforward as sometimes presumed. Recently, enlightened self-interest has been more focussed on the so-called global public goods: aid should contribute to safeguard public goods such as clean air and water resources (WRR, 2010:44). The world is increasingly interconnected; the globalising challenges that the world faces today (climate change, decreasing bio-diversity, food-security etc.) cannot be solved without the cooperation of developing countries as well. Aid allows developing countries to follow the agenda set by the international community.

## 2.2. The first Pronk years

Following the 'roaring sixties', a new perception of development aid emerged. Protests against the war in Vietnam, against the Portuguese repression of their African colonies, against the overthrow of the socialist government in Chile and against apartheid in South Africa led to a form of more activist solidarity. Focus shifted from economic modernization towards human rights and towards the injustice of the gap between rich and poor. The involvement of western societies in maintaining the *status quo* was heavily criticized. In the early seventies, there were at least fifty national solidarity groups active in the Netherlands (De Wal, 2009).

This new *élan* was translated into policy terms by Jan Pronk (Labour Party, PvdA), when he became Minister of Development Cooperation in the centre-left government (1973-1977). Under Pronk, the Dutch government allocated 0.7% of its national income to ODA. Since then and until 2012, the Netherlands was one of the five countries to achieve and maintain this UN-target. Pronk was influenced by the Dutch Nobel laureate Jan Tinbergen and by theories of *dependencia*, *self-reliance* and the need for a *New International Economic Order*. Underdevelopment and poverty were, according to these schools of thought, no 'natural phenomena', but the result of unjust international relations. The root causes of poverty were situated in the rich countries. Part of the solution for poverty alleviation and stimulating development in developing countries was to be found in western societies, for example by fair trade. A chain of 'Wereldwinkels' (fair trade shops) opened their doors.

Dutch development aid became more ideologically and morally motivated. Dutch civil society and the Dutch public were very supportive of the liberation struggles in Latin America, Africa and Asia. Dutch aid funds were used to support liberation organisations and the (illegal) opposition in countries such as South Africa, Angola, Chile and the Philippines. This support was provided with funds and with the (tacit) agreement of the Dutch Ministry of Foreign Affairs and Development Cooperation.

Dutch development assistance was characterized by a relatively major focus on the civil channel. And these NGOs developed a close network of civil partner organizations in developing countries. According to some of the experts interviewed for this research, this resulted in a stronger bottom-up approach compared to many other donor countries. This was accentuated by the concept that the Netherlands, as a small nation, had no hidden geo-political agenda. In reality, however, economic self-interest was often in the background (and even sometimes in the foreground) of Dutch foreign policies (Voorhoeve, 1979).

In spite of his radical discourse, Pronk did not fundamentally change Dutch development cooperation policies (Beerends, 1981). After Pronk, more conservative ministers from the Christian Democratic party (CDA) and the (neo)-liberal party (VVD) followed in his footsteps: between 1977 and 1989, aid budgets were gradually raised; the co-financing programme with NGOs and public support for the aid efforts were the centrepiece of the policy. Although development aid was generally seen as beneficial to Dutch economic interests, direct corporate interests played only a marginal role behind the scenes.

In the eighties, however, development policies were influenced by changes in economic thinking in certain circles. In line with conservative world leaders, such as Reagan (US), Thatcher (UK), Kohl (Germany) and Lubbers (the Netherlands), the World Bank and the International Monetary Fund (IMF) imposed severe budget cuts upon developing countries as part of their structural adjustment programmes, as well as demands to open their markets for foreign companies and to restructure their economies towards export orientation.

### 2.3. The second Pronk years and thereafter: new topics

Pronk was appointed Minister of Development Cooperation for the second time between 1989 and 1998. His second term coincided with the collapse of communism and the end of the Cold War. In this optimistic era there was hope for a 'peace dividend': money formerly spent on defence could now be used for other, more peaceful instruments of foreign policy, allowing new initiatives in development cooperation.

New topics in the field of development cooperation emerged: environment, sustainability and (in the light of emerging conflicts) human security. Pronk initiated an agenda of policy coherence, starting within the Ministry of Foreign Affairs: the divisions between development cooperation and foreign relations were broken down. Aid workers and diplomats had to work together to reach political changes, to fight human rights abuses and to achieve sustainable development. Under his successor, Eveline Herfkens, also Labour Party, the theme of 'local ownership' was highlighted. Technical assistance by Dutch aid workers was to be limited to short missions. Developing countries needed to take things into their own hands. Development cooperation was seen as useful to support good governance and to construct a 'level playing field'. Countries with acceptable policies were granted general budget support with only minimal conditions. Herfkens adapted and built on Pronk's agenda for policy coherence and increased the focus on results: Were the Dutch aid euros well spent? What was the effect of the Dutch development cooperation efforts? Focus on targets, means and results was also in line with the rationale behind the UN Millennium Development Goals (MDGs). Dutch development policies were to a great extent rearranged along the indicators of the eight MDGs.

The events of 9/11, the war against terror and the fear of Muslim extremism determined development thinking in the first decade of the 21st century. Minister Agnes van Ardenne (Christian-Democrat, 2002-2007) saw that development was hampered by violence, conflicts and insecurity. She focussed on fragile states and countries in conflict and introduced the so-called *Dutch Approach*, also known as 3-Ds; Defence, Diplomacy, Development. Also under Van Ardenne the co-financing programme was changed into a tendering system open to all Dutch development organisations. Minister Bert Koenders (Labour Party, 2007-2010) followed in the footsteps of his predecessor but also introduced a sharper focus on the four main themes of development cooperation. Despite these policy changes, it became more and more clear that more fundamental changes were inevitable as the public and political criticism of development cooperation were growing at that time. Public support for the aid budget was declining, while at the same time some fast-growing political parties (VVD and PVV) were questioning the impact of development aid. Trust in the sector was at an all-time low. Rather than supporting existing development institutions, the Dutch public increasingly started their own small-scale development projects.

## 2.4. A thorough change

In 2010, the Dutch Scientific Council for Government Policies (WRR), one of the main yet independent government advisory bodies in the Netherlands, advocated a thorough change in Dutch development policies: thematic focus on fewer countries; an alignment of development focus with Dutch expertise and interests; a shift from social to economic development. The recommendations of the WRR were partly implemented by State-Secretary of Development Cooperation, Ben Knapen (Christian-Democrat). Dutch self-interest and economic-diplomacy returned as a centrepiece of its development policies: focus-countries and themes coincided with Dutch commercial interests and expertise. This shift was accompanied by cuts in the development budget from 0.8 to 0.7% of national income, exactly the UN target. The changes issued by Knapen caused the OECD Development Assistance Committee to make the recommendation that development objectives should not be “confused with the promotion of Dutch commercial interests” (OECD, 2011). Despite the warning by the OECD that the Dutch ODA ratio should not fall below 0.7%, the current administration, with Lillianne Ploumen (Labour Party) as the new minister, introduced new and severe cuts in the budget. At 0.59% of the national income, Dutch ODA will fall in 2013 far below the internationally agreed 0.7 threshold. Ploumen, being both Minister for Development Cooperation and Foreign Trade, is however expected to pay more attention to the need for policy coherence.

## 2.5. The 0.7% debate

The size of the budget for development aid has dominated the political debate on development assistance over the last decade. The fact that the Netherlands has for a long period of time spent 0.7% (and more) on aid, has simultaneously given cause for pride, complacency and irritation in the political arena.

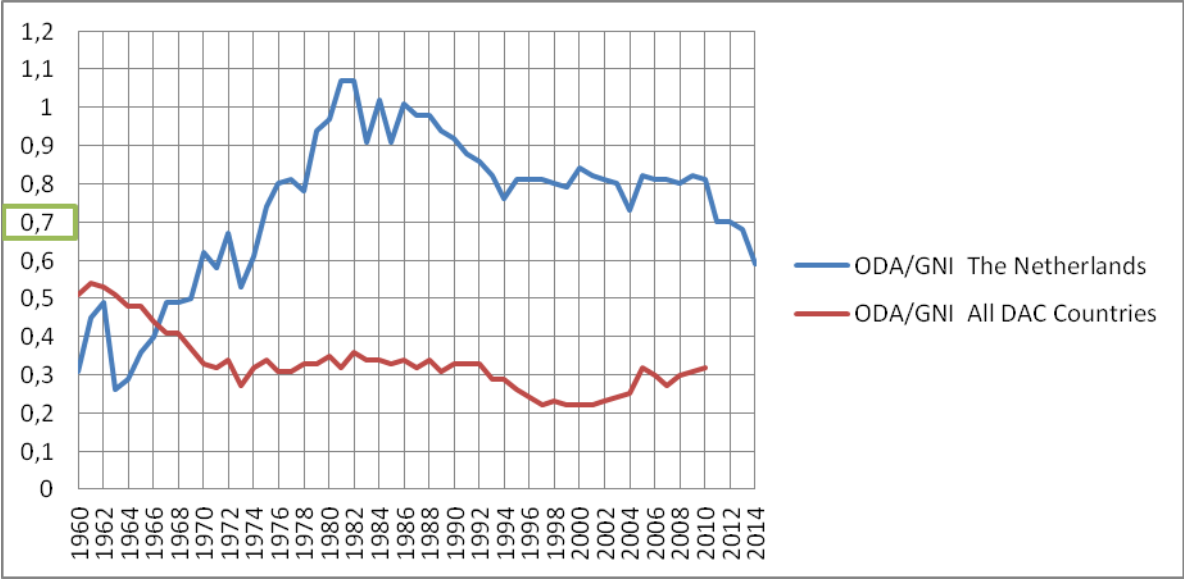
The relatively generous Dutch contribution is presented by many as no less than a moral obligation for one of the richest countries in the world. To the frustration of many experts, however, the focus on the 0.7% target hinders a fundamental debate on the international role of the Netherlands and the need for policy coherence. Some aid specialists hope that the recently announced unprecedented budget cuts will give room for such a fundamental debate.

In the public debate, the 0.7% target has been cause for irritation over the fact that most countries did not follow the Dutch example. There is a general feeling that Dutch ‘generosity’ gave other countries a free ride.

Over the last decade or so, the contribution of the aid sector to the public debate on development cooperation in the Netherlands has been largely defensive. Budgets were relatively high, while public support for the aid budget was perceived to be decreasing. This resulted in the fact that NGOs and individuals concerned with Dutch aid efforts mainly participated in the debate from a position of fear of losing existing benefits. The fear that there was nothing to gain and much to lose has for a long time prevented a fundamental debate on the future of Dutch aid.

Recent budget cuts are rationalized by the present economic crisis: all sectors have to cut down, so why not cut down on development aid? This is, however, a relatively new argument in the debate about aid. In fact, as the development budget is tied to the national income, the budget increases or decreases automatically with the GNI. As figure 1 shows, earlier recessions did not lead to extra budget cuts. Over the last few decades, the Dutch economy was in recession: in 1974/1975, in 1981/1982, in 1991/1993, in 2001/2003, in 2008/2009 and recently in 2011/2012. From 2013 onwards, the Dutch ODA will fall below the 0.7 target. To be exact: the Dutch government has not officially abandoned the 0.7 norm, but as the spending on aid will be cut by 750 million euros yearly from 2014 onwards Dutch ODA will fall below the internationally agreed target. By 2017, an extra absolute cut of 250 million is expected. Some insiders feel (or hope) that this semantic difference will ease a possible future return to the 0.7 target.

**Figure 1.** Development of Dutch ODA and ODA by all DAC countries between 1960 and 2010/2014 (in percentage of GNI)



Based upon data from [Center for Global Development](#) and Tweede Kamer der Staten Generaal (2012).





### 3. History of Dutch leadership in international cooperation

Over the last sixty years, the Netherlands has become a respected actor in development cooperation (OECD, 2006; OECD, 2011). It has a good reputation in responding to new international challenges, and in some cases has been a trendsetter for new approaches in development cooperation. This chapter explores the Dutch leadership in international cooperation, especially with regard to the thematic areas in which the Netherlands leads the field.

#### 3.1. Dutch leadership

In 2006, the Development Assistance Committee of the OECD, in its peer review of the Netherlands, praised the Dutch for their leadership and commitment to performance in relation to development cooperation:

*“The Netherlands is viewed within the international donor community as a frontrunner with regard to its ability to adapt to new challenges and to test innovative operational approaches. Since the 1990s, the Netherlands has been a leading player in consistently promoting poverty reduction with a particular focus on the quality of aid and the international effectiveness agenda as now contained in the 2005 Paris Declaration on Aid Effectiveness. The Netherlands has also been a major source of influence on the growing international consensus on the importance of policy coherence for development”* (OECD, 2006: 11).

Dutch leadership in development cooperation – and its recent decline – is also illustrated by the yearly Commitment to Development Index (CDI), published since 2003 by the Center for Global Development. This index ranks 27 donor countries in their efforts to promote the development of poor countries. The CDI takes into account performances in the field of aid, trade, investments, migration, the environment, security and technology, making it therefore also an index for policy coherence. The Dutch position has been falling since 2008. In 2003 and 2004, the Dutch ranked no. 2 whereas between 2005 and 2008 the Dutch even led the field. The Netherlands has fallen to rank 6 in the 2012 edition of the CDI. As the overall scores of the Netherlands on the index have been relatively stable, the decline is mostly the result of other countries improving their performance. However, Dutch performance on the indicators for aid, migration and security has somewhat deteriorated (Roodman & Clark, 2012).

#### 3.2. Dutch influence on development thinking and aid policies

In the history of development cooperation, several Dutch individuals have made a considerable contribution to international development thinking and practice. There has always been a rather large representation of Dutchmen in leading international positions, for instance within UNHCR, UNDP and UNICEF. One very influential protagonist is Jan Tinbergen. Jan Tinbergen was a physicist who became interested in the economy as he realised at the time of the economic crisis in the 1930s that the solutions for poverty and income inequalities were largely to be found in economic policies. After the Second World War, Tinbergen was the founder and first director of the Netherlands Bureau for Economic Policy Analysis (CPB). Initially, his interest in economic development was largely national. Later on, however, he also became interested in countries in development. Underdevelopment, according to Tinbergen, was, apart from being a moral outrage, also a threat to world peace. Economic growth was seen as the cure for underdevelopment, Tinbergen stressed that development aid could be a catalyst for economic development (Tinbergen, 1974) and proposed a numerical target for international development aid. In 1968, the idea for an aid target of 0.75% of GNI from the rich countries to stimulate economic development in poor countries was proposed within the international community. This target of 0.75% was based on the work of Jan Tinbergen and was the basis of the UN 0.7% target of today. In 1969, Tinbergen received the Nobel Prize for economics.

### 3.3. Examples of thematic Dutch leadership

There are several themes within international cooperation in which the Netherlands is relatively ahead of the crowd.<sup>1</sup>

#### 3.3.1. Fair trade and value chains

The Netherlands is a front-runner regarding fair trade. In 1969, the world's first fair trade shop (Wereldwinkel) was opened in the village of Breukelen. It was the first of a chain of fair trade shops throughout the Netherlands. The Max Havelaar fair trade mark, named after a Dutch novel exposing the exploitation in the former Dutch Colonies, became the first trade mark for fair and sustainably-produced products from developing countries. Fair trade products are nowadays not limited to world shops. Regular supermarkets sell fair trade products as well, albeit the market share of fair trade is still limited. An important development, for example, is that many regular coffee companies have improved their practices and now include a responsible trade mark (such as Utz Certified) on their products. According to research carried out by NCDO (2011), the fair trade market share is still growing; in 2011, 55% of Dutch customers bought fair trade products. This number grew by 12% in 2011 (De Goede & Ruben, 2012). More recently, the Dutch have taken the lead in the field of improving value chains and international corporate social responsibility.

On a political level, the Dutch interest in fair trade is reflected in the fact that the Dutch government has been a strong advocate for Policy Coherence for Development, as laid down in the European Treaty of Maastricht (1992) and in the recent merger of the ministries of Foreign Trade and Development Cooperation. Dutch focus on policy coherence and development has been focusing on the themes food security, trade, transparency and migration and development. According to a report focusing on Policy Coherence for Development of the European Commission (2011) the 3D approach, the approach on migration and development, a study on climate adaptation and a website on financial climate arrangements are marked as constructive contribution to policy coherence. According to de Haas (2012) however, policies on migration and development have particularly focused on attempts to facilitate remittances and to engage migrants and so-called "diaspora organizations" in development cooperation. The Dutch focus is also argued to focus particularly on consequences for the Netherlands and little on the opportunities of migration for development. Last but not least the Dutch have played an arbitrary role in hosting asylum seekers in the Netherlands.

#### 3.3.2. Human rights

The Netherlands is a staunch supporter of human rights worldwide. Dutch policies have focused on respecting human rights, strengthening the rule of law and promoting social justice. An example of Dutch bilateral policies is the support of human rights, ('good') governance and peace building in Guatemala (1998-2002), which, according to the Evaluation office of the Ministry of Foreign Affairs (IOB) was overall highly valued by Guatemalan as well as foreign observers (Biekart et al., 2004). Another example is the strengthening of local organizations such as the juridical institutions in in Moldavia (Stegeman & Sturkenboom, 2005). Despite the focus on human rights, the Netherlands government is usually reluctant to break away from the consensus of western opinion. In the fight against apartheid, for example, Dutch rhetoric against the white minority regime in South Africa was considerable, but this rhetoric was in contrast to the poor performance of the Dutch government in initiating (economic) sanctions against South Africa. Grundy (1974) even argued "The Dutch don't want to make anyone their enemy, because that would endanger trade, the basis of their economy. They are tolerant even towards intolerance, because the Dutch business consists of trading abroad."

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<sup>1</sup> The following examples are based on findings from the literature and observations from the experts consulted for this paper.

### 3.3.3. Gender and sexual and reproductive rights

Gender and sexual and reproductive rights have been chosen by former State-Secretary Knapen as one of the focal points of Dutch development efforts. Dutch leadership in this theme is supposedly a direct result of the liberal attitude the Dutch have developed since the 1960s regarding sexuality. The Dutch have a tradition in advocating the rights of Gay, Bisexual, Lesbian or Transgender (GBLT), the fundamental equality of women, the importance of self-determination regarding sexuality, birth control and abortion. Also the Dutch emphasize the importance of an atmosphere in which all aspects of sexuality can be discussed freely. A recent study of the 'Netherlands Reproductive Health Commodities Strategy' concluded that the Dutch have clear 'added value' in this field (Meredith & Black, 2012).

### 3.3.4. Water and agriculture

Traditionally, the Dutch are experts in water management and agriculture. Not surprisingly, the Dutch Scientific Council for Government Policy (WRR) indicated these two sectors as possible focal areas of Dutch aid (WRR, 2010: 224). In line with the advice of the WRR, the Dutch government has chosen water and agriculture as two of the four central themes in the Dutch aid policy. Dutch expertise in agriculture is highlighted by the fact that the Netherlands is the world's second largest exporter of agricultural products. The University of Wageningen is one of the world's leading centres of expertise in agricultural development. Surprisingly, in the last decades, development assistance was only for a small part targeted towards the agricultural sector (OESO/DAC, 2009). The Netherlands is also renowned for its expertise on water management, which as a country lying partly below sea level, has been built up over the years. Dutch engineers constructed polders in the Meghna river basin in Bangladesh as early as the 1960s. After hurricane Katrina severely damaged New Orleans in 2005, Dutch water-engineers offered expertise to protect New Orleans from future floods. More recently, increased attention has been given to the public management of water infrastructure.

### 3.3.5. Civil society and local development

The Netherlands is the world's largest contributor in euros to civil society organizations in developing countries (WRR, 2010: 224). Creating countervailing power towards government bodies is an important feature and objective of many Dutch aid interventions. At the same time, the Dutch government is also among the few countries, which have developed programmes to support the strengthening of local government bodies and Local Government Associations. As Cornwall and Gaventa (2001; 2000) argue, rebuilding the relationship between the state and civil society calls for 'working on both sides of the equation'; strengthening local institutions while at the same time enhancing the empowerment of civil society to participate in local decision-making. In many cases the Dutch 'poldermodel' in which local governments, civil society organisations and the private sector work in governance arrangements has inspired several types of tripartite negotiating platforms in developing countries.

### 3.3.6. Dutch approach - 3D

Notably since the international intervention in Afghanistan, the Netherlands has promoted, and partly developed the so-called 3D approach. In this approach, Defence, Diplomacy and Development are combined to tackle security, governance and development in countries that face severe security problems. The approach ensues from the idea that security is complex and needs multidimensional answers (Van der Lijn, 2011). The Dutch presence in Uruzgan (Afghanistan) was designed around the principles of 3D. It should be noted the approach is not unique to the Netherlands. Moreover although the 3D approach is generally seen as a positive approach, similar approaches have also been criticized for a lack of effectiveness and blurred objectives. This was for instance mentioned in an evaluation of the Inter-Departmental Conflict Pool of the UK published by the Independent Commission for Aid Impact (ICAI); the body responsible for scrutinising UK aid.



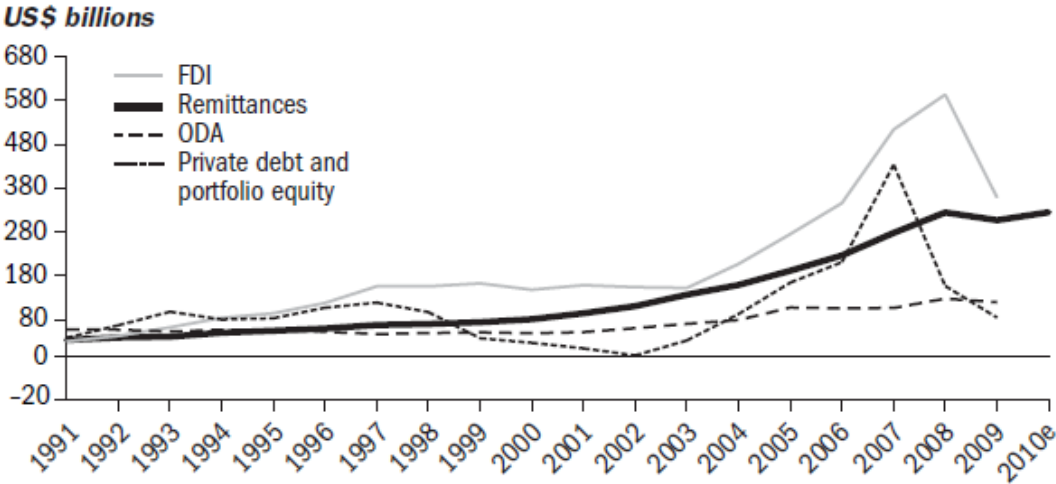
# 4. Impact and value of Dutch aid

As described in the previous chapters, the Dutch have a long history in the field of development cooperation. In this chapter, issues concerning the impact and measurability of aid are addressed as well as the value of international cooperation for Dutch society.

## 4.1. The limitations of measuring the impact of aid

Last year the UN (2012) reported that the number of people living in extreme poverty fell in every developing region, including sub-Saharan Africa. Preliminary estimates indicate that the proportion of people living on less than \$1.25 per day fell in 2010 to less than half the 1990 rate. During the same period over two billion people gained access to improved drinking water. The number of deaths for children under 5 has also declined significantly over the last 20 years. In 2011, 6.9 million children died before their fifth birthday, a significant decrease from 1990 when roughly 12 million children died. While it is clear that countries are developing and poverty is receding, three factors make it generally hard to evaluate the specific impacts of aid to these improvements. Firstly, donors are never the only actors in a certain country or region: there is a broad range of different national and international actors. This makes it difficult to attribute results to specific donors. Secondly, the aid provided by donors is in most cases combined with other contributions. For instance, aid aimed at improving education is in many cases complemented by contributions from domestic expenditures and fees from parents (IOB, 2011). Thirdly, as the figure below shows, developing countries do not only receive streams of official development aid, but also other financial flows such as foreign direct investments and remittances. These flows, together with many other factors (political situation, governance structure, security level etc.), and the national and local policies and practices influence development making it difficult to disconnect the aid contribution from other financial streams and contextual factors. This is also one of the challenges with regard to the Millennium Development Goals; although the goal of halving poverty has been reached, it is hard to measure to what extent this is a result of international aid efforts.

**Figure 2.** Money flows to developing countries, in billions US dollars, 1991 – 2010 (derived from World Bank, 2011:17)



#### 4.2. Strong focus on evaluation

Regardless of the difficulties associated with evaluations of aid, the Netherlands has a strong tradition of being result-oriented and evaluation-minded. As mentioned above, the Dutch government had already started spending large volumes of aid in the 70s and as a consequence, compared to other countries, evaluation structures were set up early. The effects and impact of development cooperation have long been part of the public and political debate on development cooperation in the Netherlands. Public and political attention to the evaluation of development efforts started in the early 1970s. The rapid increase of Dutch aid during this time (see Figure 1 in chapter two) led to concerns about the quality of aid and to a stream of negative publicity.

The Operations Review Unit (IOV) (later transformed into Policy and Operations Evaluation Department, IOB) was set up in 1977 as an independent and autonomous evaluator of Dutch bilateral aid. The evaluations of IOV have always been relatively transparent and publicly accessible. From 1984 onwards, the reports of the IOV were also sent to the parliament accompanied by the response of the Minister on the results of the evaluation. As part of the broader political discussions about monitoring and evaluation of aid, the mandate of the evaluation department has been subject to debate on several occasions. Specifically, there has been debate about the scope of the IOV: should the unit be restricted to evaluating aid projects and programmes, or should the unit be embedded in the body of Dutch foreign policy (IOB, 2009)? There has been also a discussion among experts and politicians about the independence of an evaluation unit located in the ministry.

Despite these discussions, the quality of IOB's evaluation work is internationally acknowledged. According to the OECD (2006: 61) "*IOB reports are high quality and have had major impacts on the form and content of Dutch development cooperation over the years.*" In 2006, the OECD Development Assistance Committee Peer Review also advised the Ministry of Foreign Affairs to make evaluating part of a joint planning process in order to improve interaction between evaluation and policy-making. The Dutch government embraced these recommendations, making the efficiency of development cooperation a priority (OECD, 2011). As in the UK, the Dutch government recently introduced 'embedded evaluation'; this method embeds evaluation interventions in projects from the start and provides results much earlier than *ex post* evaluations. A qualitative evaluation method that is gaining ground in the Netherlands is the PADEV method, which evaluates development aid interventions on a local level from a participatory perspective.

#### 4.3. Impact of Dutch aid on developing countries

As in many countries, overall impact assessments of the complete Dutch aid efforts are not available due to the problems mentioned in paragraph 4.2. The lack of such large-scale impact assessments does create problems for the development cooperation. First of all, a lack of information on results and processes constrains internal learning and improvement of development cooperation efforts. Secondly, the lack of knowledge limits external accountability. Well-known restraints of reliable overall impact assessments are: rapidly changing policy focus of donors, the question of attribution, the changing context in receiving countries, the contribution of other actors (donors, local government, local groups and individuals, companies), and changes in the definition of poverty as well as changes of indicators. Aid itself is also very heterogeneous; it can include project aid, programme aid, technical assistance and food aid which are all forms of aid, with different – and sometimes contradictory - objectives (Mavrotas, 2005).

It should be noted that some of the positive results of (Dutch) aid are unintentional, or manifest themselves in forms or shapes that cannot easily be measured in terms of economic growth or poverty reduction. Also some types of development interventions are aimed at long term social change, making it even harder to establish causality between input and outcome. Finally it must be emphasized that, while there is ample evidence of the high impact of for example water, sanitation and vaccination programmes (Kenny, 2011), experts indicate that more attention should be paid to indicators of quality rather than indicators of quantitative changes. Despite the limitations involved in the evaluation of

development cooperation, some lessons can be drawn from existing evaluation studies and from scientific literature. Some examples of the impact of Dutch development aid are discussed below.

### 4.3.1. Bilateral aid

The Dutch government has, in terms of the analysis of results and effectiveness, paid a lot of attention to bilateral aid. According to the OECD (2011a), Dutch bilateral aid is relatively effective, especially due to the flexibility of the cooperation and because of the technical capacity of the Dutch. Dutch budget support also shows positive long-term effects. It should be noted that these effects also largely depend on the practices of the recipient governments (IOB, 2012).

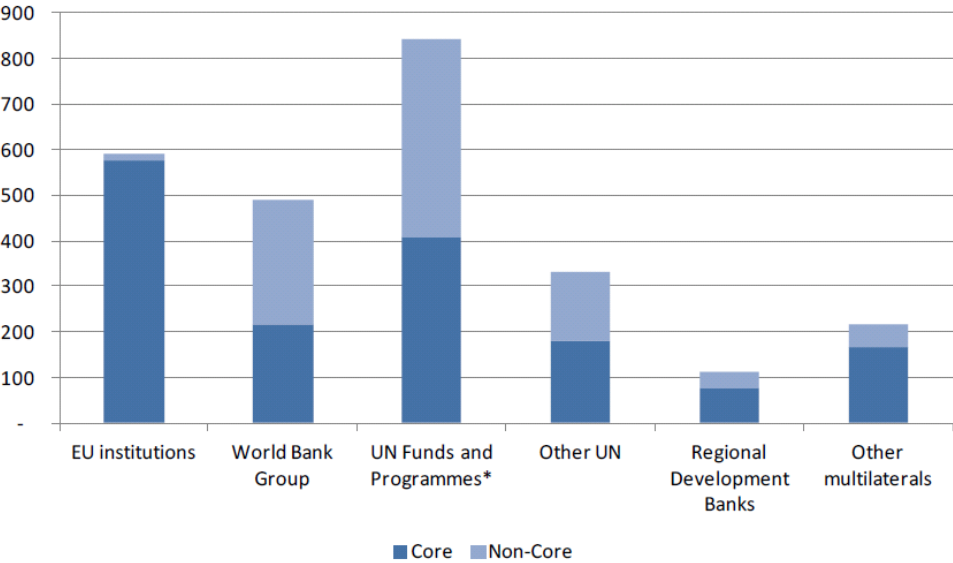
According to the IOB (2008), the best results of bilateral aid are made in improving access to public services (education and health care). For example, probably and partly as a result of Dutch efforts, more children attended school in Burkina Faso, Ghana, Mozambique, Tanzania, Uganda and Zambia. As a result of improved healthcare infrastructure, the vaccination rate in sub-Saharan Africa increased and more people were able to access health facilities. These results can partly be attributed to the policy of budget support, adhered to by the Dutch ministry. The IOB also showed the Netherlands had developed into a frontrunner regarding the support of national policies for basic education.

Positive results were also noted in improving food security. For example in Mali, where the support of an irrigation programme for the cultivation of rice (Office de Niger) improved the economic situation of farmers and contributed to making more agricultural land available. The incomes of local farmers sextupled over the last 30 years. Dutch investments in drinking water and sanitation have also shown to be impactful. For example, Dutch investments in Tanzania contributed to better access to these facilities for one million Tanzanians. This, in turn, led to the improvement of health and less time consumed in the fetching of drinking water (the time saved was invested in education, domestic work and agriculture).

### 4.3.2. Multilateral aid

A recent study carried out by DfID (2011) in the UK indicated that a majority of the reviewed multilateral organizations (25 out of 43) provide good to very good value for money. According to these findings, the organizations that are ranked high on effectiveness have focused on those countries where aid is expected to have the most impact.

**Figure 3.** Dutch Multilateral ODA (2009) - gross disbursements in 2009 million dollars (derived from OECD, 2011b)



The figure above shows how Dutch multilateral aid is divided between different organizations. For years, the Dutch have had quite a strong focus on the multilateral channel, a result of its internationally oriented culture and its inclination to cooperate with other countries. In 2012 29% of Dutch ODA was spent through multilateral organizations. This percentage has been relatively stable over the years; the percentage of Dutch ODA spent on multilateral aid was respectively 26%, 28%, 31% and 28% in 1997, 2000, 2004 and 2005. According to the OECD (2008) the idea that multilateral aid is less susceptible to the interests of donors is also an important reason for the Netherlands to channel a considerable amount of aid through multilateral organizations. For instance, the Netherlands provides more health development assistance through multilateral aid than through bilateral aid (OECD, 2011b). The Dutch focus on multilateral aid also stems from the idea that certain development-related issues require a global strategy; this is also in line with the increasing attention in Dutch policy for global public goods.

The Dutch contributed substantially to the persuasion of the millennium development goals on health, for instance through the Global Alliance for Vaccines and Immunization (GAVI). The Netherlands is one of the main contributors. GAVI financed the immunization of 288 million children in 66 countries. In 2009 and 2010, more than 82 million children were vaccinated with the support of GAVI. In this period, the Netherlands contributed 56.3 million dollars to GAVI out of a total budget of almost 1.4 billion dollars (GAVI, 2009; GAVI, 2010) According to the Dutch Ministry of Foreign Affairs (2011: 57) *“it is estimated that over 5.4 million child deaths have been prevented since 2000”* through the work of GAVI.

In 2012, the Netherlands ranked number 8 in the list of 43 donors to the Global Fund to fight Aids, Tuberculosis and Malaria (GFATM), meaning that the Netherlands is a relatively large donor to this public-private fund. The Global Fund is a large player in the battle against HIV, malaria and tuberculosis. For example, in 2009, more than half of all mosquito nets distributed worldwide were provided through the GFATM. In 2010, the Global Fund provided antiretroviral medication to 3 million people, distributed 59 million impregnated mosquito nets, and treated 1.4 million new cases of tuberculosis and 63 million cases of malaria (Ministry of Foreign Affairs, 2011).

In 2009 and 2010, the Netherlands contributed 30 million euros to the Fast Track Initiative (a multilateral education partnership), thereby contributing to the construction of 30,000 classrooms, the training of 337,000 teachers and the distribution of 203 million textbooks. In the countries supported by the FTI, the number of children that go to school has increased by 19 million between 2002 and 2010 (Ministry of Foreign Affairs, 2011).

In spite of available evaluation results, doubts exist about the efficiency and impact of the work of multilateral organizations. Although some of them have proven to be very effective, others have been less effective because of their size and high level of bureaucracy. Many of the experts consulted indicated that multilateral aid efforts regarding education and health often tend to focus on quantitative output and not so much on quality and impact. The UK, Canada, Denmark, the Netherlands and Sweden are some of the countries that make regular assessments of multilateral aid organizations and their effectiveness at delivering on the donor's objectives (OECD, 2008).

#### 4.3.3. Dutch civil society aid channel

With its co-financing system, the Dutch government channels a part of the national aid budget through Dutch non-governmental development organizations. In practice, most of the funds in this civil society channel are used to finance non-governmental organizations in developing countries. Through their NGOs, the Dutch were, with others, generous supporters of successful liberation movements in Africa (e.g. Angola and South Africa), Latin America (Chile, Central America) and Asia (Philippines). But the exact contribution of these efforts cannot be ascertained.



In 2007, an IOB study on the effects of policy influencing by Dutch co-financing organizations found that, although the efficiency of campaigns could not be measured in terms of output, the co-financing organizations did manage to make steps towards policy changes (IOB, 2007). When it comes to the appreciation that local beneficiaries show for donors, research shows that NGOs that have been present for a long period of time are appreciated most, whereas distrust is often shown towards governments (Dietz & Zanen, 2009). An evaluation of the Dutch support to capacity development shows that although the Southern organizations that received support did strengthen their core capabilities, the changes in capacity were in many cases caused more by contextual factors and circumstances within the organization than by the Dutch support (IOB, 2011).

It can be concluded that research has portrayed a diverse picture on the effectiveness of the Dutch civil society channel. Many of the experts interviewed suggested that the effectiveness of such projects was difficult to establish. One of the factors stated was that there is a lot of overlap between the activities of government-funded NGOs in the Netherlands and that many have diverged from their lobby and advocacy role towards project management in developing countries. Some respondents argued that local counterparts in developing countries are nowadays skilled enough to work and raise funds on their own. The latter could be perceived as the success of the efforts of NGOs that contributed to capacity strengthening of local organizations. We explore this further in chapter 6 on the challenges and opportunities for development NGOs.

#### 4.4. Value for Dutch society

Due to globalization, several issues, such as security, pollution and global health have all kinds of international linkages and are not limited by national borders. The poorest people in the world are often hit first and hit hardest by the consequences of global challenges, such as climate change, infectious diseases and insecurity and conflict. However, many of these problems also have an impact on the Netherlands. Violent conflicts, for example, can influence global stock markets. Infectious diseases travel the world due to international tourism and transport of goods, and the consequences of food insecurity influence food prices all over the globe. Research shows that 'corrective action' to solve issues on the provision of global public goods is far more cost-effective than inaction. For instance, almost 10 years ago it was estimated that tackling problems in the field of financial stability, multilateral trade, contagious diseases, climate stability and peace and security would cost around 310 billion dollars, whereas the costs of inaction are estimated at around 2,586 billion dollars (Kaul et al., 2003). Investing in international cooperation is therefore also crucial for 'donor countries' and can save a lot of future expense. In light of the above, one can argue that it is unwise to cut the budget for development cooperation in this time of emerging globalization issues.

Also in the short term, development aid has had a positive impact on economic development in the Netherlands. Dutch companies, for instance, sell their products and services to countries that receive or have received Dutch aid. Data from the Ministry of Foreign Affairs shows that the total value (around 1.5 billion euros) of Dutch goods imported by Indonesia, Bangladesh, Vietnam and Ghana in 2010 equals approximately one third of the total development aid budget 4.3 billion euros). Dutch companies also play an important role in the development 'industry' by selling their products, for instance technical instruments and medication to the United Nations: in 2010, the transactions between Dutch companies and the United Nations totalled more than 155 million dollars. The links within the global economic system can also be seen from employment figures; economic growth in China and India has contributed through increased exports to these countries to a rise in employment in the Netherlands (Netherlands Statistics, 2011). The Social Economic Council (SER, 2012) stresses that it is crucial for the Dutch government to stimulate cooperation with other countries to solve issues concerning sustainability, security and social development in the Netherlands and abroad.

Many experts indicate that the Dutch approach, such as the focus on multilateral cooperation and its history of commitment to international development agreements, has enhanced Dutch 'soft power'. For instance, the Netherlands is not a G20 member, but has been allowed to join G20 summits in the

past. In the last two years, however, this soft power has been increasingly under pressure. This is partly the result of the shifting of economic and geopolitical relations, such as the economic decline of European countries and the emergence of the BRIC-countries. According to Wijffels et al. (2012), this has also partly to do with the substantial budget cuts on development cooperation, but, as international relations expert Rob de Wijk (2012) indicates, it is also a consequence of the changing Dutch international attitude. The attitude of the Dutch government has, since 2010, been surprisingly uncooperative on several sensitive topics, such as international immigration rules and this in turn has negatively affected the Dutch reputation. Some experts interviewed stated that other governments 'wonder what is going on in the Netherlands' and are likely to behave a bit more distantly towards the Netherlands. The interviewees also relate this to the perceived inward-looking orientation of the Netherlands, the focus on national concerns and the impact and influence of populist political parties.

Besides its economic and geo-political value, international cooperation also has moral value. This is perhaps one of the most important motivations to engage in development cooperation. Considering that every life has equal value, it could be argued that it is immoral to sit back while people elsewhere suffer from poverty, inequality and conflict. The next chapter (5) discusses the recent changes in Dutch development policy and public support for official development aid in more detail.

## 5. Analysis of Dutch debate on development cooperation

According to the Global Connectedness Index, the Netherlands is the most globally connected country in the world in terms of trade and other flows such as capital, information and people (Ghemawat & Altman, 2012). This international orientation is also reflected in the public debate in the Netherlands. Since the 1970s, development cooperation has been an established topic within the public debate, either positively or negatively. In this chapter, we present an overview of the topics that are part of the current public and professional debate about development cooperation. We will also discuss how this debate affects public support for development cooperation.

### 5.1. The Dutch debate on development cooperation

The Dutch debate about development cooperation can be divided into two domains: the public debate (aid being debated outside the circles of development professionals) by ordinary Dutchmen and the professional debate. In both domains, the effectiveness of development cooperation is the central topic. However, the specific discourse within the two domains differs. The debate among professionals has a rather rational and technical focus. It is guided by the technical aspects of the effectiveness of development cooperation, such as the role of institutions, the complexity of accomplishing social change and the role of policy coherence. On the other hand, the public debate has a less technical and more emotional and sceptical focus. The debate among ordinary Dutchmen on the effectiveness of development cooperation focuses mainly on failed projects, the salaries of people working for development organizations and the overhead costs of these types of organizations.

The political debate seems to include both technical and emotional discourses; when it comes to policymaking, politicians are guided by the technical aspects of effectiveness as reflected within the professional debate. However, the broader discussion on development cooperation within Dutch parliament reflects the more emotional discourse that is central within the public debate.

#### 5.1.1. The professional debate

As stated earlier, the professional debate mainly focuses on the technical aspects of development cooperation. Topics within this discussion include effectiveness of development cooperation and the way development cooperation is linked to current global issues. The discussion on the future of development cooperation was boosted by the influential report 'Less Pretention, More Ambition' (WRR, 2010). In the next paragraph, we will present some of these papers that were written after the WRR-report stimulated the debate on international cooperation.

In April 2011, the Advisory Council on Foreign Affairs reported to the Government that the landscape for Development Cooperation was changing rapidly and underscored the fact that most poor people do not live in poor countries anymore (AIV, 2011). It advised the Government to take advantage of the post-2015 Development Agenda to review its current development cooperation practices and to embed them in a larger system of international cooperation, which emphasized, among other things, the need to give more attention to the creation of global public goods, such as financial stability, climate stability and peace and security. In the Netherlands, climate policy and policies on peace and security are already linked to the development cooperation and partly financed through ODA. Later on that year in an essay (in Dutch) '*We are rich and they are poor, a worn out paradigm*' René Grotenhuis, director of the Dutch NGO Cordaid, was one of the first to openly acknowledge that the poverty patterns had changed and that development cooperation consequently needed to change too. Furthermore, Hivos, another large Dutch NGO, requested Michael Edwards, to reflect on the future of development cooperation. In his paper '*Thick problems, thin solutions*' he redefined the role of NGOs in a world in which global challenges are increasingly complex. In '*Financing international sustainable development is good for the Netherlands*' Nanno Kleiterp and Jorim Schraven (Dutch

Development Bank - FMO) argue that targeted investments in developing countries can have a sizable impact on international sustainability and stimulate economic growth in the Netherlands. Dutch academics also contributed to the professional debate. For example Ton Dietz (Director African Studies Centre) wrote '*A Manifesto for real knowledge policy*' in which he formulates recommendations on how to improve the Dutch knowledge structure for development cooperation. Another important contribution from academics was the book '*Beyond aid?*' edited by Lau Schulpen, Rob Visser and Willem Elbers (Radboud University Nijmegen). This book includes essays from a broad range of Dutch experts that argue that development cooperation in its current form is facing its end.

Dutch professionals seem to agree on the need to reform Dutch development cooperation, although there is still no consensus on the direction of these reforms and in some cases recommendations are even contradictory. Nevertheless, according to most Dutch professionals interviewed for this report, maintaining the strict baseline rule of 0.7% of GNI for development cooperation has lost its relevance; it no longer reflects a scientifically calculated figure of development needs and the definition of ODA should be reassessed. This does not mean professionals feel international cooperation is less important than before or that less money should be spent on global issues. The AIV (2011) and Wijffels et al. (2012) reports argue, for instance, that if all requirements for providing global public goods are taken into account, one may well end up with a figure which is higher than 0.7 of GNI taking into account all global development needs. The budget required to address these needs might be embedded differently within the national government body or financed in different ways than through the current ODA-requirements. The feeling among many of the professionals we interviewed is that other countries might follow the Dutch step of re-evaluation of the ODA definition in the near future, as the future of ODA is increasingly being discussed in other countries and UN organizations.

### 5.1.2. The public debate

In 2012, the Belgian institute HIVA conducted a study on the Dutch public debate on development cooperation in the Netherlands. They found that the Dutch discussion about development cooperation focuses primarily on the aid budget. The debate circles around questions such as: 'Where does my money go?', 'Do I get value for money?' and 'Is this kind of development cooperation useful?' Topics like development policy itself, the levers of development and global challenges and their potential impact at home receive less attention in the debate. The online debate seems to either focus on negative perceptions on the ineffectiveness of aid or to focus on the moral obligation to help others. Based on their findings, the researchers presume that the public debate does have the potential to raise public awareness on development issues, but has less influence on people's interpretations of development cooperation (Pollet, Vaes & Van Ongevalle, 2012).

As seen above, the public debate in the Netherlands is rather sceptical and emotional, dominated by issues concerning the supposed lack of efficiency of development cooperation. This negative picture of the impact of aid perceived by the Dutch public is probably reinforced by numerous fund-raising advertisements of NGOs depicting poor people, when these same NGOs have promised for decades to change the world for the better, based on the donations of Dutch citizens. The public debate is furthermore negatively fuelled by politicians who (sometimes rightfully) emphasize aid inefficiencies and abuse. For example, in March 2012, Prime-Minister Mark Rutte stated that "nobody in Mozambique has time to develop the country because the country has to send in 2.400 quarterly reports to donors every year." Such statements indicate there are very few nuances in the debate on aid. The media, finally, play an important role in the negative public debate on development cooperation, as they tend to focus on the failures of development cooperation and the misuse of funds. For most media 'good news is no news'.

### 5.1.3. The gap between the public and professional debate

The above shows a gap between the private and the professional debate. Although both debates focus on the effectiveness of aid, the way both parties select and discuss their specific topics differs greatly.

Experts see a clear need for both discourses to come together. As seen above, negative statements about development cooperation are still dominant in the public debate today partly due to a lack of knowledge. In order to enhance and improve the general public debate on development, professionals should, without painting an oversimplified picture, fuel the public debate with current success stories and clear figures and facts about development cooperation. Dutch development organizations and Dutch government still hardly seem to communicate their larger ideas or their successful projects, thereby missing the opportunity to make ideas and success stories part of the public debate. A recent qualitative study by NCDO shows that the Dutch public itself expressed the need for more positive information about development cooperation (Hogeling & Carabain, forthcoming).

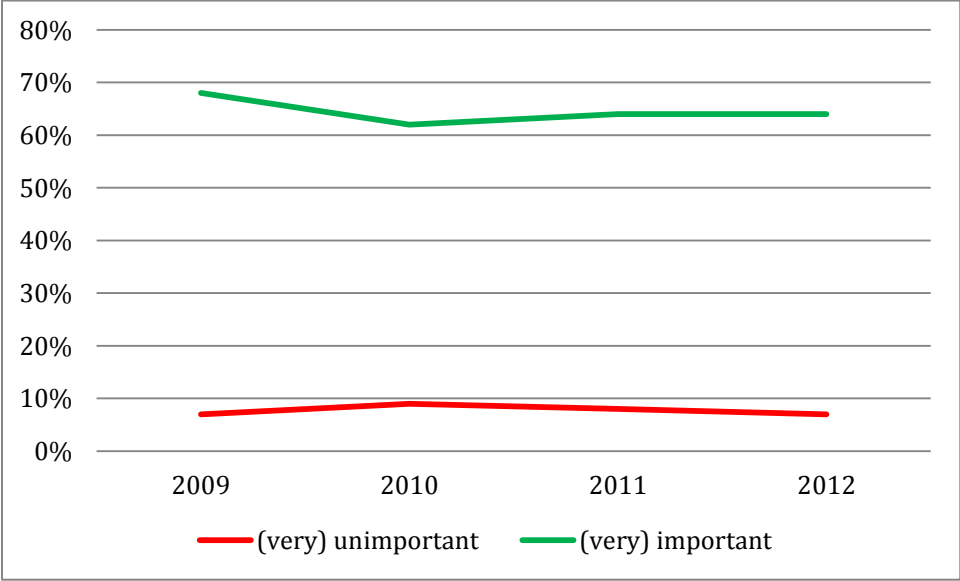
**5.2. Public support for development cooperation**

Regarding the public support for development cooperation among the Dutch, most opinion studies distinguish between the importance of development cooperation in general and specific support for the Dutch aid budget.

**5.2.1. The importance of development cooperation remains stable**

The large majority of the Dutch population (64%) still considers it important to help poor countries to develop. Research carried out by NCDO showed that the general support for development cooperation has been stable over the past 4 years and that the majority of the Dutch public supports development cooperation (see figure 4).

**Figure 4.** The importance of helping poor countries to develop according to Dutch citizens (derived from: Carabain, Van Gent & Boonstoppel, 2012)



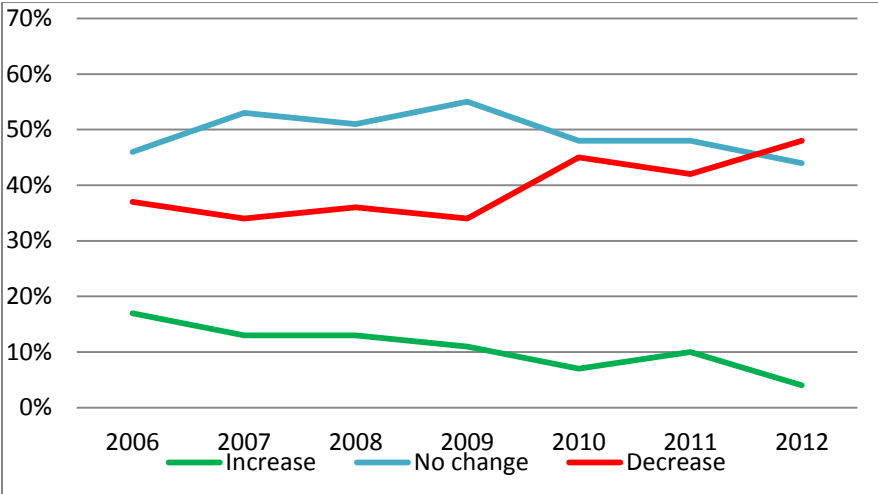
In 2010 there seemed to be a slight decline in the importance the Dutch attached to development cooperation, but this trend has not continued. In 2011, the percentage that considered development cooperation (very) important increased again to 64%. In 2012, this percentage remains consistently high.

**5.2.2. Support for the Dutch aid budget**

In contrast with the general support for development cooperation, the support for the Dutch aid budget has decreased among the Dutch. Nowadays, almost half (48%) of Dutch citizens are convinced that the government should decrease the aid budget (Carabain, Van Gent & Boonstoppel, 2012). A similar percentage of the Dutch population think that the budget should stay the same. Nevertheless, the percentage of people that want to increase the aid budget has dropped from 17 % in 2006 to 4% in

2012 (see Figure 5). Some experts have argued that the negative public debate about development cooperation and changes in support for the aid budget are not necessarily driving the decline in political commitment, but might actually be the result of declining political leadership.

**Figure 5.** Trends in public support for change of the aid budget (2006-2011) (derived from: Carabain, Van Gent & Boonstoppel, 2012)



It is remarkable that the extent of support for the size of the government budget is not inversely proportionate to the actual amount that the government spends on development cooperation. In 2006 - when 0.8% of GNI was still spent on development cooperation - 17% found that this budget should be increased. In 2012, after a 12.5% reduction in the budget, only 4% thought that this budget should be increased. However, it should be noted that previous NCDO research showed that only one third of the Dutch are aware of the fact that, in the past two years, substantial cuts have been made. In this regard, it is interesting to know that citizens strongly overestimate the size of the government budget; on average, citizens think that the government spends 5.6% of GNI on aid instead of the actual 0.7% at the time of the study (Carabain, Spitz & Hogeling, 2012). This sheds a new light on the number of citizens who are in favour of a decrease in the budget; they do overestimate the budget by far. Compared to budget cuts on other departments, the aid budget was hit disproportionately in 2012. Cutting aid from 0.8% to 0.7% means a 12.5% reduction. Cutting deeper towards 0.59% signifies that development cooperation will lose more than 25% of its budget in little over five years. There was for instance a lot of media attention for the budget cut in the defence expenses, although the Ministry of Defence ‘only’ had to decrease the budget by 5%. The decrease of the education budget by 1% was also met with a lot of resistance from citizens and politicians.

**5.2.3. An international perspective**

In 2012, a study was published in which several aspects of public support for development cooperation among 27 European countries were compared (Eurobarometer, 2012). The study showed that a large majority (85%) of Europeans think it is important to help people in poor countries. This is in line with the views of the Dutch; 87% feel people in poor countries should be helped. This percentage has been stable compared with the results of a previous survey in 2009. The results from this European study deviate somewhat from studies done in the Netherlands, due to differences in answer categories making it difficult to compare the figures. However, the study shows that the Netherlands are one of the 12 European countries where this attitude is stable or increasing, while in the majority of the European countries the importance of helping people in poor countries is decreasing. Like other European citizens, a relatively small section of the population feels that the budget for development aid should be reduced (19% for European citizens and 18% for Dutch citizens). In contrast, 61% of the European citizens think that aid should be increased. The percentage of the Dutch that are in favour of increasing the budget is a bit smaller; 53%. A relatively large percentage of the Dutch population (27%

compared to 18% in other European countries) agrees with the statement that we should not increase aid to developing countries even though it has been promised. Furthermore, the support for increasing the budget beyond the promised level is relatively low in the Netherlands (4% versus 12%). Overall, this study concludes that the Dutch support for helping people in developing countries remains high, but that the support for the aid budget is declining in the Netherlands. With regard to the latter, the study recognizes the same trend in Italy, the Czech Republic, Spain, Finland, Slovakia and Luxembourg.

### 5.3. Explaining the gap between support for development cooperation and support for the aid budget

As shown in the previous paragraph, there is an inconsistency between the public support for development cooperation in general and the public support for the size of the Dutch aid budget. Although a majority of people think that poor countries deserve help to develop, many people think that the government should spend less money on aid. We can distinguish four plausible reasons for this gap:

- *The economic situation in the Netherlands:* The current economic crisis seems to have a lot of influence on the readiness of the Dutch public to cut the aid budget. . Concerns regarding the economic situation in the Netherlands are by far the most frequently mentioned reason why the Dutch public are becoming more in favour of cutting the aid budget (Carabain & Boonstoppel, forthcoming).
- *More inward-looking attitude:* The Dutch do not only think that the government should focus on national economic problems, but also that it should solve internal social problems first. Recent studies show that the Dutch public have become more inward-looking in general (Dekker, Den Ridder & Van Ditmars, 2012). One result of this has been a loss of tolerance towards different religions and cultures (Lo Galbo, 2007).
- *Loss of trust in government:* The negative trend in public support for official development aid also fits a more general trend of decreasing trust in the government. A recent study by The Netherlands Institute for Social Research indicates that Dutch citizens' trust in the government has been fluctuating since 2008, mostly due to political and economic developments (Dekker, Den Ridder & Schnabel, 2012). A study on the willingness of Dutch citizens to donate to the 2010 Horn of Africa food crisis found that there is relatively little trust in the government as a provider of development aid, whereas professional development organizations and international organizations are considered to be most suited to provide aid (NCDO, 2010).
- *Scepticism about the effectiveness of aid:* As shown in the previous paragraphs, the public debate about development cooperation is rather negative and sceptical about the effectiveness of aid. This is also reflected in opinion research. In 2011, a study found that only 41% of Dutch citizens felt that it is reasonable to give money for development aid and that 1 in 5 citizens stated that donating for development aid had no function (Hento, 2011). The same study found that only 29% of Dutch citizens feel that the government spends their aid budgets well or very well compared to private initiatives. It is interesting to note that this percentage shows a slight increase, compared to 2010 when 25% of Dutch citizens felt that the government's spending on aid was good or very good compared to the spending by private initiatives. The scepticism about the effectiveness of aid is not only a Dutch phenomenon; a recent study in the UK, for instance, found that 52% of respondents thought that 'UK aid to developing countries is wasted' (Henson & Lindstrom, 2010:2).

### 5.4. The Dutch remain actively involved

The Dutch citizens themselves are actively involved in development cooperation in various ways. A study showed that in 2010, 80% of Dutch citizens contributed, in one way or the other, to development cooperation and this percentage hardly changed over the years. The most popular way of personal involvement in development cooperation among the Dutch population is by donating money or clothes to development organizations (Hento, 2011). In 2011, about four out of ten of the Dutch donated to professional development cooperation organizations with an average of 102 euros per person

(Carabain, Van Gent & Boonstoppel, 2012). Another example of involvement in the field of development cooperation among the Dutch is buying fair trade products. Nowadays, 55% of all Dutch households buy fair trade products (Goede, de & Ruben, 2012). Also, the existence of 8000 private development aid initiatives demonstrates the active support of the Dutch (MyWorld, undated). An upcoming way of personal involvement in development cooperation is the interactive digital market place that facilitates aid, such as the 1% Club, where people can donate time, money or knowledge to development projects. Some experts argue that the drive to be active in private initiatives is also the result of scepticism about the efficiency of aid provided by professional organizations; they have more trust in their own initiatives or in small-scale organizations that are set up by people they know.

#### 5.5. Are private compensations for declining subsidies to NGOs likely?

The Dutch government contemplates cutting subsidies to non-governmental organizations, for instance by ending its co-financing system. In order to gain additional governmental funds, these organizations are expected firstly to increase their private funds. The government believes that this would increase the support for development cooperation among the Dutch population. This kind of thinking rests on the premise that the private contributions of Dutch citizens will automatically increase when the Dutch government decreases its supports for NGOs (Rijksoverheid, no date). It is important to state, however, that there is no clear scientific evidence that this so-called crowding-out mechanism in which citizens compensate subsidy losses will actually take place in reality. On the contrary, quantitative research shows that the Dutch are not willing to give more to non-governmental development organizations if the government gives less. (Bekkers & Boonstoppel, 2011: 60). If there is any increase in donations in reaction to decreasing governmental spending, it is likely to be a more indirect effect; the result of extra efforts by developmental organizations to gain private funds in order to compensate the subsidiary losses (Andreoni & Payne, 2011). Furthermore, the competition for private donations will increase the risk that Dutch NGOs might exaggerate their potential impact on development cooperation in fundraising campaigns, leading to possible future disillusionment amongst the public.



## 6. Scenarios, challenges and opportunities

As was acknowledged by the OECD (2011:11), Dutch development aid is progressive in the sense that it sets trends for new approaches and is now looking to formulate 'new policies and strategies to respond better to a rapidly changing world.' When perceived in the light of this quest for reform, abandoning the 0.7% target is a rather remarkable choice. From a historical perspective it is surprising that the government cuts the aid budget due to the economic situation, because earlier economic recessions - for instance in the 1980s- did not lead to budget cuts on aid. From an international perspective, the timing of the decision to abandon the 0.7% target by 2013 is also unexpected, because 2015- the deadline for the widely embraced millennium development goals - is just around the corner. It is expected that the international agreements on ODA will change after 2015. From an international relations perspective, it would therefore have been logical for the Dutch government to await this process instead of deciding unilaterally to let go of the international 0.7% target.

### 6.1. Budget cuts and the future of the different aid channels

The interviewees were unanimous in the expectation that the current Dutch government is unlikely to reconsider its decision to cut the aid budget. This would require opening up the coalition agreement, which would put other austerity measures up for discussion as well. Most experts also indicated that development cooperation 'as we know it' will come to an end in the next 10 years and will be replaced by a broader approach on international cooperation and the management of global public goods. At the time of writing this report, it is not yet clear in which channels or areas the Dutch aid budget will be cut. Minister Ploumen has made it clear that she does not want to scrape small amounts from a large range of activities, but prefers to make larger specific cuts. Taking the above into account and building on the previous chapters, this chapter presents some scenarios as to where the budget cuts might lead. In these scenarios, the different Dutch aid channels; civil society, multilateral and bilateral are considered. Furthermore, several challenges and opportunities are identified with regard to policy themes and the roles of different actors. It should be noted that this report does not aim to present policy recommendations; the scenarios and challenges and opportunities described below are an analysis of the policy options and possible consequences as mentioned by the consulted experts and the literature.

#### 6.1.1. Future of Dutch civil society as an aid channel

According to the experts we interviewed, a budget cut in the Dutch civil society channel is likely. The government has already announced that the co-financing system in its present form will not be continued after 2014. Several evaluation studies state that it is hard to prove that aid in developing countries through Dutch NGOs is effective. This has also been a concern of the OECD (2011) that does not fully understand the added value of the Dutch policy aimed at strengthening civil society in developing countries through Dutch NGOs instead of directly providing support to organizations in developing countries themselves. Cutting the Dutch civil society channel would mean that the Dutch NGOs have to increase their efforts to raise funds from other sources, such as the public, European Commission, philanthropists and companies. Considering that most co-financing organizations depend on government funding for up to 75% of their budgets, chances are that many of them will not be able to fully bridge this financial gap. This would mean that the Southern partners of Dutch NGOs can no longer carry out their activities unless they find funds somewhere else. At this moment, many co-financing organizations are already anticipating a future decrease of their income and adjusting to a changing reality in the field of development cooperation.

The interviews present three different possible scenarios for Dutch NGOs. Firstly, many experts pointed at the history of the Dutch development organizations as part of a social movement. It is expected that many development NGOs will shift away from service delivery in developing countries to 'watchdog' and advocacy activities. This role corresponds with the view that global development does

not only require changes in developing and emerging countries, but also in western countries (AIV, 2012). Secondly, all experts regarded specialization as a necessary reform of Dutch NGOs, as well as the most important opportunity for development organizations to safeguard their future. Thirdly, many experts, feel that development assistance by NGOs will have particular added value in middle-income countries and fragile states; countries where direct government support is less suited. In the report 'Unequal worlds: Poverty, growth, inequality and the role of international cooperation' the Advisory Council for International Affairs (2012) argues that non-governmental organizations have an essential role to play in middle-income countries. Due to strong economic growth in these countries bilateral, aid is decreasing, but with 75% of the poor living in middle-income countries, fighting poverty and inequality remains important. Helping local actors to fight inequality will emphasize the political profile of international NGOs. NGOs also have a role in fragile states, as fragile states generally lack adequate governance structures, bilateral aid and some forms of multilateral aid are problematic. NGOs are often better suited to provide aid in these countries (Wijffels et al., 2012).

### 6.1.2. Future of multilateral aid

Another scenario would be to cut the Dutch contributions to multilateral organizations. The Netherlands contributes to approximately 20 multilateral organizations; in total about 30% of the Dutch ODA. The Netherlands is a major donor to the following UN-organizations: UNFPA, UNAIDS, UNICEF, OHCHR, UNESCO, ILO and UNIFEM. Dutch contributions to the global funds CERF and GAVI are also relatively high compared to many other donors. Regardless of the positive evaluation results of certain multilateral organizations, the Ministry of Foreign Affairs (2011) does acknowledge the shortcomings of some multilateral organizations, such as high levels of bureaucracy. Multilateral aid assessments provide opportunities to concentrate contributions in areas where aid has the most impact and can be closely linked to the government's development priorities. The Ministry stresses that multilateral organizations are crucial as they form the foundations of international development cooperation. Cutting contributions to these organizations might have an impact on the ground in developing countries, but might also weaken the international infrastructure for development cooperation. Moreover, many of the contributions to multilateral organizations concern legal obligations and this makes budget cuts on this channel complex.

The Ministry of Foreign Affairs (2011) also highlights that its relatively high donor position contributes to a leading position within these organizations and in relation to other donors. Cutting multilateral donations might therefore not only affect the aid provided by multilateral organizations, but might also decrease the soft power of the Netherlands. It should be noted that there is a difference between regular 'core' contributions to multilateral organizations and extra 'non-core' support for specific projects (see Figure 3 for the Dutch core and noncore contributions in 2009). As non-core donations are often voluntary contributions, these might provide room for budget cuts.

### 6.1.3. Future of bilateral aid

Based on the interviews and evaluation studies, decreasing the bilateral aid budget is considered as a less likely scenario. The Dutch bilateral aid is already undergoing extensive reforms. In 2011, the Dutch government decreased the number of 'partner-countries' from 33 to 15 and is dismantling the bilateral projects and embassies in former partner countries<sup>2</sup>. As part of the reformed bilateral policy, thematic focus has been narrowed down to four priority areas (food security, water, security and reproductive health and rights). The majority of the experts that were interviewed saw the increased thematic focus as a positive reform. Another reason that makes cutting of bilateral aid in the current coalition government less likely, are the political ties with Dutch private sector development. Several bilateral

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<sup>2</sup> Current partner countries are Afghanistan, Bangladesh, Benin, Burundi, Ethiopia, Ghana, Indonesia, Jemen, Kenya, Mali, Mozambique, Uganda, Palestinian territories, Rwanda and South Sudan. The [Ministry of Foreign Affairs](#) indicates that in the selection process issues such as possible impact of aid, poverty levels, the connection with thematic priorities and the opportunities and interests of other ministries and the level of good governance were taken into account.

instruments that aim at advancing local development, such as ORIO, also provide opportunities for Dutch business to deploy activities in developing countries.

Considering that current development policy in the Netherlands is based on an economic view of development and the advantages of bilateral aid in terms of trading opportunities for Dutch business, it is likely that there will be only limited cuts on bilateral aid. The former government did, however, announce its aim of further reducing the number of partner countries in the future, which would lead to a reduction of embassies and thus to less spending. The impact of a ‘Dutch exit’ on certain developing countries is hard to predict. It partly depends on the specifics of the countries themselves, on the length of the exit-strategy and on the coordination with other donors. It should be noted that some experts also voiced the opinion that cuts in the Dutch budget support to developing countries would be a logical target for future cuts. They argued that as growth rates in many developing countries are rising, these countries currently face little limitations in access to capital.

## 6.2. Thematic challenges and opportunities

Based on the research for this report several recurrent thematic challenges and opportunities can be identified. The most important and overriding challenge is to respond to the increasing complexity of development cooperation. The world has become more interlinked in terms of flows of money, production chains, information and people. Furthermore, processes of change and development are very unpredictable. As mentioned in the previous sectors, poverty patterns have also changed and the large number of poor people still living in emerging economies shows that economic growth does not automatically lead to decreasing inequality. At the same time, citizens all over the world have become more vocal and inquisitive about the results of development aid, demanding information on where the money goes and explanations when clear results are lacking. Development cooperation will have to adjust to this changing reality or run the risk of become obsolete. All experts indicated that Dutch development cooperation needs reform, but that stimulating sustainable development and combatting inequality is of vital importance in a globalizing and resource-constrained world. Especially because poor people in developing countries are also disproportionately hit by problems concerning the inadequate provision global public goods, such as climate change and water scarcity. The challenges and opportunities concerning the future role of the Netherlands in development cooperation as identified by the experts are discussed below.

### 6.2.1. Increasing transparency

The majority of the interviewed experts stressed the importance of transparency and also noted that improving transparency about motives and interests for providing aid is an opportunity for the Netherlands as –compared to many other donor countries- geopolitical interests play a very limited role in Dutch aid policy. Moreover, transparency provides insights into the trade-offs of development cooperation. This is crucial because development cooperation increasingly covers a broad range of goals, ranging from poverty reduction and development to export promotion and combatting climate change. As a result, one expert explained: “development cooperation is seldom a win-win situation.” Increasing transparency about motives, impacts and possible consequences of certain policy options, therefore, allows politicians and policy-makers as well as citizens to weigh different policy options more accurately. Experts noted that it is an opportunity for the Dutch government to further increase transparency about its motives and (self) interest in providing aid. This can contribute to a more equal relationship between donor and recipient countries. The interviews showed that even amongst experts there is a relative lack of knowledge about the goals, activities and impacts of bilateral aid. In particular, there were doubts about the motives behind the government’s policy focus on private sector development; experts wondered whether businesses in development countries or Dutch businesses are the intended beneficiaries. Minister Ploumen’s new portfolio that combines foreign trade and development cooperation, makes transparency about intended policy outcomes and beneficiaries even more crucial.

Increasing transparency is also seen to be crucial for the credibility of development cooperation in general and of NGOs in particular. For NGOs, transparency has always been a difficult issue, because there is some tension between fundraising and marketing activities on the one hand and transparency and accountability about results on the other. Many experts nevertheless indicated that for small-scale private initiatives depending on private donations, increasing transparency is less challenging, because they are often rather close to the people from whom they get donations. Interactive online forums, such as the 1% Club can also facilitate such transparency. For larger NGOs, it is an opportunity to join or start up initiatives that are in line with 'open data' innovations and allow more extensive transparency about the activities, spending and results of NGOs.

### 6.2.2. Mainstreaming of development aid

The generally accepted trend of increasingly mainstreaming aid into the broader foreign policy may provide an opportunity to create real policy coherence for development in which development cooperation is also adequately taken into account in the long-term policies of other Ministries, such as Infrastructure & Environment and Economic Affairs. This also mirrors the Dutch tradition of perceiving and organizing development cooperation as a part of foreign policy. Efforts to include global public goods in the development agenda, for instance, can be commended because it shows that Dutch aid is adjusting to a changing global reality. A result of such a mainstreaming approach might be that international corporate social responsibility becomes more prominent in policies aimed at business and that education in global citizenship (in Dutch: wereldburgerschap) becomes part of the official education curriculum.

A strong policy stance on international cooperation should avoid mainstreaming leading to a disintegration of aid policies by being spread out over different policy domains without a central focus. It should also avoid development aid running the risk of becoming more fragmented, less effective, less efficient and less visible. In addition, there is a serious risk that mainstreaming will not result in other policies becoming more development-friendly, but that development policies will be adapted to suit other, national economic interests. A strong policy stance on international cooperation that is based on the principles of policy coherence for development requires political will. It also requires a stronger policy focus on the protection of global public goods and its consequences for the poor. Experts argue that all the challenges combined also call for a larger budget instead of a smaller one and for the streamlining of development cooperation in other policy fields. The latter is an opportunity to realize the coalition-wide agenda for development cooperation that the Dutch Labour party PvdA plead for in their party programme 2012-2016.

### 6.2.3. Further improving effectiveness through smart investments

The current government has reduced ODA below 0.7% for the first time since 1975. Re-establishing the target when the economic crisis recedes and other parties form a new government is possible, but will probably be part of an international debate about the follow-up of the Millennium Development Goals, which will end in 2015. Whatever the future level of aid is, it is good to ascertain that Dutch aid offers value for money by spending aid where it has the most impact. Although the Dutch are ahead of other donors with regard to the evaluation of the results and impact of aid, knowing which kind of aid has the most impact in a certain situation is difficult due to the large number of smaller evaluations that differ in methodology and focus (project, programme, region etc.). Conducting a 'meta-analysis' of Dutch impact evaluations might be an opportunity to further the understanding of how to optimize the impact of Dutch aid efforts on human, sustainable and economic development.

### 6.2.4. Innovative sources of financing

Innovative sources (such as taxes and lotteries) and forms of financing (peer-to-peer loans, credits) can support the aid budget (UNDP, 2012; Worldconnectors, 2012), and can furthermore provide funds for 'new' challenges, such as the preservation of global public goods. In some cases a 'double win' is possible: taxes on polluting or unhealthy activities (such as commercial aviation and smoking) can result in less environmental impact or an improvement of health *and* provide funds to tackle global

challenges. Taxes on financial transactions can result in more financial stability *and* provide money for developing countries to strengthen their financial infrastructure. Pricing the use of global public goods can also provide funds *and* lead to more sustainable use of these global goods. Other interesting possibilities for innovative financing can be found through stimulating and targeting private investment towards local private sector development. Development organizations are also increasingly looking towards private institutions for funding. Dutch private investors can also provide seed capital necessary for innovation, which is particularly important as the government is increasingly pulling out. Finally, types of crowd funding can be further explored to finance concrete development projects.

#### 6.2.5. Role and image in the international arena

Besides being the most globally connected country in the world, the Netherlands has also been prominent in the fight for international poverty eradication agreements, donor coordination etc. These efforts were crucial to gain 'soft power' in the international arena, which is deemed important for a small country whose economy largely depends on international economic relations. Austerity measures on aid and international performances in recent years seem to have somewhat damaged the Dutch image of being a champion of international cooperation. In this light, it seems opportune for the Dutch to further develop their specialties in the field of water, agriculture, justice and sexual health. The Netherlands may certainly have a leading role in those areas where the Dutch have longstanding expertise. This might restore or strengthen its front-runner image in the field of international cooperation, specifically in certain policy fields. Although the frontrunner position in development cooperation was generally perceived as important for gaining 'soft power', some experts noted that the policies of the Dutch government in other fields, such as European affairs and defence, have been more influential.

#### 6.2.6. Better communication of positive aid results

The large majority of the experts consulted for this paper stated that the Dutch development sector has not communicated well enough about the results of its work. They feel that there is a need for the professional and public debate to converge. Results are generally presented in large and often technical reports that are not attractive reading for the broader public. These results, especially when they are positive, do not seem to reach the media or are not spread by regular media. Most citizens, however, primarily depend on the media for their information about development cooperation and most media coverage is rather negative about development cooperation and stories are often oversimplified. As opinion research (Carabain & Boonstoppel, forthcoming) also indicates that citizens actually expressed the need for more positive information, this creates an opportunity for better communication of the positive results of aid that currently do not reach the public.

Research indicates that TV shows about development issues can have potential as a means to inform and possibly engage citizens. A Dutch study showed that the 'development knowledge' of 4 out of 5 persons who watched TV shows about development issues increased and that it led to a more positive opinion regarding international cooperation in 1 out of 5 viewers (Heinen & Westra, 2009). Recent regulations and budget cuts in the areas of development cooperation and culture have, however, made it more difficult for the media to produce TV or radio shows about development issues. Donors (both governments and NGOs) should be careful not to oversimplify development cooperation or to exaggerate the results of development efforts (for instance 'donate 5 euros, save a life'). As development cooperation is becoming less self-evident for Dutch citizens, there is an opportunity to raise more awareness on the mutual benefits of development cooperation. Opinion research shows that people who believe that development cooperation offers benefits for recipient and donor countries are more likely to oppose budget cuts on developing cooperation than those people who consider that legitimate development cooperation only serves Dutch interests (Boonstoppel & Carabain, forthcoming). Therefore, it might be an opportunity to stimulate awareness raising via popular media, such as television, that informs people about the positive results of aid and stresses the mutual benefits of development cooperation.

### 6.3. Additional actor challenges and opportunities

In addition to the challenges for the different aid channels and the thematic challenges and opportunities, the experts also provided some additional considerations for specific actors.

- *Politicians:* As Bert Koenders (former Minister for Development Cooperation), stated during the 6th Annual Conference of the Parliamentary Network on the World Bank (PNoWB) ‘it is the parliamentarians’ duty to create necessary political will for development goals and they also need to hold governments and intergovernmental agencies accountable.’ According to a majority of the respondents, this is something in which Dutch politicians have not succeeded in recent years. They voiced their concern about the preoccupation of parliamentarians with the details of development aid and their tendency to be bogged down in today’s thinking, instead of with overall development policy and practice. This is also apparent from the topics and tone of voice in the political debate that primarily reflects the public debate and seems somewhat distant from the professional debate. In a similar fashion, some respondents addressed the need to put development cooperation back on the political agenda as a long-term issue and to ‘politicize’ development cooperation by discussing it within the context of other national and global challenges.
- *Ministry of Foreign Affairs:* Basically, all interviewees indicated that the knowledge infrastructure inside and outside of the Ministry of Foreign Affairs has increasingly been under pressure. The system is characterized by one of the experts as: “a very effective trajectory of knowledge destruction.” This is partly due to the HR system at the Ministry in which employees are relocated to very diverse positions every 3 or 4 years. Investing more in the development of thematic specialties and changing the relocation system might be an opportunity to strengthen and maintain the specific knowledge of employees. This is, of course, easier said than done as recent cuts of the aid budget also forced the Ministry to cut back on knowledge and staff. Although Dutch embassies are commended on their skills in terms of flexibility and technical capacity (OECD, 2011), the strong reduction of the number of partner countries and subsequent closure of embassies might also lead to a loss of ‘on the ground’ knowledge concerning several countries. Maintaining and strengthening the fund of knowledge within the Ministry of Foreign Affairs is a challenge in these times of austerity, but it was seen as very important in order to develop effective and sustainable policies. Foreign experts indicated that compared to other donor countries, Dutch development aid seems to be more practical and somewhat less focused on the theories behind development. This practical approach has its advantages, but creating a more structural system to take up and share findings from reports and studies (both foreign and Dutch) can help to process information and new findings more efficiently. The IOB plays an important role in formally evaluating the impact of development programs, but as noted above the Ministry of Foreign Affairs could publicize the results of the development aid it spends more clearly and accessible for a public as well as professional audience.
- *Multinationals:* Several experts foresee that companies will increasingly move towards social entrepreneurship. The large companies will give more attention to sustainable development and as a result other companies in the supply chains and smaller enterprises will follow. The ‘Vision 2050’ of the World Business Council for Sustainable Development that has developed a holistic roadmap for sustainable living offers a framework for private sector actors. A challenge for the Dutch government lies in dealing with the ambiguous role of multinational companies. On the one hand, such companies can have enormous positive impact, for example by providing employment, by improving infrastructure and governance and by producing more sustainably. On the other hand, some of them also engage in harmful activities, such as tax avoidance, substandard labour conditions and not adhering to environmental rules etc. According to some experts, enabling local business in developing countries to process raw materials is an opportunity that stimulates local development and can create new economic activities for Dutch companies by providing guidance and technical supplies. In terms of regulations, there is an opportunity for the Dutch government to further improve Dutch regulations for multinationals based on the OECD guidelines and include stricter conditions on sustainability, local value

creation and stimulation of local employment. The ‘top sector’ approach of the government has meant that development aid is increasingly seen through a private sector lens. As mentioned earlier in this chapter, a strong policy stance on international cooperation is required to ensure that the integration of the private sector within development policy does not result in aid becoming more fragmented, less effective, less efficient and less visible.

- *SMEs*: Small and medium enterprises form the large majority of all Dutch companies, both in terms of employment and in turnover. In recent years, several government-led funding programmes were set up to stimulate these companies to work in developing countries. During the interviews, it was mentioned that although it is possible that both Dutch companies and local people benefit from such programmes, their added value is complex. As one expert explained: “local development benefits from the creation of jobs, but high-yield investments are often capital intensive (e.g. based on automatic processes) and create fewer jobs than low-yield investments.” “It is an opportunity to invest in relatively small companies that are expected to grow fast over a long period of time (so-called gazelle companies)”.
- *Non-governmental organizations*: As Michael Edwards (2011) observes, development NGOs struggle with the strong (often subsidy-induced) focus on timely, measurable and cost-efficient results and the need for public fundraising that forces them to provide ‘simple and fast’ solutions. In the Netherlands, the pressure on NGOs is increasing, as it seems that the co-financing system will be phased out as of 2015 and because of the demand from public, politics and government to show more convincing results. Virtually all experts were concerned about the ability of Dutch development organizations to find a new niche. Besides specialization it is also an opportunity for development organizations to merge activities, especially because there is quite some overlap in their current focus and themes. As one expert put it: “It is unwise that several Dutch NGOs are currently separately setting up similar activities. Why not save money and time and join efforts?” Another opportunity that was identified by the experts is the ‘brokering’ role that NGOs can play, in addition to an increasing watchdog role. As a broker between governments and citizens, NGOs could shift their attention away from traditional poverty reduction and focus more on multinational advocacy to increase global equality. One could argue that in an increasingly globalizing world with urgent global problems and limited national solutions, this kind of civil representation on a multilateral level is needed.
- *Citizens*: Some experts see citizens primarily as watchdogs that can or should influence government policies by voting. Citizens can also influence business practices by their behaviour as consumers, for example by buying fair trade products (De Goede & Ruben, 2012). Others foresee an even stronger trend in which the government is retreating and citizens are filling the gap by donating to NGOs or participating in small private development initiatives. The latter present a challenge in the sense that small-scale private development initiatives often depend on untrained volunteers and lack long-term vision and funding. Schulpen (2007) has shown that such private initiatives generally work more along the lines of emergency assistance and do not work according to main criteria of development cooperation, for example by working with local organisations, creating ownership and incorporating mechanisms to monitor their efforts. Concerning activism; some experts hope that citizens will increasingly act as political activists for development like they did in the 1980s, while others foresee that the development cooperation will increasingly become a joint effort of active citizens donating to organizations and setting up their own projects. Taking into account that a stable, just and sustainable world requires not only changes in developing countries, but also changes in western countries, for instance in trade and production and consumption patterns, the engagement of Dutch citizens is crucial for successful development cooperation (AIV, 2009). Strengthening this involvement is therefore both a challenge and an opportunity.





## 7. Concluding remarks

Dutch development cooperation is under increasing pressure in a drastically changing national, social and political landscape and enduring additional stress because of current economic turmoil. These national changes take place in an international context of changing poverty patterns, shifting geopolitical relations and increasingly urgent global issues, such as financial instability, environmental degradation and resource scarcity. In the midst of all this, the Dutch government intends to reform development policy and has made the choice of abandoning (for the time being) the 0.7% ODA target.

This report has provided a social and historical analysis of the Dutch aid context, explaining the special features of Dutch aid and the changing socio-political debate on development cooperation, with the aim of better understanding why the Dutch leadership in international cooperation is decreasing.

### 7.1. Historic leadership

Dutch development cooperation started in 1949 and developed over the years into a professional sector in which the government cooperated with co-financed development organizations and multilateral organizations to provide aid. As a small country with a very internationally-oriented economy the national economic interests have always played a role in Dutch development aid: balancing between the merchant and the clergyman. After the 0.7% of GNI ODA target was introduced, an international aid target that was inspired by the work of Dutch Nobel prize-winner Jan Tinbergen, the Dutch government adjusted its aid budget to 0.74% in 1975. Up until this year, the Dutch aid budget has always been above the 0.7% target. The proposed budget cut is the second large cut in 2 years and coincides with further reforms of development policy. The exact details have not yet been presented by the newly appointed Minister of Trade and Development Cooperation, but it is very likely that the total planned budget cut of 3.25 billion over the coming 4 years will have a large impact on Dutch aid and the way it is carried out. From an international perspective, it seems unexpected that the Dutch who have always been an advocate of the 0.7% target are now abandoning it.

### 7.2. The public debate and public support are changing

Development cooperation has already been a topic in the Dutch public debate since the 1970s. As the Dutch have always been a very generous donor, increasing the aid budget was not a real issue for debate. Instead, already in the 1970s the debate focused on issues regarding accountability and effectiveness. As a result, Dutch development aid is rather result driven and there is a strong Dutch tradition in evaluating and monitoring of aid. In recent years the public debate has become even more focused on the effectiveness of aid. Overall, the tone of the debate has become rather negative, reinforcing the image that aid does not help, that the directors of NGOs are greedy and that providing aid to developing countries is a 'bottomless pit'. The professional debate is more nuanced, but focuses primarily on the technicalities of aid. After the Scientific Council for Government Policy presented its report 'Less Pretension, More Ambition' the professional debate on the future of development aid was ignited for a short while, but this does not really seem to have influenced the public or political debate.

Regardless of all these debates, the majority of Dutch citizens do support development cooperation. Citizens are also rather actively involved in aid initiatives; as generous private donors, through fair trade consumer behaviour and through voluntary work. Public support for the aid budget has, however, decreased in recent years. Looking at the support for the budget over the years, the largest changes in support have taken place since 2009 which might indicate that the financial crisis and austerity measures have influenced support for the aid budget.

### 7.3. Impact on developing countries and value for Dutch society

It should be noted that measuring the impact of aid is rather complex and that it is therefore hard to say which kind of aid has the most impact. The evaluations reviewed for this report provide some

indication that Dutch bilateral aid seems to be relatively effective, whereas the aid effectiveness of the multilateral organizations varies from one organization to another. Regardless of the strong tradition of providing aid through Dutch NGOs, it is difficult to draw conclusions on the effectiveness of their activities. There are some areas in which various experts perceive the Dutch as front-runners. This is the case with water and agriculture; areas in which the Netherlands has added value in terms of knowledge and technology. The Dutch liberal tradition has made the Dutch also progressive in aid policies concerning sexual health. The Netherlands has also been very committed to human rights and issues concerning justice and security. Recently, new phenomena, in which the Netherlands is ahead of other countries, are responsible value chains and international corporate social responsibility.

The Netherlands is a small country with a very international economic outlook. The Dutch are therefore, more than many other countries, dependent for their economic and social wellbeing on sustainable development and stability in other countries. Economic growth in developing and emerging countries leads to increasing demand for Dutch exports and also benefits Dutch society in terms of employment. Development cooperation has helped to forge trade relations with former and current partner countries, thereby providing income to Dutch society.

The active engagement of Dutch citizens in international cooperation shows that long-term and economic interests are not only at play when it comes to the value of development aid, but that solidarity remains a strong intrinsic moral motive.

#### 7.4. Challenges and opportunities

For decades, the Dutch have been ahead in the field of international cooperation, not only as a generous donor, but also in terms of progressive policies and as an advocate of international aid agreements, for instance in the run-up to the Paris declaration. More recently, and with the current government abandoning of the 0.7% ODA target, all this has changed. Despite this, there are challenges and opportunities for the Netherlands to strengthen its front-runner role in those fields in which the Dutch really have added value, such as water and agriculture, sexual health, institutional development and value chains. This requires further specialization, maintaining the existing thematic focus and the strengthening of the knowledge infrastructure in the field of Dutch development cooperation. The recent decision to combine foreign trade and development cooperation in one ministers' portfolio offers opportunities to step up the Dutch commitment to policy coherence for development. This is only possible through streamlining of development cooperation in other policy fields. This might also call for a larger budget and shifts in expenditures of the various global challenges, for example a larger budget for lower income countries to protect and manage global public goods. Spending aid through channels and in places where it is likely to be effective can help to make sure that every aid penny counts, just like strengthening internal learning processes and evaluation procedures. Taking into account that a stable, just and sustainable world does also require changes in production and consumption patterns, it is crucial that more attention is given to awareness raising about the mutual benefits of international cooperation. Furthermore, the efforts of the Dutch government and of development organizations to reinvent their role and adjust development cooperation to the threefold changing global reality, economically, sustainably and geo-politically, can be seen as a sign that Dutch development cooperation remains progressive.

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# Appendix A.

The following persons have been interviewed as part of this study. They are considered to be key persons from different sectors that are involved in Dutch development cooperation.

## Scientists:

- Ton Dietz: Director of the African Studies Centre and Professor of the Study of African Development at Leiden University.

## (Former) politicians:

- Arend-Jan Boekestijn, historian and former politician (member of parliament 2006-2009, development cooperation spokesperson of the Liberal party VVD). Author of 'The price of a bad conscience. Why development cooperation doesn't work' (2010).
- Kathleen Ferrier: member of parliament (2002-2012), development cooperation spokesperson of the Christian Democrats.

## Government:

- Ruerd Ruben, Director Policy and Operations Evaluation Department (IOB) at Ministry of Foreign Affairs.

## Private sector:

- Tom de Man: Non-Executive Director, special representative of CEO for Africa projects, Heineken.
- Thierry Sanders: Director Business in Development Network.
- Nanno Kleiterp: CEO Netherlands Development Finance Company (FMO).
- Bob van de Bijl: Managing Director Netherlands African Business Council.

## Civil society:

- René Grotenhuis: director of Cordaid and President SID Nederland.
- Anna Chojnacka: director 1% Club.

## Journalists:

- Frans Bieckmann: Editor in chief of The Broker.

## *Foreign experts*

The following foreign experts were consulted with a short questionnaire by phone or via email.

- David Sogge: Independent researcher, based in Amsterdam; associate of the Norwegian think-tank NOREF.
- Ian Tellam: Director of Adaptify – a Dutch research bureau on climate change and development.
- Godfrey Kanyenze: Founding Director of the Labour and Economic Development Institute of Zimbabwe.

## *Discussion with Worldconnectors*

In the start-up phase of the project the researcher got the opportunity to consult the Worldconnectors Round Table for People and the Planet (a Dutch informal think-tank for international cooperation) with regard to their views and experiences with the Dutch role concerning international cooperation. The consultation was set up as a debate with bold statements to create an engaged discussion. The following persons participated:

- *Prominent political persons:* Jan Pronk (former Minister of Development Cooperation, PvdA) and Jos van Gennip (former senator CDA, founder of Cebemo).

- *Non Governmental Organisations:* Sylvia Borren (Greenpeace), Jan-Willem van den Braak (VNO-NCW), Jack van Ham (former ICCO), Paul Hohnen (Consultant), Alide Roerink (Earth Charter Netherlands).
- *Knowledge and advisory centers:* Herman Wijffels (former Dutch representative at World Bank, now Utrecht University), Ton Dietz (Africa Studies Centre) and René Grotenhuis (SID).
- *Business community actors:* Hans Eenhoorn (former Unilever), Herman Mulder (former ABN Amro), Tineke Lambooy (Nyenrode Business University), Nanno Kleiterp (FMO) and Sayida Vanenburg (Cargill).
- *Youth:* Lynn Zebeda (Dr Monk), Willemijn Aerdts (University of Amsterdam), Erik Thijs Wedershoven (Former UN youth delegate), Adrian de Groot Ruiz (True Price Foundation), Michel Scholte (True Price Foundation) and Masooma Yousufzai (Sophia).
- *Religious leadership:* Awraham Soetendorp (Rabbi).