

## KEY QUESTION



### How is Dutch ODA spent?

**All ODA is delivered as grants; role of CSOs in implementation decreasing; stronger focus on private sector**

The Netherlands channels most of its ODA bilaterally (73% of its total ODA in 2014). Core contributions to multilateral organizations made up the remaining 27% of ODA. In 2014, the largest multilateral recipients were the EU institutions (US\$647 million), UN agencies (US\$451 million), regional development banks (US\$173 million) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (US\$91 million).

All of the Netherlands' bilateral ODA consists of grants (as opposed to loans). There is no Dutch implementation agency. Instead, embassies are mainly responsible for implementing bilateral programs with partner countries. Civil society organizations (CSOs) play an important role in implementation, channeling 21% of bilateral ODA in 2014. However, funding for CSOs working within sexual and reproductive health and rights (SRHR) is being cut in half between 2015 and 2017. At the end of 2015, the largest CSO funding system (€1.9 billion for 2011-2015) came to an end and will not be renewed. Cuts mainly affect direct program implementation funding. The CSO fund "Dialogue and Dissent. Strategic partnerships for lobby and advocacy" (2016-2020, with a maximum of €185 million per year) puts emphasis on advocacy work and strategic partnerships between 25 CSOs and the Minister of Foreign Trade and Development Cooperation. In addition, €3 million a year will become available between 2018 and 2020 for extra support to CSOs that work on service integration and education related to SRHR and HIV/AIDS. These funds will be channeled bilaterally through Dutch embassies and will complement existing country programs.

Private sector development is an important focus area for the Netherlands. The Dutch Growth Fund (DGGF) has a €175 million budget for 2014 to 2017 and provides customized finance to micro, small- and medium-sized enterprises (SMEs) from the Netherlands, emerging markets and developing countries. The government uses this fund as a tool to promote investments in trade with emerging markets and developing countries. Public-private partnerships (PPPs) also play a major role. These partnerships between the government, the private sector, research institutions, and CSOs are also referred to as the "Dutch Diamond model".

### Who are Netherlands' ODA recipients?

**Dutch ODA has a strong focus on least-developed countries and targets sub-Saharan Africa**

The Netherlands places a priority on sub-Saharan Africa and least-developed countries (LDC). Sub-Saharan Africa received 19% of the Netherlands' bilateral ODA between 2012 and 2014, which is below the OECD's Development Assistance Committee (DAC) average of 27% for the region. However, this is because large parts of bilateral funding (69%) are not allocated to specific countries. This includes funding for civil society organizations (CSOs), earmarked funding for multilaterals, and costs for hosting refugees. Excluding these costs, sub-Saharan Africa accounted for 61% of bilateral ODA between 2012 and 2014.

The Netherlands selects its partner countries based on poverty level, their potential for alignment with Dutch thematic priorities, where the Netherlands' expertise is of greatest value, the potential for regional interventions (countries in a region where the Netherlands is already present) and where root causes of migration can be tackled. Since 2011, the Netherlands has reduced its number of partner countries from 33 to 15. Dutch priority countries are divided into two categories: (a) fragile countries with which the Netherlands maintains 'aid relationships' (Afghanistan, Burundi, Mali, the Palestinian Territories, Rwanda, South Sudan, and Yemen) and (b) countries with which it maintains 'transitional relationships' (Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique, and Uganda) to foster economic growth. The exception to this categorization is Syria, which is not designated as a priority country, yet is still a top recipient of Dutch ODA due to the Netherlands' increased humanitarian aid to Syria. As of 2020, middle-income countries Kenya, Ghana and Indonesia will cease to be partner countries but the relationship between the Netherlands and these countries will continue and will be focused on trade, investments, and political collaboration. The Netherlands will continue to have 15 partner countries, and will thus establish new partnerships with three least-developed countries (LDCs) in Africa. The partnership with Rwanda will change from an aid relationship to a transitional relationship in 2020.

Dutch development policy focuses on least-developed countries. 76% of bilateral ODA is unallocated by income group because it comprises funding for CSOs, earmarked funding for multilaterals, and costs for hosting refugees. When excluding this portion, more than two thirds (72%)

of bilateral ODA between 2012 and 2014 went to LDCs and other low-income countries (16% if total bilateral ODA is considered). Eight of the top 10 recipients of bilateral ODA, and 11 of the Netherlands' current 15 partner countries, are LDCs.

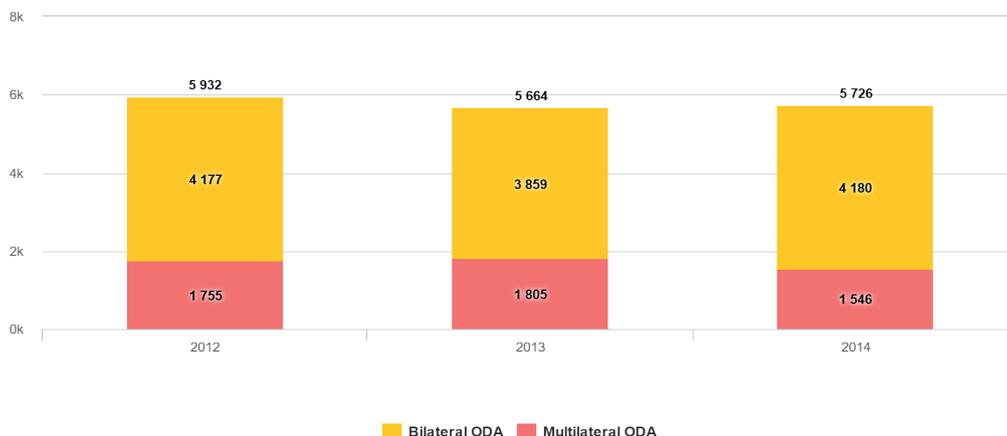
## How is bilateral funding programmed?

### Embassies are key players in strategy development and program implementation

The Ministry of Foreign Affairs develops Multi-Annual Strategic Plans (MJSPs) for all partner countries. MJSPs cover a period of four years, although interim adjustments are possible. Current MJSPs run from 2014 to 2017. Strategic plans are based on a combination of Dutch development priorities, development priorities of the partner country, and the potential for Dutch investment returns. In close consultation with relevant thematic departments at the Ministry of Foreign Affairs, Dutch embassies establish programs. The MJSP can be accessed on the Dutch government's website ('Documenten: MJSP').

THE NETHERLANDS' BILATERAL VS. MULTILATERAL ODA (GROSS, TOTAL AMOUNT)

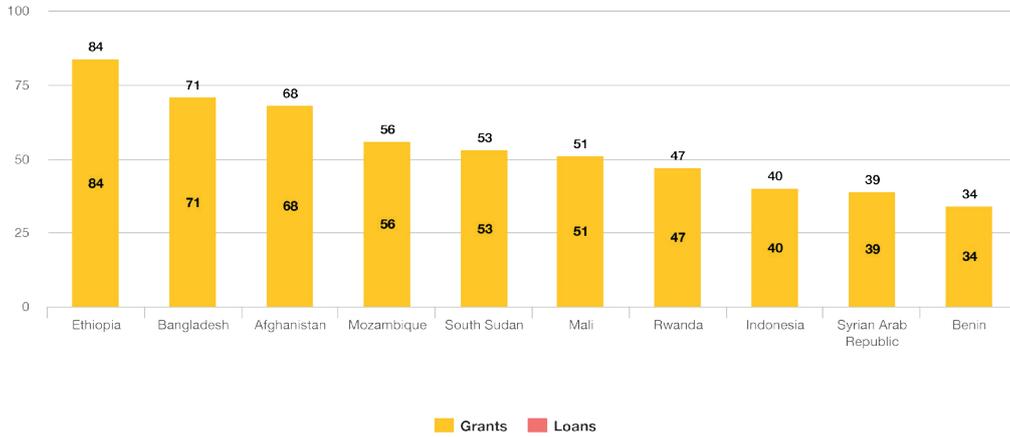
US\$ millions; in 2014 prices



Source: OECD DAC.

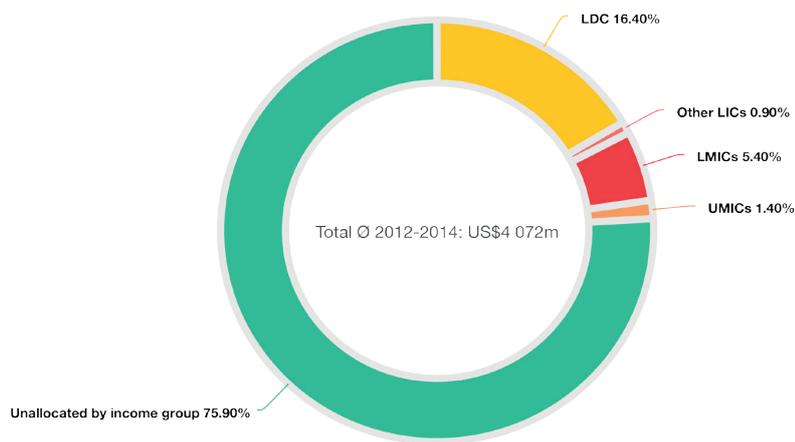
THE TOP 10 RECIPIENTS OF THE NETHERLANDS' ODA

US\$ millions; average 2012-2014



Source: OECD CRS, in 2014 prices.

THE NETHERLANDS' BILATERAL ODA BY INCOME GROUP OF RECIPIENT



Source: OECD CRS.