

KEY QUESTIONS

the big six

6

How is Dutch ODA spent?

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

The Netherlands channels more than two-thirds of its ODA bilaterally (73% in 2015). Core contributions to multilateral organizations made up 27% of ODA in 2015. The largest recipients were the EU institutions (US\$543 million), the World Bank (US\$395 million), UN agencies (US\$365 million), regional development banks (US\$128 million), and the Global Fund to Fight AIDS, Tuberculosis and Malaria (US\$61 million). In addition to these core contributions, the Netherlands channeled 11% of its ODA through multilaterals in the form of funding earmarked for specific thematic priorities or regions (this is reported to the OECD as bilateral ODA). Thus, in total, 38% of Dutch ODA in 2015 was implemented by multilateral organizations (see figure).

All of the Netherlands' bilateral ODA is allocated as grants (as opposed to loans). There is no Dutch implementation agency. Instead, Dutch embassies are responsible for implementing bilateral programs with partner countries. Civil society organizations (CSOs) play an important role in implementation, channeling 25% of bilateral ODA in 2015. However, at the end of 2015, the largest CSO funding system (€1.9 billion or US\$2.1 billion for 2011-2015) came to an end, with cuts mainly affecting direct program implementation funding. The government established a new funding scheme "Dialogue and Dissent. Strategic partnerships for lobby and advocacy" (2016-2020, with a maximum of €185 million or US\$205 million per year), which puts an emphasis on advocacy work (as opposed to provision of services and goods) and strategic partnerships between 25 CSOs and the Minister of Foreign Trade and Development Cooperation. Between 2018 and 2020, €3 million (US\$3.3 million) a year will become available for extra support to CSOs that work on service integration and education related to sexual and reproductive health and rights (SRHR) and HIV/AIDS.

Private sector development is an important focus area for the Netherlands. The Dutch Good Growth Fund (DGGF) has a €300 million (US\$333 million) budget for 2017 (double the €150 million (US\$166 million) available for 2015 and 2016) and provides customized finance to micro-, small-, and medium-sized enterprises 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 also play a major

role in implementing Dutch development cooperation policy. These partnerships are between the government, the private sector, research institutions, and CSOs; they are referred to as the "Dutch Diamond Approach".

Who are the Netherlands' ODA recipients?

Dutch ODA has a strong focus on low-income countries and targets sub-Saharan Africa

The Netherlands places a priority on sub-Saharan Africa. Sub-Saharan Africa received 18% of the Netherlands' bilateral ODA between 2013 and 2015, which is below the OECD Development Assistance Committee (DAC) average of 25%. However, 70% of bilateral ODA is not allocated to specific countries (this mainly includes funding for CSOs, earmarked funding for multilaterals, and costs for hosting refugees). When excluding these funds, therefore, sub-Saharan Africa accounted for 60% of bilateral ODA between 2013 and 2015.

Dutch development policy focuses on the poorest countries. When only considering funding that is allocated to specific countries, more than two-thirds (70%) of bilateral ODA between 2013 and 2015 went to low-income countries (LICs) (15% if total bilateral ODA is considered). Seven of the top 10 recipients of Dutch bilateral ODA and 11 of the Netherlands' current 15 partner countries are LICs. 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 displacement can be tackled. Since 2011, the Netherlands has reduced the number of its partner countries from 33 to 15. Dutch priority countries are divided into two categories:

- Fragile countries with which the Netherlands maintains 'aid relationships' (Afghanistan, Burundi, Mali, the Palestinian Territories, Rwanda, South Sudan, and Yemen),
- Countries with which the Netherlands 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 increased humanitarian aid to address the conflict and support those affected. As of 2020, middle-income countries Kenya, Ghana, and Indonesia will cease to be partner countries. The relationship between the Netherlands and these countries will continue, however, and will be focused on trade, investments, and political collaboration. As the Netherlands will continue to have 15 partner countries, three new country partnerships will be established with three least-developed countries (LDCs) in the Sahel in Africa. The Netherlands' partnership with Rwanda will change from an aid relationship to a transitional relationship in 2020.

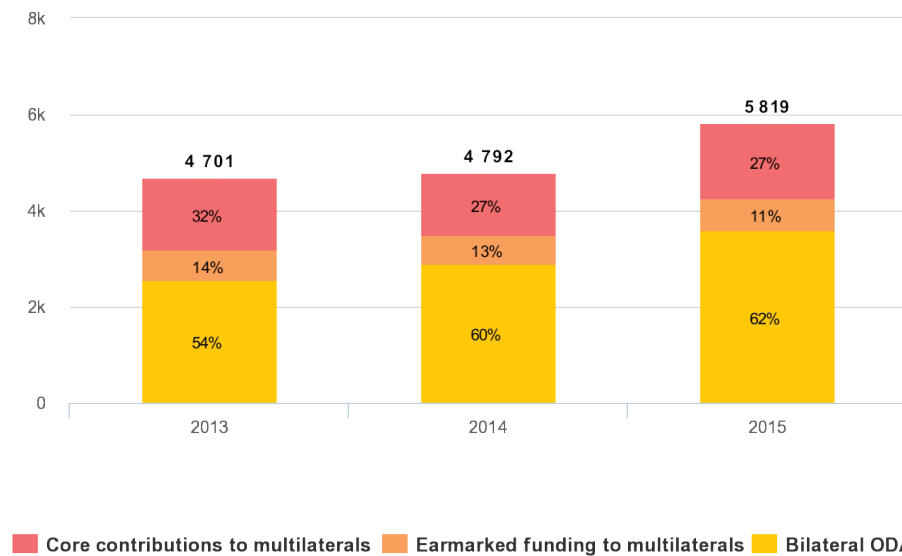
How is bilateral funding programmed?

Embassies are key players in strategy development and program implementation

The Ministry of Foreign Affairs (MFA) 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 MFA, Dutch embassies establish programs.

THE NETHERLANDS BILATERAL AND MULTILATERAL ODA

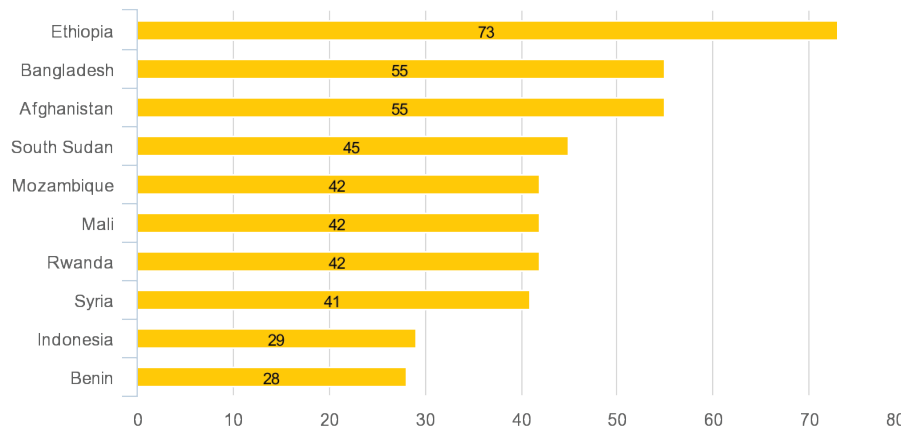
US\$ millions; in 2015 prices



OECD DAC. Gross disbursements.

THE TOP 10 RECIPIENTS OF THE NETHERLANDS' ODA

average 2013-2015 , excluding debt relief; in US\$ millions

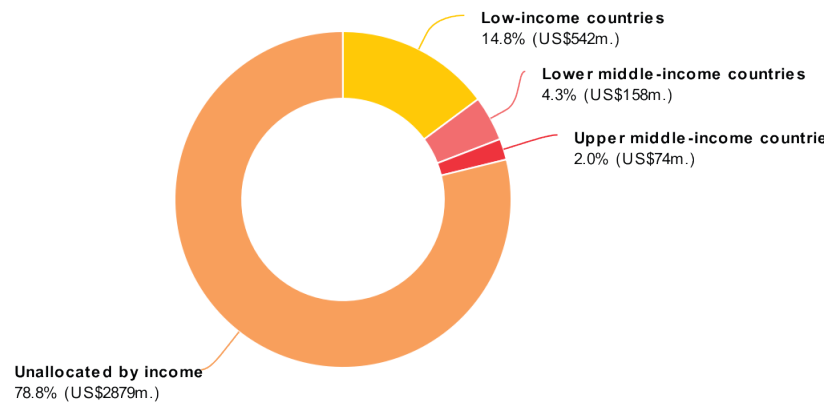


 Grants

OECD CRS, in 2015 prices

THE NETHERLANDS' BILATERAL ODA BY INCOME-GROUP, 2013-2015

Total average 2013-2015: US\$3.7 billion



OECD CRS, Gross disbursements, in 2015 prices