

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

According to OECD data, the Netherlands channeled almost two thirds (65%, or US\$3.3 billion) of its total ODA bilaterally in 2016. However, 16% or US\$538 million of this was used to cover the costs of hosting refugees within the Netherlands, making it the largest expenditure area of bilateral ODA. The largest recipients of core contributions to multilateral organizations were the International Development Association (IDA; US\$573 million), the European Commission (US\$365 million), and the European Development Fund (US\$193 million). In addition to these core contributions, the Netherlands channeled 15% 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, 50% of Dutch ODA in 2016 was implemented by multilateral organizations (see figure).

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 26% of bilateral ODA in 2016. 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), which puts an emphasis on advocacy work (as opposed to provision of services and goods) and strategic partnerships between 25 CSOs and the Ministry of Foreign Trade and Development Cooperation.

Private-sector development is an important focus area for the Netherlands. The Dutch Good Growth Fund (DGGF) had a €108.5 million budget for 2017 (US\$120 million) and a €114 million budget for 2018 (US\$126 million). It 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

While the current government is still deciding on its partner countries, the Netherlands has shown some clear trends in choosing their ODA recipients.

The Netherlands has traditionally placed a priority on sub-Saharan Africa. Sub-Saharan Africa received 17% of the Netherlands' bilateral ODA between 2014 and 2016, which is below the OECD Development Assistance Committee (DAC) average of 22%. 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, sub-Saharan Africa accounted for 57% of bilateral ODA between 2014 and 2016.

Dutch development policy has usually focused on the poorest countries. When only considering funding that is allocated to specific countries, almost two-thirds (65%) of bilateral ODA between 2014 and 2016 went to low-income countries (LICs) (14% 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 until 2017 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 assistance 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 but will focus on trade, investment, and political collaboration. It is not yet clear if the Netherlands will continue to have 15 partner countries. The number of countries is currently being discussed and will be publi-

cized in the new development policy. The Netherlands announced in 2017 that Jordan, Lebanon, and Iraq will become new priority countries. The Netherlands’ partnership with Rwanda will change from a development-as-sistance relationship to a transitional relationship in 2020.

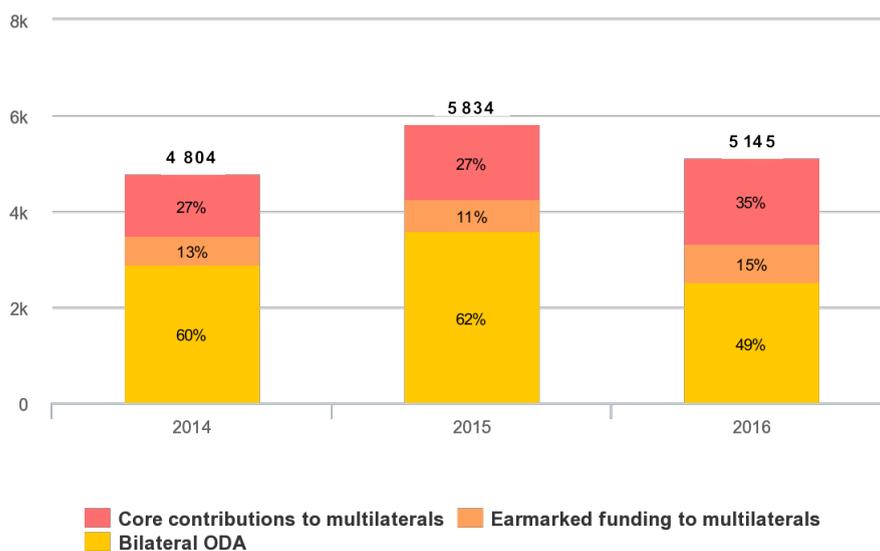
How is bilateral funding programmed?

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 ran from 2014 to 2017. A new strategy is currently in development, and an online consultation process to gather input from CSOs opened in February 2018. 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

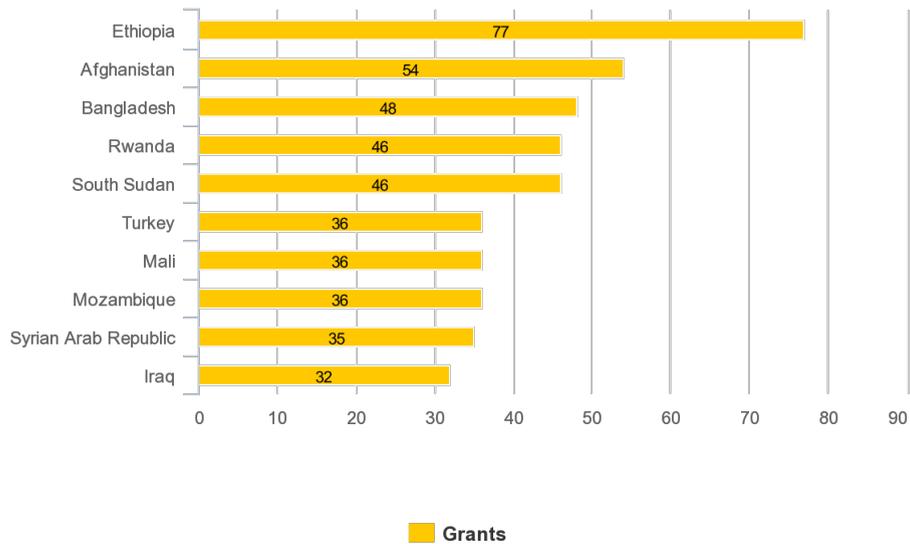
US\$ millions; in 2016 prices



OECD DAC. Gross disbursements.

THE TOP 10 RECIPIENTS OF THE NETHERLANDS' ODA

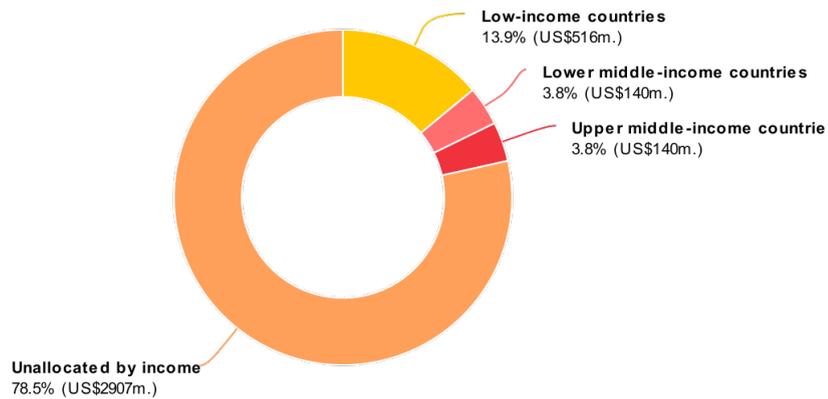
Average 2014-2016, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2016 prices.

THE NETHERLANDS BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$3.7 billion



OECD CRS. Gross disbursements, in 2016 prices.