

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) has a €68 million budget for 2019 (US\$75 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

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 are LICs.

The Netherlands selects its focus regions and countries based on the urgency and need for development cooperation in a certain country or region, the added value of Dutch efforts and the potential for alignment with Dutch thematic priorities. Against this background, the Dutch government announced in its 2018 development policy 'Investing in Global Prospects' that it will shift its emphasis to the regions of the West African Sahel, the Horn of Africa, and the Middle East and North Africa (MENA). At the same time, the Netherlands will continue its activity in the Great Lakes region (Burundi, Rwanda, Uganda and East Congo) and two Asian countries (Afghanistan and Bangladesh). The 2018 development policy 'Investing in Global Prospects' lays out focus regions for Dutch development cooperation:

- In the Sahel, the Netherlands will focus mainly on the 'economic power houses' of the region, Niger and Nigeria.
- In the Horn of Africa, key partner countries will continue to be Ethiopia, Kenya, and South Sudan. Additional funding is planned, with stronger increases going to Somalia and Sudan.

- In the MENA region, the Dutch government will maintain its relations with the Palestinian Territories and Yemen, mainly focusing on humanitarian assistance. It will also increase its cooperation with Lebanon, Jordan and Iraq, with a special emphasis on supporting the reception of refugees in the region.
- In the Great Lakes region, the Dutch government puts an emphasis on bilateral cooperation with Burundi, Uganda, Rwanda, and provides regional funding to East Congo (DRC), particularly focusing on stability, humanitarian assistance and poverty reduction.
- In Afghanistan, the Netherlands will continue to focus on promoting stability and security and in Bangladesh it will transition from a development relationship to a trade relationship, focusing on water, textile, women and the plight of the Rohingya.

According to the policy, the program budget is set to increase, in financial terms, by at least a third compared to 2017 levels in each region during this government's term

of office. In addition to that, new embassy offices will be opened where necessary to increase its visible presence (especially in the Sahel) and existing embassies in focus regions will receive increased support from local experts and diplomats with development experience.

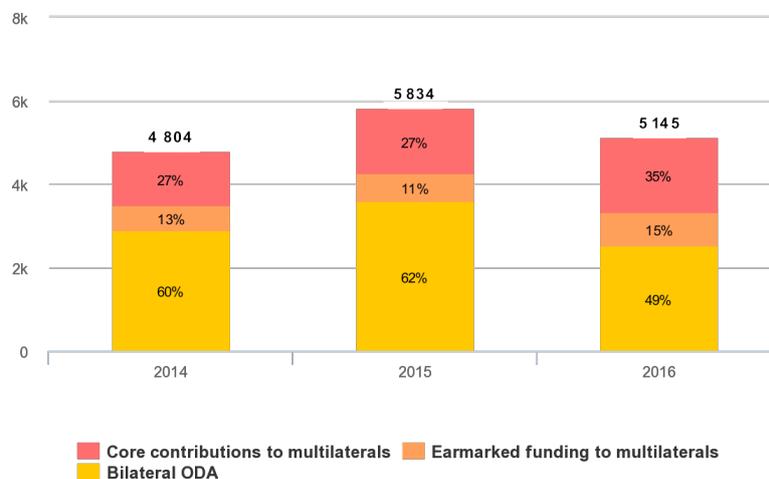
How is bilateral funding programmed?

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. New Multi-Annual Strategic Plans are currently under development. 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

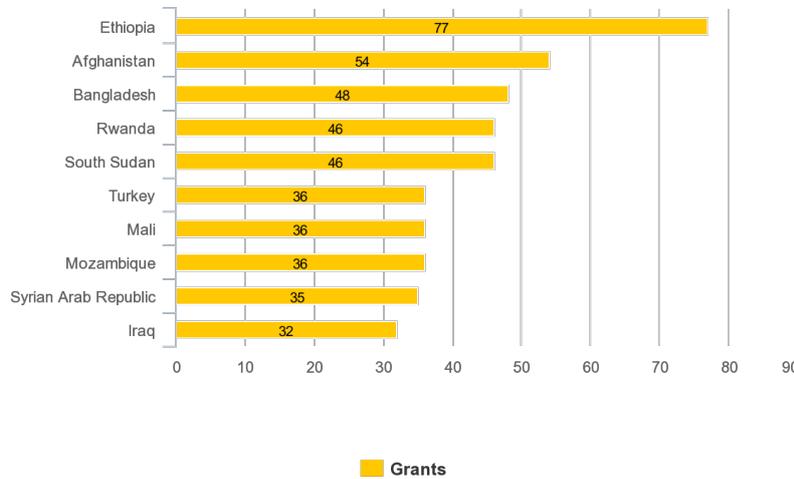
US\$ millions; in 2016 prices



OECD DAC. Gross disbursements.

THE TOP 10 RECIPIENTS OF THE NETHERLANDS' ODA

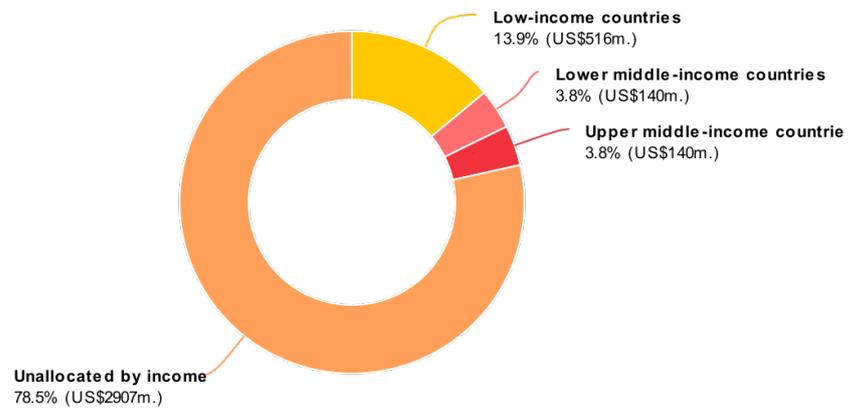
Average 2014-2016, excluding debt relief; US\$ millions.



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.