

Mutual interests, mutual responsibilities

Dutch development cooperation en route to 2015

Directorate-General for International Cooperation
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1. Foreword

The Netherlands is a leading player in the world of development cooperation. However, it cannot maintain its position at the forefront without continued effort. This means constantly adapting policy to changing circumstances. By the time the present government took office, globalisation, proliferation of conflicts, migration and the ever-pressing need to eliminate global poverty were calling for a realignment of policy. It is becoming increasingly clear that reciprocal interests entail reciprocal responsibilities.

This policy memorandum, entitled *Mutual interests, mutual responsibilities: Dutch development cooperation en route to 2015*, outlines the Netherlands' new development policy. As the title suggests, development cooperation calls for commitment from everyone involved: the Netherlands, other donors, civil society organisations, the private sector, individual citizens and multilateral organisations, as well as the developing countries themselves. We have all committed ourselves to meeting the United Nations' Millennium Development Goals by the target date of 2015.

This memorandum develops the points made in the letter on the long-term prospects for development cooperation which I sent to parliament on 17 June 2003 (*Ontwikkelingssamenwerking in meerjarig perspectief*, Parliamentary Papers 2002-2003, 28600 V, no. 65).

It should be read in conjunction with the Africa Memorandum, and the letter to parliament on the Stability Fund, since they examine the impact of the new policy. The financial implications for the 2004 draft budget are discussed in the memorandum of amendment.

Incorporated into this policy memorandum is the government's response to the recommendations issued by the Interministerial Policy Review (referred to below as the 'IBO report') on the effectiveness and coherence of development cooperation.

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2. Summary

Sustainable poverty reduction is the main objective. The Millennium Development Goals (MDGs) are the means of achieving it. ¹To meet these goals, the Dutch government plans:

- to make everyone more involved in meeting the MDGs by 2015
- to boost the quality and effectiveness of development cooperation
- to make Dutch efforts and results more visible.

Main policy priorities:

1. Concentration

The Netherlands will continue to allocate 0.8% of its Gross National Product (GNP) to development cooperation. It will concentrate on the following themes: education (15% of the development budget), environment and water (0.1% of GNP), AIDS prevention and reproductive health care. Given the need for better utilisation of capacity, manpower and resources, the number of bilateral partner countries will be reduced from 49 to 36. The number of sectors in each country will be limited to two or three at most. Quality and effectiveness will be the watchwords.

2. Results-driven

Results and accountability will be the forces behind Dutch development cooperation. From January 2004, a new appraisal system and assessment framework will be introduced for country and sector policies. The Netherlands will specify in advance how much it intends to spend on achieving the Millennium Development Goals (MDGs) for education, environment and water, AIDS prevention and reproductive health care by 2015. In conjunction with the Ministries of Housing, Spatial Planning & the Environment and Agriculture, Nature & Food Quality, the Ministry of Foreign Affairs will examine how progress made with sustainable development both at home and abroad can best be reported on.

3. Partnership

Partnerships will be sought with citizens, private enterprises, knowledge and research institutes, civil society organisations and government authorities. Substance and harmonisation are the key words, with respect for each partner's responsibilities and close monitoring of quality, effectiveness, efficiency and accountability. More scholarships, exchanges and placements will encourage young people to become more involved in development cooperation. New initiatives will be developed to promote cooperation with the private sector, with a view to public-private partnerships.

4. *Bilateral policy*

The existing country lists will be merged to create a single list of 36 partner countries with which the Netherlands will enter into long-term bilateral relationships. In these countries, the private sector and civil society organisations will be more closely involved in sectoral policy, which will continue to be the principle on which bilateral cooperation is organised within partner countries' own poverty reduction strategies. The aim is to work on a programme basis, where possible through budget support.

Promotion of good governance and respect for human rights, with capacity development and institution building, apply in all partner countries. In as many partner countries as possible, we will contribute to a better business and investment climate by fighting corruption, strengthening the financial sector and trade capacity and improving the macroeconomic position.

5. *Regional policy*

At least 50% of the Netherlands' bilateral development budget will be used to reduce poverty and promote economic growth in Africa. Environmental and water programmes will be stepped up.

The government has opted for a regional approach in the Horn of Africa and the Great Lakes region, focusing on conflict management, security building and peace brokering. African initiatives for peace and development such as NEPAD, ECOWAS, IGAD and SADC will be given active support. In the Balkans, the Netherlands will focus on sustainable stability and economic development, in partnership with the region's leading donors and the European Union.

6. *Integrated policy*

An integrated policy combining diplomacy, political dialogue and pressure, security policy, trade, market access and development cooperation will be pursued, both in The Hague and at the embassies.

7. *Stability Fund*

A Stability Fund will be established and managed by the Minister of Foreign Affairs and the Minister for Development Cooperation. This will enable rapid decisions on releasing money for activities to promote peace, security and development in developing countries.

¹ See appendix I for a detailed description of the MDGs

8. Coherence

The government will take steps to maintain the Netherlands' leading position in the international development policy coherence index and to enhance its performance. The government will work to improve coherence in its own policies, for which all the ministries are responsible, and in European and international development policies. The post-Cancún agenda calls for a stronger multilateral trade and investment system, which takes account of disparities in levels of development between developing countries. The Netherlands will actively pursue this objective, and will support developing countries and private enterprises in operating competitively on regional and international markets.

9. AIDS/Reproductive health

The Netherlands will work with new partners, among them the business sector and the United States, to fight AIDS effectively. Political commitment will be strengthened at all levels and the use of existing resources for treatment and prevention will be improved.

The Netherlands will do more to alleviate the social consequences of AIDS, such as the loss of capacity in key sectors like agriculture, health care and education, and to provide care for AIDS orphans. Measures to improve reproductive health will be stepped up without neglecting primary health care services, which remain essential. Support will be given to partner countries with reproductive health policies based on the principles agreed at the Cairo Conference on Population and Development. That means providing information on HIV/AIDS and having readily available contraceptives.

10. Multilateral organisations

The Netherlands will maintain its position as a key donor to those UN agencies and international financial institutions that are seen to be making a tangible contribution to its policy goals (focus on the MDGs, quality and effectiveness and results). It will also urge the European Commission to improve efficiency and effectiveness, and to work towards closer cooperation and harmonisation. In 2004, the House of Representatives will be sent a policy paper discussing the quality and relevance of these organisations in more depth.

3. En route to 2015

Now, in 2003, more than a billion people – 70% of them women - are living below the poverty threshold of one dollar a day. One in seven of the world's population is suffering from chronic starvation. Most of these people live in Sub-Saharan Africa and southern Asia, two of the regions hardest hit by the HIV/AIDS epidemic. Average life expectancy in Sub-Saharan Africa has fallen from 62 to 47 in a short space of time. Poverty, often combined with armed conflict, is responsible for one in three children in Sub-Saharan Africa failing to complete their primary education. Hundreds of millions of people have no access to clean drinking water and sanitation.

These problems are bound to have an impact on the global community. Obviously, the rich nations will continue to share responsibility for improving the living conditions of people in poor countries, out of a sense of international solidarity. Yet the consequences of poverty and exclusion will increasingly be felt in these countries, too, where they will have a direct impact on prosperity and security. Globalisation presents many opportunities, but it also poses new challenges, especially in the longer term. The entire global community is now responsible for ensuring that future generations can develop with greater dignity. Isolationism is not the answer. Development cooperation is no longer simply a moral obligation; it is increasingly in our mutual interest. That is why we owe it to each other not just to continue our work, but also to look for ways of improving it. We therefore need to redefine the role of Dutch development cooperation. This memorandum is a first step in that direction.

But time is short. The international community has committed itself to halving global poverty by 2015. It is a commitment that affects us all, and we are looking for genuine results. The recent summits in Monterrey and Johannesburg, which both reaffirmed that development is a shared responsibility between countries and within societies, helped show us the way. It is not merely a matter of increasing volumes of aid. We also agreed that more coherent policies were needed, that development could not take place without a strong local private sector, that donors and recipients should enter into long-term partnerships based on the priorities set by developing countries, that good governance is essential and that, apart from committing public money, far more use should be made of the knowledge and financial leverage of civil society and the private sector.

For the first time ever, there is broad consensus on how to meet the Millennium Development Goals. We now have the means, the know-how and the expertise to attain them. The failure of the trade summit in Cancún, however disappointing, cannot undermine this.

This growing consensus is closely connected to the increasing interrelatedness of problems there and here. Obviously, the Netherlands will have to respond to this in its development cooperation work. The global relationship between matters such as poverty, security, migration, economic development and capital and trade flows, and the need to manage our natural resources responsibly, must be integrated more effectively into policy. But the government cannot and should not have to do everything itself. Private citizens, the business sector, civil society organisations and institutions are now playing a crucial role in development cooperation. The government will therefore be calling more urgently on the responsibilities, strengths and motivation of these players, in both developed and developing countries. This joint commitment will entail thinking and acting from an attitude of partnership.

4. Partnership

4.1. Partnership as an attitude

The notion of shared interests is closely related to that of 'connected citizenship'. People are dependent on each other. This translates into a commitment extending beyond borders and across generations. It also implies that parties should actively seek each other out as partners. Yet partnership is more than just bringing together as many actors as possible. In a partnership, two or more parties combine their knowledge, skills and resources to achieve a common goal. We must use the added value that this generates to work towards poverty reduction.

Essentially, partnership is an attitude, a working method and a means. Yet no matter what form the partnership takes, it can never be non-committal. By searching together for added value, partners enter into a joint commitment. More specifically, donors must agree to act reliably and effectively and recipient countries must be open to dialogue and visibly active in assuming their share of the responsibility.

Reciprocity of this kind suggests that bilateral relationships between societies there and here are the most logical option. The advantage of bilateral cooperation is that an urgent call can be made on the involvement of citizens, organisations and government agencies and that much more tangible results can be achieved.

The government will therefore promote partnerships between private enterprises, knowledge and research institutes, civil society organisations and government authorities, and increase its own involvement in international partnerships. The implications, such as the responsibilities and roles assumed within the various partnerships and the forms they take, will be worked out in more detail over the coming months.

4.2. Bilateral partnership

Bilateral cooperation, centring on partnership, is therefore the basis of Dutch development cooperation. Bilateral cooperation is more than merely a relationship between governments based on the provision of aid. It is also about the search for complementarity through the involvement of civil society organisations and the business sector. Expanding the dialogue leads to additional knowledge, resources and responsibilities.

Based on this interpretation of partnership, the Netherlands will be asking its partner countries to focus on their broad development agendas, including those elements linked to sustainable development. This will inevitably require a more active discussion on ways to improve governance.

Good governance is a prerequisite for sustainable poverty reduction and for attaining the Millennium Development Goals by 2015. Good governance is a political and institutional climate in which human rights, democratic principles and the constitutional state are protected and in which human, natural, economic and financial resources are managed transparently and responsibly in the interests of equitable, sustainable development.

Since it is a prerequisite for sustainable poverty reduction, good governance will occupy a more central place within development cooperation. But it will not be an absolute criterion for conferring or withholding partnership status. When it appraises the quality of a country's governance, the Dutch government will chiefly be looking to see whether the changes it is making inspire sufficient confidence. In developing countries or countries in transition, weak governance is by definition an obstacle to effective poverty reduction. However, if partnerships are to be effective, countries must at least show willing to pursue good governance, and combine their good intentions with measures to bring about improvement.

The Netherlands will promote good governance through a more intensive dialogue on human rights, democratic principles, the fight against corruption, the business climate, management of natural resources and illegal migration and human trafficking. It will also focus on activities that promote good governance and strengthen the executive, legislative and judicial branches of government. Two special priority areas will be (1) good governance as a way of fostering a good business climate and (2) a more specific focus on human rights in relation to poverty reduction. Recent recommendations issued by the Advisory Council on International Affairs (AIV) provide useful pointers.² More attention will be devoted to good governance within existing programmes

² Advisory Council on International Affairs, The human rights-based approach to development cooperation, no. 30 (The Hague, April 2003)

in the partner countries. For instance, support for the environment sector is more effective if it is combined with a focus on governance and the institutions operating there.

For various reasons, it can also be useful to respond swiftly and flexibly to more recent developments relating to human rights and/or good governance in countries that do not qualify for structural partnership status. Additional funding will be set aside for this purpose.

4.3. International partners

Alliances between donors can be an effective way of improving the quality of bilateral or multilateral relationships in international fora and in dialogue with partner countries. The Netherlands plans to take active steps to forge partnerships with other donors, and in so doing will look beyond the traditional circle of like-minded countries. For example, it expects to work more closely with France on trade issues and development in Africa, and with the United States in the fight against HIV/AIDS. Cooperation between donors boosts efficiency both for them and for recipient countries. The partners can also learn from each other's experience, and make a bigger impact with their work.

The Netherlands will seek to play an effective, visible role in multilateral frameworks. The United Nations will be a key partner. The government will make an active contribution to the debate on reform of the UN, focusing in particular on its effectiveness as an instrument for poverty reduction. More attention will also be given to cooperation within the European framework. EU development policy must become far more effective, and more use should be made of the EU cooperation platform. This is a logical step, given the recent reforms in Brussels and the fact that EU development partners increasingly work together in the field.

Against this background, development cooperation will play an important role during the Dutch presidency of the European Union. Enlargement of the Union with ten new Member States will present an additional challenge. The Netherlands wishes to help support its new EU partners in the field of development cooperation and has already taken the first steps to this end with Poland, Slovenia, the Czech Republic and Slovakia.

4.4. Partnership at home

The attitude of partnership will also lead to new alliances in the Netherlands itself. Studies and the popularity of activities ranging from 'fair trade' promotion to sponsored walks show that development cooperation can count on the support of a wide Dutch public. Nevertheless, it must be earned. The effectiveness of development cooperation must be improved and made more visible.

The involvement of the public does not end there, however. The government is calling on citizens, business, civil society organisations and government authorities to enter into partnerships and to take each other to task over attitudes to fair trade, consumer behaviour and solidarity. The Minister for Development Cooperation will actively promote this initiative, inside and outside the government. The aim is to prevent isolationism, to show that sustainable development is in our mutual interest and to take responsibility for it.

This can lead to the creation of partnerships, with the government and other bodies. Some may be geared to removing obstacles in the business climate. For example, the government has signed a covenant with the Dutch agricultural and horticultural sector to boost capacity in developing countries. Partnerships can also be established around priority themes. For instance, the government is now talking to multinationals about working together in the fight against HIV/AIDS. Civil society organisations receive support to help them promote and raise awareness of fair trade. Support for NGOs in the Netherlands is also important because they help to strengthen civil society in developing countries through their counterpart organisations. All these organisations have their own grassroots membership and are broadly supported by the Dutch public. The government will seek ways of increasing its synergy with them. To encourage more young people to become involved in poverty issues, it will also discuss the possibility of creating internships in NGOs both here and in developing countries.

5. Main features of policy

5.1. An integrated foreign policy

In an increasingly globalised world, poverty, security, human rights, trade and investments, migration, nature and the environment and the international legal order are inextricably linked. The Netherlands will therefore step up its efforts to pursue an integrated approach to its foreign policy, in which development cooperation is combined with diplomacy, political dialogue and pressure, security policy, fair trade and market access. The government has, for instance, adopted an integrated approach to stability and migration.

Stability

Stability is a prerequisite for development. It is not only in countries in conflict that it is lacking, but also in countries where the fighting has just ended but where the authorities cannot yet guarantee public order and safety. In such countries, political and military activities must go hand in hand with reconstruction and development. To achieve a lasting peace much depends on economic and stable government. At the same time, development can only be sustainable in a stable and secure environment. The government has therefore decided to create a Stability Fund in an effort to break through this vicious circle.

The purpose of the Stability Fund is to provide rapid, flexible support for activities at the interface between peace, security and development in countries and regions emerging from or at risk of sliding into armed conflict. The fund will enable coherent, integrated use of the various foreign policy instruments and resources and will therefore be able to draw on both the development (ODA) and general foreign policy (non-ODA) budgets.³

Activities that could be covered by the Stability Fund include support for peace processes and peace dialogues (conflict prevention), reintegration of former combatants, reorganisation of the army and police force, destruction of small arms and assignment of Dutch experts to developing countries.⁴

Migration

Migration is another feature of integrated foreign policy. There is growing acceptance that migration and development are closely linked. Lack of socioeconomic security and uncertain prospects cause people to emigrate in search of a better future. There is no denying that the money immigrants in the Netherlands send back to their countries of origin is a major boost to the economies of those countries. And although immigrants can use the knowledge and experience they have acquired in the Netherlands to assist the development of their own countries when they return, the risk of 'brain drain' is still a problem. The Ministry of Foreign Affairs will therefore work with other ministries to identify the consequences of this trend for policy.

The influx of immigrants to the Netherlands and other European countries has also led to the need for better regulation of migration flows. Although development cooperation pursues a different objective, there are some points of contact. The European Union, in partnership with the UNHCR and the International Organisation for Migration (IOM), is now seeking ways of providing protection in the region for asylum seekers and refugees. The government's objectives are set out in a joint letter to parliament from the Minister of Foreign Affairs, the Minister for Development Cooperation and the Minister for Immigration and Integration.⁵

³ The creation of the Stability Fund will not lead to contamination of the development cooperation budget. If activities do not meet the OECD/DAC criteria governing Official Development Assistance (ODA), they will not be ascribed to ODA. The Netherlands does however feel that the existing OECD criteria do not take sufficient account of the links between peace, security and development. It will therefore consider whether there is enough international support for a review of OECD/DAC's current interpretation of the development criteria.

⁴ For a more detailed account of the Stability Fund, see the letter from the Minister of Foreign Affairs and the Minister for Development Cooperation to the President of the House of Representatives of 3 October 2003, ref. DVB/CV-262/03.

⁵ Letter of 28 May 2003, ref. DPV/AM 270/03 (House of Representatives 2002-2003 session, 19637, no. 739).

5.2. Coherence

The Netherlands' development policies are among the world's most coherent. This is underscored by its ranking in the coherence index compiled by the independent Washington-based Centre for Global Development (CGD). The CGD, which was first published in 2003⁶, measures how much each OECD member spends on aid, trade, direct investments, the environment, migration and peace and security. The Netherlands obtained the highest overall score, and aims to retain its lead and improve its rating over the next few years.

The Netherlands is endeavouring to form a group of EU and OECD Member States which can take the lead in getting coherent development cooperation policies higher on the international agenda, and delivering results on specific themes. To this end, close cooperation with the European Commission is essential. To ensure greater public accountability and stimulate policy dialogue among OECD countries and with developing countries, the government will also call for international agreements on the submission of reports by the donor community in the context of global partnership (MDG 8). The Netherlands, with a number of like-minded countries, aims to set a good example.

Within the European Union, the Netherlands will continue to work towards CAP reform, removal of non-tariff trade barriers, better market access for manufacturing products, services and temporary workers from developing countries, more direct investment in these countries, balanced protection of intellectual property rights and international nature conservation and environment policy. Some of these issues have already been referred to in the memorandum on coherence between agricultural and development policy.⁷ New issues that are likely to arise, include sustainable fisheries agreements and balanced protection of intellectual property rights. Fisheries agreements concluded by the EU with, for instance, African countries, must not lead to overfishing and must boost the local fishing industry. As regards intellectual property rights, it is important that following the decision in Cancún, developing countries with no production capacity of their own should have access to affordable medicines through an enforceable mandatory licensing system for exports.

With more favourable agriculture and trade policies, Dutch and EU development policies will aim to strengthen supply side response and trade capacity in poor countries (two-way development policy coherence; see section 5.4).

⁶ See Foreign Policy (May/June 2003) and the website www.cgdev.com

⁷ Memorandum on coherence between agricultural and development policy (Parliamentary Papers, 2002-2003, 28318, no. 2). The issues referred to are improved market access for products from developing countries and CAP reform in the European Union and/or in the context of the WTO.

5.3. Sustainable development

Poverty reduction can only be sustainable when economic, social and ecological developments are in balance. The World Summit on Sustainable Development (WSSD), which was held in Johannesburg in 2002, breathed new life into the notion of sustainable development by introducing an implementation plan based on partnerships with the business sector and civil society organisations. The Netherlands is funding some 20 partnerships, where possible in the form of public-private partnerships (PPPs).

Sustainable development involves more than merely transferring funds and implementing programmes. It also requires us to accept that our lifestyle should not compromise other people and countries or future generations. With the Ministries of Housing, Spatial Planning & the Environment and Agriculture, Nature & Food Quality, the Ministry of Foreign Affairs is therefore examining how progress made with sustainable development, both at home and abroad, can best be reported on.

A key element of the policy agenda for sustainable development is implementation of internationally agreed action programmes. Examples include the WSSD action programme and measures to tackle global environmental problems such as climate change and loss of biodiversity. The Minister for Development Cooperation and the State Secretary for Housing, Spatial Planning & the Environment are organising an International Ministerial Conference entitled 'Development First', to be held in December 2004. The conference will identify the relationship between energy supplies for sustainable economic growth and poverty reduction in developing countries.

5.4. The business sector

For too long, development cooperation has ignored the fact that sustainable poverty reduction works best against the background of an expanding private sector that is strong, stable and productive. Productive local industries need to be encouraged, preferably in such a way that the poorest groups can benefit sustainably from them. Developing countries must also be given more opportunity to sell their products on the world market. International trade agreements must take more account of this. Equally important is the need for companies exporting from developing countries to be able to make more use of the opportunities available to them on international markets.

From 2004 onwards, Dutch bilateral policy will include specific activities to improve the business climate in developing countries. Obstacles to enterprise have recently been identified in 20 partner countries, and Dutch and local entrepreneurs in the countries concerned have been consulted. This information will be used to devise a customised programme for each partner country. Support will go to employers' organisations and Chambers of Commerce, and to efforts

to strengthen the financial sector, fight corruption and train customs and tax officials. Given its importance for employment and poverty reduction, special attention will be given to the agricultural sector, chiefly knowledge development. The aim will be to offer customised assistance in as many partner countries as possible, and to hold consultations with the above-mentioned entrepreneurs at least once a year. Promoting corporate social responsibility will be a key part of this dialogue.

The Netherlands' efforts to bring about a development-friendly multilateral trading system will be given a logical follow-up in the form of support for the development of trading capacity. Money will be spent, for instance, on improving knowledge of product norms and standards and developing customs services, and on market information systems and infrastructure. Special attention will be given to phytosanitary and other institutes with links to the agricultural sector. The Centre for the Promotion of Imports from Developing Countries (CBI) will play a leading role in widening access to European markets. The CBI will be asked to continue adapting its package of products, to both demand from developing countries and the aforementioned development cooperation activities.

Both the government and the business sector are aware of the need to mobilise knowledge available in the Netherlands for developing countries. The government has, for example, signed a voluntary agreement with Agriterre and LTO Nederland to strengthen farmers' organisations and enterprise in the agricultural sector in developing countries. More of these knowledge platforms will be set up in the coming year. Preparations are also under way to create a public-private partnership to strengthen the financial sector in developing and transition countries in cooperation with Dutch banks and the Ministries of Economic Affairs and Finance.

Support will also be given to commercial enterprise and direct investment. New instruments to promote public-private partnerships will be introduced in 2004 in response to the outcome of the Johannesburg Summit. Existing instruments will be strengthened. The Emerging Markets Cooperation Programme (PSOM) has proved a success. Additional funding will therefore be set aside for the programme in the coming years, and it may be extended to other countries. In the next few months consultations will be held with the Netherlands Development Finance Company (FMO), which manages the Development-Related Export Transactions Programme (ORET), the Industry and Environment Programme (MILIEV) and the Least Developed Country (LDC) Fund to see if these instruments can be improved. The experience of users will be taken into account.

The Netherlands Management Cooperation Programme (PUM) has also more than proved its worth. The government has therefore decided to step up funding and is planning to hold talks with the PUM management to explore ways of encouraging young managers to become involved in the programme (PUM/JUM).

The government wants to keep investment funds under the management of a single organisation (the FMO). The aim is to see whether streamlining the various funds increases their effectiveness. This will be discussed in more detail with the FMO managing board over the next few months, with a view to concluding the consultations early in 2004.

5.5. Africa

Sub-Saharan Africa faces far greater poverty and far more problems than any other region. Proliferation of armed conflicts, weak and corrupt governments, failing states, lack of economic development, inadequate social infrastructures, poor standards of education, environmental degradation and the HIV/AIDS epidemic are depressing the standard of living in this part of the world. The Netherlands has afforded Africa a central place in its foreign policy, including development policy, partly out of solidarity and partly out of mutual interest. At least 50% of the bilateral development budget will go to Africa.

The government's new policy on Africa is set out in the Africa Memorandum, signed by the Minister of Foreign Affairs and the Minister for Development Cooperation and sent to parliament in a separate letter.⁸

5.6. Regional approach

Issues such as peace, security, the environment and migration can seldom be addressed within countries alone. Since their causes extend beyond national borders, so must solutions to them. As a result, a regional approach will need to be taken to cooperation. This applies especially to the complex interaction between conflict management, post-conflict stabilisation and reconstruction. Three regions have been identified as eligible: the Great Lakes region, the Horn of Africa and the Western Balkans. Existing bilateral programmes can be used as a springboard for a stronger regional focus which could be extended to other countries in the region, without the need to set up bilateral programmes there. For instance, although Sudan is not on the list of bilateral partner countries, the Dutch government is contributing to the peace process there as part of its regional strategy. Obviously this strategy will only succeed if it is carried out in close cooperation with other donors and partners.

The Great Lakes region and the Horn of Africa

The government plans to focus on two regions in Africa: the Great Lakes region and the Horn of Africa. The political, humanitarian and security problems that beset them are among the most serious in Africa. The risk of spill-over to neighbouring countries is considerable. The Netherlands will therefore intensify its efforts in this region, combining development cooperation with conflict

⁸ See the letter ref. DAF-2003/708 of 3 October 2003 from the Minister of Foreign Affairs and the Minister for Development Cooperation to the President of the House of Representatives.

prevention and control and promotion of stability and reconstruction. Every effort will be made to dovetail with African initiatives.

The Western Balkans

The Netherlands has three partner countries in the Western Balkans: Albania, Bosnia-Herzegovina and Macedonia. Due to the close ties between the Balkan nations arising from migration, economics, history and artificially drawn borders, the Netherlands has also decided to include Serbia-Montenegro and Kosovo in its regional development strategy. These countries are vital to the further development of the Western Balkans. At the same time, they are also a potentially destabilising force within the region due to the Albanian problem and the disputed status of Kosovo. However, Serbia-Montenegro in particular is crucial to the economic development of the region as a market and an economic dynamo.

The Western Balkan states will at some stage become eligible for membership of the European Union, subject to certain conditions. The Netherlands supports their accession to the EU. Development cooperation can contribute to conflict management, stability and sustainable development in the region by providing specific support for the transition process. The Netherlands already has experience of regional development activities in the Balkans, mainly in the form of initiatives directly linked to the prevention of destabilisation and the promotion of reconstruction. They include sheltering and repatriating refugees and displaced persons, promoting interethnic relations, easing border tensions, improving the business climate and protecting the environment. Though Dutch support for these themes will remain possible, now that the Balkan states themselves have started to promote stability and economic development through regional cooperation, development instruments need to be adapted accordingly. In future, therefore, the Netherlands will focus on strengthening relevant structures and institutions. And it will support cross-border initiatives between local authorities to fight crime, encourage cooperation between police forces in the region and promote economic cooperation. The Netherlands will seek to coordinate its activities with programmes run by larger donors and the European Union.

6. Priority themes

6.1. Education

It would be difficult to overestimate the importance of high quality primary education for a country's development. Examples in some parts of Asia suggest that education can play a crucial role in accelerating economic growth. Studies carried out by the World Bank in the last century showed that in Africa the return on investments in the education sector was relatively high. Education gives children prospects for the future and contributes to a better and fairer distribution

of opportunities for the poor and to their social, economic and political empowerment. Yet many African and Asian countries will have to step up their efforts if they are to meet the Millennium Development Goals by 2015, despite the progress they have already made. The fact is that education is so important that it requires substantial long-term investments. The importance of education is also underlined by MDGs 2 and 3.

The government will spend 15% of its development budget on education during its current term of office, concentrating on literacy, primary education and basic vocational training.

The Netherlands will maintain and if possible extend the education sector programmes in its partner countries, in consultation with partner governments and other donors. It also intends to expand the number of silent partnerships in the education sector with like-minded donors in other countries.⁹ At the multilateral level, the Netherlands will continue to fund the Education for All/Fast Track Initiative (EFA/FTI), for which the World Bank runs the secretariat. The EFA/FTI assists countries whose Poverty Reduction Strategy Papers (PRSP) give education priority but which need help with their education plans if they are to meet the MDGs by 2015. The government will also enter into partnership programmes with UN agencies in post-conflict and other regions. It will find out which institutions, private enterprises and cofinancing organisations are keen to step up their efforts for primary and vocational education and literacy programmes on the basis of complementarity.

6.2. Reproductive health

The Netherlands has been a pioneer in the field of reproductive health care since the 1994 International Conference on Population and Development (ICPD) in Cairo. Its aims are to 1) generate more political commitment for reproductive health and reproductive rights and 2) focus more sharply on the need to implement and fund the Cairo agenda. The Netherlands' partners are developing countries, like-minded donors, NGOs and the United Nations Population Fund (UNFPA).

The Cairo Summit led to a change in thinking about reproductive health. Before that, population policy focused on demographic targets and the need for birth control, and the main emphasis was on family planning. The Cairo Summit redefined sexual and reproductive health and rights. The new definition was based on people's wishes and needs, and centred on individual freedom of choice. However, the gains made in Cairo are now under pressure both in the West and in a number of Muslim countries.

⁹ Silent partnerships are also sometimes referred to as 'delegated partnerships'. They are a form of cooperation in which one donor acts on behalf of the others, the silent partners. Silent partnership is a good example of donor harmonisation.

Although reproductive health is not itself an MDG, the MDGs and the Cairo agenda are indissolubly linked. Poverty can only be reduced if the Cairo agenda is implemented. There is no simple blueprint for improving reproductive health. Cultural factors, including religious beliefs, play an important role in defining strategies of change. We do not need a new Cairo agenda, but a new political elan to keep reproductive health high on the political agenda, and additional resources to implement that strategy. The Netherlands is prepared to set aside extra funding for this purpose.

The Netherlands supports countries that have decided to pursue a reproductive health policy based on the principles agreed at Cairo. That includes providing information and having readily available contraceptives. The Netherlands will continue to play a leading role at multilateral level by making a substantial contribution to UNFPA. During its forthcoming presidency of the EU, the Netherlands will take the lead in devoting extra attention to 'Cairo 10 years on'. This will also be a good opportunity to convince the new EU Member States of the importance of reproductive health and rights.

There are various points of contact between reproductive health and AIDS. Reproductive health can offer many useful lessons in the fight against AIDS, for example in information provision and the distribution of essential medicines and contraceptives. Reproductive health services can also be used to prevent and treat AIDS.

6.3. HIV/AIDS

An estimated 42 million people are now infected with HIV, the virus that causes AIDS. Twenty million people have already died of the disease. HIV/AIDS affects a disproportionately large number of women and young people. Africa is hardest hit by the pandemic; as many as one in every five adults in the Southern African Development Community (SADC) region is HIV positive. Similarly bleak prospects confront other parts of Africa and regions like the Caribbean, Asia and the former Soviet Union. The prognoses are grim. If we do not step up our efforts to combat the disease, some 70 million people will be HIV positive by 2010. It has also become clear that HIV/AIDS can no longer be regarded exclusively as a health problem. The AIDS pandemic slows down economic development and is threatening to undermine stability in those countries worst hit. International concern about AIDS has risen sharply.

Given the severity of the problem and in response to calls from parliament, the government has prioritised the fight against HIV/AIDS. Expenditure on AIDS, tuberculosis and malaria prevention strategies in 2007 will be double the 2002 level.

The Netherlands has formulated seven action points to support and consolidate processes at country level. The first is to generate political commitment to increase involvement by

governments and regional and international organisations. The second is to press for a stronger UNAIDS, especially at country level. The third is to use policy consultations to urge Dutch civil society to pursue a coherent policy on HIV/AIDS and to discuss the issue with partner organisations. The fourth is to improve cooperation with the business sector. Some multinationals already pursue active personnel policies on HIV/AIDS, including the provision of medication. The fifth is to invest in preventive technologies such as microbicides and the development of an effective, safe and affordable AIDS vaccine. The sixth is to bring about effective reproductive and sexual health care services, with more readily available, affordable medicines, prevention, treatment and care, access to better nutrition and care for those affected by the consequences of the disease, such as AIDS orphans. Last but by no means least, the government must improve the consistency and coherence of its foreign policy. Where possible, it must try to integrate reproductive health with measures to combat AIDS.

The Netherlands and the United States are working on public-private partnerships in the fight against AIDS. The existing partnership in Ghana and the one that will soon be launched in Rwanda are examples of what is intended. The Dutch and US embassies in these countries work with businesses to support HIV/AIDS prevention and the care and treatment of victims.

HIV/AIDS prevention is not merely a matter of money. It is also about awareness raising, commitment and negotiations. The aim is to lift psychological, commercial and political barriers.

6.4. Environment and water

The link between poverty reduction and environmental policy will be intensified. Although the budget for the next few years is likely to be underspent, the government will make efforts to attain its spending target of 0.1% of GNP for the environment at the earliest opportunity, and by no later than 2007.¹⁰

Over the coming years, the development cooperation environment programme will dovetail more closely with MDG 7 (see appendix I). Three subsidiary goals will be pursued: 1) integrating the principles of sustainable development into policy and reversing environmental degradation, 2) halving the number of people without access to clean drinking water by 2015 and 3) substantially improving living conditions for at least 100 million slum dwellers by 2020.

The WSSD Summit at Johannesburg formulated a series of key targets relating to water, sanitation, chemicals, access to energy and renewables, biodiversity, food and agriculture, in conjunction with MDG 7.

¹⁰ In this section, the term 'environment' is taken to mean 'environment, nature and water'.

The government will help 12 African countries to provide access to clean drinking water and sanitation. To this end, it will co-fund a partnership for West Africa (with USAID). Ten countries, six of which are in Africa, will be given assistance in drafting national integrated water management plans.

The Netherlands will seek to intensify cooperation in those partner countries where it is active in the environment sector. In partner countries where the environment is not receiving support from the Netherlands, the government will devote more attention to capacity building, compiling environmental action plans, integrating ecological sustainability into other sectors and providing support for civil society organisations to help with lobbying, research and model projects. Given the focus on Africa, these countries will if possible be sought there.

Under development policy on the environment, support will be given to protecting life support systems for biodiversity, regional ecosystems and the climate. The aim of the strategy is poverty reduction, and multilateral channels will be used to the full. In the case of biodiversity, measures will, for instance, be taken to protect the Congo basin, and in the case of climate change work will focus on the need to adapt activities in partner countries that are sensitive to its effects.

To achieve the WSSD goals, more must be done to reduce exposure to chemicals, promote air quality in towns and cities, and ensure sustainable access to energy. Where possible and where there is a demonstrable link with poverty reduction, the Netherlands will promote public and private investments that contribute to these objectives.

The relatively small-scale environment programmes in the Amazon basin will be replaced by a regional environment programme in the Great Lakes region, which is experiencing rapid depletion of its natural resources. Regional instability is accelerating this process. There are several reasons for giving preference to the Great Lakes region over the Amazon basin. Poverty is greater in African countries, the focus of Dutch foreign policy is on Africa, and the Netherlands already has a significant presence in the region and thus can integrate with other activities there.

Many environmental problems extend beyond national borders. Deforestation in the Congo basin and the floods in Mozambique are just two examples. These problems call for a regional approach and regional cooperation. The Netherlands will respond by supporting regional organisations, if possible through the EU or UN.

Access to clean drinking water and proper sanitation are essential for poverty reduction. Most of the Netherlands' contribution is channelled through multilateral organisations. Examples include the WSSD partnership programmes (EU Water Initiative, Africa Water Facility) and programmes

financed through the development banks and the Habitat initiative. The Netherlands is also seeking public-private partnerships in which state funding can act as a lever to release private investment for drinking water and sanitation.

The Netherlands is lobbying in Brussels for measures to strengthen the ecological sustainability of the European Union's aid programme. The aim is to persuade the EU member states to set aside a specific percentage of their ODA budget for the environment, and to report to the EU and OECD on how it has been spent.

The Dutch cofinancing organisations and environmental NGOs have built up extensive experience in supporting local environmental organisations and strengthening 'ecological governance'. We will engage in a more systematic dialogue with these organisations so that together we can achieve a more effective result.

The Netherlands will continue to support themes such as climate, biodiversity and measures to combat desertification. More attention will be given to incorporating them into national policy, and to capacity building and integration into existing development programmes.

7. Quality and effectiveness of policy

7.1. Quality and effectiveness

To boost the effectiveness of development cooperation, the quality of policy needs to be improved. Quality and effectiveness are also essential in maintaining public support for government policy. Quality is about concentration, complementarity, coordination, harmonisation and measuring performance. Effectiveness is about delivering results. This chapter discusses the various instruments for measuring quality.

7.2. Partner countries/country list

The 19+3 country list will be merged with the environment and good governance, human rights and peacebuilding (GMV) lists into a single list of partner countries. After all, there are more similarities than differences between the lists, the divisions between them are blurred and the terminology is confusing. What is more, a single list of bilateral partners is simpler and clearer. Given the definition of the term 'partnership', it is appropriate to refer to the countries on the new list as partner countries.

7.3. Partner countries/trend measurement

A factor in the success of a development relationship is the existence of reliable, long-term partnerships. However, the government does not feel that a country list should be set in stone. It

should therefore be regularly reappraised against various criteria. In recent months, the government has examined trends in its partner countries between 1998 and 2003. These measurements were carried out in the interest of efficiency, with a view to achieving a greater concentration of manpower and resources.

Trends were measured in the countries on the current 19+3, environment and GMV lists (a total of 49 countries) over the 1998 to 2003 period. This gave a qualitative picture of trends in poverty and demand for aid, governance, social, financial and economic policy, results and added value of Dutch development and foreign policy issues. Then, a quantified analysis was carried out of trends in poverty and demand for aid and of governance and policy.

Development cooperation focuses on the poorest countries. The Netherlands and many other donors feel that a suitable indicator of eligibility for aid is the degree to which countries qualify for soft loans from the World Bank. Qualifying for these International Development Association (IDA) loans is referred to as 'IDA eligibility'. Eligibility is defined by the relative poverty of a country and the degree to which it has access to the international capital market. In theory, IDA applies an upper income threshold of USD 865 per capita of the population (2002).

Both donors and recipients of aid increasingly feel that if aid is to be effective, policy and governance in the recipient country must be of a certain quality. It is not only the current situation that matters but also the long-term prospects. In other words, it is important that countries are on the right track, that they show the necessary political will and commitment and that they have achieved specific results.

This is the principle on which the World Bank analyses the quality of policy and governance in developing countries with a view to granting an IDA loan. Countries are screened against 20 criteria relating to economic management, structure policy, social policy and public sector management. They are given a rating on these criteria known as the Country Policy and Institutional Assessment (CPIA) score. The total score is obtained by adding the CPIA score to a score awarded for the quality of the World Bank project portfolio and another for governance. This system is used by the Netherlands and many other donors.

In addition to poverty, good governance and sound policy, another key criterion is need for aid. The added value of each euro spent on aid in a country is influenced by the activities of other donors, the volume of aid reaching that country and its absorption capacity.

The added value provided by Dutch development cooperation itself is also a criterion. Important elements here include complementarity and concentration.

Complementarity is about generating added value through cooperation with other donors, whether they are governments, multilateral agencies or civil society organisations. Concentration involves combining knowledge and resources to achieve greater effect. As a result, given our limited resources and manpower, it is neither feasible nor useful to conduct all kinds of smaller programmes in a whole variety of countries. If programmes are small, the Netherlands cannot make a big enough difference.

Foreign policy considerations also play a role in the selection of partner countries. The decision to continue providing support to the Palestinian National Authority, Yemen and Egypt is partly based on the unstable situation in the Middle East, which makes it especially important to show evidence of partnership. Another consideration is that the Netherlands can provide substantial added value to the water sector in Egypt. Support will also continue to be given to South Africa, given its key role in ensuring stability in the region. Another example is the Netherlands' development relationship with Suriname, which is based on a treaty. The poorer countries in the Dutch World Bank, IMF and EBRD constituencies also deserve continued support given their substantial need, the spirit of cooperation within the constituencies, the support that constituency chairs pledge to 'their' constituency countries and the support that constituency members give to 'their' chair in Washington or London. As a result, the Netherlands can play a bigger role in post-conflict situations in these countries than other donors.

The trend measurement resulted in a single list of 36 partner countries (including Afghanistan) with which the Netherlands will enter into a long-term development relationship. These partner countries are listed in appendix II. Since one or two relatively wealthy developing countries have been removed, the revised list focuses more sharply on poverty than the 19+3, environment and GMV lists. Africa is also relatively prominent: 15 of the partner countries on the list are in Africa, 14 of them in Sub-Saharan Africa.

The lists relating to the business sector instruments ORET/MILIEV and PSOM were compiled using specific appraisal criteria and are not linked to bilateral programmes. They have therefore been omitted. This does not rule out the possibility that the lists could be revised in the future in the light of experience and changing requirements.

7.4. Partner countries/exit

The bilateral development relationship will be phased out in the relatively wealthy developing countries (Brazil, China, Ecuador, El Salvador, the Philippines, Namibia and Peru), countries with a comparatively poor record of policy and governance (Cambodia, Guinea Bissau and Zimbabwe) and/or countries where the Dutch development programme is relatively small scale

(Bhutan¹¹, Brazil, Cambodia, El Salvador, Guinea Bissau, Honduras, Namibia, Nepal, Zimbabwe). In 2003, India announced its intention to phase out its development relationship with the Netherlands.

The government believes that a development relationship with a partner country must be phased out with all due care and in accordance with the procedures. Consultation with the recipient government and other donors is a prerequisite. The aim is to complete the exit procedure within two years.

The government plans to indicate in the exit strategies how the Netherlands will continue to maintain a relationship with the country concerned after the partnership has ended. It will, for example, notify parliament as soon as possible about future bilateral relations with India and China.

7.5. Partner countries/sectors

What is true for countries applies equally to sectors. Here, too, concentration can lead to greater efficiency through the pooling of manpower, knowledge and resources. As a result, the number of sectors in each partner country will be restricted to two (three at most). In partner countries where the Netherlands is active in only one or two sectors, the number of sectors will not be increased. The Dutch embassies in the partner countries will submit proposals for limiting the number of sectors as part of the 2004 annual plan cycle. The government will notify parliament of the outcome at the beginning of 2004.

The same care will be taken in phasing out sectors as applies in exiting from countries. It will be important to discuss with other donors and the partner country whether the workload can be redistributed. The recent drive towards donor coordination and harmonisation is a possible springboard. A better distribution of the workload is vital, both for the donors and for the partner country.

7.6. Partner countries/forms of assistance

Implementation of the bilateral development programme is based on the flexible deployment of aid modalities and appraisal of what is likely to be the most effective approach in each country. Aid modalities that present opportunities for cooperation between donors and recipients will be strengthened and extended. An open exchange of ideas and viewpoints will be the preferred option. This is the best way to ensure that recipient countries take up their own responsibilities and the donor community can coordinate and harmonise its efforts.

¹¹ The development relationship with Bhutan will continue until the beginning of 2007 due to ongoing commitments.

A number of conditions will, however, apply to budget support. First, it must be directly linked to the PRSP process, which must allow for partnerships, the involvement of various groupings at country level and the translation of the MDGs into local policy. Second, on-budget funding must be accompanied by an effective policy dialogue with the recipient country on improving governance, including the political dimension, and reducing poverty. Finally, funding must be based on results measured by clearly defined progress indicators for institutional and policy reforms.

Budget support provided in this way will enhance the predictability of donor contributions for recipient countries. However, it is not wise always to respond to a poor repayment record on reinsured export credits by reducing or suspending aid. In consultation with the relevant ministers, the Minister for Development Cooperation will, therefore consider applying the debt test. This will entail not only reducing or suspending macro aid to the government of the developing country in question, but also reappraising other aid flows to the same government where necessary. The debt test may, however, only be applied to claims that are recognised by the recipient government. The Dutch government is also in favour of introducing a strict cap on loans and reinsurance facilities for debtor countries with a poor repayment record, with the government of the debtor country as the direct debtor or the final guarantor for the private debtor. The government is not yet planning to introduce an appraisal instrument for sustainable poverty reduction into credit insurance. However, it will explore the possibility of an objectifiable, workable instrument for use in reinsuring new export credits to developing countries.

7.7. Multilateral institutions

The multilateral channel is subject to the same considerations as the bilateral channel. To avoid fragmentation of policy and resources, choices must also be made here. In doing so, the government aims to maintain its status as a key donor to those organisations which deliver results, focus on the MDGs, enable the Netherlands to provide added value and make a tangible contribution to the Netherlands' policy goals. Other considerations include how well these organisations operate, how much they are contributing to reforms (coordination, harmonisation, prioritisation) and the added value they are generating at country level.

The multilateral channel can be effective, not least due to its benefits of scale and the pooling of knowledge and resources. Management is easier, transaction costs are lower, and the burden placed on the capacity of donors and recipient countries is lighter.

The Netherlands donates substantial sums to UN organisations. In addition to its mandatory contributions (for which the Netherlands occupies eighth place, given its economic and geographical weighting), it also makes general contributions to funds and programmes as well as incidental payments for special purposes, usually in the form of partnership programmes. In

2000, the Netherlands was in fourth place behind the US, Japan and the UK for its total mandatory and voluntary contributions to organisations, funds and programmes, having provided a total of more than USD 537 million. In 1999, the Netherlands had been in third place. For voluntary and other incidental contributions alone, the Netherlands has been in third place behind the United States and Japan for many years.

For payments to the International Financial Institutions (IFIs), the Netherlands occupies eleventh place within IDA, with a contribution of 2.79%. The Netherlands' voluntary contributions through trust funds and other forms of cofinancing make it the biggest donor in the World Bank group after the United States and Japan. Its total contributions have put it among the top five donors to the IFIs for the last 10 years.

The Interministerial Policy Review recently advised the government to increase the proportion of the budget going to the multilateral channel, ultimately to half of all aid. This would not be expedient. To begin with, having to earmark a percentage for a particular channel could prove to be an obstacle to deploying the most effective form of aid. What is more, the Netherlands is already one of the biggest donors to the UN and the IFIs. The multilateral institutions would be better served if donors who are currently contributing less than their fair share were to increase their contributions. In any case, the Netherlands is already making the fullest possible use of opportunities to implement programmes by or in conjunction with multilateral organisations in the bilateral channel. Examples include the Dutch programmes in Afghanistan and the significant contribution made by the Netherlands to the World Bank's Education for All/Fast Track Initiative. Over the next few years, the Netherlands will once again be making a substantial contribution to relieving the debts of developing countries through the HIPC initiative and other channels. Although not officially regarded as multilateral spending, debt relief bears a close resemblance, given its nature, deployment and effectiveness. Under the OECD/DAC rules, it is not classified as multilateral aid. It does, however make use of the multilateral channel. Effectiveness also depends on an organisation functioning adequately. This is not the case for all multilateral institutions. Nor are they all capable of converting extra funding into relevant and effective policy. What is more, bilateral and non-governmental channels are equally powerful instruments.

The multilateral component of Dutch development cooperation has declined in recent years. This is due not only to the growth of the development cooperation budget, but also to the lack of opportunities for effective multilateral spending. The second of these factors will be particularly relevant over the next few years. The multilateral channel consists of a large number of multilateral funds, programmes, banks and initiatives. Each of these institutions has its own weaknesses, strengths, relevance and impact. These features are not static but evolve over time depending on external circumstances, the quality of internal management and pressure exerted

by donors. The Netherlands is therefore reluctant to commit itself to substantially increasing its contributions to such a diverse instrument so many years in advance.

In early 2004, parliament will, as promised, be sent a report on the quality and relevance of the United Nations agencies and the International Financial Institutions, together with an account of the Netherlands' contribution to them.

7.8. Non-governmental organisations

The Netherlands has a strong tradition of development cooperation through non-governmental organisations. The Dutch cofinancing organisations currently receive 11% of the development budget.¹² A year ago, the government also introduced a grant scheme, the Theme-based Cofinancing Programme (TMF), which acknowledges the special role played by NGOs in development cooperation. NGOs also receive support in the context of country programmes and some humanitarian aid is provided through them.

There is no reason why the Cofinancing Programme (MFP) and the Theme-based Cofinancing Programme (TMF) should continue to be strictly separate. In future therefore, all the participating NGOs will be assessed on the quality and effectiveness of their performance in their specialist area. The government feels that the 11% minimum contribution to these organisations can then be abandoned.¹³ However, this will not be possible until 2007, since the threshold is fixed until then.¹⁴ The MFP and TMF schemes can therefore be merged with effect from 2007, once the current MFP financing arrangement has expired.

Applications for funding will be screened externally on the basis of quality, effectiveness and complementarity, as recommended in the IBO report. This process will be contracted out from 2005 for the TMF and from 2007 for the combined TMF/MFP scheme.

Prior to the merger, the government will conduct a dialogue with civil society organisations to work out a clear strategy for the role of civil society in international cooperation, based on the principle of partnership. In the next few months, the government will therefore discuss with these organisations ways to increase complementarity between bilateral policy and the programmes run by the cofinancing organisations. One option could be for the cofinancing organisations and the Dutch embassies to conclude work agreements for each country.

¹² There are now six cofinancing organisations: NOVIB, Cordaid, ICCO, HIVOS, Plan and Terre des Hommes.

¹³ See House of Representatives 2002-2003 session, 27433, no. 15.

¹⁴ Letter to the President of the House of Representatives, ref. 020438 of 1 November 2002.

The government will also consider how its efforts and those of NGOs to improve policy coherence can strengthen each other. The cofinancing and TMF organisations have already been asked about the possibility of creating civil society placements for young people in Dutch development organisations and their southern counterparts. This initiative was welcomed.

7.9. Donor coordination and harmonisation

The Netherlands wants to take donor coordination a step further towards harmonisation. Donors and partner countries must therefore do more to convert the arrangements they have made into long-term agreements and harmonised funding of budget items (sector programmes) or, where possible, the general budget. Closer matching of policy and procedures with the absorption capacity of partner countries will enhance the quality of aid and reduce transaction costs.

There is now broad international consensus concerning the need for harmonisation. This was given political support in the Rome Declaration on Harmonisation, which was signed by 30 partner countries and adopted by 50 donors (2003). The declaration stresses the need for harmonisation with the policy and management systems of partner countries. Where this is not possible, donors can at least try to achieve harmonisation among themselves. Another key element of harmonisation is for donors to improve their own internal organisation, procedures and systems. The Netherlands takes the view that its own regulations and procedures should not stand in the way of harmonisation.

The Netherlands will call for the OECD/DAC to press on with its harmonisation agenda, which is now primarily geared towards achieving results in the partner countries. Harmonisation processes are under way in various countries, with the Netherlands frequently playing a leading role. In the short term, the Netherlands expects to make the most progress with the Nordic+ countries (Denmark, Finland, Ireland, Norway, Sweden and the UK), since they share its views on harmonisation. A crucial first step was to integrate individual harmonisation plans. The second is the Harmonisation in Practice approach, in which the Nordic+ group will give an extra boost to harmonisation at country level. One example was the joint mission to Zambia in early 2003, which led to a specific action plan for that country. In partner countries where the Nordic+ donors have either a limited or non-existent presence, the Netherlands will seek alliances with other donors.

7.10. Measuring results

There are now various instruments available for measuring results, including reports compiled by the recipient countries on the PRSPs and/or sector policy. In the education sector for instance, those reports might cover the number of schools built or teachers appointed. The UNDP compiles progress reports on efforts to attain the MDGs, both in individual countries and at

international level. The embassies compile poverty and sector analyses and regularly carry out country screening (reporting on the progress being made towards achieving good governance, etc.). The ministry has also introduced a scoring system for individual sectors and activities, which it will describe in more detail to parliament at the end of the year.

Planning, monitoring and evaluation must be stepped up over the coming years in order to maximise the Dutch contribution to the MDGs, in particular those that are priority themes for the Netherlands.

International consensus is growing on the planning framework within which the Netherlands has placed its policy focuses (chapter 5) and priority themes (chapter 6). The majority of developing countries and donors have now adopted the Millennium Development Goals as their objective. Most partner countries have presented their poverty strategies in the form of PRSPs, and these have in turn been fleshed out into long-term sector policy plans. The Netherlands' goals and the results expected can thus be defined more clearly at the planning stage, improving the effectiveness of monitoring and evaluation. From 2004 onwards, strategic long-term frameworks will be drawn up for each partner country and policy department. These will identify specific objectives, results and progress indicators. By early 2006, a strategic long-term policy framework will be in place for all partner countries and policy departments.

From 2004 onwards, the minister will report annually to parliament on the contribution Dutch activities are making to achieving the MDGs in the partner countries. The information received from UNDP will be summarised in these reports.

The MDGs, progress indicators and planning within the PRSPs and the sectors will make it easier than was previously possible to formulate results in quantitative terms. A more precise formulation of the result envisaged will also enable more accurate pronouncements to be made about impact and effectiveness. Coordination and harmonisation will increasingly enable evaluations on a multi-donor basis.

The data thus gathered over the years will contribute to government performance evaluation cover under the RPER and can be used as input for IOB evaluations. They will also enhance the evaluation function by improving programming and boosting the quality of decentralised evaluations through the provision of training and advice. The link between evaluation results and policy-making will be assured, since specific action plans are now compiled following each IOB evaluation.

The development of knowledge and research capacity in developing countries must be further intensified by anchoring the planning, monitoring and evaluation cycle there more securely. The

Netherlands Development Assistance Research Council (RAWOO) will be consulted on ways of improving local institutional capacity for measuring results, evaluating policy and so on, especially in the partner countries.