



OECD Development Co-operation Peer Reviews

**NETHERLANDS**

**2023**





**OECD  
Development  
Co-operation  
Peer Reviews:  
Netherlands  
2023**

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# Foreword

The OECD Development Assistance Committee (DAC) conducts reviews of the development co-operation efforts of DAC members every five to six years. DAC peer reviews seek to improve the quality and effectiveness of development co-operation policies, programmes and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries.

From 2021, DAC peer reviews no longer cover all components identified in the peer review analytical framework ([www.oecd.org/dac/peer-reviews/about-peer-reviews.htm](http://www.oecd.org/dac/peer-reviews/about-peer-reviews.htm)). Instead they highlight good and innovative practices and reflect on key challenges faced by the reviewed member on select themes, recommending improvements. These themes are selected through consultation with representatives from the reviewed member and its partners.

At the beginning of the process, the reviewed member submits a self-assessment. Based on this, staff from the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials and parliamentarians, as well as representatives of civil society, non-government organisations and the private sector. This is followed by visits to partner countries or territories, where the team meets with the representatives from the reviewed member as well as senior officials and representatives of the partner's administration, parliamentarians, civil society, the private sector and other development partners. The team then compiles the findings of these consultations and prepares a set of recommendations which are then discussed during a formal meeting of the DAC prior to finalisation of the report. During the whole process, the OECD Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining, in close consultation with the DAC, the methodology and analytical framework within which the peer reviews are undertaken.

To support learning between DAC members, the report highlights several valuable practices from the reviewed member, from which peers can draw inspiration and learning. These are documented in further detail on the **Development Co-operation TIPS · Tools Insights Practices** online peer learning platform ([www.oecd.org/development-cooperation-learning](http://www.oecd.org/development-cooperation-learning)), that offers insights into making policies, systems and partnerships more effective. The peer review report is complemented by the Netherlands' development co-operation profile (<https://doi.org/10.1787/2faea623-en>), which includes factual information on its policies, development financing, institutional arrangements, and management systems.

The analysis presented in this report is based on (1) a desk review, including the Netherlands' self-assessment and assessments provided by more than 25 partners (multilateral, bilateral, non-government and academic partners); and (2) an extensive process of consultation with actors and stakeholders in the Netherlands and Uganda (listed in Annex C). The report, with a cut-off date of 31 May 2023, contains both findings and recommendations. It fed into the DAC meeting at the OECD on 21 June 2023, at which senior officials from the Netherlands responded to questions and comments shared by DAC members.

# Acknowledgements

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report is the result of an in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Spain (Ana Henche Cuesta, Ministry of Foreign Affairs, European Union and Cooperation, and Irene Seco Serra, Spanish Agency for International Development Cooperation, AECID) and the United Kingdom (Richard Teuten and Eleena Ahmed, Foreign, Commonwealth & Development Office), together with observers from Qatar (Buthayna Al Muftah and Aisha Abdulrahman Al-Obaidan, Qatar Fund for Development). From the OECD Development Co-operation Directorate, Santhosh Persaud served as the lead analyst for the review, together with Eleanor Carey, Policy Analyst, and Sarah Spencer Bernard, Policy Analyst, and Renwick Irvine, Team Lead Peer Reviews oversaw the review. Autumn Lynch and Samantha Proteau provided logistical assistance for the review and formatted and produced the report. Yasmin Ahmad and Harsh Desai verified the data. The report was prepared under the supervision of Rahul Malhotra, Head of Division, Reviews, Results, Evaluation and Development Innovation. The report was edited by Suzanne Parandian.

The team are grateful for valuable inputs from across the Development Co-operation Directorate and the OECD, in particular the Centre for Tax Policy and Administration; the Directorate for Financial and Enterprise Affairs; the Directorate for Legal Affairs; the Directorate for Public Governance; the Economics Department; the Environment Directorate; the Trade and Agriculture Directorate; the Development Centre; and the Multilateral Organisation Performance Assessment Network. Written submissions from a selection of the Netherlands' partners helped to focus and enrich the review, including a comprehensive written submission from Partos, the Netherlands' development co-operation civil society umbrella organisation.

The Peer Review of the Netherlands benefited throughout the process from the commitment and dedication of representatives of the Netherlands Ministry of Foreign Affairs. The review team is also thankful to Karin Boven, Ambassador of the Netherlands to Uganda and her staff, who ensured smooth contact with local counterparts in Uganda as well as documentation, insights and logistical support.

# Table of contents

Foreword	3
Acknowledgements	4
Abbreviations and acronyms	7
Executive summary	9
<b>Findings and recommendations</b>	<b>14</b>
Context: A reinvigorated commitment to development co-operation	15
A fit-for-purpose system: Building on ambitious reforms	17
Working in fragile contexts: An example in strategic patience and flexible, long-term engagement	27
Locally led development: Addressing structural barriers needed to meet high ambitions	32
Policy coherence: A strong basis for further progress	38
References	45
Notes	51
<b>Annex A. Progress since the 2017 DAC peer review recommendations</b>	<b>56</b>
<b>Annex B. Progress against OECD legal instruments under the responsibility of the DAC</b>	<b>59</b>
References	64
Notes	66
<b>Annex C. Organisations consulted during the peer review</b>	<b>67</b>
 <b>FIGURES</b>	
Figure 1. Overview of the Netherlands' development co-operation system	15
Figure 2. A dedicated initiative to focus on greater impact	18
Figure 3. Flow of development co-operation and trade budget to headquarters and embassies	21
Figure 4. Netherlands ODA to fragile contexts across the humanitarian, development and peace (HDP) nexus (2012-21)	28
 <b>INFOGRAPHICS</b>	
Infographic 1. Highlights from the 2023 Development Co-operation Peer Review of the Netherlands	12

## TABLES

Table 1. BHOS allocations by country type - central and embassy	21
Table 2. The Dutch policy coherence engagement on trade, climate and development	43

## BOXES

Box 1. Initial lessons from streamlining the co-operation programme for greater impact	20
Box 2. A “fail fest” helped the DGIS deepen its learning culture by celebrating learning from mistakes	24
Box 3. Staying engaged under pressure in Uganda’s Justice, Law and Order Sector	31
Box 4. Scaling efforts that reinforce locally led development: Learning from the Uganda land titling initiative	34
Box 5. The Netherlands is making strides to localise CSO support through intermediaries	36
Box 6. Multi-stakeholder sectoral agreements that promote Responsible Business Conduct	41
Box B.1 Addressing policy coherence challenges: Tax	62

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# Abbreviations and acronyms

BHOS	Foreign Trade and Development Co-operation
COVID-19	Coronavirus (SARS-CoV-2)
CSO	Civil society organisation
DAC	Development Assistance Committee (OECD)
DFCD	Dutch Fund for Climate and Development
DG	Directorate General
DGIS	Directorate General for International Co-operation
DRIVE	Development Related Infrastructure Investment Vehicle
D2B	Develop2Build
ESIA	Environmental and Social Impact Assessment
EU	European Union
FEZ	Quality Control and Supervision Department
FMO	Dutch Entrepreneurial Development Bank
GDP	Gross domestic product
GLTN	Global Land Tool Network
GNI	Gross national income
HDP	Humanitarian-development-peace
IOB	Policy and Operations Evaluation Department
LFS	Leading from the South
MACS	Multi-Annual Country Strategy
MBF	Less, Better, More Flexible ( <i>Minder, Beter, Flexibeler</i> )
MFA	Ministry of Foreign Affairs
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PoV	Power of Voices
PoW	Power of Women
RBC	Responsible Business Conduct

RVO	Netherlands Enterprise Agency
SDG	Sustainable Development Goal
SDLG	Sustainable Development through Improved Local Governance
SEAH	Sexual exploitation, abuse and harassment
SRHR	Sexual and reproductive health and rights
ToC	Theory of Change
UN	United Nations
VVD	People's Party for Freedom and Democracy
YAC	Youth Advisory Committee

**Signs used:**

EUR	Euro
USD	United States dollars

Slight discrepancies in totals are due to rounding.

**Annual average exchange rate: 1 USD = 0.87 EUR**

2014	2015	2016	2017	2018	2019	2020	2021	2022
0.753	0.901	0.903	0.885	0.847	0.893	0.876	0.845	0.950

# Executive summary

**How can a highly functioning development co-operation system better tackle complex challenges, which are often more political than technical? This question underpinned the** OECD Development Assistance Committee (DAC) peer review of the Netherlands, conducted by Spain and the United Kingdom, with Qatar as observer and the support of the OECD Secretariat. The Netherlands demonstrates a clear commitment to take on these challenges, learn from its performance and enhance its ways of working. The peer review provides an assessment of where the Netherlands stands, its achievements and remaining challenges and how it can further improve, notably by pursuing ongoing reform efforts.

**Continuity, a focus on strengths and a growing budget provide a good basis to move forward.** The Ministry of Foreign Affairs (MFA) has updated its development co-operation policy framework and works closely with a network of highly engaged institutions and stakeholders. The new trade and co-operation policy “Do what we do best” reaffirms its thematic and geographic focus. This provides valuable continuity, essential to engaging in challenging contexts over the long term. Valued as a strong multilateral partner, the Netherlands champions priority issues at the international level. Operationalising its new feminist foreign policy provides an opportunity to expand its leadership on gender equality. Reversing the trend of decreasing official development assistance (ODA) was an important achievement. However, a lasting solution to mitigate the effects of fluctuating in-donor refugee costs is urgently needed, given the impact on resources available, predictability and effectiveness of development programming.

**The Netherlands needs to continue ambitious reforms to further equip its development co-operation system for complex challenges.** To reduce dispersion, the foreign ministry successfully concentrated funding on fewer programmes. However, fragmentation persists, for instance in the breadth of engagement in each country and the range of private sector instruments. The thematic budget and way of working enable a focus on achieving thematic results and linkages with Dutch expertise but can make it more difficult to ensure interventions are adapted to context, locally owned and led. Greater clarity on when central programme management is necessary and greater flexibility to respond to country-specific contexts in the design of those programmes would help balance benefits and trade-offs.

**Investments in learning and expertise have strengthened the focus on sustainable impact.** The Dutch development co-operation system has a strong learning culture, but its results management mostly targets quantitative objectives. Dedicated investments in continuous learning and long-term approaches are shifting the focus to transformative change and sustainable impact. Ongoing reforms are strengthening human resource capacity. Local staff are highly valued but limited in their opportunities. Continued attention to staff capacity remains necessary, both across the system to benefit from additional learning opportunities, and in embassies to support efforts for locally led development.

**The Netherlands is committed to working in fragile settings, and risk management needs to further evolve to enable strong engagement in challenging contexts.** The Dutch government stresses that taking risks is essential to achieving impact but it comes under pressure when incidents occur. Continued dialogue with parliament and the public is important to create a shared understanding of the rationale for and inherent costs of taking and mitigating risks. Greater attention to risks other than fiduciary risks, along with additional guidance for staff could further enhance the MFA's risk management systems.

**Clear working methods have enhanced Dutch engagement in fragile countries.** The Netherlands' long-term and flexible financing and long-term perspective is consistent across the humanitarian, development and peace nexus. Through its support for civic space and human rights, it has a commendable focus on peace. More cross-sectoral analysis could enable more comprehensive responses to multi-dimensional challenges, involving all thematic departments. Similarly, the Netherlands could promote a stronger integration of approaches to forced displacement into thematic programmes alongside its large-scale innovative programme with multilateral agencies.

**The Netherlands stays engaged in difficult contexts but could increase focus on the political dimension of the humanitarian, development and peace nexus.** As part of its good practice, the Netherlands has an increasingly structured approach to calibrating its continued engagement in complex contexts and to assessing and considering the risks of withdrawing. To support stability and peace objectives in partner countries, the Netherlands could consider the interaction between its development co-operation and political engagement. Recognised as a constructive partner willing to engage in critical dialogue, the Netherlands could do more to integrate political dialogue with governments into its efforts.

**The strong Dutch commitment to locally led development is increasingly translated into practice.** Actions to ensure local actors own and lead partnerships are anchored in key strategic documents. The MFA and its partners invest considerably in learning on locally led development, enabling the Netherlands to identify how it can make greater progress in all its partnerships. To further integrate a locally led approach, the Netherlands could internally clarify objectives for operationalisation, further expand consultation of local stakeholders and consider the delegation of larger resources to embassies. It will also be important to ensure that efforts for scaling up enable and safeguard opportunities for local stakeholders.

**The Netherlands is leading in advancing locally led partnerships with civil society organisations (CSOs).** The MFA has taken action to shift the power to Southern civil society partners in programmes managed by international and Dutch CSOs. Local CSOs appreciate flexible funding and support for capacity strengthening. There is room though for more direct funding to local CSOs and complementary focus on capacity building for larger grant management.

**Clarity is needed on engagement with partner governments.** They are often central actors in achieving sustainable impact on Dutch priorities, but engagement with them is uneven. The system would benefit from clearer steering on the opportunities for working with partner governments, within the parameters set down by parliament, from dialogue and consultation to full partnership, depending on the context.

**To tackle significant spillovers from trade and consumption, the Dutch government could benefit from further enhancing its robust policy coherence mechanisms.** The wealth generated in the Dutch economy should not come at the expense of developing countries. Prioritising this problem in the policy coherence action plan is an important first step, as is greening of export support. The Netherlands could build on its good experiences with multi-stakeholder dialogues to advance policy coherence priorities. Strengthening processes to ensure that line ministries demonstrate how their policies contribute to the Sustainable Development Goals (i.e. the SDG test) is another important objective. To bolster public support for this agenda, greater investments and better co-ordination on global citizenship education are needed.

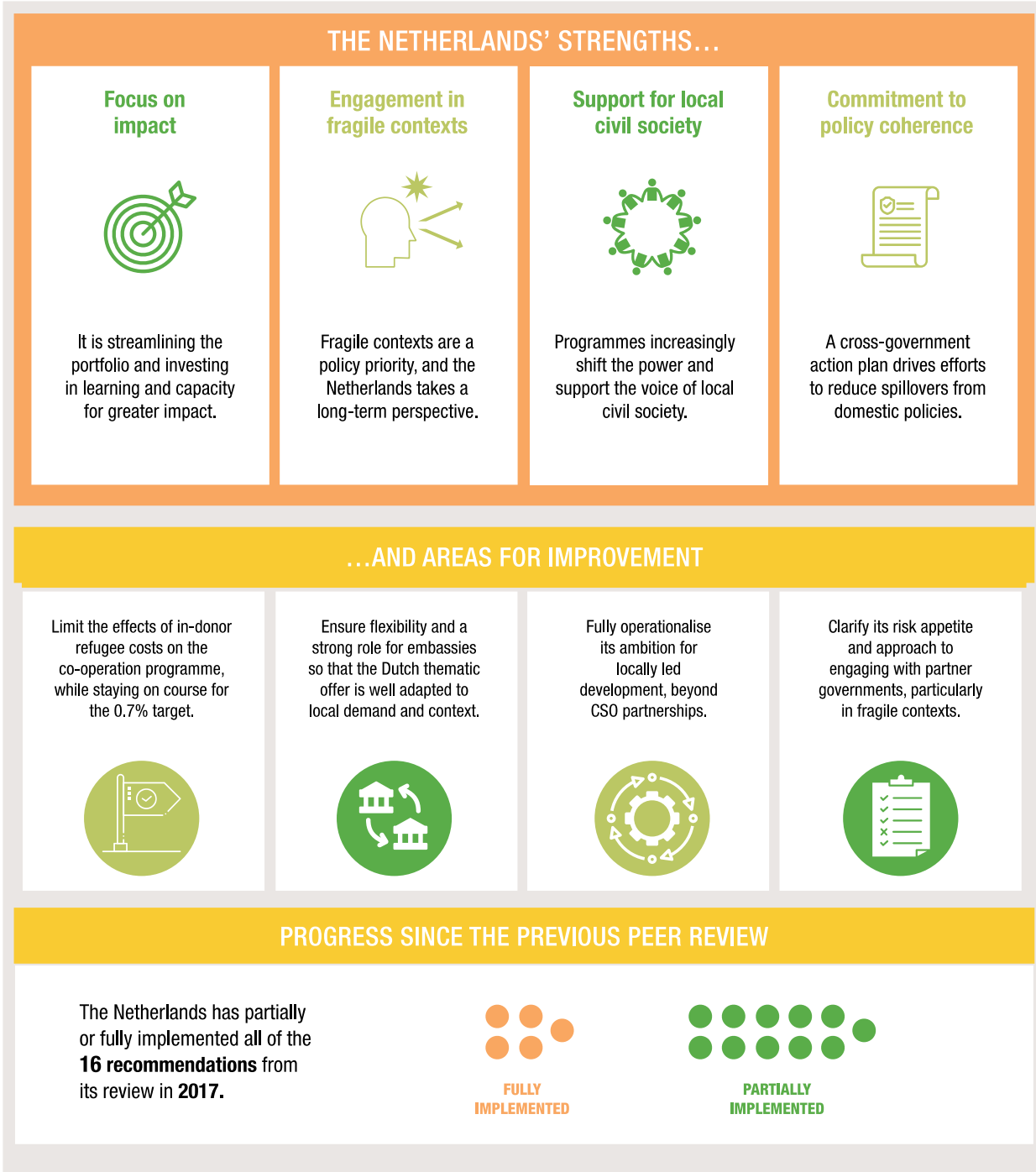
**The comprehensive trade, aid and climate finance toolbox could achieve greater impact.** A revised approach to aid and trade, in particular with 14 “combination” countries, could deepen institutional collaboration and align all instruments towards systemic change rather than individual interventions. The focus on Dutch (private sector) expertise, possible ambiguity on tied ODA and limited risk taking in financing mean that opportunities for maximum development impact may be missed. The Netherlands has a strong track record as an advocate for climate and development-friendly trade agendas. Ambitious national due diligence legislation and greater progress on the green transition would further strengthen its credibility.

**Valuable practices from the Netherlands are described on the learning platform, Development Co-operation TIPs · Tools Insights Practices** (<https://www.oecd.org/development-cooperation-learning>).

## The DAC's recommendations to the Netherlands

1. To ensure the continuity and predictability of its engagement, the Netherlands should continue efforts to mitigate the effects of fluctuating in-donor refugee costs on other ODA expenditure and maintain the positive trajectory towards 0.7% of GNI.
2. To expand its international leadership on gender equality and women's empowerment, the Netherlands should continue to operationalise the Feminist Foreign Policy across government and work closely with partners internationally.
3. Building on the "less, better, more flexible" initiative to focus on sustainable impact, the Netherlands should
  - a. preserve progress made in streamlining the portfolio and ensure allocations remain focused on thematic and geographic priorities
  - b. continue initiatives to strengthen its human resource capacity
  - c. address fragmentation within portfolios and across funding instruments, where the co-operation system cannot mobilise capacity and resources at scale.
4. While preserving the strengths of its thematic approach, the Netherlands should ensure it is responsive to local contexts by
  - a. increasing financial and reporting flexibility between themes
  - b. increasing financial delegation where doing so supports strategic aims, enhancing embassies' capacity accordingly, and strengthening embassies' role in tailoring programmes to local contexts.
5. The Netherlands should further enhance its risk management approach by guiding staff on balancing different risks and objectives, notably through developing a risk appetite statement, focusing on risk-sharing over risk-transfer with implementing partners, and proactively engaging with all accountability stakeholders.
6. To strengthen the impact of its integrated approach in fragile contexts, the Netherlands should use country teams to conduct more regular context analysis, articulate strategic objectives for prevention and peace, and engage in tailored political dialogue and diplomatic efforts.
7. To further operationalise a locally led development approach, the Netherlands should
  - a. define objectives and success criteria for locally led development across the full range of its thematic portfolios and partnerships, not limited to civil society
  - b. strengthen consultation of partner country stakeholders in priority-setting and annual planning cycles
  - c. give emphasis to local stakeholders in its efforts to scale up impact.
8. The Netherlands should ensure it systematically considers options for engaging with national as well as sub-national governments in partner countries as key stakeholders, and, tailored to each context, reflect this in its dialogue and programmes.
9. To strengthen the engagement of all stakeholders on policy coherence challenges, the Dutch government should ensure line ministries systematically assess and address global and transboundary effects of their policies, expand the use of multi-stakeholder approaches to advance policy coherence priorities, and invest further in global citizenship education.
10. The Netherlands should ensure that maximum development impact rather than commercial objectives remains the key factor in decision making in its private sector engagement and enhance the cohesiveness of private sector development efforts for systemic change.

Infographic 1. Highlights from the 2023 Development Co-operation Peer Review of the Netherlands

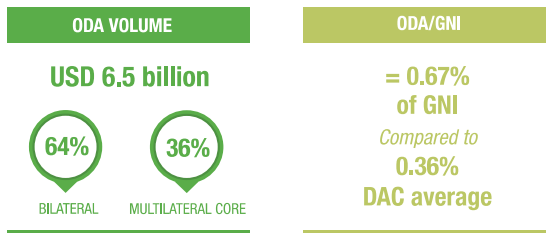


## Infographic 2. The Netherlands' development co-operation at a glance

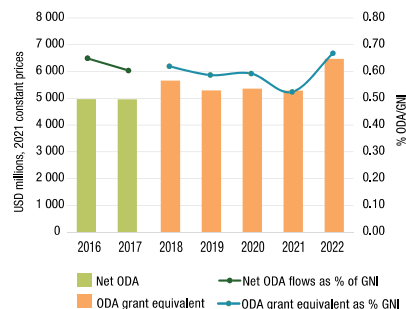
Figures expressed are gross disbursements in USD million and based on 2021 constant prices unless otherwise stated.

### THE NETHERLANDS RANKS 6<sup>TH</sup> OUT OF 30 DAC COUNTRIES ON ODA AS A SHARE OF GNI

2022 (preliminary), current prices

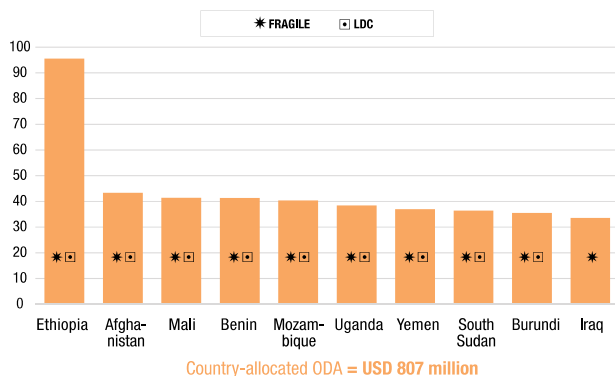


### IN 2022, THE NETHERLANDS REVERSED A TREND OF DECLINING ODA AS A SHARE OF ITS GNI



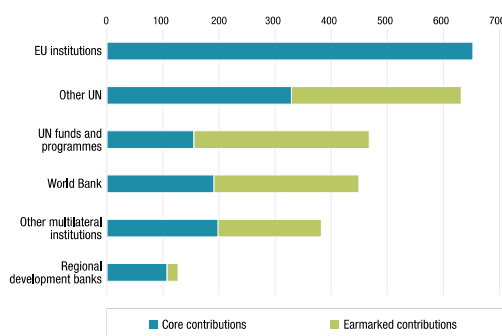
### THE NETHERLANDS' TOP RECIPIENTS ARE ALL FRAGILE AND LEAST DEVELOPED COUNTRIES

Top 10 recipients, 2020-21 average



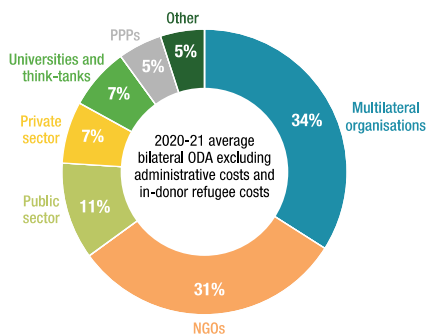
### THE EU AND THE UN SYSTEM ARE THE NETHERLANDS' MOST IMPORTANT MULTILATERAL PARTNERS

2020-21 average

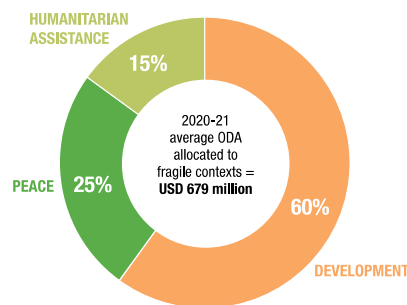


### MULTILATERAL AND NON-GOVERNMENTAL ORGANISATIONS ARE MAIN CHANNELS FOR IMPLEMENTING THE NETHERLANDS' BILATERAL CO-OPERATION

% of gross disbursements



### WHEN ENGAGING IN FRAGILE CONTEXTS, THE NETHERLANDS HAS A COMMENDABLE FOCUS ON PEACE INTERVENTIONS



# Findings and recommendations

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This report presents the findings and recommendations of the 2023 development co-operation peer review of the Netherlands. In accordance with the peer review methodology, it does not cover all components identified in the peer review analytical framework. Instead, the report focuses on four areas of the Netherlands' development co-operation which were selected in consultation with the Netherlands' partners and representatives of the Dutch government. Firstly, it analyses the Netherlands' overall development co-operation architecture and systems to determine whether they are fit for purpose in the context of the Dutch reform agenda. It then explores the Netherlands' policies and processes through the lens of engagement in fragile contexts, its commitment to advance locally led development, and finally, policy coherence challenges at the intersection of trade and climate. For each of these areas, the report identifies the Netherlands' strengths as well as the challenges it faces, the factors contributing to the Netherlands' achievements and the opportunities or risks that lie ahead.

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## Context: A reinvigorated commitment to development co-operation

### Political and economic context

**A four-party coalition has governed since 2021.** The centre-right People's Party for Freedom and Democracy (VVD), headed by Prime Minister Mark Rutte, has led four coalition governments since 2010. The government coalition spans four parties from centre left to centre right. Priorities set in the 2021 coalition agreement include the fight against climate change, housing, health care, security, equal opportunities, socio-economic security by reducing poverty and debt, education and investment (Government of the Netherlands, 2022<sup>[1]</sup>). The agreement also includes a dedicated chapter on international affairs, with foreign trade and development co-operation as a central element.

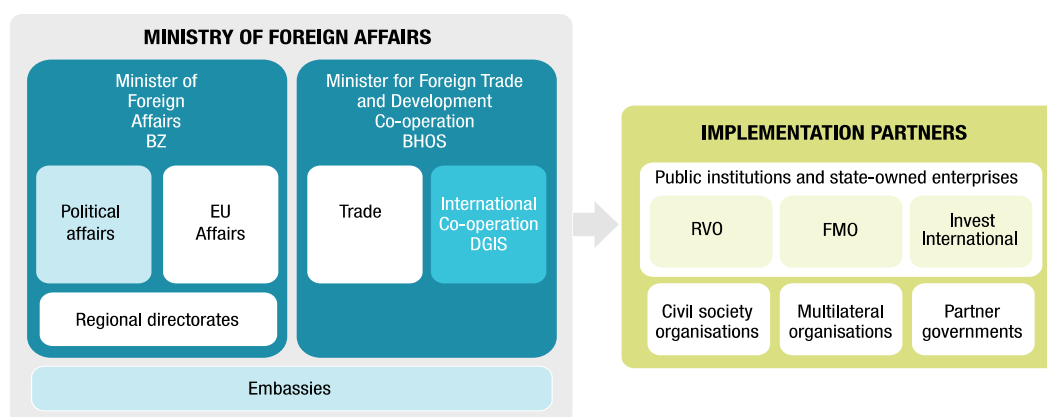
### Economic growth is slowing, with inflation, energy supply and climate change high on the agenda.

Economic growth has been consistently at 2% or higher since 2015, and the contraction following the outbreak of COVID-19 was weaker than in the Eurozone (-3.9% compared to -6.1%). Following a 4.3% expansion in 2022, economic growth is projected to slow to 0.8% in 2023 and 1.1% in 2024 (OECD, 2022<sup>[2]</sup>). A small budget deficit (1.1% in 2022) allows the government to provide substantial support to households to cope with inflation. In the fight against climate change, plans to reduce nitrogen-based emissions, which have implications for domestic farming, have led to protests, while the temporary continuation of domestic gas extraction is equally controversial.

### Development co-operation context

**The Ministry of Foreign Affairs (MFA) takes the lead in development co-operation and can count on a network of highly engaged institutions and stakeholders** (see Figure 1). A dedicated Minister for trade and development co-operation (BHOS) oversees these portfolios in the MFA. The Directorate General for International Co-operation (DGIS) is responsible for policy and programmes for nearly all development co-operation activities (100% in 2021, 98.8% in 2020). The Netherlands emphasises the Dutch Diamond Approach to development, where government, civil society organisations (CSOs) that are strong advocacy and delivery actors, research institutions with deep expertise, and a globally connected private sector, collaborate on development co-operation. While there is no dedicated implementing agency, the Netherlands Enterprise Agency (RVO) and the Dutch Entrepreneurial Development Bank, FMO, are experienced implementation partners for programmes that involve private sector activities, supported by the newly founded Invest International.<sup>1</sup>

Figure 1. Overview of the Netherlands' development co-operation system



Note: Shaded boxes indicate parts of the system managing development co-operation budgets within the Ministry of Foreign Affairs. RVO = Netherlands Enterprise Agency. FMO = Dutch Entrepreneurial Development Bank.

**Public support for development co-operation is high, but so is pressure for accountability.** Survey data from 2022 shows that 90% of people in the Netherlands think it is important or very important to partner with countries outside the European Union to reduce global poverty (European Commission, 2022<sup>[3]</sup>). However, only 54% agree that development co-operation should be a priority of the national government, far below the EU average of 67%. The Dutch parliament, and notably its Committee for Foreign Trade and Development Co-operation, is strongly engaged in development co-operation and questions of policy coherence. Parliamentary motions influence government policies and increasingly budget allocations, which occasionally leads to tensions around priorities. Pressure to demonstrate short-term development results and political attention on individual incidents of fraud has been high, leaving less space to discuss how development co-operation can best achieve systemic change and long-term impact.

**The Netherlands' development co-operation draws on a strong multilateral foundation.** Multilateral partners, through which half of Dutch ODA is channelled, highly appreciate the Netherlands as a development partner. They value the active engagement in governance bodies, where the Netherlands plays leading and convening roles and acts as a critical friend. The Netherlands is also recognised for its advocacy on priorities such as climate adaptation, women's rights and gender equality, as well as sexual and reproductive health and rights (SRHR). It strives to provide high-quality funding. This encompasses high shares of multi-annual core funding, softly earmarked resources in line with its priorities as well as a willingness to be the first mover on key issues, thus helping to mobilise others.

### ***A new development co-operation policy provides a basis for continuity with a clear focus on strengths***

**The new “Do what we do best” development policy has reaffirmed continuity with a focus on Dutch strengths.** Since 2022, a minister from the liberal party, VVD, has overseen the Dutch development portfolio. Despite this change in political leadership, the development policy continues its focus on food security, water, sexual and reproductive health and rights and rule of law (Government of the Netherlands, 2022<sup>[4]</sup>), strengths that have been confirmed by partners in the consultation process. It also maintains the focus on least developed and fragile contexts in Africa and the Middle East, while the link between trade and ODA will now be the focus of work in 14 “combination” countries (see next section for description of focus and combination countries). This continuity aligns well with the ambition to engage over the long term and adapt and scale solutions that work.

**Putting the Netherlands back on a path towards meeting its commitment of providing 0.7% of its gross national income (GNI) as ODA is an important achievement.** Some parties in the coalition were sceptical of development co-operation while others were strongly supportive. The coalition agreement represents a compromise (Government of the Netherlands, 2022<sup>[11]</sup>), committing to increase the Official Development Assistance (ODA) budget, while catering to the priorities of different parties. The Netherlands is thus reversing a decade of declining ODA levels which had decreased from 0.81% as a share of GNI in 2010 to 0.52% in 2021 (OECD, 2022<sup>[5]</sup>). Increases are expected to bring the ratio back up to 0.65% by 2025.<sup>2</sup> In 2022, ODA stood at USD 6.5 billion (preliminary data) or 0.67% of GNI, a substantial increase.

**However, risks for the co-operation programme from fluctuating in-donor refugee costs – already highlighted in the previous peer review – are not yet resolved.** The Court of Audit warned that in-donor refugee costs could be substantially higher than budgeted (Netherlands Court of Audit, 2023<sup>[6]</sup>). Indeed, most recent budget plans indicate that substantially higher portions of the MFA's ODA budget will be spent on in-donor refugee costs over the coming years (Government of the Netherlands, 2023<sup>[7]</sup>). This could not only deplete the rolling ODA reserve but also leave less ODA to be spent in developing countries. To ensure additional funding for hosting Ukrainian refugees, it was agreed to limit the amount of ODA used to finance ODA-eligible costs to EUR 150 million.<sup>3</sup> Applying such a ceiling on a regular basis would allow for reliable planning, which is critical for the Netherlands' ambition to tackle complex challenges in its development programming over the long term. Alternative good practices that other DAC members have

employed involve fully delinking development co-operation and in-donor refugee costs in the budget process and either reporting on both to the DAC or choosing not to report in-donor refugee costs as ODA.

**The development of key policy documents and new country strategies is enabling the Netherlands to push ahead towards its ambitious objectives.** In addition to the “Do what we do best” policy, the Netherlands has also issued its first global climate strategy (Government of the Netherlands, 2022<sup>[8]</sup>) and global health strategy (Government of the Netherlands, 2022<sup>[9]</sup>). It has also updated the action plan for policy coherence (Government of the Netherlands, 2022<sup>[10]</sup>), developed a new Africa strategy in a broad consultative process and adopted a policy on multilateralism and human rights. Drawing on the “Do what we do best” policy, country teams at MFA headquarters and embassies have developed new Multi-Annual Country Strategies (MACS). Together with thematic theories of change, the Netherlands has a substantial body of guidance to steer its efforts over the coming years.

**The new Feminist Foreign Policy further bolsters the Netherlands’ leadership on gender equality and empowerment of all women and girls; its promotion across MFA and government will help to achieve maximum impact.** Partners highly value the Netherlands as a champion of gender equality and SRHR and have high expectations that the policy will give further impetus to Dutch leadership and ways of working. As set out in a joint Letter to Parliament (Government of the Netherlands, 2022<sup>[11]</sup>), the Netherlands will promote gender equality, and in particular the rights of LGBTIQ+ people, through international agenda setting, systematic integration in policies and co-operation funding, as well as within the Ministry’s own functioning. While the country can build on a long history of substantial development co-operation efforts for gender equality, it will be particularly important to ensure that the policy is mainstreamed across all MFA activities, including trade and diplomacy, and that staff are incentivised to apply the policy through institutional mechanisms such as annual reviews and objective setting.

## Recommendation

1. To ensure the continuity and predictability of its engagement, the Netherlands should continue efforts to mitigate the effects of fluctuating in-donor refugee costs on other ODA expenditure and maintain the positive trajectory towards 0.7% of GNI.
2. To expand its international leadership on gender equality and women’s empowerment, the Netherlands should continue to operationalise the Feminist Foreign Policy across government and work closely with partners internationally.




## A fit-for-purpose system: Building on ambitious reforms

***The Netherlands has made much progress towards a better focused portfolio, but challenges remain***

**The Netherlands has recognised dispersion of its development co-operation programme as a key challenge limiting impact.** Dutch development co-operation has a clear thematic focus in line with its strengths. However, fragmentation and dispersion related to the spread of projects across partner countries, within partner countries, as well as the number of funding instruments used, reduces impact.<sup>4</sup> OECD-DAC peer reviews as well as Dutch evaluation and oversight reports have all recommended reducing fragmentation, pointing to challenges for sustainability, impact, as well as staff capacity and quality of engagement with partners. In 2019, MFA launched a dedicated initiative to reduce the number of projects and countries covered called “Less, Better, More Flexible” (*Minder, Beter, Flexibeler* [MBF]; see Figure 2 and lessons for a second phase in Box 1). The commitment to increase focus is strongly reaffirmed

in the “Do what we do best” strategy, as a key working method to achieve “more extensive programmes on fewer themes and for the longer term”.

Figure 2. A dedicated initiative to focus on greater impact

	LESS	BETTER	MORE FLEXIBLE
	<ul style="list-style-type: none"> <li>• Decrease project numbers</li> <li>• Reduce geographic spread</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance focus on impact and learning</li> <li>• Strengthen staff capacity + expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance flexibility in procedures</li> <li>• Make programmes more adaptive</li> </ul>
	<ul style="list-style-type: none"> <li>✓ 33% fewer projects</li> <li>✓ 1/3 less spread of HQ programmes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Learning processes and resources</li> <li>✓ Career track + more staff</li> </ul>	<ul style="list-style-type: none"> <li>✓ Budget and tender more flexible</li> <li>✓ 10-year programmes to allow continuous adaptation</li> </ul>
	<ul style="list-style-type: none"> <li>→ Address remaining fragmentation</li> <li>→ Maintain focus and continuity</li> </ul>	<ul style="list-style-type: none"> <li>→ Roll-out learning</li> <li>→ Track staff satisfaction</li> <li>→ Scaling up impact</li> </ul>	<ul style="list-style-type: none"> <li>→ Further enhance budget flexibility</li> <li>→ Balance thematic way of working</li> </ul>

**Three different categories of partner countries allow the Netherlands to differentiate the extent of its engagement.**

- 12 focus countries for development co-operation with a broad relationship: In particular, least developed and fragile contexts, where the Netherlands mobilises substantial resources.
- 10 focus countries for development co-operation with a specific relationship: Co-operation focused on challenges where the Netherlands can add particular value.
- 14 combination countries (3 also being focus countries): Mostly lower middle-income countries where the Netherlands pursues synergies between development co-operation and trade promotion, with focus on the green and digital transitions.

It is also willing to exit partnerships, building on past experiences to ensure it manages exits responsibly.

**The Netherlands will need to test if its engagement is sufficiently focused.** With its level of funding, the Netherlands is generally among the 10 most significant providers in the 12 broad focus countries, albeit not among the largest. The more limited engagement in the two other categories is understandable, in order to maintain co-operation partnerships with a larger set of countries despite limited resources. In addition, several thematic programmes allow for engagement beyond the priority countries. The MFA encourages a greater focus and has, for example, reduced the number of partner countries from 70 to 40 in private sector development. However, from 2020 to 2022, the overall share of funding allocated to focus countries has not increased (32%), and the funding to other countries not decreased (around 10%)<sup>5</sup>. Moving forward, the Netherlands will need to test if its limited engagement in many countries allows it to make a difference in its priority sectors.

**The “less, better, more flexible” (MBF) initiative has helped reduce the number of projects, but further progress is still needed.** In headquarter-funded programmes, the number of activities decreased by 33%, although progress is uneven across sectors, as was the baseline. Average project size has also increased. However, the overall number of centrally funded projects remains high and project size by country small, resulting in significant pressure on staff capacity as well as risks related to impact. Internal monitoring for 2021 calculated average annual disbursements by country and project of EUR 0.4 million for headquarters-managed programmes and EUR 0.8 million for embassy managed programmes. In

Uganda, these averages are already substantially higher (EUR 0.8 million and EUR 1.3 million respectively). Nonetheless, the project management burden is high: in 2022, the embassy in Uganda directly managed 23 programmes, but was also expected to be aware of and provide support for 76 programmes with disbursements financed from headquarters.

**DGIS is working on a vision for scaling up impact and stepping up long-term investments.** Internal reflections usefully stress that scaling up impact is not the same as scaling up programme budgets, the latter not always conducive to advancing locally led development (Locally led development: Addressing structural barriers needed to meet high ambitions). It is therefore essential to design and implement programmes in a way that considers opportunities for increasing development impact within larger programmes, with appropriate mechanisms that allow for issues and can prevent programme interruption. Building in learning that helps identify approaches or implementing partners suitable for larger investments will be essential. As such an approach requires continuity and long-term engagement, the Netherlands has started developing programmes with a 10-year time horizon, both at headquarters and embassy level. This is good practice.

**The breadth of in-country engagement is an overlooked challenge.** While the Netherlands has a clear thematic focus, pursuing all priorities in partner countries leads to portfolios that encompass numerous sectors. Of the 12 main thematic funding lines, countries with a broad relationship receive, on average, funding in 9.8 areas, whilst countries with a specific relationship receive funding in 9.3 areas. Adequately covering such a wide range of sectors constitutes a significant challenge for embassies, and risks affecting the Netherlands' ambition to engage in-depth on each complex challenge. In practice, it means that embassy staff cover some sectoral engagements part-time, limiting their ability to engage in design, monitoring and political dialogue. It also means that the Netherlands' footprint in individual sectors varies significantly. As the Netherlands moves into the second phase of MBF, it would be important to consider the effects of thematic spread in each country.

**The number of funding instruments supporting private sector engagement in achieving development objectives remains high.** The 2017 peer review had recommended rationalising private sector instruments to avoid dispersion. The Netherlands' Policy and Operations Evaluation Department's (IOB) policy evaluation of private sector engagement came to a similar conclusion and has as one of its recommendations to "limit the number of policy instruments" and "prevent fragmentation" (IOB, 2022<sup>[12]</sup>). However, at present, there are still more than 50 different ODA and non-ODA instruments available to engage the private sector to achieve development goals (IOB, 2021<sup>[13]</sup>). This makes it challenging for embassies and partners to identify suitable funding avenues, can impede scaling up and creates risks of duplication and insufficient co-ordination.

**Tracking the impact and implications of streamlining efforts will be important to achieve and maintain focus.** Partner country demands, changing political priorities, current events and media attention are factors that can easily lead to an expanding portfolio. The Court of Audit welcomed current progress but also warned of persistent pressures to expand the portfolio again (Netherlands Court of Audit, 2023<sup>[14]</sup>). It will therefore be important to document the benefits of a less dispersed programme, as well as the challenges of any remaining areas of fragmentation. The MFA could explore how it can respond to additional demands in a way that explicitly entails a lower level of engagement. Rather than creating new funding instruments and directly managing projects, an alternative could be to increase core or softly earmarked funding for multilateral or international civil society organisations combined with regular policy dialogue.

### Box 1. Initial lessons from streamlining the co-operation programme for greater impact

The MFA has drawn a number of lessons that will inform a second phase of the MBF initiative (see Figure 2).

In particular, the strategic focus needs to be on greater impact, to avoid restricting efforts when not needed or beneficial. This can help guide internal reflection (e.g. to manage tensions with locally led development) as well as support engagement with accountability institutions such as parliament and the Court of Audit, who can inquire if the MFA is now better placed to achieve impact.

A second phase, “MBF 2.0”, will therefore place greater attention on the workstreams “Better” and “More flexibly”, notably to strengthen adaptive programming and scale successful approaches. It will also track “internal” impact, notably staff capacity and job satisfaction.

Streamlining efforts should be quickly integrated into existing management processes. Rather than an add-on exercise, a reflection on focusing efforts should be part of country strategy design, annual planning and regular consultation in management and staff networks. It is important that embassies are systematically included in consultation. Learning across teams and portfolios will continue to be an important feature.

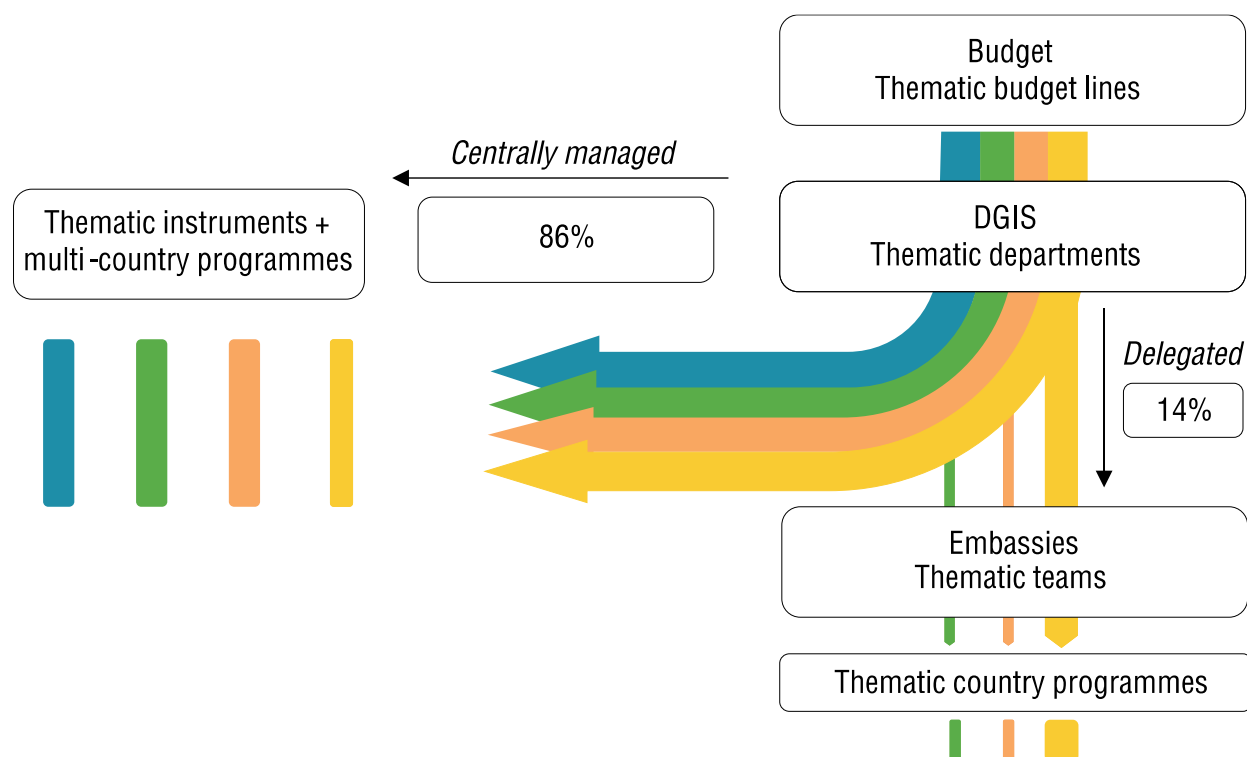
The MFA, along with stakeholders, could explore how it can sustain focus, notably responding to additional demands in a way that entails a significantly lower level of engagement.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices**: <https://oe.cd/58z>

### ***Greater flexibility in the thematic approach will be essential to ensure bilateral co-operation can be locally led and adaptive to fragile contexts***

**Dutch development co-operation is fundamentally thematic rather than geographic.** This is true for the budget, the institutional set-up as well as programming. Five thematic budget lines<sup>6</sup> under the development and trade (BHOS) budget constitute the bulk of Dutch ODA (61% in 2023; other large expenditure items include budget for International Development Association (IDA) replenishment and in-donor refugee costs). These are managed by the Directorate General for International Co-operation (DGIS), which is organised into four thematic departments (and a co-ordinating/advisory staff unit).<sup>7</sup> Geographic departments and institutional functions are shared across the foreign ministry. Programming is also largely driven thematically. While a small share of resources is delegated to embassies (14%), thematic departments decide on the bulk of programmes (see Figure 3). As a result, central programmes account for the highest proportion of funding in all country categories and half of the BHOS budget managed by the MFA is not allocated by country (see Table 1. ). This differentiates the Netherlands’ co-operation from many DAC members where budgeting, decision making and programming centre around partner countries (with the European Commission’s Neighbourhood, Development and International Cooperation Instrument a prominent example).

**Figure 3. Flow of development co-operation and trade budget to headquarters and embassies**



Note: Colours correspond to the four main thematic budget articles, which are managed by four thematic departments within the Directorate General for International Co-operation. See endnotes 5 and 6.

**Table 1. BHOS allocations by country type - central and embassy**

Million EUR current, 2021-22 average

	Centrally managed	Embassy managed
Unspecified	1 658.3	1.0
Focus countries	639.2	444.8
Combination countries: aid & trade	242.1	14.5
Other countries	254.9	57.2

Source: Based on internal cash payment data provided by the Netherlands.

**The Dutch thematic approach has several important advantages.** It strengthens the Netherlands' systemic perspective, linking work to influence global policy with programming in country co-operation, as set out in the thematic theories of change (ToC). This also drives the Netherlands' ambition to influence global processes and system-wide change, working closely with key multilateral and civil society partners and launching global programmes of large volumes. Focusing on areas of Dutch expertise, the thematic approach enables strong ties with stakeholders based in the Netherlands as well as opportunities for the Dutch private sector. It also makes the aggregation and communication of results easier, with clear links to the Sustainable Development Goals (SDGs). Finally, it strengthens learning across countries.

**However, in its current form, the Dutch thematic approach poses a challenge to co-operation that is responsive, and locally owned and led.** Although both a thematic and a geographic approach are useful, they have different effects when it comes to development effectiveness principles. The primary political entity where development co-operation takes place and where decisions need to be debated with

stakeholders is in the partner country, not within the sector. In contrast, thematic budgets are a key factor in the high levels of decision making concentrated in the Netherlands as compared to embassies. Thinking thematically pushes consultation and partnerships towards leaders in the respective policy area, be they international or in Dutch civil society, research, the private sector or multilateral organisations. This also explains why authorities and stakeholders in partner countries are less closely involved, or not directly associated at all in the process. With this approach, the responsibility for locally led development remains with intermediaries.

**Thematic approaches can make adaptation to country contexts more challenging.** Design of programmes at headquarters across multiple countries increases the risk of uniform approaches that are not adapted to country context. Embassies are not necessarily consulted on these programmes, do not always have capacity to monitor them, and where they can, their advice is not systematically integrated. Creating synergies between embassy-managed and centrally managed programmes is also difficult. The Netherlands is also unable to present the full extent of its results by country for improved mutual accountability. Thematic silos make work across sectors more challenging, even where these would be good development practice (e.g. water-energy-food nexus, a focus on resilience, or mainstreaming of refugee responses). This is reinforced by thematic accountability for thematic budget lines.

**Increasing flexibility and links between headquarters and embassies is a useful first response.** Thematic funds delegated to embassies can to some extent be flexibly used within the overarching thematic budget article if operational circumstances give rise to this, whereas at headquarters funds must be used within the sub-article to which they were originally assigned. The amount that can be shifted between themes at embassy level has been increased to EUR 2.5 million a year. Embassies can also request to move or raise the budget once a year. Thematic theories of change recognise the importance of working cross-departmentally and activities in one theme can contribute to results in another. Joint country teams produce the country strategies, and strategies and annual plans now reflect most programmes that are centrally managed in addition to delegated activities. This needs to be followed by close engagement during implementation to ensure that synergies between programmes can be maximised. More systematic co-design and co-funding of activities could be a basis for establishing shared responsibility for the achievement of short- and long-term goals. Lessons could be drawn from a pilot scheme aiming at cross-departmental alignment in five countries<sup>8</sup> outlined in the ToC for Private Sector Development (MFA, 2022<sup>[15]</sup>).

**Moving forward, the Netherlands needs to consider how it can better balance the strengths and challenges of its thematic approach.** At present, levels of delegation to embassies range from 0% (e.g. sustainable trade, refugee reception in the region) to 50% or more (food security, and security and rule of law). The MFA could therefore ensure that staff have a clear understanding<sup>9</sup> of when a programme should be centrally managed, i.e. when the benefits of a central programme significantly outweigh the drawbacks of not delegating resources to country level. This would also give embassies more foresight and inform capacity planning at both embassy and central level. Secondly, within centrally managed programmes, there is room to strengthen the adaptation to country context and local ownership, allowing greater flexibility in multi-country approaches and ensuring embassies and local stakeholders are associated at design stage.

### ***Strategic workforce planning is beginning to yield results, but will require continued attention***

**Staff numbers, definition of career paths and stability of contracts have all improved, however heavy workloads and effect on staff well-being persist.** The allocation of EUR 10 million for the recruitment of additional staff in DGIS has resulted in new overseas postings. Conversion of contracts from temporary to permanent is increasing. External recruitment targets areas where retirements are forthcoming. General and specialist career paths have been outlined and routes of entry for trainees and



contractors have been established and include a focus on diversity and inclusion. Continuing to monitor the implementation of ten recommendations on workforce planning made in 2020<sup>10</sup> alongside staff satisfaction will be important to maintain momentum. In a 2021 staff survey, 57% of DGIS staff said their workload was too heavy or far too heavy, higher than in any other part of the MFA (InternetSpiegel in collaboration with Effactory, 2021<sup>[16]</sup>). Survey results indicate that staff are engaged in and enjoy their work, which is an excellent basis for management to build on.

**Achieving a balance between diplomatic and development expertise remains challenging and attracting staff to postings in fragile contexts is particularly difficult.** Some protection of key functions from rotations within DGIS would facilitate further expertise accumulation, while increased mobility between diplomatic and development tracks would avoid silos and create a larger pool of talent for the MFA. Despite incentives, staff are reluctant to take up posts in fragile contexts and recruiting senior staff will be particularly important in addition to the new posts that have been created at a junior level. As this is a common issue among donors<sup>11</sup>, an OECD peer learning exercise on human resource management in fragile contexts made several recommendations relating to incentives and career development that could be considered. Individual DAC members have piloted various approaches<sup>12</sup> but evaluation of success is not yet available (OECD, 2015<sup>[17]</sup>).

**Capacity in embassies requires further attention in line with expected increases in delegated budget and involvement in management of central programmes.** Plans to increase the level of delegated budgets will need to be accompanied with assessment of human resource needs at country level, while time involved in central programme design should also be factored in. Partners during the country visit also indicated that they would welcome additional input from embassy staff, for example taking an active role on steering committees, but that workloads were too high to allow this level of engagement. Achieving further focus at country level would support deepened engagement. Pursuing locally led development may also require increased capacities at embassy level and new skillsets for both embassy and headquarters staff. For example, adaptive management approaches to better react to changes in local context will be necessary at both levels. Capacity development plans could also consider increased sensitisation to power dynamics among partners and building requisite knowledge and flexibility to execute different types of financing arrangements as appropriate to context, project, and partners (see section “Locally led development: Addressing structural barriers needed to meet high ambitions”).

**Following up on the staff survey and the exploratory report on racism in the foreign ministry (Ministry of Foreign Affairs, 2022<sup>[18]</sup>) provides an opportunity to acknowledge the strong role of local staff and demonstrate willingness to engage on grievances.** Approximately one-third of development staff are locally hired, and retention is high<sup>13</sup>. Local staff are recognised by colleagues and partners as central to preserving institutional memory and building local networks, critical for contextualised engagement. However, local staff have few advancement opportunities, many staying in the same role and at the same grade for the duration of their engagement. In addition, the racism report highlighted individual incidents and systemic issues. While commissioning the racism report is highly appreciated by local staff, expectations for action are now raised and clear follow-through on the Management Response (Government of the Netherlands, 2022<sup>[19]</sup>) will be an important start. Connecting the response with embassy efforts would provide a unique opportunity to discuss structural challenges and invite insight from local staff to inform ministry-wide decision making on these issues going forward.

***A strong learning culture provides an excellent basis for even greater focus on sustainable impact***

**The Netherlands has a long-standing learning culture built on critical reflection, multi-stakeholder problem solving and a willingness to act on lessons.** Strong monitoring and evaluation and close collaboration with research and advisory institutions and stakeholders generate substantial analysis and actionable recommendations on complex development challenges. There is a culture of sharing

experiences and learning, through joint teams, communities of practice, and dedicated knowledge platforms that include external stakeholders. An internal “fail fest” bolstered the value of learning from mistakes (see Box 2). Compulsory government responses to evaluations and policy advice as well as quality assurance requirements ensure that insights effectively inform decision making on both policy and programming. Prominent examples are the decision to focus efforts, as well as a substantial rethink on how aid and trade can respond to evaluation findings, for instance focusing more on sectors rather than individual businesses.

### Box 2. A “fail fest” helped the DGIS deepen its learning culture by celebrating learning from mistakes

Setbacks and failures are regular occurrences in development co-operation, just as in any other policy area. Failures are a rich source of learning, which in turn can improve development co-operation. However, public expectations as well as internal culture often create incentives to gloss over failures rather than draw lessons. A staff survey highlighted that co-operation staff saw room for greater learning from mistakes (InternetSpiegel in collaboration with Effactory, 2021<sup>[16]</sup>).

To celebrate the value of learning from mistakes, the Directorate General for International Cooperation (DGIS) organised a “fail fest”, where colleagues openly shared and learnt from each other’s failures. The MFA Senior Management Board appreciated the value of such openness and there is interest in organising a “fail fest” for the MFA as a whole.

Several factors were critical for the success of the event:

- Leadership: Management supported the event and shared own failures.
- Honesty: Presentations focused on actual mistakes without a positive spin at the end.
- Coaching: A theatre group advised staff on how to tell their “fail story” in an engaging way.
- Atmosphere: An external location in a relaxed setting supported a positive team environment.

Source: Internal staff notes, Ministry of Foreign Affairs.

### Stakeholders recognise the need to shift attention from quantitative results to sustainable impact.

Responding to political and public expectation, the Netherlands has made significant investments in collating and reporting results information, presented in an online portal (OECD, 2021<sup>[20]</sup>). Aggregation of quantitative indicators (such as populations reached) is a key element in this regard. For instance, in “Do what we do best”, the government underlines that additional funding will provide 50 million people with renewable energy and four million people with better nutrition. While very useful for communication, the government recognised it focused too much attention on quantitative short- and medium-term results, a problem also identified in IOB evaluations. This made it harder to ensure that programmes fully respond to the development need in a given context and focus on sustainable impact. To shift its approach, the MFA is piloting the tracking of qualitative indicators for policy influencing and stories of change in its funding of civil society organisations (CSO).

**The MFA is making significant investments in long-term approaches and continuous learning from operations.** The MFA has committed to expanding evaluative work towards longer-term systematic reviews, more *ex post* evaluations, as well as checking for unplanned effects. Several new programmes have 10-year commitments, with reassessment possible after five years. Each new multi-annual country strategy must include a dedicated learning agenda. Programme guidelines similarly encourage the integration of learning, and new guidelines will reinforce focus on adaptive management. Learning will be a critical element to enable scaling and investing in approaches that work. The new CSO programme has

a EUR 25 million budget for learning, including cross-country evaluations and research. As good practice, learning also includes actors in partner countries, which will support generating locally relevant findings and increasing their uptake, as experience from other DAC members shows (OECD, 2021<sup>[21]</sup>).

**Sufficient staff capacity is essential for the deeper learning effort.** The new learning agenda creates additional expectations of staff. They will need to invest in designing, overseeing and participating in learning activities and synthesising and documenting lessons, including through using a new project management tool. In response, the MFA has already increased staff capacity for Monitoring, Evaluation and Learning, including through a dedicated unit as well as focal points across departments, who exchange through a community of practice. In addition, management will need to ensure that the MBF initiative effectively reduces the project management workload and reserve dedicated time for learning purposes. For learning efforts on centrally managed programmes, it will be important to include both expatriate and local embassy staff to ensure lessons benefit the full co-operation system. The CSO programme mentioned in the previous paragraph sets a good precedent in this regard.

### ***Risk management systems need to build on strong foundations and evolve for engagement in challenging contexts***

**The Netherlands recognises the importance of managing and taking risks in its development co-operation.** The focus on fragile and even extremely fragile contexts speaks to the Dutch commitment to work in environments with significant risks: security (for staff and partners), political (exposure at home due to governance issues in partner countries) and operational (facing setbacks and challenges to delivering results). At the same time, scrutiny of development co-operation in parliament and by the public is high and can lead to avoidance of risk. In “Do what we do best”, the government sets out this dilemma: it does everything to keep risks at a minimum but fully recognises that calculated risk taking is necessary to achieve impact. Staff and partners highly appreciate this commitment to manage rather than avoid risks – much in line with the Busan agreement (OECD, 2020<sup>[22]</sup>) and the DAC Recommendation on the Humanitarian-Development-Peace Nexus [[OECD/LEGAL/5019](#)] – and now await more detailed guidance for its practical application.

**Effective, ongoing dialogue with key stakeholders including parliament and the public can support risk management efforts.** This could involve communicating on overall risk appetite, managing risk across the portfolio and the quality of risk managements systems. As undertaken by the United States (USAID, 2022<sup>[23]</sup>) and the United Kingdom (HM Government, 2020<sup>[24]</sup>), the Netherlands could develop a risk appetite statement that sets out the level of risk it is willing to take across a range of risk types, and different contexts. Such an exercise would provide an opportunity to engage key stakeholders in the discussion of dilemmas and trade-offs, concerning, for example, locally led development initiatives. The Netherlands could also explain how risks are spread across the portfolio, to illustrate that within and across countries and programmes, some activities have a lower risk, others a higher risk. This could in turn lead to better agreement on the overall risk profile of the portfolio. Finally, active communication on systems, both to manage risks and respond when risks materialise, could help ensure that single incidents do not jeopardise the entire co-operation programme, but rather serve as a prompt to verify if risk management systems are effective, since a well-functioning risk management system will cause more incidents to surface rather than less.

**Risk management systems have improved but remain focused on fiduciary risks.** A centralised unit, the Quality Control and Supervision Department (FEZ) guides Ministry-wide risk processes, with a focus on three categories: strategic, discussed at MFA board level and translated into Multi-Annual Country Strategies (MACS); tactical, managed through the annual plans; and operational, managed through partner assessment and oversight. The MFA recently put new measures in place in response to recommendations on risk management by the Court of Audit. Further system improvement could respond to partner concern that risk management is focused on fiduciary risk. Focusing attention on a wider array of risks in line with

international commitments (See Annex B) can help to strengthen a more comprehensive approach. The Netherlands could apply approaches and lessons learned from its strong track record of reducing the risk of sexual exploitation, abuse and harassment (SEAH) in the development sector to other risk categories.

**Risk identification capacity has been stepped up but needs to be complemented by supportive processes for management and mitigation along with stronger guidance for embassies.** Guidance for the recent round of MACS included increased focus on context-specific risk identification. FEZ worked with country teams on scenario planning. A newly created community of practice on risk facilitates discussion of issues arising across teams. However, clearer processes for institutional management<sup>14</sup> would guide and reassure staff. Increased use of shared analysis with other donors and partners at country level could complement internal efforts and offset capacity constraints of embassy staff.

**Partners have highlighted the need for fairer risk sharing, in contrast to the current practice of transferring operational and financial risks to partners.** The Netherlands is well placed to become an international leader on this topic, building on its work in the humanitarian sector as joint partner of the Risk Sharing Initiative (IASC, 2023<sup>[25]</sup>) under the Grand Bargain process.<sup>15</sup> Approaches to risk sharing developed under this initiative for the humanitarian sector in which all actors - donors, intermediaries, and implementing organisations - are engaged in collective rather than organisational-based risk management (IASC, 2023<sup>[25]</sup>) could inspire action in development programming. Given the strong focus on fragile contexts, a more granular or nuanced approach to risk management will bolster the Netherlands' ability to demonstrate results and promote sustainable development (See next section on Working in fragile contexts).

## Recommendation

3. Building on the “less, better, more flexible” initiative to focus on sustainable impact, the Netherlands should
  - a. preserve progress made in streamlining the portfolio and ensure allocations remain focused on thematic and geographic priorities
  - b. continue initiatives to strengthen its human resource capacity
  - c. address fragmentation within portfolios and across funding instruments, where the co-operation system cannot mobilise capacity and resources at scale.
4. While preserving the strengths of its thematic approach, the Netherlands should ensure it is responsive to local contexts by
  - a. increasing financial and reporting flexibility between themes
  - b. increasing financial delegation where doing so supports strategic aims, enhancing embassies' capacity accordingly, and strengthening embassies' role in tailoring programmes to local contexts.
5. The Netherlands should further enhance its risk management approach by guiding staff on balancing different risks and objectives, notably through developing a risk appetite statement, focusing on risk-sharing over risk-transfer with implementing partners, and proactively engaging with all accountability stakeholders.

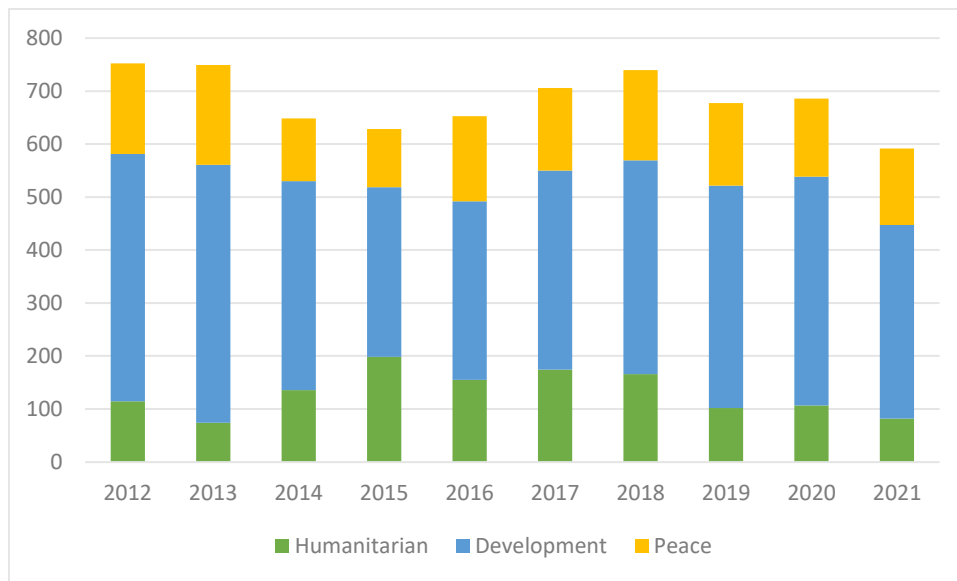
## Working in fragile contexts: An example in strategic patience and flexible, long-term engagement

### ***A strong focus on engagement in fragile countries is supported by clear working methods and a long-term perspective***

**The Netherlands has enhanced its approach to fragility significantly since the last peer review.** The focus on fragile contexts is supported by clear working methods, partnerships based on flexibility and innovation, as well as learning and acting on lessons. To support the strong focus on fragile contexts, “Do what we do best” introduces tailored working methods to improve the quality and conflict-sensitivity of aid in fragile settings including: adaptive programming and calculated risk taking, an integrated approach, engaging in critical but constructive dialogue, investing in long-term objectives, and a strong focus on learning. It is now working on translating these principles into practice. The policy explicitly acknowledges findings from recent evaluations noting that “short-term success is often an illusion”, especially in fragile contexts, and that longer-term perspectives are necessary for impact.<sup>16</sup> This is starting to translate into longer programming cycles in some thematic areas and there is a clear appetite across the system for a longer-term focus. Partners describe the Netherlands as a critical friend consistently looking to build new approaches, learn and course correct.

**The Netherlands’ principled and quality financing is consistent across the humanitarian, development and peace (HDP) nexus, with a commendable focus on peace.** In 2021, ODA to fragile contexts amounted to over 84% of the Netherlands’ country-allocable ODA. Total ODA to peace interventions<sup>17</sup>, which includes prevention, runs at around 23% over the past decade, and 22% in 2021, well above the average for DAC members of 12% in 2020 (OECD, 2022<sub>[26]</sub>). In fragile contexts, this share rises to 26% in 2021 (see Figure 4). The Netherlands leads global contributions to women’s rights organisations and movements. In 2021, it contributed 10% of its total peace ODA to activities in this sector, reflecting its commitment to gender equality and underlining the critical role of women’s contribution to peace, prevention and sustainable development. The same year, support to democratic participation and civil society received close to a quarter of the Netherlands’ peace ODA<sup>18</sup>. Enabling institutions like the Netherlands’ Institute for Multi-Party Democracy, especially in challenging political environments like Mali, Burkina Faso or Myanmar supports inclusive political processes, advocacy and civic space. In Yemen, support to think tanks and processes such as the Yemen International Forum helps ensure an inclusive dialogue among all Yemenis, promote peace objectives and inform the internationally supported peace process<sup>19</sup>.

**Figure 4. Netherlands ODA to fragile contexts across the humanitarian, development and peace (HDP) nexus (2012-21)**



Note: Bilateral, gross disbursements, USD millions (2020 prices)

Source: OECD Creditor Reporting System 2023 and States of Fragility Platform (OECD, 2023<sup>[27]</sup>)

StatLink  <https://stat.link/9q8npu>

**A stronger focus on cross-sectoral and political economy analysis could lead to greater impact across the HDP nexus.** The MACS and annual plans processes provide the platform for country teams to engage in more iterative analysis across themes and sectors which can strengthen the integrated approach. In fragile contexts, analysing political economies across sectors is particularly important to help shape a realistic definition of success and guide both risk-informed political engagement and conflict-sensitive programming. In practice, this analysis should help to connect headquarters and embassies, and their respective programming, more systematically and strengthen the role of country teams in linking programmes across thematic areas. This can increase focus on broader resilience objectives and inform the Netherlands' adaptive programming approach. For instance, interventions in the water sector could be more deliberately linked to thematic programmes on, for example, food security, health outcomes, agriculture, private sector development as well as migration and displacement, whilst aligning social cohesion and stabilisation initiatives run by political sections in Embassies. This would help mitigate the temptation to create additional silos with projects where the HDP nexus is an aim in itself, and instead promote broader alignment, coherence and complementarity through programmatic approaches.

**Leveraging its position in multilateral bodies and organisations is central to the Netherlands advancing its priorities in fragile contexts and could serve to rally other partners.** The Netherlands deliberately works through the multilateral system to deliver on its political and development objectives. Working through Team Europe Initiatives, EU joint programming or key positions on multilateral boards enables the Netherlands to advance policy priorities and standards at the international level. For instance, the Netherlands has worked across the UN system to secure consistent language on sexual exploitation, abuse and harassment (SEAH) in all its contracts and has pushed a strong mental health agenda in humanitarian and development action. Partners would welcome more efforts to encourage other donors to follow suit. Where the political dialogue is constrained or where domestic conditions limit options, for example on budget support, the Netherlands leverages its position with the European Union, the United Nations and World Bank to contribute to common objectives whilst sharing risk, responsibility and

engagement in political dialogue. This is well illustrated with the Rule of Law programme in Uganda (see Box 3).

**The Netherlands is well placed to continue championing engagement in fragile contexts and approaches to risk management as the DAC and others grapple with these questions.** The consistent attention to learning and improving, including through a strong evaluation function, is central to the Netherlands' ability to engage in fragile and politically constrained settings. The MFA and IOB are generating a valuable body of evidence<sup>20</sup> through their willingness to tackle difficult questions head on, such as improving risk management, engaging in politically complex contexts and the effectiveness of the Dutch humanitarian policy. The Netherlands stands in good stead to continue championing these issues while the DAC community can benefit from its experience as it continues to reflect on what ODA can realistically achieve in fragile and extremely fragile contexts<sup>21</sup>.

***Efforts to balance accountability and legitimacy concerns provide a strong basis for continued Dutch engagement and enhanced dialogue in fragile countries***

**The Netherlands is working hard to stay engaged in the toughest places, recognising that the cost of exiting and re-engaging can be high.** Dealing with sudden contextual change continues to be a challenge but emerging practice provides a strong basis for a structured and iterative approach in the most complex settings. The focus on fragile contexts entails a higher probability of having to deal with political instability and degraded political dialogue with partner country authorities. The events of 2021 in Afghanistan were an extreme example of what can happen when the political and security context changes abruptly. The MFA has started to develop mechanisms to assess the Netherlands' position if a sudden contextual change occurs, for instance a coup. This involves a joint analysis of political and security relations, the development co-operation portfolio, safeguards, risk, exposure, do no harm, protection of individuals, and the needs of local populations to inform decisions on maintaining, scaling down, or ending programming. The process is political and can take time, as seen recently in Burkina Faso or Mali where decision making escalated to ministerial level and took several months, but crucially allows for an informed and empowered decision on whether and how to stay engaged. Through this adaptive approach the Netherlands can continue to maintain trust and nurture local networks even where development programming has been scaled back significantly, as seen for instance in Yemen over the past decade, whilst remaining poised to scale up again when possible. This approach is good practice.

**Staying engaged in fragile settings means focusing on peace, prevention and politics, and the Dutch integrated approach could further reinforce its role as a long-term partner for stability.** In these contexts, development is a political endeavour. A 2021 evaluation highlighted tensions in approaches to preventing violent extremism between short-term security interventions and longer-term prevention strategies deployed by political and development co-operation departments within the MFA, calling for closer co-ordination and common frameworks between political and development instruments (IOB, 2021<sup>[28]</sup>). In Mali, IOB found that the integrated approach in the Dutch contribution to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) had not clearly been defined and became an aim in itself as opposed to a structured way of drawing on a range of policy instruments (IOB, 2022<sup>[29]</sup>). In Uganda, where the eventual political transition is expected to be complex, the MACS and annual plans give limited insight into the role of Dutch development co-operation in supporting a peaceful transition. A clearer articulation of shared strategic objectives for prevention and peace can help bolster the integrated approach in practice, incentivise early action in support of stability and foster closer alignment of political, peace and development action for long-term impact. It can also support closer links between central and delegated budget lines including instruments dedicated to human rights, stability, societal development and cultural activities managed outside of development co-operation.

**Deliberate and sustained engagement with domestic audiences is important to support the Netherlands' commitment to fragile contexts.** The focus on fragility comes with an increased focus on

risk and accountability, recognised in the Netherlands' development policy. In practice partners describe a tendency to focus on managing fiduciary risk at the expense of getting things done, driven largely by increased scrutiny from domestic constituencies. The Netherlands is investing in risk management capacities and has trialled options to increase the public's understanding of the complex realities in fragile contexts. The experience of the Rule of Law sector support, especially in Uganda, has shown that sharing more detailed information on programming is a good way to deal with domestic risk appetite (see Box 3). A sustained effort to ensure continued engagement with stakeholders such as political advisors and technical staff, parliament, legislative committees, other government departments, but also media outlets and interest groups, is key to increasing public understanding and to counter disinformation and misinformation, often circulated through social media, around the importance of engagement in politically constrained contexts. Evaluations and evidence, where the Netherlands holds itself to account and does not shy away from asking difficult questions, can also be a powerful tool to support domestic accountability and legitimacy, contributing to setting realistic ambitions, changing the narrative and demonstrating the value of development responses to fragility.

**As a constructive partner willing to engage in critical dialogue, the Netherlands could do more to foster the trust that is essential for political dialogue.** The Netherlands defines itself as a “critical but constructive” development partner, yet the appetite for acknowledging political dialogue appears to have waned as the Netherlands has moved away from direct support to governments (see further details in *Locally led development: Addressing structural barriers needed to meet high ambitions*). In the most complex environments, there can be an inherent tension between the political risk of supporting an undesirable government and the ethical risk of not intervening in support of the most in need. Defending continued political engagement, especially towards domestic audiences, can be challenging. Clarifying how political dialogue and development programming inform each other beyond risk management, for instance through a theory of change and shared strategic objectives anchored in MACS and annual plans, can provide useful entry points for more structured exchanges with governments. In countries like Uganda where no structured political dialogue is in place, finding ways to share more information on the outline of Dutch development co-operation with partner governments beyond specific programmes, for instance through annual exchanges and where useful with likeminded partners, could help build the trust that is essential for dialogue. Where the formal political dialogue is constrained, as in Ethiopia since the onset of the conflict in Tigray, regular technical and working level engagement co-ordinated with close partners like the European Union facilitates readiness to re-engage when conditions allow. Civil society actors and other non-governmental partners in these situations rely on the Netherlands (and others) to maintain a dialogue with government and continue efforts to protect civic space.



### Box 3. Staying engaged under pressure in Uganda's Justice, Law and Order Sector

When police cars financed by the Netherlands as part of a refugee protection project were identified in police operations against members of the opposition ahead of presidential elections, the Dutch government needed to consider how best to respond. Coverage in Dutch news outlets and parliamentary inquiries brought high pressure to react both quickly and strongly. The government considered suspending the refugee project and scaling down its engagement in the Ugandan Justice, Law and Order Sector (JLOS). However, close dialogue with project partners, the embassy and Ministry headquarters led the Netherlands to adopt a more balanced approach.

The embassy led robust dialogue with the government of Uganda that helped strengthen accountability for the incident. The refugee project itself was maintained, although all activities with police were halted. However, Dutch support for a separate but related multi-donor Justice, Law and Order Sector programme was initially suspended. Ultimately the Netherlands withheld a significant payment to the sector programme, as a clear signal that the Ugandan government had not taken sufficient steps in terms of accountability. Civil society partners highlight that despite the challenges, engaging with the police in the Justice, Law and Order Sector is critical. The Dutch government decided that support to the police will be limited to instances where it is indispensable for the programme.

Weighing its objective to contribute to sustainable development in Uganda with the heightened risks of difficult incidents, the Dutch government concluded that it would continue its engagement in the Justice and Law Sector. Its long-standing support in this sector has positioned it as a reliable partner, able to engage in critical but constructive dialogue with Ugandan partners. Domestically, the Dutch government clearly communicated its approach to parliament (Ministry of Foreign Affairs, 2022<sup>[30]</sup>), pointing also to the needs and the feedback from local (civil society) partners. Information sharing and the Netherlands' zero tolerance for inaction helped explain the rationale for the decisions taken and led to more understanding and acceptance of the possible risks involved.

In May 2023, Uganda adopted an "anti-homosexuality bill" that goes against the (human rights) values that the Netherlands stands for. In response, the Minister announced that the Netherlands would stop the support to the Justice, Law and Order Sector (JLOS) and that support to the protection of the LGBTQI+ community would continue. In the meantime, the Netherlands continues to engage in dialogue with the government on all levels.

### ***Promoting development approaches to forced displacement would benefit from more contextualised and mainstreamed responses***

**A designated budget has allowed for innovative programming to incentivise collaboration of multilateral agencies, while better contextualisation is a work in progress.** Drawing on significant ODA allocations for refugee reception in the region, the Netherlands has designed the innovative centrally managed "Prospects" partnership programme to help incentivise closer humanitarian-development programming among multilateral agencies<sup>22</sup>. Reconciling a top-down policy approach to programming with the bottom-up needs of refugees, priorities at embassy and country-level, in-country presence of multilateral agencies, and inclusion approaches remain a challenge. A mid-term evaluation (Ecorys, 2022<sup>[31]</sup>) has highlighted the administrative burden on partners and donor alike, whilst the approach remains fully dependent on Dutch funding over the long term. An "Opportunity Fund" within the programme allows greater tailoring to country context but flexibility is limited to the specific component. There is scope for a reflection on the programme's sustainability and on its donor base. A more structured approach to learning and exchange at regional levels in the Horn of Africa and in the Middle East and North Africa would help capitalise on the multi-country design in the forthcoming second phase.

**This longer-term approach to displacement could do more to build on the growing good practice of integrating responses to displacement into development programmes.** The Prospects programme promotes development approaches to displacement, in line with increasing calls for development policies that are responsive to the socio-economic needs of forcibly displaced people. Yet its thematic funding and centrally managed design make it a *de facto* standalone initiative that does not reach a transformative scale at country level. In Uganda and in other Prospects countries, the Netherlands could continue to prioritise its current programme whilst at the same time driving a more inclusive approach where forcibly displaced people are part of sectoral programming where relevant. Introducing mechanisms to track results and outcomes for refugees and host communities across thematic budget lines such as “sustainable development, food security, water and climate”, “sexual and reproductive health rights” or “regional stability” would help the Netherlands demonstrate the full extent of its portfolio and contribution in support of forced displacement. This is even more important for long-term sustainability and impact, and in view of the growing needs related to climate-induced displacement disproportionately affecting fragile and conflict-affected contexts<sup>23</sup>.

**Beyond programmes, the Netherlands could engage more in shaping the narrative on development approaches to displacement and to fragility.** In a European and national context where migratory pressures at the border and security are key political questions, raising awareness of the differences between economic migrants and refugees fleeing conflict can help build a more nuanced understanding of the Netherlands’ engagement. “Do what we do best” sets out to tackle the root causes of poverty, terrorism, irregular migration and climate change. Communicating clearly around the complexity of these issues, and how development co-operation can help address them, is important to ensure that expectations are realistic and that the case for supporting those most left behind in fragile contexts does not get obscured by political discourse. Staying engaged with domestic audiences to help shape the narrative is therefore important for the long-term effectiveness of the Netherlands’ engagement in fragile contexts.

## Recommendation

6. To strengthen the impact of its integrated approach in fragile contexts, the Netherlands should use country teams to conduct more regular context analysis, articulate strategic objectives for prevention and peace, and engage in tailored political dialogue and diplomatic efforts.

## Locally led development: Addressing structural barriers needed to meet high ambitions

***Recent focus on locally led development has resulted in a number of initiatives, but clarity on definition and operationalisation is needed***

**A focus on locally led development is evident in key strategy documents.** The “Do what we do best” policy lists “Listen to young people and localise” as one of its six working methods (Government of the Netherlands, 2022<sup>[41]</sup>). The design of the new Africa Strategy was informed by consultations with African stakeholders, and commits to gradually deepening locally led development, with specific targets in the short, medium, and long term<sup>24</sup> (Government of the Netherlands, 2023<sup>[32]</sup>). The 2020 Youth at Heart Strategy (Government of the Netherlands, 2020<sup>[33]</sup>) and the establishment of the Youth Advisory Committee (YAC) (Government of the Netherlands, n.d.<sup>[34]</sup>) demonstrate the Netherlands’ acknowledgement of the need to design programmes with the input of stakeholders, though more could be done to increase representation of partner countries on the YAC. The 2022 Feminist Foreign Policy makes explicit reference to the importance of adapting to local context, investing in female and local

leadership, and involving local and women's organisations in policy and decision-making processes (Government of the Netherlands, 2022<sup>[11]</sup>). Recent thematic theories of change<sup>25</sup> similarly highlight the importance of local context and actors and can inspire updates of other theories of change<sup>26</sup>. The Policy Framework for Strengthening Civil Society and subsidiary grant instruments focus on supporting local CSOs and local ownership (Government of the Netherlands, 2022<sup>[35]</sup>).

**The Netherlands' development co-operation programme already shows commitment to and displays many characteristics of locally led development.** The Netherlands is noted by its partners for providing core support to multilateral and CSO grantees, for its flexible reporting requirements, co-creation of project concepts with grantees, attention to community engagement in project implementation, support to local innovation, amplifying the voices of local partners on a global level, and adaptive management in some sectors. These approaches contribute to alignment with the three action areas (shift and share power, channel high quality funding as directly as possible, and publicly advocate for locally led development) outlined in the 2022 Donor Statement on Supporting Locally Led Development, of which the Netherlands is a signatory (USAID, 2022<sup>[36]</sup>).

**Capitalising on learning opportunities can inform a shared vision for operationalising locally led development.** An internal working group and topic specific communities of practice are already established. The MFA could generate insights for their consideration by capitalising on the relative maturity of locally led development in the civil society and humanitarian fields<sup>27</sup>. This could include disseminating lessons from early adopter departments and frameworks<sup>28</sup>, a wider sharing of outputs from learning collaborations with partners<sup>29</sup>, and taking inspiration from guidance for localisation in the humanitarian community<sup>30</sup>. Reflecting, as part of an MFA-wide process, on a recent evaluation of Dutch humanitarian assistance, which highlighted barriers to locally led development (IOB, 2023<sup>[37]</sup>), could help to highlight similar issues and prompt discussion on solutions in other areas of programming. The MFA could also leverage its strengthened monitoring, evaluation and learning capacity to establish clear baselines and assessments of outcomes of locally led approaches. While some development co-operation providers have set quantitative targets for locally led development<sup>31</sup>, a flexible qualitative framework could support a range of success criteria and open space for varied approaches<sup>32</sup>.

### ***The Netherlands can build on its reform agenda to incorporate locally led development into its ways of working***

**The Netherlands has made progress in consulting local stakeholders but can further improve.** Recent multi-annual country strategies (MACS) were generally widely consulted, although this is at the discretion of embassies. Guidance underpinning the 2023-2026 cycle emphasised the importance of political economy analysis and alignment with local demand to increase impact. The assessment criteria also include the extent to which MACS are responsive to country-specific context. However, MACS are primarily considered internal documents (responding to Dutch thematic priorities) and there is no process for formal engagement with the partner government. The Netherlands could consider more systematic involvement of key constituencies. Partners indicated that they would welcome more consultation on annual plans, which serve to operationalise the country strategy. In strategies and programming, clearly differentiating between what is internal and what can be shaped through consultations could encourage more openness.

**Greater delegation of budgets could strengthen embassies' role in advancing locally led development.** In addition to embedding locally led development more fully into centrally managed programmes, increasing the delegated budget for embassies is another important avenue to advance locally led and owned approaches. Embassies play a pivotal role in connecting local actors to opportunities, originating projects and shepherding them to scale. Where projects are implemented by international partners, embassies ensure the close involvement of local actors. Local partners that have received funding from both embassy and headquarters appreciated the close dialogue and ease of interaction with

the embassy. The 2017 peer review had already recommended providing greater delegation to embassies. While the recommendation is even more pertinent with the increased focus on locally led development, embassies' delegated budget continues to account for only 14% of resources. In addition, the Netherlands could further leverage its already strong donor co-ordination role in partner countries to advocate with their counterparts for locally led ways of working.

**Ambitions to scale impact and volume of ODA provide significant opportunities for locally led development, but also challenges** (see A fit-for-purpose system: Building on ambitious reforms). Scaling up impact requires attention to how impact can be made sustainable within the local context, i.e. integrated into local systems, with local stakeholders enabled and ready to maintain and build on results. This can clash with the ambition to scale up project volumes. Larger grants and compliance requirements may put funding out of reach of local organisations and instead incentivise partnerships with organisations with significant absorption capacity (e.g. international CSOs, UN organisations). Similarly, the move towards long-term funding might lock out potential local partners. It is therefore important that scaling up project impact considers involvement of local partners, either by building in a scaling trajectory within larger programmes (e.g. scale up resources for successful partners) or maintaining sufficient flexibility outside larger programmes. Integrating local partners in scaling efforts would also help address the capacity constraint of managing too many projects. Articulating how both scaling and locally led objectives will be pursued in thematic theories of change would encourage consideration of trade-offs and necessary support from the beginning of engagement with local partners. Reflecting on programmes designed to scale embassy pilots (Box 4), can help to identify good practice and avoid pitfalls. While the volume of financing involved is small compared to other programmes and does not offer the level of support that would satisfy scaling ambitions nor underpin the shift in power that locally led development demands, useful lessons can inform future approaches.

#### Box 4. Scaling efforts that reinforce locally led development: Learning from the Uganda land titling initiative

To ensure that scaling and locally led development objectives are mutually reinforcing, the Netherlands can learn from existing mechanisms. A project on land tenure in Uganda offers an example.

Secure land tenure is vital for the large proportions of populations in low- and middle-income countries that rely on land for their livelihoods. In Uganda, a legal framework for land governance has been put in place. However, it was predominantly large institutional landowners that benefitted from this legislation, as a provision for customary land titling, more suitable and affordable for smallholder farmers, was underutilised. The Embassy of the Netherlands in Uganda identified this important gap and successfully partnered with the local branch of the Global Land Tool Network (GLTN) to enable access to the customary titling option. The two-year, EUR 0.5 million pilot was later scaled through the Netherlands Enterprise Agency (RVO) LAND-at-scale programme to a EUR 3 million, 4-year engagement.

Several good practices begun in the pilot phase were built on in the scale phase, indicating the importance of considering locally led development principles early in the project lifecycle.

- **A systems approach to engagement with a range of local partners:** The pilot targeted capacity building and reimbursement of costs to local government for implementing and overseeing the administrative system. Under LAND-at-scale, this scope has been expanded to include organising farmers into associations to apply for permits to use wetlands and the creation of a platform for communities to interface with local government on this topic.
- **Aligned with local priorities:** Land tenure is listed in Uganda's national development plan as key to achieving its agro-industrialisation ambitions. The government has a target to title all land

by 2040. The project took the additional step of aligning with food security priorities. Central government staff report that their continued engagement during the scaled phase helps dialogue on future policy priorities.

- **Valuing contextual knowledge:** The process to turn proposals into RVO-managed projects is carried out in collaboration with embassies and local stakeholders, helping to ensure that project-specific knowledge built up during the pilot is not lost.

Key challenges in maintaining locally led principles emerged in the scaling phase which can be instructive for future programming.

- **A long gap between pilot and decision on scaling can undermine momentum.** A two-year gap between the end of the pilot phase and the granting of financing for the scaled project risked eroding trust built between local stakeholders, as well as having a deleterious effect on the capacity that had been created and the buy-in of local and national government.
- **Risk of missing opportunities with other local thematic programmes.** The GLTN noted that during the pilot phase, when directly managed by the embassy, more deliberate links were made across themes. Under the new scaled scenario, reporting is directly to the RVO in the Netherlands and only the food security team acts as a point of contact in the embassy, resulting in missed opportunities to promote synergies, for example with Rule of Law projects.

Source: (Netherlands Enterprise Agency, 2022<sup>[38]</sup>), LAND-at-scale, <https://english.rvo.nl/subsidies-programmes/land-at-scale>; (Land portal, 2021<sup>[39]</sup>), "Securing land tenure in Uganda", <https://landportal.org/blog-post/2021/10/land-scale/securing-land-tenure-uganda-collaborative-approach-address-root-causes-food>; (GLTN, 2023<sup>[40]</sup>), Global Land Tool Network, <https://gltm.net/>

### ***Relationships with civil society and government partners will need to evolve further to fully integrate locally led development***

**The Netherlands is well-placed to advance locally led CSO partnerships through innovative financing and management models with intermediary organisations.** The consortium model, in which one lead organisation manages a grant for a group of organisations, features strongly in the Netherlands' ways of working with civil society. Research on the use of intermediaries found that the Netherlands was one of a few countries that has adopted new measures and processes to promote accountability for localisation (Charter4Change, 2022<sup>[41]</sup>)(see Box 5). The Netherlands would be particularly well placed to support movements aimed at changing the relationship with intermediary organisations, such as the Pledge for Change (Pledge for Change, 2023<sup>[42]</sup>). To further enhance its practice, the Netherlands could draw on the experience of other donors<sup>33</sup>. This includes flexibility on overhead costs, ensuring pass through of flexibility on spending and reporting to subsidiary grantees, agreeing with partners on the number of sub-contracting tiers, allowing for changes to planned activities to support the emergence of local solutions, and options for reporting to allow local CSO voices to be heard. Defaulting to using local consultants and knowledge partners wherever possible could help to remove power imbalances that can be introduced when external experts are brought into unfamiliar contexts. It also helps to develop a pool of in-country expertise to inform decision making.

### Box 5. The Netherlands is making strides to localise CSO support through intermediaries

The Netherlands' Policy Framework for Strengthening Civil Society (2021-2025) explicitly acknowledges that "To relieve the increasing pressure on civil society organisations, an approach is needed that is closely aligned to the local situation and which gives local organisations more say in how the Netherlands can contribute" (Government of the Netherlands, 2022<sup>[35]</sup>). Subsidiary grant instruments including Power of Voices (PoV), Power of Women (PoW), and Leading from the South (LFS) have innovated new approaches to support this overall policy vision, many of which are in line with the OECD/DAC Recommendation on Enabling Civil Society [OECD/LEGAL/5021], in particular recommendations 4b. and 4c., including:

- requesting a statement of roles and responsibilities of local partners with regard to programme design and decision making in consortia
- requiring lead parties to undertake capacity building in local organisations on monitoring and evaluation, financial accountability and substantive reporting
- restricting the role of international non-governmental organisations to consortium partner only and not eligible to be a lead party
- giving consortia flexibility in applying the MFA results framework
- displaying flexibility in reporting for local organisations, for example accepting video reporting

An evaluation of the first phase of Leading from the South (2017-2020) found that among its successes was a systemic shift in the perception of capacity of local women's rights organisations and women's funds based in the Global South to handle large grants. While PoV and PoW have not yet been evaluated, current partners reported several improvements on previous grant instruments including greater flexibility of funding, responsiveness to local needs, and focus on capacity building.

Source: (OECD, 2022<sup>[43]</sup>), "In Practice, The Netherlands partner with local women's rights organisations and feminist movements for gender transformative change", <https://www.oecd.org/development-cooperation-learning/practices/>; (Leading From The South, n.d.<sup>[44]</sup>), "Leading from the South", <https://www.leadingfromthesouth.org/>.

**Attention will be needed to the levels of direct financing for local CSOs.** Compared with other DAC members, the proportion of the Netherlands' ODA provided to local CSOs (8.7% of the bilateral ODA to and through CSOs in 2021) is relatively high and partners note the relative flexibility of Dutch funding, in particular funding which is embassy managed. However, in line with Recommendation 4a of the OECD/DAC Recommendation on Enabling Civil Society (OECD, 2021<sup>[45]</sup>) and in response to raised expectations as a result of locally led development commitments made, the Netherlands could consider increasing this proportion. In addition to increasing volumes of funding, continued measures are needed to counter financial dependence on consortium leads, short-term contracts and inflexible budgets, as reported by Southern-based CSOs in a 2019 IOB report (IOB, 2019<sup>[46]</sup>). While the updated policy framework provides some response to these issues (Box 5), ongoing reflections within the Dutch CSO community on shifting power to Southern-based CSOs notes a number of persistent problems, including eligibility criteria (Partos, 2023<sup>[47]</sup>). Only three of twenty Power of Voices alliances are led by organisations based outside of the Netherlands. Local CSOs also underlined the importance of allowing for higher levels of overheads, as they are competing against many international organisations who have had decades to become established. Providing more resources to support local CSOs in their institutional capacity could be a more sustainable investment, considering that a portion of overhead funding granted to intermediary organisations funds their oversight of local partners. Partnering or pooling resources for local CSOs with other donors would help to mitigate the risk of increasing the administrative burden and cost for local organisations to an unsustainable level.

**Capacity strengthening for local CSOs could be more closely guided by locally led principles and objectives.** During the peer review, local CSO partners said that they highly appreciated the integration of organisational development, for example on monitoring, into programmes. Particularly highlighted was experiential learning, such as exchange programmes with Dutch expert institutions, and facilitation of regular interaction with other grantees in the same field to inspire new approaches and partnerships. However, partners expressed concern about capacity building aimed at increasing compliance with donor requirements (Leach, 2017<sup>[48]</sup>). Ensuring focus on locally led principles in both the process of capacity building (for example, prioritising two-way knowledge exchange) and agreed outcomes of capacity building are therefore critical.

**The Netherlands faces internal constraints when engaging with partner governments.** A parliamentary motion in 2012<sup>34</sup> halted the use of general budget support, but also affected government-to-government co-operation more generally. The Netherlands has also phased out sector budget support and makes less use of core and pooled funding than other donors,<sup>35</sup> even though these modalities could be particularly well suited for its thematic approach and ambition to support systemic change. Budgets and strategies are rarely co-signed with partner governments and consultation with bodies with responsibility for development co-ordination is low, potentially eroding good relations. During the peer review, staff frequently expressed that “we cannot work with government” and pointed to the challenges of increasing authoritarianism<sup>36</sup>.

**Dutch development co-operation recognises that partner government institutions are key stakeholders in Dutch priority sectors,** as both regulator (e.g. private sector development, agriculture) and service provider (water, health, rule of law). In Uganda, programming engages with central government in the challenging justice sector (see Working in fragile contexts: An example in strategic patience and flexible, long-term engagement), supports local authorities on land titling (see Box 4 ), provides public infrastructure through the DRIVE instrument, based on government-to-government financing agreements and is exploring results-based financing. Theories of change often cite partnership with local government as an alternative to central government engagement and local government capacity building features where relevant in programming and through targeted programmes such as “Sustainable Development through Improved Local Governance (SDLG)” (UCLG, 2022<sup>[49]</sup>)

**The Netherlands can clarify appropriate means of consultation and partnership with local and central governments in its development co-operation.** To assist staff, the MFA could provide clear guidance on which options for engaging with government exist, and when those are suitable within the parameters set down by parliament. This would help prevent defaulting to minimal interaction. Options could include increased communication with related ministries, such as Ministries of Finance, around annual plans. Communication could also be considered via EU representation in countries where bilateral relationships may be difficult. Assessing the balance in each partner country between support to local government to sustain results in policy areas of Dutch interest and more general empowerment programmes would help to inform a more systematic approach.

### ***Mainstreaming locally led development in multilateral and private sector support would accelerate progress***

**Multilateral funding can be used to channel support to governments and combine resources with other providers to improve local impact and support regional development objectives.** Channelling high proportions of ODA through multilateral organisations, is a helpful counterbalance to the lack of government budget support as these will go on to support partner governments. In addition, engaging in activities with other donors through multilateral platforms, e.g. through Team Europe Initiatives (EU, 2022<sup>[50]</sup>), commissioning exploratory research on options for multi-donor pooled funding, and championing locally led development through its chairing of the Nordic Plus group<sup>37</sup>, provides opportunities to scale good practice and influence the decision making of other donors, though donor co-ordination alone does

not guarantee engagement with partner countries. Building on its strong multilateral standing, for example as Dean of the World Bank Governors, the Netherlands is well-placed to use this influence to advocate for the inclusion of local actors in multilateral programming, and the wider adoption of locally led principles in the multilateral space. This could help avert the risk that high levels of funding to multilaterals crowds out the financing available for local actors or that multilaterals act as mediators of local voice and priorities. As the Ministry of Foreign Affairs, the Ministry of Finance, and the Central Bank share responsibility for multilateral engagement (for example MFA and MoF rotate deputies to the International Development Association between each fundraising round) a harmonised approach to locally led development between responsible agencies would increase impact.

**Further support to the private sector in partner countries could be achieved by removing common barriers to contracting, notably under the bilateral infrastructure programme Development Related Infrastructure Investment Vehicle (DRIVE) and other funding mechanisms such as Develop2Build (D2B)<sup>38</sup>.** Building on its local private sector development, the Netherlands, in co-operation with its partner countries<sup>39</sup> and co-financiers, could encourage the involvement of local businesses in Dutch-supported contracting opportunities. Of the USD 140 million in contracts awarded in 2021, 53% went to contractors in the Netherlands while just 24% went to contractors in developing countries<sup>40</sup>. A closer look at the contract awards data shows that companies from developing countries are less likely to be awarded larger contracts, although local contractors often take part in the implementation.<sup>41</sup> Focusing on improving contracting practices could help to remove common barriers for suppliers in developing countries. This could be done by ensuring that opportunities are widely publicised in the recipient country and aiming, where possible, at limiting contract size and complexity (e.g. by unbundling larger contracts into multiple lots). For large and complex infrastructure projects that may be difficult to unbundle, the Netherlands could explore the possibility of setting further incentives for local sub-contractors or local labour, which could yield a more sustainable development impact. More widely promoting and circulating funding opportunities for private sector entities, regardless of Dutch affiliation, to support development objectives would also help to raise awareness and uphold the DAC Recommendation on Untying ODA (see Annex B).

## Recommendation

7. To further operationalise a locally led development approach, the Netherlands should
  - a. define objectives and success criteria for locally led development across the full range of its thematic portfolios and partnerships, not limited to civil society
  - b. strengthen consultation of partner country stakeholders in priority-setting and annual planning cycles
  - c. give emphasis to local stakeholders in its efforts to scale up impact.
8. The Netherlands should ensure it systematically considers options for engaging with national as well as sub-national governments in partner countries as key stakeholders, and, tailored to each context, reflect this in its dialogue and programmes.

## Policy coherence: A strong basis for further progress

***Mobilising support for tackling significant negative spillovers from trade and consumption will require strong political effort***

**As a highly globalised economy, trade hub and agricultural centre, reducing the Netherlands' global footprint is a key policy coherence challenge.** Trade represents a significantly higher share of



its gross domestic product (156% in 2021) than in most economies of a similar size (World Bank, n.d.<sup>[51]</sup>). The country is a hub for commodity trading and the world's second largest exporter of agricultural products. However, while trade can generate positive development impact, the current profile of the Dutch economy creates substantial negative spillovers for countries elsewhere. The government recognises this, as indicated in the Sustainable Development Spillover Index, where the Netherlands ranks 160<sup>th</sup> out of 163 economies (Sachs et al., 2022<sup>[52]</sup>). Dutch consumption, re-export and production creates emissions, pressure on natural resources and affects land use in low- and middle-income countries (Government of the Netherlands, 2022<sup>[53]</sup>; Lucas, Brink and Van Oorschot, 2022<sup>[54]</sup>). An example of the challenge is seen with soy imports for livestock (destined for export) that contribute to deforestation (Kuepper, 2022<sup>[55]</sup>). Making a shift towards a more sustainable economic model and addressing concerns of affected stakeholders will be a major challenge.

**Greening the Dutch economy will bring new opportunities but also challenges for developing countries.** The transition to a more sustainable economy can open business opportunities for developing countries, for example through participation in more sustainable value chains or a circular economy. However, to compete in these new markets rather than being excluded from them, developing countries will need to adjust. The Dutch Environmental Assessment Agency therefore highlighted that developing countries will require support to seize these opportunities (Lucas, Brink and Van Oorschot, 2022<sup>[54]</sup>). Conversely, sourcing of raw materials (metals, rare earth minerals) required for a low emissions transition in the Netherlands must be accompanied by action on responsible business conduct to avoid negative social and environmental effects in source countries.

**In key policy documents, the Dutch government has raised awareness of spillover effects and expressed its strong commitment to act.** In 2022, the Netherlands submitted its third action plan for policy coherence for development to parliament, citing as its first priority the scaling back of its water, food and climate footprint (Government of the Netherlands, 2022<sup>[10]</sup>). Many of the secondary objectives specifically touch upon trade and consumption, such as the greening of export finance, supporting climate and development-friendly positions in EU trade discussions, making supply chains deforestation-free, improving raw material sourcing and reflecting biodiversity protection in trade. These aspects are also prominent in the Netherlands' first Global Climate Strategy (Government of the Netherlands, 2022<sup>[8]</sup>), as well as in the Raw Materials Strategy (Government of the Netherlands, 2022<sup>[56]</sup>), both adopted in late 2022. In contrast, despite dedicated studies by the Dutch Environmental Assessment Agency, the 2023 Circular Economy Strategy is much less explicit on trade and engagement with developing countries as part of a global circular economy (Government of the Netherlands, 2022<sup>[57]</sup>).

**Ambitious national due diligence legislation and greater progress on the green transition would enhance the Netherlands' credibility as a leader in the field of trade and climate change.** Draft Dutch legislation on due diligence for businesses proposes that businesses develop an action plan on the adverse effects on climate change, similar to what is done for environmental, social and governance risks (The House of Representatives of the Netherlands, 2022<sup>[58]</sup>). However, policy documents such as the policy coherence action plan stress preserving a level playing field with neighbouring countries, to reflect private sector concerns and achieve greater effects on value chains. This creates the risk of waiting for others to take action, rather than building coalitions and leading by example, which could ultimately help reach a more ambitious level of action for all countries. Regarding, the green transition, the Netherlands is not on track to meet the 2030 emissions targets (Government of the Netherlands, 2022<sup>[59]</sup>). At EUR 4.5 billion in 2020 (OECD IEA, 2020<sup>[60]</sup>), fossil fuel subsidies are more than twice as high as Dutch climate finance. Its fossil fuel sector only achieves "fairly low" transparency (EITI, 2022<sup>[61]</sup>). Greater progress on its ambitious climate agenda would also support the Netherlands' role in international advocacy.

**Global citizenship education could bolster public support for development-friendly policies but is currently a blind spot in Dutch development co-operation.** Ensuring that the population of the Netherlands has a good understanding of how they relate to the Dutch global footprint and negative spillovers will be critical to garnering support for challenging policy reforms and to shifting consumer

behaviour. This is explicitly recognised in the 2022 SDG report (Government of the Netherlands, 2022<sup>[53]</sup>), and in the “Do what we do best” strategy, where the government indicates that it wants to invest in greater awareness of the Sustainable Development Goals (SDGs). This would be a much-needed reversal, as funding for development awareness was substantially cut in 2011, and a dedicated organisation for development awareness was discontinued in 2018. An ongoing curriculum reform has raised the profile of solidarity and sustainability in formal education, and the multi-stakeholder platform “SDG Nederland”<sup>42</sup> brings together a wealth of engaged public, private and civil society actors. However, unlike other DAC members, such as Ireland, and in line with international commitments such as the Berlin Declaration (UNESCO, 2021<sup>[62]</sup>) and the Dublin Declaration (GENE, 2022<sup>[63]</sup>), there is not yet a concerted effort of all concerned ministries and stakeholders, or adequate resourcing, to drive development awareness in both formal and non-formal education.

### ***Strong policy coherence mechanisms could further benefit from a deeper engagement of line ministries***

**The Netherlands’ policy coherence action plan combined with a wide range of mechanisms and tools has helped drive policy change.** The dedicated action plan combined with regular reporting to Parliament is good practice, as it provides an impetus for concerned ministries to regularly consider negative spillovers of policies under their purview. An “SDG test” of draft legislation requires an assessment of effects on developing countries, for which there is detailed guidance. Spillovers are extensively discussed in national SDG reporting and are part of statistical SDG monitoring (Statistics Netherlands, 2022<sup>[64]</sup>). These mechanisms have driven adjustments to policies, both in international engagement as well as domestic policy. This has been highlighted through IOB-led evaluations, for example in the areas of tax (IOB, 2021<sup>[65]</sup>) and responsible business conduct (IOB, 2019<sup>[66]</sup>). The evaluations also highlighted further room for progress, such as a need for better understanding of developing country interests and closer interaction between ministries. These results have in turn informed the latest policy coherence action plan. Raising awareness of the action plan across government and at embassy level will be important for its implementation.

**Institutional measures could encourage reflection by line ministries on how their policies contribute to global sustainable development.** Despite the positive focus on coherence challenges in cross-government policy documents, this does not always translate into day-to-day work or high-level co-ordination (IOB, 2023<sup>[67]</sup>). Despite having an obligation, ministries often do not complete the “SDG test” in sufficient quality or a timely manner (Government of the Netherlands, 2022<sup>[53]</sup>). In response, the policy coherence action plan foresees biannual meetings between the MFA and key ministries to identify relevant legislation early on. Building on the overall good co-ordination across government, the MFA could foresee regular follow-up exchanges with key ministries, similar to the close engagement with the Ministry of Finance on tax issues. The government, for instance, the Prime Minister’s Office or the Ministry of Finance could also consider requiring all ministries – beyond those directly concerned by the policy coherence action plan<sup>43</sup> – to demonstrate how their work contributes to the SDGs, including in developing countries and at global level. As a good example, the MFA is using the SDGs as a basis for discussing quantified targets for the Dutch agricultural footprint with the Ministry of Agriculture.

**The Netherlands could expand its good practice of multi-stakeholder dialogue to enhance debate on policy coherence.** The Dutch culture of mediating between all societal stakeholders on challenging issues (the “polder model”), combined with a high awareness of policy coherence in Parliament, civil society and the private sector, provides a strong basis to make progress on coherence challenges. To promote learning and debate on responsible business conduct, for example, the MFA has had good experiences with multi-stakeholder sectoral agreements, overseen by the Social and Economic Council of the Netherlands (see Box 6). A vast multi-stakeholder effort also led to the adoption of the National Climate Agreement (Government of the Netherlands, 2019<sup>[68]</sup>). Building on these experiences, the government could institute multi-stakeholder platforms for priority coherence challenges. Such platforms could help

ensure that a development perspective is integrated early in the policy-making process and support the arbitration of difficult trade-offs. They would also enhance accountability, obliging all stakeholders to demonstrate a constructive engagement in the process.

### Box 6. Multi-stakeholder sectoral agreements that promote Responsible Business Conduct

Respect for standards in Responsible Business Conduct (RBC) is a key element in enabling the contribution of private sector actors to sustainable development. However, application of standards in practice often faces challenges. Companies do not always have sufficient knowhow to assess and address risks and may worry that RBC costs will weaken their position vis-à-vis less engaged competitors.

To disseminate standards, raise awareness and change business practice, the Dutch government has supported the creation of multi-stakeholder sectoral agreements (SER, n.d.<sup>[69]</sup>). In more than a dozen different sectors such as textiles, food or insurances, the agreements have brought together government, business, trade unions and civil society. Agreements set voluntary standards of better business practice and have encouraged a sharing of experiences and learning. The agreements have increasingly reflected climate change challenges, such as the risk on food value chains, attention for climate risk in pension fund investments, and the need for sustainable and responsible sourcing in renewable energy value chains.

Evaluations showed that the agreements have improved dialogue, generated learning, raised awareness of standards and led to improved reporting (IOB, 2019<sup>[66]</sup>; Royal Tropical Institut KIT, 2020<sup>[70]</sup>). However, while covering important market shares, the agreements did not reach all companies or all high-risk sectors. The government's long-term (ambitious) target of 90% of companies applying due diligence standards was not reached.

A key lesson learnt is that a smart policy mix is necessary to promote RBC and the government is working on due diligence legislation. Voluntary agreements can help prepare businesses and garner support for legislation but can also serve to question the need for regulation (Change in context, 2019<sup>[71]</sup>). To enhance the added value of sectoral agreements, the evaluation recommended that the government set clear standards and provide (positive and negative) incentives for wide participation, as well as pursue opportunities for international upscaling.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at <https://oe.cd/58B>

### ***The comprehensive trade, aid and climate finance toolbox could achieve greater impact***

**In international advocacy, the Netherlands successfully combines climate and development-friendly trade agendas.** It has a track record as a strong advocate for trade, reflecting developing countries' concerns in EU trade agreements (IOB, 2021<sup>[72]</sup>), for example, with the World Trade Organization, on access to medication (OECD, 2021<sup>[73]</sup>) and with the OECD on responsible business conduct (Change in context, 2019<sup>[71]</sup>). It is also very active in climate diplomacy, having campaigned for ambitious mitigation targets, co-chaired the NDC (nationally determined contributions) partnership and being a champion of sustainable water management and advocate for climate adaptation finance. A dedicated climate envoy enhances government co-ordination. Good examples for linking trade and climate diplomacy at EU level include advocacy on due diligence legislation, such as support to developing countries in the fight against deforestation and inclusion of "scope-3 emissions" along the value chain (Government of the Netherlands, 2022<sup>[74]</sup>). An important complement to working with stakeholders in the

Netherlands is work to influence international value chains and build wider coalitions (Change in context, 2019<sup>[71]</sup>). A good example is the Amsterdam Declaration Partnership to fight deforestation in commodity trade.<sup>44</sup>

**Increasingly climate-aligned export support is another positive example of the Netherlands linking trade and climate.** Internationally, the Netherlands is part of the Export Finance for Future (E3F) initiative<sup>45</sup> that promotes a stronger reflection of climate change in the Arrangement on Officially Supported Export Credits. Nationally, the government has enacted the phase out of export support for all fossil energy production by 2023 (not limited to coal). However, partners criticised the decision, as it allowed for a one-year transition period (despite an initial announcement in 2020), pointing to frequent negative side effects of fossil fuel extraction in developing countries. As one of the seven OECD Members to do so, the Netherlands has a dedicated climate change methodology (“Green Label”) to assess each export credit (OECD, 2021<sup>[75]</sup>). To incentivise green exports, conditions allow a larger insurance coverage and softer criteria for small investments. Moreover, the government provides investment loans to support the greening of production of exports (Atradius Dutch State Business, n.d.<sup>[76]</sup>). An additional incentive could be set for exporters that commit to reducing climate emissions, similar to Dutch good practice for climate-aligned public procurement (OECD, 2022<sup>[77]</sup>). Trade promotion also has a growing sustainability focus, for instance when considering which companies to invite for trade missions. It will be important to track if these valuable efforts lead to a substantial greener export portfolio.

**A revised approach to aid, trade and investment can help deepen institutional collaboration and align all instruments towards systemic change.** The “Do what we do best” strategy, and a new theory of change on private sector development, underline the Dutch ambition to link trade, local job creation and climate, in particular in the aid and trade “combination” countries (MFA, 2022<sup>[15]</sup>). The Netherlands can build on a comprehensive toolbox that covers the full range of approaches at international, national and partner country level (See Table 2). It is one of the most important providers of aid for trade and investment. However, there is still room for improvement. For example, the different instruments tend to work in isolation. At the MFA headquarters, co-ordination between the international co-operation and trade directorate-generals (DG) could improve (IOB, 2022<sup>[12]</sup>), with key CSO partners only interacting with DGIS, but not with the trade DG. At country level, embassies can play a crucial role in ensuring coherence. However, they have difficulties navigating instruments, are not always consulted and have limited capacity to engage (IOB, 2022<sup>[12]</sup>). Collaboration between embassies and the Netherlands Enterprise Agency (RVO) is close, while exchange with the Dutch Entrepreneurial Development Bank, FMO, is much less frequent. A forthcoming theory of change for trade, aid and investment provides an important opportunity to set clear priorities in line with Dutch expertise and trade profile and ensure that all actors and instruments work toward the same objectives.

**Table 2. The Dutch policy coherence engagement on trade, climate and development**

The Netherlands makes good use of its comprehensive toolbox, but some aspects require attention.

	Standards and policy	Joint initiatives and dialogue	Private sector engagement	Awareness and accountability
<b>International</b>	<ul style="list-style-type: none"> <li>▲ Demonstrated track record on development-friendly trade and climate work at EU and OECD</li> <li>● Greater domestic progress could boost advocacy power</li> </ul>	<ul style="list-style-type: none"> <li>● Leadership on deforestation, with room to engage more in other areas</li> <li>▲ Valuable partnership with CGIAR, bringing Dutch research and private sector expertise</li> </ul>	<ul style="list-style-type: none"> <li>▲ Strong multilateral partner and advocate for adaptation finance</li> </ul>	<ul style="list-style-type: none"> <li>▲ Support to global initiatives such as the World Benchmarking Alliance</li> <li>▲ Support voice of developing country stakeholders in international fora</li> </ul>
<b>National</b>	<ul style="list-style-type: none"> <li>▲ Strong commitment to coherence with cross-government action plan and policies</li> <li>● Need for ambitious due diligence legislation</li> <li>● Need for greater line ministry engagement (e.g. through the SDG test)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Sectoral agreements raise awareness and influence businesses</li> <li>● Opportunity to promote regular dialogue with concerned stakeholders on policy coherence priorities</li> </ul>	<ul style="list-style-type: none"> <li>▲ Progressive greening of export financing and trade promotion</li> <li>▲ Domestic efforts on sustainable finance and climate aligned procurement</li> </ul>	<ul style="list-style-type: none"> <li>▲ Valuable research and evaluation reports.</li> <li>● More coherent approach for global citizenship education needed</li> <li>● Monitoring through reporting on policy coherence action plan but no clear targets set for each ministry</li> </ul>
<b>Partner countries</b>	<ul style="list-style-type: none"> <li>● Growing attention on regulatory frameworks</li> </ul>	<ul style="list-style-type: none"> <li>● Growing attention on need for sufficient scale and focus on systemic change, such as in value chains and through respect for standards and responsible business conduct</li> </ul>	<ul style="list-style-type: none"> <li>▲ Strong expertise on private sector development</li> <li>● Need for focus on impact</li> <li>▼ Tension with the promotion of Dutch businesses</li> </ul>	<ul style="list-style-type: none"> <li>▲ Strong support to civil society watchdogs, e.g. on human rights and climate</li> </ul>

Note: ▲ Green triangles denote good practice; ● orange circles indicate that progress is being made but more could be done; ▼ red triangles flag areas where progress is needed

**A greater focus on systemic change can help strengthen the climate relevance of private sector development efforts.** For 2023, the Dutch government estimates that only 13% of the MFA's private sector engagement budget will be climate relevant. This indicates much room for progress. In response to a very critical evaluation (IOB, 2022<sup>[12]</sup>), the new private sector development theory of change (ToC) puts much greater emphasis on systemic change such as creating a regulatory environment that supports responsible business conduct. This aligns well with Dutch efforts to promote responsible business conduct at home and internationally, and responds to developing countries' needs to meet import market standards. The ToC also includes work on transforming markets in select value chains which can contribute to "reaching tipping points which lead market players to make ongoing improvement" (MFA, 2022<sup>[15]</sup>). The importance of climate and sustainability for value chains is highlighted, acknowledging opportunities and risks for producers. A pilot seeks to overcome thematic silos, notably with food systems programmes. This is a good start to enhance the climate relevance of the portfolio, considering the focus of the Dutch food portfolio on local private sector development and food security and the dedicated expertise of agricultural attachés in many embassies. However, there are more opportunities for synergies, notably on the climate/energy portfolio, as identified, for example by embassy staff in Uganda, thanks to their regular exchanges at embassy level.

**Dutch efforts to mobilise climate finance from the private sector could focus more on development additionality.** FMO is the leading actor for private climate finance in the Dutch system (with substantial amounts mobilised through multilateral entities). Its new climate action plan sets out a long-term goal to reach a net-zero portfolio by 2050 and portfolio targets of EUR 10 billion in climate action (FMO, 2022<sup>[78]</sup>).<sup>46</sup> However, while the Climate Strategy stresses that the Netherlands wants to "invest in breakthrough potential", evidence indicates room for improvement. A policy evaluation on private sector engagement highlighted less evidence for additionality, pointing to support for middle-income countries and already

strong partners and insufficient tracking of longer-term effects. Specifically for climate finance, an evaluation highlighted that a greater share of private climate finance targeted mitigation and middle-income countries<sup>47</sup> (IOB, 2021<sub>[79]</sub>). The evaluation also found additionality less convincing for projects sitting between innovation and near commercialisation. A comparative study of development finance institutions highlighted the importance of deploying more high-risk capital for more sustainable technologies, but underlined FMO's limited risk appetite within its AAA-rating (Attridge and Novak, 2022<sub>[80]</sub>). Government and FMO will therefore need to explore how the Netherlands can enhance the development additionality of its private climate finance and further increase its attention to climate adaptation. This is the clear ambition of the Dutch Fund for Climate and Development, although an evaluation indicates this remains a work in progress (Itad, 2021<sub>[81]</sub>).

**Focusing on opportunities for Dutch companies means opportunities for maximum development impact will be missed.** The Global Climate Strategy stresses that climate action will create opportunities for Dutch business in both adaptation and mitigation. However, “to contribute to the future earning capacity of the Netherlands” (one of Invest International’s main objectives) (Invest International, n.d.<sub>[82]</sub>) does not necessarily mean best development impact (Invest International’s other objective). Indeed, a recent evaluation explicitly recommended focusing on the development needs of developing countries and less on commercial potential (IOB, 2022<sub>[12]</sub>). Both internal and external stakeholders assume that the objective of awarding 70% of contracts to Dutch companies under the DRIVE and D2B programmes will likely skew business development towards the Dutch offer. This could exacerbate risks that support will focus on middle-income countries that can afford Dutch services (as was already highlighted in a climate finance study by IOB), or on solutions that do not involve local partners (under the Dutch Climate and Development Fund, less than half of project sponsors were local entrepreneurs<sup>48</sup>). The Netherlands has substantial experience in putting development impact at the start of project design, before identifying whether or not there are suitable Dutch solutions. Embassies can play a key role in this regard. The Netherlands will need to carefully test that it supports those projects with highest development impact.

**The engagement in combination countries provides an opportunity for the Netherlands to drive the integration of climate change in trade and development efforts.** For various combination countries, the Netherlands is a major import partner (e.g. of agricultural products and garments). As these countries are large economies, making progress in the sustainability transition is of particular relevance in the global fight against climate change. However, considering the challenges outlined above, the MFA will need to ensure its focus is on development impact. As only few embassies in combination countries manage larger delegated budgets, attention is needed to ensure they are fully equipped to play their role in helping to reflect demand and context in the design and implementation of new programmes. Initial reflections of the embassy in South Africa show that embassies can help identify solutions that respond well to local demand. At the same time, facilitating exchange between combination countries – and with other focus countries – could have a potential to influence value chains more widely, and build coalitions for international efforts.

## Recommendation

9. To strengthen the engagement of all stakeholders on policy coherence challenges, the Dutch government should ensure line ministries systematically assess and address global and transboundary effects of their policies, expand the use of multi-stakeholder approaches to advance policy coherence priorities, and invest further in global citizenship education.
10. The Netherlands should ensure that maximum development impact rather than commercial objectives remains the key factor in decision making in its private sector engagement and enhance the cohesiveness of private sector development efforts for systemic change.

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 (accessed on 27 March 2023).

## Notes

<sup>1</sup> The Netherlands Enterprise Agency (RVO) is a public institution which acts as an implementer for some of the Netherlands' private sector partnerships. The Dutch Entrepreneurial Development Bank, FMO, is a public-private partnership, with 51% of shares held by the Dutch state and 49% held by commercial banks, trade unions and other members of the private sector. It manages a number of funds which blend official development assistance (ODA) with other resources. Created in 2021, Invest International is a joint venture of the Ministry of Finance (51%) and FMO (49%). It manages investment programmes previously managed by RVO.

<sup>2</sup> Increases are planned across the portfolio, in particular for climate, refugee hosting in partner countries, humanitarian assistance and the combination of trade and development co-operation.

<sup>3</sup> Even with this measure, the total in-donor refugee costs in 2022 stood at USD 946 million or 14.6% of Dutch ODA.

<sup>4</sup> The need to focus and prioritise goes beyond bilateral co-operation, as underlined by an evaluation of Dutch EU co-ordination (IOB, 2022<sup>[83]</sup>).

<sup>5</sup> Authors' calculations based on internal data provided by the MFA.

<sup>6</sup> Peace, security and stability; sustainable economic development, trade and investment; sustainable development, food security, water and climate; social progress (including education); strengthened frameworks for development (encompassing contributions to multilateral organisations).

<sup>7</sup> Sustainable Economic Development Department, Social Development Department, Department for Stabilisation and Humanitarian Aid, Inclusive Green Growth Department, and Bureau of International Co-operation

<sup>8</sup> The programmatic approach to sustainable economic development (PADEO) is being piloted in Ghana, Tunisia, Uganda, Sudan and Kenya and aims to align with the programme for Vocational and Higher Education (BHO) of the Social Development Department (DSO) and the Food Systems Approach of the Inclusive Green Growth department (IGG).

<sup>9</sup> A "Code of conduct" to support this type of decision making already exists.

<sup>10</sup> In 2020, ten recommendations were made to inform a multi-year staffing strategy. These include: building staff expertise in a small number of themes; recruiting to replace planned retirements; increasing career prospects for thematic experts; making overseas posts broader in theme and using local expertise to draw up recruitment profiles; increasing attractiveness of semi-hardship posts; improving recognition of performance; creating functions for generalists on high-profile themes/activities; enhancing career prospects of trainees, laying out career paths for management and promoting relevant language skills.

<sup>11</sup> See, for example, the DAC Peer Review of Switzerland, <https://www.oecd-ilibrary.org/docserver/9789264312340-en.pdf?expires=1678707657&id=id&accname=ocid84004878&checksum=8FD32414170C912825DB5172C9AF3D2F>

<sup>12</sup> Switzerland, for example, undertook a pilot scheme where two staff rotate every two to three months between the positions of Head of Co-operation in Burkina Faso and Desk Officer for Burkina Faso in Bern (see <https://www.oecd.org/dac/peer-reviews/DAC-mid-term-Switzerland-2022.pdf>). Other countries combine hardship with non-hardship postings, either making hardship postings mandatory or pre-requisites for particular grades or roles, or emphasising in recruitment material the expectation that staff will undertake certain postings. See also this Peer Learning brief on *Building, buying and borrowing staff and skills*, [DCD/DAC\(2020\)48](https://www.oecd.org/dac/peer-reviews/DAC-mid-term-Switzerland-2022.pdf).

<sup>13</sup> Staff cite favourable pay levels, flexible working conditions, formal and informal learning opportunities, and opportunities to broaden networks as benefits.

<sup>14</sup> These could include increased support with interpretation of risk assessments and design of appropriate mitigation measures, escalation and de-escalation procedures and assignment of clear risk responsibility for each level of authority (see, for example, the practice from Ireland on assignment of risk responsibility for each level of authority <https://www.oecd-ilibrary.org/sites/c20f6995-en/1/3/2/4/index.html?itemId=/content/publication/c20f6995-en&csp=791813851d5b851636d9ca5e2f8f6dac&itemIGO=oecd&itemContentType=book#section-d1e4730>).

<sup>15</sup> In conjunction with other partners, the Netherlands has commissioned several studies including *Risk Sharing in Practice*, <https://interagencystandingcommittee.org/system/files/2022-10/Risk%20Sharing%20Case%20studies%20report%20June%202022.pdf>, a discussion paper <https://here-geneva.org/consultancy-on-risk-sharing-discussion-paper-2/>, and it has co-signed a statement on risk sharing in the humanitarian sector <https://interagencystandingcommittee.org/system/files/2021-06/Statement%20on%20Risk-Sharing.pdf>.

<sup>16</sup> See “Special working methods” in *Do what we do best: A Strategy for Foreign Trade and Development Cooperation*, <https://www.government.nl/documents/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best>, as well as *Less Pretention, More Realism* <https://www.iob-evaluatie.nl/publicaties/evaluaties/2019/07/01/428-%E2%80%93-iob-%E2%80%93-an-evaluation-of-the-reconstruction-programme-2012-2015-the-strategic-partnerships-chronic-crises-programme-2014-2016-and-the-addressing-root-causes-tender-process-%E2%80%93-less-pretension-more-realism> and *Impact of Aid in Highly Fragile States*, <https://english.iob-evaluatie.nl/publicaties/sub-studies/2022/11/10/synthesis-of-systematic-reviews-in-afghanistan-mali-and-south-sudan>

<sup>17</sup> This analysis uses the methodology outlined in the *States of Fragility 2022*, <https://doi.org/10.1787/c7fedf5e-en>, where ODA to peace-related sectors is tracked using the CRS sector

codes: 15110 15111 15112 15113 15130 15150 15152 15153 15160 15170 15180 15190 15210 15220 15230 15240 15250 15261.

<sup>18</sup> Based on OECD CRS data, 2021.

<sup>19</sup> See “The Netherlands to Host Second Yemen International Forum in 2023”, <https://sanaacenter.org/publications/news/18957>.

<sup>20</sup> See outputs of the temporary INCAF-EvalNet Joint Task Team on Afghanistan, co-chaired by the Netherlands, as well as *Less pretention more realism*, <https://www.iob-evaluatie.nl/publicaties/evaluaties/2019/07/01/428-%E2%80%93-iob-%E2%80%93-an-evaluation-of-the-reconstruction-programme-2012-2015-the-strategic-partnerships-chronic-crises-programme-2014-2016-and-the-addressing-root-causes-tender-process-%E2%80%93-less-pretension-more-realism>, *EU Development Cooperation in Sub-Saharan Africa*, <https://www.iob-evaluatie.nl/publicaties/rapporten/2020/05/25/euos2020>, *Impact of Aid in Highly Fragile States* <https://english.iob-evaluatie.nl/publications/sub-studies/2022/11/10/synthesis-of-systematic-reviews-in-afghanistan-mali-and-south-sudan>) and *Trust, Risk and Learn*, <https://english.iob-evaluatie.nl/results/humanitarian-assistance-policy>).

<sup>21</sup> The Netherlands co-chaired the DAC’s temporary INCAF-EvalNet Joint Task Team on Afghanistan in 2022. The International Network on Conflict and Fragility (INCAF) is taking this forward through a workstream on development co-operation in extremely fragile and politically constrained contexts, in collaboration with the DAC Network on Governance (GovNet) and its Anti-Corruption Task Team (ACTT) who are also working on issues of autocratisation and approaches to risk.

<sup>22</sup> The Prospects partnership is a EUR 700 million initiative for 2019-2023 (with further funding earmarked for phase 2 in 2024-2028) to support reception in the region. It brings together UNHCR, UNICEF, ILO, IFC and the World Bank to leverage their respective comparative advantages in dealing with forced displacement across eight countries. For further information see the Netherlands’ results portal: <https://www.nlontwikkelingssamenwerking.nl/en/#/results/themes/prospects-for-refugees-and-migration-cooperation/migration-shelter>. ODA allocations for migration and refugee reception in the region represent close to 80% of the “Peace, Security and Stability” thematic budget.

<sup>23</sup> Work is underway in several forums to explore these issues in more details, including through the current INCAF-DEV Centre workstream on forced displacement with the forthcoming OECD report on *Forced Displacement in Climate Change Adaptation* and UNHCR “Climate change and disaster displacement”, <https://www.unhcr.org/climate-change-and-disasters.html>.

<sup>24</sup> The strategy commits to increasing focus on localisation in four African countries.

<sup>25</sup> See for example, <https://www.rijksoverheid.nl/onderwerpen/ontwikkelingssamenwerking/documenten/publicaties/2018/11/08/theory-of-change-ontwikkelingssamenwerking> and the updated Theory of Change on Security and Rule of Law <https://www.government.nl/ministries/ministry-of-foreign-affairs/documents/publications/2023/01/26/theory-of-change---security-and-rule-of-law>.

<sup>26</sup> For instance on climate change, in line with the Netherlands’ endorsement of principles for locally led adaptation agreed at COP26 in 2021, <https://www.iied.org/principles-for-locally-led-adaptation>. Principles include devolving decision making, addressing structural inequalities, providing patient and predictable

funding, investing in local institutional capabilities, building understanding of climate risk and uncertainty, flexible programming and learning, transparency and accountability, collaborative action and investment.

<sup>27</sup> A note issued by the DGIS working group on localisation referred almost exclusively to actions relative to civil society.

<sup>28</sup> The Power of Voices framework for strengthening civil society <https://www.government.nl/documents/policy-notes/2019/11/28/policy-framework-strengthening-civil-society> and the Leading from the South <https://www.leadingfromthesouth.org/> programme are notable for their prioritisation of locally led development.

<sup>29</sup> For example, with the Civil Society Platform for Peacebuilding and Statebuilding (CSPPS) on “Unboxing Localisation”, <https://www.kpsrl.org/event/unboxing-localisation-an-inclusive-dialogue-trajectory>.

<sup>30</sup> For example, see Guidelines on implementing Grand Bargain Commitments at country level [https://interagencystandingcommittee.org/system/files/2023-02/Guidance%20-%20How%20to%20implement%20the%20Grand%20Bargain%20commitments%20at%20country-level\\_vf.pdf](https://interagencystandingcommittee.org/system/files/2023-02/Guidance%20-%20How%20to%20implement%20the%20Grand%20Bargain%20commitments%20at%20country-level_vf.pdf) and NEAR Localisation Performance Measurement Framework <https://ngocoordination.org/en/library/near-localisation-performance-measurement-framework>.

<sup>31</sup> In 2021, USAID committed to provide at least 25% of all funds directly to local partners by 2025 and that 50% of programming would be co-designed, implemented or evaluated by local communities. <https://www.usaid.gov/news-information/speeches/nov-04-2021-administrator-samantha-power-new-vision-global-development>

<sup>32</sup> Examples include USAID’s Spectrum and checklist, <https://usaidelearninglab.org/resources/locally-led-development-spectrum-and-checklist-tool>, Peace Direct’s distinctions between locally implemented, locally managed, and locally led and owned peacebuilding initiatives <https://www.peacedirect.org/wp-content/uploads/2022/10/PD-Localisation-and-Decolonisation-Report-v3.pdf> and ODI’s different models and approaches to locally led development, <https://cdn.odi.org/media/documents/ODI-SH-Localisation-Report-Oct21-Proof06.pdf>

<sup>33</sup> For example, Canada’s Fund for Local Initiatives focuses on reducing compliance barriers and minimising reporting procedures for local civil society organisations <https://www.international.gc.ca/world-monde/funding-financement/cfli-fcil/index.aspx?lang=eng>; New Zealand’s civil society funding mechanisms include a provision to support the overhead costs of local CSOs to strengthen institutional capacities <https://doi.org/10.1787/10883ac5-en>; Ireland requires all CSO partners to have a clear policy on locally led development.

<sup>34</sup> The motion called on the government not to spend new money on general budget support and also to commit to a further limitation of the use of this instrument. [https://www.eerstekamer.nl/behandeling/20121217/motie\\_agnes\\_mulder\\_over\\_de\\_inzet/document3/f=/vj69n4etbdzw.pdf](https://www.eerstekamer.nl/behandeling/20121217/motie_agnes_mulder_over_de_inzet/document3/f=/vj69n4etbdzw.pdf)

<sup>35</sup> Bilateral ODA commitments for the period 2018-20, as compared to Australia, Canada, Denmark, Finland, Ireland, Norway, Sweden and the United Kingdom.

<sup>36</sup> The number of ODA recipients classified as authoritarian regimes grew from 68 in 2010 to 75 in 2019 <https://www.oecd-ilibrary.org/docserver/57ab4100->



[en.pdf?expires=1677232018&id=id&accname=guest&checksum=CA324623DFD2511F8AA6B182E7396E0A](https://www.oecd.org/dataoecd/16/72/1677232018&id=id&accname=guest&checksum=CA324623DFD2511F8AA6B182E7396E0A).

<sup>37</sup>The Nordic Plus group is an informal partnership comprising Denmark, Finland, Ireland, The Netherlands, Norway, Sweden and the UK.

<sup>38</sup> Through DRIVE, the Ministry of Foreign Affairs facilitates investments in infrastructural projects that contribute towards a good business climate and entrepreneurship in the priority sectors: water, climate, food security, and sexual and reproductive health and rights (SRHR). Public infrastructure projects that have a high development relevance in other sectors also can apply for DRIVE support <https://english.rvo.nl/subsidies-programmes/development-related-infrastructure-investment-vehicle-drive>. Develop2Build (D2B) is a Government-to-Government programme offering direct assistance in setting up infrastructural projects <https://english.rvo.nl/subsidies-programmes/develop2build-d2b>

<sup>39</sup> In general, procurement for infrastructure projects is managed by the recipient government. Dutch programmes supporting infrastructure investments include Facility for Infrastructure Development (ORIO), DRIVE and Develop 2 Build.

<sup>40</sup> Source: OECD-DAC Contract Awards database. Contracts reported by the Netherlands can be co-financed with other donors (e.g. the Asian Development Bank).

<sup>41</sup> With the exception of one large contract awarded to a supplier from South Africa.

<sup>42</sup> <https://www.sdgnerland.nl/>.

<sup>43</sup> This could relate for instance to the Ministries of the Interior (migration and forced displacement), Defence (peace and security) and Education (development awareness in formal education).

<sup>44</sup> <https://ad-partnership.org/>.

<sup>45</sup> The initiative Export Finance for the Future brings together seven countries, who agreed to a set of principles, available at: <https://www.tresor.economie.gouv.fr/Articles/2021/04/14/seven-countries-launch-international-coalition-export-finance-for-future-e3f-to-align-export-finance-with-climate-objectives>.

<sup>46</sup> While the strategy does not include a specific target for adaptation funding, FMO is starting a dedicated workstream to step up funding for climate adaptation and resilience.

<sup>47</sup> The evaluation acknowledged that 41% of the public disbursement for mobilising private capital was aimed at adaptation and 47% at low-income countries.

<sup>48</sup> Of 34 project sponsors, 15 were local entrepreneurs, 9 from another developing country and 10 from a developed country.

# Annex A. Progress since the 2017 DAC peer review recommendations

## Towards a comprehensive Dutch development effort

Recommendations 2017	Progress
The Netherlands should do more to clarify and communicate how it plans to meet its international climate finance commitments, including a) increasing climate mainstreaming within development co-operation programmes; and b) using concessional finance to mobilise investment from all sources.	<i>Fully implemented</i> The policy “Do what we do best” as well as the Global Climate Strategy set out Dutch public and private climate finance objectives and ways to reach those. More detailed information on planned climate finance is provided in the budget documents submitted to parliament, in addition to a dashboard for public climate finance. Dedicated guidance and support to staff has helped strengthen mainstreaming of climate objectives. However, an evaluation of climate finance highlighted some challenges in compiling climate finance data.
The Netherlands should continue to improve the reporting of its official development finance beyond ODA, in particular finance linked to FMO.	<i>Partially implemented</i> FMO has recently started issuing detailed data on private sector instruments but is the only large development finance institution that does not submit activity-level data to the OECD, for instance as Other Official Flows (OOF). The Netherlands considers FMO as a private entity that does not invest official flows from its capital base.

## Vision and policies for development co-operation

Recommendations 2017	Progress
The Netherlands should explore ways to further weave the various strands of its development co-operation programme into a coherent narrative which continues to place due emphasis on poverty eradication and leaving no one behind.	<i>Partially implemented</i> The Netherlands approaches the 2030 Agenda’s commitment to leave no one behind through a focus on fragile contexts, gender equality and youth. The policy “Do what we do best” does not set out a more specific approach to poverty reduction or to reducing inequalities but gives significant attention to empowering local civil society. It states that programmes take persons with disabilities into account.
The Netherlands should develop, communicate and apply a clear rationale and funding criteria for its bilateral allocations and partnerships, in order to mitigate the impact of fluctuating budgets on its partnerships.	<i>Partially implemented</i> The policy “Do what we do best” reaffirms existing priorities. This continuity enables stability in partnerships, as does the shift towards long-term programmes. Six-year rolling budgets guide planning. The policy also establishes differentiated partner country categories. However, there are not yet clear criteria as to how this translates into allocations.

## Aid volume and allocation

Recommendations 2017	Progress
The Netherlands should halt the decline in its ODA and renew efforts to deliver 0.7% GNI as ODA.	<i>Fully implemented</i> The policy “Do what we do best” and budget documents commit the Netherlands to substantial ODA increases over the coming years (EUR 300 million per year, and then EUR 500 million starting in 2025). This is anticipated to bring ODA/GNI to 0.65% by 2025 with a continuing trajectory to reach a ratio of 0.7%, although a date for this is not specified.
In line with its commitments to transparency and accountability, the Netherlands should identify the recipient country in relevant ODA reporting.	<i>Partially implemented</i> Internally, the Netherlands is improving information on country allocations from centrally managed programmes. However, in reporting to the OECD it continues to have the highest share of bilateral ODA not allocated by country, while project descriptions contain some information on country allocations. The Netherlands also encourages implementing partners to report on IATI, which in turn can provide

Recommendations 2017	Progress
	information by country.
The Netherlands should maintain its levels of core support to multilateral organisations to allow it the credibility to engage strategically in relevant multilateral governance structures.	<i>Fully implemented</i> The Netherlands provides substantial levels of multi-annual core funding to multilateral organisations and is recognised as a highly engaged partner in governance structures.

## Organisation and management

Recommendations 2017	Progress
The Netherlands should enhance the role of embassies in “partner countries”, including through delegated funds, in order to increase the effectiveness and sustainability of Dutch investments.	<i>Partially implemented</i> Embassies have a strong role in country teams that design country strategies. They are increasingly consulted on headquarter-financed activities but have limited capacity for monitoring. The share of allocations delegated to embassies has not increased.
The Netherlands should improve its internal communications, so that staff – including locally employed staff – are clear on how they are contributing to the overall vision for development co-operation and are well equipped to do so.	<i>Fully implemented</i> A new co-operation policy, thematic policies and country strategies provide an updated view of Dutch development co-operation objectives. Local staff play an essential role in annual planning and programme management and have access to training. Embassy staff are engaged in ongoing dialogue with central staff through regular calls and digital communication, though the level and frequency of engagement varies by thematic area. A study on institutional racism in the Ministry of Foreign Affairs provides an opportunity for further dialogue with local staff on their role and on the ways in which all staff relate to each other.
The Netherlands should find new ways of creating a flexible and agile workforce, with the skills to pursue policy priorities and new ways of working, addressing gaps and stress points identified in the new strategic workforce planning processes.	<i>Partially implemented</i> Progress has been made on several actions recommended by a development co-operation expertise task force in 2020. As a result the Netherlands has implemented a number of workforce measures, such as new recruitment to compensate for retirements, and moving staff from short-term to open-ended contracts and the development of more attractive career paths. Full implementation of the action plan is expected in 2023. Locally employed staff have few advancement opportunities. In terms of staff vitality and health, staff satisfaction (2021 survey) in DGIS is the lowest across the MFA and high workload and burnout are likely to impact ability to be flexible and agile. Survey results also indicate that staff are engaged in and enjoy their work, providing a basis for further engagement.

## Development co-operation delivery and partnerships

Recommendations 2017	Progress
To increase impact and avoid further fragmentation and dispersion, the Netherlands should review and rationalise its instruments and tenders, particularly in its approach to private sector development.	<i>Partially implemented</i> The Netherlands is actively streamlining its portfolio, with fewer countries covered by thematic instruments and larger projects. However, a broad range of instruments (including for private sector development) remain available.
To meet its commitment to development effectiveness, the Netherlands should: <ol style="list-style-type: none"> <li>include all programmes and funds benefiting partner countries in country strategies and formally agree those strategies with the countries, to enhance predictability, transparency and accountability</li> <li>increase the use of or strengthening of partner country systems</li> <li>continue to untie aid.</li> </ol>	<i>Partially implemented</i> Country strategies reference embassy and most headquarter-funded programmes but are not agreed with partner countries. Consultation of partner countries takes place, but there is still room for improvement. Capacity strengthening of local stakeholders is frequently part of the Dutch engagement and efforts to advance locally led development can further enhance their role. The Netherlands has limited direct co-operation with partner country governments and use of partner country systems has likely not increased (new monitoring data will be available following the Global Partnership for Effective Development Co-operation (GPEDC) monitoring exercise. Reported ODA remains untied. However, for specific programmes that are <i>de jure</i> untied, “Do what we do best” articulates an ambition that 70% of contracts under the bilateral infrastructure programmes DRIVE and D2B are awarded to Dutch companies.

## Results and accountability

Recommendations 2017	Progress
<p>To improve learning, and to better inform decision making, the Netherlands should:</p> <ol style="list-style-type: none"> <li>1. improve systems for managing for results so that results information can be used to steer the programme</li> <li>2. disaggregate data to support Dutch commitment to inclusion and leaving no one behind</li> <li>3. sustain the commitment to knowledge generation, and better connect Dutch knowledge partners with their counterparts in the field to increase the use of evidence.</li> </ol>	<p><i>Partially implemented</i></p> <p>Improved results reporting internally and through IATI, in addition to initiatives to improve learning from monitoring and evaluation.</p> <p>Some programmes disaggregate data by gender and age. While poverty is a cross-cutting theme, there is no disaggregated monitoring in this regard.</p> <p>Significant learning efforts are underway. New country strategies need to demonstrate reflection of lessons learnt and identify evidence gaps. Resources are also made available to integrate continuous learning into programmes, in collaboration with local partners.</p>
<p>The Netherlands should invest in development education to improve development awareness and support, in line with the Netherlands' strong commitment to global issues.</p>	<p><i>Partially implemented</i></p> <p>Curriculum reform puts greater attention to solidarity as part of citizenship education. The policy "Do what we do best" commits to increasing SDG awareness and for this purpose the MFA's collaborates for instance with the platform SDG Nederland. However, investments remain limited and different efforts are not yet co-ordinated.</p>

## Humanitarian assistance

Recommendations 2017	Progress
<p>The Netherlands should update its humanitarian policy to consolidate its work on humanitarian innovation and secure the Dutch Relief Fund and field presence in a solid framework.</p>	<p><i>Fully implemented</i></p> <p>The 2019 Humanitarian Policy consolidates the Dutch approach to responding to humanitarian crises, combining quality funding (in the Ministry, as the Dutch Relief Fund was phased out) and diplomacy. Humanitarian policy is integrated into the overarching foreign, development and trade policy adopted in 2022.</p>
<p>The Netherlands should develop communications strategies with the partners to whom it provides core funding to allow better feedback on results to its domestic constituents.</p>	<p><i>Partially implemented</i></p> <p>Partners receiving core humanitarian funding describe varying degrees of policy dialogue and communications with the Netherlands. On the one hand this is perceived as a sign of trust and confidence in the organisations' capacity to deliver on their core mandate and reflects a strong commitment to the Grand Bargain. On the other hand, partners would appreciate a more structured policy dialogue to bolster the partnerships, which in turn could help shape communication strategies and support the Netherlands' domestic narrative on engagement in fragile contexts. Scorecards provide some insight into qualitative assessments of partners and the MFA's annual results report gives a <a href="#">thematic overview</a> of Dutch humanitarian aid and results. Communication strategies are more developed where funding is earmarked, e.g. PROSPECTS and COMPASS initiatives.</p>

## Annex B. Progress against OECD legal instruments under the responsibility of the DAC

### Recommendations adopted by the DAC

#### *Recommendation on the Terms and Conditions of Aid (1978)* [[OECD/LEGAL/5006](#)]

The Netherlands is aligned with the Recommendation on the Terms and Conditions of Aid as it provides only grants.

#### *Recommendation on Untying Official Development Assistance (2001)* [[OECD/LEGAL/5015](#)]

Overall, the Netherlands is compliant with the DAC Recommendation on Untying Official Development Assistance (ODA). The share of untied ODA provided to countries covered by the Recommendation stood at 100% in 2021 [DCD/DAC\(2022\)34/FINAL](#). The share of overall ODA that was reported as untied was 98.2%. The Netherlands has started to report both *ex ante* notifications of contract opportunities and *ex post* contract awards, where previously neither was reported, leading to improved transparency. Transparency could be enhanced further for reporting on instruments that mix ODA and non-ODA funding and primarily targeting Dutch businesses, such as the Dutch Good Growth Fund.

In 2021, 68% of contracts (in terms of value) reported by the Netherlands under different instruments in countries covered by the Recommendation and 53% of contracts in all countries were awarded to Dutch companies.

The approach to specific instruments funded by ODA raises questions regarding the commitment taken in the Recommendation to ensure that ODA is both *de jure* and *de facto* untied. While the Development Related Infrastructure Investment Vehicle (DRIVE) and Develop2Build (D2B) programmes are formally open to all companies (*de jure* untied), the government stated an ambition that 70% of contracts under these programmes will be implemented by Dutch businesses. The ongoing review of the Recommendation on Untying ODA carried out under the auspices of the WP-STAT<sup>1</sup> will provide an opportunity for the Netherlands to clarify these possible tensions between *de jure* and *de facto* untying.

#### *DAC Recommendation on Ending Sexual Exploitation, Abuse, and Harassment in Development Co-operation and Humanitarian Assistance (2019)* [[OECD/LEGAL/5020](#)]

A 2021 Sexual Exploitation, Abuse, and Harassment (SEAH) policy and the 2023-25 work plan promote zero tolerance for inaction, a survivor-centred approach, and partner organisation responsibility. A dedicated headquarters unit steers efforts, while all portfolio holders and missions have a responsibility to monitor partners. The Netherlands has initiated pilots for reporting SEAH in humanitarian responses with a view to developing guidance. It has integrated SEAH in staff training and explores pre-employment screening.

The Netherlands actively encourages multilateral organisations to strengthen internal systems to prevent SEAH and has contributed to harmonised language for UN-donor agreements.

***Recommendation on the Humanitarian-Development-Peace Nexus (2019)***  
***[[OECD/LEGAL/5019](#)]***

The Netherlands has integrated the principles of the DAC Recommendation on the Humanitarian-Development-Peace (HDP) Nexus into its policy environment. The ministry's integrated mandate allows proximity and collaboration between humanitarian, development and political co-operation.

Tailored working methods are in place to improve the quality and conflict-sensitivity of aid in fragile settings, including: adaptive programming and calculated risk-taking; adopting an integrated approach; engaging in critical but constructive dialogue; investing in the long term; and a strong focus on learning. The integrated approach that underpins its work in fragile contexts is gradually being strengthened in practice. Adaptive programming and modular approaches to programme design enable the Netherlands to scale up or down without withdrawing completely.

The Netherlands is seeking to advance the HDP Nexus approach at multilateral level, in particular through the UN New Way of Working (United Nations, n.d.<sup>[1]</sup>) in its migration and displacement programming. It aims to incentivise closer collaboration between organisations and agencies with humanitarian and development mandates for longer-term approaches.

The Netherlands provides predictable, flexible, and multi-year financing to its partners, allowing some flexibility across humanitarian, development and peace programming. Partners can draw on humanitarian allocations for resilience and early recovery programming to adapt to changing circumstances. The Netherlands also supports innovation by encouraging partners to explore and develop new approaches, for instance in security sector governance. Nevertheless, development financing cannot be repurposed as humanitarian, which limits flexibility. A recent IOB evaluation (IOB, 2023<sup>[2]</sup>) recommended “starting to work on future scenarios in order to position the Netherlands in debates on the urgent and forward-looking question of whether current ways of giving humanitarian aid will remain effective and appropriate in a vastly changing world”. This is especially relevant given the increasingly blurred boundaries between humanitarian and development needs in crisis settings.

***Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (2021)*** ***[[OECD/LEGAL/5021](#)]***

Civil society is a key implementing partner for the Netherlands with support to CSOs high compared to the DAC average. Civil society organisations are key partners across both development and humanitarian activities and the Netherlands stands out for its support to groups focused on keeping civic space open, such as human and environmental rights defenders. Eighty-three per cent of ODA to and through CSOs are allocated to women's institutions, have gender equality as a principal objective, or allocated to organisations that make gender equality a significant objective (compared to under 50% for the DAC average). Complementary sectors such as Rule of Law are a key focus for Dutch co-operation.

The Netherlands has pursued innovative approaches to support local CSOs. Their Dialogue and Dissent policy framework, for example, has supported CSOs in partner countries in building political capacity to lobby and advocate (OECD, 2022<sup>[3]</sup>). One recipient under this framework was Leading from the South, a feminist funding alliance that supports feminist and women's rights organisations. An evaluation of this programme found, among other positive outcomes, that it was successful in reaching women often overlooked by mainstream development and helped to fundamentally shift perceptions regarding the capacity of southern-led organisations to manage large grants.

Support to local civil society is channelled predominantly through consortium models. Recent innovations to make these models more responsive to local needs have included explicit reference in grant frameworks to ensuring that local actors have decision-making roles. Funding is flexibly managed where possible. The Netherlands also supports networks of civil society organisations and leverages opportunities to connect

local actors to international platforms, for example through capacity building to enable women's rights organisations to engage in a Conference of the Parties (CoP). Direct financing for local CSOs remains low and CSOs outside of the Netherlands rarely lead consortia due to eligibility requirements.

The Ministry of Foreign Affairs supports a number of CSO reflection exercises, sharing of good practice, and capacity building on accountability and transparency. The Netherlands' strong focus on combatting SEAH also extends to their engagement with CSO partners, raising the bar for all stakeholders. Further clarity on options for government engagement would further contribute to collaboration and co-ordination with CSO groups and all levels of partner country government to avoid duplication and build mutual respect, trust and accountability as set out in Pillar THREE of the Recommendation (OECD, 2021<sup>[4]</sup>).

## Recommendations adopted by the Council

### *OECD Recommendation on Policy Coherence for Sustainable Development (2019)* [\[OECD/LEGAL/0381\]](#)<sup>2</sup>

The Netherlands is one of comparatively few DAC members with strategies, mechanisms and tools to consider the transboundary effects of its policies on developing countries. These instruments lead to progressive adjustments of policies, for instance on tax (see Box 7).

A dedicated action plan adopted by the government identifies policy priorities for action, determines objectives, planned actions as well as progress indicators (Government of the Netherlands, 2022<sup>[5]</sup>). Actions are reflected in strategic and policy documents. A recent evaluation recommends strengthening the action plan, including through more detailed planning, indicators and monitoring (IOB, 2023<sup>[6]</sup>).

Co-ordination between line ministries on transboundary effects is generally on an *ad hoc* basis around specific issues. The MFA plans to increase consultation with key ministries, notably to improve regulatory impact assessments. Many multi-stakeholder platforms bring together government, business, trade unions and civil society in sectors of high relevance for responsible business conduct. The government intends to step up awareness of the Sustainable Development Goals and for this purpose the MFA collaborates for instance with the platform SDG Nederland. However, investments in this area remain limited and different efforts are not yet co-ordinated.

The government annually reports to Parliament on progress achieved against the action plan. Spillovers are extensively discussed in national SDG reporting (Government of the Netherlands, 2022<sup>[7]</sup>) and also part of statistical SDG monitoring (Statistics Netherlands, 2022<sup>[8]</sup>). Regulatory impact assessments (i.e. the "SDG test") need to reflect concerns for developing countries, for which there is detailed guidance. The government has committed to taking action to improve the quality and usefulness of assessments. Evaluations regularly consider policy coherence, with some explicitly focusing on coherence in certain policy areas (e.g. tax and trade as well as forthcoming for food, water and climate).

### Box B.1 Addressing policy coherence challenges: Tax

Long accused of being a tax haven, the Netherlands have placed taxation high on its policy coherence agenda since the adoption of the first policy coherence action plan in 2016 (Government of the Netherlands, 2016<sup>[9]</sup>). To implement this approach to policy coherence the Netherlands has established a whole-of-government approach to tax and development, with the Ministry of Finance taking the lead. In the initial phase, the Netherlands undertook a spillover analysis, adjusted tax treaties with developing countries, strongly engaged in international tax processes, provided development co-operation in support of domestic revenue mobilisation and phased out tax exemptions in development co-operation (OECD, 2022<sup>[10]</sup>). Subsequently, the Netherlands also reviewed domestic regulation, primarily to curb profit shifting via the Netherlands (Ministry of Finance, 2022<sup>[11]</sup>).

Source: Government of the Netherlands (2016<sup>[9]</sup>) Hulp, handel en investeringen; Brief regering; Actieplan en jaarrapportage Beleidscoherentie voor Ontwikkeling (Aid, trade and investment; Government letter; action plan and annual report on policy coherence for development), [https://www.tweedekamer.nl/kamerstukken/brieven\\_regering/detail?id=2016Z11906&did=2016D24521](https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2016Z11906&did=2016D24521); OECD (2022<sup>[10]</sup>), Tax Capacity Building: A Practical Guide to Developing and Advancing Tax Capacity Building Programmes, OECD Publishing, <https://doi.org/10.1787/c73f126f-en>; Ministry of Finance (2022<sup>[11]</sup>), Factsheet: Measures against tax avoidance and tax evasion, <https://www.government.nl/topics/tax-avoidance/documents/leaflets/2021/03/03/factsheet-measures-against-tax-avoidance-and-tax-evasion>

### ***OECD Recommendation for Development Co-operation Actors on Managing the Risk of Corruption (2016) [OECD/LEGAL/0431]***

A Code of Conduct for Integrity (with an annex on Bribery of foreign public officials) sets out rules for staff. The Ministry of Foreign Affairs has clarified management, board, and audit roles for corruption management, using a three-lines model: a dedicated Fraud and Corruption Unit in the Ministry steers internal anti-corruption efforts; internal and external confidential advisors, as well as local advisors in larger embassies provide advice to staff; and project management staff receive specific training on identifying and reporting corruption risks. Other staff are also regularly informed of and trained on corruption risks. Considering similar training for partners could be important. Further information on managing the risk of foreign bribery in the context of ODA is available in the phase 4 review of the OECD Working Group on Bribery (OECD, 2021<sup>[12]</sup>).

Contracts require partners to report incidents immediately and include sanctions clauses. Information on incidences (short background, financial amounts subject to investigation and recovered) is published online and in the MFA's annual report to Parliament.

Country strategies consider corruption albeit mostly from a fiduciary risk perspective. A dedicated analysis of broader corruption risks and how development co-operation could help address those is not required but could support the Netherlands to better identify and mitigate non-fiduciary corruption risks. The Netherlands regularly exchanges with other donors and partners on anti-corruption efforts and promotes joint international action.

### ***OECD Recommendation on Environmental Assessment of Development Assistance Projects and Programmes (2020) [OECD/LEGAL/0458]***

All infrastructure projects are subject to the preparation and presentation of an elaborate Environmental and Social Impact Assessment (ESIA). In the case of a negative outcome, and where no mitigating measures can be taken, the project will not be approved. The Netherlands Commission for Environmental Assessment<sup>3</sup> provides independent advice on complex projects financed by the Netherlands in developing



countries. It also helps strengthen the capacity of authorities in partner countries to lead assessment processes.

The Dutch Entrepreneurial Development Bank, FMO, has a team of environmental and social officers that screen all investments. It also has an independent complaints mechanism.

### **OECD DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change (2021)** [\[OECD/LEGAL/0466\]](#) (hereafter “the DAC Declaration”)

The Netherlands issued its first Global Climate Strategy in 2022 (Government of the Netherlands, 2022<sup>[13]</sup>). The strategy outlines the Netherlands’ ambition to step up climate action in international diplomacy, trade and financing, with an “ambition to play a pioneering role in achieving Paris goals and the SDGs”. It reaffirms the commitment to bring all funding flows in line with the Paris agreement.

The new trade and development policy “Do what we do best” commits to increasing climate finance (EUR 1.8 billion, equally shared across public and private finance) (Ministry of Foreign Affairs, 2022<sup>[14]</sup>). The Netherlands estimates that this corresponds to its fair share. The Netherlands also commits to achieving a share of 50% of adaptation finance. Under its new climate strategy, the Dutch Entrepreneurial Development Bank, FMO’s new climate action plan sets out a long-term goal to reach a net-zero portfolio by 2050 and portfolio targets of EUR 10 billion in climate action, including EUR 1 billion in carbon removal (FMO, 2022<sup>[15]</sup>).

Climate finance was evaluated in 2021 (IOB, 2021<sup>[16]</sup>). Public climate finance stems mostly from ODA budget lines on climate, agriculture and water, for which a Climate finance dashboard provides an overview (Ministry of Foreign Affairs, n.d.<sup>[17]</sup>). The Netherlands engages actively with multilateral organisations on climate finance, strongly advocating for adaptation finance and supporting efforts to mobilise private climate finance.

Private resources are also raised through FMO-managed instruments. These include a dedicated Dutch Fund for Climate and Development (DFCD), the facility Climate Investor One and Access to Energy Fund. Through Climate Investor One and the origination facility of the Dutch Fund for Climate and Development, the Netherlands supports potentially bankable projects in their early stage. The DFCD relies on a collaboration with two non-governmental organisations focused on the environment (WWF) and poverty reduction (SNV).

ODA grants are not used to finance fossil fuels. In 2021, FMO ended upstream and mid-stream investments and will progressively phase out downstream investments in fossil fuels (FMO, n.d.<sup>[18]</sup>). Regarding export support, the government enacted the phase out of support for all fossil energy production by 2023, allowing for a one-year transition period and exceptions that can cater to specific developing country needs. It also sets positive incentives for green exports.

The Netherlands supports developing countries’ access to climate finance through the NDC (Nationally Determined Contributions) partnership, which it chaired in 2020. It is also active on a just transition, enabling developing countries to benefit from opportunities of sustainable value chains, while also promoting responsible business conduct in raw material value chains.

The Netherlands has invested in mainstreaming climate action in development programming, using quality assurance processes, guidance and coaching.

The link between climate and biodiversity is clearly reflected in policies, which recognise the need to protect biodiversity to address climate change, and to adopt nature-based solutions. The Netherlands has specific funding commitments for biodiversity and forests. It also participated in the recent joint donor statement on international finance for biodiversity and nature.

Sustainable water management is a priority for the Netherlands. As co-host of the 2023 UN Water Conference, it focuses on the link between water and climate. In bilateral co-operation, the Netherlands also targets management of river basins and deltas. The Netherlands does not have significant co-operation with Small Island Developing States or on Oceans. The Netherlands engages actively on Oceans at the international level.

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## Notes

<sup>1</sup> See [DCD/DAC\(2022\)59](#)

<sup>2</sup> See <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>.

<sup>3</sup> See <https://www.eia.nl/en>.

# Annex C. Organisations consulted during the peer review

## Dutch public institutions

1. Association of Netherlands Municipalities (VNG)
2. Dutch embassies in Uganda as well as in Bangladesh, Egypt, Ethiopia, Mali, Rwanda, South Africa, Yemen.
3. Environmental Assessment Agency (PBL)
4. Invest International
5. Ministry of Agriculture, Nature and Food Quality
6. Ministry of Economic Affairs and Climate
7. Ministry of Finance
8. Ministry of Foreign Affairs
9. Ministry of Health, Welfare and Sport
10. Ministry of Justice and Security
11. Netherlands Court of Audit
12. Netherlands Enterprise Agency (RVO)
13. Netherlands Institute for Multiparty Democracy
14. House of Representatives of The Netherlands
15. Policy and Operations Evaluation Department, Ministry of Foreign Affairs (IOB)
16. Social and Economic Council

## Multilateral and international organisations

17. African Development Bank
18. European Commission, Directorate General for International Partnerships
19. Food and Agriculture Organization of the United Nations (FAO)
20. Geneva Centre for Security Sector Governance (DCAF)
21. International Committee of the Red Cross (ICRC)
22. International Monetary Fund (IMF)
23. International Organization for Migration (IOM)
24. Multilateral Organisation Performance Assessment Network (MOPAN)
25. Office of the United Nations High Commissioner for Refugees (UNHCR)
26. UN Habitat
27. United Nations Children Fund (UNICEF)

28. United Nations Development Programme
29. United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA)
30. United Nations Population Fund (UNFPA)
31. World Bank
32. World Food Programme (WFP)

### **Authorities and bilateral partners consulted in Uganda and abroad**

33. Deutsche Gesellschaft für Internationale Zusammenarbeit GIZ
34. Embassy of Denmark to Uganda
35. Embassy of Ireland to Uganda
36. Embassy of Sweden to Uganda
37. Delegation of the European Union to Uganda
38. Embassy of the United States to Uganda
39. Government of Uganda, Ministry of Finance
40. Government of Uganda, Ministry of Justice and Constitutional Affairs
41. Government of Uganda, Ministry of Lands, Housing and Urban Development
42. Government of Uganda, Ministry of Local Government
43. Government of Uganda, Office of the Attorney General
44. Government of Uganda, Office of the Prime Minister, Ministry of State for Relief, Disaster Preparedness and Refugees
45. Government of Uganda, Office of the Prime Minister, Secretariat of the Comprehensive Refugee Response Framework

### **Civil society, academic and private sector institutions consulted**

46. Action Aid
47. Advisory Council on International Affairs
48. Aidsfonds
49. Alliance for Empowering Partnership
50. Both Ends
51. Clingendael Institute
52. Confederation of Netherlands Industry and Employers (VNO-NCW)
53. Cordaid
54. Dutch Entrepreneurial Development Bank (FMO)
55. European Centre for Development Policy Management (ECDPM)
56. Fair Wear Foundation
57. Global Compact NL
58. HERE
59. Hivos
60. IDH – The Sustainable Trade Initiative
61. International Crisis Group

62. International Planned Parenthood Federation (IPPF)
63. International Rescue Committee (IRC)
64. Just Associates
65. Land Resources Center
66. Mama Cash
67. MVO Nederland
68. Mwatana
69. National Confederation of Christian Trade Unions (CNV)
70. Netherlands Trade Union Confederation (FNV)
71. Oxfam-Novib
72. Pan-African Justice Climate Alliance
73. Partos
74. Responsible Business Conduct Platform
75. Restless Development
76. SNV
77. Solidaridad
78. The Hague Institute for Innovation of Law (HIIL)
79. Upinion
80. Wageningen University & Research (WUR)
81. Wilde Ganzen
82. WO=MEN
83. Woord en Daad
84. Youth Advisory Committee

### **Civil society, academic and private sector institutions consulted in Uganda**

85. Afiego
86. African Centre for Treatment and Rehabilitation of Torture Victims
87. Akina Mama wa Afrika
88. Aruwe
89. Chapter Four
90. Defend Defenders
91. Democratic Governance Facility
92. Ecological Trends Alliance
93. Environmental Defenders
94. Friends of Environment for Development
95. Friends of Zoka
96. Healthy Entrepreneurs
97. Makerere University
98. Netherlands Institute for Multi-party Democracy
99. Netherlands-Uganda trade and investment platform

100. Pearl Capital Partners
101. Refugee Law Project
102. Right2Grow
103. SNV
104. The Hunger Project Uganda
105. Tunga
106. Uganda Management Institute
107. International Fertiliser Development Centre



# OECD Development Co-operation Peer Reviews

## NETHERLANDS

The OECD's Development Assistance Committee (DAC) conducts peer reviews of individual members once every five to six years. Reviews seek to improve the quality and effectiveness of members' development co-operation, highlighting good practices and recommending improvements. The Netherlands continues to focus on its strengths and drives internal reforms to achieve sustainable impact. It stays engaged in fragile contexts, providing long-term and flexible financing. It is highly valued as a champion for gender equality, provides strong support to local civil society and takes action to tackle spillovers from its economic footprint. This peer review provides recommendations to enhance the Netherlands' engagement in partner countries by putting its ambition for locally led development into practice, ensuring its thematic approach is adapted to context, and clarifying its risk appetite. Reversing the trend of decreasing budgets was a significant achievement, but effects of in-donor refugee costs on the broader Dutch development programme need to be managed.

