

COHESION IN INTERNATIONAL COOPERATION

RESPONSE TO THE WRR (ADVISORY COUNCIL ON GOVERNMENT POLICY)

REPORT 'LESS PRETENSION, MORE AMBITION'

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Foreword

This advisory report is a response to the report by the Advisory Council on Government Policy (WRR) entitled *Less Pretension, More Ambition – Development aid that makes a difference* published in January 2010, which deals with the future of development cooperation. The Advisory Council on International Affairs (AIV) considered a response to this report to be appropriate, in view of the current debate on development cooperation. Rather than give a comprehensive critique of the WRR report, the AIV has selected a number of its main themes. This advisory report was prepared by the following members of the Development Cooperation Committee: Professor R. van der Hoeven (Chair), Dr B.S.M. Berendsen, Ms S. Borren, Dr L. Schulpen and Mr A. van der Velden. Contributions were provided by Professor W.J.M. van Genugten (Human Rights Committee), Professor J.J.C. Voorhoeve and Lt. Gen. M.L.M. Urlings (retd) (Peace and Security Committee) and the other members of the Development Cooperation Committee. The executive secretary was Ms D.E. van Norren (executive secretary of the Development Cooperation Committee), assisted by Ms S.R. Airoidi (trainee).

The AIV appreciates the WRR's general analysis of international developments in the past forty years, and endorses its broad approach to the problems in question, in particular its attention to global public goods. We regard the report as a welcome basis for further dialogue on Dutch development policy. We also appreciate the WRR's description of the processes leading to development, and the fact that it puts into perspective the role development cooperation plays in them. Lack of pretension is essential in formulating the development cooperation objectives. With this advisory report, the AIV wishes to complement the WRR's analysis and outline options for future development policy.

In the AIV's view, the WRR's main conclusions are as follows. Development aid must be more specific (tailored), more professional (focusing more on knowledge development), more development-oriented (reaching beyond poverty reduction), broader and more coherent (focusing on international public goods and global governance), with a role for enterprises and members of the public. This will have the following implications for the Netherlands, according to the WRR: a sharper focus on sustainable economic activity in developing countries; knowledge development in the Netherlands and the rest of Europe; grants for southern rather than northern NGOs; the establishment of a professional NLAID organisation outside the Ministry; concentration on not more than ten selected countries, mainly in Africa; abandonment of the 0.7% norm; and the appointment of a minister to take charge of both NLAID and the Dutch globalisation agenda.

In this advisory report, the AIV will first deal with the WRR's analysis of a number of major themes. These are: the motives for development cooperation, growth and equity, poverty reduction, gender, global public goods, coherence and multilateral governance, the 0.7% norm, good governance, fragile states and emergency aid. It will then examine the role of other actors: global civil society movements and the business community. The advisory report also looks at the related policy areas of migration and demographics. The final chapter on the implementation of development policy looks at the ethics of intervention, measuring methods, concentration and selection, country specificity and NLAID.

Before examining the themes listed above, the AIV wishes to make the following seven general comments about the WRR report.

1. The AIV is in favour of a broad interpretation of the notion of development that not only encompasses economic progress but also does justice to the human rights approach, the political theory on human development (see section I.1. for a definition) and the social dimension. We endorse the WRR's broad approach, but wonder whether its conclusions do not implicitly fall back on economic growth as the definition of development (sections I.1 to I.3).
2. The AIV calls for attention to the perspective of countries in the South, which is so important for ownership. For this reason, we favour continuing to use the term 'international cooperation' rather than 'aid' (section I.6).
3. The AIV's analysis of the problems relating to the 0.7% norm differs from the WRR's. The solution is not abandonment of the norm, but multiyear expenditure and multiyear planning (sections I.5 and I.6).
4. The AIV believes that lack of good governance in development cooperation does not imply that there is no need to develop the rule of law and democracy in the sense of a participatory political system to which equality before the law is central. In view of the new security paradigm (see below under fragile states), the Netherlands must remain actively involved in fragile states (sections I.7 and I.8).
5. The AIV is wary of an overly Dutch, state-centred approach to international cooperation. Other actors are essential to development policy: the multilateral institutions, the business community and civil society organisations. The WRR report is right however to recommend a broader approach and criticise the fragmentation of international cooperation (sections II.1 and II.2).
6. The AIV has formulated additional recommendations on (a) gender (b) emergency aid and (c) migration and demographics. There is a need to chart not only the increasing poverty among women but also their potential role in achieving sustainable solutions (sections I.4, I.9 and III.1 and III.2).
7. Finally, the AIV is of the opinion that on the basis of the WRR's sound analysis and recommendations, other options may be considered. For example, besides the proposal to transfer development activities to an NLAID organisation, there are other ways to implement policy that are less technocratic yet preserve the achievements of the foreign policy review, such as the integration of diplomacy and development cooperation (sections IV.1 to IV.3).

The AIV adopted this advisory report on 7 May 2010.

I Major themes in development cooperation

I.1 Motives, political theories and human rights

The AIV endorses the notion that development cooperation is partly an instrument with which global interdependence can be managed; the WRR has described very clearly the motives for engaging in it. Apart from the requirement set out in the Dutch Constitution to promote the international legal order,¹ the report also refers to the moral motive – from care for our fellow human beings to the desire for a better world – and enlightened self-interest. This entails promoting a stable world order and economic growth in other parts of the world, partly in the interests of our own economy. Mutual dependence in relation to global themes – such as climate, biodiversity, food, water and scarcity of energy and raw materials – is another basis for shared interests. It also requires better governance of the financial systems.

The AIV believes that the observation made by the WRR in its introduction that certain political philosophies are not very practical has consequences for the report's conclusions, which have not been made explicit. Political philosophies are based a priori on conviction and the vision of society arising from that.² We refer here to the thinking of, for example, Nobel Prize winner Amartya Sen, who defines development as the creation of a greater measure of freedom (i.e. social, political and economic). This school of thought has gained in significance through the increased awareness that macroeconomic growth does not always resolve the basic problems confronting large groups of people, such as food supply, poverty and lack of rights. Notions such as basic needs and meeting them through the Millennium Development Goals are partly based on this thinking.³ The MDGs are supported by individual socioeconomic rights.⁴ The MDG and basic needs approach has its origins in discussions of the objectives and instruments of development economics.⁵

The AIV believes that the basic needs and human rights approaches are essential additions to thinking on development cooperation. The WRR qualifies the human rights approach as leaning heavily on the international legal order, and maintains that

1 Article 90 of the Constitution.

2 In its introduction, the WRR describes political philosophies that support approaches to development cooperation which are not solely economic, but adds that their political significance is limited (p. 41).

3 And the establishment of the Human Development Index by the United Nations Development Programme (UNDP). See also: M. ul Haq, 'The Human Development Paradigm' in S. Fukuda-Parr and A.V.K. Shiva-Kumar, *Readings in Human Development*, Oxford University Press, Oxford, 2003 and K. Griffin and J. Knight, *Human Development and the International Development Strategy of the 1990s*, Macmillan, London, 1990.

4 See: AIV advisory report no. 30, 'A Human Rights-based Approach to Development Cooperation', The Hague, April 2003; and Seminar on human rights and the millennium development goals, Ministry of Foreign Affairs, May 2009.

5 R. Jolly, 'Employment, Basic Needs and Human Development: Elements for a New International Paradigm in Response to Crisis', in *Journal of Human Development and Capabilities* 11.1 (2010), pp. 11-36.

in practice its significance is too small for it to be a decisive factor in determining either the extent or nature of development aid (p. 41). This is in principle correct, but the human rights approach also has major advantages. First, it promotes the active participation of aid recipients, since they are the rights holders. Second, it promotes accountability on the part of government authorities, since they have legal obligations in relation to their actions or lack of them. Third, it contributes to accountability on the part of donors, who are obliged to create a favourable climate for development.⁶ This right to development now enjoys political recognition, but is not legally enshrined in an international agreement.⁷ Further commitment by the Netherlands to the definition and enshrinement of the right to development on the basis of the Universal Declaration of Human Rights and the two UN human rights covenants concluded in 1966 is important to the citizens of developing countries – even if this right is in fact guaranteed by the various human rights agreements.⁸ However, there is no coherent or integrated approach. For this reason developing countries attach great importance to it and have been instrumental in making promoting the right to development an integral part of the mandates of the UN High Commissioner for Human Rights and the UN Human Rights Council.⁹ Finally, a human rights approach gives an extra dimension to the perspective of equity: it assumes a minimum level. This applies in particular to many economic and social rights.¹⁰

1.2 Development, growth and equity

The AIV endorses the WRR's conclusion that there is no single recipe for development, but that it proceeds by means of unexpected combinations of order and chaos (p. 94); there is no credible Great Development Theory (p. 63). The WRR gives an engaging summary of the various theories of what determines development: colonial history, natural conditions, the quality of political ideologies, the work ethic, literacy rates, agriculture (green revolution), raw materials, the market, the state and the nature of a possible democracy, and migration. Culture, religion, endemic diseases that undermine productivity (malaria, onchocerciasis and AIDS) could also be added to the list. The WRR rightly points out that agriculture (and the related market) and the forming of an effective state, prior to industrialisation, are crucial for development. Both the state and the market play a role, according to the WRR (p. 70).

The AIV endorses the significance that the WRR attaches to national development processes, taking account of binding constraints on growth. The report concludes that countries will have to follow processes of a largely individual nature (p. 67), given the differences in their initial situations. In its report, however, the WRR depoliticises the

6 Speech by Navanethem Pillay, UN High Commissioner for Human Rights, The Hague, 25 May 2009.

7 See also the discussion in the High-Level Task Force on the Implementation of the Right to Development, Office of the United Nations High Commissioner for Human Rights.

8 This right can be seen as a combination of economic, social, cultural, civil and political rights, and builds on the rights set out in the Universal Declaration of Human Rights (in particular, articles 21 to 28).

9 According to the WRR, thinking in terms of rights is not always the best possible basis for development aid (p. 39).

10 The WRR concludes that a rights-based approach takes no account of the perspective of equity (p. 40). See also: 'A Human Rights-based Approach to Development Cooperation', op. cit.

debate by focusing on country-specific analyses of constraints on growth (and on building relevant expertise). On this, it follows the argument put forward by World Bank researcher Martin Ravallion that poorer countries, unlike wealthier countries, cannot afford fiscal redistribution (p. 174).¹¹ However, the AIV believes that attention is needed for inequity, for both economic and social reasons. As the WRR itself points out, research has shown that reducing income inequality can contribute to economic growth.¹²

Redistribution between and within countries can reduce poverty and encourage growth,¹³ particularly if a sufficiently large majority emerges within society for the socioeconomic policy lines to be pursued.¹⁴ The AIV has pointed out before that when poverty is reduced as a result of growth, two components are involved – a growth component and an equity component. If income distribution is more equitable, these components can strengthen each other, but if it is not, they can stand in each other's way. In the first case, growth is pro-poor.¹⁵

Finally, the WRR rightly remarks that the circumstances in which integration into the world market has to take place are different now than they were in the past for developed countries; the WTO has seriously limited developing countries' scope to pursue their own industrialisation policies. According to the WRR, the rich countries have pushed away the ladder they themselves were able to climb (p. 93). The AIV would like to see the debate on the reduction of poorer countries' policy space in particular taken on board in proposals for greater national and international coherence.

11 M. Ravallion, 'Do poorer countries have less capacity for redistribution?', policy research working paper 5046, World Bank, Washington DC, 2009.

12 F. Stewart, 'Income distribution and development' in J. Toye (ed.), *Trade and Development: Directions for the 21st century*, Edwin Elgar, Cheltenham, 2003 and H. Dagdeviren et al., 'Redistribution does matter: Growth and redistribution for poverty reduction', in A. Shorrocks and R. van der Hoeven (eds.), *Growth, Inequality and Poverty: Prospects for Pro Poor Economic Development*, Oxford University Press, Oxford, 2005.

13 One idea is that, in the long term, development cooperation should mutate into a system of international resource transfer, by analogy with the change from poverty relief through private charity in the 19th century to the welfare state system (Jan Tinbergen, Dutch Nobel Prize winner); see UNDP Human Development Report 1994, p. 84.

14 A useful Dutch contribution could be to explore scope for setting up consultation bodies modelled on the Social and Economic Council (SER). According to the A.T. Kearney/Foreign Policy Magazine Globalization Index, consultations between social partners, as enabled by the SER, have contributed to the Netherlands' ranking in the top five most globalising countries, while at the same time combining a welfare state with lower unemployment rates than most other European countries.

15 See AIV advisory report no. 50, 'Private Sector Development and Poverty Reduction', The Hague, October 2006, p. 10.

I.3 Poverty reduction

The AIV is of the view that policy geared to providing incentives for the middle class and giving lower priority to the very poorest is practically and ethically untenable.¹⁶ We recognise that building a middle class is essential, but that does not necessarily imply that generations of the poorest should be more or less pushed aside, with no prospects. They too are entitled to access to food, water, education, health care and jobs. The AIV supports the WRR's reassessment in favour of the productive sectors, but would point out that education and health care are essential for them too, since they need healthy, well-educated young people. This is certainly important in countries with a large numbers of young people, as in Africa.¹⁷ Disregarding the underclass could also lead to major conflicts and, as the WRR itself points out, a trickle-down effect seldom occurs.

This means that the AIV believes that the international consensus on the MDGs is politically and substantially essential, provided they are achieved in accordance with the Millennium Declaration of 2000 and the agreements reached during the Fourth UN World Conference on Women in Beijing in 1995.¹⁸ The Millennium and Beijing Declarations flesh out the MDGs, and put them into a political context. This means that eradicating poverty, promoting women's rights and being able to measure progress are crucial, albeit that MDGs 7 and 8 (the environment and responsibilities of wealthy countries) as yet entail the fewest actual commitments for donor countries.

The AIV is in favour of greater socially and ecologically sustainable investment in the local economy, including climate adaptation.¹⁹ Education in particular will need to match actual needs within countries and regions themselves. In rural areas, for example, this would mean that knowledge of farming and livestock breeding would be integrated into primary education, together with more recent developments such as the use of ICT. The AIV agrees with the WRR that improvements to teacher training are essential: through,

16 The AIV therefore questions the WRR's statement that poverty reduction should not function as a mantra, and that the poor do not necessarily need to benefit directly and immediately from the aid provided, since the formation of a middle class is essential for development (p. 279).

17 See AIV advisory report no. 66, 'Demographic Changes and Development Cooperation', The Hague, July 2009.

18 In the Beijing Platform for Action, twelve areas of concern were identified in which there are impediments to equality between men and women, on which specific action needed to be taken. They were: women and poverty; education and training of women; women and health; violence against women; women and armed conflict; women and the economy; women in power and decision-making; institutional mechanisms for the advancement of women; human rights of women; women and the media; women and the environment; and the girl-child.

19 See 'Report of the Commission of Experts of the President of the United Nations General Assembly on reforms of the International Monetary and Financial System', UN New York, 21 September 2009.

for example, the development of context-relevant competence profiles and the life skills curriculum.²⁰

1.4 Gender

Women and girls are the victims of at least 70% of the hunger and absolute poverty in the world.²¹ For the AIV, therefore, the lack of any form of gender analysis in the report is a shortcoming. The report gives no description of women's position in relation to world poverty, or, more importantly, of the important role women play or could play in local development, agriculture, microfinance, social cohesion, education and health care. Many studies show that educating girls (p. 204) contributes to economic and democratic progress, because it leads to better health, fewer children and more economic and political participation.²²

The AIV recommends that sound gender analysis should always be one of the factors underpinning solutions in the field of development and other global issues. This means that the effects of policy on the wider coherence issue should always be assessed to establish whether they will improve women's lives. To achieve this, an active policy must be pursued aimed at preventing domestic, communal and wartime violence against women. It also implies that women will have to take an equal part in decision-making at all levels – including in fragile states and peace missions (Security Council Resolution 1325).

1.5 Global public goods, coherence and multilateral governance

The AIV endorses the broad thrust of the WRR's recommendations on global public goods.²³ We regard the multilateral institutions as the most suitable option for the

20 The life skills curriculum teaches the knowledge and life skills that are appropriate in primary, secondary and tertiary education and teacher training: physical and mental health, environmental awareness, gender and sex education, neonatal care, religious and philosophical movements, conflict management and peace education, ICT and, depending on the situation, local food security and solutions to problems with water and energy supply.

21 According to the latest figures from the World Bank, the number of people living on less than USD 1.25 a day has now risen to over 1.5 billion, while 1.02 billion people suffer from hunger. Estimates show that the proportion of women suffering from poverty and hunger is growing due to the combined effects of the food and economic crises, climate change, fewer remittances and problems relating to violence against women. World Development Report, World Bank 2010.

22 The WRR says that the empowerment of women is only useful if much is already happening in this area, and that public support and quality should form the framework within which to assess possible interventions (p. 270).

23 There are various definitions of global public goods. Global public goods have two characteristics, non-exclusivity and non-rivalry: you cannot exclude anyone from them and their use may not be to another's disadvantage. The main problems are difficulty setting a price, free riders and the prisoner's dilemma (no one takes action). See, for example, the report of the International Task Force on Global Public Goods, *Meeting Global Challenges: International Cooperation in the National Interest*, Stockholm, 2006; and R.C.P. Went, 'Internationale publieke goederen: karakteristieken en typologie', WWR, January 2010.

management of global public goods and the prevention of public bads.²⁴ It is, however, essential that the governance of these institutions should be internationally balanced, as, for example, proposed for the World Bank Group in Ernesto Zedillo's report 'Repowering the World Bank for the 21st Century', which was published in October 2009. The Netherlands must strive to ensure that the five main recommendations put forward in this report are discussed seriously and lead to tangible measures, if possible in the short term.²⁵ A similar governance review is called for in relation to other multilateral organisations, such as the IMF. Joseph Stiglitz's proposal for a Global Economic Coordination Council (pp. 164 and 242) deserves serious study. However, new structures must not be created until existing ones have been reformed.²⁶

Like the WRR, the AIV stresses the importance of policy coherence: do not take with the one hand what you have given with the other.²⁷ Because it lacks coherence with other policy areas – migration, remittances, trade liberalisation, financial stability, the international fiscal system, food, climate and raw materials – development cooperation loses much of its effectiveness. Multilateral institutions have an important role to play at global level in ensuring coherence. The AIV therefore strongly supports the WRR's recommendations on giving additional responsibilities – for coherence, and for drafting and putting into practice the globalisation agenda – to the Minister for Development Cooperation.²⁸ It is therefore crucial to maintain the post of *Minister* for Development

24 For example, Africa's GNP was 7-8% lower in 2007 and 2008 due to illegal money flows such as tax havens and the wrong prices being charged for goods and services (Global Financial Integrity GFI, 2010). This seems to be a much bigger problem than corruption in African states. See: D. Kar and D. Cartwright-Smith, 'Illicit Financial Flows from Africa: Hidden Resource for Development', Global Financial Integrity, March 2010. 'Global Public Goods and Global Public Bads can have two sources. They can be product of positive or negative cross-border spillovers of country level action, or they can be generated by global systemic effects and the externalities can be indirect – travelling directly from one country to country or person to person' uit I. Kaul et al., 'Global Public Goods, International Cooperation in the 21st Century', Oxford University Press, Oxford, 1999.

25 In particular, attention should be paid to the recommended reduction of the World Bank Executive Board making it non-resident and raising it to ministerial level, with responsibilities mainly focusing on strategy definition, policy and oversight of the President. The report also recommends more equitable allocation of voting power in favour of developing countries and countries in transition, bringing overrepresentation of the industrialised countries, particularly those in Europe, to an end. It is strategically important for the Netherlands that the recommendations give legitimacy to political guidance of the World Bank Group – a legitimacy that is lacking while the G20 runs the show.

26 On p. 287, the WRR says that the UN produces useful ideas, but is weak in terms of both organisation and implementation, so that new forms and structures will have to be created. It is a key task for the Netherlands to actively promote this process.

27 In contrast with global public goods, which relate to collective interests, coherence has to do with reconciling conflicting interests.

28 This was suggested in the Social and Economic Council's report, 'On sustainable globalisation: A world to be won', no. 6, 20 June 2008 and the government's response to it, which was published on 6 January 2009.

Cooperation, thus with a seat in the cabinet and with coherence in his/her portfolio.²⁹ This Minister should be entitled to ensure that the policy of other ministries is in line with the Netherlands' development goals. In the past few years, the EU has devoted considerable attention to this issue, partly at the initiative of the Netherlands. The AIV discussed this matter at more length in its advisory report entitled 'The Netherlands and European Development Policy'.³⁰

The AIV would also recommend making an estimate of the negative effects of Dutch actions on development cooperation.³¹ Removing these effects through more coherence would be a quantifiable contribution to the development effort, which could be taken on board in the annual report on the results of Dutch policy on developing countries.

Finally, in view of the global public goods approach, the AIV would advocate continued use of the term 'international cooperation' rather than 'aid', because the latter term does not express the notion of ownership, i.e. that countries are themselves responsible for their own development. Unequal power relationships will always exist, including between developed countries. The term 'aid' confirms this inequality, in the minds not only of the recipients, but also, and in particular, of northern officials, making them less open to southern viewpoints.

1.6 The 0.7% norm

The AIV is in favour of maintaining the 0.7% norm.³² It is sound budgetary policy to specify how much money will be available for the years to come. The main objection to this norm is that it supposedly leads to disbursement pressure. However, disbursement pressure is caused not by volume but by budgetary deadlines. The AIV would therefore recommend drawing up a multiyear budget linked to multiyear strategic country plans. Unilateral abandonment of the norm on the part of the Netherlands, by contrast, would be regarded as a negative political signal, conflicting with the commitment entered into by the EU and G8 countries. The norm is based on calculations made by the economist

29 For the record, the AIV would point out that the role played in this field by the Dutch Minister for Development Cooperation has long been recognised. In fact, it was first discussed in the 1979 policy document 'Development Cooperation and the World Economy'.

30 See AIV advisory report no. 60, 'The Netherlands and European Development Policy', The Hague, May 2008.

31 According to the WRR, Mozambique loses almost as much as a result of EU sugar policies as it receives in European development aid. This implies that development stands to benefit more from outside the world of classic development aid than from within. Currently, there are imbalances in the world trade system, in the system of fiscal regulations, in the way in which capital flows are regulated, in climate agreements and in restrictions on the free movement of persons, which have a far greater effect on development than direct aid. Development cooperation should therefore not only be more specific, but also broader (p. 189). A recent article in the daily newspaper *Trouw* (26 April 2010) reported that the illegal flow of money from developing countries, as a result of, for example, tax evasion by European companies, is seven times greater than flows from European development funds.

32 See 'Private Sector Development and Poverty Reduction', op.cit. The Dutch norm is in fact 0.8%; this also includes expenditure on international environmental measures.

Jan Tinbergen in the 1960s, as the required capital transfer to developing countries.³³ Doubts sometimes arise as to whether the method used to reach this figure still reflects the needs of the third world. However, two reports published in the past few years³⁴ reach the conclusion that an amount equal to 0.7% of the GDP of developed countries is approximately what is now needed to achieve the MDGs.³⁵ Current worldwide spending on development aid is less than half that amount. If all the recommendations contained in the WRR report are adopted, including those on global public goods, a recalculation of the norm will probably yield a higher figure.

1.7 Good governance

The AIV agrees with the WRR that good governance is not necessarily an absolute prerequisite for aid, but underscores that a participatory process is important for development. We believe that gaining experience of elections is also a part of the growth process and that, despite the lack of good governance noted by the WRR,³⁶ there is a need for the further development of the rule of law and democracy in the sense of a participatory political system to which equality before the law is central.

The WRR calls for a good-enough governance approach.³⁷ Though the line taken by the WRR is mainly a response to what we could call the first generation of thinkers about good governance, the approach it proposes is evidence of a sense of reality. The AIV can accept this provided it is made quite clear that there are certain basic values that every government must uphold.

33 Box by Jan Tinbergen in the 1994 Human Development Report, New York, p. 88.

34 See: E. Zedillo et al., Report of the High-Level Panel on Financing for Development, 2002 and Report to the Secretary-General, 'Investing in development. A practical plan to achieve the Millennium Development Goals', UN Millennium Project, 2005.

35 To put this into perspective: in OECD countries, the fiscal stimulus to mitigate the impact of the crisis amounts to an average of between 4% and 5% of national income; financial support for the banks amounted to an average of 35% of national income. In the Netherlands it amounted to 46.5%, but since this also includes loans, some will be repaid to the government. Nonetheless, as Peter van Bergeijk pointed out on the basis of this figure, Dutch support to the banks in 2009 amounted to more than the total spent on development cooperation since the Second World War. See Peter van Bergeijk, EST (*Economisch Statistische Berichten*), 16 October 2009 (in Dutch).

36 According to the WRR, in most developing countries parliament does not monitor government; composed of loyal members or a bench of substitutes waiting for their turn to play, parliament's main function is usually to give the government its rubber stamp of approval (p. 144). Audit bodies are often powerless, political parties tend to centre on personalities rather than ideas, and the parties in power seldom know how to deal with a loyal opposition (p. 144).

37 According to the WRR this implies not only much less ambition as to the aims that may be set, but also that the legitimacy and responsiveness of a state may take on different forms. Democracy is not regarded as sacred, and the reality of less than perfect participation and representation of citizens is acknowledged. The aim of the good-enough governance approach is to develop an effective but limited government. Where adherents to the good governance theory believe in linear progress, the principle of good-enough governance stresses the fact that development never proceeds evenly, that there are negative effects and that change is brought about through political alliances, not contracts (p. 144).

The WRR points out quite rightly that social cohesion, i.e. the existence of relationships that transcend individual groups, is a decisive factor for an effective society. The polity must also be rooted in a country's historical, social and institutional fabric. The AIV agrees with this, although it would warn against adopting this principle too generally. It has proved successful in Botswana, but the caste system in India is a telling example of how the social fabric can form an obstacle to equal opportunities for certain groups. In this sense too, the tailored analysis advocated by the WRR is essential.

1.8 Fragile states

The AIV is of the opinion that in recent years Dutch development policy has rightly shifted some of its focus from countries with good governance to fragile states.³⁸ The WRR again highlights the fact that if good governance is a condition for development cooperation, a significant group of fragile states will be excluded from it; yet it is precisely in these states that the need to strengthen civil society, the business sector and the quality of governance is the greatest.

Fragile states may also threaten international security through terrorism, armed conflict, cross-border crime, piracy and disruption of access to energy and raw materials. They give rise to refugee flows, placing a burden on other states, particularly in the region.³⁹ The AIV therefore rejects the WRR's recommendation that the Netherlands can limit its involvement in countries where governments do not function properly; this is at odds with the new security paradigm described above.⁴⁰ The majority of fragile states are in sub-Saharan Africa, and their problems can easily spread to neighbouring states, causing regional instability.

In the 3D approach (Defence, Development and Diplomacy), the diplomacy component tends to lag behind.⁴¹ It is therefore important to stress the political nature of international cooperation, which militates against any distinction between aid in the technocratic sense of the word and political cooperation. The AIV calls above all for a focus on coordination in fragile states between the various actors, in particular between soldiers and non-governmental organisations (NGOs), and among all ministries in the Netherlands involved in peace operations (i.e. the *whole of government* approach). The active involvement of women in peace processes should be an essential element of Dutch policy.

38 See AIV advisory report no. 64, 'Crisis Management Operations in Fragile States: the Need for a Coherent Approach', The Hague, March 2009 and Prof J.J.C. Voorhoeve, *From War to the Rule of Law: Peacebuilding after Violent Conflicts*, Amsterdam University Press, Amsterdam, 2007.

39 See AIV advisory report no. 67, 'NATO's New Strategic Concept', The Hague, January 2010.

40 According to the WRR, there are a few countries in Africa where government in practice does not function at all, and the Netherlands can therefore only play a modest role there (p. 193).

41 For definitions of the various terms, including 'comprehensive approach' and 'whole of government approach', see 'Crisis Management Operations in Fragile States'.

I.9 Emergency aid

Emergency aid accounts for a sizeable percentage of Dutch international cooperation (around 10%), and probably largely determines development cooperation's public image. The AIV calls for attention to the relationship between emergency aid and associated policy fields. Harmonisation of emergency aid with conflict prevention, disaster preparedness, climate adaptation and development in fragile states are all important issues for the organisation of Dutch international cooperation.⁴²

⁴² See Policy and Operations Evaluation Department (IOB), 'Dutch Humanitarian Assistance: an evaluation', no. 303, Ministry of Foreign Affairs, July 2006.

II The role of other actors

II.1 Civil society movements and NGOs

The AIV agrees with the WRR that northern NGOs have added value in countries with which the Dutch government does not wish to enter into a relationship, for example, countries with repressive regimes or no government at all (p. 270).⁴³ The AIV recognises the need for more investment in knowledge development in the civil sector (p. 271), but advises the government to define its own role more clearly. We feel that the lack of an overarching government standpoint on the importance of the civil sector in reducing poverty should be regarded as one of the reasons for the WRR's quite justified criticism that government policy, which aims for effectiveness, has led to more bureaucracy but not always to more professional NGOs or closer cooperation with or between them.⁴⁴ We agree with the WRR's recommendation that Dutch expertise on civil society movements should be recognised as specialist knowledge (p. 264).⁴⁵

Given the importance of strengthening civil society in developing countries, the AIV recommends closer analysis of cooperation with civil society movements (civilateral cooperation) in order to achieve the best possible grants framework. We believe that many NGOs are active in numerous roles, each strengthening the other; a sharply delineated assessment framework, as suggested by the WRR, is therefore not advisable. The roles the WRR identifies for NGOs are in line with the three generally accepted intervention strategies (pp. 267-9): direct poverty reduction, civil society building and influencing policy.⁴⁶ Understandably, the WRR did not manage to include the cofinancing system in its analysis. The best grants framework would entail an interplay between expertise, specialisation, cooperation, mergers and allocations (choice of country and sector), guaranteeing maximum results in the developing countries in question. This will

43 This refers not only to NGOs but also to global civil society movements within which northern and southern actors work together. The term NGO is too narrow and excludes many civil society actors.

44 Government policy sometimes has the reverse effect. An example is the 25% rule for NGOs' own contribution, which was introduced to demonstrate that they enjoyed support. This has resulted in NGOs competing with each other, and cofinancing becoming accessible to single-issue organisations, which now have to merge with larger organisations to prevent fragmentation. The 25% rule has led to the professionalisation of fund-raising, and 87% of the population have now indicated that charities marketing irritates them (*Nederlands Dagblad*, 9 March 2010).

45 The AIV believes that the WRR contradicts itself in commenting that the Netherlands leads the field in investment in civil society but is no leader when it comes to knowledge development on the subject, despite its history of pillarisation (p. 223).

46 M. van der Wal, *Een sector onder vuur – ontwikkelingssamenwerkingsorganisaties en hun strategieën in een veranderende wereld*, KIT Publishers, Amsterdam, 2009; René Grotenhuis, *Over grenzen heen – nieuwe perspectieven in de strijd tegen armoede*, Cordaid, The Hague, 2009; 2008 Dialogue Steering Committee, 'International Cooperation in Transition: Synthesis Report on the 2008 Dialogue' 'Development is Change', Directorate-General for International Cooperation (DGIS), The Hague, 2008. See <http://www.ontwikkelingsverandering.nl/uploaded_files/1Synthesis_report.pdf>. The WRR uses its own terminology.

probably not be achieved with current conditions for cofinancing.⁴⁷ The AIV proposes submitting further advisory considerations on this subject.

In drafting its new standpoint, the government should discuss the WRR's – justified – calls on Dutch NGOs to be a more effective government watchdog (p. 268). The tension that this may cause (and has already caused)⁴⁸ in relation to the government funding received by these organisations necessitates clear government policies, with respect for the autonomy of the civil actors.

The AIV agrees with the WRR that NGOs should concentrate on specific countries and sectors (p. 270).⁴⁹ We also believe that harmonisation between the Dutch NGOs is essential, with activities being grouped together and Dutch and/or international NGOs merging. Greater cohesion or complementarity with Dutch bilateral activities is to be sought, provided this does not prevent Dutch civil society organisations from performing their crucial watchdog role. The AIV underscores the need for NGOs to broaden their agendas, but would point out that they are already well on the way to doing so (pp. 271-2).⁵⁰

The AIV agrees with the WRR that improvements in the quality of southern NGOs will lead to roles shifting in relation to their northern counterparts.⁵¹ We would however urge caution in responding to the general recommendation on providing southern NGOs with direct funding. As the WRR points out, direct funding usually goes to large organisations with something of a track record.⁵² Many organisations in the South are therefore excluded. Identifying and strengthening promising civil society organisations in

47 Though they reduce the number of grant recipients, they do not break through the pattern of distribution to organisations that have a long history and have built up a specific identity. The recipients are largely coalitions of various organisations that each have their own governing body, but submit a grant application under a single name.

48 In 2005, ICCO and Plan Nederland launched the '26,000 faces' project in which they criticised the asylum policies of the then Minister for Immigration and Integration, Rita Verdonk.

49 According to Roger Riddell in *Does Foreign Aid Really Work?* Oxford University Press, Oxford, 2007, p. 270, '... generalist NGOs (those willing to turn their hand to anything) appear to have had more success in social sector activities, supporting health and education projects, but less success in implementing more technical and complex projects. In contrast, specialist NGOs with trained staff tend to have had far greater success with more specialised interventions.'

50 The analysis of NGOs' spending patterns is not a good indication of efforts already under way to broaden the agenda, in view of the fact that there are many more political tasks that demand only modest investments.

51 This view was also expressed in 'International Cooperation in Transition', op. cit.

52 J. Kranen, 'Shadowplay in Indonesian Development Cooperation: Direct Funding of Southern NGOs (Analysing Incentives and Questioning Surplus Values)', CIDIN, Nijmegen, 2009 (unpublished MSc thesis); N. Mangelaars, 'Taking Direct Funding of Southern NGOs to the Next Level: A Study About Incentives and Surplus Values', CIDIN, Nijmegen, 2009 (unpublished MSc thesis); R. Ruben, L. Schulpel & L. van Schendel, 'Direct Funding to Local Civil Society Organisations', CIDIN, Nijmegen, 2008 (IS Academy Desk Study).

developing countries require expertise which governments do not have in any abundance. Some international NGOs have, however, built up years of experience of doing both. The emergence of southern NGOs is the aim and partly the result of northern NGOs' successful policies.⁵³ The final question is to whom southern NGOs should relate. Won't direct funding by another state undermine their independence? Won't it lead repressive governments to take countermeasures?⁵⁴ Southern civil society movements' important role as watchdogs of government and international donors must not be forgotten.

II.2 The business community

The AIV agrees with the WRR that Dutch development policies should devote more attention to the productive sector. Programmes in this field are insufficiently cohesive. We endorse the focus of the WRR report on the importance of economic growth for developing countries, so that they can integrate into the international economy. However, as has been pointed out earlier, a focus on growth is not unconditional, and there will need to be enough elements to ensure as much pro-poor growth as possible.⁵⁵

The AIV advisory report 'Private Sector Development and Poverty Reduction' identifies growth as by far the most important factor in poverty reduction; and for growth, the quality of domestic institutions is by far the most important factor. Developing countries need to strengthen their investment climate. However, for pro-poor growth, i.e. growth that disproportionately benefits people in difficult economic circumstances, attention must also be devoted to (i) reducing (gender) inequality in access to factors of production (such as land and funding) and markets, (ii) prioritising investments in poor regions and in sectors where poor people are active, (iii) investing in education, health care, infrastructure and the development of the financial sector, and (iv) stimulating access to the formal economy.

The AIV calls for attention to the problem of the informal sector, in which often more than 70% of the population work. Involving these men and women in the formal economy will require a considerable boost to support for both public and private financial sector development.⁵⁶ The WRR's recommendations for tackling the lack of financing options will call for an extensive analysis of the shortcomings of the current structure. This goes beyond private equity and other high-risk capital referred to by the WRR (p. 257). Furthermore, it is essential to remove the barriers that women encounter in attempting to enter markets.

The AIV believes that the Dutch business community also contributes to development with other investments than those meeting the criteria for corporate social responsibility. We recommend that Dutch business stay involved in facilitating local and national business in developing countries. Opportunities for Dutch development cooperation to

53 For example, Oxfam Novib helped set up Oxfam India, to which it then handed over its projects.

54 As has happened with, for example, Matra projects in Russia and human rights projects in some Muslim states. (Matra is a Ministry of Foreign Affairs programme that provides grants to encourage social transformation in Central and Eastern Europe.)

55 See 'Private Sector Development and Poverty Reduction', op. cit.

56 *Idem*, p. 13.

boost the impact of foreign direct investment on poverty reduction are mainly to be found in areas such as the investment climate, infrastructure and financial sector development. The Netherlands should also aim to improve public-private cooperation by developing instruments to contain risk, such as guarantees, insurance policies and derivatives. This is more effective than awarding grants.⁵⁷

⁵⁷ *Idem*, p. 12.

III Related policy fields

III.1 Migration and development

The AIV believes that political attention should be given to the contribution of migration to development and to improving the position of migrants, along the lines set out in its advisory report entitled 'Migration and Development Cooperation'.⁵⁸ Migration is not a new process that has only recently been set in motion. It occurs in practically every country in Asia, Latin America and Africa, and governments take active measures to involve their emigrant communities abroad in development, often, as the WRR points out, through separate, dedicated ministries (p. 154).

The WRR stresses the importance of migration – especially international migration from South to North – and of policy coherence, thus putting the relevance of development cooperation into perspective (worldwide, remittances are more significant than ODA and have a more direct effect on households with the lowest incomes). At the same time, it links migration to the fact that the world is shrinking, which has resulted in the middle classes leading increasingly transnational lives (p. 94). However, in putting forward these arguments, the WRR takes no account of the fact that there are few migrants in the Netherlands from many of the very poorest countries.⁵⁹

The AIV believes that bilateral policy geared to one-sided return to the country of origin is less useful than promoting flexible migration or flexible residence, through Dutch or EU policy.⁶⁰ Repatriation need not be an objective in itself. It is quite possible to promote development by allowing migrants to return to their countries of origin on temporary contracts. In this way, they can be of great significance in a transnational network. What is more, they will more readily assess opportunities in their countries of origin if they are not forced to make the difficult choice of returning there or staying in their host country.⁶¹ In the opinion of the AIV, the security agenda and a focus on repatriation dictated by the political need to show that asylum policies are effective play too dominant a role in current migration policy. This is not helpful for the development agenda.

The AIV also draws attention to South-South and internal rural-urban migration, both of which involve far more people. The Netherlands can respond by focusing on regional

58 See AIV advisory report no. 43, 'Migration and Development Cooperation: Coherence between Two Areas of Policy', The Hague, June 2005. Recommendations include flexibility in granting temporary residence permits for work, education and cultural exchanges (with attention to partner countries); continued support for developing countries' economic opportunities, including via exports; an effective dialogue with migrants on development in their countries of origin; development-relevant repatriation projects; boosting the effects of remittances on development; and knowledge development on the subject of migration.

59 Nonetheless, the WRR recognises that remittances are of less importance to Africa. See 'Migration and Development Cooperation', op. cit.

60 *Idem*, p. 42.

61 *Idem*, p. 55.

integration and, as far as rural-urban migration is concerned, by highlighting the problem of urban poverty. In particular, it can support its partner countries⁶² in developing their own migration policies and in the dialogue on migration, enabling them to cope with phenomena such as brain drain, remittances and trafficking in relation to both North-South and South-South migration. These countries should be enabled to integrate their migration and development policies.⁶³

III.2 Demographics

Despite its attention to migration, the report devotes no attention whatsoever to the problem of demographics, in particular how it should form part of the modern aid agenda.⁶⁴ The stage a country is at in the demographic transition largely determines economic and social developments, problems and opportunities. In countries with young populations (where approximately 40% are in the 0-15 age group), it is important to invest in education and productive employment. Especially in fragile states, these may contribute to ensuring that the majority of young people have prospects, are productive and stay on track. In countries in which the proportion of young people is declining as a result of declining fertility, a uniquely low dependency ratio emerges.⁶⁵ This situation is referred to as the demographic dividend. Countries at this stage of the transition can use the relatively high proportion of productive adults to make permanent investments in the future before the 'baby bust',⁶⁶ ageing and increasing numbers of old people cause the dependency ratio to rise again. Demographic trends currently play no explicit role in Dutch foreign and development policy.

62 i.e. the countries with which the Netherlands has entered into an official development relationship.

63 See 'Migration and Development Cooperation', op. cit.

64 See 'Demographic Changes and Development Cooperation', op.cit.

65 Dependency ratio: the number of people in the 0-15 and 65+ age groups compared to the active population of people in the 15-65 age group (60 is sometimes taken as the upper age limit).

66 'Baby bust': fewer young people as a result of declining fertility.

IV Implementation of development policy

IV.1 The ethics of intervention

The AIV believes that international policy coherence should definitely not cause developing countries' policy space to shrink.⁶⁷ They need this space to ensure ownership of the social and economic development they themselves have decided on, in consultation with their own civil society and business community. Interaction of this kind with their people is the basis of good governance, which countries need to meet the challenges of globalisation. Not only have donors paid mere lip service to the notion of coherence, they themselves are often incoherent in imposing particular economic and social policies on developing countries. This was the case during the heyday of the Washington Consensus, and still sometimes applies to current processes such as the Poverty Reduction Strategy Papers (PRSP) and the European Union's Economic Partnership Agreements.⁶⁸ As a result of Western donors' hypocrisy, poorer developing countries now sometimes prefer to conclude contracts and agree loans not with Western countries or the World Bank but with emerging economies like China. These will exploit raw materials, land and oil 'apolitically', claiming to have no desire to interfere in domestic politics or set conditions, but to be interested only in doing business. The effect, in particular in undemocratic countries, is to fund elites. With income from concessions, they need take little account of their own populations, who become increasingly marginalised (which this was often the case with Western contracts too). Dutch development policy should pay special attention to this.

The WRR points to the lack of an ethics of intervention as one of the problems of development cooperation (p. 145 on). This means the failure to consider whether to intervene or not. In this regard, the WRR points to a number of possibly negative effects of cooperation, which can increase dependency, create new systems of patronage, weaken the authority of the state, and lead to brain drain to Western organisations and countries. Negative macro-economic effects can include less revenue from taxes and exports and upward pressure on exchange rates. Despite the Paris Declaration on Aid Effectiveness and the introduction of budget support, aid still places an unreasonably heavy burden on the governments of developing countries. The WRR concludes that general recipes for development do not work. That applied to structural adjustment programmes – which often led not to economic growth but to poorer education, health care and social services – and to the good governance notion that excludes fragile states. However, there is no reason to believe that if the WRR's own recommendations (concentration, selection and NLAID) are implemented, these effects will be less pronounced. This is only the case to a limited extent in relation to the recommendation on country specificity, which is discussed below.

The AIV believes that the WRR adequately describes the problems encountered in attempting to measure the effectiveness of development cooperation. We endorse the

67 According to the WRR, the policy space for countries to set out their own development strategies (p. 246).

68 G. Dijkstra, 'The New Aid Paradigm: A Case of Policy Incoherence' and M. Grindle, 'Social Policy in Development: Coherence and Cooperation in the Real World', in *Background Papers Prepared for the World Economic and Social Survey*, UN DESA, New York, 2010.

WRR's call for clear objectives for development cooperation, since they are essential in preventing unfounded discussion on whether aid helps or not. We agree with the observation that it is difficult to draw causal links between interventions and overall modernisation, particularly in the long term. However, as the WRR itself points out, the fact that effectiveness is difficult to measure does not mean that we should simply stop providing aid (p. 115). The AIV believes that monitoring development activities is at least as important as evaluating development policy. Development activities take place within a context that is constantly changing, and they often have unintended effects. It is therefore crucial to monitor these factors. Cooperation should be organised in such a way that the capacity to learn increases and activities can be adapted over time. The AIV endorses the WRR's call for innovative methods of measurement, based, for instance, on alternative development theories (see above). A subjective method of measurement may lead respondents to be more positive about their situation, for instance because they have more rights, than would be concluded on the basis of objective findings about static or declining income.⁶⁹

IV.2 Concentration (partner countries) and selection (sectors)

While the AIV is in favour of concentrating bilateral development cooperation on fewer countries, it also urges caution. The responsibility for its organisation should be with the developing countries themselves, so that cooperation should be sought with those countries requesting it.⁷⁰ Before radically reducing the number of partner countries, as the WRR proposes, the AIV believes that the pros and cons should first be considered carefully. Should we choose middle-income countries, where success is likely to be greater? Or the least developed countries, and run the risk of failing to achieve economic growth? How do we take account of recipients' absorption capacity, if they are poorly developed and continue to receive support from other donors who do not depart from the Dutch partner country? Won't concentration lead to greater donor dominance? Is there a risk that countries will re-establish colonial ties (a new Berlin Conference)?⁷¹ This aside, concentration only relates to bilateral cooperation, i.e. only around 30% of the total effort. At the same time, considerations of coherence and global public goods may well call for an increase in the number of partners.

The same applies to the selection of sectors in which the Netherlands is active. The AIV believes that it is a good thing for the Netherlands as a state to build a profile in certain sectors, analogous to the example of Norway and the reputation it has gained in the fields of peace and reconciliation (p. 223) and natural resources management. This may give development cooperation a higher profile. However, the departure point must be the needs of the developing countries themselves, and not the wish to export Dutch expertise. There is much to be said for Dutch expertise, but as soon as the

69 According to Andrew Sumner and Meera Tiwari in *After 2015: International Development Policy at a Crossroads*, Palgrave Macmillan, New York, 2009, security, respect, dignity, status, voice and vulnerability are sometimes more important than consumption (p. 58). According to the WRR, poverty is a matter not only of having too little income, but also of lack of security and voice (p. 118).

70 In recommending country specificity, the WRR gives no guidelines as to how partner countries should be selected. As the WRR itself points out, good governance and structural adjustment have both proved inadequate as guidelines.

71 At the Berlin Conference in 1884, the Western powers under the leadership of Otto von Bismarck divided the continent of Africa among themselves (p. 77 of the WRR report).

focus of the partnership shifts to the countries' own policy, the emphasis must mainly be on strengthening their knowledge. Dutch knowledge also needs to be assessed for its relevance to the situation in developing countries. This calls for closer international cooperation in developing knowledge and for the establishment in the Netherlands of a global issues network.⁷² The AIV underscores that this network of government and civil society organisations should focus on global public goods, a concept that needs defining.

The WRR's call for limiting countries and sectors seems to be mainly driven by the wish for effectiveness: to make a difference, we need to concentrate our efforts and be selective. Here, the WRR uses the Paris Agenda's narrow definition of effectiveness. Yet it concludes that an ethics of intervention is more urgently needed. The AIV believes that effectiveness is mainly achieved by reaching agreement with other donors, and operating in developing countries as one entity. This entails not so much a single donor as a single policy for all donors.

IV.3 Country specificity and NLAID

Besides a multiyear plan cycle for countries with multiyear budgets, as mentioned above, the AIV recommends drafting a plan cycle for development policy, by analogy with business, in which the strategy and its implementation are reviewed periodically. We believe that the development agenda must first be determined before new organisational models are introduced, as proposed by the WRR.

The AIV agrees with the WRR's call for more country-specific solutions, as long as countries' policy space is respected. The conclusion that more negotiation is needed with developing countries on their policy space implies that this is a task for diplomats. The same applies to implementing more coherence: this too calls for more diplomacy, from the viewpoint of international cooperation. The WRR suggests tasking a separate executive agency (NLAID) with this. The AIV believes that if country specificity is chosen as the departure point, various options must be considered. For example, an organisational model could be chosen in which more focus is placed on the regional departments within the Ministry of Foreign Affairs. These departments would then need to be given budgetary responsibility: from country experts at the Ministry to country experts in the field.⁷³

The AIV is willing to consider other scenarios apart from NLAID. What are the advantages of NLAID over a stronger role for the embassies, with more technical staff? What are the experiences of the joint donor offices, in Southern Sudan, for instance? What is the role of multilateral initiatives in relation to NLAID? What role would NLAID play in EU development cooperation? One of the WRR's arguments for NLAID is that career diplomats do not make good development workers. However, the question is whether the problem is not so much the diplomats as their frequent job rotation. Development workers also build careers. More than the integration of diplomats and development workers brought about by the foreign policy review, the earlier integration of Ministry of Foreign Affairs' staff permanently based in the Netherlands and its flexible overseas staff

72 According to the WRR, the establishment of a Global Issues Centre, devoted to combining and promoting new and existing knowledge on international public goods, would also meet a need at international level (p. 236 and p. 287).

73 The focus is now on the thematic angle, while the regional departments play a coordinating role within the matrix.

disrupted the balance between the expert officials stationed in The Hague and flexible diplomats. All Ministry officials are now eligible for posting overseas, i.e. they are flexible, and hence there is less scope for long-term knowledge building. However, in a globalising society, the need for in-depth knowledge will only increase. If the Ministry wishes to maintain its position in relation to the specialist ministries and to play a greater role in ensuring coherent national policy, as the WRR rightly proposes, the organisation of its transferable staff will need to be reconsidered. What applies to development cooperation also applies to a greater or lesser extent to the profession of diplomat. After all, the two are intertwined. For added value, depth is needed. The AIV is prepared to submit an advisory letter or report on the future of diplomacy in a globalising world in which it also examines ways of increasing professionalism in implementing bilateral development cooperation.

V Summary

The AIV offers seven critical comments on the WRR report, and submits a number of its own recommendations. They are listed in order below.

Comment 1

The AIV is in favour of a broad interpretation of the term ‘development’, which apart from economic progress also does justice to the right to development, the political theories on human development, and the social dimension. We endorse the WRR’s broad approach, but wonder whether its conclusions do not implicitly fall back on economic growth as the definition of development.

The AIV makes the following recommendations:

- Apart from national income, base policy on more recent theories of development, that go beyond income growth, since the notion of development also includes both production growth and social, gender, political and ethical dimensions. Take account of the rights of future generations by devoting attention to sustainability.
- Promote a clear definition of both the right to development and the human rights approach to development to achieve an integrated approach to human rights. Focus attention on the impact of the human rights approach on development (in the fields of politics, trade and aid).
- Promote policy that aims for growth in conjunction with redistribution. Redistribution between and within countries can reduce poverty and encourage growth, especially if a social consensus has been reached on the socioeconomic policy lines to be pursued. It is a fallacy to believe that poverty reduction conflicts with economic development.
- Apart from achievement of the individual MDGs, base an evaluation of the MDGs on both their contribution to poverty reduction, growth and redistribution and the extent to which they have contributed to greater policy coherence in developed countries and a broader development agenda.

Comment 2

The AIV calls for attention to the viewpoint of countries in the South, which is so essential for ownership. We are in favour of continuing to use the term ‘international cooperation’ rather than ‘aid’.

The AIV makes the following recommendations:

- As part of an ethics of intervention, quantify public bads and their impact on developing countries. In reports, highlight not only expenditure on and assessment of development cooperation, but also the consequences for the country concerned (and its least secure groups) of Dutch policy in such areas as trade, taxation, financial markets, agricultural and other subsidies, and climate.
- To promote policy coherence, establish a global issues network in the Netherlands, geared to clearly defined global public goods, enabling research institutes and NGOs to combine their expertise.
- Promote Dutch efforts to ensure that measures are taken in the short term to achieve good governance in international organisations such as the World Bank.

Comment 3

The AIV's analysis of the problems relating to the 0.7% norm differs from the WRR's. The solution is not abandonment of the norm, but multiyear expenditure and multiyear planning.

The AIV makes the following recommendations:

- Maintain the 0.7% norm in the Netherlands; do not undermine the international norm.
- Continue to justify the norm on the basis of calculations of current basic needs in developing countries. Explore the possible need for a – potentially higher – comprehensive norm, which also includes global public goods and innovative forms of development cooperation funding.
- Introduce a multiyear budget linked to multiyear strategic country plans in order to prevent disbursement pressure, and continue to use the term international cooperation.

Comment 4

The AIV believes that lack of good governance in development cooperation does not imply that there is no need to develop the rule of law and democracy in the sense of a participatory political system to which equality before the law is central. In view of the new security paradigm (see below under fragile states), the Netherlands must remain actively involved in fragile states.

The AIV makes the following recommendations:

- Continue to be involved in countries whose government does not function well. Focus development policy precisely on this issue in order to prevent problems arising with security.
- Continue to pursue an active policy on good governance as part of development policy. Ensure that participation of stakeholders is a focal point in formulating development policy.
- Encourage attention in fragile states to coordination between the various actors, in particular between the military and NGOs and among all the ministries involved in Dutch peace operations (the *whole of government* approach).

Comment 5

The AIV is concerned about an overly Dutch, state-centred approach to international cooperation. Other actors are essential in development policy: the multilateral institutions, the business community and civil society organisations. The WRR report rightly stresses the need for a broader approach and criticises the fragmentation of international cooperation.

The AIV makes the following recommendations:

- Review the system of grants frameworks for civil society actors, working towards an assessment framework that is based on a government vision of the role of civil society actors and that (a) provides opportunities for their permanent professionalisation, (b) provides scope for civil society actors to play various roles, each strengthening the other, (c) encourages civil society actors to do their part in protecting global public goods and using them more effectively (monitoring policy coherence at national, European and world level), (d) clarifies the conditions under which a Dutch government authority may or may not provide direct funding for southern civil society actors (and thus for Dutch civil society actors) and (e) clearly defines northern NGOs' function as watchdogs (providing funding opportunities that enable them to influence policy while retaining their autonomy).

- Recognise in policy that the role of the business community goes beyond corporate social responsibility and also entails making a positive contribution to facilitating local and national business in developing countries.
- Ensure consistent policy geared to productive sectors and increased allocations instead of minor corrections to existing policy, in line with the AIV advisory report on ‘Private Sector Development and Poverty Reduction’.

Comment 6

The AIV has formulated additional recommendations on (a) gender (b) emergency aid and (c) migration and demographics. There is a need to recognise not only the increasing poverty among women but also their potential role in achieving sustainable solutions.

The AIV makes the following recommendations:

- Base the analysis of broader coherence issues partly on sound gender analysis. Formulate a policy that can be assessed for its effects on improving the lives of women and facilitating the positive role they play in development.
- Reaffirm the international consensus on achieving the MDGs, because this is substantially and politically essential; do so, however, in combination with the Millennium Declaration (2000) and the Beijing Declaration (1995).
- Ensure that women play an equal part in decision-making at national, global and Dutch level: within multilateral, bilateral and civil society organisations, among Dutch diplomats working on international cooperation, and in working with fragile states and within peace missions.
- Make emergency aid a publicly visible and important subject in international cooperation. Promote consistency with related policy fields.
- Devote attention to South-South and rural-urban migration by focusing on a regional approach and urban poverty. Encourage flexible migration and flexible residence instead of pursuing a one-sided repatriation policy.
- Integrate demographics into development policy. Promote development opportunities in countries with a demographic dividend.

Comment 7

Finally, the AIV is of the opinion that on the basis of the WRR’s analysis, other options may be considered besides its recommendations. For example, besides the proposal to transfer development activities to an NLAID organisation, there are other ways to implement policy that are less technocratic, yet preserve the achievements of the foreign policy review such as the integration of diplomacy and development cooperation.

The AIV makes the following recommendations:

- Expand the portfolio of the Minister for Development Cooperation to include a globalisation agenda, with an integrated approach to development cooperation, coherence and international public goods.
- Organise development policy to be more country-specific. Give regional departments budgetary responsibility, and restore the balance between job rotation and expertise and between the missions and the ministry.
- Explain the ethics of Dutch intervention. Base it on ownership in developing countries, on policy criteria for the selection of countries and for distribution between and within multilateral, bilateral and civil channels, and on the relevance of various methods of measurement.
- Always take the viewpoint of partners on board in taking decisions on the introduction of new policy, and show how they benefit by the proposed adjustments.

- Devote particular attention to new development partners like China, Brazil and India, which are investing on an increasing scale in developing countries in order to gain access to raw materials and new markets and are less concerned about notions such as the rule of law and human rights.

The AIV notes in conclusion that there is a need for debate, based on the most recent research, on the meaning of the word development. The different worldviews underlying different concepts of development are decisive for the choices made in international cooperation.

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