

DPRN PHASE II – REPORT NO. 8

**Programme for the Organisation
of Development Cooperation**

(PROVO)

Colophon

This document is the provisional conclusion of the process entitled 'The future of Dutch International and Development Cooperation (IC/DC)', which has been organised by the Development Policy Review Network (DPRN). DPRN is a network of development experts whose goal is to stimulate debate on Dutch development policy and encourage cooperation and synergy between development experts from policy, practice, business and science. More information is available at www.DPRN.nl, www.global-connections.nl and www.Search4Dev.nl. The report input comes from the discussions held during the process: in preparation for the issue paper, during the working group meetings and during the public meeting on 15 June 2009. The programme was put together under the leadership of Jan Donner and in cooperation with Mirjam Ros and Kim de Vries.

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Programme for the Organisation of Development Cooperation (PROVO)

Introduction

In 2007, the Task Force of the Development Policy Review Network (DPRN) decided to make ‘the future architecture of Dutch Development Cooperation (DC) or International Cooperation (IC)’ – which is also known as ‘the new aid architecture’ – the main theme for the 2008–2009 period and perhaps for 2010 as well. A decision was taken to prepare propositions by four mixed working groups. The chairpersons of these groups were Herman Mulder, René Grotenhuis, Peter Nijkamp and Maarten Brouwer as representatives from business, DC practice, science/knowledge and policy organisations respectively. After DPRN had organised the total input of 47 propositions generated by the working groups, they were discussed by people from the sectors in a subsequent round under the leadership of the same chairpersons. The focus was on the following issues:

1. What does the Kingdom of the Netherlands intend to achieve by means of IC/DC (‘the strategy’)?
2. Which public or private infrastructure is required for an efficient and effective use of the available financial resources within the framework of the policy formulated?
3. Which limiting conditions does the intended infrastructure have to comply with?
4. What has to happen to the existing infrastructure in order to achieve the desired infrastructure?

Based on substantial input, in the form of working group reports, a synthesis report with propositions and a report of the public meeting on 15 June 2009, the Task Force has now itself produced a programme based on the observation of a broadly-felt need for a discussion of the DC and the dissatisfaction with how the structure and organisation of the DC is functioning. This is also the case outside the Netherlands. A series of activities has been initiated in the Netherlands to stimulate the discussion. In 2009, important decisions about a new Co-Financing System for development organisations have to be taken, the Social and Economic Council of the Netherlands [*Sociaal-Economische Raad*] (SER) and Scientific Council for Government Policy [*Wetenschappelijke Raad voor het Regeringsbeleid*] (WRR) are going to issue advice and serious discussions about DC are going to be conducted in parliament and the media.

Nature of this memorandum

DPRN’s intention during the process was not to draw up a blueprint or a road map for the new DC architecture. Rather, DPRN intends to provide an insight into the debates that have been conducted and the decisions that have to be taken to permit a national and international restructuring of DC or rather IC. DPRN is of the opinion that, given

the level of dissatisfaction with DC, the sense of urgency for change is still surprisingly low.

In this phase of the process DPRN has identified a number of strategic issues which were the main features observed in the discussions so far. In this way justice cannot be done to each and every participant, as not every proposition put forward during the process fits in logically with the main themes referred to. This document is observing rather than opinion-forming in nature.

Strategy

DPRN has identified the following strategic issues:

1. Should one still talk of Development Cooperation (DC) or of International Cooperation instead (IC)? Using the term IC implies that the policy is oriented towards global issues – the environment, climate, migration, security, food and energy security, poverty, inequality – which affect both the North and the South. The distinction between developing and developed countries is becoming blurred. IC can be regarded as international cooperation which is organised from within the Netherlands, which is socially-driven and client-oriented, and which focuses on the sustainable development of primarily ‘the poor’ and the ‘emerging’ middle classes (the driving force behind small and medium-sized businesses and the backbone of the national economy in any country). This perspective acknowledges the fundamental problem of the sometimes unavoidable, unintended consequences of interference in complex development processes. The illusion of a feasible/planable society gives way to change management which learns and adjusts, which has an endogenous nature and which is supported by citizens. DPRN has observed that poverty alleviation as an area of special interest – focusing on 1 billion people who live under the poverty line and a further 1 billion people who risk falling into the poverty trap – is an integrating component of IC and does not need to be separated from it.

In this memorandum DPRN uses the broader term of IC as the outcome of the debate, with instruments also being used for the middle classes and the bridging of income differences by local policy measures within societies. This choice is a fundamental one and implies that poverty alleviation is an individual area of special interest, which is more closely linked to emergency relief and safety net constructions. The strategic question remains as to how outside support for political (self-) organisation and the emancipation of the poor must be structured.

2. Dutch policy ought to be supported in the Netherlands. That same policy should link up with international policy, views and structures. Dutch development assistance and thereafter development cooperation, invoked feelings of sympathy with the poor, whereby people’s own values and standards – more often than not with little consideration for local cultures – determined the direction of the aid to a large extent. This process was based more on charity than on a structured

development process. The DPRN process has revealed that different points of departure apply to the IC agenda. Environmental policy in any country affects the national interests of the Netherlands since climate change affects each and every world citizen. Migration issues do not just start at the Dutch border, and national security and food and energy security are only truly guaranteed when they are the subject of worldwide attention. Compassion goes hand in hand with communal self-interest based on a safe world, economic prosperity, social justice and a sustainable environment (common goods). That is the legitimacy which underpins the Dutch IC effort. IC should not be regarded as a back-to-nature issue pursued by hobbyists disguised as professionals, but as one which has a collective basis of support in the Netherlands and which is backed up by an effort by society as a whole using all available means and skills. The 'policy' and 'practice' sectors have been hiding away in their ivory towers, even though they have also expressed considerable dissatisfaction with existing structures and strategies. The other sectors (knowledge and business) feel excluded.

3. DPRN has observed that relevant Dutch stakeholders often do not feel very involved in IC. The set of instruments and the jargon used are not properly understood and citizens are tending to distrust professional organisations more and more, and take the initiative themselves. Effective contributions can be made to the implementation of IC not only by the policy and practice sectors, but also by the knowledge and business sectors. Achievements by those sectors – learning to acquire knowledge and apply it, or a more business-like approach, perhaps even the introduction of a 'profit principle' – should be embedded in the new IC architecture. That is a 'paradigm shift': IC policy and implementation should not be the monopoly of specialist sectors, but a collective Dutch effort by all sectors based on aid and trade. The existing culture will be supplemented with other elements:

Dominant culture now:

With in the future more:

- | | |
|---|--------------------------------------|
| a. logical framework | – strategy and business plan |
| b. donate | – invest |
| c. evaluate | – return on investment |
| d. consultants | – management |
| e. southern execution place | – right man/woman in the right place |
| f. remote facilitation | – working on the spot |
| g. public financing | – private financing |
| h. political accountability and bureaucracy | – structure, innovation, flexibility |
| i. projects and programmes | – processes and ventures |
| j. technocratic interventions | – learning capacity. |

4. A discussion of a new IC architecture is not a purely Dutch discussion but one which is fuelled by analyses, discussions and decisions at the international level. In the debate there is tension between the international dimension of this architecture and the organisation and use of the instruments and capacities available for that purpose in the Netherlands. This is, by definition, a Dutch discussion in a wider

framework. A lot of people believe that the Netherlands ought to adopt a position in the international aid architecture based on its own strengths and weaknesses. The position of the Netherlands in the architecture reflects what the Netherlands is good at and its prominent position internationally. Questions to which the Netherlands does not have any answers, have to be answered elsewhere. A client-oriented approach means that the client is sometimes better off if it asks the Netherlands nothing, or if a Dutch 'no' is given as an answer.

During the DPRN process to date, a lot of people have blamed DPRN for making the architecture discussion too Dutch. On the other hand, it is argued that the Netherlands – the collective of all citizens and therefore of all sectors as well – also has to make choices relating to the country's position on IC and how the country is organising itself to be effective in IC. The strategy discussion focuses on the positioning of the Netherlands against the background of the international field. Client research is part of this, as listening to southern partners most certainly is as well. While support in the South is important, support in the Netherlands is key.

An 'IC by and for everyone' – by which culture becomes more businesslike and knowledge a much-used instrument – makes strategic dilemmas visible and choices necessary. The culture will change and professional elements of DC that used to be taken for granted become less self-evident. In the DPRN process the following dilemmas have been identified:

- a. Is 'poverty alleviation' or is 'sustainable development' the primary goal of Dutch IC? Poverty alleviation – including more justice and a more democratic society – is not always the same as sustainable development, and sustainable development – ecological, social and economic – is not always the same as poverty alleviation. The motives are not mutually exclusive, but Dutch IC does have to choose one or the other. A too emphatic choice for poverty alleviation brings with it the fear of compartmentalisation and a lack of coherence which goes against the aim to achieve a joint approach by the four sectors, while the risk of choosing sustainable development is that too little attention will be paid to poverty alleviation.
- b. May sustainable development be a dominant factor for IC? Is investing in the growth of a partner country a sustainable form of IC? Is the choice for the middle classes rather than the very poorest then not an obvious one? After all, the practice of poverty alleviation has not prevented significant sums of money ending up in the coffers of consultants and companies in the North, and those of high-level officials and business leaders in partner countries.
- c. A collective approach to IC by all Dutch stakeholders jointly – the Dutch policy, with the application of the available knowledge and experience on a business basis – will logically result in Dutch IC being unable to help solve issues for which the Netherlands has no solutions, or which it does not regard as interesting. Not only output and outcome, but also turnover, profit and loss will then be standard IS parameters. Diminished self-interest – controlled cooperation? – can benefit the

quality of development cooperation and lead to a smart government, a sustainable business community, critical cooperation-oriented social organisations, and a practically-oriented scientific community.

- d. Does a focus on demand not hamper innovation at times? Is reasonable doubt about the way that said demand comes about, not justified in a lot of cases? May the point of departure of demand-driven cooperation continue to determine what the Netherlands does within the framework of IC? Must supply and demand not jointly determine how IC is interpreted by the Netherlands? Each society has to take responsibility itself for development processes (ownership). However, IC also means dialogue and debate – both on a north-south basis and a south-south basis and via international networks – and not always the gratuitous honouring of every request.
- e. The tension in the debate between the Dutch and international dimension is the dilemma of justification rhetoric. Will the Netherlands choose for support from the Dutch population or for a visible position in the international (political) architecture?

Structure

From the very beginning, the point of departure chosen by DPRN for the process was ‘structure follows strategy’. The strategic choices therefore have direct consequences for the structure of the Dutch part of the new architecture:

1. DPRN has identified a need for consolidation of what now still makes up the DC field. However, the participation of the knowledge and business sectors must not be allowed to lead to new proliferation and an excess of organisations. Strategic considerations, and not only financial ones, should guide the process of consolidation. The existing jumble of organisations, networks, initiatives and individuals involved will then grow into properly managed structures which, on the basis of the core competencies of the Netherlands, are able to mobilise existing ideas and energy and effectively implement the chosen strategy. The points of departure are as follows:
 - a. Organisations have research and education capacity and can create a profile for themselves as knowledge institutions;
 - b. The operational management has hybrid, public-private features. The organisations do not necessarily have to have a not-for-profit character;
 - c. The organisations have considerable own incomes from sponsoring, donations and/or their own operations.
2. The financing of all, that is collective Dutch IC activities – the integrated policy/practice/knowledge/business (or ‘multi-stakeholder’) approach – at the expense of public Dutch resources ought to be organised, with due regard for strategic points of departure. This implies that it should follow professional standards, and be situated within national and international frameworks, on the

basis of market orientation and in a non-political/official manner by an independent project office or clearing house (with due regard for both emergency relief and IC). Scientific and social multi and transdisciplinarity is a high priority based on principles of efficiency (rather than principles of legitimacy).

The debate focused explicitly on whether the bilateral channel can remain intact. The question was posed as to whether the strategic goals are indeed being realised and the target groups reached via that channel. There is hesitation regarding whether the organisation of governments in partner countries and their organisations are able to achieve the strategic objectives of the Netherlands (whether on the basis of EU intervention or otherwise). Furthermore, the question was raised as to whether the role of the multilateral channel should not primarily be to coordinate (especially in the case of emergency relief) and whether the often dominant implementing role should be restricted. There was much less doubt in the DRPN process about the effectiveness – and therefore about the preservation – of the civilateral channel in IC.

3. DPRN has observed that the Netherlands has plenty of research capacity as regards IC, but also that it could have been a more emphatic feature in this DPRN debate. A lot of organisations have focused a great deal of attention on this issue in recent years. There is a constant need for new knowledge as the resultant of both research and practical experience. The following is required in order to fulfil this need:
 - a. Thorough research programmes with corresponding budgets;
 - b. Corresponding participation by the knowledge institutions;
 - c. Systematic feedback regarding the new knowledge and experience gained from IC practice.

There have to be flowing lines between the acquisition of fundamental and applied knowledge and its use. The acquisition of new knowledge is supposed to be accompanied by good quality education programmes at both professional and academic levels. The funding of knowledge institutions in connection with the acquisition of new knowledge and the provision of education with regard to IC, should be borne by government, indirect and contract funding on the basis of a level playing field.

4. DPRN has identified a broad need for a restructuring of the existing organisation of development cooperation and, above all, of the bilateral and multilateral channels, along which the assistance is provided. Instruments such as budget support and sectoral support are criticised by actors in all sectors. Within the framework of IC and the strategy of aid and trade, the Netherlands is facing the question of whether the role of donor – approx. 5% of all ODA resources worldwide are provided by the Netherlands – can be reduced in favour of a prominent role as an investor – not necessarily as a shareholder – with a return on investment. This links up with the operations of FMO (the Netherlands Development Finance Company) and the World Bank – substantial public funding but with a profit motive.

5. A consistent implementation of the chosen strategy may result in there no longer being a need for the bilateral channel in its current form. Dutch embassies and diplomatic posts will then only have modest financial resources to use for IC. Their role will then more likely be to provide feedback on relevant activities. The various multilateral organisations – the multilateral channel – will receive modest resources from the Netherlands. The multilateral organisations will present themselves as ‘donors of last resort’ whose role is to provide large sums for use within the framework of emergency aid.
6. In accordance with the chosen strategy, future Dutch structures for the implementation of IC are oriented towards active participation in the development activities. The organisation in the field will be charged with implementation, management and active supervision in cooperation with local organisations. The point of departure of southern ownership will be combined with the more commercial point of departure of ‘the best person in the right place’.

Limiting conditions

There is a feeling that classical dogmas can be liberalised. The propositions that were put forward by participants are not always mutually consistent. While one line of thought is that ‘aid relations’ may only last a maximum of 15 years, a lot of people believe that the 0.8% GDP obligation – and the resulting spending pressures – should be applied flexibly. Aid relations come in varying shapes and sizes which develop on the basis of mutual interest but which, consequently, will not always fit into one single architecture. Statements such as ‘nature is the rural poor’s *raison d’être*’ and ‘using individual comparative benefits as a basis does not automatically lead to improved aid’ helped make the DPRN process more meaningful and hard-hitting. However, in their unrefined state, catalysts in the building process are not always building blocks which can actually be used for the eventual architecture. An architecture which logically has to link up with the chosen strategy is not necessarily a product of the Dutch economic ‘polder’ model.

People tend to think of the new architecture too much in terms of the tradition of development assistance or cooperation. DPRN is experiencing how refreshing it is to discuss and work with partners from all sectors who have varying expertise. Partnerships and other forms of cooperation between channels constitute the new development paradigm. The IC sector – as a sector in which policy organisations, those involved on the ground, knowledge institutions and businesses function collectively – has to learn more from past experiences. The Dutch IC/DC sector is still based too much on the Dutch economic ‘polder’ model and the IC sector is trapped in contradictory tendencies between a large-scale approach and a bottom-up approach and between centrally managed distribution and the promotion of a more autonomous ‘let a hundred flowers bloom’ development.

We have to accept that an IC strategy based on active participation from the four sectors – policy, practice, business, science but with a southern response – leads to other shared values, structures and an eye for cultures. Businesses and development organisations each have their own mission, professionalism and interest. These driving forces, which are framed and facilitated by the government and supported by knowledge institutions, represent an enrichment of IC relationships. The support for IC in the Netherlands is a condition for the successful implementation of activities which extend beyond ‘helping the poor’. This has to be accompanied by effective communication on the strategy, the structure, and the measurable results of IC.

Conclusions & follow-up

During the course of the DPRN process to date, propositions have been formulated and discussed, from which the following position can be derived:

- a. The terms ‘development assistance’ or ‘development cooperation’ are to be replaced by ‘international cooperation’ (IC), as defined during the course of the process.
- b. The business and knowledge sectors should participate on an equal footing to the policy and practice sectors in the organisation of IC from within the Netherlands.
- c. The dominant culture of the policy and practice sectors should therefore be exchanged for a culture in which the values of the business and knowledge sectors matter. This means values such as doing business, seeking to make a profit, a learning capacity and knowledge development and use.

The new IC architecture is determined from within the Netherlands on the basis of strategic choices, which lead to a structure that is optimally suitable for the implementation of that strategy. In other words, structure follows strategy. Choices have to be made in consultation with partners all over the world, although the architecture discussion is, to a significant degree, a Dutch discussion which has to be conducted here in the Netherlands and which has to be concluded with a tangible result. The dissatisfaction with existing DC and the related structures is too great not to want to produce rapid results.

This memorandum takes stock of DPRN process up until 4 September 2009. The DPRN Task Force is going to use a series of further developments in 2009 to prepare additional process steps for 2010, aimed at a new Dutch International Cooperation architecture. This will include the development of possible scenarios. With this in mind, responses to this memorandum from within the Netherlands and abroad would be greatly appreciated.

Utrecht, 4 September 2009

