

Conclusion of WRR-report 84

Less Pretention, More Ambition. Development Aid that Makes a Difference

Development aid is the subject of heavy debate. In many ways the world has improved immensely over the past sixty years. However, the question is increasingly being raised as to what contribution aid has made to this development. Progress has primarily become apparent over the last couple of decades. In the past twenty-five years, life expectancy in all developing countries has risen by ten years, and the percentage of children attending school has doubled. Poverty around the globe has also halved, to a quarter of the world's population. This success, however, has primarily been achieved in Asia, with China alone accounting for three quarters of the decrease. In Sub-Saharan Africa real incomes have doubled over the past twenty-five years, but the percentage of people living on an income under the poverty line has not fallen. Can these successes be attributed to development aid, or the lack of success be blamed on aid? The answer to both questions is: 'No'.

Development aid definitely contributed to the massive leaps forward made in Asia, from the economic support to Taiwan and South Korea in the 1950s to the aid for agricultural improvement provided to India in the 1970s. However, these contributions were limited – all manner of other factors were important. Similarly, the lack of success – in particular in Sub-Saharan Africa – cannot unequivocally be traced back to the failure of aid. A lot of aid, particularly in the 1990s, had geopolitical objectives. Even today, much aid primarily aims to improve the immediate living conditions of the poor instead of creating development. Moreover, economic, political and social structures in African countries are of a very different order. These countries still clearly reveal the traces of colonialism, with their convoluted borders and institutions that are barely rooted in society. Strong governments with a clear view of the future development of their country are rare in Africa, in sharp contrast to Asia.

Simple analogies between development paths in various parts of the world soon become misleading. For example, a parallel between development aid and the Marshall Plan is wrong because the latter started out as an attempt to rebuild Europe after the war. It was essentially a matter of reviving a formerly healthy patient, while many of the countries which need aid

now have never had a healthy market economy or a functioning state system. The point of departure for the countries in Asia which have achieved rapid development in recent decades was very specific. Japan, South Korea and Taiwan were able to integrate into a world economy which was many times less regulated and (over)crowded than today's world market. African countries currently wishing to produce for export not only face fierce competition from China and other Southeast Asian countries, but their products and production processes also have to meet a wide range of requirements. In other words, development paths are pre-eminently country and time-specific.

The first lesson to be learned from sixty years of development aid is that we should be modest. Modesty is due first of all because of the relative importance of aid. Development only depends on aid to a very limited extent. This applies financially: in most developing countries foreign investments and migrant remittances account for larger flows of money than aid. It also applies institutionally: with the exception of the aid to fragile countries and the very poorest countries, financial transfers are not, by definition, the best tools for contributing to development. In the majority of countries, unilateral trade concessions, more stringent international global tax regulations that also apply to multinationals in the West, financial stability, less strict intellectual property rights, the abolition of tax havens, knowledge on the climate-friendly development of agriculture, companies, transport systems and cities, and the return of stolen funds make a bigger contribution to development than classic aid.

Modesty would also be good for our thinking patterns. For too long now, we have tried to use all-encompassing plans to provide universal explanations for a multitude of specific situations and to subsequently write out equally universal prescriptions. In former decades, these were macroeconomic reforms and good governance, while in recent years investments in social sectors have been popular, but every time the prescriptions have been too general. After sixty years of generalising it has become apparent that specificity is required because it is impossible to be able to say in general what works best and why. This lesson is unavoidable: countries in Asia, such as China and India, that took little notice of Western economic orthodoxy and worked pragmatically and creatively, have undergone unparalleled development, while growth has lagged behind in Latin-American and African countries which, partly due to pressure from the IMF, tried to reshape themselves according to the general guidelines of the Washington Consensus.

Moreover, the world is changing. China, India and Brazil have become important players on the world market. This process has been accelerated by the current financial crisis, which these countries – where the government has a more important role, including in the financial

sector – have managed to survive better than their Western counterparts. The world is rapidly becoming more crowded and more interdependent. The global population is expected to quadruple between 1950 and 2050 and, if the current trend continues, it will become nine times as rich. This means that social, physical and sustainability limits will soon come into view. Development itself will increasingly become regional and global in character. As a result of issues like climate, trade, migration, energy and security, national policy will decreasingly be a sole determinant factor; the pressure to take global action and to make global agreements will only increase. The principal task is to find ways to shape the globalising world that preserve the balance between shared interests and the space for countries and people to take control of their own futures. This will only be possible if every country and people feels that they have a place, that they count and can keep pace with others. In that respect, the development of poor countries is increasingly becoming an unavoidable necessity.

This multiplicity of developments means that the aid sector faces countless major questions and the range of answers is equally broad. For example, some advocates of aid stubbornly maintain that we could permanently rid the world of poverty for just a few trillion dollars. This is an appealing message which appeals to the good in every human being, and many people are only too willing to believe it (not in the least due to the efforts of many celebrities who want their own ‘Bono moment’). However, there is no empirical basis for this claim: if only it were true that we could buy a better world for a reasonable sum of money. It is unfortunately impossible to lift countries out of poverty from the outside in one fell swoop.

On the other hand, there is also widespread scepticism about the value of development aid. Many people are particularly concerned that the preconditions to allow aid to act as a catalyst have not been fulfilled in Sub-Saharan Africa. It is easy to invoke the image of neo-patrimonial structures, with excessive corruption and local elites with a glaring lack of a sense of responsibility. That impression is not entirely incorrect, but is too one-sided. Developing countries vary and are complex entities with all manner of factions, path dependencies and their own dynamics. The challenge is to align with this intelligently and facilitate the right development processes.

There is therefore no general answer to the question whether development aid helps. Sixty years of evaluation studies also bear this out. The development of countries is influenced by so many factors and is so complex that any attempt to provide a general answer encounters exceptions. On closer inspection, it should come as no surprise that projects and initiatives sometimes fail. In complex situations, intervening is always a matter of trying things out, experimenting. That things go wrong every now and again is not bad, but it is important to

learn from these mistakes. That means constantly asking what forms of aid can be useful under what conditions. This is not easy, but it is very productive. Putting specification and learning first does, however, demand a reorientation of Dutch development policy.

10.1 Revaluing goals

The main task for development policy is to dose and structure development aid in such a way that it makes a difference in a world which is becoming increasingly interdependent. That first of all means being clear about goals and means, and creating close links between the two. There is no lack of visionary ideas in the aid sector, nor is there a shortage of possible activities. Moreover, every ideal has its counterpart somewhere in a specific project. A minister for development cooperation can therefore easily demonstrate that he has thought of *everything* and that his policy covers every random idea. However, the challenge is to structure aid in such a way that it is systematically aligned with the selected goals. It is therefore also important to make targeted choices and to link them to serious consequences.

Modern development policy should organise itself in accordance with clear objectives. These may vary. Analytically speaking three types of objectives can be distinguished at this point in time. To start with there is concrete poverty alleviation and the immediate improvement of living conditions. The majority of aid focuses on this and can rely on widespread support from Dutch society. It shows that many people are becoming increasingly involved in this type of aid and are taking the initiative themselves. The government's role is limited. It can support those involved by finding out the best thing for them to do and how they can do it. The government can also try to prevent Africa becoming a playground for irresponsible amateurism. In the UK, for example, work is already underway to develop a code of conduct aimed at preventing abuses in the South. The Netherlands could align itself with this or do something similar.

The second objective of aid is development focused on structural improvements in developing countries through sustainable economic activity. The principal preconditions for this are an effective government which can play a facilitating role and a sufficiently stable social climate. Providing aid which aims to make countries self-sufficient is very complicated. To start with, it presupposes that it is possible to determine how development can be stimulated. Secondly, it assumes that this can be achieved from the outside. In addition, the aid should have more positive than negative effects, such as creating aid dependency or reinforcing neo-patrimonial structures.

The third important objective for development aid is to contribute to global public goods. Our self interest is clear here: national objectives for climate, food, energy and safety cannot

be achieved without active contributions by other countries and should be coordinated at a supranational (regional and global) level. The main problems here are that it is difficult to find an adequate structure for this, and that the Netherlands is not a major player.

Development at the centre once again

Direct poverty alleviation is relatively simple to visualise and is high on the agenda for moral reasons, but the aid sector's attention has been very strongly focused on this aspect. Almost eighty percent of the budget is currently spent on social sectors, while productive sectors like agriculture and infrastructure, which are less likely to produce visible results but which can alleviate poverty structurally in the long term, each receive no more than ten percent. Part of the investment in social sectors will, perhaps, in time also contribute to development, but the effect is very indirect, all the more because education in many African countries is not only of poor quality, but is also hardly attuned to local needs. In addition, aid is often so fragmented – across countries, themes and channels – and often so untargeted that it insufficiently stimulates structural development.

This can and must be improved. The goal of development should once again receive more emphasis. Growth is emphatically part of this, because without growth there is nothing to distribute in developing countries. It also means that poverty alleviation should not be seen as a mantra and that the poor do not always have to immediately benefit from the aid provided – the development of the middle classes is essential to development. In addition, it demands that more attention be paid to agriculture – not only for food security, but also for export – and to the importance of market players. That means giving more attention to entrepreneurship and supporting the provision of credit to developing companies, in particular small and medium-sized enterprises. In addition, the question as to whether job opportunities should be created should become an important parameter for development policy. Section 10.2 discusses how this can be achieved.

Putting development first as an objective also entails a more emphatic orientation towards regulating global affairs. For example, properly functioning and stable financial markets, fiscal coordination to combat tax evasion, migration policy, knowledge transfer and knowledge sharing are much more important to many developing countries than direct financial aid. In addition, in as much as they are international public goods, they are also to our benefit. In spite of this, when it comes to development aid, the Netherlands still devotes almost all its attention to the very small percentage of GNP that the Minister for Development Cooperation has in his budget. Section 10.3 looks at how this could be done better.

10.2 Development professionally organised

Development should once again become central to development aid – that is the first of the two tasks. Organisationally this entails a much more pronounced country orientation, combined with substantial professionalisation. A more pronounced orientation starts by recognising that development always comes largely from the inside and that development paths vary from country to country. Development aid basically means help in developing. At most, and even this is not a certainty, aid can make a small contribution to a country's progress in a development process. Where and how this support can be of use, varies from country to country.

A good diagnosis per country is necessary to determine what kind of aid is required. The capacity to provide aid depends entirely on having extensive local knowledge and contacts. Aid is therefore only useful as a long-term, programme-based investment which comprises a coherent package of interventions and which is carried out in collaboration with local institutions or actors. To provide a concrete example: there is very little point in trying to develop agriculture in Ethiopia without determining whether there is sufficient credit available to entrepreneurs, whether the infrastructure is of sufficient quality to transport products, whether good seed is available, what the irrigation systems are like, what options are available for university research and development, what skills are taught at primary and secondary schools, what role private investors have or could have, what trade limitations Europe enforces and what wider developments are taking place on the global market. Fully comprehending these kinds of cohesive systems and knowing when, where and what can be done in a worthwhile manner presupposes a long-term presence, thorough knowledge and the capacity to utilise a multitude of parties at home and locally (from good legal experts in the field of agriculture and trade to people who can help set up education programmes and private investors). Finally, all these efforts are only worthwhile if they take place on a large enough scale to really make a difference.

At the moment these conditions are not sufficiently met. Take, for example, the demand that the lines along which the development of a specific country can best be furthered should be clear. It may sound trivial, but such analyses are rare. There is a lot of valuable information to be found on the Ministry of Foreign Affairs' website or in its budget, but this is usually not the most essential information: i.e. an account of why the Netherlands believes that the contributions it is attempting to make are actually the most sensible ones. In practice, the Netherlands primarily provides a lot of support to education and healthcare because it has always done so: usually there is no more reasoning behind it than that. Investing in primary education is, however, not necessarily the best way to stimulate structural development in

every country. In this respect we could learn from the countries around us: Britain, Sweden and Norway are better at making these considerations transparent. This enables others to also consider the most sensible contribution in any specific situation. Precisely because there are no simple or general answers to the question of how development can best be promoted, it is important to continually exchange insights on this.

If development aid truly wishes to make a difference it should also be professionally organised. Sweden has already arrived at that conclusion and created its own development organisation. In Britain, the DFID was split off from the Foreign and Commonwealth Office in 1997 for the same reason, and Canada is also intending to organise its development aid separately, at some distance from the embassies. In addition, Canada has opted to focus on a substantially lower number of countries and sectors, a route the Nordic countries have also taken. An obvious choice for the Netherlands would be to select a limited number – a maximum of ten – development aid units based in the recipient countries concerned. This could be called NLAID (or NethAid), by analogy to USAID or UKAID (DFID's new name). These units should constitute their own organisational whole within the Ministry of Foreign Affairs. The local organisations would be located somewhere near the embassies in the recipient countries, but would have their own HR policies, focusing on the professional requirements of a long-term presence and specific expertise. The demand for professionalism is related to the underlying subject matter (if you want to develop the water sector, you really have to know something about it) and to processes (the capacity to involve the right parties at the right point in time), but also to being streetwise (being able to deal with local contacts).

This organisational model proposes that the Netherlands, which is currently active in 36 countries, should stop fragmenting its aid and limit itself to a small number of locations where it has a proper presence. This is also sensible for three other reasons. First of all, it will make it easier to deal with the negative consequences of aid. After all, aid is never innocent: it places countries in a dependent position and gives rise to all sorts of power politics in which individuals try to benefit themselves and their own people. In that respect, corruption is only one of the problems. Such dependencies should be kept manageable, and two requirements have to be met to ensure this. Firstly, the Netherlands as a donor should be a serious player; threatening to withhold relatively small sums scares no one. Secondly, the Netherlands should have a wide range of aid tools to ensure, as far as it can, that aid does not create dependency or undermine local accountability procedures. This means constantly weighing up the method used to provide aid. Aid can be provided entirely indirectly (by improving trading conditions or migration policy) or directly (by transferring funds or knowledge). In the latter case, the channel used is also of importance: through the government or service users. This should be accompanied by removal of the annual pressure

to spend the money available and making financial resources available for a longer period of time in the form of a fund.

A second advantage of concentrating only on a few countries is that it makes concrete steps possible to combat the enormous increase in donors per country. All donors, both governmental and non-governmental, endorse the 2005 Paris Declaration on Aid Effectiveness which promised to increase aid coherence, but which has so far insufficiently been put into practice. Donors enthusiastically discuss the importance of good governance, but when it comes to the way in which they themselves structure their aid, it suddenly seems a lot less important. The European Union has done good work by outlining a form of division of labour, but in practice almost no progress has been achieved. It is therefore important for a number of countries to set a good example and start pruning their own activities. The Netherlands should preferably decide to do so in conjunction with a number of likeminded countries. The time is ripe.

Finally, a focused, professional organisation would also enable us to organise our development aid as a learning system. If we invest seriously in a limited number of countries and sectors, we can set up a knowledge infrastructure around that comprising both the staff involved and Dutch and international knowledge institutes. A significant portion of the total budget should therefore also be made available for systematic research and development. If we were to adopt six percent of the development budget as a standard – and that is not a high figure given the constantly investigative nature of development aid – that would mean just under 300 million euros on the development aid budget allocated to research. Compare this to the DFID which, as of 2010, will spend over 200 million pounds a year on research and development, and can easily decide to make 34 million pounds available to develop a growth strategy and set up an International Growth Centre, because it feels that this is an issue that it does not know enough about. In addition, in such a knowledge structure, a form of monitoring and accountability can be developed that focuses on content and the impact of activities, rather than – as is typically the case with current practice – being trapped within an accountant's perspective and confined by the question whether funds have been spent legitimately. Independent research to determine whether we can reasonably assume that we have made a positive contribution fits within this framework. It should also include the assessment of stakeholders in the recipient countries. That creates the building blocks for a country-oriented accountability framework that should constitute the basis for consultations between the minister and parliament.

In line with this, it is the Netherlands's task to actively promote the decentralisation of knowledge development, i.e. developing countries should be enabled to create their own

knowledge infrastructure. The West currently has a quasi-monopoly in this respect. That might be justifiable if knowledge on development were incontestable, but that is not the case. Global variation and selection are required and the best way to do this is to set up three or four knowledge banks around the world which gather knowledge on development and introduce ideas for policy which both learn from and compete with one another. At least one of these knowledge banks should be in Africa and another in Asia. It would also seem obvious to work towards a type of European 'World Bank', bringing together European tools for knowledge, loans, subsidies and policy. Linking the European Development Fund to coordination mechanisms for bilateral aid, credit provision by the European Investment bank and the European Bank for Reconstruction and Development, and with a knowledge function such as the World Bank in Washington already has, can generate improved conditions for strong, effective European development policy.

What about the others?

An as yet unanswered question is why this type of development aid should be provided through separate Dutch efforts. Is it not more logical to organise aid mainly within larger forms of cooperation? After all, that would prevent fragmentation and mobilise real political power and implementation expertise. In theory this is true, but in practice it will definitely not be fully feasible for the time being. To start with, it is a political challenge to provide Dutch taxpayers with sufficient insight into what exactly has been done with their money; it is not enough to say the money was transferred to the World Bank and that it is doing good things with it. In addition, multilateral organisations face legitimacy problems in developing countries. The World Bank is burdened by its history and monopoly, and in many poorer countries it is still viewed as the IMF's natural accomplice. In the long term, doing more through the EU is definitely an option, but as yet, there is little political will among the member states to have the EU adopt a central role in the field of development aid. Instead of an umbrella organisation, the EU has become more of a new donor, exacerbating the fragmentation of aid rather than reducing it. This will have to be dealt with first before the Netherlands can consider curtailing its own efforts.

An equally relevant question is what role Dutch NGOs could play. Many NGOs have evolved into hybrid organisations which work on fundraising, expanding their support base, representing partners' interests, influencing policy, developing projects, subsidising Southern NGOs, providing care and supporting civilian initiatives in a large number of countries. This is understandable from a historical perspective, but can dilute their contributions and reduce their effectiveness to little to nothing. Subsidising Southern NGOs through Dutch NGOs is increasingly inappropriate in a situation in which developing countries have their own social organisations. The Dutch cofinancing system therefore needs

to be reviewed. The point of departure for funding should be the situation in developing countries rather than that of Dutch organisations. NLAID's local branches should, in future, provide support and funding directly to Southern NGOs in accordance with the function they require (service provider, watchdog or supervisor of social process). Dutch NGOs should profile their added value more emphatically if they wish to be eligible for funding. That means professionalisation and specialisation. They can achieve this by, for example, establishing special ties with organisations in countries with which the Dutch government cannot or does not wish to maintain relations because they are governed by authoritarian or failing regimes. Specialisation can also be shaped around a theme. The South will, however, increasingly wish to look after itself. Soon enough, some activities will no longer be relevant for Dutch NGOs, but a role that definitely does need reinforcing is monitoring policy at national, European and global levels. Developing countries do not take part in meetings of ministries, companies and other organisations that work – or should be working – on policy coherence for development, and Dutch NGOs can help make sure their voices are heard.

Where and what?

The question remains on which countries the Netherlands should focus. To a certain extent that choice has become simpler over the past decade. In recent years, most Asian countries have been able to help the majority of their poor themselves. If things continue the way they are going, China will no longer have substantial groups of poor people sometime after 2025. The same applies to Vietnam and Cambodia, and Indonesia is also on the right track. Numerically speaking, Bangladesh and India are the unknown quantities in Asia. There is a lot of work still to be done in Bangladesh and even though India is progressing well, it will take decades until there are no poor left in the country. The question is what role do Western powers have in these developments. In 2003, India announced that it was no longer interested in Dutch development aid. In Latin America there are only a few poor countries left, including Bolivia. At most, the Netherlands could make a limited investment in supporting democratisation, as it has a good track record in that field.

It is therefore primarily a matter of properly considering what the Netherlands can do in Sub-Saharan Africa, a subcontinent with well over 900 million inhabitants, but a gross national product comparable to that of the Netherlands or South Korea. It is also underpopulated, making building infrastructure and irrigation much more expensive than in the heavily populated parts of Asia, which in many areas has depleted soil and a one-sided economy heavily dependent on raw materials. Sub-Saharan Africa is also a subcontinent where the majority of countries may have a more or less functioning government, but seldom one which merits full confidence. In many cases, aid will therefore have to be tied to a sensible political strategy and support for civil society. And in those countries with a state

apparatus that hardly functions, such as classic fragile states like the Democratic Republic of Congo and Somalia, the difficult task will be to help shape the state apparatus, often by initially investing in security and stability. Many donors – including Sweden, Denmark, Canada, the UK and the EU – have developed a separate African strategy in recent years, and with good reason.

Selecting a limited number of countries does not mean that the relationships with other countries, for example middle-income countries, are no longer important. These relationships should however not be made the focus of development aid, but of cooperation using other tools than financial support, aimed at specific goals in the field of knowledge exchange, environmental policy, economic activity, etc. It is becoming increasingly clear that countries which have emerged from the phase of absolute poverty benefit most from the development of knowledge and of a trained middle class. This conclusion has been reached repeatedly by the large multinational organisations, but much less so by bilateral donors. For some time, the World Bank has been profiling itself as a knowledge bank, while the Inter-American Development Bank (the development bank that focuses on Latin America, where almost all low-income countries have evolved into middle-income countries) has exchanged a large number of specialists in loan provision for specialists in large project management.

The specific choice of countries can be based on three simple criteria: a country's needs, the extent to which they are already being met by other donors, and the potential added value the Netherlands could offer. The latter is new. Until now, most donors have claimed to be able to do everything, but that is becoming increasingly problematic. Good development aid is designed professionally and that calls for specific expertise. Norway has therefore concentrated its efforts on peace and reconciliation. It also spends a substantial part of its aid funds on a wide-ranging *Oil for Development* programme, which makes drilling and environmental technology expertise available, as well as knowledge on how to adequately manage revenue from natural resources and how governments can enter into contracts with major oil companies. All manner of public and private parties cooperate in this programme. If necessary, countries in the South can conclude a ten-year contract with the Norwegian government which sets out how the support will be provided in detail. The Netherlands could develop a *Water for Development*, *Agriculture for Development*, *Justice for Development* or *HIV/AIDS for Development* programme along these lines, combining the broad spectrum of public and private knowledge available. The choice of themes could be even more ambitious. The Netherlands has always set great store in civil society and is an international leader in providing funds for NGOs. Internationally, thinking on the significance of civil society is meagrely developed and this represents a unique opportunity. The same applies to a regional approach – much development is not only about how to help a country function properly, but

also regional cooperation and integration. This is also largely unknown territory – and the Netherlands has much to offer: we were, after all, one of the founders of the EEC, while the EU, which evolved from it, has become an example to many regions around the world.

10.3 Beyond classical aid

Besides more focus and professionalisation, promoting development also entails paying more attention to the management of cross-border interdependencies and realising global development opportunities. In that respect, like other countries, we have only just set out on this path. Coherence policy for development proves difficult, and that only tries to ensure that one ministry's policy does not conflict with that of another. It is even more complicated to manage seriously and substantively the coherence between different cross-border issues, and to approach ultimate global development as a strategic task. Whilst 'international cooperation' suits the era in which states maintained sovereign external relations with one another, the term 'global development' expresses the fact that national policy also has consequences for other countries, while national agendas are coloured and influenced by what happens outside. This calls for new ways of dealing with other countries and, in that context, the distinction between developing and developed countries will, to a large extent, become outmoded.

The new world this will create demands innovative ways of dealing with the coherence between various policy instruments. For example: a country that is serious about helping to reduce CO₂ emissions both at home and in developing countries will have to address knowledge policy and knowledge transfer, technology policy and technology transfer, intellectual property rights and negotiations on them at the WTO, technologies and energy saving and sustainable energy generating systems adapted to local conditions, how to devise and set up new funding instruments with non-governmental parties and government bodies, adequate and inclusive international institutions, and, last, but by no means least, national and international coherence so that more biofuel here does not lead to higher food prices and increased poverty in the South. There are insufficient good coordination mechanisms for this, both globally and nationally: the Netherlands' existing administrative model for addressing trade, migration, financial stability, climate, food, energy, knowledge, safety and development issues from a coherent perspective is too ineffective, with coordination mechanisms lodged too much at operational and not enough at political-strategic level.

At global level, more intensive attention to coherence policy and international public goods demands investments in innovation in the shape of funding and regulation, and new forms of global governance. The UN offers many worthwhile ideas, but is weak organisationally and in

implementation. All manner of associated structures and consultation mechanisms have emerged – the latest being the G20 which, since the financial crisis, has replaced the G7 as the global coordinating body. In fields like climate, fisheries, trade and healthcare there are often separate mechanisms which are only loosely affiliated to the UN system, and for migration and financial stability they exist only to a limited extent or are not very effective. New forms and structures will have to be developed. The Netherlands' task is primarily to actively promote this process.

At national level better tools and coordination systems need to be developed. Suitable tools will to some extent have to be developed 'on the job'. There is no reason why we should not in any case invest in developing expertise: a good global issues research institute or network could also help enhance our profile internationally. As stated above, NGOs could be encouraged to play a greater role in this respect. Investment in appropriate accountability frameworks should be the next step. More justice could be done to development policy coherence if – in future – country reports were to juxtapose expenditure on development aid and efforts aimed at other issues. The question will then be how to approach, for example, a region in Africa in terms of aid funds, migration, knowledge, trade and climate. That would be a significant innovation.

It would show suitable ambition also to take the next step and question the importance of the 0.7 percent of national income set aside for development aid. When the standard was devised in the 1960s, it reflected the estimated need for aid in developing countries. However, since the 1970s it has acquired the character of a politically-based international standard, which is repeatedly confirmed at international summits and conferences. Such a standard however suits an isolated system of aid while development in an increasingly interdependent world depends more and more on other issues. It will be more interesting and more appropriate to this new reality to attempt to formulate a new measure which includes not only aid but also Dutch efforts with regard to international regulations and public goods relevant to development policy. This would also lead to a much more fruitful debate than the eternal question of whether our budget for development aid should be more or less than 0.7 or 0.8 percent. And it would provide good input for the debate which will undoubtedly emerge about what should be used as an international framework of reference after 2015, when the MDGs expire.

The coordination systems at state and political-administrative system level need to be reviewed. The distinction between the Ministry of Foreign Affairs, which is supposed to deal with foreign affairs, line ministries that are 'only' expert in their own fields of policy or are concerned with domestic affairs, and a prime minister who should primarily view all of this

from a distance, is no longer suitable for the twenty-first century. It is a nineteenth-century construction from an era when policy stopped at the border and the internet did not exist. In an increasing number of fields, the distinction between national and foreign affairs is less relevant, if not meaningless. International action should primarily be driven by content and the administrative structure will have to rapidly keep abreast of this new reality. An obvious step would be to systematically dovetail the substantive policies of the line ministries with the Ministry of Foreign Affairs by establishing joint directorates, programme directorates and other relevant organisational structures. Furthermore, the portfolio of the current Minister for Development Cooperation should be upgraded to a package of tasks with two distinct components: managing NLAID and formulating a Dutch globalisation agenda which considers a number of global problems in context and develops a Dutch perspective on them. The minister will still be in control of NLAID as his own domain but, like the Minister of Foreign Affairs, will primarily function as an extension of the prime minister.

10.4 Less pretension, more ambition

Changing the organisation and focus of development aid is no easy task. Development aid is caught between extremes. In the Netherlands, where television rules, there is a desire for results with immediate appeal. Developing countries would benefit more from long-term perspectives. That is a difficult gap to bridge. In the meantime, scepticism about development aid is increasing among the public, and not only in the Netherlands. A number of countries have recently issued policy documents reviewing their development aid strategies. Some of these – like Norway, Sweden, and (it would now seem) Canada – are reorienting themselves by making much more defined choices. Others, with Britain at the forefront, want to do everything they do better: more professionally, more transparently, more responsibly. So far, the Netherlands has not determined its course. Official development policy, including part of the institutional world underpinning it, seems to be unintentionally heading for a radical confrontation with those who now believe that aid might just as well be abolished. That is not a sensible route to take.

In addition, it is not helpful to separate the questions of what and why from that of how. What does help is to make choices and to structure the organisation accordingly. The various objectives outlined – providing direct aid, promoting development (directly or indirectly by incorporating development effects in other policies) and preserving international public goods – all have their own legitimacy. How much money and energy should be spent on that is, in essence, a political decision based on how much importance we should attach to the various issues. Our political decision-making process was designed to answer questions like this. Once we have used this system to determine how much money is available for

development policy, we can decide how to divide it up between direct aid, structural development and international public goods. The political debate could gain quality and relevance if it focused more on this. It is the task of politics to align the structure of intervention with the chosen goals.

Ultimately, this can lead to development aid practice which can be described as: 'less pretension, more ambition'. The Netherlands has been very proud of its development aid for a long time. That was justifiable and the country still has a good reputation in the rest of the world. However, in the meantime, the balance of the debate on the future of development aid has shifted. Britain has the advantage that the establishment of DFID ten years ago gave them the opportunity to invest in a new, streamlined organisation; that has given them a leading position in terms of strategy development, policy implementation and knowledge acquisition. Traditionally, it was always the small countries that led the way in thinking on innovative development aid. The Netherlands should aim to retrieve that position.

It is not the quantity but the quality of our contribution to a world in which people and countries are self-sufficient and in which international public goods are adequately safeguarded, that should be the point of departure for what we now still refer to as development aid, but what may later be referred to as 'global development'. Global development is about targeted strategies, the capacity to work in various fields at the same time, knowing when to hold back, and differentiating between goals and thereby between levels of intervention. It is about combining ambition with the awareness that you can only play a modest role.