

## SUMMARY

### *Less pretension, more ambition*

### *Development aid that makes a difference*

Development aid has been the subject of discussion for some years now. Although there is still widespread support for aid among the Dutch population, opinion polls show there is increasing doubt about its effectiveness. The media have also openly questioned the impact of aid, and there is particular disappointment with the situation in Africa.

In the view of the WRR it is impossible to say anything worthwhile about the importance of development aid on the basis of general opinions on the development of entire continents over the course of the past sixty years. A country's development is determined by many different factors, of which aid is only one. Foreign investment, international trade, remittances from migrant workers, the degree of financial stability, the price of raw materials on the global market and, last but not least, internal conflicts are at least as important. Studies have revealed that aid can – at most – act as a catalyst for development, and even then only under specific conditions. These conditions are mostly only partially met. For example, governments in developing countries are often not very effective, while the group interests of ruling elites usually play at least as important a role in their decisions as the public interest. That makes life difficult for donors.

The fact that the question: 'Does aid help?' cannot be answered unequivocally is also related to the way in which development aid is provided. Much aid is not aimed at development, but has other objectives. For example, during the Cold War, aid was often used to keep agreeable regimes afloat while, in the past two decades, it has more often focused on improving the primary living conditions of those living in poverty. It is significant that three quarters of Dutch development aid is spent on healthcare and education, and less than a quarter on infrastructure, agriculture and economic activity. Although it is important to provide social care from a humanitarian perspective, it does not automatically lead to the fundamental changes which promote growth and development, and which gradually make countries and peoples self-sufficient. The increasing pressure in the media and from politicians to achieve

concrete results in the short term acts as a brake on investments that will only show yields in the long term. In addition, aid is extremely fragmented: the average developing country has to deal with 33 donors.

In the meantime, the importance of good development aid has only increased in recent years. For a long time, development aid was primarily viewed as a moral obligation, but as we become increasingly dependent on one another globally, it has also become more and more clear that it is a form of enlightened self-interest to invest in a reasonable life for everyone. Between 1950 and 2050, if current trends continue, the world's population will have quadrupled and per capita income will have increased ninefold. This will lay a very heavy burden on the world's social and physical resources. Competition for space, raw materials, energy and food will intensify, particularly as it becomes increasingly clear that these resources are, to varying degrees, finite. Development aid can play a role in bringing about responsible, sustainable globalisation.

As an enormous stack of evaluations has shown, development aid has a lot of successes and a lot of failures. The important thing is to learn from these results and apply those lessons to improve the quality of development aid. As far as the WRR is concerned two lessons are of paramount importance: aid must make a more targeted contribution to the development and self-sufficiency of countries, and should therefore place less emphasis on immediate poverty alleviation, and it should not limit itself to classic aid but focus more clearly on major, global problems.

### ***More development-oriented aid***

The task of making aid more development-oriented requires a substantial change to the way it is organised in the Netherlands. First of all, it must become country-specific. The history of 60 years of development aid has shown that large-scale, general programmes are too global; there are no silver bullets. The answer to the question of how to advance development varies from country to country. If aid wishes to make a modest contribution to this, policy should be based on good country analyses. That is not sufficiently the case at the moment.

A second precondition is for aid to be professionally designed. That requires an organisation in which, instead of jobs rotating, expertise is of paramount importance. The best way to achieve this is to set up our own development organisation in a number of developing countries; the WRR proposes calling this NLAID. A structure with branches in each country which constitute an organisational whole would make it possible to accumulate thorough knowledge of the recipient countries and enter into long-term relationships, and to mobilise tailor-made expertise from the Netherlands or elsewhere. In addition, such a structure would foster a programme-based approach: after all, if you want to improve agriculture you not only

need to know about the techniques required to farm the land, but also about buying fertiliser, the conditions Europe imposes on imports, opportunities for finding markets for various crops, and how to organise local farmers into cooperatives which suit them.

Aid targeted at development should, thirdly, be shaped as a learning system and this implies investing in knowledge. At the moment, the Netherlands' knowledge infrastructure in the field of development aid is inadequate and is starting to fall behind internationally.

Knowledge development should, incidentally, be equally forcefully supported in developing countries themselves – institutions to compete with the World Bank should be set up as soon as possible in Africa, Asia and perhaps Europe. Finally, focusing on learning also calls for the development of an accountability framework which is tailored to objectives and clearly reflects the opinions of local stakeholders.

Fourthly, it is important to be aware of the wide range of impacts aid can have in developing countries. It can foster dependence and intervene – for better or worse – in local power relations. It is therefore crucial to devote continual attention to these effects and, if necessary, adjust the way in which aid is provided. This also requires bidding farewell to annual spending pressures and introducing a funding model in which funds are made available over a longer period of time.

Finally, the improved targeting of aid towards development also requires specialisation and concentration. This brings the added value of Dutch aid to the fore, makes the results of aid more visible and counters the continuing fragmentation of the way it is organised. First and foremost, we can specialise in areas in which the Netherlands excels or wishes to – agriculture, water, the constitutional state and the fight against HIV/AIDS are obvious choices, but other possibilities include reinforcing civil society or supporting the development of regional ties. Concentration means selecting a limited number of countries. To ensure sufficient clout and presence in these countries, we should focus on no more than ten. The majority of these will be located in Africa, where development and responsible globalisation lag behind the most.

Trying to contribute to development through aid not only touches on the efforts of the Dutch government, but also on those of companies, citizens and NGOs. Instruments aimed at encouraging the business community to fulfil a development-oriented role need to be more focused, while better use could be made of the opportunities for immigrant communities to promote development in their countries of origin. The consequences are, however, the most dramatic for NGOs. The cofinancing system, in which Southern NGOs receive funds through Western NGOs and in which it is seen as an advantage that western NGOs are active in a large number of countries with relatively small projects, has reached the end of its life cycle.

In the future, the deployment of Southern NGOs can to a large extent be directly managed by NLAIID. Western NGOs will have to project their own added value more emphatically through specialisation and concentration.

### **A broader perspective**

Supporting targeted development in a limited number of countries will continue to be worthwhile and essential in coming decades. At the same time it is important to start approaching development from a far broader perspective. Stability and security, trade conditions that facilitate development, combating tax evasion, a fair tax system which does not entice companies to pay taxes here instead of in developing countries, less stringent intellectual property rights for poor countries, a more productive policy on knowledge exchange, and a more properly thought-out migration policy can all be of greater significance to the development of countries than classical aid provided in situ. The development perspective will have to be better incorporated into policy in these areas, and that calls for more policy coherence for development.

Furthermore, attention to global public goods such as financial stability, climate policy and the eradication of contagious diseases will become increasingly important. This will benefit not only poor countries, but also rich countries. The pressure to make global agreements and take global action to care for global public goods will only increase in the future. 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.

Although it will not be easy to fulfil this task effectively, it is crucial that every effort is made to do so. This can be achieved by investing in knowledge – a good knowledge network on global issues can be very important. There is a clear assignment for NGOs here in focusing attention on these issues and bringing the interests of developing countries to the fore. The way in which political and administrative attention to more wide-ranging issues is organised also needs to be improved. This can be achieved by establishing a separate organisational form for these issues and translating them into a Dutch globalisation strategy – which should also be reflected in adjustment of the Minister for Development Cooperation's portfolio. In addition, it calls for the creation of much more emphatic links between the line ministries and the Ministry of Foreign Affairs, to ensure that the latter does not become an anomaly in a world in which the distinction between national and foreign policy issues is becoming increasingly blurred. The ultimate consequence of this approach is also to put into perspective our fixation with spending 0.7% of national income on aid. It would be better to replace that percentage with a figure that also expresses what the Netherlands does in other fields relevant to development, such as care for global public goods.

Development aid is and continues to be a difficult activity. There are no simple solutions and success is by no means guaranteed. Given the situation in most developing countries, trying to keep our hands clean is praiseworthy but impractical. At the same time, it is definitely possible to contribute to development, if the conditions are right. And, as is becoming increasingly clear, this is also in our own interest. 'Less pretention, more ambition' should be the motto of Dutch development policy for the coming period.