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The Netherlands' Africa Policy 1998-2006 Evaluation of bilateral cooperation

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Preface

As in many other debates, in the social debate on the effectiveness of development cooperation, one-liners often win out over in-depth analysis. Anyone who claims that aid is simply throwing money down the drain, or that you can solve everything by throwing money at it, can count on more attention and support than those who insist that development cannot be achieved overnight and is very often a matter of trial and error. Nevertheless, in this report, IOB explicitly seeks that depth of analysis. At the request of the House of Representatives of the Dutch Parliament, it has evaluated the Netherlands' policy on Africa and what it has achieved. The evaluation addresses not only aid to Africa, but also diplomatic efforts and economic relations. The latter in particular are gaining in importance. In recent years, there has been a radical change in the nature of international interest in the continent, which has focused particularly on part of Sub-Saharan Africa. For a long period, traditional aid providers from equally traditional donor countries dominated the picture, but now they are increasingly being joined by new actors, like China and India. The United States, too, is also taking a greater interest in Africa, as a supplier of oil and natural resources and in the context of the fight against terrorism.

Amongst these giants, the Netherlands plays a modest but important role. In many African countries, as elsewhere in the world, the Netherlands has a reputation as something of a forerunner in the field of development cooperation. This evaluation provides illustrations of that pioneering role, for example the introduction of new aid modalities like the sector-wide approach, promoting harmonisation (between donors) and alignment (with the recipient country), and in the area of coherence. The Netherlands has also been prominent in more political interventions – mediating in conflicts, building up the rule of law – in countries like Rwanda, Sudan and South Africa. Through all of these efforts, the Netherlands has made a significant contribution to global achievements in poverty reduction: rising numbers of children attending school, substantial

improvements in access to drinking water, and increasing life expectancy. And, despite the persistence of a number of seemingly insoluble conflicts and the emergence of new hotspots, peace and democracy have come within reach in many parts of the world – a notable, if hardly noticed, achievement.

In the period covered by the evaluation, the Netherlands provided nearly EUR 6 billion in direct aid. On top of that, an estimated EUR 4 billion was provided through multilateral channels and NGOs. That is a substantial amount of money and it is very important, both for poor Africans and Dutch tax-payers, to find out whether it has been spent wisely. Both groups have an equal right to a critical appraisal of ways to improve the effectiveness of the aid effort. This evaluation conducted such an appraisal, and its findings and conclusions are unequivocal. A considerable part of the development budget is taken up with cancelling debts which are not demonstrably development-relevant. The change from project aid to sectoral support and general budget support has enabled African governments to expand public services like education and healthcare, but they rarely succeed in reaching the poorest segments of the population. Increased Dutch efforts to support these services are to be applauded but have led, at the same time, to less attention being paid to the productive sector. As a result, work and income have disappeared as a dimension in the development process. And, finally, despite the lip service paid to the principle of ownership – partner countries themselves deciding on how to spend development funds – very little comes of it in practice.

With this evaluation, IOB wishes to contribute to a debate on Africa that seeks depth of analysis and rejects the doom-mongering of the past, without replacing it with a naive faith in progress. It is very important that this debate can be held not only here, but more particularly in Africa. To that end, IOB works increasingly with African organisations and individuals. That was also the case with this evaluation, for which more than 500 people were consulted. And we continue to seek ways to discuss aspects of this study with people in Africa. Some of the sub-studies are already available in English.

The IOB evaluation team consisted of inspector Fred van der Kraaij, main consultant Eric Kamphuis and research assistants Rafaëla Feddes, Liesbeth Kuyate-Inberg, Ydwine Willemsma and Reinier van Winden. After two years of study, with great expertise and equally great passion for the subject, they have

formulated a completely independent assessment of the Netherlands' policy on Africa. IOB is proud to present you with this summary of their work.

Bram van Ojik

Director Policy and Operations Evaluation Department





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1 Introduction

The integration of Dutch foreign policy presented the opportunity to evaluate the Netherlands' interventions in Sub-Saharan Africa from 1998 to 2006. This period was one of radical changes of policy, inspired by new ideas on the effectiveness of aid, the need to improve efficiency and the desire for a more balanced relationship between donor and recipient countries. These changes took place on many fronts. New themes like 'peace and security' and 'good governance' came to the fore, while more tried and tested areas of attention, such as rural development, retreated into the background. Budgets were delegated to embassies. The number of countries with which the Netherlands had a structural development relationship was cut back. New eligibility criteria for aid were introduced and project aid was replaced by various forms of budget support.

This evaluation aimed to answer three central questions:

- 1) In what way did the Netherlands' Africa policy take shape?
Here, the evaluation devoted special attention to coherence, the integrated approach and *ownership*.
- 2) How and to what extent has the Netherlands' Africa policy been carried out?
Here, the evaluation focused on actual expenditure of the funds, the integrated nature of the effort, the extent of ownership of the recipient country and how coherence was promoted.
- 3) What results has the Netherlands' Africa policy achieved?
Here, where possible, the evaluation focused on the impact on poverty, peace and security, and local capacity in African countries. The extent to which the integrated approach affected the results was also assessed.

The evaluation comprises fifteen sub-studies of subjects in the field of poverty reduction, peace and security, and trade and coherence. One sub-study focused

on policy, two on policy and management, and the remaining twelve on both policy and part of the expenditure.

The sub-studies comprise 42 studies in seventeen countries. These include twelve of the fifteen partner countries (Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Mozambique, Rwanda, South Africa, Tanzania, Uganda and Zambia) and five non-partner countries (Burundi, Democratic Republic of Congo, Nigeria, Sudan and Somalia).

Bilateral expenditure in the evaluation period amounted to EUR 5.8 billion. The total value of the aid evaluated was approximately EUR 2 billion, roughly equal to 40% of total expenditure on Sub-Saharan Africa (this does not include the cancellation of debts). If debt cancellation is taken into account, the amount rises to EUR 3 billion, or more than 50% of expenditure.

The evaluation addresses a wide variety of sectors, themes and aid modalities, including debt cancellation, general budget support, sectoral support, basic education, rural development, urban poverty reduction, HIV/AIDS, good governance, humanitarian aid, conflict, and trade and coherence. Not all sectors were evaluated separately. Health and environment, for example, are only covered in certain sub-studies.

This evaluation does not extend to multilateral policy and policy on non-governmental organisations (NGOs). Nor does it examine the Netherlands' involvement in international fora and multilateral institutions like the United Nations, the World Bank and the IMF, the European Union and the Organisation for Economic Cooperation and Development. There are two exceptions to this:

- where activities that are the subject of a sub-study are cofinanced. This is the case, for example, with a number of general budget support activities;
- the Netherlands' support for cotton-producing countries at the World Trade Organisation and its involvement in the issue of the EU's trade policy on cut flowers were evaluated in the sub-study on trade and coherence.

The extent to which the sub-studies are representative of their areas of concern as a whole varies. The sub-study of general budget support was the most representative, evaluating 85% of expenditure in this area. The study of debt cancellation covered some 70% of expenditure, while the study of humanitarian aid, which evaluated 45% of expenditure, was also relatively representative.

Notwithstanding these limitations, the evaluation provides a clear picture of the Netherlands' Africa policy. It assessed not only the most important activities supported by the Netherlands in partner countries, but also substantial support in five non-partner countries.

2 Background and facts on the Netherlands' Africa policy

In public opinion, the dominant image of Africa is of a lost continent where hunger, war, disease and poverty rule. Not only does this view do no justice to the enormous variety among African countries, it also overlooks positive trends which are considerably improving the opportunities for development.

In most countries, for example, economic growth is now much more robust than previously. It is also notable that this growth is not only apparent in countries that are rich in natural resources. To a limited extent, the benefits it brings are filtering through to the poorest groups in the population. In the new millennium, after a long period of capital flight, the subcontinent is attracting new foreign investors, while remittances from African migrants are making an increasing contribution to the development of national economies.

A second important trend is that, since 2002, there have been fewer inter-state and intra-state conflicts, which also signifies an improvement in the human rights situation. Nevertheless, the situation in most post-conflict countries remains fragile.

A third important development is that, after the political liberalisation of the early 1990s, a multi-party system has emerged in a number of countries with varying degrees of stability. In other cases, unfortunately, autocratic practices have continued or been established. There have been definite, if slow, improvements in the quality of governance and respect for the rule of law.

The fourth significant development is demographic in nature. People are looking for a better place to live, in the city, in another country or even on another continent. Urbanisation is progressing faster in Sub-Saharan Africa than on any

other continent, and the massive influx of newcomers has led to a rapid rise in the number of slum-dwellers.

Fifth, there is increasing population pressure on natural resources. There is still no food security in parts of the subcontinent. Overgrazing, deforestation and soil erosion are taking their toll. Unpredictable drought and floods as a result of climate change are a contributing factor.

Lastly, there are developments in the fields of education and of information and communication technology (ICT). Although it looks as though the subcontinent will fail to achieve Millennium Development Goal 2 (all children to attend school by 2015), the percentage of young people going to school is increasing. The use of new information and communication technology is also growing exponentially.

To help increase the opportunities for development in Sub-Saharan Africa, an aid architecture has been put in place over the past decades with a wide variety of multilateral and bilateral actors. The most influential multilateral actors are the United Nations, the International Monetary Fund, the World Bank, the European Union, the Organisation for Economic Cooperation and Development, and the African Development Bank. In terms of absolute aid expenditure the ten largest bilateral donors are the United States, Japan, the United Kingdom, France, Germany, the Netherlands, Italy, Canada, Sweden and Spain. China and India are emerging as new actors, while non-governmental (NGOs) and private organisations are also becoming important players.

Recent decades not only saw the emergence of more and new actors, but poverty reduction strategies also evolved.

One of the most influential documents in the early 1980s was the World Bank's controversial and critical *Berg Report*, which attributed the lagging economic development of most countries south of the Sahara to excessive state control, over-protection of the productive sectors, inefficient central governments and widespread corruption. The report called for radical measures to promote economic liberalisation, thereby justifying the structural adjustment programmes imposed by World Bank and the IMF.

The African countries too devised their own development plans. In 1980, the Organisation of African Unity (OAU) formulated the *Lagos Plan of Action*, which promoted self-reliance. Six years later, the OAU modified these ideas slightly in

Africa's Priority Programme for Economic Recovery, which aimed at socioeconomic transformation, improving the marketing arrangements for agricultural products and building up the infrastructure. The plan was however not popular: African leaders claimed to be suffering under neo-colonialism and conditional aid, while the rich countries accused them of corruption and bad economic governance. In reply, in 1986, the UN launched its *Programme of Action for African Economic Recovery and Development 1986-1990*, drawn up jointly by the African states and the international community. Like the *Berg Report*, this programme also attributed state a minimal role in the economy. In 1990, the UN initiated the Fourth Development Decade.

In 1991, the Global Coalition for Africa (GCA) was set up, a forum for the public sector, the private sector, professional groups, academics and NGOs which addressed themes like economic development, regional cooperation, peace and security, the private sector and migration. Not long afterwards, in December of the same year, the *United Nations New Agenda for the Development of Africa in the 1990s* came into force. This was once again a compact expressing mutual engagement, and many of the themes were similar to those of the GCA.

In the 1990s, the World Bank, the IMF and the most important bilateral donors took their lead from the Washington Consensus: fiscal discipline, privatisation, deregulation, foreign investment and trade, infrastructure and social services. Criticisms of this approach, from African countries and from within the World Bank itself, increased once it became clear that deregulation of the markets did lead to economic growth, but not to balanced development.

Debt relief became a trend: in 1996 the *Heavily Indebted Poor Countries* initiative was launched, for which poor countries had to qualify. Three years later, the *Enhanced HIPC Initiative* was launched with a lower threshold, followed in 2006 by the *Multilateral Debt Relief Initiative (MDRI)* which offered 100% cancellation of debts to the World Bank, the IMF and the African Development Bank for countries which met the criteria for the *Enhanced HIPC Initiative*.

Around the millennium, after some fifty years of experience with development cooperation, the question as to what genuine impact all these aid efforts and poverty reduction measures were having was posed with increasing urgency. The 1998 World Bank report *Assessing Aid* proposed that aid can lead to economic growth and poverty reduction if it goes to countries that need it most and which also pursue a solid socioeconomic policy. That meant that aid should also be

provided to promote good fiscal policy, effective public investment and a stable investment climate. The report called for less project aid and more budget support, so that public institutions would function better.

Budget support however assumed that aid would be better coordinated and directly geared to the policy priorities of the recipient countries. This need for donor harmonisation resulted in the 2005 Paris Declaration, which was signed by more than 100 countries. Donors committed themselves to increase their aid and base it on the development strategies, institutions and procedures of the recipient countries (alignment). The latter had to exercise effective leadership over these strategies (ownership). On the basis of the Paris Declaration, several donors decided to channel more aid through sectoral or budget support.

At the 2000 UN summit, the international community committed itself to achieving eight concrete Millennium Development Goals (MDGs) by the year 2015, including primary education for all boys and girls, reducing maternal and child mortality, and ensuring more safe drinking water. To achieve these goals, donors had to invest an extra USD 50 billion by 2010 in poverty reduction and developing countries had to draw up development plans by 2006. Five years later, it became clear that efforts to achieve nearly all the MDGs were falling behind schedule. A new UN summit took stock of what needed to be done to get the MDGs back on track: identify countries with rapid development opportunities, develop specific strategies for each MDG, train people worldwide, take initiatives that would have a rapid impact and call in the help of middle-income countries. For Africa the goals would be achievable if governments and the private sector were prepared to make considerable investments.

In 2001, the *New Partnership for Africa's Development* (NEPAD) was set up. NEPAD was to focus on socioeconomic development, good governance and African ownership. African leaders would have to implement radical changes themselves and challenge each other on their progress. In 2002, the ailing OAU, portrayed by its critics as a powerless 'dictators' trade union', made way for the African Union. The AU has the statutory right to intervene in a member state if war crimes, genocide or crimes against humanity are being committed. Until now, the AU has only exercised this right in Sudan, where it has a peacekeeping force stationed in Darfur.

Early in 2004, British prime minister Tony Blair set up the Commission for Africa, which brought out a report a year later entitled *Our Common Interest*, calling for

more debt relief, trade reforms and aid. The 2005 G8 summit responded by pledging to double aid to Africa by 2010 and provide 100% debt relief to HIPC countries. In addition to debt relief, the MDGs were to provide the framework for policy.

3 The Netherlands' policy intentions, 1998-2006

3.1 Introduction

The trends described in chapter 2 had varying degrees of influence on the development of the Netherlands' bilateral policy on Africa. The Netherlands' main concerns were poverty, economic growth, conflicts, good governance and human rights, and pressure on natural resources. The growing influence of China and India in Sub-Saharan Africa received little attention.

In addition to general policy documents, others were published that focused specifically on Africa. In the 1998-2006 period, at least 84 policy documents were produced, 54 of which were presented to parliament and 30 of which were internal.

From 1998 to 2002, the emphasis was on the selection of partner countries, the development and adoption of the sector-wide approach and coherence policy. From 2002 to 2006, the sector-wide approach was continued, policy on coherence was developed further, and strong emphasis was placed on integrated policy (with elements of diplomacy, defence and sustainable development). The different ministers assigned varying degrees of focus to Africa: it was less pronounced in 1998-2002 than in the 2002-2006 period.

Approximately the same number of policy documents were written in each of these two periods. All in all, this led to an excess of policy. Furthermore, certain policy areas were dealt with in disproportionately many (or few) policy documents. For instance, there were many documents about security and stability, but none that laid a comprehensive basis in Dutch policy for general budget support, a major area of expenditure.

3.2 The run-up to 1998

In 1995, the *Review of Foreign Policy* was published. It was signed by the five ministers responsible for foreign affairs, development cooperation, economic affairs, finance and defence. The review introduced far-reaching changes in decision-making at political level, cooperation among ministries, the organisation of the foreign ministry and the development cooperation programme, the deployment of staff and the role of Dutch embassies. The foreign ministry was reorganised in the form of a matrix, with new regional and policy theme departments and a reinforced network of embassies with a broader range of responsibilities.

The 1995 memorandum *Aid in Progress: Development Cooperation and the Review of Dutch Foreign Policy* advocated dedicating a higher percentage of the Gross National Product (GNP) to development aid than the international standard of 0.7%, in view of the financial needs of developing countries. The memorandum also proposed a reduction in project aid (which made up more than 70% of aid in 1994) and more general financial aid such as macro support, balance-of-payments support, sectoral budget support and debt relief. It also argued that ownership of development assistance should be vested in the ultimate beneficiaries, rather than in their government or the donor government. According to this memorandum, ownership was most likely to work in countries with efficient government, transparent decision-making and democratic accountability (in short, good governance). The memorandum also proposed that a process-based approach would allow for alignment with national development.

Between 1990 and 1997, fifteen separate policy documents were produced: two on education, and others on cattle farming, sustainable land use, small-scale businesses, renewable energy, AIDS, urban poverty, family planning and reproductive healthcare, financial services, biodiversity, fisheries, nutrition, tropical forests and drinking water and sanitation. Project aid continued to be an integral element of many of these documents. In this same period, environmental policy was decompartmentalised, and the Netherlands pledged to spend 0.1% of its GNP in this area, starting in 1999.

Dutch development aid to Africa specifically was due to increase by 50% over the course of the 1990s. Regional policy plans were produced for various regions: the Nile and the Red Sea, East Africa, Southern Africa, and the Sahel and West Africa. Country-specific plans were drawn up for 29 countries in these regions. All the

regional policy plans focused on sustainable poverty reduction by promoting economic development. In every region, a choice of sectors was made for each country. The basis for policy intentions and aid modalities was an assessment of national policy and the political, human-rights and socioeconomic situation, with special attention to the theme of women and development. After the foreign policy review in 1996, no new regional policy plans were produced, and the embassies became responsible for drawing up country plans and budgets.

3.3 The 1998-2002 period

Because the ministry had abandoned the regional perspective, in 1988 it adopted a general policy framework for the embassies' annual plans, entitled *Sub-Saharan Africa*. Its declared intentions were to increase financial support (in part by setting aside 0.25% of GNP for the Least Developed Countries, LDCs); to strengthen the links between democratisation, conflict prevention and development cooperation; and to promote trade, investment and cultural cooperation.

Despite calls to concentrate on a smaller number of countries, in 1998 Dutch aid was parcelled out among 47 countries in Sub-Saharan Africa, although the sums involved were sometimes very small. Project support remained the dominant form of aid, despite the intention to cut it back in favour of general programme support.

The 1998-2002 period represented a break with the past; soon after taking office, the new development minister informed parliament that she would drastically change the nature of bilateral aid. The essential criteria for selecting countries became the degree of poverty, the quality of socioeconomic policy and the quality of governance. Structural bilateral aid was to be concentrated on sectors rather than projects and, for reasons of efficiency, on a smaller number of countries.

The degree of poverty was ascertained from the list of countries eligible for soft loans from the World Bank. To determine the quality of policy and governance, officials looked at the integrity of the machinery of government, corruption, transparency, scrutiny of government expenditure, public participation, separation of powers, legal certainty, democratisation and human rights, and defence expenditure. The ministry later expanded, refined and supplemented this set of criteria on the basis of its own assessments.

Structural bilateral aid involved a multiyear commitment to a country and thus required direct consultation between the two governments on policy and the deployment of instruments and aid channels. The sector-wide approach was to play a central role. Ten countries in Sub-Saharan Africa were eligible for a structural bilateral relationship: Burkina Faso, Eritrea, Ethiopia, Ghana, Mali, Mozambique, Tanzania, Uganda, Zambia and Zimbabwe. Two other African countries, Egypt and South Africa, were granted a limited bilateral relationship. In addition, some African countries were eligible for theme-based programmes: five (Guinea-Bissau, Kenya, Namibia, Rwanda and Zimbabwe) for the theme of good governance, human rights and peacebuilding, two (Cape Verde and Senegal) for the environment, and one (Benin) for a Sustainable Development Agreement (SDA) stemming from an earlier period. Development relationships with fifteen other African countries was phased out.

In another break with the past, the multilateral share of Dutch development expenditure, which had previously been below the donor average, was to be increased to approximately one-third. The Netherlands came out in support of a new international assistance framework, with more emphasis on social and environmental issues, in line with the international consensus expressed in commitments made at major UN conferences.

The Minister for Development Cooperation believed that Dutch civil society should play an important role in poverty reduction. In the 2001 *Memorandum on Civil Society and Structural Poverty Reduction*, civil society organisations were advised to form international networks for lobbying and interest promotion on poverty reduction. There was no longer any place for policy on specific marginalised regions or target groups.

The Netherlands agreed with international criticism of technical assistance; it was too expensive, the returns were unclear and it crowded out local employees. Technical assistance was to be reduced dramatically, and in the future it would have to contribute to capacity-building.

The Netherlands also wished to encourage coherence in trade policy, in order to give producers in developing countries better opportunities on the international market. In 2001, the ministry set up a special Coherence Unit.

New policy papers were published at a furious pace, on themes such as good governance, basic education, water, climate, the environment, human rights,

conflict prevention, the business climate, humanitarian aid and HIV/AIDS. These documents were not specifically about Africa and, with the exception of the one on basic education, they did not draw a strong link with the sector-wide approach. They also showed little cohesion with one another.

In 1999, the foreign and development ministers presented a memorandum on Africa, which was entirely separate from the memorandum on Sub-Saharan Africa published just a year earlier. This new *Africa Memorandum* advocated the integrated use of political, economic and development instruments, linking up with international calls for an integrated approach to conflict and sustainable development. The Netherlands began contributing to areas such as security sector reform, the fight against the illegal arms trade, promotion of good governance and development of the private sector. Half of Dutch bilateral aid was reserved for Africa. Notably, the memorandum said almost nothing about the sector-wide approach.

In addition to the *Africa Memorandum*, one other policy document focused on Africa, a memorandum on *The Crisis in the Great Lakes Region* (2001). Policy specifically aimed at Sub-Saharan Africa was contained primarily in the embassies' annual plans.

The Partner Countries of the Netherlands in Sub-Saharan Africa (2006)



3.4 The 2002-2006 period

Owing to the short lifespan of the first Balkenende government, the State Secretary for Development Cooperation was unable to formulate many new policy intentions. The same state secretary, however, became the Minister for Development Cooperation in the second Balkenende government, which took office in May 2003. Soon after, a memorandum on *Essential Principles of Development Cooperation Policy for the Years Ahead* was published. It drew closer connections between peace and development and between migration and development and accorded a larger role to the private sector. In other areas, such as coherence, a regional approach, effectiveness and the Millennium Development Goals (MDGs), established policies were continued.

In October 2003, the memorandum *Mutual Interests, Mutual Responsibilities* was published. It maintained the commitment to devote 0.8% of the Netherlands' GNP to development cooperation, but announced that this assistance would be more concentrated. The most important themes were education, the environment and water, and AIDS and reproductive health. Within these areas, project support remained possible. Development policy was to be more strongly oriented towards results and accountability. Within bilateral aid, aid modalities could be applied flexibly, with the most effective strategy being determined individually for each partner country: project aid, sectoral support or general budget support.

Policy coherence also remained a priority. The ministry's Coherence Unit produced a series of memoranda on agricultural reform, product standards, cotton, medicine, fisheries, small arms, labour migration and WTO negotiations.

Budget and sectoral support were linked to national Poverty Reduction Strategy Papers (PRSPs), the policy dialogue and the quality of policy in the recipient country. The input objectives for aid to Africa (50% of bilateral aid), education (15% of the development budget) and the environment and water (0.1% of GNP) remained the same, and in 2007 expenditure on the fight against HIV/AIDS, tuberculosis and malaria was intended to reach twice the 2002 level.

The results reports published from 2004 onwards drew a distinction between the results of the Netherlands' own input and those of joint efforts with other parties, and they showed what contribution these efforts had made to the achievement of the MDGs.

The Netherlands' policy on Sub-Saharan Africa was presented in the memorandum *Strong People, Weak States*, which was published in 2003, at the same time as *Mutual Interests, Mutual Responsibilities*. The list of partner countries in Sub-Saharan Africa remained largely unchanged, with only Guinea-Bissau, Namibia and Zimbabwe being removed. The Netherlands announced its intention to give priority to peace and security, good governance and good policy, investment in people (especially in reproductive health, education and HIV/AIDS), pro-poor growth and sustainable development. The memorandum stressed the importance of donor harmonisation in combination with capacity-building and institutional strengthening in the recipient countries, and of linking aid more strongly to the MDGs and to PRSPs.

As a follow-up to *Strong People, Weak States*, the foreign ministry produced separate memoranda on the Great Lakes region and the Horn of Africa, which set out a regional approach to peace and security that integrated development cooperation with political instruments. Although the Horn of Africa memorandum made no special mention of Sudan, considerable attention and resources went into that country's peace process. In 2005-2006, the ministry had a Sudan Task Force. There were also memoranda on regional policy in West Africa and Southern Africa, but they remained internal and had an unclear status.

3.5 Conclusions

General:

- Between 1998 and 2006, excessive policy-making resulted in a lack of clear priorities. This made it difficult to guide and monitor the implementation of policy.
- The lopsided distribution of policy memoranda led to too many documents in some areas and not enough in others.

The 1998-2002 period:

- Despite the aim of devoting half of bilateral aid to Africa, policy documents did not place great emphasis on the continent. Africa policy took shape within the bilateral policies on individual countries, which were largely the work of the embassies.
- Good governance was primarily a criterion for the selection of partner countries.

- The sector-wide approach, which was intended to enhance the effectiveness of development assistance, was accompanied by a sharp decrease in target-group policy and technical assistance.
- Despite the emphasis on the theme of women and development within the GAVIM (good governance, poverty, women & development, institutional development and the environment) objectives, less attention was devoted to gender issues. When the sector-wide approach was first introduced, the intention had been to mainstream gender as a theme.

The 2002-2006 period:

- Policy on the sector-wide approach and coherence was consolidated.
- Good governance became a subsidiary objective within development cooperation.
- The foreign, development and defence ministers coordinated their efforts on Africa.
- Africa policy had clearer thematic emphases, such as peace and security, and a sharp focus on Sub-Saharan Africa.
- The Minister for Development Cooperation was strongly oriented towards Sudan, which was not a Dutch partner country. No separate policy memoranda were published on the role of the Netherlands in Sudan. Policy on Sudan was made and altered in response to the latest developments. In 2005-2006, the ministry's Sudan Task Force played a supporting role.
- The focus on poverty reduction was less clear.
- Attention to gender equality was not consistent.

4 Expenditure

4.1 Introduction

Total Dutch bilateral aid to countries in Sub-Saharan Africa amounted to EUR 5.8 billion in the evaluation period, an average of EUR 650 million a year. This went to the fifteen partner countries and a number of non-partner countries; some of it was spent on a regional basis, rather than being associated with a specific country.

The actual figure for development cooperation in Sub-Saharan Africa from 1998 to 2006 is much higher if we take into account the direct financing of multilateral institutions and the contributions made to NGOs, two forms of expenditure outside the scope of this evaluation. According to a conservative estimate by IOB, spending on development cooperation in Sub-Saharan Africa totalled more than EUR 10 billion in the 1998-2006 period, an annual average of about EUR 1 billion.

4.2 Countries

Between 1998 and 2006, the Netherlands' development assistance went to 45 countries. The six main recipients included three partner countries – Tanzania, Ghana and Mozambique – and three non-partner countries, the Democratic Republic of the Congo (DRC), Nigeria and Sudan. These two groups received EUR 1.4 billion and EUR 1.2 billion, respectively. Expenditure on the other twelve partner countries amounted to EUR 2.2 billion, and the figure for the other 27 non-partner countries was EUR 600 million.

Expenditure on the fifteen partner countries varied greatly: the largest amount went to Tanzania (EUR 574 million), and the smallest to Eritrea (EUR 58 million). Eight of the fifteen partner countries accounted for 50% of bilateral Dutch aid expenditure. In order of importance, they were Tanzania, Ghana, Mozambique,

Uganda, Mali, Burkina Faso, Ethiopia and Zambia. The remaining seven partner countries received EUR 800 million in total.

A large group of almost 30 countries received very little aid from the Netherlands. This included several countries in armed conflict (the partner country of Eritrea, Guinea-Bissau, Liberia, Sierra Leone and Somalia) and several that are among Sub-Saharan Africa's richest (Botswana, Equatorial Guinea, Gabon and the island states of Mauritius and the Seychelles). These are the 'orphans' of Dutch development aid.

Annual bilateral aid to Sub-Saharan Africa rose throughout this period, with slight annual fluctuations owing to factors such as the size of the Netherlands' GNP, debt relief, the choice of channel, the modality of aid and the increasing focus on Africa. At the end of this evaluation period, the objective of dedicating 50% of bilateral aid to Sub-Saharan Africa had been met.

4.3 Categories

Table 4.1 Expenditure by sector and theme, 1998-2006 (x EUR 1 million)

1	Debt cancellation	1,100
2	Humanitarian aid	825
3	General budget support*	798
4	Education*	565
5	Health*	497
6	Public sector & civil society*	373
7	Rural development*	194
8	Agriculture*	155
9	Environment*	151
10	Water & sanitation*	112

Notes:

* = exclusively for partner countries.

EUR 900 million of the expenditure on debt cancellation went to non-partner countries.

EUR 600 million in humanitarian aid went to non-partner countries.

The largest category of expenditure, debt cancellation, benefited both partner countries (Tanzania, Ghana and Kenya) and non-partner countries (Nigeria, the DRC, Cameroon and Ivory Coast), but the latter group received a much larger share. Debt cancellation represented about 20% of total bilateral expenditure.

The second largest category was humanitarian aid, at 14% of bilateral expenditure. About EUR 500 million went to the Horn of Africa and Central Africa. Of this amount, about 250 million went to Sudan, for the victims of the two major conflicts in Southern Sudan and Darfur. Other countries that received relatively large amounts of humanitarian aid were Angola, Ethiopia and Mozambique.

General budget support (14% of bilateral expenditure) went to Benin, Burkina Faso, Burundi, Cape Verde, Ghana, Mali, Mozambique, Tanzania, Uganda and Zambia. Among those ten recipients, Burundi was the only non-partner country.

Education, at 10% of bilateral expenditure, is one of the leading sectors within Dutch bilateral development cooperation. In 2003, it was a priority sector in nine partner countries in Sub-Saharan Africa, which received about 95% of education expenditure. The rest went to six other partner countries. Healthcare (at 10% of bilateral expenditure) was a priority sector in seven countries. Again, these countries received about 95% of total expenditure. In the category of government and civil society (6% of bilateral expenditure), more than 50% went to Uganda, Rwanda and South Africa.

Annex 1 gives expenditure figures for individual years and countries in the 1998-2006 period.

5 Debt cancellation

5.1 Introduction

Roughly speaking, debt cancellation for developing countries relates to bilateral debt (earlier development cooperation loans), multilateral debt (usually to international financial institutions, IFIs), export credit debt and other commercial debt. Ninety percent of expenditure on debt cancellation (or debt relief) for countries in Sub-Saharan Africa in the evaluation period related to export credit debt.

Debt relief can take diverse forms: cancellation or restructuring of part of the principal, or of arrears, ordinary interest, penalty interest etc. The Netherlands usually bases its debt cancellation policy on international commitments. It is not easy to gain insight into the origin and magnitude of the debts cancelled. Furthermore – unlike its predecessor, Midas – the foreign ministry's Piramide financial and administrative system, launched in 2003, no longer includes a separate budget item for cancellation of export credit debt. Spending on export credit debt is, however, reported in the Official Development Assistance (ODA) portion of the annual Homogeneous Budget for International Cooperation (HGIS) and reported as ODA to the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) in Paris. The disadvantage is that the DAC report generally lags one year behind, which makes it difficult to obtain up-to-date information on transactions and amounts.

5.2 Policy implementation

IOB estimates the full amount of debt cancellation in Sub-Saharan Africa in the 1998-2006 period at EUR 1.1 billion, including EUR 1 billion in export credit debt.

This debt cancellation had four components:

- 1) The cancellation of export credit debt incurred by the Democratic Republic of the Congo (DRC), agreed in 2002 and paid between 2002 and 2006 from the development budget: EUR 360 million.
- 2) Debt relief for Nigeria, agreed in 2005 and paid in 2005/2006 from the development budget: EUR 355 million, including EUR 350 million in export credit debt.
- 3) Debt relief for ten partner countries, comprising both cancellation of export credit debt and other forms of debt cancellation: EUR 246 million.
- 4) Debt cancellation for seven non-partner-countries, relating largely to export credit debt: EUR 136 million.

The debt cancellation for the DRC and Nigeria caused great commotion. In the case of the DRC, this was because so much of the country's debt had been cancelled soon after it began participating in the HIPC initiative. Cancellation of Nigerian debt led to extensive debate in the Dutch media and the Dutch parliament. This was partly because Nigeria is not an HIPC country, partly because of the large amount of debt cancelled, and partly because of Nigeria's reputation as a highly corrupt country with substantial oil revenues.

In December 2002 and May 2003, IOB published two reports on the Netherlands' debt relief policy in 1990-1999, which were accompanied by parliamentary motions, public presentations and a great deal of publicity. These reports noted that the Dutch finance ministry claimed and received 100% of the insured amount from the Minister for Development Cooperation, but paid out only 90 to 95% to the Dutch companies impacted by the debt cancellation, deducting 5 to 10% own risk. In other words, the finance ministry was 'profiting' from debt cancellation. In addition, the premiums were sufficient to cover the costs, so that at an aggregate level the finance ministry never suffered financial loss. What is more, the debt in question stemmed from an instrument for export promotion. Using development funds for debt cancellation was therefore tantamount to using aid money to promote Dutch exports at the expense of poverty reduction. Finally, the development minister acted contrary to international commitments such as the Monterrey Consensus by counting expenditure on debt cancellation towards the 0.8% of GNP spent on development cooperation. In effect, cancellation of export credit debt took place at the expense of poverty reduction in poor countries.

In her policy document *Mutual Interests, Mutual Responsibilities* (2003), the minister promised to explore the possibility of a new appraisal instrument for sustainable

poverty reduction in connection with the reinsurance of new export credits to developing countries. This intention was not realised. Moreover, the minister contradicted her own position that debt relief should not reduce the funds available for other forms of ODA expenditure. The essential findings of the relevant IOB evaluation are therefore still just as applicable now, in 2007.

5.3 Conclusions

- Debt relief in general, and cancellation of export credit debt in particular, can be seen as having a positive effect at the macro level. The benefit lies, however, more in improved solvency than in liquidity. A large proportion of the debts would after all not be paid off.
- This is clearly visible in the case of debt cancellation for the DRC, which was not permitted to create counterpart funds to finance extra public services or investments. The primary effect of debt relief was to improve solvency. The same applies to Nigeria, although here the extensive debt relief operation was followed by new loans, from China. This initially had a negative impact on solvency, though this was later compensated for by the sharp rise in oil prices, which earned Nigeria an estimated USD 50 billion at the end of 2007.
- It is unclear whether the poor in Nigeria or the DRC benefited from the debt cancellation. There have been no studies to determine this and the transactions are too recent. Though the recently set up virtual poverty fund in Nigeria, which is financed from general funds, does earmark funds for poverty reduction, the widespread corruption in the country and the mismanagement in the public sector cannot be ignored. Monitoring of the fund by the IMF does, however, offer hope. In the DRC, an HIPC country, no funds were specially earmarked, but a national poverty reduction strategy was drawn up.
- IOB estimates that the Dutch Ministry of Finance enjoyed a financial benefit of EUR 1.5 billion as a result of the cancellation of export credit debt. This amount comprises the counterpart funds received from the development budget (around EUR 0.9-1 billion), plus the EUR 575 million paid by Nigeria in back-payments. The cancellation of export credit debts for Nigeria and the DRC are expected to generate a financial benefit of EUR 500 million for the Dutch treasury in 2007 and 2008 – at the expense of the budget for development cooperation. In the 2007-2012 period, the cancellation of export credit debts is expected to amount to EUR 1.144 billion, the majority of which is for countries in Sub-Saharan Africa.

6 General budget support

6.1 Introduction

This chapter is devoted entirely to general budget support. Sectoral support is dealt with in chapter 7. Various evaluations of general budget support have been published since 2000. The most detailed one was the *Joint Evaluation of General Budget Support 1994-2004 (2006/2007)*, carried out by a consortium of investigators with a specially purpose-designed methodology. The evaluation was undertaken jointly because the results of budget support cannot be traced back to individual donors. Three Dutch partner countries were involved: Burkina Faso, Mozambique and Uganda. Two other evaluations were conducted with the same methodology, involving Tanzania and Ghana. In the 1998-2006 period, these five countries received a total of EUR 650 million in general budget support from the Netherlands, more than 80% of all Dutch budget support to Sub-Saharan countries. This chapter is based in part on all the above-mentioned evaluations and in part on IOB's investigation of the Netherlands' policy-making and implementation.

6.2 Policy development

No separate policy memorandum on general budget support has been published, although *Mutual Interests, Mutual Responsibilities* includes a short section on it. The three Africa memoranda published in the evaluation period did not discuss general budget support, which is most surprising given the large sum involved: EUR 800 million.

Assessing whether a country is eligible for general budget support is a complex procedure with many participants, in which the foreign ministry's Effectiveness and Quality Department (DEK) plays a pivotal role. DEK gives its advice on the Track Record, which measures the quality of governance in a partner country, and then the senior ministry officials make a final decision. Since 2007, the embassies

have been the budget holders for general budget support, but the decision-making procedure, including the number of parties involved, has remained unchanged. The audit department audits and reports on macro aid, including budget support, after the fact. General coordination is in the hands of the Directorate-General for International Cooperation (DGIS).

The Netherlands has subscribed to international commitments relating to donor harmonisation, better alignment with recipient countries' policies, and strengthening the capacity of recipient countries to exercise ownership. In 2005, these commitments culminated in the Paris Declaration, one of the targets of which is to increase programme aid to 66% of aid flows to developing countries.

6.3 Expenditure

Between 1998 and 2006, the Netherlands gave general budget support to nine of the fifteen partner countries in Sub-Saharan Africa, for a total of almost EUR 800 million, nearly 15% of bilateral ODA expenditure on the entire Sub-Saharan Africa region. In these nine partner countries, budget support formed as much as 30% of Dutch bilateral aid. More than EUR 550 million was regular budget support and almost EUR 250 million was non-regular budget support. In 2006, the non-partner country of Burundi also received budget support. Four countries received relatively small amounts, and by no means every year: Benin, Cape Verde, Burundi and Zambia. The annual amounts of budget support fluctuated considerably, mainly as a result of non-regular support.

6.4 Partner countries

The findings in this section are based on the *Joint Evaluation of General Budget Support*, which covered all general budget support to the countries mentioned.

In Burkina Faso, this form of support had a clearly demonstrable positive impact on government performance, policy-making and cooperation between government and donors, but the impact on poverty reduction and economic growth was much harder to determine. The three most conspicuous positive effects were the harmonisation of aid, larger budgets for the social sectors and better management of government finances. The increase in budgets for social sectors was also related to a rise in debt relief and tax revenue, however. Corruption is a point of attention for both the government and donors.

In Ghana, aid did not shift clearly and definitively towards general budget support for discretionary spending. There was no area in which policy dialogue had a decisive influence on the decision to grant budget support. The impact on donor harmonisation and alignment was modest. The predictability of budget support and the reduction of transaction costs received a more positive assessment. The investigators had doubts about the Ghanaian authorities' capacity to develop pro-poor poverty policy.

In the case of Mozambique, the evaluation noted a positive influence on harmonisation and alignment, but reached no specific conclusions about the impact on economic growth and poverty. In public financial management, there was an upward trend but still a great deal of room for improvement. Because of poor oversight, the government is unable to use its own resources optimally. Corruption is a cause for increasing concern. The percentage of the population under the poverty line dropped sharply, from almost 70% in 1996 to less than 55% in 2003, but it is difficult to show any causal connection to general budget support.

In contrast, there was a rise in the percentage of Ugandans living under the poverty line, from 34% in the late 1990s to 38% in 2003. The causes of this trend and the quality of the data have been debated at length. It is difficult to draw any direct link with general budget support. Discretionary funding and commitments regarding public financial management have improved planning and budgeting and increased transparency. But it is less clear whether accountability for expenditure has improved. The investigators noted that corruption is rampant in the country.

In Tanzania, budget support led to a doubling of public spending on the priority sectors for poverty reduction in the 1998-2003 period. The sectors that benefited most were education, road construction, healthcare and drinking water. This did not bring about greater efficiency, however, or more effective poverty reduction. Between 2002 and 2004, public spending rose more rapidly for economic sectors than for social sectors, which suggests changing priorities. The investigators also observed that improvements in social indicators fell short of expectations, probably because the poor, especially in rural areas, are not sharing equally in the benefits of economic growth.

6.5 Conclusions

- General budget support is discretionary aid, which the recipient country is theoretically free to spend as it sees fit. But because this aid is automatically linked to a policy dialogue between the donor and the recipient, that freedom is an illusion. The recipient government is not free to do as it sees fit if it is required to consult with donors about its policies.
- Because of its discretionary character, general budget support is by definition aligned to the policy and procedures of the partner country. Full alignment makes ownership possible, but not automatic. Ownership can come under pressure from policy dialogue with donors and the conditions they set. In practice, donors determine the modality of aid – in this case, general budget support – and make it subject to numerous conditions.
- Although it does not serve a political goal, general budget support is used as a political instrument. It can be a reward for sound policy or an incentive to improve. For instance, Ghana and Mali received budget support because of their military contributions to peacekeeping forces in Liberia and Sierra Leone, respectively. The fact that Burundi, a non-partner country, also received general budget support in 2006, illustrates that this form of aid is sometimes used politically.
- Policy officers working from the same criteria arrived at different positions on granting general budget support to Burkina Faso, Uganda and Tanzania. This raises questions about the objectivity and quality of the assessment instrument. If the minister's officials were unable to agree, she would take the final decision herself. In one case (Rwanda), the opinion of a parliamentary majority was decisive.
- In most years during the evaluation period, general budget support was a residual item, dependent on unspent funds. Recent multiyear commitments have changed that. At country level, expenditure has fluctuated strongly, and expenditure also varies from country to country without any clear, objective justification. No correlation was found between the Track Records and the volume of budget support.
- Spending pressures have resulted in considerable non-regular budget support, especially in 2000 and 2001. This is difficult to reconcile with plans to make general budget support more predictable and the policy of keeping non-regular budget support in proper proportion to regular assistance.
- These discretionary funds allowed governments in recipient countries to do their work better, bringing about higher spending on social sectors, especially education and healthcare. This had the favourable result that more

poor people obtained access to education and medical care, though the quality of these social services did not keep pace with their runaway growth. This form of funding also had a detrimental result, in the form of increased dependence on aid.

- In most of the countries investigated, general budget support had a positive influence on donor harmonisation and alignment. There was also an upward trend in public financial management, though still a great deal of room for improvement.
- There was no evidence in any country that general budget support influenced economic growth or improved the incomes of poor people. This is due in part to the limits of the evaluation and in part to incomplete or unreliable data. It should not be concluded that general budget support has no such influence, but a lack of proof that it does could weaken the arguments for providing this form of aid.

7 Sectoral support

7.1 Introduction

The evaluation of sectoral support in Sub-Saharan Africa made use of the 2006 IOB evaluation *From Project Aid towards Sector Support* and country studies on Burkina Faso, Mozambique, Tanzania, Uganda and Zambia. Aid to these five countries made up more than 50% of Dutch bilateral aid to the 15 African partner countries in the 1998-2006 period.

7.2 Selection of countries

In selection rounds in 1999 and 2002, the number of countries with which the Netherlands has a long-term, bilateral development partnership was greatly reduced. In Sub-Saharan Africa, fifteen partner countries remained: Benin, Burkina Faso, Cape Verde, Eritrea, Ethiopia, Ghana, Kenya, Mali, Mozambique, Rwanda, Senegal, South Africa, Tanzania, Uganda and Zambia.

Poverty and good governance became the criteria for carrying on an intensive aid relationship, in the form of sectoral support. The poverty criterion was a per capita GNP of at most USD 925 a year. All the African countries selected met this criterion, except for South Africa and Cape Verde. World Bank indicators were used to measure good policy and governance. This proved difficult to reconcile with the poverty criterion, because poor countries usually score poorly on governance indicators. The indicators themselves also have certain disadvantages. Selection according to the criterion of good governance was difficult in practice, especially given the objective of spending half of bilateral aid in Africa. After 2002 this criterion was relaxed and more emphasis was placed on the intention to ensure good governance.

7.3 Choice of sectors

The embassies were responsible for choosing sectors, preferably no more than three. A sector was a well-defined policy area; embassies could also choose subsectors or cross-cutting themes. Dutch support for a sector had to be 'substantial,' but no further explanation of this term was given. The choice of sectors had to be made with the government of the recipient country and mesh with national PRSPs.

In 1999 a total of 33 sectors were chosen in the twelve African partner countries, including education (in nine countries), healthcare (in seven), agriculture (in four) and the environment (in three). The five GAVIM objectives (good governance, poverty, women & development, institutional development and the environment) had to be incorporated into all sectoral programmes. The choice of sectors in 1999 was largely a continuation of programmes in progress.

In 2003 the Netherlands selected five priority themes: basic education, the environment, water, reproductive health and HIV/AIDS. These stemmed from the millennium goals. In practice, sectors could only be chosen from these five themes, with support for sexual and reproductive health and rights and HIV/AIDS usually placed in the category of healthcare. The number of sectors per country was decreased; in 2003, 23 sectors were selected in the fifteen partner countries. Fifteen of the selected sectors were either education or healthcare.

In the evaluation period, more than 60% of sectoral support went to the social sectors. Support for agriculture and rural development dropped steeply. One explanation of the high priority given to the social sectors is they provided ready opportunities to spend aid money: the government's role was well-defined, and there was a need to rapidly increase the availability of schools, educational resources, health centres and medicines. Furthermore, the Netherlands wished to concentrate on the Millennium Development Goals (MDGs). There were also international commitments in the field of healthcare, such as devoting 4% of the development budget to sexual and reproductive health and rights and doubling expenditure on HIV/AIDS, tuberculosis and malaria in 2007. The Netherlands pledged to spend 0.1% of GNP on the environment theme by the end of 2007, with the funds coming from the development budget. It also adopted the objective of providing drinking water and sanitation for an additional 50 million people by 2015. Additional funds were allocated to all these sectors and themes.

7.4 Changes in bilateral aid

At first, the shift of emphasis to a smaller number of sectors proceeded slowly. Activities in progress could not be shut down from one day to the next, and sometimes creative arguments were made for shoehorning an activity into a particular sector. In the end, however, most activities that did not fit into the priority sectors were terminated or transferred to other donors, sometimes with Dutch financing. In Tanzania, for instance, the number of activities was reduced from more than 100 to between 20 and 30, which was the usual number in most countries by 2005. In a few countries that number was much higher, such as South Africa (with 60) and Ethiopia (with 55) while, in only three countries (Kenya, Rwanda and Ethiopia), small projects with budgets of less than EUR 1 million made up more than 40% of total expenditure.

In nine of the fifteen partner countries in Sub-Saharan Africa, the Netherlands began supporting national programmes for basic education, usually winding down its own projects. The same happened in the area of healthcare. Likewise, in the few countries where water and the environment was one of the sectors chosen, there was an attempt to gradually move from project aid to sectoral support.

7.5 Harmonisation, alignment and ownership

In practice, the level of aid harmonisation varied greatly. Information exchange and joint monitoring became more frequent, but joint financing was limited to a core group of donors, largely in Northern and Western Europe. In late 2004, 60% of aid to Africa from member states of the Organisation for Economic Co-operation and Development (OECD) was still project-based. At the same time, new donors such as China were emerging, along with private funds from companies and foundations; this made donor harmonisation more difficult.

In Tanzania, Uganda, Mozambique, Ghana and Burkina Faso, many donors act in concert, including the Netherlands and the World Bank. There is also a growing tendency to align aid more fully with the national poverty strategy and development plans. In Tanzania, Mozambique, Uganda and Zambia, joint aid strategies for government and donors have been launched.

The Netherlands has been very proactive in pursuing harmonisation and alignment. In almost every report, the Netherlands scores above average on indicators such as predictability of financing, timely payment, alignment with the

budget cycle, reduction of the number of missions and use of standard government reports.

Donors play a large part in deciding how aid to African countries is spent. Recipient countries often see the increase in donor coordination as an obstacle to ownership. One aspect of ownership is the capacity to carry out policy. There has been some visible improvement at finance ministries, but much less at line ministries. The most serious problems arise at the regional and local levels, which play an especially important role in providing services to specific target groups.

7.6 Results

In Sub-Saharan Africa, the results are easiest to monitor in the education and healthcare sectors. In most countries, the physical infrastructure for education has been expanded substantially, as a result of which many more children have received basic education. Nevertheless, it will be difficult to achieve the MDGs for education. The healthcare infrastructure has also expanded, and the rate of vaccination for major diseases has increased. But there has been little improvement in the quality of care.

The education and healthcare sectors are facing similar problems. Policy implementation remains poor; in most countries, the process of change is driven by a small group of experts in senior civil service positions. Improvements in physical infrastructure have led to hardly any improvement in the performance of services in these sectors. Furthermore, poor monitoring and evaluation make it difficult to detect improvements. In all these countries, there are major discrepancies in the quality of service, both between urban and rural areas and between regions. The greatest successes have been achieved in places where sectoral support has gone hand in hand with measures to assist the poor (such as the elimination of school fees) and new facilities in remote areas. Numerous studies have concluded that much of the aid to social sectors does not adequately reach the poorest people.

7.7 Conclusions

- Dutch sectoral support has served to promote donor coordination, the allocation of aid based on recipient government plans, alignment with the priorities and procedures of the recipient country and a gradual reduction in the administrative burden of aid.

- The Netherlands has made the switch to sectoral support and budget support more comprehensively than most other donors. This shift has often been difficult to reconcile with the serious governance problems and widespread corruption in most partner countries. In developing policy for the sector-wide approach, insufficient thought has been given to the political and economic dimensions of aid and budget support.
- Sectoral support has led to a considerable expansion of public services (especially education). The drawback has been a weaker emphasis on poverty, at least in the short to medium term.
- The introduction of the sector-wide approach was mainly a Dutch initiative and left little scope for ownership by the recipient countries.
- Interventions at macro level have rarely been influenced by information about the effects of sectoral support at the micro level. Great emphasis has been placed on reform and on strengthening institutional management. Because the Netherlands has been less and less involved in project aid, it has lost sight of the concept of bottom-up development.
- The Netherlands has neglected to support productive sectors in African countries because of uncertainties about the role of government in those sectors and because of opportunities for quick, visible successes in the social sectors. Almost no attention has been paid to the income dimension of poverty, especially the significance of the agricultural sector, even though the large majority of the African population is dependent on that sector.

8 Basic education

8.1 Introduction

The Netherlands' strong emphasis on basic education comes to the fore in evaluations. In 2003, IOB carried out a joint evaluation with other donors and partner countries of the impact of aid on basic education in four countries, including three in Sub-Saharan Africa: Burkina Faso, Uganda and Zambia. In 2006, IOB evaluated the sector-wide approach on the basis of case studies in five countries, including Burkina Faso, Tanzania, Uganda and Zambia. It then followed up with investigations of the impact of support on education. This chapter is based on those evaluations, as well as results reports by the Ministry of Foreign Affairs and UNESCO's annual *Global Monitoring Report*.

8.2 Policy development

Basic education includes general education for very young children, formal or informal basic or primary education, adult education and alternative forms of education for children who do not attend school.

Since the global conference *Education for All (EFA)* in 1990, basic education has received a great deal of attention. The year 2000 was at first set as a target date by which all children were to have access to primary education. This date has since been shifted to 2015.

In Dutch policy, the objective of education for all grew in importance from 1992 onwards. Basic education received a major quantitative boost in 1999, with the adoption of the sector-wide approach. In Sub-Saharan Africa, this meant that in nine out of fifteen of the Netherlands' partner countries the education sector received considerable support through the sector-wide approach. The Netherlands had a long tradition of engagement with education in Sub-Saharan Africa, which had been financed largely through the Dutch cofinancing organisations. The

inclusion of education as a sector within the sector-wide approach implied a shift towards government-to-government support, and concentrated primarily on basic education.

8.3 Expenditure

The sector-wide approach and the Fast Track Initiative have led to extensive increases in the Netherlands' development assistance for basic education, from EUR 156 million in 2000 to almost EUR 200 million in 2003 and EUR 570 million in 2006. Of that amount, EUR 110 million has gone to countries in Sub-Saharan Africa, approximately 22% of bilateral expenditure. In addition, 15% of budget support has been attributed to education in a number of countries. In the evaluation period, bilateral support for the education sector totalled EUR 565 million, spent chiefly on the nine education partner countries in Sub-Saharan Africa.

8.4 Education partner countries

Initially, education was chosen as a priority sector in the partner countries of Burkina Faso, Eritrea, Mali, Mozambique, South Africa, Tanzania, Uganda and Zambia. They were joined by Ethiopia in 2002 and Benin in 2006. The choice of the education sector was often highly compatible with the wishes of the recipient countries.

The large sums given in support of education allowed the governments of recipient countries to do away with school fees and invest in classrooms, educational materials and teacher training. The elimination of school fees had a tremendous impact on participation in education, which skyrocketed. In addition, girls and boys gained more equal access to basic education. The strong increase in participation put educational quality under pressure; classes were too large and there was a growing shortage of teachers, many were not up to standard and teaching methods did not focus on active learning.

The IOB impact evaluations of education in Uganda and Zambia showed that large numbers of new pupils have not had a major negative impact on school results. They concluded that it was essential to train more qualified teachers and to significantly improve the management of schools and the administrative levels directly above them (the district, the province and the education inspectorate). Good management proved to make the greatest contribution to cost-effectiveness,

along with factors like books, school facilities and teachers. A combination of good management and good teachers was found to be the most effective way of improving the quality of education.

Generally speaking, poor people were seen to have benefited from better access to basic education. Inequalities remained, however; in particular, teachers tended to gravitate towards wealthier urban areas, to the detriment of the rural poor.

Most countries in Sub-Saharan Africa will not meet the education MDGs. The remaining obstacles include high school dropout rates, many pupils who must repeat a year, and very poor educational results.

In all partner countries in which education is a priority sector, the Netherlands has supported initiatives to integrate HIV/AIDS issues into its activities. There has been limited integration of this theme into other policy areas.

8.5 Conclusions

- The Netherlands got off to a slow start; only after the adoption of the sector-wide approach did it begin to provide substantial financial support for basic education in Sub-Saharan Africa.
- In most countries in Sub-Saharan Africa, the Netherlands plays a leading role in donor harmonisation. Harmonisation and pooling of funds allow for a much more effective and wide-ranging approach than project aid.
- All countries in Sub-Saharan Africa that have received support for the education sector from the Netherlands are making progress on participation in education, though some are still far from achieving the MDGs. The quality of education still leaves much to be desired: classes are enormous, pupils have to sit on the ground and the quality of teaching is often poor.
- Uganda and Zambia have managed to maintain the quality of education, despite the huge numbers of new students. Sectoral support and general budget support have clearly contributed to these results. Precisely in basic education, sectoral support has resulted in better access to education for the poorest people.
- The poor have been among the beneficiaries of wider access to basic education. That has been less true of the poor in rural areas, where fewer teachers are available, and participation, quality and results are consequently lower.

9 Rural development

9.1 Introduction

The desk study on rural development took Mali, Tanzania and Zambia as case studies. The results were compared with those for Burkina Faso, Kenya and Mozambique. A desk study was also performed on the Office du Niger, a large-scale irrigation programme in Mali that has been receiving Dutch aid since 1978. The third component was the recent IOB impact evaluation of Dutch aid for water and sanitation in Tanzania from 1990 to 2006.

9.2 Policy development

From the late 1970s onwards the Netherlands was involved in 'integrated area development': projects involving agriculture, environment, infrastructure and planning, often with support for education and healthcare, sometimes in a region covering several provinces. By the mid-1990s this Dutch approach was being applied in almost all African countries with which the Netherlands had a long-term aid relationship. In the late 1990s it became apparent that the economic results of this approach were limited, that the programmes were difficult to coordinate and manage and that, furthermore, they were too isolated from national policy. Aid for rural development was phased out almost entirely in a short space of time, with no explicit change in policy.

No more separate policy memoranda devoted to rural development were produced between 1998 and 2006. Though the subject was covered in policy papers, it came under various headings. For example, in the memorandum *In Business Against Poverty* (2000), agriculture was treated as part of the private sector. The *Memorandum on coherence between agricultural and development policy* (2002) looked principally at the export opportunities of developing countries. The policy document *Mutual Interests, Mutual Responsibilities* (2003) reported that the agricultural sector deserved special attention 'given its importance for

employment and poverty reduction'. The memorandum *Strong People, Weak States* (2003) set out points for action, such as better market access and 'support for the productive sectors, especially agriculture'. The internal West Africa memorandum of 2004 looked at rural development under pro-poor growth. It drew attention to problems such as the marketing of agricultural produce and improvements in production. Cocoa production, among other things, would be boosted by means of public-private partnerships with Dutch companies. Cotton production played an important role in partner countries Benin, Burkina Faso and Mali.

9.3 Six partner countries

In the six partner countries selected for the evaluation, between 1995 and 1999 rural development accounted for around 25% of total bilateral aid; by 2006 this had shrunk to just 3.2%. Aid for rural development had been discontinued in five of the six partner countries. Only Mali still had a rural programme in 2006.

The sector-wide approach had huge implications for rural development aid: there were far fewer activities, projects were cut back, and technical assistance was reduced. Added to that, the sector-wide approach proved difficult to launch in a number of countries (Burkina Faso, Mali, Zambia), whilst long-running rural programmes were being phased out (Burkina Faso, Kenya and Zambia). Sectoral support for rural development also turned out to be a complex matter, given the wide range of different types of enterprise, production levels and cultural background, the involvement of several ministries, largely indefinable roles for the authorities, the private sector and civil society, and differences of opinion between donors and recipient countries over issues such as market liberalisation or strengthening the private sector. Furthermore, none of the six countries studied had an agriculture ministry equipped for the sector-wide approach. More and more donors, including the Netherlands, withdrew their support. Interest in the rural development sector shrank further as a result of a decline in the number of rural development experts at the embassies, in favour of more generalists and diplomats.

The strong focus on social sectors virtually entirely eclipsed support for the productive side of rural areas. New strategies in active support of large groups of farmers were applied to only a very limited extent. This placed major restrictions on Dutch efforts in support of pro-poor growth in the six countries studied. Generally speaking, farmers in the middle group who had commercial potential

would benefit from Dutch efforts, but the vast majority of poor farming families would not.

9.4 Mali: Office du Niger

The Office du Niger is a large-scale irrigation programme in Mali, in the upper reaches of the Niger river. Since 1978 the Netherlands has been providing financial and technical assistance for efforts to reform the management and organisation of the Office du Niger, for the Malian government's economic policy reforms and for efforts to strengthen the farmers and their organisations. The processing and marketing of agricultural produce have also been improved. The programme now also includes an environmental management component.

Between 1978 and 2006 the Netherlands provided some EUR 90 million for the Office du Niger, around EUR 20 million of which was given between 1998 and 2006. This is the largest Dutch-supported agricultural project in Sub-Saharan Africa.

The joint efforts of the Malian government, the international donors, and the Netherlands in particular, have been impressive. There was widespread hunger among rice farmers in 1978, but 25 years later the average yield per hectare had risen from less than one tonne to over six tonnes. The reforms that were first introduced on a small scale had brought about a wholesale transformation of the rice sector in the Office ten years later. Mali is now self-sufficient in rice, with the region under the Office du Niger accounting for almost two-thirds of production. The Office's withdrawal from direct economic activities and the strengthening of the farmers' position were certainly made possible by the efforts of donors, including the Netherlands.

Besides rice production, there has also been a striking increase in production of crops such as onions, tomatoes, maize and sweet potatoes, which sell well in urban areas. Farmers' incomes are estimated to have risen sixfold since the early 1980s, to an average of USD 1000. Over the past 25 years the population has almost quadrupled, now exceeding 250,000, mainly thanks to immigration from other parts of Mali. During the harvest season, the area is home to more than 300,000 people. The area has become an engine of economic activity and development, providing tens of thousands of Malians with work and an income. Important results have been achieved at both micro and macro level in terms of poverty reduction and economic development.

9.5 Tanzania: water and sanitation

Shinyanga is an extensive region of Tanzania. The widely dispersed population of almost three million traditionally had to rely on unsafe surface water. From 1990 to 2006 the Netherlands supported programmes to provide drinking water and sanitation in the form of manually dug wells with hand pumps. The Dutch contribution was a continuation of the aid that it had been providing for the district programmes since the 1970s. From 1990 onwards, the Netherlands spent some EUR 20 million there. Users also paid a contribution, and this approach served as a model for current Tanzanian policy on rural water supply. The Netherlands currently provides budget support for the Tanzanian water sector programme.

Initially the programmes focused on the construction and rehabilitation of water supplies; later this shifted to support for setting up user groups who took over responsibility for the water supply. From 2002 the programmes were integrated into district plans, with capacity-building help for the districts. The role of private enterprise has also grown.

Between 1992 and 2006 the proportion of the population with access to an improved water source rose from an estimated 10.5% to around 43% (this increase equates to some 1.1 million people). The time involved in fetching water has been reduced by 60%, and now takes less than half an hour. The health of the population has improved, with a reduction in eye infections, scabies, diarrhoea, malaria and worms. Though the quality of the water in the wells has been found to be good in some respects (ammonia, nitrate, iron, sulphur content), it often does not meet the standards for fluoride and coliform bacteria. The wells are not disinfected regularly enough, if at all. Most user groups comply with the required proportion of men and women on their management committee. However, male members or senior male figures in the community sometimes dominate. The problems are less pressing for men, as it is women who actually bear the consequences. Some 90% of the facilities work at present but their sustainability is not guaranteed, however. It is unclear whether new members of the management committees of user groups receive training, how any conflicts in user groups are resolved and whether the groups have the resources to maintain or replace the facilities. Though awareness of problems related to population growth and the environment has grown, people still have very limited capacity for tackling them.

9.6 Conclusions

- The introduction of the sector-wide approach coincided with a rapid reduction in the Netherlands' aid for rural development in Sub-Saharan Africa. That reduction was insufficiently based on analysis of a possible place for agriculture in the sector-wide approach. Such an analysis would certainly have been no easy matter, given the complex nature of the agricultural sector. The productive aspects of agriculture, such as growth in production, were not clearly differentiated from its social aspects, particularly poverty reduction.
- The key lesson from the support for the Office du Niger in Mali is that combining economic reform with investment in people, the physical infrastructure and institutions is effective. Another important factor is that cooperation was provided on a long-term basis, and at the request of the local authorities.
- The impact evaluation of the water and sanitation programme in Shinyanga, Tanzania, has shown that the Netherlands successfully supported activities that provided over a million people with better drinking water, improved their health and had a positive impact on their quality of life.

10 Urban poverty reduction

10.1 Introduction

This chapter is based on the ongoing IOB evaluation of Dutch support for urban poverty reduction, with Ethiopia and South Africa as case studies, including field visits during which both those implementing the project and 'users' were interviewed. Some activities were based on the policy on urban poverty reduction; others, though carried out in urban areas, resulted from policy in other areas.

10.2 Policy development

The Netherlands first focused specific attention on urban development in the policy document *A World of Difference* (1990), and again in *A World of Dispute* (1993). Any urban programme would have to be 'innovative' and 'catalytic', as part of international initiatives, or involve support for exploratory, innovative and experimental activities. This policy was worked out in more detail in the *Memorandum on Urban Poverty Reduction* (1994), which emphasised income, access to basic services, capacity building and public participation. Areas eligible for support included work and income, habitat, social services, urban governance and institutional development, as well as integrated urban development. No clear, specific objectives were identified for any of these themes. A Spearhead Programme on Urban Development was set up. Programmes were to be launched for twenty countries, including Egypt, Ethiopia, Senegal and South Africa. The Netherlands earmarked EUR 4.5 million, with a planned increase to EUR 13.6 million in 1995. But it was not until 1998 that expenditure even approached this level. Thereafter, it fell sharply. The Spearhead Programme disappeared in 1996 and the issue was no longer given priority. In 2000, however, an internal memorandum entitled *Cities in Sectors, Sectors in Cities* was published to safeguard sustainable urban development under the sector-wide approach (to no avail, as it turned out). The policy document *Mutual Interests, Mutual Responsibilities* (2003) did refer to the need to improve the living conditions of slum dwellers, however.

There has therefore never been a policy on urban poverty focused specifically on Africa. This entire policy area disappeared when the sector-wide approach was introduced. It was not chosen as a sector in any country in Africa. Though urban issues were still mentioned in embassies' annual plans, it was mainly in relation to activities that were being phased out. Sector experts at the embassies did however continue to make the link with urban issues in other areas.

10.3 Expenditure

Between 1991 and 2004 the Netherlands spent EUR 163.5 million on urban development in Sub-Saharan Africa. EUR 32.9 million of that went to Ethiopia, and EUR 8.6 million to South Africa. Only 3% of expenditure in Ethiopia, and 19% in South Africa was from the Spearhead Programme on Urban Development; the rest came from other budgets. Expenditure on urban development went to a multitude of projects and programmes. The Netherlands also supported global programmes run by multilateral institutions.

10.4 Ethiopia

The Netherlands supported ten projects in Ethiopia, five that were based on urban policy and five that were not, though they did explicitly refer to an urban setting.

The financial efficiency of the projects was poor. Lengthy preparations, underspending of resources, delayed implementation and sometimes also delays in payments by donors meant that most projects could (and indeed had to) be extended with no impact on the budget. The average duration – four years – was lengthy for such relatively small projects.

Some projects involved specifically defined themes (mainly health, with an emphasis on street children), while others were much more broad-based (land and housing, integrated improvements to slums). Most achieved their stated goals: the street children started attending school and people began to improve their homes.

While some projects were part of a broader organisation, others fostered the rise of new local organisations. They often remained heavily dependent on their parent organisation, and there was little participation by the local population. In most projects, the interventions resulted in considerable transfer of knowledge, awareness and skills. Sustainability scored low across the board.

In the short term, all the projects clearly had a positive impact. The living conditions of the target groups improved, and often also those of their close neighbours and adjacent neighbourhoods. However, such small-scale projects are unlikely to change the overall situation as regards poverty.

One notable case was the 'closure' of an Urban Field Development project, which arranged building land for the urban poor in Debre Zeit and Addis Ababa. Those directly involved attempted to relaunch the project after it had been closed down, and succeeded in setting up associations. In the certainty that, thanks to the project, the land belonged to them, they succeeded in obtaining services such as water and electricity.

Generally speaking, most of the evaluated projects were abandoned fairly suddenly by the stakeholders, the Netherlands or the organisations implementing them. There was therefore almost no sustainable change. Notably, however, several interventions, such as the supply of DAF buses under the Development Related Export Transactions (ORET) Programme, which were not based on an integrated approach but were tailored to a particular urban problem (such as poor public transport), were regarded as very useful by the urban poor.

10.5 South Africa

The urban projects in South Africa ranged from housing, social services and employment to enhancing urban governance. The policy choices the Netherlands had made in the early 1990s were generally relevant, particularly the focus on jobs, public services and governance. Projects helped strengthen public bodies, NGOs and community organisations for the poor. Only the interventions involving work and income were sometimes incorrectly targeted, focusing on the informal economy, which plays a much smaller role in South Africa than elsewhere on the continent. The relevance of the model of social housing called for by the Netherlands and of projects to retrain unemployed young people to turn them into successful entrepreneurs is also doubtful.

The efficiency of projects for urban development was poor to very poor. This was largely due to high staff turnover, and to a lack of focus. Effectiveness was also generally poor, although results varied widely. A small majority of the projects achieved goals such as catering for local needs, putting the required organisation in place and contributing to local governance. Crumbling social cohesion in poor urban districts posed major challenges for those implementing the projects.

The prospects in terms of sustainability are not great, with only a few exceptions. Most projects had great difficulty surviving as an organisation, and some went under. Projects with the best prospects were those run by a number of professional NGOs providing urban services. They came up with innovative ways of reducing poverty, with potential for broader application. Organisations providing urban services were able to build their administrative capacity. The support given to young people to enable them to start businesses and theatre groups had no identifiable impact. The project to curb violence against women did however have some impact.

10.6 Conclusions

- There was no specific urban policy for Sub-Saharan Africa. Bilateral activities were however supported in some countries, including Ethiopia and South Africa. Urban development was not chosen as a sector in any country in Sub-Saharan Africa.
- Integrated policy produced few results: many activities turned out to be largely ineffective and inefficient. Isolated activities, such as efforts to improve living conditions or public transport, did however achieve results. Measures in the field of healthcare, education and credit also improved the living conditions of the urban poor.
- In Ethiopia the selected projects lacked any vision of urgent urban problems, despite the fact that a problem analysis was conducted. Interventions were isolated. Though their often limited goals were achieved, the projects usually overran. A lack of continuity meant they made barely any sustainable difference to urban problems.
- Nor was there any integrated approach in South Africa, and the efficiency and effectiveness of the projects are doubtful. Most activities designed to strengthen the economic status of young people had little or no effect.
- South African NGOs consistently managed to achieve the Netherlands' policy objectives. They constituted an important 'reservoir of knowledge' for South African policymakers and specialists.

11 HIV/AIDS

11.1 Introduction

The HIV epidemic has hit Sub-Saharan Africa, particularly Southern Africa, much harder than other parts of the world, and its impact on socioeconomic development has been huge. The Netherlands is closely involved in the issue, spending over EUR 276 million in bilateral aid on HIV/AIDS in Sub-Saharan Africa between 2000 and 2005 alone.

The evaluation focused mainly on the integration of HIV/AIDS into policy areas other than healthcare. A survey was conducted among embassies in partner countries, and country studies were performed in Ethiopia, Nigeria and South Africa. Together, these countries are illustrative of the Netherlands' policy. UN reports on progress with a number of indicators were used to measure the results. A file study was also carried out on 28 randomly selected HIV/AIDS programmes and projects, and the results of two major external evaluations were summarised. Public-private partnerships, sectoral support for the health sector, and cooperation via multilateral organisations and cofinancing organisations were not considered.

There are major differences between countries in terms of the stage of the epidemic and the involvement of other actors. As a result, the Netherlands' contribution to the AIDS response varies widely. Furthermore, it is not easy to separate Dutch efforts from those of other actors. Any conclusions as to the results of these efforts must therefore be drawn with caution.

11.2 Policy development

The Netherlands focuses on fighting the epidemic and on its impact on individuals, families, communities and the development of the country. The basic assumptions are that AIDS impacts on all sectors of society, that protection of

human rights is a key concern, and that sexual and reproductive rights and health are vital for prevention. Dutch efforts are based on the ‘three c’s’: commitment from political and community leaders, coordination and capacity strengthening. The AIDS Memorandum (2004) stated explicitly that integration of HIV/AIDS applied not only to development cooperation, but also to other areas of foreign policy, such as security and conflict prevention, human rights, humanitarian aid and good governance.

Of the fifteen partner countries in Sub-Saharan Africa, seven receive sectoral support for healthcare: Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Tanzania and Zambia. The Netherlands uses a combination of instruments in these countries, with support for national AIDS programmes and projects (usually via NGOs) alongside sectoral support. South Africa is the only country that does not receive sectoral support for healthcare where the Netherlands is supporting a large bilateral programme. The embassy also runs a major regional programme. In the other seven partner countries, cooperation is limited to integrating HIV/AIDS into other policies and support for small-scale initiatives.

In 2004 the Netherlands appointed an HIV/AIDS Ambassador, who publicises Dutch policy and is not afraid to publicly voice his disapproval of policies that rely exclusively on abstinence and monogamous relationships. The AIDS and Reproductive Health Working Group was also set up in 2004 to foster the integration of AIDS and reproductive health into foreign policy.

11.3 Expenditure

EUR 276 million was spent on HIV/AIDS via bilateral channels between 2000 and 2005. Part of this was spent on programmes that were only partly focused on HIV/AIDS, while EUR 110 million was spent on 138 projects and programmes that exclusively involved HIV/AIDS. Most of the latter (EUR 42 million) went to Ethiopia and Tanzania, where activities included two major research projects. Of all the expenditure evaluated, 18% went on public information, 31% on care and prevention, 15% on national programmes, 7% on institutional development of NGOs and funds for small-scale activities, 10% on research and 19% on other activities.

Spending on global programmes that partly went to Sub-Saharan Africa and expenditure in other sectors was not included.

11.4 Partner countries

The integration of HIV/AIDS has been tackled in all partner countries except Senegal. Kenya and Rwanda have acknowledged the need, but have taken little action to date. In the other partner countries the Netherlands supports one or more initiatives designed to integrate HIV/AIDS into good governance, human rights, education, economic development, conflict prevention or humanitarian aid. There is a focus on HIV/AIDS in all countries that receive sectoral support for education, usually in the form of staff training and curriculum reform. Education is the only policy area where the Netherlands devotes consistent attention to integrating HIV/AIDS. Different countries show varying degrees of interest in integrating HIV/AIDS into other policy areas.

The subject of HIV/AIDS was by no means always raised in dialogue with the authorities in partner countries, either because it is a politically sensitive issue, or because other issues had more priority. Protecting human rights in relation to HIV/AIDS – a pillar of Dutch policy – was demonstrably raised as an issue in only half the partner countries. Six partner countries received funding for projects involving information on and protection of the rights of workers in rural areas. In four of those countries, the Netherlands fostered the introduction of the ILO's workplace policy. The Netherlands pressed for an international AIDS programme to be set up for the Great Lakes region, as part of its work on conflicts and humanitarian aid.

There is reason for cautious optimism concerning the prevalence of infection, transmission from mother to child, drug treatments and use of condoms in the partner countries. This is not necessarily directly the result of Dutch interventions. It is however likely that strengthening healthcare and support for national AIDS programmes and other projects have contributed to these positive developments.

11.5 Programmes and projects

Over 50% of proposals failed to consider sexual and reproductive health and rights. The proposals for seventeen of the 28 projects investigated did not include any measurable targets or, where they did, reports did not indicate whether they had been achieved. Four of the other eleven projects satisfactorily met their goals, and seven met them almost completely. One positive finding is that in almost all projects, the intended output was achieved. Although almost all project proposals mentioned the position of women, only ten of the 28 could be demonstrated to

have had a positive impact on it. Three had clearly not done so, and it was impossible to draw conclusions in the case of the others, as the reporting fell short or the question was not applicable.

11.6 Research projects

Two major research projects, in Ethiopia and Tanzania, were assessed in terms of their relevance and effectiveness in 2002. The Ethiopian project had limited relevance, as it focused mainly on biomedical research, and contributed little to the national AIDS programme. Its effectiveness was variable. One positive result lay in the fact that a lot of high-quality research was performed. However, there was insufficient translation of results into practical guidelines. The Tanzanian project was highly relevant and largely achieved its goal. It was also effective, though this is a slightly more cautious assessment. The project involved a variety of interventions at community level, including cataloguing communities, workplace policy, promotion of condom use, care for AIDS patients and development of educational material. This led, among other things, to a slight increase in condom sales.

11.7 Conclusions

- Dutch international HIV/AIDS policy has clear principles, areas of work, priorities and result areas. The emphasis on integrating HIV/AIDS into various areas of foreign policy is correct. However, integration is not yet common practice, and focuses largely on what can be done to combat AIDS in various policy areas, with almost no consideration of the epidemic's impact on those policy areas.
- Implementation is largely in accordance with policy, though there is little focus on the links between HIV/AIDS and sexual and reproductive health and rights, with the exception of Ethiopia.
- Policy implementation focuses on prevention and care. Too little consideration is given to the further implications of AIDS, beyond caring for people with the disease.
- The intended output of projects focusing exclusively on HIV/AIDS was satisfactorily or almost completely achieved in virtually all cases. However, projects often lacked measurable goals and adequate reporting. Eleven of the 28 programmes and projects achieved their goals either fully or to a satisfactory extent. Over a third of them had a positive impact on the status of women.

- The results of two research projects were variable. Though the goals of the biomedical research in the Ethiopia research project were achieved, it made little contribution to the national AIDS programme. The research project in Tanzania almost completely achieved its intended output. It also helped bring about a modest increase in the use of condoms.
- It is likely that Dutch support for national AIDS programmes, for the healthcare sector and for HIV/AIDS programmes and projects made a small contribution to the limited progress achieved on a number of indicators.

12 Instruments for good governance

12.1 Introduction

The investigation of instruments of good governance was based on written sources and 76 semi-structured interviews. Both types of sources were consulted in the Netherlands and during visits to partner countries Ghana, Mali and Tanzania.

12.2 Development of instruments

Good governance has featured alongside poverty as a selection criterion for partner countries since 1998. Both ministers in the period under evaluation kept countries on the list for structural bilateral cooperation that had scored worse on governance than countries that were removed from the list. The justification given was that policy was based more on the intention to achieve good governance than on actual scores. Thus, the ministers circumvented the dilemma of having a policy in which good governance was both a goal and a selection criterion. There was no way out of this dilemma, as no tools existed for assessing intentions.

The ministry developed three instruments to support the embassies in promoting good governance in partner countries, and to underpin decisions on aid modalities:

- The draft *Memorandum on Good Governance; Promoting good governance in Dutch foreign policy* (1999) provided embassies with an outline for analysis and policy;
- The *Background memorandum, Good Governance: prospects for development* (2004) and five theme-based guidelines, which together formed the *Handbook on Good Governance*, containing frameworks for analysis and practical tips;

- The Track Record, which measures the quality of governance in partner countries and helps identify the best aid modality.

12.3 Use of instruments

At first glance, the three instruments appear to complement each other. In practice, however, there was little coherence. The *Good Governance Memorandum* received no support from ministers or senior civil servants. Though the *Handbook* did enjoy their support, it had become something of a catch-all, with all the departments involved adding their own interests to it. The *Handbook* mentioned the memorandum only in passing, and contained both overlap and gaps. Between 1999 and 2004 there was some substantive coherence between the Track Record and the *Good Governance Memorandum*. It was not until late 2004 that coherence between the instruments, as well as consultation between the ministry departments, really began to take shape.

Embassies proved not to use the 1999 Memorandum or the 2004 Handbook. They did however spend a lot of time on one important recommendation of both documents: policy dialogue with the authorities and civil society. Increased donor coordination and the growing importance of general and sectoral budget support meant, however, that the agenda of the policy dialogue shifted towards identifying and monitoring quantified indicators.

Given that donors and public authorities, particularly national ministries of finance, have a key role in policy dialogue, there was regularly a risk that civil society would be squeezed out. The embassies appeared to be aware of this delicate situation and supported some civil society organisations.

The embassies had been involved in drawing up the Track Record since 1999/2000. Since 2004, all staff have to be involved, though the ministry retains a key role in assessment. All embassies must also produce a Track Record, irrespective of whether they provide macro support.

Since 2004 Track Records have included quantitative benchmarks developed by the World Bank and IMF to assess poverty reduction, the economic order, good governance, and dialogue. This became a partly mathematical exercise. Staff of the ministry stated, however, that the score for good governance actually counted for little in decisions on aid modalities; it was not fully taken into account until 2007.

12.4 Conclusions

- Policy development for good governance was a difficult process. One issue involved the question of whether good governance should be a selection criterion for countries to qualify for Dutch aid, or a goal of poverty reduction.
- It proved difficult to extend policy documents on good governance to provide instruments that would meet the needs of the embassies. The 1999 *Good Governance Memorandum* and 2004's *Good Governance Handbook*, though conceptually good, were barely used by the embassies.
- The Track Record was the only instrument to be used on a large scale between 1999 and 2005. The embassies regarded it above all as a reporting instrument. Assessments of the good governance component in the Track Record played only a small role in decision-making on budget support.
- The focus on governance in the Track Record shifted several times; by the end of the period under evaluation the World Bank and IMF benchmarks served as the starting point. This brought the Track Record into line with the general view of the dialogue on good governance between the embassies and partner countries. The dialogue mainly concerned official and financial/administrative processes associated with budget support, at a multilateral level, and involved representatives of the financial departments of central government in the partner countries.
- The ministry succeeded reasonably well in assessing the effectiveness of governance in partner countries. The embassies, however, found it difficult to apply instruments in a transparent way. The use of information sources was often opaque or subject to personal bias.
- The embassies were active, creative and reasonably successful in finding ways of promoting the capacities and role of civil society. They found it difficult, however, to recognise and promote the capacities of actors with a more traditional monitoring role (media, parliament, judicial authorities and courts of audit). The same applied to the policy and implementing capacities of actors at the centralised and, above all, decentralised level of sectoral ministries.

13 Strengthening the rule of law

13.1 Introduction

Compared with other continents, the Netherlands made its greatest efforts to strengthen the rule of law in Africa, particularly in Rwanda and South Africa. Between 1998 and 2006 the Netherlands spent over EUR 51 million on this particular theme in these two countries.

For the evaluation, policy documents were analysed and interviews held with staff at the ministry and at the embassies in Kigali (Rwanda) and Pretoria (South Africa).

13.2 Policy development

It was initially difficult to devise policy on the rule of law, as the ministry lacked thorough knowledge of the subject. This changed to a certain extent after 2003, with the publication of *Mutual Interests, Mutual Responsibilities; Strong people, Weak States*; and the *Good Governance Handbook*. To fill the knowledge gap, the ministry commissioned the Van Vollenhoven Institute for Law, Governance and Development to set up a Centre of Expertise on the Rule of Law and Development (KREO).

13.3 Rwanda

After the genocide, the Netherlands became a major donor to Rwanda, with direct commitments of large amounts of aid (EUR 110 million), and it explicitly opted to give the RPF government the benefit of the doubt. At the heart of the bilateral contacts lay a desire to build up the rule of law, particularly the prosecution of those suspected of genocide. The Netherlands contributed over EUR 2 million a year to the Rwanda tribunal, partially funded a pay rise for judges, the construction of a new prison, the strengthening of the judiciary and supported the

gacaca. It also played a leading role in the field of legislation, helping to set up a Law Reform Commission, among other things. Support for civil society was a common thread in all the Dutch efforts in Rwanda. The embassy also pressed for NGOs to have freedom of movement, despite the general reluctance of the Rwandan government.

There was criticism in the Netherlands, however. Many major actors felt that the embassy was failing to use its privileged position to call the government to account for hampering the rule of law. In 2000 the House of Representatives of the Dutch parliament refused to endorse bilateral development aid for Rwanda, and in 2006 it adopted a motion cutting the budget by 20%. NGOs working in Rwanda were also highly critical of the Dutch effort, particularly the delayed, relatively restrained response to the curtailing of the freedoms of human rights organisations in 2003.

In 2001 the House of Representatives somewhat reluctantly endorsed the decision to make Rwanda a structural bilateral partner, on condition that a Memorandum of Understanding be drawn up setting out progress indicators for democratisation and peacebuilding. Justice was one of the sectors chosen, and an extensive sector analysis was conducted. Within the justice sector, the focus was on four themes: human rights, greater access to the law, support for the judiciary and the prosecution of those accused of genocide. The MoU turned out to be vital in 2003, when the Rwandan army was closely involved in the war in the Democratic Republic of the Congo, and even greater political restrictions were imposed, human rights activists and members of the opposition disappeared, and the incumbent president secured re-election with 95.5% of the votes. Although the Rwandan government sometimes felt the Dutch embassy was too direct, the House of Representatives and Rwandan and Dutch NGOs would on many occasions have appreciated more forthright criticism from the Netherlands.

From 2003 Rwanda was incorporated into the policy on the Great Lakes region, with a focus on conflict prevention and strengthening of the rule of law. Though bilateral cooperation with Rwanda remained important, the focus shifted to bigger programmes, with the ultimate goal of providing budget support.

13.4 South Africa

In South Africa, too, the shift to sectoral support was a major turning point. From 2000 onwards many highly innovative projects in the field of justice had to be cut back, often against the wishes of the embassy. Nevertheless, the embassy made the transition relatively quickly. In choosing sectors it was guided largely by the South African government's wish to focus on youth policy, justice and local governance.

In the justice sector, the South African ministry immediately put forward a project for financing, *E-Justice*, which was designed to give all South Africans, particularly vulnerable and marginalised groups, better access to the law. The programme involved strengthening the institutional machinery, with IT in particular. However, the emphasis came to lie on hardware, and less consideration was given to software, including staff training.

E-Justice turned out to be an ambitious and highly complex programme. As early as 2002, therefore, the embassy felt a need to finance projects, including the National Community-Based Paralegal Association (NCBPA), an umbrella organisation of thousands of barefoot lawyer practices which provided information on benefits, maintenance allowances and pensions throughout the country. The embassy was also able to exert political pressure for the *paralegals* to be given official status. However, support for the paralegals was withdrawn after management problems. Support for *E-Justice* and the paralegals officially came to an end in 2004, partly because the development relationship with South Africa was also due to expire that year.

At the last moment, it was decided that the relationship should continue, however, and the embassy supported transitional justice, reconciliation and reconstruction in Africa with an annual subsidy of EUR 700,000 for the Institute for Justice and Reconciliation. It also ran some smaller projects and programmes on legal aid, children's rights, the rights of people with HIV/AIDS, and the Truth and Reconciliation Committee. The embassy became involved in children's rights in 1996, with Dutch support for a programme to improve conditions in detention centres where young criminals were held, for example. The programme was highly successful and tied in well with efforts to fight youth crime. The financing of the programme was gradually taken over by the South African government.

13.5 Conclusions

- The ministry developed its policy on the rule of law at a late stage, and it was never worked out in detail. The embassies in Rwanda and South Africa felt this was a shortcoming.
- It was therefore up to the embassies themselves to conduct a sector analysis. In Rwanda, after two high-quality sector analyses, emergency aid was transformed into a streamlined programme of support for the prosecution of those accused of genocide, for human rights organisations and for the judiciary. No sector analysis was conducted in South Africa. The embassy exchanged dozens of often innovative projects for a single large-scale project. A sector analysis would undoubtedly have resulted in other decisions.
- The lack of policy at the ministry resulted in a fairly technocratic interpretation of the rule of law, in both Rwanda and South Africa, with the most common choice generally being institutional capacity-building, which accounted for 73% of expenditure in Rwanda and 92% in South Africa. The choice of these programmes was also informed to a great extent by the pressure on spending and the need for manageability.
- Output was defined in the majority of projects and programmes, and impressive results were achieved. In Rwanda, in a short space of time, the key institutions of a democratic state were built on the ruins of a country torn apart by genocide, legislation was adopted and the number of lawyers increased dramatically. In South Africa, over a million people gained quicker access to their maintenance allowances and legal aid.
- In both countries there was too little focus on the higher purpose of efforts to strengthen the rule of law (respect for human rights and poverty reduction), and little connection was made with economic development. In South Africa this lack of connection was a key factor in the choice of E-Justice, which was not specifically targeted at the poor. In Rwanda the embassy did not always use its position as representative of one of the country's biggest donors to full effect in drawing attention to human rights abuses. There were however examples of best practice, with the embassy making 'smart' use of support for the rule of law, as in its recommendations on the Rwandan constitution in 2003 that strengthened the independence of the judiciary, and the support for South Africa's paralegals, who managed to achieve greater access to the law.
- In Rwanda, in particular, it was essential that rule of law policy be deployed 'smartly'. Rwanda is a country that is polarising. Whatever the analysis – 'façade state' or young democracy – it is crucial that actions like building prisons and courthouses or training judges are not regarded as goals, but are

- used explicitly for good governance and poverty reduction. The rule of law benefits not only a stable state, but also a stable society.
- The degree to which programmes were rooted in the local legal tradition and enjoyed local support turned out to be an important factor in the Netherlands' choices (the *gacaca* in Rwanda and the study of traditional leaders and attempts at reconciliation in South Africa). Endogenous initiatives such as this are often difficult to reconcile with universal human rights, so Dutch efforts must explicitly uphold the higher principles of good governance.

14 Conflicts

14.1 Introduction

In response to conflicts in Sub-Saharan Africa the Netherlands has deployed diplomatic and military resources alongside humanitarian relief, reconstruction and development. This chapter evaluates this integrated approach to conflicts in the Horn of Africa and the Great Lakes region. The Horn of Africa study focused mainly on the major Dutch effort in Sudan. A separate desk study was devoted to this subject, looking exclusively at how the Netherlands' policy was devised and implemented.

14.2 Policy development

The memorandum *Post-conflict Reconstruction*, which focused mainly on physical reconstruction and peacebuilding, was published in 2002. In 2005, *Reconstruction after armed conflict* took a broader approach, looking at the physical, economic, social and political development of a region after armed conflict has ended. The policy also considered gender and peace and security. This was based chiefly on UN Resolution 1325 of 2000, which the Netherlands had signed, under which women and children were to be regarded not only as victims of conflict, but also as potential players in peace initiatives. The Ministry of Foreign Affairs and the Ministry of Defence published a joint memorandum on the implementation of this policy in 2003.

The *Civil and Military Cooperation Policy Framework* of 2003 looked at cooperation between the two ministries on peace missions; they also instituted interdepartmental talks on civil and military cooperation (CIMIC).

14.3 Policy implementation

The shift to integrated policy in the late 1990s was rapid. In 1999 a special Human Rights Ambassador was appointed, and a year later a new Human Rights and Peacebuilding Department (DMV) was set up at the Ministry of Foreign Affairs. A Peace Fund was established in 2001 to fund activities associated with peace and security. It operated globally with only non-ODA resources before being absorbed into the Stability Fund at the end of 2003, along with the demining fund, the fund for small arms and funding for DDR (disarmament, demobilisation and reintegration), peace dialogue and peacebuilding. Like the Peace Fund, this fund is used worldwide, not just in Sub-Saharan Africa, and is designed to provide rapid, flexible support in countries and regions where conflict threatens to erupt, or is already underway. It includes ODA and non-ODA funds, the latter being used for military activities.

The Ministry of Foreign Affairs and the Ministry of Defence have formal and informal fora for talks, on policy frameworks and themes for countries in conflict, on financing under the Stability Fund, on civil and military cooperation, the deployment of armed forces personnel and (together with the Ministry of the Interior and Kingdom Relations) the deployment of police officers. The Ministry of Foreign Affairs and the Ministry of Justice work together in the Rule of Law steering group. A Task Force has been set up for some countries, including Sudan.

A military advisor was seconded to the Ministry of Foreign Affairs, and a development advisor to the Ministry of Defence. In addition, until 2007 a Security Sector Reform team would deploy experts from a special pool at the Ministry of Defence. By the end of 2006 defence attachés had been posted at the Dutch embassies in Addis Ababa, Kigali and Pretoria.

The Netherlands has deployed almost 2000 armed forces personnel for UN and EU missions and other international activities in Sub-Saharan Africa, ranging from training and consultancy at a peace school (Mali), advising the police service and army (Burundi, Democratic Republic of Congo, Sudan), support during elections (DRC) and supervising compliance with a peace agreement (Sudan) to training to enhance African capacity for peacekeeping. The Ministry of Defence has also used military and logistical resources for humanitarian purposes.

14.4 The Horn of Africa

The strong focus on Sudan is due to the importance of stability in this country for the rest of the region, not only the Horn of Africa but also the Great Lakes region. There has also been a major humanitarian disaster in Darfur. The Netherlands was forced to limit its support for partner countries Ethiopia and Eritrea because of their long-drawn-out border conflict. The Netherlands paid little attention to Somalia from 2002 to 2006, despite the fact that this country was embroiled in a violent conflict that affected the stability of the entire region. Somalia did however receive humanitarian aid.

In 1998-2002 there were three focal points to the Netherlands' strategy in Sudan: support for multilateral action, humanitarian aid, and support for the peace process. Since 2002 Dutch policy on Sudan had been given renewed impetus, initially on an ad hoc basis, with the Minister for Development Cooperation occasionally setting out lines of policy during working visits. The policy was consistent with the policy frameworks for development cooperation and for the Horn of Africa.

In Sudan the Netherlands actively supported the North-South peace process and reconstruction in the south, resolution of the conflict in Darfur and efforts to address the humanitarian disaster, and called for donors to adopt a common strategy. The Dutch approach in Sudan was highly integrated, as evidenced for example by the joint letters sent to parliament by the Minister for Development Cooperation, the Minister of Foreign Affairs, the Minister of Defence and on some occasions also the Minister of the Interior. Since Sudan was not a partner country, decision-making proceeded differently. In 2005-2006 the ministry had a Sudan Task Force, partly for organisational reasons. Until recently, there was no long-term strategic planning. Policy was often set out in letters to the House of Representatives. It was not until the drafting of the Policy Framework 2007-2008 that the other Ministries concerned were consulted and the operationalisation of policy laid down.

14.5 The Great Lakes region

Dutch diplomatic, development and military activities in the four countries in this region are currently being integrated. The focus of cooperation is virtually consistent and there is continuity between the sectoral programmes and the earlier project-based activities in Rwanda and Uganda. The regional activities

have contributed to the peace process in the region. In organisational terms, too, major progress has been made, at both the ministry and the embassies.

The distinction between partner and non-partner countries in the region did however cause some discontinuity in emergency relief, and in peace and security activities and reconstruction. Non-partner countries Burundi and DRC are countries in conflict, lacking good governance. Partner countries Rwanda and Uganda do not fully meet the criteria for partnership. Rwanda received special treatment on the basis of a *Memorandum of Understanding*. Uganda is both a partner country and a country in conflict.

Given the absence of a budget line for reconstruction, a creative arrangement was devised for such activities in Burundi, which involves money from the Stability Fund and macro support. The distinction between a partner country like Rwanda and a non-partner country like Burundi has thus gradually become blurred. This arrangement also highlighted the fact that the Ministry of Foreign Affairs does not have adequate instruments for supporting post-conflict countries such as Burundi. Furthermore, cooperation with Burundi turned out to require additional efforts, and more expert diplomatic staff in the country itself, as it became evident that the embassies generally have too little expertise when it comes to military matters. Although, in principle, only partner countries receive general budget support, Burundi also received this type of aid in 2006. The DRC received a considerable amount of debt relief, as a result of which the Netherlands spent more on this country than on partner countries in the region.

14.6 Conclusions

- Implementation of the integrated policy in the event of conflict has already taken a great deal of time, and is an ongoing process. There has been criticism of the many consultation structures and the internal organisation. Differences in culture between the Ministry of Foreign Affairs and the Ministry of Defence sometimes hamper cooperation. Nevertheless, staff at the ministries and the embassies are generally very positive about the integrated approach.
- The integrated policy was put into operation fairly quickly in the Great Lakes region. Policy memoranda created a clear framework for diplomacy, peace and stability, emergency relief and structural aid.
- On balance, the Netherlands' peace and security policy on the Horn of Africa has boiled down to Sudan policy. The policy was put into operation step by

step, and was highly dependent on initiatives by the Minister for Development Cooperation. As a result, the Netherlands' Sudan policy was shaped in a rather ad-hoc manner.

- In 2000 the Netherlands committed to the implementation of UN Resolution 1325 on women, peace and security. However, policy memoranda and spending from the Peace and Stability Fund wrongly gave little or no consideration to this issue.
- In Rwanda and Uganda the Netherlands tried to preserve the continuity of cooperation during and immediately after the conflict. Budget cuts suggest that the Netherlands was not blind to the internal political problems and the role of the two countries in the conflicts in the region. In Burundi and the DRC the Netherlands was mainly involved in peacebuilding, democratisation, restructuring of the security sector, disarmament, demobilisation and reintegration of former soldiers, and capacity building.
- The selection criteria for partner countries were not always applied consistently. Compliance with the World Bank criteria of good governance is currently regarded as problematic in the case of failing states. The analyses in the policy documents on the Great Lakes region were not consistent with academic papers and donor reports. This had major implications for the choice of partner countries and for regional policy.
- Another weak point in the regional policy was the Netherlands' absence from reconstruction and development efforts in the DRC. Structural cooperation with Rwanda and Uganda, and the limited cooperation with Burundi and the DRC gave rise to an imbalance in the policy and reduced the impact of efforts in other countries in the region.
- The budget for reconstruction envisaged in the memorandum *Reconstruction after armed conflict* never materialised. Such a budget could also provide adequate support for post-conflict countries and failing states.

15 Humanitarian aid

15.1 Introduction

Between 2000 and 2006 the Netherlands spent over EUR 1.9 billion on humanitarian aid, largely for the hotbeds of conflict in Sub-Saharan Africa, as well as on countries like Afghanistan and Iraq. Dutch humanitarian aid was evaluated on the basis of three case studies: the Great Lakes region (Burundi and Democratic Republic of Congo), Sudan and Somalia. This chapter is based on the IOB study *Dutch Humanitarian Assistance: An Evaluation* (2006).

15.2 Policy development

The Netherlands does not have a general policy framework for humanitarian aid to Sub-Saharan Africa. The Africa memoranda do not set out a detailed humanitarian aid policy. Such policy does, however, exist at country level, in the form of the operational *Crisis Policy Frameworks* (1999-2003) and *Grant Policy Frameworks* (from 2004), which devote a great deal of attention to Sub-Saharan Africa.

The Netherlands is in favour of an integrated approach: emergency relief and rehabilitation combined with early recognition of conflict, preventive diplomacy, promotion of peace, support for peacebuilding and help with reconstruction. In other words, foreign policy, security policy, development policy and humanitarian policy must be coordinated. The concept of 'humanitarian aid-plus' created a flexible approach that links acute humanitarian relief with activities geared to development.

The 1999 *Crisis Policy Framework* suggested that aid should be concentrated on eight countries and one region. Six of those were in Sub-Saharan Africa. This concentration policy continued for several years, although the number of countries was raised as more conflicts erupted. The *Grant Policy Framework*

published in 2005 included twelve countries, nine of which were in Sub-Saharan Africa: Angola, Burundi, the Democratic Republic of the Congo, Ivory Coast, Liberia, Uganda, Sierra Leone, Sudan and Somalia. Humanitarian aid could also be provided in the event of a food crisis, natural disaster, epidemic or escalating conflict.

To increase the success of military peace operations, in 2003 the Minister of Foreign Affairs and the Minister of Defence presented the *Civil and Military Cooperation Framework* (CIMIC). No specific strategies were devised for two other themes – displaced persons and HIV/AIDS. The *Crisis Policy Frameworks 1999-2002* and the *Grant Policy Frameworks* published since 2004 reported that aid could be provided for vulnerable displaced persons in acute emergencies, and after they were resettled. In terms of HIV/AIDS, since 1995 the ministry has produced only an internal memorandum from the Humanitarian Aid Division stating that the Netherlands would call for a greater focus on HIV/AIDS, and that the preference was for aid organisations that targeted this issue.

The procedures for financing and reporting on humanitarian aid have been simplified, partly thanks to agreements with UN agencies and the International Committee of the Red Cross (ICRC).

15.3 Expenditure

Dutch financing is provided via channels such as UN agencies, the Red Cross, the Red Crescent and NGOs. In the 2000-2006 period 64% of geographically earmarked humanitarian aid – EUR 695 million – went to ten countries or regions in Sub-Saharan Africa. Humanitarian aid was also provided to fifteen countries not mentioned in the *Crisis Policy Frameworks* or the *Grant Policy Frameworks*.

15.4 Case studies

Between 2000 and 2006 the Netherlands provided considerable humanitarian aid to Burundi (EUR 37 million) and the DRC (EUR 55 million). Aid to Burundi mainly consisted of multisectoral interventions, food aid, support for healthcare and rehabilitation of the agricultural sector, and psychosocial care. Aid was also given to the many Burundian refugees in Tanzania. Multisectoral interventions were also important in the DRC, alongside food aid and support for healthcare. A large proportion of the aid was designed to improve the coordination of and logistical support for relief operations.

The Netherlands provided Sudan with EUR 186 million in humanitarian aid between 2000 and 2006. In Darfur, this took the form of emergency relief, while in Southern Sudan it was also spent where possible on capacity building and rehabilitation. The Netherlands also prioritised peace processes between North and South and in Darfur.

From 2000 to 2006 Somalia received EUR 37 million in humanitarian aid. Besides emergency relief, support was also provided for rehabilitation and capacity building in Somaliland and Puntland, which are relatively stable. The aid provided to the central and southern parts of the country mainly took the form of acute emergency relief, such as food aid and medical care. Support was also provided for the diplomatic process in parallel with these efforts.

15.5 Conclusions

- The Netherlands' policy is characterised by three complementary elements: humanitarian aid designed to meet people's basic needs and take the first steps towards rehabilitation; promotion of peace and security; and support for reconstruction.
- Concentrating on a number of regions and countries turns out to have been the correct approach, given the available financial and human resources. The Netherlands was right to focus on chronic seats of conflict in Sub-Saharan Africa. There was sufficient flexibility and funding to provide aid in other humanitarian emergencies.
- Humanitarian aid was provided parallel to diplomatic action which focused on gaining access to the population for relief workers and on promoting peace. This does not necessarily mean that policy was fully integrated; parallel interventions were however coordinated.
- Humanitarian aid to Burundi and the DRC was combined with diplomatic support for peace talks and support for UN peace missions. In both countries there is a gap between humanitarian aid and development activities. Since the Netherlands does not have a structural bilateral aid relationship with either of these countries, there are no funding mechanisms to support economic development.
- In Sudan, too, humanitarian aid was linked to peace processes. However, in order not to disrupt the North-South peace process, the international community – including the Netherlands – were reluctant to raise the issue of human rights violations in Darfur with the Sudanese government. Silent

diplomacy was however used, partly to ensure relief workers gained access to the people affected.

- Interventions in Somalia can best be described as ‘humanitarian aid-plus’: a combination of emergency relief, rehabilitation and, where possible, development. In the absence of a viable Somali state, the opportunities for reconstruction and development were extremely limited, however.
- Shortcomings in the humanitarian aid system, such as inadequate identification of needs, resulted in the needs of certain population groups not being met. Sometimes relief came too late. Generally speaking, the correct aid was provided, though it proved difficult to comply with minimum standards.
- The costs of aid were extremely high because of the large distances, poor physical infrastructure, insecurity, lack of state machinery or weak institutions. This does not however mean that aid was provided inefficiently.
- Humanitarian aid is provided on the basis of subcontracts. The system involves long and complex chains of organisations, each with its own working methods and overheads. This raises the question of whether the humanitarian aid system could not be made more efficient, perhaps by contracting local organisations that have proven their effectiveness and efficiency.
- The Netherlands contributed to the improved universal response to humanitarian crises by calling for coordination of aid and by providing financial support for and conducting a critical dialogue with the UN agency OCHA.
- The simplification of administrative procedures led to greater efficiency in the management of Dutch humanitarian aid. The downside, however, is that UN agencies and the ICRC produce only very broad-ranging reports, so it is difficult to monitor results. Embassies had too little time for monitoring due to a lack of manpower, the priority accorded to diplomatic and political talks, security considerations and the major distances to places where aid was being supplied.

16 Trade and coherence

16.1 Introduction

Coherence, which has been an explicit feature of the Netherlands' development policy since 2002, aims to coordinate policy areas in such a way that developing countries participate on an equal footing in the international trade system.

This chapter analyses coherence policy on cut flowers and cotton. In the case of cut flowers, the study focuses on the restrictive European phytosanitary rules pertaining to flowers imported from Tanzania, Kenya, Uganda and Zambia. The focus in the case of cotton was on Burkina Faso, Mali and Benin – countries that the Netherlands has supported in their complaints to the World Trade Organization about unfair competition. For the evaluation, a desk study was performed and field visits were made to Kenya, Benin and Mali.

16.2 Policy development

The policy on coherence is set out in three documents: the *Letter on Coherence* (2002), the *Memorandum on Coherence between Agricultural and Development Policy* (2002) and, later, *Africa and Trade* (2004). The aim of the policy was to coordinate European agricultural policy and development policy to give farmers in developing countries in particular more opportunity to raise production and sell their produce on international markets.

Since 2002 the ministry had had a Coherence Unit whose brief was to promote coherence within the Dutch government apparatus, the European Union and multilateral fora like the WTO. The Unit set up project groups for six coherence issues, two of which are relevant to this evaluation: Market Access and Product Standards, and Agricultural Reform.

Aid activities were funded over and above country allocations from the budgets of the policy theme departments. One example was the Public-Private Partnership (PPP) programme for joint initiatives by the public sector, private companies and NGOs on the 'WEHAB' themes: water, energy, health, agriculture and biodiversity.

16.3 Cut flowers

The Market Access and Product Standards project group called for a reduced EU inspection system for cut flowers from developing countries. This required coordination with the Ministry of Agriculture, Nature and Food Quality, and with EU and WTO rules. The intervention was a success: in late 2005 the European Commission announced that certain cut flowers from specific countries, including Zambia and Tanzania, would be eligible for reduced inspections. The Coherence Unit thus closed its cut flower file.

The Centre for the Promotion of Imports from Developing Countries (CBI), a Ministry of Foreign Affairs agency, was closely involved in coherence policy on cut flowers, running a EUR 3 million programme to promote exports by flower growers in developing countries over the period 2000-2008. The Netherlands also had a series of instruments for promoting investments, such as the Emerging Markets Cooperation Programme (PSOM, ten projects), the Economic Cooperation Projects Programme (PESP, three projects), the Development Related Export Transactions Programme (ORET, one project), the Investment Promotion and Technical Assistance Programme (IBTA, one project), the Emerging Markets Fund (FOM, two loans), and the Netherlands Management Cooperation Programme (PUM, twenty secondments).

Bilateral aid activities also took place. In Kenya, the trade ministry was given support in investigating conditions in the cut flower sector. In Zambia, the Netherlands provided technical assistance for certification and for reducing environmental pollution from ornamental plant cultivation, and helped cover the costs of training inspectors. In Uganda, funding was made available to strengthen a trade association.

16.4 Cotton

In February 2003 the Coherence Unit set up a cotton team to support the four West-African cotton producers Mali, Benin, Chad and Burkina Faso in their proposal to the 2003 WTO summit in Cancún for the dismantling of all trade-

distorting cotton subsidies. Attempts by the team to bring about more coherence in European cotton policy did not however meet with much success. The agriculture minister, who was responsible for the matter, was initially very cautious, and was not prepared to raise and independently defend the Ministry of Foreign Affairs' position – in favour of full dismantling of EU support – in the negotiations. The WTO conference in Hong Kong in late 2005 did however bring some small progress: it was agreed that all forms of export subsidy for cotton would be phased out by 2006 and developed countries would provide free access to their internal markets. There was no agreement on production subsidies, however.

The cotton team also pressed for the establishment of an EU-Africa Cotton Partnership, which was launched in July 2004. The call to increase support for African cotton-producing countries drew little response, though the EU did acknowledge that support for EU cotton production was no longer desirable.

Two important regional activities in the cotton sector were the Réseau Coton, a monitoring model for six West-African countries, and the iDEAS project, which provided the four West-African countries mentioned above with technical assistance in WTO negotiations. When, after two years, the Réseau Coton had failed to yield a good, operational monitoring system, it was quietly discontinued. The iDEAS project continued to provide technical assistance until 2006.

The embassy in Benin took part in the national debate on reform of the cotton sector, and played an important coordinating role in donor consultations. In 2006, a cotton expert was seconded to Cotonou for two years, to focus on the region. Though the expert was initially received with scepticism by the other embassies, they eventually gave their support. Between 2003 and 2006 the Netherlands financed three small projects in the cotton sector, aimed at making cotton production sustainable and strengthening the position of local farming communities.

In Mali the Netherlands remained indirectly involved in the cotton sector from 2001 to 2003 via macro support. Since 2004 the Netherlands has been providing this type of support on a bilateral basis, under conditions relating to financial management in the cotton sector.

In Burkina Faso the Netherlands attempted to support agriculture as a sector, but the embassy decided to end its cooperation with the agriculture ministry at the end of 2004 and continue support for decentralised development, to which it had longstanding commitments, in the form of a theme-based programme. The bilateral aid programme did not provide financial support for activities directly related to cotton.

16.5 Conclusions

- The increased attention for improved market access for African producers failed to produce any major successes. US intransigence and the very slow shift in the EU's position stood in the way of fairer trading conditions for cotton producers. Market access for cut flowers was however improved, with the introduction of a less stringent inspection regime for imports to the European market.
- The activities undertaken on cotton and cut flowers were in line with the Netherlands' policy and the socioeconomic policies of the recipient countries. Exports of cut flowers are an important source of income in East Africa and in West Africa cotton is vital to at least a quarter of the population.
- The introduction of the coherence policy coincided with the almost complete dismantling of bilateral aid to productive sectors, particularly agriculture. This had major implications for Dutch support to West African cotton producers. The impact on the cut flower sector was not so great, given its large-scale, commercial and overwhelmingly foreign character, and because producers remained eligible for programmes like PPP, PUM, PSOM, PESP, CBI and ORET.
- Many donors shifted from support for productive sectors to support for social sectors. The implications were less serious for the cut flower sector than for the cotton sector. The cotton-producing countries will have major problems generating any actual benefit from a reduction in EU and US cotton subsidies.
- Improved market access for African cut flowers was more significant than support for local production. Nevertheless, Dutch support for local growers was important, particularly in Uganda and Tanzania.
- The CBI, PPP, PUM, PSOM, PESP and ORET programmes were not coordinated. Only the investment contributions made under eight PSOM projects in the cut flower sector had a direct impact on poverty reduction, though progress reports do not give any insight into their impact on work and income.

- Progress with the PPP programme was disappointing, and led to the conclusion that public-private partnerships rely mainly on the availability of donor funding.

17 Conclusions, recommendations and key issues

17.1 Introduction

After almost 50 years of development aid to countries in Sub-Saharan Africa, an evaluation has been conducted which, for the first time, examines a large number of policy areas and countries in one single study. The evaluation focuses on the policy intentions, implementation and results of interventions supported and funded by the Netherlands, and the coherence between them. The context was the integration of policy within the Ministry of Foreign Affairs after 1998. In a number of policy areas, the coherence of foreign policy – including development cooperation – with the policies of the Ministries of Economic Affairs, Defence, Finance and Agriculture, Nature and Food Quality, and cooperation between the ministries, were examined.

The evaluation covered the period from 1998 to 2006, during which total bilateral expenditure amounted to EUR 5,850,000,000. Of this amount, almost 20% was spent on debt cancellation (primarily export credit debt), 14% on humanitarian aid and 14% on general budget support. The remaining more than 50% was spent on other areas, including education (10%), health (10%), good governance (7%), rural development (3.3%), agriculture (2.7%) and the environment (2.6%).

The evaluation covered twelve of the fifteen partner countries (Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Mozambique, Rwanda, South Africa, Tanzania, Uganda and Zambia), three large non-partner countries (Democratic Republic of Congo, Nigeria and Sudan) and two smaller non-partner countries (Burundi and Somalia).¹

¹ Three small partner countries were not included: Eritrea, Cape Verde and Senegal.

The evaluation addresses a wide range of sectors, themes and aid modalities, including debt cancellation, general budget support, sectoral support, basic education, rural development, urban poverty reduction, HIV/AIDS, good governance, humanitarian aid, conflict, and trade and coherence. Not all sectors – for example, energy, health and environment – were evaluated separately. The health and environment sectors were covered in certain sub-studies.

This evaluation did not extend to multilateral policy and policy on non-governmental organisations (NGOs). Nor did it examine the Netherlands' involvement in international fora and multilateral institutions like the United Nations, the World Bank and the IMF, the European Union and the Organisation for Economic Cooperation and Development. There were two exceptions to this:

- where activities that are the subject of a sub-study are cofinanced. This is the case with a number of general budget support activities;
- the Netherlands' support for cotton-producing countries at the World Trade Organisation and its involvement in the issue of the EU's trade policy on cut flowers were evaluated in the sub-study on trade and coherence.

17.2 Important trends

The Netherlands' Africa policy was designed in the context of a changing Sub-Saharan Africa and a shift in the relationships between the members of the international community that maintained relations with the countries of the subcontinent. In the new millennium and especially after 2003, economic growth in the region was robust. It is notable that this growth was not only apparent in countries that are rich in natural resources. To a limited extent, the benefits it brings are filtering through to the poorest groups in the population. In the new millennium, after a long period of capital flight, the subcontinent is attracting new foreign investors, while remittances from African migrants are making an increasing contribution to the development of national economies.

A second important trend is that, since 2002, there have been fewer inter-state and intra-state conflicts, which also signifies an improvement in the human rights situation. At the same time, the situation in the existing conflict regions (the Horn of Africa, the Great Lakes region and Ivory Coast) has deteriorated, with all the humanitarian consequences that brings with it. In Chad and the Central African Republic, dormant conflicts are starting to escalate, while the situation in most post-conflict countries is fragile, with a risk of re-escalation (Sierra Leone, Liberia).

A third important development is that, after the political liberalisation of the early 1990s, a multi-party system has emerged in a number of countries with varying degrees of stability. In other cases, autocratic practices have continued or been established. There have been definite, if slow, improvements in the quality of governance and respect for the rule of law.

A fourth significant development on the subcontinent is demographic in nature. People are looking for a better place to live, in the city, in another country or even beyond Sub-Saharan Africa. Urbanisation is progressing faster in Sub-Saharan Africa than on any other continent, and the massive influx of newcomers has led to a rapid rise in the number of slum-dwellers.

Fifth, there is increasing population pressure on natural resources. There is still no food security in parts of the subcontinent. Overgrazing, deforestation and soil erosion are taking their toll. Unpredictable drought and floods as a result of climate change are a contributing factor.

Lastly, there are developments in the fields of education and of information and communication technology (ICT). Although it looks as though the subcontinent will fail to achieve Millennium Development Goal 2 (all children to attend school by 2015), the percentage of young people going to school is increasing. The use of new information and communication technology is also growing exponentially.

The rapid rise of China and India is a new factor. In their search for raw materials, both countries have established or re-established relations with Sub-Saharan African countries on their own terms. In doing so, they have by-passed the way in which the 'traditional' players in Africa, such as formal colonial powers and current donors (France, the United Kingdom, Italy, Germany and Portugal) and other leading donors (Japan, the Netherlands and other North European countries), have structured their relations with these countries. All of these donor countries have linked their contributions, either bilaterally or through the European Union, to conditions relating to human rights, good governance and good policy. The World Bank and the IMF have played a leading role in this respect. Until recently, the United States has shown less interest in Sub-Saharan Africa than in other continents. Now the US is also seeking new energy resources, however, this somewhat passive attitude has changed. Since 11 September 2001, American interest in Sub-Saharan Africa has increased in the context of the war on terror.

17.3 Dutch bilateral policy on Africa

The trends described above had varying degrees of influence on the Netherlands' bilateral policy on Africa. The Netherlands' main concerns were poverty, economic growth, conflicts, good governance and human rights, and pressure on natural resources. The growing influence of China and India in Sub-Saharan Africa received little attention.

The policy documents for the various areas were general in nature, but also affected Sub-Saharan Africa. In addition, there were policy documents that focused specifically on Africa. In the 1998-2006 period, at least 84 policy documents were produced, 54 of which were presented to parliament and 30 of which were internal.

From 1998 to 2002, the emphasis was on the selection of partner countries, the development and adoption of the sector-wide approach and coherence policy. From 2002 to 2006, the sector-wide approach continued, policy on coherence was developed further, and there was a strong emphasis on integrated policy (with elements of diplomacy, defence and sustainable development). The different ministers assigned varying degrees of focus to Africa: it was less pronounced in 1998-2002 than in the 2002-2006 period.

Approximately the same number of policy documents were written in each of these two periods. All in all, this led to an excess of policy. Furthermore, the distribution of policy memoranda between policy areas was lopsided. There were many documents about security and stability, possibly because this was a new area of policy. There were also gaps in the formulation of policy intentions for areas on which considerable money had been spent during the evaluation period. That applies particularly to general budget support, for which there was no comprehensive policy basis and therefore no insight into its possible impact on economic growth and poverty.

Formulating policy on good governance proved a difficult process, while the choice of countries and the allocation of general budget support leaned heavily on the assessment instrument developed for good governance. Although urbanisation is attracting considerable international attention and is progressing faster in Africa than anywhere else, the Netherlands has no clear urban policy, after earlier attempts (before the evaluation period) to develop one failed. The introduction of the sector-wide approach played an important part in this.

Policy on coherence has almost exclusively focused on expanding the access of African products to international markets, devoting practically no attention to the weak production structure and conditions of these producers. There is no general policy framework to address this problem. While primary education received considerable attention, through active compliance with international agreements and integration in the sector-wide approach, there was less emphasis on adult and vocational education, or for secondary and tertiary education.

Policy to combat HIV/AIDS and its consequences was clear, with specified basic principles, areas of work, priorities and result areas. It rightly emphasised that HIV/AIDS is a matter of human rights and must be integrated in the various areas of foreign policy.

Conclusions

- The excess of policy resulted in a lack of clear priorities. This made it difficult to guide and monitor the implementation of policy.
- The lopsided distribution of policy memoranda led to too many documents in some areas and not enough in others.

17.4 Poverty reduction

The oldest aim of the Netherlands' policy on Sub-Saharan Africa is structural poverty reduction. In the evaluation period, good governance was added in 2002 as a secondary aim. After 1998, to improve the effectiveness and efficiency of interventions, the country lists were modified and the sector-wide approach was introduced, giving the education and healthcare sectors a relatively privileged status. Policy was also widened, with the addition of areas of attention relating to good governance, peace and security, conflicts, humanitarian aid, coherence and integrated policy. The latter was a direct consequence of the review of foreign policy.

Poverty has various dimensions. Internationally, agreement has been reached within the OECD Development Assistance Committee, of which the Netherlands is a member, on five interactive dimensions: 1) economic/income, 2) political/human rights, 3) human/education and health, 4) protective/security, and 5) social-cultural/equality.

The Millennium Development Goals (MDGs), which are endorsed by the Netherlands, focus on a number of these dimensions. The MDGs aim at halving extreme poverty and hunger, primary education for all, gender equality, combating HIV/AIDS and malaria, reducing infant mortality, and ecological sustainability, and have a range of targets in areas varying from international trade and finance and least developed countries (LDCs) to the debt problem and more cooperation with the private sector.

Substantial results have been achieved in a number of policy areas, but in a few others, very little or nothing at all. Almost no attention has been paid to the income dimension of poverty, especially the significance of the agricultural sector, even though the majority of the African population is dependent on it. The first MDG, reducing hunger and increasing food security and income from production (agriculture), received little attention or funding within Dutch policy in the evaluation period, also in comparison with other categories of expenditure. Yet, the evaluation has showed that it is possible to achieve positive results in this area with activities cofunded by the Netherlands. Insufficient lessons have been learned, however, from activities that have been successful, such as in the Office du Niger (Mali).

The best results have been obtained in access to public services (education and healthcare). This was achieved through sectoral support and part of the general budget support. The countries evaluated were Burkina Faso, Ghana, Mozambique, Tanzania, Uganda and Zambia. In a number of countries, improved access to education and healthcare, through increases in schools, health centres and staff, was not accompanied by improvements in quality. This was a consequence of the fact that MDG 2 – primary education for all – is a quantitative and not a qualitative goal.

The long-term bilateral Dutch support for irrigated rice cultivation in Mali (Office du Niger) proved very successful, making an important contribution to food security in the country, and increasing the living standards of hundreds of thousands of rice and vegetable farmers in the large area covered by the project.

Dutch investments in drinking water and sanitation in the evaluated programme in Tanzania have resulted in access to improved water supplies for more than a million people. This has had a positive effect on health. The reduced time required to fetch water is primarily spent on housework, agriculture and participating in education.

The aim of integrating HIV/AIDS in other sectors received considerable attention, but has not yet become widespread. Initiatives to integrate HIV/AIDS have been supported in all partner countries in which education is a priority sector. Integration in other policy areas is limited. In Ethiopia there was an integrated approach with a focus on sexual and reproductive health and rights, family planning, gender and education; in South Africa, the emphasis was on capacity development, economic activities, human rights (combating stigmatisation and discrimination) and education.

In the countries evaluated, Ethiopia and South Africa, the intended integrated approach to urban development produced few positive results, although measures in the areas of healthcare, education, transport and credit facilities did contribute to improved living conditions among the urban poor.

The countries that benefited most from debt cancellation were the Democratic Republic of the Congo (DRC) and Nigeria. There are, however, serious doubts as to whether the poor in these countries themselves benefited or will benefit much (see below).

The poverty focus of policy and expenditure faded somewhat in the evaluation period. The explicit attention for poor people in marginal areas in the countryside or in urban slums has disappeared as a policy intention. The target group policy, as it existed before 1998, has been discontinued and replaced by sectoral support, which has particularly benefited the poor in the healthcare and education sectors. Yet, generally speaking, the rural population benefited less from the improvements than people in the cities. There are also indications that city-dwellers who are reasonable to well off have benefited more from improved public services than the poorest groups. In rural areas, people living in marginal areas have benefited less from the expansion of public services than those in less remote areas. The limited poverty focus, at micro level, of debt cancellation and the relatively large amounts involved, reinforce the view that the Netherlands' policy was not aimed at the poorest of the poor in the period after 1998.

Conclusions

- During the evaluation period, the poverty focus faded somewhat with the abolition of the target group policy, and the introduction of the sector-wide approach and debt cancellation.
- There was almost no attention for the income dimension of poverty.

- The best results in terms of poverty reduction were achieved in education and health.

17.5 Debt cancellation

The Netherlands' policy strongly supports the cancellation of the bilateral and multilateral debts of developing countries whose debt burden is unbearable and obstructs their efforts to achieve economic growth and poverty reduction. In the evaluation period, debt cancellation in Sub-Saharan countries from bilateral funds amounted to EUR 1.1 billion, 90% of which related to export credit debt. The lion's share, amounting to around EUR 700 million, involved the cancellation of export credit debts incurred by the DRC and Nigeria.

Charging the cancellation of export credit debts to the development budget (ODA) dates from 1996. This was the consequence of the negotiations on the review of foreign policy, which had been decided during the formation of the government in 1994. The budget for development cooperation was under considerable pressure at the time. One of the outcomes of the negotiations was that the cancellation of export credit debts incurred by countries on the DAC-I list (since renamed the 'DAC list of recipients') would be fully charged to the ODA budget.

Studies have shown that the findings and conclusions of the 2003 IOB evaluation of export credit debt cancellation still largely stand. The evaluation noted that the Dutch finance ministry claimed and received 100% of the insured amount from the Minister for Development Cooperation, but paid out only 90 to 95% to the Dutch companies impacted by the debt cancellation, deducting 5 to 10% own risk. In addition, the premiums had to cover the costs, so that at an aggregate level the finance ministry could never suffer financial loss. What is more, the debt in question stemmed from an instrument for export promotion. Using development funds for debt cancellation was therefore tantamount to using aid money to promote Dutch exports at the expense of poverty reduction. Finally, the development minister acted contrary to international agreements such as the Monterrey Consensus by counting expenditure on debt cancellation towards the 0.8% of GNP spent on development cooperation. In effect, cancellation of export credit debt took place at the expense of poverty reduction in poor countries.

Debt relief in general, and cancellation of export credit debt in particular, have a positive effect at the macro level, though the greatest benefit lies in improved solvency rather than liquidity, since most debts would not have been repaid anyway.

It is unclear whether the poor in the DRC and Nigeria have benefited or will benefit much from the debt cancellation. There have been no studies to determine this. The reduced debt burden improved the creditworthiness of the countries concerned, but in the DRC did not lead to the release of additional funds which could be used to benefit the poor. In Nigeria, a Virtual Poverty Fund was created to achieve this.

Improved creditworthiness at macro level in theory has benefits at micro level, as long as the new loans to which the country has access are used to make pro-poor investments or to finance public services. It is not known whether this has occurred.

IOB estimates that the Ministry of Finance enjoyed a financial benefit of EUR 1.5 billion as a result of the cancellation of export credit debt using ODA funds. The cancellation of export credit debts for Nigeria and the DRC are expected to generate a financial benefit of EUR 500 million for the Dutch treasury in 2007 and 2008 – at the expense of the budget for development cooperation. In the 2007-2012 period, the cancellation of export credit debts is expected to amount to EUR 1.144 billion, the majority of which is for countries in Sub-Saharan Africa.

Conclusions

- The Dutch state claims and receives 5 to 10% more from the development budget than it pays to the companies whose export transactions were insured.
- Since insurance premiums have to cover costs, no costs are incurred in the case of export credit debt cancellation. Compensation is therefore not necessary.
- Export credits are not by definition development-relevant; export credits are insured to promote Dutch exports.
- Debt cancellation is in practice paid for from existing ODA funds, contrary to international agreement (Monterrey consensus).
- The Dutch state has reaped considerable financial benefit from the cancellation of export credit debts.
- The benefits of debt cancellation for the poor in Nigeria and the DRC are unclear.

17.6 General budget support

There is no general policy framework for general budget support. After a first step towards formulating a policy in 1991, it was later elaborated in greater detail, followed by a number of memoranda on secondary policy areas. A distinction was made between regular and non-regular macro aid. Later, good governance was also given an important place in policy, including as a criterion for determining the suitable aid modality (project support, sectoral support or general budget support).

Specific policy on general budget support started to take shape as of 2003. The link to the poverty policy of the recipient country, as laid down in the Poverty Reduction Strategy Paper (PRSP), was essential. There had to be a policy dialogue with the recipient country, which included progress indicators for institutional and policy reforms. In 2005 the Netherlands endorsed the Paris Declaration on Aid Effectiveness, which included important agreements on donor harmonisation, better alignment with the policy of the recipient country and enhancing ownership, to be achieved by 2010.

In the evaluation period, the Minister for Development Cooperation provided general budget support worth EUR 800 million to ten countries in Sub-Saharan Africa, and an even larger amount worldwide. The evaluation concluded that neither the exact aim of general budget support nor the conditions under which it is provided are sufficiently clear. The same applies to which governments were and were not eligible for general budget support.

A joint international evaluation was expected to provide answers to these questions. But no systematic answer was found in the countries evaluated (Burkina Faso, Ghana, Mozambique, Uganda and Tanzania). Within the Ministry of Foreign Affairs opinions on general budget support were repeatedly divided, especially in the case of Burkina Faso, Uganda and Tanzania, while parliament and the Minister for Development Cooperation sometimes did not see eye to eye.

The Netherlands applies a detailed procedure, known as the 'Track Record', to determine which aid modality a country is eligible for. Views differ on the suitability of the Track Record. The evaluation shows that the system is considered too complicated, raises too many questions, and does not make it possible to measure the reality behind the façade. An internal review of the use of the Track Record conducted at the Ministry, however, concluded that people were satisfied with the instrument.

General budget support proved to be used as a political instrument. Examples are Rwanda, about which the Minister and parliament disagreed, the punitive reductions in Uganda, the general budget support to non-partner country Burundi and to Ghana and Mali for their participation in West African peace missions in Liberia and Sierra Leone.

In most of the years of the evaluation period, regular general budget support was a residual item, dependent on non-expended funds from the country allocation. That has changed recently, with multiyear commitments. During the evaluation period, aggregated expenditure on regular general budget support increased steadily. At country level, expenditure fluctuated strongly and varied between countries with no clear reasons being given.

Spending pressures have resulted in considerable non-regular budget support, especially in 2000 and 2001. Almost a third of the Netherlands' budget support was non-regular. This conflicted with the intention of increasing the predictability of general budget support and with the policy that non-regular budget support must be in proportion to regular support. In some countries, the embassy was seriously dissatisfied with the minister's decision to provide non-regular budget support, especially in Burkina Faso and, to a lesser extent, in Ghana. In the latter country, non-regular budget support accounted for more than half of all general budget support.

The Netherlands' cooperation with other donors was expressed in a variety of multidonor agreements, which enhanced donor harmonisation. The Netherlands applied its own procedure (the Track Record) for allocating budget support. This procedure is not accessible to other donors or, more importantly, the recipient countries. Since, in the case of general budget support, funds are transferred without conditions regarding how they are spent, there is by definition alignment with the policy and procedures of the recipient country. Complete alignment makes ownership possible, but not automatic. Ownership can come under pressure through the policy dialogue and donor conditions.

The joint international evaluation also observed that, because they are free to spend the support they receive as they best see fit, the governments of recipient countries can better fulfil their tasks. It led to higher expenditure in the social sectors, with the positive effect that more poor people had access to schooling and medical care – although the quality of these services did not keep pace with their explosive growth. In addition, the urban population benefited more from these

improved public services than the rural population, while the poorest benefited the least, both in marginal rural areas and in urban slums. Another negative consequence is the further increase in aid dependency. Numbers of educational and healthcare staff have risen considerably, and in some cases their salaries have increased, too. If, however, donors were to decide to discontinue the budget support, the recipient country would no longer be able to meet its commitments, with all the social – and possibly political – consequences that would have.

In most of the countries evaluated, general budget support has had a positive impact on donor harmonisation and alignment. An upward trend in public finance management was also observed, though there is still a great deal of room for improvement. In the countries evaluated there were indications that, given the many donor requirements, local ownership was still a long way off and that references to this objective often paid little more than lip service. Donors often found themselves pulled in two directions: although their mandate and role called for a focus on poverty reduction, this was not always the recipient government's main priority, while they had to strive to achieve local ownership.

The international evaluation did not succeed in demonstrating the impact of general budget support on economic growth and improving the income position of the poor among the population. That is not to say that there is no relationship between them.

Conclusions

- No comprehensive policy memorandum has been produced for general budget support despite the large sums spent on it, as a result of which much remains unclear.
- The exact purpose of general budget support and the conditions under which it is provided are not clear. The same applies to the question of which governments qualify and which do not.
- General budget support has had a positive impact on donor harmonisation and alignment, and on access to public services. An upward trend in public finance management was also observed, though there is still a great deal of room for improvement.
- General budget support has not been shown to have an impact on economic growth and poverty in recipient countries.
- Spending pressures have resulted in considerable non-regular budget support.

17.7 Basic education

Since the global conference Education for All (EFA) in 1990, basic education has received a great deal of attention. The year 2000 was at first set as a target date by which all children were to have access to primary education. This date has since been shifted to 2015. In Dutch policy, the objective of education for all grew in importance from 1992 onwards. Basic education received a major quantitative boost in 1999, with the adoption of the sector-wide approach. In Sub-Saharan Africa, this meant that in nine out of fifteen of the Netherlands' partner countries the education sector received considerable support through the sector-wide approach. The Netherlands had a long tradition of engagement with education in Sub-Saharan Africa, which had been financed largely through the Dutch cofinancing organisations. The inclusion of education as a sector within the sector-wide approach implied a shift towards government-to-government support, and concentrated primarily on basic education.

In the evaluation period, bilateral support for the education sector totalled EUR 565 million, spent chiefly on the education partner countries in Sub-Saharan Africa. The Netherlands also strongly supported the Fast Track Initiative, created in 2001 as an international partnership of governments in developing countries and donors, to achieve the MDGs for education.

The large sums given in support of education allowed the governments of recipient countries to do away with school fees and invest in classrooms, educational materials and teacher training. The elimination of school fees had a tremendous impact on participation in education, which skyrocketed. In addition, girls and boys gained more equal access to basic education. The strong increase in participation put educational quality under pressure; classes were too large and there was a growing shortage of teachers, many were not up to standard and teaching methods did not focus on active learning.

The IOB impact evaluations of education in Uganda and Zambia showed that large numbers of new pupils have not had a major negative impact on school results. They concluded that it was essential to train more qualified teachers and to significantly improve the management of schools and the administrative levels directly above them (the district, the province and the education inspectorate). Good management proved to make the greatest contribution to cost-effectiveness, along with factors like books, school facilities and teachers. A combination of

good management and good teachers was found to be the most effective way of improving the quality of education.

Generally speaking, poor people were seen to have benefited from better access to basic education. Inequalities remained, however; in particular, teachers tended to gravitate towards wealthier urban areas, to the detriment of the rural poor. In all partner countries with sectoral support for education initiatives were supported to integrate HIV/AIDS. Integration in the other areas of policy is limited.

Conclusions

- In the period under evaluation the Netherlands emerged as an international front runner in helping national governments to provide better basic education.
- Sectoral support for education enabled a spectacular increase in access to basic education. The quality of education came under pressure, however.
- The poorest benefited least from the spectacular developments in the education sector.
- Dutch aid was highly concentrated on primary education, while the other branches of education, such as adult and vocational education, received little attention.

17.8 Productive sectors

The Netherlands has been involved in rural poverty reduction for many decades. In integrated area or rural development projects, it has worked together with national governments to improve agriculture, the environment, the infrastructure, credit facilities and planning in one or more marginalised, poor provinces. These activities were often combined with interventions in education and healthcare. The intention of such an integrated approach was to improve local production processes and the conditions in which they can operate to promote economic and social development in these provinces. The ultimate aim was to alleviate the poverty of the inhabitants. In the 1990s, the Netherlands applied this approach in nearly all its partner countries in Sub-Saharan Africa, which gave priority to improving agricultural production and processing and marketing the products. Other productive activities (maintenance, transport, producing spare parts, etc.) were intended to fulfil a complimentary role.

From 1998, there was a radical change of course in Dutch bilateral aid to Sub-Saharan Africa, which led to a reduction in support for integrated area and rural

development projects. There was less scope for projects in the sector-wide approach. Another significant factor was that many area development projects did not produce the intended results. The integrated approach often proved too complex, local partners had insufficient ownership of the design of the projects and national governments were not able to incorporate them into their policies. The presence of other donors in the same country, who were also trying to give shape to their integrated area development approaches, made the situation even more difficult.

When the sector-wide approach was gradually introduced between 1999 and 2003, many of the partner countries in Sub-Saharan Africa focused on the education and healthcare sectors. Rural development was initially one of the sectors available but, because of the absence of good institutions (e.g. agriculture ministries were often institutionally weak) and the difficulty in defining rural development as a sector in operational terms, it disappeared as a priority sector. A good analysis of rural productive sectors was never carried out. A number of recipient countries objected strongly to this, and continued to insist on the importance of improved agricultural productivity, but the Dutch Minister for Development Cooperation believed that the private sector should be given a more prominent role. Attention shifted towards instruments for trade and investment, like the Emerging Markets Cooperation Programme (PSOM), the Development-Related Export Transactions Programme (ORET), the Centre for the Promotion of Imports from Developing Countries (CBI), the Netherlands Management Cooperation Programme (PUM) and the Netherlands Development Finance Company (FMO). The specific focus on agricultural production and agribusiness, which was so clear within rural development, disappeared.

In addition to the introduction of the sector-wide approach, Dutch policy also devoted considerable attention to aligning different policy areas to allow developing countries to participate in the system of international trade on a more equal footing. This aim to achieve policy coherence focused initially on agriculture and was intended to increase the productive and trading capacity of the agricultural sector in developing countries. Better access to international markets (demand side) was to go hand in hand with strengthening the structure of production at national level (supply side). This policy was aimed primarily at small and medium-sized farmers.

Dutch support for rural development was studied in Burkina Faso, Kenya, Mali, Mozambique, Tanzania and Zambia. After the introduction of the sector-wide

approach, with its strong emphasis on the social sectors (education and healthcare) Dutch support for the productive sectors in five of the six countries was phased out and reduced substantially in the remaining country. This occurred despite the priority that national governments gave to agriculture, and took insufficient account of the many years of Dutch experience in the sector, which was lost when the policy was introduced.

To implement its coherence policy the Ministry of Foreign Affairs set up a Coherence Unit, which gradually focused its activities on a set of ten strategies. The emphasis lay on removing obstacles on the demand side, by conducting analyses and lobbying in various fora within the European Union and the World Trade Organisation. These activities produced different results for the evaluated dossiers, Market Access and Production Norms (cut flowers) and Agricultural Reform (cotton). For cut flowers (evaluated in Kenya, Uganda and Zambia) they led to a more favourable inspection regime, which improved the market access of cut flower growers in Sub-Saharan Africa. For cotton, however, (evaluated in Benin, Burkina Faso and Mali) the continued protection of cotton producers in EU countries (Spain and Greece) and in the US remained a serious obstacle.

The results on the demand side were variable, but this was also true of the supply side. Within bilateral development cooperation, individual companies and branches of activity within the cut flower sector were able to benefit from instruments like PSOM, ORET, CBI, PUM and FMO, but the support was not very coordinated. In the cotton sector, support on the supply side decreased steadily during the evaluation period. In Burkina Faso and Mali, the Netherlands withdrew from the sector, while in Benin it was supported on a project basis. The Netherlands was not active at all in the fourth cotton-producing country in West Africa, Chad.

Conclusions

- With the introduction of the sector-wide approach and the support for the social sectors, the productive sectors as good as disappeared in the Netherlands' policy.
- The reduced attention for the supply side (productive sectors) hindered the pursuit of policy coherence. The Ministry of Foreign Affairs' Coherence Unit focused primarily on the demand side (market access). This was successful in one of the two cases studied but failed in the other, due to external variables.

- PSOM, ORET, CBI, PUM and FMO all operated on the supply side, providing support at enterprise level. There was no coordination between their activities.

17-9 Good governance

Good governance was an important international policy theme from the start of the evaluation period. There was great emphasis on the effectiveness of aid and an efficient government apparatus was crucial in achieving that. This emphasis was reflected in the development of Dutch policy.

Good governance was first an instrument of appraisal in selecting partner countries and aid modalities, and later also a secondary aim of development cooperation and the cornerstone of activities relating to conflict. Elements within good governance were political decentralisation, a greater emphasis on respect for human rights, and strengthening the rule of law. The effectiveness and legitimacy of governance were substantial concepts and four measurable indicators were developed: Participatory, Legitimate, Effective and Transparent.

This conceptual refinement did not constitute a policy on good governance in the 1998-2002 period. The state of governance in existing and potential recipient countries was, however, assessed during the procedure for selecting partner countries that was being developed at that time. This was based on experience with the Track Record. But more important were the instruments being developed by the World Bank to measure the quality of governance.

In the 2002-2006 period, new initiatives were not taken until 2004 to devote renewed attention to the substantial elements of good governance. It was considered important to better equip the ministry and the embassies to address the theme of good governance. The *Handbook on Good Governance*, published in 2004, was designed to meet this need. In the Handbook, too, effectiveness and legitimacy were core concepts.

In the evaluation period, good governance became an objective in itself, in addition to a simple measurement of the governance situation. The Track Record was gradually modified and now serves to determine the degree of alignment, and thereby the appropriate aid modality.

Measurement of the governance situation became increasingly technical and had the pretension of being objective. The qualitative, dynamic and informal processes that occur behind the façade of official institutions disappeared from sight, however. Consequently, as the evaluation in Ghana, Mali and Tanzania showed, it was not possible to obtain an accurate picture of the legitimacy of local government and there was too much emphasis on the effectiveness of measured governance indicators.

The Netherlands' policy on good governance was evaluated by analysing activities aimed at strengthening the rule of law in Rwanda and South Africa. Policy on strengthening the rule of law was developed more recently and had not yet been elaborated in any great detail. The quality of its implementation depended strongly on individual officials. The emphasis lay on the output of projects and programmes, and impressive results were achieved in that area. Access to the law increased, judges were trained, prisons built and support given to legal aid organisations. Although there was little attention for higher objectives relating to the rule of law, such as respect for human rights and poverty reduction, attention was paid to incorporating local legal traditions in efforts to strengthen the rule of law (endogeneity). Support for NGOs in the field of the rule of law declined with the introduction of the sector-wide approach, impoverishing the already meagre knowledge in this area of policy.

Conclusions

- Policy development for good governance was a difficult process.
- The increasingly technical nature of assessment hampered insight into the processes behind the façade of official institutions.
- Efforts to strengthen the rule of law produced impressive results in terms of access to the law.
- Higher objectives, such as human rights and poverty reduction, received less attention.

17.10 Conflicts

The aim of the foreign policy review was integrated policy, including in relation to conflicts. The existing focus on poverty reduction made way for a holistic approach based on the integration of political, military and development instruments. Instruments were developed aimed at both the operational prevention of conflicts in the short term and more structural prevention in the long term. A link was made between human rights and development, and between human rights and

conflict. In 2000, the Netherlands had already signed UN Resolution 1325, which focuses on women and children.

In the 2000-2005 period, attention focused on a wide range of aspects. A regional approach was formulated in two priority regions in Sub-Saharan Africa: the Great Lakes region and the Horn of Africa. Development cooperation was to go hand in hand with the promotion of peace, security, conflict prevention and management, stability and reconstruction. Civil-military cooperation became increasingly important for promoting stability in post-conflict areas, in combination with limited reconstruction activities. In addition, there was a focus on support for local authority capacity development, good information for businesses, compliance with international guidelines for operational management, and the prevention of illegal activities. The aim was to achieve a wide support base for peace and security, with the involvement of the Ministries of Foreign Affairs, Defence and Economic Affairs. It was a deliberate choice for a broad-based approach: the physical, economic, social and political development of a region after the end of an armed conflict.

There was certainly no lack of policy intentions in the fields of peace and security, human rights, conflict and reconstruction; it is after all a wide-ranging area of policy. Cooperation between two, sometimes three, ministries, each with its own policy and administrative culture, made the situation even more complex. Policy implementation in general, in the Great Lakes region and the Horn of Africa, with special attention for policy on Sudan, will be examined in turn.

Many factors are involved in peace and democratisation processes. The complexity and scale of the financial investment required suggest that it would be better to pursue peace and stability through multilateral channels. The Netherlands was correct in choosing this course of action, investing in important regional activities, for example the International Conference for the Great Lakes region and the Multi-Country Demobilisation and Reintegration Programme (MDRP). The general budget support to Burundi in 2006, which was channelled through cofinancing with the World Bank, can also be placed in this context. Despite their weaknesses, the Great Lakes Conference and the MDRP contributed to stability and the restoration of trust between the countries in the region. That conclusion is more difficult to reach for the Inter-Governmental Authority on Development (IGAD), especially in respect of Somalia.

Despite the fact that the Netherlands signed UN Resolution 1325 on women in conflicts in 2000, the memoranda on Africa, the Horn of Africa and the Great Lakes devoted little or no attention to this issue. In spite of these gaps, the desk study of the policy on the Great Lakes showed that embassies in the partner countries did devote considerable attention to the position of women, including outside traditional sectors like education, and reproductive rights and healthcare. In the non-partner countries, few references to activities relating to gender were found.

The policy intentions for the Great Lakes region were largely followed up by the activities being implemented. In the four countries – Burundi, the DRC, Rwanda and Uganda – the integration of Dutch diplomatic, development and military activities is well advanced and the focus of the cooperation is reasonably consistent.

Often under pressure from parliament, the Ministers of Foreign Affairs and for Development Cooperation made it clear, through critical notes, silent diplomacy and reduced budget support that it was not blind to the internal political problems in Rwanda and Uganda and the role played by both in East Congo. The continuity of the partnership with both countries, however, remained intact. In the non-partner countries Burundi and the DRC the Netherlands was primarily involved in peacebuilding, democratisation, Security Sector Reform and Disarmament, Demobilisation and Reintegration.

A weak point was the Netherlands' absence from reconstruction and development efforts in the DRC. This was partly because the intention to create a budget for reconstruction never materialised. Structural cooperation with Rwanda and Uganda, and the limited cooperation with Burundi and the DRC gave rise to an imbalance in the policy and reduced the impact of efforts in the latter two countries.

The combination of partner countries and non-partner countries in a single regional policy also resulted in tension between donor darlings and donor orphans. This was partly due to the fact that the criteria for selecting partner countries were not applied consistently. Burundi and Rwanda obtained similar scores on World Bank indicators, but Rwanda became a partner country and Burundi did not. Nevertheless, the Netherlands did display a certain flexibility providing Burundi with general budget support in 2006.

After 2002, the Netherlands largely remained politically neutral in the increasingly tense relationship between Ethiopia and Eritrea and had no wish to intervene in the conflict in Somalia. For these reasons, and because of the complexity of the situation in Sudan – with three conflict zones (Darfur, the South and the East) – the Netherlands' peace and security policy in the Horn of Africa boiled down on balance to its Sudan policy. The personal commitment and involvement of the Minister for Development Cooperation (2002-2006) played a decisive role in this respect.

The Sudan policy was put into operation step by step, and was highly dependent on initiatives by the Minister for Development Cooperation during her many visits to the country. The special status enjoyed by Sudan in policy was expressed by the setting up of a Task Force Sudan at the Ministry of Foreign Affairs and in the high levels of expenditure on humanitarian aid. The majority of the expenditure on Sudan fell into the category of humanitarian aid and the social infrastructure of the North-South peace process. Through diplomacy, political activities and emergency aid, the Netherlands rightfully earned a place in the peace negotiations.

Conclusions

- The decision to tackle conflicts through multilateral channels was correct.
- There was insufficient focus on gender, as required by UN Resolution 1325.
- Cooperation between the Ministries van Defence and Foreign Affairs improved substantially.
- Policy on the Horn of Africa was in effect a Sudan policy. The strategy was flexible and therefore often ad-hoc.
- The regional policy on the Great Lakes was not balanced as a result of unequal access to budget funds by partner countries and non-partner countries.

17.11 Humanitarian aid

The Netherlands' current policy on humanitarian aid has its roots in the first half of the 1990s. At that time there were already calls for integration of policy on foreign affairs, defence and development cooperation. From 1999, that policy was formulated in concrete terms in internal operational and grant policy frameworks. Within these frameworks, choices were made for countries or regions which were in a chronic emergency situation. The main aim was to alleviate human suffering by helping the victims of natural disasters and conflicts to help themselves. The

core values were impartiality, neutrality and independence. These Dutch policy frameworks were in line with international principles of Good Humanitarian Donorship.

The Netherlands provided humanitarian aid within the context of internationally accepted principles. It was channelled through UN agencies, the Red Cross and the Red Crescent, and NGOs were given funding to provide humanitarian aid on the basis of internationally coordinated needs assessments. When providing humanitarian aid, the foreign ministry cooperated with the Ministry of Defence to help create stability in conflict areas where aid was being provided. Since the Horn of Africa and the Great Lakes region have been conflict areas for many years, Dutch humanitarian aid in Sub-Saharan Africa was largely focused on these regions. In the 2000-2006 period this amounted to a little less than EUR 700 million.

The aid in the countries evaluated (Burundi, the DRC, Somalia and Sudan) was provided as far as possible through multilateral channels depending on the nature of the conflict and the humanitarian situation. In terms of reaching the victims, this aid was effective. The system of providing humanitarian aid, however, also had a number of weak points (such as the system of assessing needs), which reduced its effectiveness in alleviating suffering.

Humanitarian aid is linked to conflict management, peace initiatives and reconstruction. Attempts were also made to link it to structural development (this was known as ‘humanitarian aid plus’). This was most successful in situations in which the first steps could be taken toward stability through rehabilitation, reform of the police and armed forces and disarmament, and the demobilisation and reintegration of former fighters. In countries with no bilateral development relationship with the Netherlands, these activities could not be followed up by support for structural development.

Sometimes humanitarian aid seemed to fall prey to the divide-and-rule policies of local leaders. The international community’s hesitation in addressing the systematic violation of human rights in the Sudanese province of Darfur and in providing humanitarian assistance was largely determined by the desire to achieve a peace agreement between the Sudanese government and the Sudan People’s Liberation Movement (SPLM).

The aid was expensive, partly because it had to be provided by subcontracting NGOs with local knowledge and experience, but also because of the great distances, poor infrastructure and weak institutions. The Netherlands provided funds for humanitarian aid through channel funding agreements, which were designed to reduce the administrative burden for the Netherlands, but which resulted in more limited insight into results at activity level. Because of capacity deficits, little attention could be devoted to monitoring.

Conclusions

- Humanitarian aid was provided in accordance with the basic principle of saving human lives. Though active efforts were made to combine humanitarian aid with conflict resolution, peacebuilding and reconstruction, the transition to structural aid often proved problematic.
- The international principles of humanitarian aid (impartiality, neutrality and independence) came under pressure in Sudan, as the central government held the international community hostage over the issue of humanitarian aid to Darfur during the peace negotiations with Southern Sudan.
- The gap between humanitarian and development activities was greatest in Burundi and the DRC, because the Netherlands has no structural development relationship with these countries. In the absence of a viable Somali state, the opportunities for reconstruction and development were extremely limited. In Sudan, efforts to close the gap between humanitarian and other kinds of aid enjoyed varying degrees of success.

17.12 Ownership

Since the introduction of the sector-wide approach the Netherlands has participated in a range of international agreements on donor harmonisation, alignment with the policy of the recipient country and ownership in the hands of these countries. The most recent of these agreements was the Paris Declaration of 2005. The ultimate aim is for recipient countries to own their own policies. In discussions on the allocation of general budget support and in designing the sector-wide approach, donors have emphasised that local governments themselves must give direction to their development policies in general and their sector policies in particular.

In practice, the situation is often different: donors determine the choice of countries, the country allocation, the sectors, the aid modality and choice of channels.

The donors' objective of placing ownership in the hands of the recipient countries is subject to many conditions. When allocating general budget support donor countries like to assure themselves that the funds will be spent usefully. Recipient countries are therefore subject to a strict process of screening their administrative practices and social and economic policies. The instruments for assessing good governance (the Track Record) are one-sided and donor-oriented, not only in their design but in the assessment process itself: the recipient countries are not actively involved in either.

For assessing good policy, technical and policy-related instruments and criteria were developed. With the technical instruments, the emphasis is on the transparency of the budget process, so that it is clear where the recipient country has spent its public funds. With policy-related instruments, the Poverty Reduction Strategy Papers, initiated by the World Bank and the IMF, serve as assessment frameworks. The great similarity between these plans raises the question just how much national governments were able to tailor them to their specific needs.

With the implementation of general budget support and sectoral support, consultations between the recipient country and donors are centred around the national Ministry of Finance, the financial departments of specialist ministries and donor representatives. In recipient countries, as the evaluation in Ghana, Mali and Tanzania showed, complex consultation structures were set up at capital city level. National parliaments, civil society, the non-financial departments at specialist ministries and their representatives in provinces or districts are largely excluded. This gives the consultations between the recipient country and the donors a bureaucratic and technocratic character. The voices of remote and often poorer provinces are also rarely heard. The question then is who in the recipient country is the owner of national policy.

The sector-wide approach in Dutch assistance has served to promote better donor coordination and alignment with the procedures of the recipient country. The introduction of the sector-wide approach was mainly a Dutch initiative and left little scope for ownership by the recipient countries.

Practice shows that countries that are heavily dependent on aid do not object to the conditions imposed by donors. Successful donor harmonisation can actually increase this dependence: a recipient country can do little to resist a group of donors who have agreed to combine their aid efforts.

Conclusions

- Ownership is often nothing more than a formality: donors have considerable power when they work together and they impose conditions on providing aid; most developing countries are dependent on aid and are therefore at best part owners of their own policies.
- Where there is national ownership, policy is generally owned by the finance ministry, and less so by the specialist ministries, civil society and national or local representatives of the people.

17.13 Main conclusions, recommendations and key issues

Main conclusions and recommendations

Recommendations are given in **blue**.

- The excess of policy meant too few priorities were set. This made it difficult to guide and monitor policy implementation. The lopsided distribution of policy memoranda led to too many documents in some areas and not enough in others.
- **Make clear choices and focus policy.**
- The evaluation found that, although poverty remained a key element of the Netherlands' policy, the focus on poverty faded somewhat with the abolition of the target group policy, and the introduction of the sector-wide approach and debt cancellation. The Millennium Development Goals rightly play a key role in policy, but more attention should be focused on the poorest of the poor, in both rural and urban areas. People living in marginalised rural areas and in the slums of rapidly-growing cities are increasingly likely simply to disappear off the radar. Almost no consideration was given to the income dimension of poverty, which is particularly significant in the agricultural sector, on which a large majority of the people of Africa depend. The best results in terms of poverty reduction were achieved in education and health. The increase in donor-dependency is a cause for concern.
- **Revitalise the focus on poverty.**
- When export credit debt cancellation is provided, the Ministry of Finance claims and receives 5 to 10% more from the development budget than it pays to the companies whose export transactions are insured. Since insurance premiums have to cover costs, no costs are incurred in the case of export credit debt cancellation, and the finance ministry does not actually need to

- be compensated. Insuring export loans is designed to promote Dutch exports, and is not necessarily relevant to development.
- Stop charging export credit debt cancellation to the development budget.
 - Conduct a supplementary evaluation in the short term of the process and results of export credit debt cancellation for Nigeria and the DRC.
 - Debt cancellation is in practice paid for from existing development cooperation funds, contrary to international agreement (Monterrey consensus).
 - If debt cancellation is to be charged to the development budget, the budget should be increased by the amount of the cancellation, as agreed at Monterrey.
 - No comprehensive policy memorandum has been produced for general budget support despite the large sums spent on it. As a result, some matters remain unclear. The evaluation concluded that the exact purpose of general budget support and the conditions under which it is provided are not clear. The same applies to the question of which governments qualify and which do not.
 - Be more cautious in granting general budget support to governments that violate human rights, fail to manage the public sector properly or make insufficient effort to tackle corruption.
 - General budget support has had a positive impact on donor harmonisation and alignment. An upward trend in public finance management was also observed, though there is still a great deal of room for improvement. General budget support has not been shown to have an impact on economic growth and poverty in recipient countries.
 - Conduct at the earliest opportunity a further evaluation of the impact of general budget support on economic growth and poverty reduction.
 - In the period under evaluation the Netherlands emerged as an international front runner in helping national governments to provide better basic education. Dutch aid was highly concentrated on basic education. Sectoral support for education enabled a spectacular increase in access to basic education. The quality of education came under pressure, however. The poorest benefited least from the spectacular developments in the education sector.
 - Continue efforts in education, but focus more on quality.

- With the introduction of coherence policy, which has increased the focus on market access and the demand side, the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Ministry of Agriculture, Nature and Food Quality have taken important steps in the right direction. The few instruments for intervention and support on the supply side (production) proved to be very fragmented, however. The introduction of the sector-wide approach and the high priority for the social sectors undermined interest in the supply side. This development was neither desirable nor unavoidable. Lessons from the past were not fully taken into consideration.
- **Do more for the productive sectors, particularly the agricultural sector in rural areas.**
- Formulating policy on good governance proved a difficult process. The increasingly technical nature of assessment hampered insight into the processes behind the façade of official institutions.
- Efforts to strengthen the rule of law produced impressive results in terms of access to the law. Higher objectives, such as human rights and poverty reduction, received less attention.
- **Focus more on strengthening checks and balances in poverty reduction and on promoting human rights.**
- The decision to tackle conflicts via multilateral channels was correct. Cooperation between the Ministry of Defence and the Ministry of Foreign Affairs saw some positive developments. There was insufficient focus on gender, however, as required under UN Resolution 1325.
- **Focus more on gender.**
- **Continue the cooperation with the Ministry of Defence.**
- The regional policy on the Great Lakes was not balanced as a result of unequal access to budget funds by partner countries and non-partner countries. Policy on the Horn of Africa in effect turned out to be Sudan policy. The strategy was flexible and ad-hoc.
- **Make budgets for reconstruction and development a standard feature of regional policy.**
- Humanitarian aid was provided in accordance with the basic principle of saving human lives. Though active efforts were made to combine humanitarian aid with conflict resolution, peacebuilding and reconstruction, the transition to structural aid often proved problematic. The international

principles of humanitarian aid (impartiality, neutrality and independence) came under pressure in Sudan, as the central government held the international community hostage over the issue of humanitarian aid to Darfur during the peace negotiations with Southern Sudan.

- **Make serious efforts to improve the transition from humanitarian to structural aid.**
- The introduction of the sector-wide approach and the choice of priority sectors left much to be desired in terms of ownership by the recipient country. In other development cooperation policy areas, too, donors largely dominated, particularly in general budget support. Positive exceptions include support for promoting the rule of law, however. In most cases, ownership was nothing more than a formality, given the lists of donor requirements. Donors determine the choice of countries, sectors, modalities, funds and channels. References to ownership often amounted to little more than lip service or rhetoric. Where there is national ownership, policy is generally owned by the finance ministry, and less so by the specialist ministries, civil society or national and local representatives of the people.
- **Adopt a realistic approach to ownership, devoid of rhetoric.**

Key issues

- 1) Achieving a comprehensive policy for Sub-Saharan Africa (a ‘Dutch Africa policy’) turned out to be no simple matter. Nor is it by any means certain that such a policy would be possible or desirable. Sub-Saharan Africa is too large and varied for a single policy applicable to every country on the continent. It might make more sense to base interventions on country-specific policy that takes account of the regional context and is based on one or more of the key objectives of foreign policy: to promote and support peace and security, human rights, economic growth and structural poverty reduction. However, the Ministry of Foreign Affairs would probably need more knowledge of change processes in the countries of Sub-Saharan Africa in order to conceptualise and implement such a country-specific policy.
- 2) Existing knowledge of these countries – at macro, meso and micro-level – is rapidly declining, due to an increasing orientation towards the capitals, where embassy staff spend a great deal of time on policy dialogue with the government and on talks with other donors on sectoral or general budget support. The perfectly justified objectives of the Paris Declaration on harmonisation and alignment boosted this trend. The virtual disappearance

of technical assistance and the increasing shift from project aid to sectoral support or general budget support have contributed to the drying up of existing knowledge on change processes in these countries. Nothing has been done to compensate for the impact of this development. The ministry even disbanded a division that was responsible for policy preparation without introducing an alternative.

- 3) This has resulted in reduced capacity both for monitoring existing activities effectively and efficiently and for responding to new challenges arising in Sub-Saharan Africa in an adequate and timely manner. More applied, demand-driven research into change processes in Sub-Saharan Africa is therefore needed, alongside more and better monitoring of activities, more evaluation, and more lessons learned. Application of the knowledge acquired by ministry staff will be crucial.
- 4) The development and implementation of new policy must take account of the planned reduction in staff numbers at the ministry. The excess of policy identified in this evaluation, coupled with the conclusion that there is no coherent policy on some critical elements, will be one of the key challenges. The countries of Sub-Saharan Africa are increasingly countries in development – moving targets which can be hit only with great skill.

Annex 1 Bilateral expenditure per country, 1998-2006 (in EUR million)

Table 4-1 Bilateral expenditure per country, 1998-2006 (in EUR million)

Recipient	1998	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006
Tanzania *	56.120	51.871	102.218	58.765	76.169	57.483	62.935	41.352	67.509	574.422
Ghana *	16.386	15.293	28.393	115.561	66.434	38.623	91.906	20.326	45.816	438.736
DRC	2.927	5.062	5.027	5.979	138.979	188.424	36.117	30.127	23.302	435.943
Mozambique *	28.894	32.215	64.504	82.549	41.585	35.916	34.910	41.829	42.876	405.278
Nigeria	447	421	551	2.076	227	142	-	158.864	206.578	369.306
Sudan	18.627	14.954	16.564	14.777	16.698	11.278	62.218	114.497	75.937	345.549
Uganda *	23.409	24.831	44.877	30.230	32.744	34.568	36.517	41.612	54.742	323.530
Mali *	26.521	24.890	46.823	28.528	28.071	26.504	34.993	40.05	49.476	395.863
Burkina Faso *	21.484	20.251	17.165	38.638	27.895	30.437	39.866	38.58	43.655	277.980
Ethiopia *	25.250	29.452	27.179	37.705	25.559	24.278	29.237	31.811	33.277	263.748
Zambia *	13.230	12.864	30.933	22.014	28.562	24.945	36.462	31.954	38.612	239.577
South Africa *	25.831	25.343	25.024	19.401	30.049	16.488	28.629	29.951	35.919	236.635
Rwanda *	23.024	19.133	22.236	15.018	15.123	17.009	8.722	22.164	15.856	158.285
Kenya *	21.791	17.172	17.326	14.219	7.497	2.108	12.536	10.074	21.921	124.644
Senegal *	10.216	5.593	6.332	9.646	9.072	9.247	13.238	14.421	15.189	92.864
Cameroon	10.345	6.237	4.553	50.456	3.170	2.694	2.745	2.017	9.704	91.921
Zimbabwe	18.362	15.211	12.719	13.014	12.109	1.786	1.136	3.449	4.864	82.651
Angola	10.481	12.827	12.968	12.076	13.231	10.037	5.583	3.542	1.271	82.017

Recipient	1998	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006
Cape Verde *	7.783	11.691	6.477	4.250	1.917	7.081	7.504	9.150	9.400	65.254
Benin *	5.580	4.355	4.759	4.057	795	14.249	4.393	9.123	17.576	64.886
Ivory Coast	20.909	9.637	11.180	6.616	-	9.965	1.210	1.688	795	62.000
Burundi	3.022	4.042	6.106	4.932	4.643	4.815	7.832	13.065	13.090	61.547
Eritrea *	3.724	7.476	16.224	11.022	5.390	4.239	5.396	2.556	2.011	58.039
Sierra Leone	1.542	3.952	2.770	20.270	5.998	12.624	2.032	1.817	3.994	54.099
Somalia	4.764	6.448	6.728	3.643	4.712	3.592	3.898	3.800	11.131	48.715
Malawi	1.671	6.522	1.560	9.695	4.712	2.180	1.086	4.842	629	32.898
Liberia	5.187	2.997	2.153	1.437	1.932	1.942	5.167	3.613	5.112	29.540
Namibia	6.520	7.018	2.208	2.470	2.522	1.004	1.300	1.294	346	24.683
Guinea-Bissau	3.149	2.021	4.005	5.549	2.670	2.332	477	200	-	20.404
Niger	4.532	3.545	1.734	987	303	26	-	2.075	-	13.203
Mauritania	404	231	5.000	3.284	51	150	446	447	321	10.334
Madagascar	1.813	1.270	1.370	826	223	311	-	-	-	5.813
Chad	4	-	-	90	-	26	520	56	4.751	5.447
Djibouti	-	59	228	899	505	-	-	548	-	2.239
Guinea	-	-	-	1.466	-	-	-	-	-	1.466
Gabon	-	-	200	155	171	178	601	-	-	1.306
Seychelles	653	106	252	140	-	-	-	-	-	1.151

Gambia	347	45	45	75	7	90	105	10	-	725
Togo	16	22	0-	-	-	-	-	299	-	337
Botswana	123	65	1	34	45	-	-	-	-	268
Lesotho	131	-	68	26	-	-	-	-	-	225
Mauritius	61	-	-	-	-	-	-	-	-	61
Congo- Brazzaville	59	-	-	-	-	-	-	-	-	59
Sao Tome & Pr.	7	30	-	-	-	-	18	-	-	55
Eq. Guinea	8	-	-	-	-	-	-	-	-	8
CAR	-	-	-	-	-	-	-	-	-	-
Swaziland	-	-	-	-	-	-	-	-	-	-
Regional	17.964	16.599	21.159	26.627	42.709	52.910	62.444	82.156	111.992	434.559
Grand Total	443.322	420.761	579.622	679.202	652.479	649.680	642.178	813.376	967.650	5.848.270

* = partner country.

Of the bilateral expenditure on the DRC, debt relief accounted for EUR 129 million in 2002, EUR 181 million in 2003 and EUR 20.5 million in 2004.

Source: Memo 857/R of 21 March 2005 from RS to DEK, on Dutch ODA to the DRC in 2003. Debt relief to the DRC in 2002 could not be traced in the Midas system. Of the expenditure on the DRC in 2005, debt relief accounted for EUR 14.6 million.

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