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THE INSTITUTIONAL STRUCTURE OF THE DUTCH DEVELOPMENT CO-OPERATION WITH THE DEVELOPING COUNTRIES

Introduction

Development Cooperation is aid provided by governments and other institutions to support and strengthen economic, political and social development of the developing countries. It's based on the long-term partnership between donors and recipients, both pursuing the primary goal i. e. the reduction of poverty. Development Cooperation (DC) means investing in difficult circumstances¹.

It derives from the Marshall Plan, launched by the United States in 1948 to help reconstruct Europe after World War II. In the same year the Organisation for European Economic Co-operation (OEEC) was established to administrate and coordinate the Plan². In order to reform the OEEC the founder countries (additionally with USA and Canada) signed the Convention on the Organization for Economic Co-operation and Development in Paris in 1960, giving the rise of the OECD. The Kingdom of the Netherlands was also among the signatories. One of the initial goals of the organization was to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development³. In recent years the OECD has moved beyond a focus on its 30 member countries to offer its analytical expertise and accumulated

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¹ *Our common concern, investing in development in a changing world. Policy note Dutch Development Cooperation 2007 – 2011*, Ministry of Foreign Affairs (DGIS), the Hague October 2007, <http://www.minbuza.nl/dsresource?objectid=buzabeheer:32207&type=pdf>, p. 15.

² *The OECD*, Organisation for Economic Co-operation and Development, 2008, <http://www.oecd.org/dataoecd/15/33/34011915.pdf>, p. 9.

³ *Convention on the Organisation for Economic Co-operation and Development*, http://www.oecd.org/document/7/0,3343,en_2649_201185_1915847_1_1_1_1,00.html

experience to more than 100 developing and emerging market economies⁴.

The world's major aid donors (23 countries) are grouped in the Development Assistance Committee (DAC), which originated from the Development Assistance Group in 1960⁵. The DAC is one of the main committees of the OECD, it concentrates on how international co-operation can contribute to developing countries' capacity to participate in the global economy and overcome poverty⁶.

By spending 0,8% of its GNP, Holland is among the leading donors helping to the developing countries to reduce poverty. The Millennium Development Goals (MDG)⁷ have been adopted as the means of achieving it⁸. In October 2007, the Netherlands again came first among the world's richest countries in terms of support for policy that benefits poor countries⁹.

During realization of the DC program it has turned out that the quantity of given means alone has been insufficient and hasn't reduced the level of poverty. It has become crucial to consider the specificity of the developing countries and to adjust programmes to their economic, cultural and social background. Flexible activities require a proper organizational structure though, which will become indispensable back-up and will allow making the most of own and partner's potential.

The institutional structure is one of the most important factors, contributing to the increase of efficiency and effectiveness of the economic assistance. Therefore (in order to achieve the most optimal form), the Netherlands has been regularly improving the foundation of DC. Adjustment to the current conditions, a better usage of instruments, an unified vision of DC, a creation of essential operational procedures and im-

⁴ *The OECD...*, op. cit., p. 9.

⁵ *DAC in dates. The History of OECD's Development Assistance Committee*, 2006 Edition, <http://www.oecd.org/dataoecd/3/38/1896808.pdf>, p. 8.

⁶ *The OECD...*, op. cit., p. 18.

⁷ The Millennium Development Goals were promoted in the UN Millennium Declaration, which was issued at the UN Millennium Summit in 2000. The international societies have committed themselves e. g. to reduce the world's level of poverty until 2015. 55/2. *United Nations Millennium Declaration*, <http://www.un.org/millennium/declaration/ares552e.htm>.

⁸ *Mutual interests, mutual responsibilities – Dutch development cooperation en route to 2015*, Ministry of Foreign Affairs (DGIS), the Hague October 3, 2003, p. 5.

⁹ *Our common concern...*, op. cit., p. 5.

provement of the internal cooperation have been the aims of the following reforms.

This article's goal is to present the set-up and evolution process of the Dutch DC institutional structure after World War II. Moreover, the important institutions in the field of economic assistance, monitoring and controlling will be shown and evaluated.

1. Institutions related to DC in the Netherlands

Because of the great complexity and multilevel character of the DC processes there is a large group of organizations involved in it. Depending on the sphere of their activity they can be generally divided into two groups:

- influencing the assistance policy,
- involved in implementing this policy¹⁰.

1.1. Institutions influencing the DC policy

General guidelines of DC have been created by:

- the Parliament,
- Non-Governmental Organizations (NGO),
- enterprises, banks and the Dutch society.

The Dutch Parliament, which is led by the First Chamber (the Senate – Eerste Kamer) and the Second Chamber (Tweede Kamer) has always supported DC. The agreement to spend 1,5% (and later to 0,8%) of GNP every year on the development assistance was supported by all political parties, which reflected the uniform stand of the Dutch society for this policy. The Parliament reflects the government view of DC with countries like e. g. Surinam, Indonesia, Cuba and Columbia.

Non-Governmental Organizations (NGOs) are involved in both implementing the policy and forming an important pressure group in its planning process. Every time when a budget of the Ministry has been discussed in the Parliament, the standing committee on DC holds hearings with the representatives of MFO¹¹ and other NGOs. The influence of

¹⁰ J. Hilhorst, S. Sideri, *Dutch bilateral aid policies in the period of 1977–1993, Working Paper Series No. 189*, Institute of Social Studies, The Hague 1995, p. 8.

¹¹ MFO (Medefinancieringsorganisatie) is a group of four largest Dutch NGOs: NOVIB (the social-democrat organisation), CORDAID (the network of Catholic organisations), ICCO (the Protestant inter-church organisation), HIVOS (the humanist institute).

those organizations has historical roots in missions of the Catholic and Protestant Churches (in Indonesia, Africa and Latin America) and therefore has been increasing (also because of many publications). They are meaningful for DC program, which could be measured by their growing share in the DC budget (in 1978 – 6,4% whereas in 1992 – 10,2%)¹².

Other parties, which have indirect influence on DC program in Holland are:

- **enterprises and banks**, which have an assistance role in the programme. Their indirect influence may be exerted by their representatives to the National Advisory Council on Development Cooperation (NAR)¹³,
- **the Dutch society**, which chooses the representatives to the Parliament, so indirectly decides about the direction of the DC activities. Moreover, due to the formal and informal pressure it demands such an organizational structure and functioning rules, that would allow to achieve the best transparency (what is their money spent on) and efficiency of activities (are the funds spent in a right way).

1.2. Institutions implementing policy guidelines

The following organizations are responsible for achieving the DC goals:

- the Directorate General for International Cooperation (Directoraat General Internationale Samenwerking - DGIS),
- the Netherlands Development Financing Company (Nederlandse Financierings-Maatschappij Voor Ontwikkelings Landen – FMO),
- the Centre for the Promotion of Imports from Developing Countries (Centrum ter Bevordering van de Import uit Ontwikkelingslanden - CBI),
- NGOs – labour unions, employers' organizations and MFO (Medefinancieringsorganisatie),
- specific Ministries,

¹² *Dutch bilateral aid policies...*, op. cit., pp. 12-13.

¹³ Their influence was more visible in other periods e. g. during the establishing of FMO (the term described further in the paper), when the Dutch investors participated in its equity to enhance the interest and trust of other company owners to invest in the least developed countries. It was also meant to reduce the competition from other states, which were selling the capital goods on the basis of soft loans (the Dutch entrepreneurs didn't have the access to them at that time).

- local authorities.

The main institution concerning the DC program in Holland is **the Directorate General for International Cooperation (DGIS)**. Because of its great importance and specific role in the program, it will be widely described further in the paper.

The Netherlands Development Financing Company (FMO) is the entrepreneurial development bank of the Netherlands (it is officially under the supervision of the Dutch Central Bank). It was set up in 1970 by the Dutch government, private sector, employers and employee organizations. Since its creation, FMO's aim has been to stimulate trade, industry and to empower entrepreneurship in emerging economies in order to further development¹⁴. The main idea of its activity is economic and social progress in those countries. Approximately 51% of its share belongs to the government, 49% can be borrowed on the capital market. The majority of the financed projects are in the areas of agricultural and small-to-medium sized companies. It also helps development banks from the recipient countries to gain credit lines.

The Centre for the Promotion of Imports from Developing Countries (CBI) is an agency of the Ministry of Foreign Affairs (financed by the DGIS) and based in Rotterdam. It was created in order to stimulate imports to Europe from the least developed countries. It also provides exporters with marketing tools, supports agencies to open their subsidiaries in Rotterdam, organizes preparatory seminars for salesmen and arranges their participation in fairs in Europe.

Apart from the influence on the DC policy **NGOs** create one of the most important channels of transferring help to the developing countries. Whereas the labour unions and other employers' organizations cooperate with their foreign counterparts, **MFO** has created the ideological background of DC with the respect to the social changes (each of them has had a sister organization in the least developed countries). The rest of NGOs work mainly on the basis of their own resources or use a cooperation procedure (similar to MFO). The mission organizations such as the Dutch Red Cross have also had their input in DC¹⁵.

¹⁴ <http://www.fmo.nl/smartsite.dws?id=46>

¹⁵ NGOs are members of different international networks not only in Europe, but also in other parts of the world. Beside mutual opportunities from common learning, those connections lead to the coordination of the DC activities. Created networks are meant

In the framework of activities decreasing budget deficit the government decided in 1986 to finance some of the goals from the DC budget. It allowed creating a government coordination centre for the assistance policy of DC program and other **Ministries**. The resorts involved in the DC activities are: the Ministry of Foreign Affairs and Development Cooperation; Finance; Housing, Physical Planning and Environment; Education and Science; Agriculture, Nature Management and Fisheries.

Also **local authorities** are very often involved in the assistance of DC. They cooperate with their counterparts in the least developed countries in order to create and implement specific projects. A city council decides to assign funds, out of which one can finance tasks proposed by NGOs from the developing countries¹⁶. The Dutch Union of Local Authorities informs local authorities about goals of development programmes and conditions of the government co-financing.

2. Changes in organizational structure of the Dutch institutions coordinating the DC program

Global order is changing rapidly, creating new rules and thus forcing adjustment of the DC programmes. To meet their requirements, new instruments and institutions (of a structure that will allow them to be efficient) as well as regulations supporting the coordination of the DC activities at every organizational level were needed. For that reason the organization of Ministries, fulfilling the DC tasks was changed in Holland through the years.

Although the Netherlands joined the world DC programme in 1960, some assistance activities had been undertaken beforehand. Moreover, the government had started creating the institutional structure of DC before the rise of the OECD.

1.3. 1945–1949

Shortly after World War II the Netherlands was mostly preoccupied with its reconstruction, the creation of the North Atlantic Treaty Organisation

also to help exchange information in order to avoid double financing of the same project.

¹⁶ Those funds should be considered as matching funds – a supplement to funds collected by local societies. Moreover DGIS has the possibility of assigning funds for given projects, which can double an amount of raised money.

(NATO) and the fight for independence in the Dutch East Indies. There was very little public interest in broader development issues and only some missionary activities were undertaken in the Dutch East Indies (provision of technical experience and expertise)¹⁷. The Ministry of Foreign Affairs was the only institution professionally dealing with some aspects of development assistance.

1.4. 1949–1965

In 1949 the Dutch government set up an inter-ministerial commission, whose task was to respond to the activities of the United States (the Truman's Point Four Program¹⁸), the United Nations (Resolutions 198 and 200¹⁹) and following initiatives. Its members agreed that the bilateral aid should be given not only to Indonesia and the two colonies (Suriname and the Netherlands Antilles), but also to others.

This decision resulted in the set-up of the Working Committee on Technical Assistance to Less Developed Countries (Werkcommissie Inzake Technische Hulp aan Laag Ontwikkelde Landen - WITHALL), which consisted of representatives of various Ministries.

In 1950 two commissions for international technical assistance were established. They were both situated under the Ministry of Foreign Affairs and their main goals were to prepare technical assistance projects in developing countries (including the selection of experts to implement them) and to maintain relations with the international organizations.

After the general election in 1963, a separate government unit was established (the Secretary of State for Development Cooperation), which was responsible for development affairs.

In order to involve as many sections of society as possible in aid policy, the government installed the National Advisory Council for Aid

¹⁷ *From output to outcome? 25 years of IOB evaluations*, J. van Beurden, J. B. Gewald, Aksant Academic Publishers, Amsterdam 2004, <http://www.euforic.org/iob/docs/200412011503304213.pdf?&username=guest@euforic.org&password=9999&groups=IOB>, p. 14.

¹⁸ The Point Four Program (the Bold New Program) was a program of economic aid to the poor countries, announced by the United States President – Harry S. Truman in 1949.

¹⁹ Resolution 198 pointed out the international responsibility for the economic development of underdeveloped countries. Resolution 200 focused on the technical assistance for economic development. They were both issued in 1948.

to Less Developed Countries by the Secretary of State for Foreign Affairs in 1964²⁰.

In 1965 it was decided that the position of the Secretary of State for Development Cooperation had to be strengthened and upgraded to Minister. However the new Minister (without portfolio) remained without a department, without a budget, lacked the authority to appoint civil servants and was dependent on the Ministry of Foreign Affairs.

Within this Ministry the Directorate General for International Cooperation (DGIS) was established to serve the new Minister for Development Cooperation²¹.

1.5. 1965–1989

There were several institutions, taking care of realization of the DC program in 1965 -1989:

- the Minister for DC,
- the DGIS,
- the National Advisory Council on Development Cooperation (Nationale Adviesraad voor Ontwikkelingssamenwerking - NAR)
- the Netherlands Development Financing Company (FMO),
- the Centre for the Promotion of Imports from Developing Countries (CBI).

The Minister for DC was operating in the framework of the Ministry of Foreign Affairs (MFA) and was considered only as a representative of interests of the least developed countries to the Netherlands²². The MFA was divided into Directorates, which were taking care of either the DC issues or the diplomatic themes²³.

The most important executive part of the DC programme was **the Directorate General for International Cooperation (DGIS)**. It was managed by the Director General, who was supported by the Deputy and the Secretary.

In 1977 the DGIS was reorganized – a project preparation and realization were no longer in the hands of only two organizational units

²⁰ NAR. *Nationale Adviesraad voor Ontwikkelingssamenwerking*, <http://www.euforic.org/nar/nar.htm>.

²¹ *From output to...*, op. cit., pp. 15, 17.

²² *Dutch bilateral aid policies...*, op. cit., pp. 3 - 4.

²³ OECD, *DAC Peer Review of the Netherlands, 2006*, <http://www.oecd.org/dataoecd/49/38/37531015.pdf>, p. 51.

for the same country. The Continental Directorates (consisted of country desks) were established to conduct the DC tasks in the project forms. The Directors of the Continental Directorates were supervised by the Director General.

For about 12 years (every two years) the DGIS held political dialogues at the top level with the representatives of the recipient countries. Whereas some of the meetings were devoted to a discussion on the 4-year DC plans, the other ones were to evaluate the progress of the pending programmes. The confrontations were mostly based on the Country Policy Papers prepared by the DGIS (sometimes with help of the outside consultants). Those papers used to be sent to the Parliament, but didn't require its approval²⁴.

The National Advisory Council for Aid to Less Developed Countries was renamed in 1975 to **the National Advisory Council on Development Cooperation (NAR)**. The Council consisted of 70 experts (later 55) on the DC problems and supported the Minister for DC in relevant elements of the conducted policy (usually at their request or on its own initiative). The responsibility of appointing the chairperson and the members was held by the Minister for DC. The Secretariat of the NAR formed a part of the Policy Planning Section of the DGIS²⁵.

In 1970 the government established **the Netherlands Development Financing Company (FMO)** and in 1971 **the Centre for the Promotion of Imports from Developing Countries (CBI)**²⁶.

An Operations Review Unit (IOV) was an independent organization created in 1977. At first its reports were confidential, but later on they were presented to the Parliament and to the society. They were also considered whilst implementing the assistance policy²⁷.

1.6. 1989–2005

After the events of 1989 in Central and Eastern Europe as well as the publications of *A World of Difference* (1990) and *A World in Dispute* (1993) the functioning of DC has changed. The Minister for DC was no longer seen as a representative of interests of the least developed countries. Since then the Dutch struggle with poverty was situated among

²⁴ *Dutch bilateral aid policies...*, op. cit., pp. 5-6.

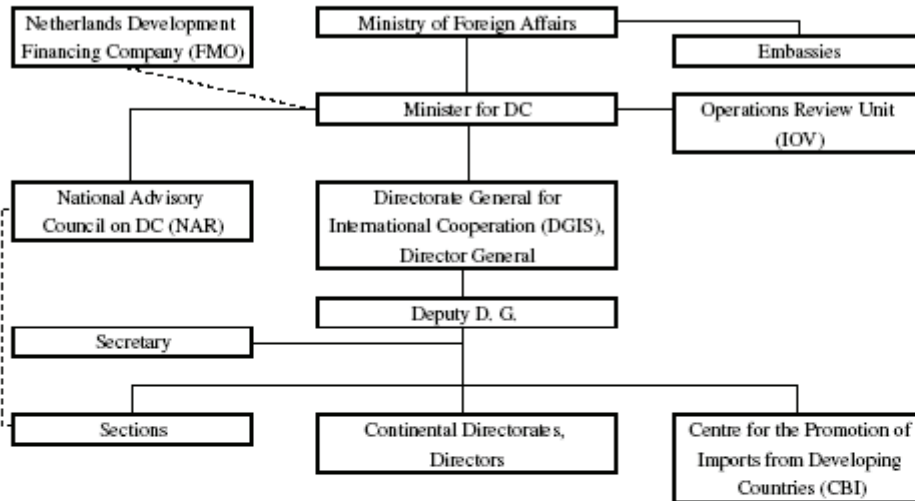
²⁵ *NAR*. op cit.

²⁶ Their functions and responsibilities are explained in Section 1.2. p. 5.

²⁷ *Dutch bilateral aid policies...*, op. cit., p. 5.

other (also) important goals, the assistance activities became part of the foreign policy.

Figure 1. The institutional structure of the Dutch DC in 1965–1989



---- indirect relation

Source: own elaboration on the basis of research.

Till 1994 the DGIS was divided into eleven Departments, whose Managers were accountable to the Director General. The individual sections were subject to the Department Managers. The field missions were conducted by the embassies in the developing countries and the permanent representations to the international organizations such as the OECD.

The 1994-year reform aimed to allow the government to “speak with one voice” and abolished the content-related division within the MFA. As a result of the reform the MFA gained “two-headed” structure with the two Ministers (DC and Foreign Affairs) working along side²⁸. The Departments of the Directorates General were restructured along integrated activity lines. This way they created regional and thematic units working for both Ministries.

In theory, the Minister of Foreign Affairs and the Minister for DC had a joint responsibility to the Parliament and to the society for manag-

²⁸ OECD, *DAC Peer Review of the Netherlands, 2006*, op. cit., p. 51.

ing the DC vision and country strategy (including their connections with other political priorities). The way the coordination was taking place depended mostly on personalities of both Ministers.

In practice, the organizational leadership of DC was situated at the level of the Minister for DC. The co-location of those two Ministers in the same structure caused that, although the one for DC was responsible for almost 80% of the Ministry budget, had less authority as the one of Foreign Affairs in the critical issues (such as the personnel)²⁹.

Despite the decentralization process (in the years 1995/1996) the responsibility of the task implementation was still mostly held by the MFA. It covered most of the multilateral programs, the EU, macroeconomic budget support and the part of thematic programs (e. g. the gender, the environment)³⁰. Similarly to the previous years the DGIS was an organizational “heart” of DC in the overall Ministry structure. It consisted of six Departments.

Moreover the DGIS together with the DGPZ (the Political Affairs Directorate) held a joint control over the DVF (the United Nations and International Financial Institutions Department) and the DMV (the Human Rights and Peace Building Department).

Changes initiated in 2001 defined the transfer system of its staff. The former “free market” was replaced by a new one, which was managed more centrally. The reason for the restructuring was that some vacancies remained unfilled, while some staff members couldn’t find a new post. This way the personnel gained an opportunity to express their preferences and line managers were able to indicate who suits or not for a certain position. The Personal Department used that information to decide about a transfer. The MFA tried to keep specialists as long as it’s possible to make full use of their skills and experience, gained throughout their carrier.

In 1995 an idea appeared to conduct the decentralization i. e. to delegate more responsibility down the organizational structure. As a result another reform was introduced in 1996. The ambassadors became responsible for the management of the field operations. The embassies were made accountable for formulation and implementation of a local

²⁹ OECD, *DAC Peer Review of the Netherlands, 5 June 2001*, <http://www.oecd.org/dataoecd/9/29/3366344.pdf>, pp. I – 33, 36.

³⁰ *Ibidem*, p. I – 38.

country and sector policy³¹, finance management within delegated fund limits (which were only a part of the overall assistance flowing into a country). The embassies were carrying out dialogues with the recipient governments and donors, approving and monitoring in-progress activities.

While the embassies were given some extended autonomy, the MFA was giving only general political guidelines. The Country Team became main organizational contact unit in the Hague with the overall filed missions. It consisted of a small group of MFA staff. The members were meeting periodically³².

Other DC organizations were represented by NGOs and private sector mechanisms³³.

The Policy and Operations Evaluation Department (IOB) was established out of the Inspection Unit (the independent inspection institution set up in 1977). At the beginning it reported directly to the Minister and indirectly to the Parliament. The IOB was changing significantly its structure. As a result of the 1996-year reform it became responsible for the evaluation of activities of both Ministries. Because of the high quality of its reports the IOB had a strong influence on the evolution of the Dutch DC. The staff consisted of 10 specialists. Due to the complexity issue, the help of outside consultants was also taken into consideration³⁴.

In that period following Departments were responsible for ODA funds:

- embassies for bilateral “delegated” funds,
- the UN and International Financial Institutions Department (DVF) for bilateral macro funds,
- the UN and International Financial Institutions Department (DVF) and the Ministry of Finance for the World Bank and UN funds,
- the European Integration Department (DIE) for the EU funds,

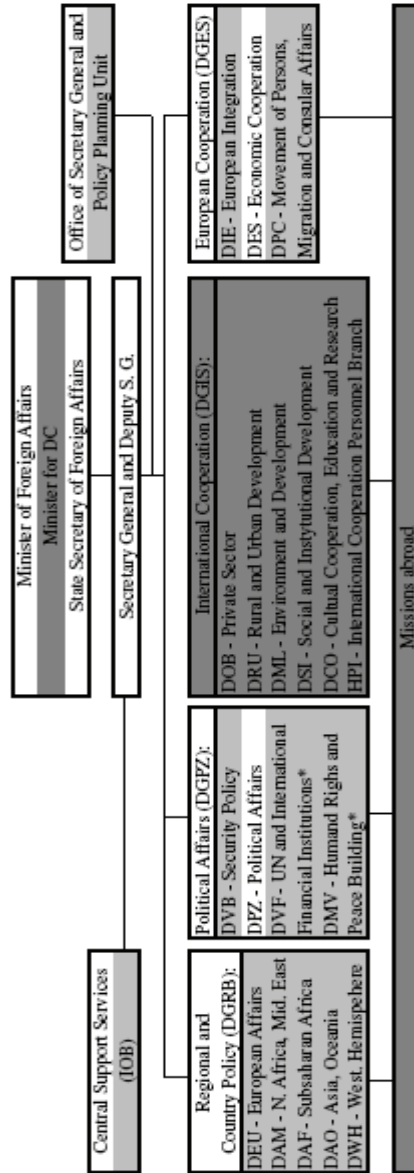
³¹ The activities in any sector (e. g. health care, education, rural development) were coordinate by Dutch specialists. According to the rule of supporting local property, an embassy strategy was determined by common actions of a host and other financial partners. Instead of generating country development documents, annual reports and budget submission were introduced.

³² OECD, *DAC Peer Review of the Netherlands*, 5 June 2001, op. cit., p. I-33.

³³ Ibidem, p. I-38.

³⁴ Ibidem, pp. I-40, 41.

Figure 2. The organizational structure of the MFA in 1989–2005



* reported jointly to the DG for Political Affairs (DGPZ) and International Cooperation (DGIS)
Departments related to DC are shaded.

Source: OECD, *DAC Peer Review of the Netherlands*, 5 June 2001, op. cit., p. I-34.

- the Social and Institutional Development Department (DSI) for the NGO funds,
- the Human Rights and Peace Building Department (DMV) for the humanitarian assistance,
- the Private Sector Department (DOB) and the Ministry of Economy for the private sector funds.

1.7. Since 2005

With time the DC idea has grown very much and therefore it became necessary to rebuild those parts of the MFA which were responsible for the efficient work of DC program.

The most significant for DC organizational changes of the MFA in that period took place at the level of following Directorates:

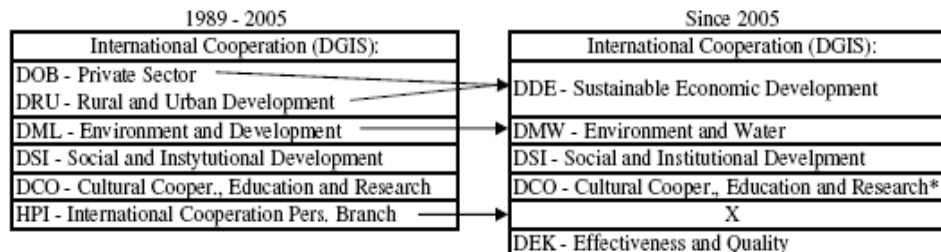
- **International Cooperation (DGIS):**
 1. the Sustainable Economic Development Department (DDE) replaced the Private Sector Department (DOB) and the Rural and Urban Development Department (DRU).
 2. the Environment and Water Department (DMW) replaced the Environment and Development Department (DML).
 3. the Cultural Cooperation, Education and Research Department (DCO) has started reporting jointly to the DGIS and to the Directorate General for Regional and Country Policy (DGRB),
 4. the International Cooperation Personnel Branch Department (HPI) was removed,
 5. the Effectiveness and Quality Department (DEK)³⁵ was created.

To improve the integration and internal coordination the DGIS holds a joint control **with the Directorate General for Political Affairs (DGPZ)** over the Human Rights and Peace building Department (DMV) and the UN and International Financial Institutions Department (DVF).

- **Regional and Country Policy (DGRB** also known as the Directorate General for Regional Policy and Consular Affairs [DGRC]) – it used to be the Movement of Persons, Migration and Consular Affairs Department (DPC), which was under the control of the Directorate General for European Cooperation (DGES).

³⁵ The term is widely described further in the paper.

Figure 3. Changes in the structure of the DGIS after 2005



* has been jointly reporting to the DG for Regional and Country Policy (DGRB) and International Cooperation (DGIS)

Source: own elaboration on the basis of research

All of the three Directorates mentioned above (without the one for European Cooperation - DGES) control the embassies and the Regional Departments - they gather and manage the knowledge on regions, cooperate with the missions in order to develop integrated strategies. They're considered as units focused rather on the political than development aspect of DC³⁶.

From all the changes made in 2005 the most significant one was the creation of **the Effectiveness and Quality Department (DEK)** which exists within the DGIS. It has a broad mandate to control effectiveness and quality within the MFA. It collects and records data, evaluates the current policy as well as develops and maintains the assistance instruments in the framework of cross-theme and cross-country issues.

Its objectives are:

1. To strengthen the learning capacity of the DGIS by linking data and information management to policy analysis and its implementation.
2. To perform policy analysis on cross-cutting themes.
3. To advise and support the embassies in the mentioned above issues³⁷.

In 2006 the MFA decided to look into the control planning process. Until then IOB had the possibility of choosing independently programs and issues for the control (also with the assistance of outside consultants), writing the evaluation Terms of Reference and creating a

³⁶ OECD, *DAC Peer Review of the Netherlands, 2006*, op. cit., p. 51.

³⁷ *Ibidem*, p. 52.

final reports. Whereas its independence was strong for a long time, the problem that occurred was of the enormous amount of recommendations and guidelines, which were coming back to the management. It was decided to move responsibility for selecting programs and issues to evaluate to the level of the policy makers and the Directors General³⁸. Since then the IOB reports are complemented with the reports of the political departments and the embassies³⁹.

Ambassadors in those countries are supported in their activities by the Head of DC. Holland hires very often local staff that manages programmes and sometimes represents the Netherlands in local consulting groups.

In order to improve communication the embassies are informed earlier on proposed administrative and political changes. This way they have time to take a stand on upcoming actions. It is very crucial to adjust the planning and monitoring system, which makes the information flow between the headquarters and the embassies easier (by regular meetings of all ambassadors and DC managers).

The main role in performing and improving communication between the Hague and the missions abroad is played by **the Country Teams**. They consist of representatives of thematic Departments (involved in programmes in given countries) and they are managed by a member of an adequate Regional Department⁴⁰.

Since 2005 following Departments have been responsible for ODA funds:

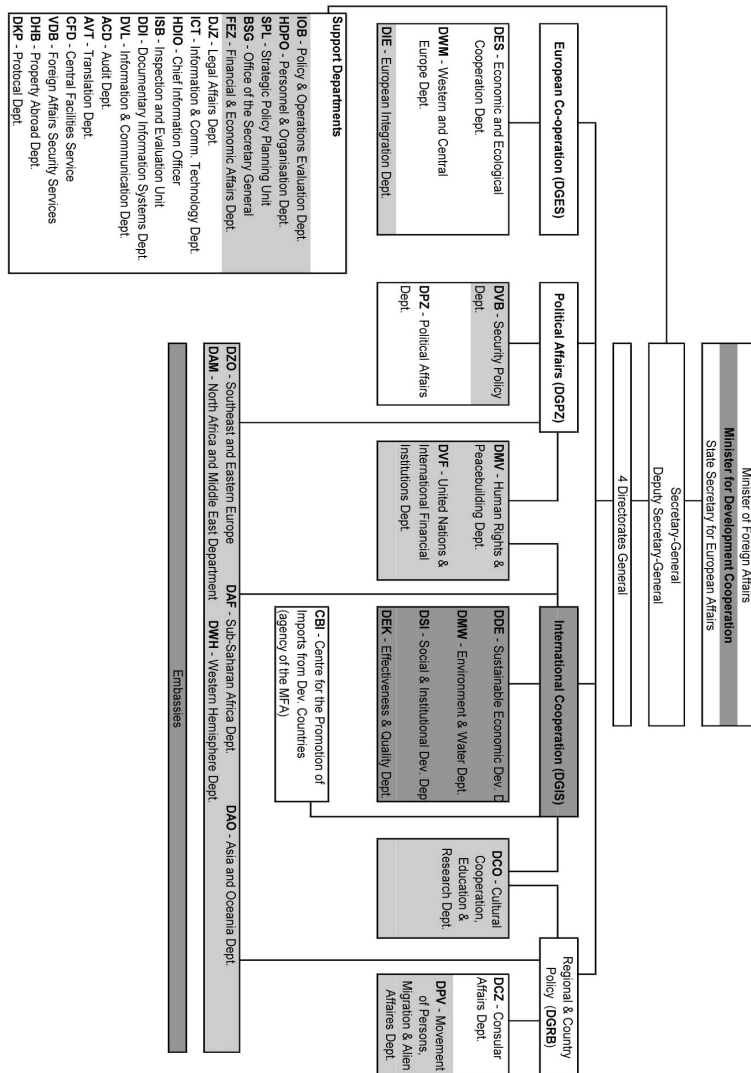
- embassies for “delegated” bilateral funds,
- the UN and International Financial Institutions Department (DVF) for the UN and international financial institution funds,
- the European Integration Department (DIE) for the EU funds,
- the Social and Institutional Development Department (DSI) for the NGO funds,
- the Human Rights and Peace Building Department (DMV) for the humanitarian assistance,
- the Sustainable Economic Development Department (DDE) for the private sector funds.

³⁸ Ibidem, pp. 59 – 60.

³⁹ MFA has set up a support panel to IOB that regularly controls the quality of these reports and advises personnel.

⁴⁰ OECD, *DAC Peer Review of the Netherlands, 2006*, op. cit., pp. 52 - 53.

Figure 4. The organizational structure of the MFA since 2005



Departments related to DC are shaded.

Source: OECD, *DAC Peer Review of the Netherlands, 2006*, op. cit., p. 91.

Conclusions

Threats following uncertainty and unpredictability of the environment are making DC become great challenge both for donors and countries in need. In the face of difficulties one requires solid institutional foundation (along with the essential legal and program grounds), which will help to implement effectively the assistance policy guidelines.

Throughout the years Holland has been trying to modify the organizational structure in order to adjust it to the current conditions.

Changes to the global situation after 1989 affected also the institutional form of DC. The Minister was no longer considered as a representative of interests of the developing countries, the attitude towards DC activities transformed. The following reforms of the MFA have aimed to improve coordination and to make better usage of existing potential of its personnel.

The DC operational heart is the DGIS. Its functioning and structure have been modernized many times. Joint control with other Directorates over chosen Departments has been another step to remove content – related division within the MFA.

The economic assistance is a difficult and complex process, which is conducted by many subunits from different levels. Several institutions have been set up to assure proper coordination of their actions. Apart from the supervision do they also facilitate the information flow in the whole organization from the headquarters to the embassies (e. g. Country Teams).

The idea of DC has been deep-rooted in Dutch awareness. Involvement, determination and support of the society make the Netherlands one of the leading states, helping the developing countries. The significance of DC is emphasized by the fact that the most important country institutions, such as the Parliament are involved in the creation process of assistance policy. On its own initiative 0,8% GNP is allocated every year in the DC activities.

The Dutch tax payers want to be sure that their money is spent according to the fixed rules, hence constant pressure for as legible and transparent form of economic help as possible. To meet the society's demand and not to loose public trust, the MFA has set up control institutions and created rules of ODA disbursement.

Good recognition and knowledge on specificity of a given country is a prerequisite to its effective development support. In this context

the so-called decentralization (i. e. delegation down the organizational structure of responsibility for conducted tasks and creation of regional policy) has become relevant change. Moreover the Netherlands has been trying to build a sector approach model (as a more efficient instrument). That requires a proper institutional back-up, which will make its functioning and transition from earlier assistance instruments possible.

Lack of stability has a negative impact on economies of both donors and help recipients. Without a doubt, in times of “creative accountancy” and investments “a la Lehmann Bros.” Dutch effort, sacrifice and constant DC drive are admirable. Its assistance may help many poorest countries escape from the economic non-existence a few (very important) years earlier.

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