

Appendix: Policy response

Comments on the main findings

The IOB's main findings are printed in bold below, followed by the government's comments on them.

- 1. The Ministry rapidly developed its policy response towards the Arab region following the Arab uprisings and changing circumstances.**
- 2. However, the policy response did not take advantage of a growing evidence base of lessons learned in the area of democracy assistance.**

The government is pleased with the IOB's conclusion that the ministry responded rapidly to the far-reaching changes in the Arab region. It did indeed formulate a new policy in 2011 and set up a support programme that went into operation in 2012. By using existing instruments, it was able to start providing support in 2011. As the IOB observed, in formulating its new policy for the Arab region, the ministry primarily relied on its experience with supporting democratic transition in Central and Eastern Europe. While similarities exist between the developments in Central and Eastern Europe in 1989 and 1990 and those in the Arab region in 2010 and 2011, there are of course considerable differences. Although those differences were taken into account when the Matra South programme was set up, with hindsight, the ministry could indeed have made better use of the growing knowledge base of lessons learned from efforts to assist democratisation.

- 3. Bilateral aid and diplomacy are important in supporting the achievement of policy objectives and fostering bilateral relationships.**

The IOB is correct in concluding that both diplomacy and bilateral support are important. The two are complementary and mutually reinforcing, and the government sees this conclusion as supporting its policy. The IOB also remarks that it took longer for the multilateral effort in the region to adapt to the changed situation than bilateral Dutch activities. This should come as no surprise, given the more complex nature of decision-making in the institutions involved, the rigidity of procedures and the long throughput time for programming, with large numbers of member states having to reach a consensus. This shows the importance of being able to respond flexibly to changing circumstances with a bilateral programme. A bilateral programme can also focus on specific Dutch aims, while multilateral organisations have their own goals, which do not always coincide with those of the Netherlands. Furthermore, a lack of flexibility is one of the criticisms that has been levelled at the European

Neighbourhood Policy, which is focused expressly on promoting stability, democracy, the rule of law and human rights. As indicated in the government's response to the review of the EU's Neighbourhood Policy (Parliamentary Paper 22112-1961, 17 April 2015), the Netherlands advocates greater flexibility in responding to developments in partner countries. In the current situation, this is crucial in pursuing the aims of the Neighbourhood Policy.

4. Conditionality does not work and in-country demand for change is essential.

The government agrees with the IOB that an overly dogmatic approach to conditionality is not effective and can even be counterproductive. The conclusion that conditionality as a whole does not work, however, goes too far. An incentive-based approach ('more for more') can be useful in encouraging reforms in the Arab region, but its application must be sufficiently tailored to the specific situation. It is conceivable that in certain situations, more – rather than less – support could be provided if transition processes falter through a lack of capacity rather than a lack of will on the part of the local government. Reducing support in response to negative events in a recipient country can be counterproductive if it affects organisations working to promote the transition to democracy. Support for transition must be flexible and tailored to the situation, sometimes comprising short-term interventions and at others more substantial, longer-term action. A stop-and-go policy should be avoided. In addition, where possible, it is important to maintain an ongoing constructive dialogue with the countries involved, to contribute to efforts to promote democracy and the rule of law in the region. The government agrees with the IOB that it is essential that the process of change be supported by the wider population of the countries involved.

In its advisory report no. 91, the Advisory Council on International Affairs also devotes attention to conditionality. The government's response to this report (2014-2015, 32623, no. 146) continues to be relevant.

5. The Ministry has managed to launch a relatively large portfolio of bilateral assistance despite clear staffing constraints in The Hague and in embassies.

The aim of the bilateral efforts was to have an operational programme in place as quickly as possible to take maximum advantage of the momentum of the radical changes in Tunisia, Egypt and Libya and the willingness to reform in Jordan and Morocco. To achieve this, the regional department in The Hague and the embassies in the region did an enormous amount of work in a short time. To achieve the results

noted by the IOB, existing instruments were used as much as possible, in countries where – given developments at that moment – the best results were to be expected. At that time, it was not possible to see how the situation would develop further in the region.

6. The attainment of policy objectives at the level of the Matra South programme components cannot be measured, but individual projects of three programme components score well on effectiveness.

As the IOB indicates in its report, supporting democratic transition is a long process. The first activities in the region started in 2012. The government is pleased that individual projects score well on effectiveness, even though it will not be possible to measure their impact on the transition as a whole. The government is not concerned that that policy objectives cannot be measured at the level of programme components. This will only be possible in the much longer term. Nor does the government consider the wide diversity of the activities a problem. That is largely a consequence of the demand-driven nature of the programme, one of its basic principles. It is especially important that activities are linked to demand from the recipient countries themselves. In addition, consistency must be assessed not only with other activities supported by the Netherlands but also with those of other active donors. The government agrees with the IOB that the programme could be more useful in building the capacity of political parties. Private Sector Investment (PSI) programme resources were in fact used only to a limited extent in Matra South priority countries. That is because a different country list was used to allocate PSI resources in the Arab region. In addition, the IOB is critical of the efficiency of government-to-government cooperation. In recent years, this form of cooperation has proved slow to get off the ground in Arab countries. The programme's target countries certainly required support in some areas, but as most of them are not traditional aid recipients, the necessary coordination mechanisms are not in place, making it difficult to identify the actual need for aid. After a cautious start with exploratory missions on both sides, government-to-government cooperation gradually picked up momentum, often on modest activities with relatively high overheads. In recent years, the foundations have been laid for continuing this form of cooperation on a somewhat larger scale.

7. The portfolio of bilateral assistance was not sufficiently targeted to the priority countries and to the policy objectives of democratisation and rule of law.

At the start of the Matra South programme and PSI in the Arab region, the government decided to allocate a substantial part of the budget to economic development, especially through PSI. The rationale behind this was that economic development and job creation are crucial to maintaining public support in the countries concerned. The uprisings in the Arab region were in the first instance sparked by demands for political and economic rights, an end to widespread corruption, and greater prosperity: the people of these countries demanded both a future and a say in that future. As PSI was demand-driven and available not only to Matra South priority countries but also to other countries in the Arab region, the ministry could not determine in advance where support would be provided. Recipients of PSI grants invested mainly in countries other than Matra South priority countries. That strong focus on economic development meant that only a limited part of the budget was available for democratisation and strengthening the rule of law, which was mainly supported in Matra South priority countries.

Lessons and consequences for Dutch policy

The IOB makes the following recommendations for the future:

1. On policy: making use of evidence and the state of the art in democracy assistance to further improve policy formulation. A policy in support of democratic transition will make sense only if it can be kept up over the longer term. Assumptions need to be checked, and not all policy principles can be applied to Arab countries in transition.
2. On implementation: seeking coherence among bilateral instruments and between bilateral and multilateral aid can further improve efforts to contribute to transition in the Arab region. The balance in the type of funding channels and instruments used deserves greater attention. Staffing levels need to correspond with policy ambitions.

On the basis of the IOB's findings and the above recommendations for the future, the government's support for democratic transition in the Arab region will take the following form.

The transition to democracy that started in the Arab region in 2011 will take many more years to complete and proceed more easily in some countries than others. The process is not linear, and the risk of temporary or permanent relapses in some cases cannot be excluded. Change is inevitable, but the direction it will take is impossible to predict. As the IOB evaluation and the AIV report note, this reality calls for a long-term commitment. The Dutch bilateral programme to support democratic transition in the Arab region will therefore

be extended after 2015 for another 10 years. Interim evaluations will be carried out to allow the programme to be adjusted periodically.

This is also in keeping with the recommendation in the AIV report that the Netherlands and the EU continue their programmes to promote democratisation and the rule of law. The government's response to that report (2014-2015, 32623, no. 146) indicates that the government shares the AIV's viewpoint.

Supporting democratic transition in the Arab region also serves the Netherlands' interests. Societies in Europe and those in the surrounding countries, including the Arab region, are increasingly intertwined. Instability in the Arab region therefore has far-reaching consequences for Europe, including large-scale migration and radicalisation.

Unlike in Central Europe, the name 'Matra' has not proved popular in the Arab region. In the future, therefore, this is expected to be replaced with the more appealing 'partnership', *Shiraka* in Arabic. The full name will be the Dutch-Arab Partnership. Public diplomacy will focus more on the Netherlands' support for the transition process.

A programme lasting ten years and referred to as a partnership is in keeping with the final sentence of the preface to the evaluation report, which says that the IOB's findings 'demonstrate that supporting Arab countries in transition requires presence, patience and partnership'.

The new programme will still aim to support a sustainable transition in the Arab region, leading to:

- democratisation, including increased government accountability;
- strengthening of the rule of law and protection of human rights and minorities;
- economic growth, partly through stronger economic infrastructure, including job creation.

The following basic principles also remain valid:

- effective use of multilateral and bilateral channels;
- a demand-driven approach;
- no new structures;
- adequate national and international coordination.

As mentioned earlier in this policy response and in the report of a written consultation on 6 May 2015 (2014–2015, 32623, no. 149), conditionality will not be applied too dogmatically.

The process of fleshing out the intended policy will take account of international lessons on support for democratisation, the findings of the IOB and reports by the AIV. More staff will be allocated to the programme, at the ministry and at embassies.

The essence of democratic transition is to change the relationship between governments and their citizens, who have a right to better protection from arbitrary political choices and to well-functioning government structures that serve their interests and are more accountable. Like Matra South, therefore, the new programme will focus on supporting both civil society organisations and governments at central and local level. At local level the government is closest to its citizens, often due to the absence of an effective civil society.

To retain popular support for the transition process, the governments of the countries concerned will have to deliver economic progress. Young people in particular need prospects for the future, and that requires economic growth and reduced unemployment. A lack of prospects for many in the Arab region was one of the causes of the upheaval in 2010 and 2011. The new programme will therefore continue to devote attention to the economy, but the emphasis will be on creating favourable conditions by supporting good economic governance and effective civil society organisations. Businesses can request support from the ministry's existing private sector instruments (i.e. the Dutch Good Growth Fund (DGGF)), which are open to many countries in the Arab region. The Local Employment in Africa for Development (LEAD) facility, which civil society organisations and social enterprises can use to promote youth employment, is available for four countries in the region.

As far as government-to-government cooperation is concerned, the new programme will build on the basis laid in the recent past. It will also pay more attention to the rule of law.

Training courses for civil servants and young diplomats and the Middle East and North Africa (MENA) scholarship programme play an important part in the current programme. The IOB concludes that not all the components of the civil servant training courses are equally useful for every target country. The government will therefore undertake a critical review of the various components, and the aim of equal participation from the different target countries will be abandoned. A wider group of countries will also be eligible for the courses. The courses for young diplomats will continue, but they will be shorter and the number of target countries greater. The MENA scholarship programme, which was restructured and made more flexible in mid-2013, seems to meet a need. The programme, which was not included in the evaluation, will therefore continue unchanged. In countries that request it, attention will also be paid to improving education, and education policy in particular.

The existence of effective political parties is an essential component of democratisation, and we will continue to support them in the future. In light of the IOB's critical comments on the current form of support, the government will explore ways to make it more effective, in consultation with the party foundations themselves. It is also important to ensure sufficient scope for structured exchange of information between the ministry and the foundations.

The current Matra South programme is in principle open to all countries in the Arab region, excluding the two partner countries, with priority given to Egypt, Jordan, Libya, Morocco and Tunisia. In the coming period, too, the programme will in theory be aimed at the whole Arab region, apart from the two partner countries. The partner countries will, however, be able to take part in the various training programmes. The depth of the Netherlands' efforts in individual countries will depend on the prospects for democratic transition and practical possibilities for cooperation. That means that not all components of the programme will be applied in all countries in the region.

The transition process is unfolding in varying ways in the different countries in the Arab region. The new programme will respond to this reality by adopting a more country-specific approach, with the different instruments being applied in a coordinated manner and thus reinforcing each other. The Dutch embassies in the countries concerned will be given a more prominent role and, more than before, the Netherlands will seek to take part in initiatives of international organisations and other parties. That will contribute to better donor coordination, a stronger effort and a reduced workload.