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**Dutch Policy and Post-Independence Fragility in
Angola, Guinea-Bissau and Mozambique**

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How does one of globalisation’s winners relate to some of its losers? For decades the Netherlands has proclaimed its commitment to peace, security, equitable growth and decent governance in Angola, Guinea-Bissau and Mozambique. But it is also committed to serving such objectives as interpreted by other powerful interests, not least being global enterprise and international financial institutions. Global relations affecting these three battered and still crippled states illustrate tendencies whereby the Dutch, among other rich countries, continue papering over the gaps between policy and practice, aims and outcomes.

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1. Introduction

As a ‘pocket-sized middle power’, the Netherlands cannot set the pace and direction of North-South relations, least of all with countries on its global periphery like Angola, Guinea-Bissau and Mozambique. Yet, as a donor and commercial power, the Netherlands has not been wholly irrelevant to those countries. Earlier than most Westerners, the Dutch manifested interest in these new states. A left-of-centre Dutch government of the 1970s, together with Scandinavian counterparts, welcomed the ex-Portuguese colonies’ pursuit of growth *and* the reduction of poverty and inequality – goals that became common currency among Western donors only thirty years later. Given these apparent consistencies of interest

and vision, there are potentially important lessons to be learned from Dutch relations with the three countries in their first thirty years of ‘independence’.

This paper takes a tour of the horizon of Dutch official policies bearing on the three countries, including policies manifested by Dutch adherence to multilateral institutions. It explores Dutch responses as Angola, Guiné and Mozambique coped with crises of armed conflict, radical revision of development paradigms and deeper insertion into regional and global circuits of goods and money.

Dutch positions are not without internal tensions. For decades, Dutch foreign policy utterances have expressed a moral vision about helping disadvantaged countries find security, political self-determination and equitable economic growth. Yet for decades the Netherlands has acted as a loyal mid-fielder in teams fielded by powerful international agencies whose track record in promoting those goals in Africa is open to serious question. This paper considers these tensions as sources of hypotheses about the constraints but also the room for innovation and even ‘dissent’ on the part of a middle-ranking power.

Organised in chapters, the paper first visits the setting of official Dutch stances toward relevant North-South issues, then turns to specific approaches taken by the Netherlands regarding Angola, Guinea-Bissau and Mozambique on the terrains of commerce and investment, migration, aid and security. The fourth chapter considers outcomes and the degree of their consistency with claimed objectives. A final chapter draws up conclusions, mainly about the conceptual and political obstacles to coherent policy, together with a hypothesis about the reasons for occasional advances.

This study relied mainly on documents in the author’s archive and on those posted on the Internet. “Mainstream” sources – those associated with the World Bank, for example – are cited as much as possible, because they often provide direct evidence of dilemmas and paradoxes that flow from the interventions of mainstream institutions themselves. Information on Dutch aid for the three countries is, in the main, fragmented and superficial. Even those researchers with direct access to archives of the Netherlands Ministry of Foreign Affairs have met frustrations in their quests for information.¹ Transparency is evidently not the greatest strength of Dutch foreign affairs management.

¹ Expressions of frustration can be found in: Omloo, 1995: 5-7; Dijkstra, 2003: 20; Frerks *et al.*, 2003: 5, and especially 35.

2. Dutch Approaches to North-South Issues

Dutch influence on the world system began centuries ago. The country's mercantile power in the 17th century created grounds for today's accelerating globalisation. Dutch success helps account for the lack of Dutch doubts about globalisation's beneficence for them, and for everyone else. In some respects that stance directly *constitutes* many of the country's foreign relations and the ideas underlying them. An open, rule-based international political economy is a kind of 'genetic code' of Dutch policy and practice. But this is not without tensions. On the global stage they may be successful and often ruthless competitors, yet the Dutch profess to abhor international greed and bullying and many might even wish for a world along lines of Kant's Perpetual Peace. Some acknowledge the tensions, and even talk about the national character as an awkward mixture of the *koopman en dominee* – merchant and clergyman.

2.1. Limited Autonomy, Strong Anchoring

As a self-described 'pocket-sized middle power' (Gemengde Commissie, 2005: 15), the Netherlands has little room to act independently of larger powers. A policy-taker rather than policy-maker, its claims to influence rest on its diligent participation in many inter-governmental fora and its strategic deployment of money. From an early hour, the Dutch accepted the U.S.-led 'protectorate' system embracing post-war Western Europe. But that Atlantic allegiance has come at the cost of muffled dissent, if not outright silence, regarding American abuse of power, whether about its military crusades in Vietnam and Iraq or its domination of the Bretton Woods institutions and the United Nations. Exasperated at official subservience to Washington, a senior Dutch columnist observed: "We behave like a satellite of Moscow in the Cold War".²

At exceptional moments, however, the Dutch have strayed from paths laid down by Washington. From 1973 to 1977 a centre-left coalition government pressed for more equitable North-South relations and national self-determination – with particular emphasis on Southern Africa. Joining the Scandinavians, the Dutch began using terms like human rights, equity and democracy; in some aspects of aid and diplomacy, they tried to give those terms meaning in concrete action. Since then, poverty reduction, human rights and peacebuilding saturate official talk on foreign affairs. Whether the coalition in power is of the centre-right or

² H. J. A. Hofland, quoted in Pieter van Os, "Struisvolgels in rood-wit-blauw", *De Groene Amsterdammer*, 17 November 2006, p. 15.

centre-left, a moralising tone is detectable in official Dutch discourse. A rigorous textual analysis comparing the ways European political classes portray foreign aid has shown that whereas Belgian politicians talk about commercial self-interest and the British about power-brokering, the Dutch talk mainly about multilateralism, ethics and duties toward poor countries (Breuning, 1994).

But official discourse usually tells only part of the story, and can obscure it altogether. Talk can be intended to rally interested parties at home more than to guide actual practice abroad. A critical study of Dutch foreign aid led one academic expert to conclude in 1988 that “official goals of development policy are more the ideological ‘paper work’, important to form a consensus around development policy, but of little relevance for implementation” (Hoebink, 1988: 353).³ Fifteen years later, inside observers of Dutch foreign aid policy-making noted that terms like “ownership”, “good governance” and “partnership” have been *bon ton* in official aid discourse. However, Dutch officials do not, as a rule, define or operationalise those terms, preferring to keep them vague aspirational mottos (van Gastel and Nuijten, 2003).

The Dutch regard their foreign aid as a ‘holy little house’. As a result, Dutch public debate about aid is perfunctory and shallow. There come occasional episodes provoked by criticisms, usually from the Right, about malfeasance or failed projects. But critics of foreign aid have never really dented its ironclad support among the Dutch public or among the political class. “For the Netherlands since 1949, extending aid has in a certain sense been taken for granted” (van de Walle, 2005: 26).⁴ A political and social consensus on the self-evident merit of foreign aid does not favour a climate of critical debate. A senior academic figure closely associated with the Dutch aid establishment recently remarked, in a tone of frustration, that there had been no truly critical study of Dutch aid since in the late 1980s.

As background to the country-specific discussion in the following chapter, it is useful to note some main lines in the evolution of Dutch policy and practice toward non-Western, and in particular Sub-Saharan African, countries.

³ That conclusion would apply to almost every foreign aid system. It is in any case strongly supported, and greatly extended, by an important recent study of British aid in India: Mosse, D. (2005), *Cultivating Development. An Ethnography of Aid Policy and Practice*. London: Pluto Books.

⁴ Translation: David Sogge.

2.2. From Two Tracks to Two-and-a-Half Tracks

After the social-democratic upsurge of the mid-1970s, Dutch policy toward low-income countries turned into a “two-track” approach, reflecting longstanding Dutch norms. The first track claims economic growth as its objective; in practice this means active encouragement of Dutch business interests. The second track is supposed to alleviate poverty. These two tracks are not aligned; indeed they tend to operate (as the aid ministry’s own evaluation unit remarked dryly) “in a dialectical relationship” (IOV, 1995: 39). To prevent the two tracks from appearing to work at cross-purposes, the Dutch take pains to emphasise their efforts to promote good corporate behaviour. Official discourse includes terms like ‘sustainable development’ – but such talk is rarely deployed in hard, judiciable policy terrains, such as the WTO, where Dutch mercantile policy is at issue. The pro-poor and pro-business tracks, despite their non-alignment, persist up to the present day.

However, in the early 1990s, in the face of increasing state breakdown, war and mayhem in Africa and ex-Yugoslavia, Dutch policy makers concluded that the two tracks in themselves were insufficient. Conflict management would have to be factored in. Since 1995 successive Dutch governments have sought to integrate security/peacebuilding approaches into regular foreign affairs policies and budgets governing aid, trade and investment.

In 1997 the government created a new system, the Homogeneous Budget for International Cooperation (HGIS), to improve coherence of spending toward key foreign policy goals. Of HGIS’s current €6 billion annual total, about three-quarters goes toward official development aid (allocated by DGIS, the Foreign Affairs Ministry’s International Cooperation Directorate); the rest goes toward non-aid activities, chiefly for peace, security and conflict management (allocated by the Defence Ministry) and for trade promotion (allocated by the Economic Affairs Ministry). However, in 2005 a special commission on integrated foreign policy found that, despite the talk about homogeneity and coherence, Dutch foreign policy is far from becoming joined-up. Scuffles over turf and money persist; departments see HGIS as a means to fill gaps in one’s own budget, not to shape joint policy. Foreign policy is much more ‘events-driven’ than ‘issue-driven’. (The fact that it is *also* driven by a hegemonic power went unmentioned.) The commission drew attention to post-conflict reconstruction as a policy terrain where, on paper at least, the Netherlands shows progress. Perhaps with that terrain in mind, the commission recommends that the foreign aid, defence and other ministries concentrate on a limited group of well-chosen countries (Gemengde Commissie, 2005).

Though not yet fully elaborated, a security strategy has gradually emerged alongside the anti-poverty and mercantile tracks. The 2006 foreign affairs budget increased the military's role, for example, in African post-conflict demobilisation and security sector reform programmes. A centre-right Dutch cabinet justified its decision in 2006 to send more Dutch troops to a dangerous zone in Afghanistan on the basis of peace-keeping and reconstruction – a play to domestic sensitivities, based on Dutch national pride in “helping”. In Afghanistan itself, HGIS-based spending goes toward ‘Quick and Visible’ projects designed to win ‘Hearts and Minds’.⁵ Fearing a further worsening of Dutch public disapproval, the current centre-right Dutch administration has been at pains to underplay the military expedition's offensive role, but combat is clearly the main purpose. This has exposed the new Dutch ‘joined-up’ peacebuilding policy as a wishful thought trumped by geo-strategies dictated from Washington.

2.3. Loyalty to the International Financial Institutions (IFIs)

Since the 1980s the Dutch government has been a reliable team player with the IMF and World Bank, having financed and offered political support to broad policy-based lending and to many regional and country-specific initiatives. Adherence to World Bank policy intensified under the social democrat Eveline Herfkens, aid Minister from 1998 to 2002. Herfkens had been an Executive Director of the World Bank from 1990 to 1996, and her faith in Bank expertise knew no bounds.⁶ The current aid Minister, the Christian Democrat Agnes Van Ardenne, also follows the World Bank's lead in most things. In a response to a question in Parliament about Dutch adherence to catastrophic IFI-led doctrine, Van Ardenne said: “Abandoning failed economic doctrines is obvious, and we have done that. Our current policy, and that of the World Bank, IMF and other donors differs strongly from that of 10-20 years ago. Where in the 1980s and first half of the 1990s the hallmarks of traditional structural adjustment programmes were strong economic and financial approaches, these have since the second half of the 1990s made way for programmes in which combating poverty (PRSPs) and various aspects of good governance have gotten an ever more central role”. She then went on to refer to two major World Bank publications, which according to

⁵ Ministers of Foreign Affairs, Defence and Development Cooperation, Letter to Parliament regarding the Current State of Affairs in Afghanistan, 20 October 2006.

⁶ A senior Dutch academic recalls “an infamous confrontation between former Minister Herfkens and members of CERES [an Dutch academic initiative]” in which “she made it rather explicit that she or her staff did not need any Dutch academic, because she could as well buy the necessary knowledge at the World Bank” (T. Dietz, address given during the conference *Challenging Dutch Aid: From Practise to Policy*, The Hague, December 15, 2003. Conference report available at: <http://www.nedworc.org/>).

her call for more balanced economic growth and macro-economic policy oriented more to the needs of the poor.⁷

Her statement illustrates an indestructible faith in the IFI's mastery. The Dutch defer to IFI 'expertise' even on the newer grounds of poverty alleviation, governance and peacebuilding.⁸ Yet it is a curious position to cling to. First, there is little evidence that either the Bank or the IMF have abandoned the hard core of their fundamentalist doctrines.⁹ Second, there is considerable evidence, some of it from within the IFIs themselves, that such 'expertise' has helped impoverish millions and weaken governance.¹⁰ To take but one of many examples, IMF research shows that trade reforms required by the IFIs have made poor country governments poorer. To promote those countries' outward orientation and market fundamentalism, the IFIs have required the reduction of taxes on external flows, namely import duties and export taxes. In sub-Saharan Africa, such taxes are hugely important, furnishing on average about a third of all government revenues. To compensate for tax revenues lost, the IFIs commonly urged governments to introduce a Value Added Tax (VAT) on domestic consumption. Yet such internal tax revenues do not come close to making up for revenues lost through the reduction of taxes on external trade. Indeed the poorest countries have recovered almost nothing.¹¹ There is no evidence that the Dutch, or any other donor, has expressed any doubts about these IFI approaches, despite strong rhetorical commitment to strong, self-reliant states.

2.4. Multilateralism and Coordination

For the Dutch, cooperation with other governments and multilateral bodies is standard operating procedure. In European and global fora, and at operational levels in targeted lands, Dutch authorities have assiduously promoted joint approaches. A comparative review of donors' approaches to peacebuilding in 1997-2001 suggests an overwhelming Dutch preference for co-funding over stand-alone funding (Frerks *et al.*, 2003). Beginning in the

⁷ Minister A. Van Ardenne, Written answers to questions in Parliament during consideration of the Foreign Affairs budget, 24 November 2005 [translation from Dutch by D.S.].

⁸ Netherlands Ministers of Foreign Affairs, Development Cooperation and Defence, "Government's response to the AIV/CAVV Advisory report 'Failing States: a Global Responsibility'", 11 March 2005.

⁹ See, for example, Rodrik, 2006.

¹⁰ "The Bank's approach to Malawi [...] held down the value of smallholder output and real wages and impoverished the smallholder sector" (World Bank Operations Evaluation Department, 1998). See also writings by former World Bank William Easterly and Joseph Stiglitz.

¹¹ Reviewing data from 1975 to 2000, two IMF economists found that "low income countries [...] very largely failed to recover from domestic sources such revenue as they have lost from trade reform" (Baumgaard & Keen, 2005).

mid-1970s and returning again in the 1990s, social-democratic aid ministers have intensified collaboration with the aid agencies of Scandinavia and other ‘like-minded’ countries. The Dutch also participate in such multi-donor arrangements as the International Partners’ Forum (focused on peace and reconciliation initiatives in Sudan and Somalia) and the World Bank-led Multi-Country Demobilization and Reintegration Program (focused on the Great Lakes region, including Angola). The Netherlands is active in promoting European Union trade, aid and security sector initiatives, and is backing that stance with more funds, such as to the European Development Fund.

2.5. Respect for Global Law and Order – but ‘Soft Law’ for Corporations

An effective international legal order is a salient Dutch aspiration. The Dutch government has for decades worked hard to position The Hague (the self-described “International City of Peace and Justice”) as the seat of global jurisprudence. But international courts there are still largely dependent on the goodwill of states. Current US repudiation of its obligations toward wide swathes of international law – including the so-called “Hague Invasion Act” signed by President Bush in 2002 authorizing use of US military force to free Americans held by the International Criminal Court – has put Dutch diplomacy to the test. But the Netherlands persists in pressing for multilateral commitments on many fronts, from climate change to prosecution of war crimes.

In contrast to slow emergence of global means to enforce human rights, the world has seen rapid expansion of the normative-legal space promoting business interests, increasingly under justiciable rules of the WTO, GATS and other international institutions. Advances on these fronts have enjoyed strong Dutch backing. Yet Dutch interest in regulating corporate behaviour is more muted. It has been Dutch policy to favour corporate needs for tax avoidance and non-transparency. In 1997 the government introduced a special legal construction to enable corporations to lower their taxes. This business-designed statute was subsequently found to be in breach of an EU Code of Conduct on Business Taxation, and has been (slowly) discontinued (van Dijk *et al.*, 2006: 54). Up to August 2006, Dutch businesspeople could still claim tax deductions for the bribes they paid; and 80 percent of Dutch firms say they can’t go about their business, especially in Africa, without paying bribes.¹²

¹² *NRC Handelsblad*, *Corruptie* (supplement), 31 May 2001, p. 37.

For the Dutch government, corporate responsibility measures should be “(a) voluntary (b) transparent (c) pro-active and (d) money-making”. The preference is for “soft law” such as codes of conduct and self-policing. While expressing pride in Dutch contributions to a major revision in 2000 OECD’s *Guidelines for Multinational Enterprises*, an official emphasised, perhaps with an eye to the worries of business people in her audience, that “This program is voluntary and businesses that sign on are not monitored”.¹³ Such official utterances suggest that the same preference observed among Dutch foreign aid officials for aspirational mottos rather than operationalised policy with teeth (see above), is also present wherever officials frame their approach to corporate responsibility.

When relating to targets of its foreign aid, the Dutch have sometimes emphasised combating corruption. This was a founding motivation of the Utstein group, formed in 1999 by the aid ministers of Germany, Great Britain, the Netherlands and Norway; in 2004 Canada and Sweden joined. This grouping has promoted useful research and exchange of ideas. But its “Utstein Anti-Corruption Resource Centre” website pays almost exclusive attention to political leaderships in African and Asian countries. International dimensions of corruption and unequal influence, as a matter of relationships among powerful private sector and public actors, is largely ignored.

Lax control over corrupt practices by Western interests is widespread across many Western governments;¹⁴ striking in the case of the Netherlands is the rather wide gap between its anti-corruption rhetoric and its enforcement practice. Both the Netherlands and its overseas territories impose relatively soft restrictions and policing, making them among the world’s more attractive places for stashing away money and keeping its sources secret.

The Netherlands is a major world centre for money laundering. A 2006 report to the Ministry of Finance by the Utrecht School of Economics and Australian National University puts it seventh place behind such places as Luxembourg, Bermuda, Switzerland and the Vatican. According to the report, the Netherlands attracts from €14 to €21 billion per year from abroad, only a part of which is drug-related. Laundered funds help boost profits of Dutch firms in the financial and real estate sectors. They thus increase national recorded economic growth. But they harm the economy by increasing tax evasion and attracting yet more criminality (Unger *et al.*, 2006).

¹³ Margriet Vonno, Economic Counsellor, Netherlands Delegation to EU, BSR 2005 Annual Conference Breakout Session Summary, 4 November 2005.

¹⁴ “West failing to curb bribery overseas”, *Financial Times*, 25 September 2006.

Two Dutch possessions in the Caribbean, the Netherlands Antilles and Aruba, have long functioned as tax havens (Palan, 2002). The ‘Dutch Sandwich’ or ‘Antilles route’ for corporations and wealthy individuals has been “known as the most lucrative and widely used exit route from Europe” (van Dijk *et al.*, 2006: 16). In 2000 an IMF commission concluded that official supervision of financial flows in and out of the Antilles was weak.¹⁵ Some tightening of laws has occurred in recent years, but the mild Dutch tax climate for corporations and wealthy people remains largely in place despite the damaging consequences for poorer countries and for security worldwide.

All Dutch political parties have expressed concern about illicit business dealings and tax evasion, but concerted action is wanting. In Britain, by contrast, an all-party Parliamentary Commission recently concluded that if the UK is to achieve coherence in its policies toward African development, it will have to tackle the supply side of corruption and money laundering – that is to say, the shadow sides of British enterprise on home ground (Africa All Party Parliamentary Group, 2006). The Dutch political class appears to be much more relaxed about shadow money circuits.

2.6. Bilateral Foreign Aid: Priorities, Disbursement and Coherence

Sub-Saharan Africa has long absorbed more Dutch aid than any other region; as of 2004, it received 43 percent of net Dutch ODA. The number of recipient countries has expanded and contracted in successive waves. In the period 1998-2002, the Netherlands chose countries on the basis of “good governance” criteria set chiefly by the World Bank. Today that “strong selectivity” approach has given way to “weak selectivity” allowing Dutch aid, mainly for improved governance (but channelled largely outside government), also for fragile and conflict-prone states. Since 1999 the Netherlands has limited its large bilateral efforts in sub-Saharan Africa to ten or fifteen key target countries, of which Mozambique has been one since 1984. Other Sub-Saharan countries are eligible for funds in support of certain key thematic clusters, whose composition and ranking shifts from time to time but usually includes peacebuilding/governance and private sector development. For Africa, the private enterprise cluster carries the major burdens of reducing poverty (Netherlands Ministry of Foreign Affairs, 2003).

¹⁵ In 2000, the Financial Stability Forum, a grouping of central bankers and finance ministry officials, put the Netherlands Antilles in its third and lowest category of Offshore Financial Centres, where the lowest quality of bank supervision is found (http://www.fsforum.org/press/PR_OFC00.pdf). A 2004 report by the IMF confirms a number of weaknesses in the financial sector of the Netherlands Antilles as an offshore banking centre (IMF, 2004).

Since 1975 the Netherlands has stood out in a select group of northern European countries whose aid spending regularly surpasses 0,7 percent of national GNP; since the mid-1990s it has pledged itself to a minimum of 0,8 percent. This poses the disbursement problem: how to move ever-larger amounts of money. A welcome solution has thus been support to recipient national treasuries or government sectoral programmes. The Netherlands has long practiced balance-of-payments (import) support and participated in World Bank structural adjustment lending. In 1995 it made the sector-wide or programme-based approach official policy, giving it further substance in enthusiastic pursuit of PRSP-centred programming promoted since 1999 by the World Bank. Officials have had to reassure a worried Dutch development lobby that the rapid advance of the programme-based approach does not mean the end of projects as an aid delivery mode. Meanwhile since 2000, new funding windows have opened for peace/stability (such as for peacekeeping missions), programmes of Dutch businesses, academic or research bodies and a variety of NGOs from charities to progressive policy activist groups.

Particularly since the mid-1990s, Dutch official talk has been laden with references to coordination, harmonization and coherence, especially between world trade practices and aid-supported policies. There have been a few minor breakthroughs. For example, following the exposure of the problem in the early 1990s by a French policy activist group, the Dutch successfully pressed for curbs on the dumping surplus European beef exports in West Africa, where European foreign aid was trying (with little success) to promote local livestock circuits. But Dutch and EU deliberations on coherence show no signs of any official re-thinking of doctrines or re-visit commitments, many of which are locked in under terms of IFI loans, WTO treaty obligations and other legally enforceable measures.

Official concerns about development incoherence focus on containing flagrant cases of economic dumping and clandestine circuits fuelling civil wars, rather than on fundamental doctrines and practices promoted at the top of the aid system itself. In 2006 the Foreign Affairs Ministry issued a statement¹⁶ about policy coherence in respect to development cooperation; it makes no mention whatsoever of capital flight, money-laundering or any of the banking systems and tax rules that promote them.

¹⁶ Ministerie van Buitenlandse Zaken, *Voortgang OS-beleidscoherentie*, 17 maart 2006, (<http://verdragen.minbuza.nl/>).

2.7. Conclusion

In North-South issues, the Dutch are continually trying to square the circle – that is, attempting difficult ends with inadequate means. They pursue tracks of boosting business, alleviating poverty and promoting peace, but the tracks aren't aligned. The Netherlands is pledged to an effective international legal order, but it defers to larger powers that use international law to wipe their boots. It promotes generous levels of foreign aid and subsidises private trade and investment, but pays little attention to the mechanisms (some of them under its own jurisdiction) that draw more money out of poor countries than goes in. It issues eloquent statements of intention on a range of issues – corporate responsibility, partnership and ownership – but is slow to translate these terms into enforceable measures. It has sometimes set off with other like-minded middle powers in pursuit of more equitable development and rights-based governance, but abandons such pursuits in the face of superior 'expertise' of banks and other agencies. In short, there are gaps between Dutch promise and performance.

3. Angola, Guinea-Bissau and Mozambique: Dutch Approaches

Dutch private and public interests and agencies have encountered Angola, Guinea-Bissau and Mozambique on a number of terrains. This chapter reviews the main ones, with particular attention to the foreign aid system.

3.1. Political and Diplomatic Relations

Struggles against minority and colonial rule in Lusophone Africa sharpened a classic dilemma for Dutch foreign policy-makers: Whether to support those struggles and accept the risks of displeasure by NATO allies, or quietly to accept American hegemony, soft-peddle the talk about democracy, and hope that things will somehow work out for the best.

In the last years of Portuguese colonial rule, public debate intensified in the Netherlands. On Dutch home ground, Portuguese war resisters gained official and unofficial political asylum. But even under a left-wing government of the early 1970s, Dutch official repudiation of a NATO ally was a diplomatic and political impossibility. Nevertheless, solidarity activism led the Dutch Parliament in 1970 to approve with near unanimity a humanitarian gesture – a modest grant of money – for Frelimo's Mozambique Institute; other official aid for Frelimo followed, much of it by way of Dutch non-governmental channels. Thanks to these solidarity

gestures, Frelimo expanded its diplomacy toward the Dutch government, as well as toward the Scandinavians, as independence approached following the 1974 Lisbon coup.

In Dutch civil society, solidarity with the liberation struggle in Angola manifested itself in the Angola Comité. Founded in 1961 following worker upheavals and Portuguese reprisals, it had by 1974 become the largest solidarity organisation focused on southern Africa (in 1975 it changed its name to KZA – the Dutch acronym for ‘Southern Africa Committee’). As with the sister organisation, the Eduardo Mondlane Foundation, which the Comité created in 1969, practical action took place exclusively with the MPLA and Frelimo. Apparently Dutch solidarity groups never provided direct material aid for the MPLA’s armed struggle, but according to one of the key figures in the Dutch solidarity movement, “In 1975 KZA had helped MPLA in their war against the South African invaders in buying landing craft, transport planes, equipment to repair the air fields, and with visits to Belgium arms traders” (Bosgra, 2006: 29).¹⁷

The post-independence period saw increased official Dutch contact with all three countries. Aid and *cooperantes* began to arrive in Mozambique. But as counter-revolutions were set in motion, the Dutch government never acknowledged that Angola and Mozambique were being deliberately destabilised. Vocal protest in Dutch civil society was matched by silence in official circles about the main thing driving those wars: an American-led effort to roll back communism. For the Dutch government, its advisory bodies, established think tanks and most media pundits, Angola and Mozambique suffered from internal, civil conflict. The official view held that these wars were made worse by unfortunate meddling by the Soviets, Cuba and apartheid South Africa.

But as with other West European governments, the Dutch had no robust response to these low-intensity wars against the ‘Marxist’ regimes in Luanda and Maputo. Washington’s anti-communist impetus was unrelenting and intolerant of opposition from allies. But while all refused to act on political or diplomatic terrains against these rollback wars, some Western powers used the aid system to make gestures of goodwill. The Dutch were among them. The Mozambican government, SADCC’s external trade strategies and organisations fighting apartheid were the chief targets of aid. Such gestures could not compensate for the wars’ devastation, but aid furnished the Dutch, and others, with a convenient excuse for not taking any political initiative. Activism in US and European civil society – exemplified in a large anti-war conference in Bonn in 1988 – supplied some pressure on politicians. In the end, it

¹⁷ Thanks to Ernst Schade for this reference.

fell to activist elements within the U.S. administration – such as those who engineered the Gersony Report on Renamo – to blow a hole below the waterline of the ‘freedom fighters’ in Mozambique, and to Italian official and non-official diplomats to broker a peace deal there.

3.2. Investment and Trade Relationships

Angola, Guinea-Bissau and Mozambique have always been on the periphery of Dutch business interests. Apart from the lucrative trans-Atlantic trade in slaves and sugar of the 17th and 18th centuries (in the 1640s the Dutch held Luanda and Benguela and in the 1720s ran a commercial base near present-day Maputo), they have been outside any sustained Dutch sphere of influence.

In the Portuguese colonial epoch, Dutch investments in all three countries were negligible. However, until the early 1970s the Netherlands was a major market for Angolan coffee and oil – imports that were brought to an end thanks to a vigorous public campaign led by the Dutch Angola Comité.

Today Dutch commercial relations with all three countries are modest, lagging far behind those of the US, Portugal, South Africa and Brazil. Some commercial flows, such as the Dutch export of used vehicles, have emerged spontaneously. Others have enjoyed official encouragement and subsidies, either directly in export and investment promotion or indirectly through foreign aid contracts.

The official Dutch export and investment promotion agency has begun paying more attention to Angola, giving prominence to accounts of the country as a ‘new *el dorado*’. The following table indicates the degree to which Angola’s importance as a market for Dutch goods is many times greater than that of Mozambique and Guinea-Bissau combined. Dutch exporters of foodstuffs, boats and second-hand vehicles have done well in Angola, and in the tiny market for such goods in Guinea-Bissau. Dutch firms specialised in port infrastructure and management have gained toeholds in Mozambique and Angola. A big Dutch infrastructure and dredging firm, IHC Caland, provides American and British oil companies with massive platforms for their Angolan offshore operations; Dutch banks normally finance these deals.

Table 3.1 Netherlands Trade: Yearly Averages 2001-2005

	Angola	Guinea-Bissau	Mozambique
Dutch exports to	€ 185 m.	€ 4 m.	€ 9 m.
Dutch imports from	€ 45 m.	€ 0,13 m.	€ 42 m.

Source: Agency for International Business and Cooperation (EVD), Netherlands Ministry of Economic Affairs: www.evd.nl/

In late 2001 the Dutch signed an “Investment Protection Agreement” with Mozambique. Western countries pursue this new kind of commercial treaty with increasing vigour. It effectively gives foreign corporations sovereign powers. It allows them to dictate the legal framework under which their projects operate, and “to challenge national laws (including environmental laws), local administrative regulations, taxes and other governmental actions that are deemed detrimental to the value of their investments” (Hildyard and Muttit, 2006: 44). As of 2006 there was no such Dutch investor guarantee accord with Angola or Guinea-Bissau.

Also under fire are EU bilateral agreements, for example those governing EU firms’ access to African fishing waters. Environmental NGOs have denounced these as disadvantageous for African countries with potentially vibrant small-scale fishing industries; Angola is one case in point.¹⁸ The local fishing economies of Guinea-Bissau and others in West Africa, “thanks largely to Europe’s policies [...] are heading for collapse” (Underhill, 2002). For the government of Guinea-Bissau, fisheries are crucial: the state derives half of its tax revenues from the sale of fishing licenses. Yet those revenues (US\$ 8,3 million in 1996) are but a fraction of the value of the fish hauled away to Europe (US\$ 78 million in 1996) (Kaczynski and Fluharty, 2002: 89). Officially the Dutch acknowledge EU policy incoherence in this field and express concern about potential long-term damage to African fisheries.¹⁹ However, against the political power of other Europeans – namely the Spanish – with large stakes in continued access to African fishing waters, the Dutch are not pressing hard for more favourable deals for Angola, Guinea-Bissau and Mozambique.

Critical questions also arise about Economic Partnership Agreements (EPAs) that the EU is currently negotiating on a country-by-country basis. A recent report underscores the importance of EPAs as follows: “For the first time in history, Europe is negotiating free-trade agreements with the countries it once colonised. In return for continued access to European markets, 77 countries in Africa, the Caribbean and Pacific region (ACP) are being asked to open up their markets to products from Europe” (Christian Aid, 2005: 2). As an example of the dangers posed, the report cites the case of Mozambique’s milling industry, which accounted for nearly 20 percent of the country’s industrial output in 2003:

¹⁸ IRIN, “Angola: WWF concerned about EU fisheries deal”, 10 October 2002.

¹⁹ Min. Buitenlandse Zaken (2004), *Visserijakkoorden EU-Afrika* (<http://www.minbuza.nl/nl/themas,armoedebestrijding/coherent-beleid/>).

[I]f the proposed EPA liberalises trade in wheat flour, the milling industry in Mozambique will face a significant set-back. If import tariffs on flour are removed, wheat flour from Holland and Belgium will enter Mozambique at a price significantly lower than that of locally milled flour. Given that the market for wheat flour in Mozambique is relatively small, even limited amounts of imported flour will create major disruption in the domestic market. (Christian Aid, 2005: 22)²⁰

Such scenarios seem not to have curbed Dutch official enthusiasm for EPAs negotiated by the EU, despite official commitment to policy coherence.²¹ Towards Mozambique's milling industry, an official Dutch response has been to subsidize a private Dutch engineering consortium in plans to set up large-scale maize milling and warehousing operations in Manica and Zambezia provinces.²² As in the banking sector, the Dutch official approach introduces Dutch multinational enterprise into an internal market for essential services.

The Dutch seek to influence national trade policies through programmes of “trade-related technical assistance”. In these programmes, trade negotiators and policy-makers get no encouragement to explore alternatives to EPAs. On the contrary, Dutch aid for low-income countries emphasises outward-oriented market integration according to formulas set by the Bretton Woods and other multilateral bodies. An official evaluation of Dutch trade-related technical assistance observes that targeted actors in those countries – governments, businesses and civil society organisations – are resisting that policy advice and refuse to show “ownership” of those economic agendas. Rather, they would like to see *domestic* trade and investment promoted. This finding led the report's authors to question the pressures put on low-income countries rapidly to integrate their economies into the world trade system, and

to question what should be seen as the engine of pro-poor growth in LDCs: trade liberalisation and export expansion or domestic investment and a country's investment climate? In his review of growth policies in the developing world, economist Dani Rodrik (2004) identifies inadequate levels of private investment and entrepreneurship as the most important symptoms of low economic growth. He therefore challenges the ‘from trade to growth’ view of Washington-based

²⁰ The report adds in a footnote to this section: “One day's supply from a Rotterdam mill is virtually the national demand in Mozambique for a whole year, therefore even one ship load could severely disrupt the local market”.

²¹ Relevant websites visited in September 2006 on this point yielded little evidence of serious Dutch official efforts to address policy incoherence toward Mozambique, Angola and Guinea-Bissau. A policy “watch” project of the Dutch Labour Party's Evert Vermeer Stichting, *NL Coherentie*, noted the Dutch government's rejection in 2004 of a parliamentary effort to shift the official Dutch negotiating position on EPAs to favour the agricultural exports of countries such as Mozambique. See: <http://www.coherentie.nl/>.

²² Agency for International Business and Cooperation (EVD), Netherlands Ministry of Economic Affairs, “Mozambique: rehabilitation of maize mills and storage facilities”, 11.08.2006 (PESP06021).

agencies (the view that underlies the IF²³) and proposes a reverse intervention logic ‘from growth to trade’. (Policy and Operations Evaluation Department (IOB) 2005: 16)

No evidence could be found that the Dutch government has taken on board this fundamental critique of this donor effort to steer trade policy.

Of the three countries considered here, only Mozambique has thus far been involved in trade-related technical assistance supported by Dutch foreign aid. Yet Angola and Guinea-Bissau face the same kind of donor-supplied services in advice, training, policy-based lending and other measures whose purpose is to shape their policies at deep levels, so that they will ultimately “request” what the donors supply.

In Mozambique, Dutch government funds are currently channelled into two programmes described in the following paragraphs. They operate in collaboration with and support of mainly Dutch private investors. Both are driven by optimism about private investment (subsidised with public monies) for export-led growth. Under a centre-right coalition government in the Netherlands since 2002, the private sector has had even more subsidized wind in its sails. Official Dutch loan capital has begun to approach the same levels – about €50 million per year – as its official development aid for Mozambique.

The Programme for Cooperation with Emerging Markets (PSOM) is an investment-promotion effort begun in 1998 by the Dutch foreign aid directorate and the Ministry of Economic Affairs. As of late 2006, PSOM was co-financing about eight projects in Mozambique, many of them involving small Dutch firms. American and other Western small business promotion agencies also contributed to some of these projects, which typically aim to produce farm products (chillies, cashews, protea flowers, etc.) for export. An officially commissioned evaluation of PSOM projects in five countries showed that Dutch expectations about results were unrealistically high in most places, but especially so in the case of Mozambique. One such project, a Dutch company’s project to grow roses for export to the Netherlands, had been highly praised and hugely subsidized by the Dutch and other donors.²⁴ Yet external Dutch evaluators found that it, and three other sampled projects, performed poorly (ECORYS-NEI, 2005). All four projects subsequently failed.

²³ IF = Integrated Framework for Trade-Related Technical Assistance to LDCs.

²⁴ It was also a subject of self-praise. The opening line of a pamphlet about the project reads: “USAID brings world-class mentors to help businesses grow in Mozambique”.

The Netherlands Development Finance Company (FMO) is a government-owned but profit- and dividend-distributing bank. It specialises in large projects for infrastructure, small and medium enterprise, and joint ventures with larger corporations. Like the PSOM, it has become active in Mozambique, where in the period 2000-2006 its projects have followed a typically post-colonial pattern focused largely on extractive industries for export. Its two largest loan ventures have been in titanium mining in northern Mozambique and natural gas extraction and transport from southern Mozambique to South Africa; the World Bank's Multilateral Investment Guarantee Agency (MIGA) backs both projects. A small number of these mega-projects account for most of Mozambique's widely trumpeted economic growth rate. Yet even the chief donor advocate of export-oriented foreign investment, USAID, warns that such projects create few jobs and, because they pay little in external trade taxes, can even discourage local economic growth (USAID, 2004: 8-9). The OECD, African Development Bank and Economic Commission on Africa also express misgivings about mega-projects in Mozambique, but there is no evidence that the Dutch plan any change of course in response to these critical assessments.

Much smaller FMO initiatives in Mozambique, involving Dutch banks and others, focus on small-scale banking for micro-credit for entrepreneurs.²⁵ Micro-finance and enterprise promotion also enjoy the backing of Dutch (semi-) private aid agencies such as ICCO and Cordaid, most of whom have in recent years engaged in joint ventures with Dutch corporations. For example, with funds from the Dutch aid agency Oxfam-Novib, one of the oldest and largest Dutch banks, the RaboBank, has helped develop a scheme to promote agricultural marketing co-ops in Mozambique.

In short, official subsidization of trade and investment is a standard practice in the case of Mozambique, whereas little or no official assistance has been needed to interest the Dutch private sector in Angola. In both cases Dutch business involvement has been modest, but Dutch interest in joining the action in the 'new el dorado' of Angola is detectable.

3.3. Illicit circuits

Capital flight – unrecorded direct transfers and mis-invoicing – has hit all three countries hard. Relative to the scale and fragility of these countries' economies, their financial

²⁵ The Dutch share with other donors great enthusiasm for small and medium enterprises (SMEs), especially those oriented toward export. This in the face of substantial evidence, including that assembled by the pro-SME World Bank, that the growth and anti-poverty effects of SMEs are mediocre, and given the massive subsidies they get, even detrimental. See, for example, Beck *et al.*, 2003.

haemorrhages are among Africa's worst cases. In a group of 25 sub-Saharan countries for which data about capital flight are available, Mozambique's losses were three times as severe, and Angola's five times as severe as the average country's losses in capital flight (Boyce and Ndikumana, 2001).²⁶

Angolan petrodollars are a major case of capital flight. But in a world regulated to meet business needs, financial circuits are non-transparent. It is therefore impossible to verify with any precision the volume and destinations of these Angolan funds. In former boom times, such as the 1970s, world petrodollar surpluses went into formal banking circuits; today these monies pour into the 'casino economy' of shares, bonds and hedge funds, where they are virtually impossible for outsiders to trace.²⁷

Detailed data are not available about capital flight from Angola, Mozambique and Guinea-Bissau via institutions under Dutch jurisdiction, such as in the Dutch Antilles. As noted in the previous chapter, Dutch regulation and policing of those offshore services are soft. It is therefore plausible that Dutch players and shareholders in financial services benefit from that capital flight. The largest Dutch Bank, ABN-AMRO, has traditionally served as the largest creditor to the diamond industry. Government-subsidized research in 2001 suggested that the bank, while participating in international arrangements to curb trade in 'conflict diamonds' and avoiding investments in the Angolan diamond branch, adopted a passive stance toward enforcement of the new arrangements (SOMO, 2001).

3.4. Migrant Relations

Migration from Mozambique and Guinea-Bissau to the Netherlands has been negligible. Angola, however, has been a different story. In the late 1990s there developed a major surge of asylum-seekers from Angola. This stream peaked in 2001 when more than 4000 Angolans – many of them unaccompanied youth from Luanda – sought refugee status in the Netherlands, which in the late 1990s had become the chief European destination of Angolans seeking a chance to work or study. This flood of Angolan migrants became a political issue in the Netherlands, largely thanks to the hard-line position of the Dutch Minister for

²⁶ In the period 1982-1996, Mozambique lost an estimated \$6,2 billion, representing over 12 per cent of its GDP per annum and equivalent to 53 percent of total net ODA in this period. Capital flight from Angola in the period 1985-1996 is estimated at \$20,4 billion, over 19 per cent of the country's GDP per annum, equivalent to 638 percent of total net ODA in this period. Note: amounts are in US dollars of 1996, including imputed interest earnings. The authors offer no data for Guinea.

²⁷ "Recycling the petrodollars", *The Economist*, 12 November 2005.

Immigration and Integration, Rita Verdonk. In 2002 the Dutch government paid for the expansion of a reception centre near Luanda to accommodate young people repatriated from the Netherlands. After it opened in 2003, practically no one repatriated from the Netherlands ever set foot there (Embassy of the Netherlands in Angola, 2006: 105). Returnees went back to their families instead. The episode suggests Dutch official unwillingness to act on the basis of Angolan realities, combined with needs to reassure the Dutch public that Something Is Being Done (humanely) about the sensitive issue of asylum-seekers. In 2003, the Dutch Ministry of Justice received a little over US\$5 million from the Dutch aid budget for its management of Angolan asylum-seekers. In 2005, more Angolans than any other nationality were being sent home under official Dutch repatriation programmes.²⁸ These flows illustrate the fact that Angola, and other places considered merely far-off objects of Dutch aid, can figure in domestic politics in the Netherlands and elsewhere in Europe.

3.5. Aid relationships

Aid is a fact of life in all three countries, but it has been of decisive importance in Guinea-Bissau and Mozambique. In those countries the commanding heights of the aid system have set the pace and direction of overall development choices, thereby strongly influencing social, political and economic advances – and setbacks.

3.5.1. Multilateral Aid

Multilateral agencies made their appearances in Angola and Mozambique only well after independence. In Guinea-Bissau they began operations roughly in tandem with bilateral donors. Yet given their over-arching and often decisive influence, it is important to sketch some background about them first (Table 3.1.).

Since at least the mid-1980s in Mozambique and Guinea-Bissau, the World Bank and IMF have laid down broad lines of policy in macroeconomics, public services and governance, both directly to host governments and indirectly via the rest of the aid system. These Bretton Woods ‘sisters’ are supposed to complement each other’s activities. But Mozambique’s experience shows that this has not always been the case. The World Bank’s first loans, beginning in 1985, were intended to boost industrial and agricultural output,

²⁸ Minister voor Vreemdelingenzaken en Integratie en de Minister van Buitenlandse Zaken (2006), *Rapportage Vreemdelingenketen over de periode September T/M, December 2005*.

whereas IMF structural adjustment programmes initiated in 1987 were intended to reduce demand. World Bank pursuits tended to dominate until around 1995, whereupon the Bank fell into line with the IMF demand-reduction approach (Hanlon, 1996: 26-27).

Table 3.1 Multilateral Flows and Policy Reform Programmes

	Angola	Guinea-Bissau	Mozambique
All multilateral ODA as proportion of total net ODA 1975-2004	35 %	43 %	28 %
EC/EU ODA as a proportion of all net ODA 1975-2004	14 %	15 %	8 %
WB/IMF ODA as proportion of total net ODA 1975-2004	4%	11 %	10 %
Year of affiliation with WB/IMF	1989	1977	1984
First WB loan agreement	1991	1979	1985
First IMF loan agreement	None	1984	1987
Total IMF disbursements (up to end Jan. 2006)	-0-	\$ 24,8 million	\$ 318,9 million
Total repayments & charges paid to IMF (up to end Jan 2006)	-0-	\$ 20,8 million	\$ 324,8 million
National economic adjustment programmes	SEF – 1987 PER – 1989 PAG – 1990 PEE – 1993 PEG – 1993 PES – 1994 &c	PEEF 1983-86 PAE 1987	PRE – 1987 PRES - 1990
PRSP	Interim PRSP 2001; 2 nd draft 2003	PRSP draft 2000	PRSP draft 1999; PARPA 2001-05 approved 2001; PARPA II approved 2006

In Guinea-Bissau, the IMF and World Bank led other donors in imposing standard structural adjustment formulas of privatisation, deregulation and public austerity. In the mid-1980s such measures opened new opportunities for self-enrichment among members of the politico-military class. But those measures also increased precariousness for consumers and state employees, including police and soldiers.

The first IFI-induced price shock came in 1983 with a 50 percent currency devaluation. 1987 saw the beginning of rapid privatisation and deregulation. State supervision of rice production and marketing came to an end, thereby enabling well-placed government and commercial elites to make windfall gains. Subsidised rice began to flood in from abroad,

discouraging local output and creating profitable new circuits for the re-export of rice.²⁹ In 1997 there came yet more IFI-driven economic shocks: a Value Added Tax (of 18%), Guinea-Bissau's entry into the CFA Franc zone, and further payroll cuts. "BWI fiscal conditionality squeezed the army's budget [...]. The army's size was reduced from 12,000 personnel in 1991 to 7,000 in 1997 and a clampdown on fraud removed 700 non-existent soldiers from the payroll" (Kovsted and Tarp, 1999: 8).³⁰ These were some of the socio-economic factors helping precipitate the explosion of violence in 1998/99. No evidence could be found suggesting that any donor had raised objections to them; on the contrary, all the evidence points to donor consensus that the policy measures were sound and timely.

Over the Angolan government, however, multilateral banks and bilateral donors have exercised little direct suasion. Nevertheless, indirect influence has long been detectable. When Angola's moment of 'political decompression' arrived in the late 1980s, the government began pursuing 'home grown' economic reform programs intended to meet IFI requirements for reduced economic demand in general, and government spending in particular. The most decisive of these was the Government Action Programme (PAG) of 1990; it cut back public subsidies for the poor and introduced rapid privatisation, providing well-connected members of the elite with new opportunities for self-enrichment.

Although IFIs have commonly called the shots in domestic and external economic policies, not all donors have stuck to their line of march. At a time of radical cutbacks in public subsidies in 1990-1991, UNICEF in Angola commissioned studies that exposed mounting poverty and food insecurity in the cities. Similar donor initiatives led to welfare measures – "adjustment with a human face" – in Mozambique, such as the creation of a cash transfer programme for poor urban households with many dependents.

Misgiving toward 'hard' IFI approaches surfaced in Mozambique in 1995, when most bilateral donors, including the Netherlands, signed a letter protesting IMF's intention to declare Mozambique policy performance 'off-track' for having raised the national minimum wage from \$15 to \$20 per month. Admonished by the bilaterals, the IMF backed down from its threat to suspend its loans. But by the end of 1996 the IMF had imposed even stricter conditions, yet had met no further organised donor resistance. In 2006, the IMF was again a source of frustration for many bilateral donors, as well as the Government of Mozambique, in

²⁹ The complexity and non-transparency of the rice trade in this corner of West Africa, especially during the epoch of deregulation, is described in brilliant and sobering detail in Griffiths, 2003.

³⁰ BWI = Bretton Woods Institutions.

its efforts to cap aid for the national budget and to limit public payrolls, including teachers and health personnel. Against the background of wide donor consensus on such things as the Millennium Development Goals, the refractory stance of the IMF illustrates the continuing story of incoherence within the aid system.

Occasionally donors show unhappiness with the World Bank. A 2003 study of Nordic representations in seven countries, including Mozambique, surveyed their views about World Bank and IMF in action in the ‘post-structural adjustment’ era. Broadly speaking, Nordic aid officials saw little change in IFI behaviour. Contrary to its talk about building government capacities in Mozambique, the World Bank was undermining them by continuing to favour project implementation units and other ways of by-passing government, by failing to follow Public Expenditure Reviews (that would expose corruption), and by failing to share information.

For the Nordics, the World Bank and IMF continue to show autistic tendencies, pursuing their blueprints with little or no active interest in policy alternatives or trade-offs or the socio-political impact of their policies, such as on the distribution of income. In Mozambique, certain World Bank or IMF officials have sometimes shown openness to discussion, but the institutions and their policies remain fixated on their own formulas (Norad, 2003). Dutch officials might hold views similar to those of their Nordic colleagues, but there is no evidence, in the case of Angola, Guinea-Bissau and Mozambique, that the Netherlands has departed from its stance as loyal team player with the Bretton Woods Institutions.

At the behest of the IFIs, Mozambique was also obliged to reduce external taxes and, in 1999, to impose a VAT (of 17 %) on most but not all consumer items. Some donors are said to have objected to these moves, but it is not clear if the Dutch were among them (Hanlon, 1999: 31). Data are not available, but there is thus a strong probability (see section 2.3 above) that Mozambique’s government has been made poorer – and thus even more dependent on donors – thanks to these twinned fiscal measures.

3.5.2. Bilateral Aid

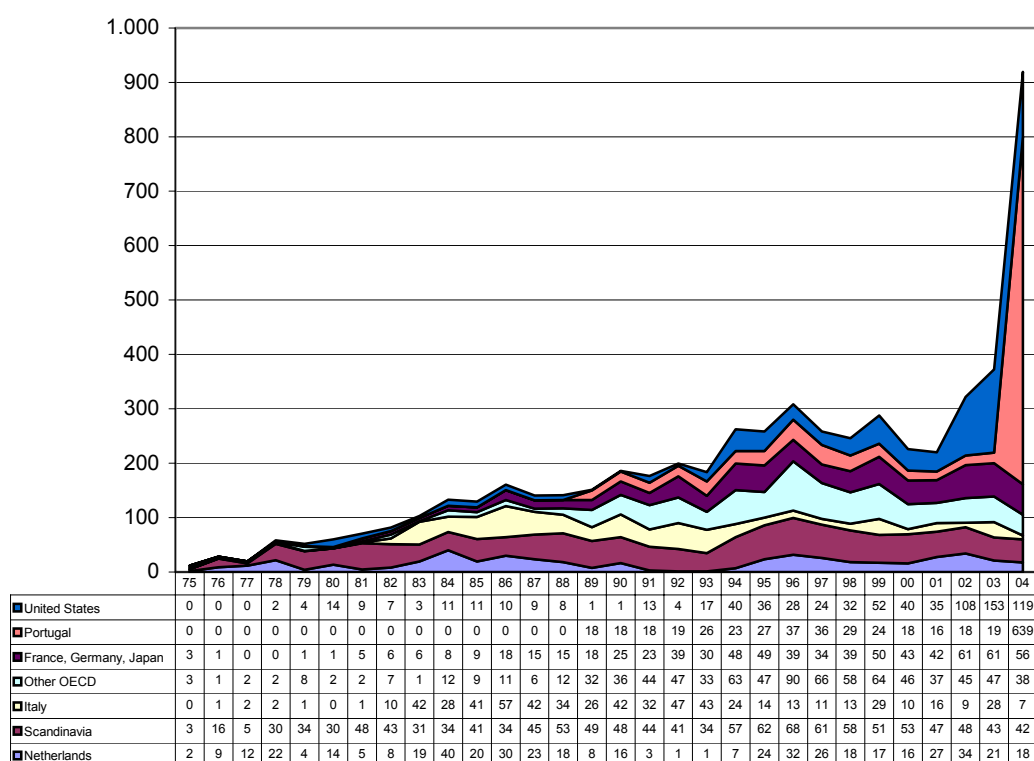
Together with the Scandinavians, the Dutch began providing bilateral aid for all three countries from an early hour. From 1975 through 1990, total net bilateral ODA from the Netherlands for Angola was the third largest after that of Sweden and Italy.³¹ Yet Angola was eligible only for

³¹ This ranking of course excludes material and financial aid, mainly from the USA, for its client Jonas Savimbi and his Unita movement.

incidental Dutch aid, mainly for humanitarian and rehabilitation purposes; although after 1995 it briefly enjoyed special Dutch aid eligibility as a country ‘in transition’, it has never been a key target like Mozambique.³² For Guinea-Bissau, total Dutch aid was second after that from Sweden and ahead of that from Italy. For Mozambique up through 1990, total Dutch ODA was third largest after that of Sweden and Italy. Since 1984, Mozambique has been among the top six or eight recipients of Dutch bilateral aid – always behind Tanzania.

In Angola, bilateral aid from Norway, Portugal, Spain and later the US surpassed that of the earlier top three (Sweden, Italy and the Netherlands). The following chart indicates the continuity of Scandinavian ODA, and the massive increase in American aid beginning in 2002. (In 2004 Portugal provided Angola with a massive loan, accounting for its spurt on this chart.)

Angola: Bilateral Donors' Net ODA in millions of US \$ of 2003

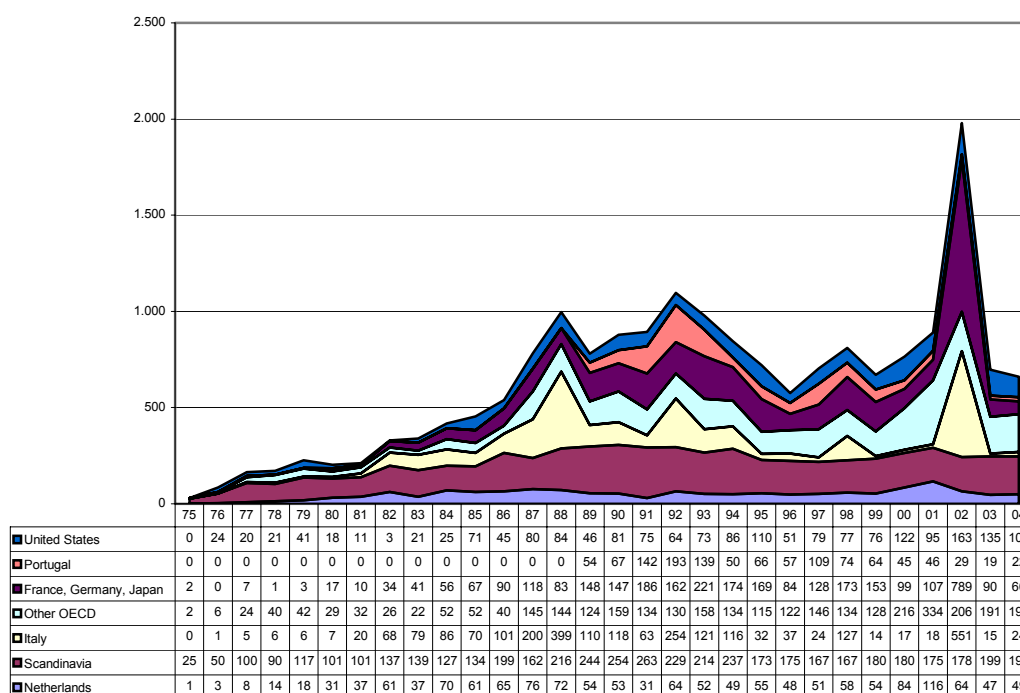


In Mozambique, where aid intensity has long been many times larger than in Angola, Italy remained the largest bilateral donor, but the US, Portugal, Germany, France, Britain and Norway surpassed Sweden and the Netherlands, despite increases in Dutch aid relative to the

³² However, at a major “peace-making” donor conference in Brussels in 1995, the Netherlands made pledges that would have more than doubled Dutch aid flows. But except for increased humanitarian aid, those pledges (like those of other donors) did not materialize. More recently, the Dutch boosted Angola’s eligibility for peacemaking aid by including it in the ‘great lakes region’ – a priority zone for Dutch aid to Africa.

prior period. The following chart reveals the consistency of Scandinavian and Dutch aid, the volatility of Italian aid (marked by a huge loan in 1988; a debt write-off in 2002), and a further spurt in 2002 accounted for by a \$525 million debt write-off by France.

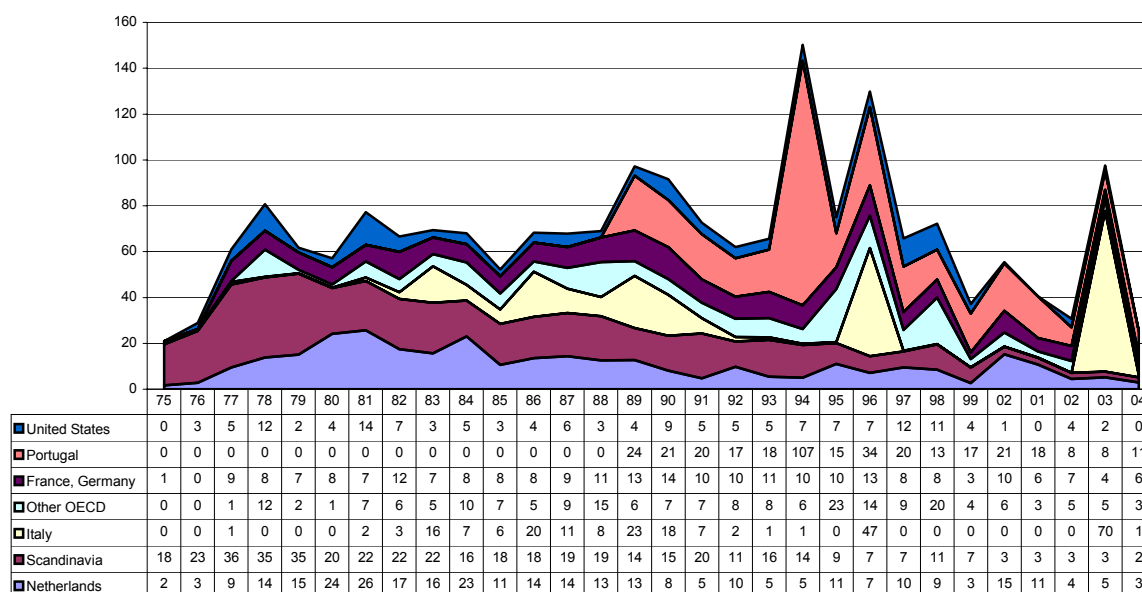
Mozambique: Bilateral Donors' Net ODA 1975-2004 in millions of US\$ of 2003



In Guinea-Bissau, after 1988 Portugal became the chief bilateral donor; Sweden decided in the mid-1990s radically to reduce its aid effort in Guinea-Bissau. The Netherlands began reducing its aid to Guinea-Bissau around 1990, as other donors arrived.

Beyond the overall decline in net ODA for Guinea-Bissau since the open conflict of 1998-99, the chart illustrates aid volatility. One-off loans and debt forgiveness account for Italy's peaks in 1996 and 2003, respectively, while a major loan accounts for most of the 1994 peak for Portugal. In the ten years running up to the crisis of 1998, a rise in overall aid flows is detectable – a signal of donor satisfaction with the state of affairs, and of donor ignorance of, or indifference to political fragility.

Guinea-Bissau: Bilateral Donors' Net ODA in millions of US\$ of 2003



3.6. Modalities and Sectors

The Dutch have furnished aid mainly as grants, except in the early and mid-1980s, when they provided part of their aid as loans. Across the three countries, Dutch allocations show different patterns. In Guinea-Bissau and Mozambique, technical cooperation, with experts and ‘aid minders’ at the centre, had been a major form of Dutch aid; in Angola, technical cooperation in the strict sense was scarcely applied, although salaries absorbed very large parts of humanitarian aid. Mainly through Dutch private aid agencies, Dutch public funds have been, since the 1980s, among the most important in stimulating a luxuriant growth of local NGOs in all three countries.

In terms of sectors, Dutch aid has traditionally favoured physical infrastructure, particularly for transport and water/sanitation, in which Dutch firms normally play important roles. In Mozambique this preference expressed itself in upgrading ports, especially Beira, and in furnishing water and drainage systems. Up to 1995 these large infrastructure sectors absorbed about 26 percent of bilateral Dutch aid for Mozambique (Omloo, 1995). Subsequently, the Netherlands reduced the emphasis on infrastructure to concentrate on basic services in education and health, and to increase emphasis on governance. Like other donors, the Dutch have shown only moderate interest in productive sectors – mainly those serving

world markets, as noted in section 3.1 above. There has never been an outspoken interest in strategies to create jobs – the main priority of Mozambicans.

Consistent with the rest of the donor community's focus on 'good governance', in the 1990s, the Dutch effort in Mozambique included programmes to promote government decentralisation. The Dutch selected Nampula Province in northern Mozambique, which in national elections of 1994 had failed to support the ruling party Frelimo. This exemplified a donor approach seen in many Mozambican provinces. According to critics, such approaches create sub-national donor "kingdoms" that frustrate national policy coherence.

With Dutch aid monies, the UN Capital Development Fund's District Planning and Financing Project in Nampula Province helped pilot methods of planning and development managed by both district and provincial authorities and local organisations, with local development funds as a central component. Though not unproblematic, especially in settings like rural northern Mozambique, the model shows promise and is today being replicated in seven other Mozambican provinces. Nevertheless, a Dutch rural sociologist's study of this project suggests reasons for scepticism. Based on detailed evidence, it concludes that aid-driven projects like this one encourage the parroting of donor discourse of participation while at the same fudging and prettifying actual practice, 'keeping it vague' without fundamentally transforming autocratic and non-transparent political practice (Pijnenberg, 2004).³³

In Angola, in contrast to their practice in Mozambique and Guinea-Bissau, the Dutch have avoided the state as much as possible. A development advisor at the Dutch embassy in 2002 told a visiting Dutch reporter, "We don't do business with the Angolan government" (Posthumus, 2003: 69). Hence the policy to channel much aid through the World Bank, private aid agencies and United Nations bodies. In the period 1975-2004, the "imputed multilateral" share of net Dutch ODA for Angola was 31 percent (for Mozambique it was 19 percent; for Guinea-Bissau 22 percent).

Up to 1990 in Angola, about half of Dutch aid went into transport, water, energy and industry, but on a much smaller scale than in Mozambique. Thereafter, the accent fell on relief and rehabilitation. Apart from food and non-food relief purposes, most Dutch aid has gone toward short-cycle projects for social services. Since the late 1990s, modest amounts of

³³ These findings exemplify patterns seen elsewhere, such as in India, where a British anthropologist has analysed how actors all along the aid chain learn to interpret their practice chiefly to satisfy survival imperatives of the aid-development enterprise. See Mosse, 2005.

Dutch aid have gone toward NGOs active on human rights, independent media and other politically sensitive terrains. Today the Dutch embassy in Luanda manages a €900.000 annual budget for civil society human rights activities – three times the amount Dutch embassies elsewhere, such as in Kazakhstan, have available for such purposes.

Up to the crisis years of 1998-99, Dutch aid to Guinea-Bissau showed a diverse pattern across a range of social and productive sectors. Thereafter, Dutch official aid shifted substantially toward two main categories: ‘peace building’ (mainly a World Bank-designed demobilisation programme) and government survival through an Emergency Economic Management Fund managed by the UNDP to keep essential public sector services running; a Dutch grant of €1,8 million was the largest initial contribution to this fund.³⁴ Following the lead of the IMF and World Bank, the Dutch paid for strategic policy interventions, such as the placement of advisors in the Ministry of Finance (Herbert, 2003: 53).

3.7. Programme-Based Aid

Together with the Nordics and the UNDP, the Dutch have stressed the importance of government ‘ownership’ and at least nominal control over aid funds. They have tried to break with conventional practice, whereby donors select and steer their own projects, thereby balkanising the public sector and leaving government in ignorance of what is going on. Making this concrete, the Dutch have since the late 1990s increased funding for ‘programme-based’ or ‘sector-wide’ aid consisting of payments for imported goods and services, relief of debt, and direct support to national or sector-specific budgets.

Mozambique has been a major testing-ground for this approach. Already in the 1980s the Netherlands showed above-average readiness to fund Mozambican government activities. In the period 1975-1994, grants for imports and other direct budget support accounted for a third of Dutch net ODA for Mozambique; in 2004, about three-quarters of Dutch aid went to general budget support or sector-wide initiatives with other donors. In the period 2000-2005, Mozambique became the Netherlands’ leading recipient of direct budget support, ahead of Tanzania and six other budget-supported governments (IOB, 2006: 90).³⁵ Donors such as

³⁴ The remaining 24 percent was terminal payment for a large health programme. Source: AIDA (Accessible Information on Development Activities) online directory. (<http://aida.developmentgateway.org/aida/>).

³⁵ Worldwide, nearly half of Dutch bilateral aid today is programme-based, either in the form of direct budget support or via common pools, under arrangements with public sector bodies.

Germany and Portugal, on the other hand, have maintained their preference for projects, and regard programme-based aid with suspicion (OECD-DAC, 2001).

A study of aid performance by 14 bilateral and two multilateral donors in Mozambique ranked the Netherlands second only to the UK according to ‘partnership’ measures that would strengthen, or at least not weaken, national government efforts to manage aid streams. The report notes progress, but also the fact that the Mozambican authorities continue to take a subservient stance in the face of donor power (Killick *et al.*, 2005).

While favouring direct aid to government in Mozambique, Dutch officials have certainly not confined themselves to the public sector. Indeed they favour non-governmental channels – NGOs and private businesses – more than any other donor. In 2005, NGOs (mainly international private aid agencies) received about 19 percent, and the for-profit sector about 7 percent of Dutch aid disbursements; the average bilateral donor on the other hand spent only 9 percent of its aid via NGOs and 2 percent via for-profit channels (Ernst and Young, 2006: 28). In the case of non-profits, problems of low and uneven effectiveness have long been known (Sogge, 1997); even larger issues arise about how consistent, coherent, equitable and accountable services are to be built in the face of such donor preferences for non-profit and for-profit channels.³⁶

Finally, debt and debt relief continue serving as important instruments of supervision and control. Mozambique and Angola took on substantial official bilateral debts in the 1980s in response to the wars directed against them; Guinea-Bissau accepted multilateral loans as a means to survive. Donor tacit acceptance of the fact that most loans to Mozambique and Guinea-Bissau were irrecoverable led first to debt rollovers and eventually write-offs. For these reasons, and “implicitly – the desire to support a fragile peace process and fledgling democracy”, the Dutch had by 1993 written off all their bilateral loans to Mozambique (Dijkstra, 2003: 20).³⁷ In the period 1996-99 the Netherlands helped pay off Mozambique’s debts to multilateral creditors – mainly the IMF. That effort set important precedents for the creation in 1999 of the HIPC initiative, an international policy effort that has reduced the debt burden for some while tightening donor supervision of national policy.

³⁶ See for example Pfeiffer, 2003.

³⁷ In 1991, in the full knowledge that the measure would have no direct developmental effect, the Netherlands chose to contribute to a World Bank initiative to repay private creditors – a deal which netted the brokerage firm Merrill, Lynch about \$1,1 million for their advice in the matter.

3.8. Security and Peacekeeping Aid

Officially, the Dutch have subscribed to conventional portrayals of the conflicts in Angola and Mozambique as unfortunate “civil wars” provoked by regional grievances or tribal rivalries. With ugly facts of Cold War politics thus discretely overlooked, the Dutch could avoid stressful debates that might embarrass international allies – particularly the United States – who were actively, if covertly, promoting the wars. Having escaped unpleasantness in diplomatic circles, the Dutch could get on with what they prefer to do, namely practical and non-controversial action on terrains of humanitarian logistics, military demobilisation and post-conflict rehabilitation. The Netherlands’ stance toward rollback wars in southern Africa in the 1980s thus foreshadowed its response to the US-led wars twenty years later in Afghanistan and Iraq.³⁸

In Angola, following the Bicesse accord of 1991, some 233 Dutch troops and police officials took part in the UN’s election monitoring and peacekeeping efforts (UNAVEM II and III) over the period 1991 to 1997. Most Dutch soldiers served satisfactorily, but ten of them received reprimands for sexual abuse of Angolan minors and for smuggling diamonds. Support for mine clearance began in 1995. This involved training by 34 Dutch soldiers and mine clearance and community education by specialised European NGOs. Costing over \$17 million from 1995 through 2005, mine action accounted for more than two-thirds of all Dutch “peacebuilding” aid in this period.³⁹

Following the Luena peace accord of 2002, the Dutch contributed to a World Bank-managed programme to reintegrate 50 thousand ex-combatants. The design paid little serious attention to job creation. It began operations only three years after Angola’s peace settlement took effect. The programme’s designers determined from the top down what training and goods participants would receive. Yet taking place years after the end of hostilities, not all participants were in fact ex-combatants. For these reasons it appears to have been an expedient pseudo-solution to a real problem.⁴⁰

³⁸ Thanks to Guus Meijer for this important insight.

³⁹ Author’s own calculations, based on the World Bank’s AIDA (Accessible Information on Development Activities) online database of projects. “Peacebuilding” comprises projects so categorised in Utstein joint survey of Peacebuilding activities.

⁴⁰ This was the Angola Demobilization and Reintegration project (ADRP) run under the World Bank’s Multi-Country Demobilization and Reintegration Program (MDRP) (see Pacheco, 2006: 149-187). One of the programme’s core components, handing out farming kits (hoes, machetes and seeds), was subsequently rated ‘satisfactory’ because most things had been distributed; the other component, on ‘economic reintegration’ (mainly short training courses), was rated ‘moderately unsatisfactory’ (World Bank, 2005c).

Grants to projects designated “civil society and democracy” in the period 1999-2004 reveal Dutch official interest in civil and political rights, reconciliation and independent radio in Angola. When public funds channelled via the Dutch agencies Novib, ICCO, Cordaid and Niza are added, total Dutch funding for “civil society and democracy” may approach the much more substantial official aid in this sector from Sweden, Norway and the USA. While a great deal of donor funding has gone toward local charities and NGOs whose activities almost never excite controversy, the Dutch have not backed away from initiatives of great political sensitivity. In 2000 the Dutch Foreign Affairs Ministry made a direct grant of €162,000 to Global Witness, a research and advocacy organisation vilified by the Angolan government for its exposure of malfeasance around oil and diamond revenues, including that of foreign business interests.

A similar but much wider pattern appears in Mozambique. In 2002 the Utstein group of donors (see section 2.4 above) commissioned independent studies of their respective peace-building practices in the period 1997 to 2001. Mozambique was one of nine cases. In Mozambique, all four donors’ claims to having supported peacebuilding rest to some degree on their support to clearance of explosive mines. The Netherlands embarked on mine action in 1994, when it sent 24 soldiers to provide training to over 500 Mozambicans; subsequently it financed mine action by European NGOs. All together the Dutch spent €4 to €5 million in mine-related activities, mainly in the period 1998-2002.

Yet more Dutch resources went toward activities intended to improve peace and security by way of political, civil and public sector institutions. Contributing to a multi-donor fund for Mozambican political parties was a decisive choice. In the face of continuing police corruption and abuse, among other serious defects in the criminal justice system, the Netherlands paid for about half of a substantial (\$12m) second phase (2000 to 2003) of a UNDP-supervised effort at retraining and reorganising the Mozambican police. Since the early 1990s, Dutch aid funds have gone directly and via Dutch private aid agencies to scores of civic education, watchdog and election-promotion and reconciliation efforts. Some of these, such as a policy research and awareness effort on small arms proliferation, had a regional scope.

In Guinea-Bissau, Dutch action on the fronts of peace and security first manifested itself after the crisis of 1998-99. Theirs was one of the larger contributions to a World Bank-coordinated programme for demobilisation and reintegration of combatants. It also paid for a study into the traffic in small arms and how it might be curbed. The Dutch

semi-governmental agency SNV has placed staff in Guinea-Bissau since the 1990s; in 2006 the UNDP launched a one-year “peace-building” project involving SNV and the USAID-supported National Democratic Institute in training the country’s 100 national legislators.

3.9. Research and Publications

Relative to the history and scope of research initiatives and publications in Norway, Sweden, the UK and the USA, Dutch output about the three countries has been meagre. There is nothing in the Netherlands that compares to, for example, the published research on Angola by Norway’s Chr. Michelson Institute, or to the series of public and private meetings about Angola at the Royal Institute of International Affairs in London, serving interested parties from business, NGOs and academia. This is noteworthy in view of the intensity of Dutch engagement through church missions, foreign aid and volunteers, especially in regard to Mozambique, where since the late 1970s many hundreds of Dutch people have worked on development or humanitarian assignments.

Dutch official funds have subsidized research and publications (most of them via AWEPA) by Dr. Joseph Hanlon, a British scholar-activist and leading authority on Mozambique. AWEPA and Niza have, with Dutch official subsidies, also reproduced documents and commentary related to peace processes in Angola and Mozambique.

Yet Dutch-based research on these three countries has been limited and uneven. Such output is consistent with long-lamented public under-investment in knowledge-based activities (with the possible exception of engineering and agricultural science) regarding low-income countries generally. For policy development in regard to Mozambique, Angola and Guinea-Bissau, the Dutch government generally favours research by the World Bank or consultants working under its supervision. In Guinea-Bissau, for example, the Dutch co-financed the World Bank-supervised Light Household Survey of living conditions and diagnostic studies of the public service.

3.10. Conclusion

Business relations with the three countries are relatively modest but the classic two tracks of Dutch policy – promotion of mercantile relations and development/ humanitarian aid – are detectable. In the case of Angola, business interests overshadow aid relations, while in Mozambique and Guinea-Bissau the aid relation still dominates. The “third track” of

peace-building has been deployed in these countries only after the fact of violent conflict, and commonly in narrow technical fields such as mine-clearance; like most other Western allies of the United States, the Dutch have had no real stomach for preventing or mitigating conflict by curbing the drivers of war or the non-transparent circuits of money and goods that fuel them.

4. Outcomes

To what outcomes have Dutch policies and practices contributed in the three countries? In accordance with the objectives guiding the NEP research project, this paper considers the pace and direction of change on four terrains: physical security; poverty and exclusion; external economic relations; and performance of state and political systems. Much of what follows should be read as indicative rather than conclusive. As noted in the introduction, it is in most cases impossible to attribute a particular outcome, be it positive or negative, to a consistent mid-field team player like the Netherlands.

4.1. Security

To be sustained, peace settlements need to safeguard the prospects of both leaders and their foot soldiers. Such deals are unlikely where elites compete on the basis of winner-takes-all, or where combatants are rapidly and cheaply demobilised into precarious livelihoods.

In the case of Mozambique, the Netherlands and others managed to avoid both risks. The circumstances were propitious. After all, this had been only incidentally a ‘civil’ war, as evidenced by the fact that all combat ceased within a few days of a settlement announcement in October 1992, indicating the insurgents’ dependence on their supervisors in Pretoria.⁴¹

Two initiatives funded by donors helped cement the settlement. First, rebel leaders were given amnesties, stipends and other privileges, as well as means to establish themselves in competitive parliamentary politics. Second, the UN-managed Reintegration and Support Scheme from 1992 to 1997 provided 92 thousand ex-combatants with regular cash payments over a two-year period – enough time for them to re-integrate themselves. Because it was so effective, that programme is today regarded as a model in demobilisation – a model the World Bank chose *not* to follow in the cases of Guinea-Bissau and Angola.

⁴¹ A convincing case that Mozambique’s war was largely externally provoked and managed appears in William Minter, 1994.

The Dutch helped pay for both of these two strategic “pay-offs”. Other means of buying a political accommodation emerged, probably with Dutch participation, in several large World Bank loan programmes, made conditional on privatisation of public assets. These programmes enabled Mozambican officials and army officers to become “men of property” on easy terms; almost none of the loans were repaid. In the short run those programmes cemented a political settlement. But they left a legacy of corruption and a national leadership with lowered legitimacy (Hanlon, 2004).

Evaluative information on the Dutch and Spanish-funded UNDP police re-training project could not be found. However, continuing practices of police brutality and impunity for corrupt practices would suggest that police reform has not been a great success. The police are detested; when asked to rate the integrity of 31 Mozambican institutions, both officials and ordinary citizens rank the police dead last (Austral Consultoria e Projectos, 2003: 73-77). Such results are consistent with international comparative research on post-conflict policing, which concludes that “the focus on police training is generally misplaced” (International Policing Unit, 2004: xi).

In the case of Angola, politicians and military chieftains hammered out pacts among themselves, largely without Western involvement or donor funds. Demobilisation of combatants took place mainly under government auspices. Subsumed with that of other donors, Dutch aid had practical effects: reduced mine risk and resettlement of some displaced persons. Demobilisation via a World Bank programme – the preference of the Dutch and most other donors – was a different story; it seems doubtful that the approach contributed anything substantive to Angolan peace and security. However, in 2002 peace prospects were improved thanks to Church influence to prevent punitive terms being imposed on the loser, UNITA. Plausibly, longstanding Dutch aid for both Protestant and Catholic church welfare activities, and thus the maintenance of those institutions, built leverage for humane terms in Angola’s peace settlement. *That* Dutch investment may have paid a peace dividend.

In the case of Guinea-Bissau, the collapse of public order stemmed not from a rollback war but in large part from the imposition of the standard market fundamentalist formula under the usual promise that foreign investment would come if the formula were applied. The IFIs and other donors, who had set the terms of Guinea-Bissau’s public and economic management since 1983, show little understanding of their role in the catastrophe. For them, the patient died, but

the operation was a success.⁴² Well-informed independent observers take a different view. One of them, Carlos Lopes, an economist from Guinea-Bissau, now United Nations Assistant Secretary-General and Director for Political Affairs, sums up the story as follows:

It has become obvious that countries such as Guinea-Bissau had little to offer to foreign direct investors, unless such investors wanted to make a quick buck and get out. Likewise privatising state assets in a country without an entrepreneurial class and savings capacity was tantamount to perverting the system and expanding corruption. The alienation of State assets did not increase the role of a productive private sector but rather facilitated a quick change in attitudes, including profiteering and patrimonial use of public goods.

The structural adjustment programme's failure to produce results, combined with increased external debt created the conditions for a very fragile socio-economic situation. A country with the characteristics of Guinea-Bissau had not yet consolidated its nationhood when it was already facing centrifugal pressure to change the composition of its class structure and economic reproduction. None of these shifts was subject to proper internal debate and certainly none was owned by the majority of the population. By introducing a new development model without ownership the entire leadership of the country started losing its grip on society and the fragility of the national consensus was broken. (Lopes, 2004)

Faced with continuing upheaval in Guinea-Bissau, the donors, including the Dutch, responded with a cheap-and-expedient demobilisation programme. As of 2005, more than six years after the crisis, only about 3900 of 12600 ex-combatants in 1998-99 had gone through that programme (OCHA, 2005). There has been no serious job-creation effort. Small arms continue circulating in such large numbers that Guinea-Bissau is known as a small arms exporter (Florquin and Berman, 2005: 291). Basic public sector services, including police, have been maintained at least to a minimal degree in main towns, also with Dutch funds via quasi-trusteeship under the United Nations. Today, some eight years after the crisis, according to the UN Secretary-General, "disastrous socio-economic conditions in Guinea-Bissau [...] are threatening to complicate further the already fragile political and security situation".⁴³

⁴² The World Bank is satisfied with how things went: "Guinea-Bissau performed in a generally satisfactory manner during 1987-98 [...]. Inflation decelerated from a record 50 percent in end-1997 to 8 percent in early 1998, owing to restrained public sector demand" (World Bank, 2005a: xvi).

⁴³ *Report of the Secretary-General on developments in Guinea-Bissau... (S/2006/487)*, New York: UN Security Council, July 2006.

4.2. Socio-Economic Well-Being

By a host of indicators, the majority of citizens of Angola, Guinea-Bissau and Mozambique have seen few improvements and many setbacks in employment, livelihoods, nutrition, health, shelter and schooling. The lucky few have meanwhile advanced. The asset-stripping of war, privatisation of land and other assets and the emergence of urban social strata benefiting from external economic circuits, account for the acute and rising degrees of socio-economic inequality in cities.

In the case of Mozambique, between the years 1996/97 and 2002/03, the headcount poverty rates declined from about 69 percent to 54 percent of the population, according to national household consumption surveys.⁴⁴ Relative poverty increased, however; the national gini index rose from .40 to .42. In many rural areas, investments in certain basic public services such as drinking water (a particular focus of Dutch aid) have spread, but routine operations, maintenance and staffing are often problematic.

Post-war Mozambique saw high rates of recorded economic growth. But according to a Dutch economist reporting to the Netherlands aid directorate, those impressive growth rates were largely a recovery effect, boosted by aid spending and a natural rebound under conditions of peace (Dijkstra, 2003: 65). A draft of Mozambique's official anti-poverty plan also took a sceptical view. It stated that economic growth from 1992 to 2005 had shown "signs of inconsistency and unsustainability" and that formal employment has shrunk, leaving 60 percent of working age people unemployed or under-employed.⁴⁵ For Mozambicans, jobs are the top priority. But for donors and for the government whose plans must be approved by donors, jobs are scarcely mentioned (Hanlon, 2006: 1). Opportunities for Mozambican entrepreneurs to create jobs have also been limited. Access to banking services and to affordable credit have shrunk owing to privatisation (much of it non-transparent and corrupted) and to credit restriction imposed to meet anti-inflation targets set by the IMF. In short, in terms of distribution, transparency and effectiveness, economic

⁴⁴ Discussed in Isaksen *et al.*, 2005: 17-19. The statistical incidence of poverty depends on the methods applied. If the normal 'fixed food bundle' approach had been applied, Mozambique's poverty incidence would have been about 63 %, not the 54 % achieved using a new 'flexible food bundle' approach. This kind of bias illustrates what many observers, including the Dutch economist cited in the following footnote, have noted: the urgent need among donors to have a showcase of aid system success.

⁴⁵ República de Moçambique (2005), *Plano de Acção Para a Redução da Pobreza Absoluta, 2006-2009* (PARPA II) [Versão Preliminar] 7 Novembro 2005, paragraphs 97 and 521, cited in Joe Hanlon (2006), "PARPA II – key quotes and comments" (<http://www.open.ac.uk/technology/mozambique/>). In the final version of PARPA II, those observations do not appear.

progress is uneven and “market failure” arguably more common than the widely denounced failures in state performance.

In the case of Angola, soaring offshore oil revenues and loan capital mortgaged to future oil sales have boosted the country’s growth rates after 2002 into double digits. Onshore, however, war-induced urbanisation, privatisation and collapse of basic infrastructure and services have produced growing inequality. Data gathered in sample towns and cities suggests worsening inequality, from already high levels. On a number of essential indicators, such as child mortality and routine outbreaks of cholera, private wealth and public squalor persist.

In the case of Guinea-Bissau, the World Bank estimates that the socio-economic setbacks from the conflict of 1998/99 had been proportionately more devastating than in post-genocide Rwanda (World Bank, 2005a: xv). Since 1999 citizens of Guinea-Bissau have seen little improvement, and many further setbacks, such as in school years lost due to schools destroyed and teachers unpaid. The FAO reports:

Poverty, unemployment and social and economic problems aggravated by the crisis are causing nutritional problems among the most vulnerable population. Cereal production has decreased due to asset destruction, lack of seeds and fertilizers, and rice field (dykes and irrigation systems) deterioration or destruction. The quality of roads, already poor before the crisis, has worsened, disrupting food marketing and availability in the country. (FAO, 2006)

Free access to basic education has improved enrolment rates, while the introduction of health care user fees in 2002 seems, as in many other countries, to have begun excluding the poorest from health services (World Bank, 2005a: 110). Income poverty continues to spread (62,4 percent in 2004, up from 58,9 percent in 2002), a fact reflected also in surveys of citizens’ own views of their living conditions (World Bank, 2005a: xii; 27-28).

Donors have begun to talk about the need for job-creation, and even of modest industrialisation of Guinea-Bissau’s strategic cashew sector. If pursued, such a policy would represent a reversal of IFI’s previous approach, also applied in Mozambique, where in the late 1990s the cashew sector was radically de-industrialised and many tens of thousand made poorer at the behest of the World Bank.

4.3. External Economic Relations

The economies of all three countries have long been extraverted and subservient to global commercial and investment circuits. All three have seen both domestic accommodation and resistance to IFI pressures, whose chief aim is adherence to strategic aid system policy intentions, given renewed market fundamentalist impetus since 2002 by the World Bank Group's Private Sector Development strategy, which the Dutch government has warmly welcomed.⁴⁶

A Washington DC think-tank, the Heritage Foundation, routinely ranks countries by their governments' friendliness to foreign corporate trade and investment. Their ratings (1 as best score, 5 as worst) are based on composite indices.⁴⁷ In all three countries, Heritage analysts detect progress toward fully corporate-friendly environments, though inconsistency and complexity of rules governing private enterprise ("regulation") continue to meet their disapproval.

Table 4.1. Pro-Market Policy Environments

	Year	Overall Score	Trade	Fiscal Burden	Government Intervention	Monetary Policy	Foreign Investment	Banking/ Finance	Regulation
Angola	1995	4.38	5.0	4.8	4	5	4	4	5
	2006	3.84	3.5	2.9	4.5	5	4	3	4
Guinea-Bissau	1999	4.5	5.0	5.0	2	5	4	5	5
	2006	3.65	4.5	4.0	2	1	3	4	5
Mozambique	1995	4.34	4.5	3.9	5	5	4	4	4
	2006	3.35	3.5	3.0	2	4	3	3	4

Source: Heritage Foundation, Index of Economic Freedom, <http://www.heritage.org/research/features/index/indexoffreedom.cfm>

The World Bank also regularly ranks countries according to pro-market practice. In judging the quality of governance, the Bank has created two composite indexes, "Regulatory Quality" and "Rule of Law", based chiefly on opinion surveys among private sector actors. The first concerns such things as price controls regulation of foreign trade and investment, the second the enforceability of contracts and effectiveness of the judiciary. The following table gives world percentile standings in the oldest and most recent years for which indexes have been calculated. Noteworthy are the high marks given Guinea-Bissau's pro-market regulatory

⁴⁶ Nederlands Ministerie van Buitenlandse Zaken, *Kamerbrief inzake Ontwikkelingssamenwerking en bedrijfsleven*, De Minister voor Ontwikkelingssamenwerking, 15-06-2004.

⁴⁷ See "Explaining the Factors of the Index of Economic Freedom" (http://www.heritage.org/research/features/index/chapters/htm/index2006_chap5.cfm#fiscal). In 2006 Heritage ranked Cape Verde second only to Botswana among sub-Saharan countries.

stance a mere two years before it imploded. The Bank is currently impressed with pro-market trends in Mozambique.

Table 4.2. World Bank Rankings of Pro-Market Environments (in world percentiles)

		“Regulatory Quality”	“Rule of Law”
Angola	1996	6,1	3,6
	2004	6,9	6,8
Guinea-Bissau	1996	47,0	1,8
	2004	18,7	8,7
Mozambique	1996	13,8	7,2
	2004	40,9	34,8
Sub-Saharan average	1996	31,4	33,4
	2004	29,5	27,6

Source: World Bank, 2006, Governance Research Indicator Country Snapshot
<http://info.worldbank.org/governance/kkz2004/q&a.htm>

In a separate exercise, the Bank has recently ranked countries according to indicators of the “ease of doing business”, particularly for foreign traders and investors. It finds Mozambique friendlier to business than most countries in sub-Saharan Africa; it is also much impressed with the protection Angola affords investors, echoing the Heritage Foundation, which likes Angola’s corporate tax climate. It ranks the “ease of doing business” in Guinea-Bissau as the next-to-worst case among 45 Sub-Saharan countries.⁴⁸

Table 4.3. World Bank (International Development Association) Rankings

	Year	IDA Country Rating	A Governance	B Overall CPIA rating	1 Economic Management	2 Structural Policies	3 Social Inclusion	4 Public Sector	C Portfolio Performance
Angola	2001			5	5	5	5	5	1
	2003	5	5	5	5	5	5	5	3
	2004			5	5	5	5	5	3
Guinea-Bissau	2001			5	4	5	5	5	2
	2003	5	4	5	5	5	5	5	5
	2004			5	5	4	5	5	1
Mozambique	2001			2	2	4	3	2	4
	2003	2	2	3	3	3	3	3	3
	2004			3	1	4	3	3	2

Ranking: 5 = 5th quintile (lowest); 4 = 4th quintile; etc. 1 = highest quintile among 77 countries.
 2001 & 2003 data from Citizens’ Network on Essential Services, www.servicesforall.org
 2004 data from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA>

⁴⁸ World Bank, Doing Business Website (<http://www.doingbusiness.org/>).

Mozambique has clearly gone the furthest of the three countries toward meeting IFI and other donor intentions. Table 4.3 (above) shows how the World Bank has judged all three countries according to its Country Policy and Institutional Assessment (CPIA) criteria and according to performance of projects in the Bank's active portfolio.⁴⁹ The Bank makes its CPIA judgements on the basis of secret information, thereby shielding them from independent verification or interpretation.

In terms of autonomy from IFIs and other donors in setting economic agendas and deploying surpluses, Angola clearly enjoys many more degrees of freedom. The following tables suggest the importance of donors/creditors in the formal economies of Mozambique and Guinea-Bissau.

Table 4.4. Foreign Drivers in the Economy

Foreign aid and the economy		ODA/GNI % (4-year average)	Debt and the economy	Debt service (% of exports)	Present value of foreign debt (% of GNI)
Angola	1991/94	11	2000	21	
	2001/04	5	2004	15	69
Guinea-Bissau	1991/94	55	2000		
	2001/04	39	2004	16 (2003)	326
Mozambique	1991/94	65	2000	13	
	2001/04	36	2004	5	17

Sources: Foreign aid: OECD-DAC online database (September 2006); Debt: WB World Development Indicators Database (April 2006)

Virtually all public investments in the two countries depend on aid. In Guinea-Bissau it also pays for most public sector operating costs. The omnipresent 'aid economy' has powerful socio-political consequences. In the case of Mozambique, the Dutch economist's 2003 report for the Dutch government summarises a cluster of effects:

The high aid flow brought about an increase in the demand for skilled labour, leading to huge income differences between the "donor economy" and the "domestic economy" [...] These income differentials increased corruption and greed, undermining the morale and ethical standards of the civil service. In addition, donors organised and financed most of their aid projects outside the public sector, but required the government to finance the recurrent expenditure for their projects in a context of decreasing overall expenditure [...] This further weakened the public sector and increased the risk of corruption. (Dijkstra, 2003: 38)

⁴⁹ For specifics see: <http://siteresources.worldbank.org/IDA/Resources/CPIA2004questionnaire.pdf>.

A closely related economic outcome is the growth of unregistered economic circuits in goods, services and currencies. Together with non-transparent politics and corruption, shadow economic circuits are growing. Using a composite indicator, an economist specialising in this field has estimated that from 1999 to 2003, Angola's shadow economy grew from about 43% to about 45% of recorded GDP, while Mozambique's grew from about 40% to about 42% (Schneider, 2006).⁵⁰

In all three countries, one shadow sector industry would probably get high scores in terms of "ease of doing business" — namely, drug trafficking. Mozambique's drug trade, oriented toward South Asia, began booming in the 1990s. Traffickers operate with impunity, and a military zone in Maputo is known jokingly as 'little Colombia' (Lettre International des Drogues, 2002). Trafficking via Angola is oriented toward the Western Hemisphere. Recently, drug trafficking via Guinea-Bissau toward Europe became a cause of alarm.⁵¹ Operating in alliance with members of political classes in all three countries, the drug industry strongly influences politics and the legitimacy of political systems.

4.4. Performance of state and political systems

On terrains of governance, outcomes have been foreshadowed in the previous sections; security, well-being and external economic relations are interwoven with the quality of domestic governance. Because power and authority are highly extraverted in all three countries, that quality is dependent also on global governance — particularly the transparency regarding flows of money, drugs and arms thanks to which business and political classes have grown rich and powerful and domestic government legitimacy hollowed out. But not being subject to global regimes of governance, these non-transparent realms are poorly monitored and analysed; therefore the following paragraphs provide only a partial view of governance.

Based chiefly on surveys of business leaders, government officials and households, the World Bank ranked countries' governance performance since 1996. Expressed in world percentile rankings, trends in relative standing of the three countries are presented in Table 4.5.⁵² The bank bases its "voice and accountability" assessment on formal manifestations of democracy such as elections and proclamations of rights in the statute books.

⁵⁰ Estimates of 2002/03 shadow economies in Senegal (47,5% of GDP) and Sierra Leone (43,9%), both larger than in 1999/00, suggest the scope and trend of the shadow economy in Guinea-Bissau, for which Schneider offers no estimates.

⁵¹ UN Media IRIN, "Alarm at rise in Guinea-Bissau drug trafficking", *Afrol News*, 1 February 2006.

⁵² As with most such rankings based on 'stylised facts', great caution is needed. A rating system that puts Guinea-Bissau's "government effectiveness" in 1998 nearly in the 40th percentile in world terms, while putting Cuba's in the 33rd percentile, is hard to regard as consistently reliable.

Table 4.5. World Bank Governance Indicators (world percentiles)

		“Government Effectiveness”	“Voice and Accountability”	“Control of Corruption”
Angola	1996	8,9	6,3	10,0
	2004	11,5	21,4	8,4
Guinea-Bissau	1996	15,6	31,9	12,7
	2004	8,7	31,1	30,0
Mozambique	1996	20,1	45,5	32,0
	2004	39,4	43,2	24,6
Sub-Saharan average	1996	30,2	34,2	31,4
	2004	27,6	32,7	30,1

Source: World Bank, 2006, Governance Research Indicator Country Snapshot
<http://info.worldbank.org/governance/kkz2004/q&a.htm>

The case of Mozambique shows that real control over the state can be quite a different matter. A survey of opinion among a scientific sample of 992 Mozambican public officials suggests a striking degree of consensus about who calls the shots. Asked to name groups having “considerable influence” or “total influence” over the state in Mozambique, 66 percent of the interviewees named multinational enterprises, 64 percent named drug traffickers and 60 percent named political leaders (Austral Consultoria e Projectos, 2003: 28). A follow-up report published by USAID states: “The results are rather alarming, indicating that a very high percentage of Mozambicans believe that foreign, criminal and/or corrupt domestic leadership have captured the state’s apparatus to promote their own private interests” (Management Systems International, 2005: 12).⁵³

The survey neglected to ask Mozambicans about the influence of aid system actors. The donors’ shift toward programme-based aid might suggest that public control of aid at the receiving end is now assured, but this is far from being the case. Donor power remains undiminished, despite talk of Mozambicans being “in the driver’s seat” in development policy. Programme-based aid was supposed to reduce the number of conditions aid-givers attach to their grants and loans. Yet whereas around 2001 the World Bank attached 33 conditions to its aid package for Mozambique, it attached 56 conditions to its following package (Wood, 2005). Programme-based aid in Mozambique has, according to an experienced academic researcher of the topic, had “the paradoxical effect of introducing donors more deeply into the heart of government” (Batley, 2005).

⁵³ This finding was evidently unwelcome for the authors of this 63-page report, as they make no other mention of foreign corporate influence.

As for greater public control over aid-supported activities in Mozambique, a recent review of all donors' budget support notes that a huge (but still unknown) amount of aid continues being spent "off-budget", outside government purview and outside IMF spending caps. The report further states: "The Mozambican policy process is focused on a very centralised government, line ministries with a high degree of vertical control, strongly influenced by donors, and with low levels of civil society participation" (Batley *et al.*, 2006: S6). Marginalisation of civil society groups on key economic issues is especially marked in the case of the PRSP process in Mozambique (McGee, 2002).

In Guinea-Bissau, citizen perceptions of who influences decision-making have apparently not yet been surveyed. Foreign multinational enterprise is scarcely present, but the situation of externalised governance is only slightly different from that of Mozambique. A foreign expert on the country reaches the following conclusions about who effectively wields the most influence in Guinea-Bissau:

Because of the government's enormous dependency on foreign aid, international organisations are the most important oversight actor, not only pertaining to the security sector but of all facets of governance [...] While the government frequently and wilfully tramples citizen rights with little regard to the unpopularity it engenders, government is very attentive to international organisations. (Herbert, 2003: 54)

Recent opinion surveys show that the donors' main partner, central government, enjoys little trust among the public at large; local government and political parties fare not much better. The army, whose leadership includes those who had profited most from privatisation, and continue profiting from the international trade in drugs and arms, are utterly distrusted.⁵⁴

In both Mozambique and Guinea-Bissau, donor harmonisation – a longstanding objective of the Netherlands – is highly advanced. This cartelisation of financial and political power has raised risks of further subordination of recipient governments to external control. Two senior British aid officials have written: "The relationship remains fundamentally one of patron and client, where now the client cannot choose, as before, who will be his patron" (Eyben and Ferguson, 2004: 173).

⁵⁴ Quantitative Survey of 2005, based on a scientific sample of 446 households (cited in World Bank, 2005a: 13).

In Angola, not donors but foreign corporations are pivotal to politics. Public revenues, private accumulation by elites, investment and access to civilian and military technology depend on corporations and international financial circuits. But corporations rarely have an upper hand. In contrast to Mozambique and Guinea-Bissau, neither the political class nor foreign firms need the IFIs and the rest of the foreign aid system to reach these arrangements.

The aid system, with the Dutch playing a major role, has promoted competitive electoral politics, with some success thus far in Mozambique. The Dutch have shown strong preferences for NGOs. But the net impact may have been de-politicising. Where citizens are pulled toward NGOs, political parties can become mere façades for patronage rather than a politics that rallies publics in contesting for state power.

The forceful growth of NGO sectors in all three countries has strongly shaped labour markets for well-schooled people, drawing many away from the public sector. It has also promoted a new politico-economic role, that of the ‘development broker’ – a role whose success depends greatly on capturing aid flows. Brokers thereby steer public choice and can thus become more influential than elected officials. A World Bank study focused on Angola, Guinea-Bissau and Togo (and certainly not irrelevant to Mozambique) shows that the general effect of the aid system’s approach has been often to weaken rather than strengthen civil society and the political order, because it encourages “accountability focused upward to donors rather than downward to citizens” (World Bank, 2005b: vi).

In conclusion, donor domination of the state in Mozambique and Guinea-Bissau is pervasive. Yet both lands face another layer of domination constituted by international businesses, formal and informal, some of them operating in illicit goods. It is difficult to reconcile these facts with claims made about progress toward democracy (‘voice and accountability’) in Mozambique and toward clean government (‘control of corruption’) in Guinea-Bissau. For Angola’s political order, lines of accountability and power also flow upward and outward, but only weakly toward Western donors; the strong lines are toward international petroleum and banking firms. Having migrated abroad into non-transparent, non-democratic realms, effective power over all three countries – each with the formal fixtures of parliamentary democracy – is far away from citizens. These are hardly robust bases for citizen-state reciprocity or for improved legitimacy of political systems.

5. Conclusions

The same world system that made the Netherlands rich and secure has helped make Angola, Guinea-Bissau and Mozambique poor, unevenly developed and politically fragile. It is therefore not surprising that where rules and formulas underpinning that world system are applied in the name of helping overcome that poverty and fragility, difficulties arise. This paper has offered illustrations of these unsurprising difficulties. But it has also detected a few initiatives that have helped reduce state fragility – at least in the short term.

Drawing together themes in the previous chapters, this concluding chapter considers the constraints but also poses some hypotheses about possible alternatives for the Netherlands and countries similarly constrained.

5.1. Conceptual Constraints

Like most other Westerners, the Dutch foreign policy-makers find it easiest to see countries like Angola, Guinea-Bissau and Mozambique through lenses of the Westphalian system of bounded state-territories. Viewed in this way, problems of governance stem mainly from internal sources: civil conflicts, corrupt leaders, weak local capacities. Similarly, poor economic performance stems mainly from state interference and incompetence, and resulting failures to make their economies attractive to foreign trade and investment.

With a focus on the state-territorial the roles of extra- and non-territorial forces – circuits of licit or illicit goods, services and funds – fall from view. In the terms of Manuel Castells, the “space of places” eclipses the “space of flows” (Castells, 1996). Scholarly analysis long ago established the ‘extraversion’ of African governments and economies. Yet policy-makers stay with the old paradigms in which African problems are resolvable chiefly at the level of state and territory. Even highly sophisticated research on political change and fragility, such as the recent British DfID ‘Drivers of Change’ Studies, which included Angola and Mozambique, among other countries, can suffer from this blindingly limited view. On these grounds, the authors of one such study, on Malawi, challenged the terms of their assignment. They concluded: “Drivers of Change studies, as presently defined, focus on country-level political-economy problems to which the solutions are probably not going to be found at the country level” (Booth *et al.*, 2006: 65).

In the past the Dutch sometimes showed intellectual leadership of relevance to the three countries at issue. In the early 1990s, policy papers by the Minister of Development Cooperation Jan Pronk called attention to globalisation's ways of teasing out socio-economic differences and enflaming conflict (Ministry of Foreign Affairs, 1990; 1993). This analysis led logically to criticisms that the government was far too compartmentalised to respond coherently.

Such ideas were ahead of their time. But when operationalised their impact has been uneven. For example, a review of over 200 peace-building projects supported by the Dutch Government from 1997 to 2001 in nine countries (including Mozambique) showed that those projects almost never took on board poverty and related developmental issues (Frerks *et al.*, 2003: 54). Such findings are consistent with the cases reviewed in this study. In Angola, Guinea-Bissau and Mozambique, approaches by the Netherlands and others to state fragility and conflict are seen as largely independent of poverty and exclusion, which are in turn seen as largely independent of foreign trade and investment. Such incoherence may be changing, but only slowly and erratically.

5.2. Geopolitics and Vested Interests

Policy coherence has long been claimed as an official desideratum. In the cases of obvious abominations like explosive mines and light arms, the Dutch have taken strong positions and backed them with money and diplomacy. However, as on so many other terrains, American power has frustrated decisive change on the fronts of small arms and explosive mines. Even more challenging constraints arise where Dutch and American interests are closely aligned, namely in their refusals to regulate tax havens and other financial circuitry that promote capital flight, tax avoidance, corruption and state fragility.

But the Dutch are not confined by American power alone. Domestic Dutch interests also at play a part. Where the stakes are high, and key business sectors or their subsidised support arms such as the FMO are involved, the Dutch government may become far less strident in its claims to promote sustainable and equitable development. An example cited in this paper is enthusiastic Dutch backing for extractive industries in Mozambique, despite their negligible anti-poverty impact and high risks of corrupted governance and polluted environments.

For those working to find points of leverage for changing Dutch policy, however, it is important to detect policy divergences. For example, an official commission has recommended that the World Bank discontinue lending for extractive industries. Yet the

Dutch Director at the Bank (answerable to the Minister of Finance) disagreed, and easily overruled the Minister of Development Cooperation (answerable to the Minister of Foreign Affairs) by defending World Bank lending for hydrocarbon projects, including those in Mozambique (Milieudefensie, 2005: 52).

More stoutly resisted are implications that the aid system itself may weaken rather than strengthen governance. That ‘aid-institutions paradox’ is buttressed by an increasing number of studies, one of which concludes: “Aid is a bigger curse than oil”.⁵⁵ Yet the Netherlands Minister of Development Cooperation has dismissed the proposition that aid can worsen the quality of public institutions and politics.⁵⁶

Nevertheless the Dutch government may be ready to revisit certain policies and questioning their impacts on state fragility. In 2005 the Development Cooperation Minister said she wished to see “more balanced distribution” accompanying economic growth. If she pursues that goal, she might revive the growth-with-equity position the Netherlands had taken in the mid-1970s, but then abandoned under the neoliberal tide of the 1980s. Other shifts of accent are also detectable. A recent Dutch security policy framework cautiously notes (in an appendix) the idea that economic austerity programmes might impose extreme social hardship and thus provoke destabilisation (Clingendael Institute, 2005: Appendix II, 76). Unofficial statements by Dutch policy-makers also suggest a willingness to revisit standard approaches. For example, a senior official in the Ministry of Foreign Affairs, writing in an unofficial capacity in a publication focused on southern Africa, draws attention to issues of employment and inequality as obstacles to peace and security (Kappeyne van de Coppello, 2004).

These progressive ideas, which officials are putting forward only occasionally and with great caution, need to be aired further in the Netherlands and elsewhere. They are promising signs. But like so much else in Dutch policy, they may remain merely paper banners with aspirational mottos. Behind those banners, bureaucratic coalitions, politicians and citizens groups may be rallied and activities vaguely related to the mottos may be found to absorb funds. All this creates an indispensable impression that Something Is Being Done.⁵⁷ Yet thus

⁵⁵ Reviewed in Moss *et al.*, 2005; and in Djankov *et al.*, 2005.

⁵⁶ Minister A. Van Ardenne, Written answers to questions in Parliament during consideration of the Foreign Affairs budget, 24 November 2005 [translation from Dutch by D.S.].

⁵⁷ Ex-World Bank economist William Easterly (2006: 8) emphasises this key imperative in the aid system, one fundamental to Dutch approaches.

far, only under exceptional circumstances have such ideas gained hands, feet and teeth as practical measures capable of budgetary discipline and juridical sanction.

5.3. Hypotheses

Alongside failure and frustration, a number of positive initiatives backed by the Netherlands were detected in the course of this study. What were the circumstances allowing them to gain approval, momentum and effectiveness? It may be hypothesised that those circumstances arise:

- Where problems are seen and addressed beyond the level of the territorial state, the ‘space of places’, thus focused on areas in the ‘space of flows’ where governance and transparency are weak (Example: Dutch official backing to Angola-linked research by Global Witness, whose work has led to promising global initiatives on corporate and governmental transparency);
- Where Dutch commercial and geopolitical interests are marginal (Examples: Dutch backing to NGO and diplomatic efforts to ban explosive mines, to tighten regulation on the trade in light weapons and African diamonds);
- Where initiatives are conceived independently of the standard formulas promoted by the IFIs and others at the top of the foreign aid system, and where the initiatives are responsive to specific possibilities on the ground (Example: UN programme for demobilisation of combatants in Mozambique);
- Where the Netherlands has joined with other ‘like-minded’ donors in pursuit of alternative approaches to governance and security, thus refusing to behave toward Washington DC “like a satellite of Moscow in the Cold War”.

Testing of such hypotheses, and indeed deeper exploration of findings reached in this tentative survey of issues, would require opening curtains of non-transparency surrounding the practice, and not merely the words, of Dutch official and private sector actors in settings where they influence the pace and direction of change in Angola, Guinea-Bissau and Mozambique.

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