

Evaluation of the Netherlands as host country for international organisations

Executive summary

Scope, aims and method of the evaluation

The aim of this evaluation is primarily to take stock of developments in the Dutch host country policy for international organisations since the previous evaluation in 2008.¹ Furthermore, the evaluation will serve as input for the planned update of the Dutch host country policy in 2018. The evaluation period encompasses the years 2008-2016. The scope of the evaluation is defined by those aspects of the business climate for international organisations (IOs) and the host country policy which are directly influenced by the Dutch Ministry of Foreign Affairs (MoFa), or which should be within the range of influence of the Ministry.²

The central evaluation questions concern:

- a description of the development of the Dutch host country policy in the evaluation period;
- the effectiveness of the policy in attracting new IOs in the Netherlands;
- the effectiveness of the policy with regards to established IOs in the Netherlands.

The evaluation is based on: (1) desk research of previous studies, policy documents, and project files, (2) surveys amongst management and employees of IOs³, and (3) interviews with management of IOs, policy officers at different Ministries, and other stakeholders.

¹ IOB (2008). *Be our Guests. Beleidsdoorlichting Nederland als gastland van internationale organisaties.*

² ToR.

³ Due to a low response rate, the survey amongst employees is not cited extensively in this evaluation.

International organisations in the Netherlands

Historically, the Netherlands has long been the host country for international organisations operating in the area of peace and justice. Examples are the Permanent Court of Arbitration (since 1899), the International Court of Justice (since 1945) and The Hague Conference on Private International Law (since 1893). More recently, the Netherlands has also attracted IOs in other areas, such as the European Patent Office (since 1973) and Eurocontrol (since 1963). From 1988 onward the Netherlands has actively profiled itself as a host country for international organisations in the area of peace and justice. Since then the number of IOs in the Netherlands has increased steadily. In 1988, there were 13 IOs in the Netherlands. In 2017, this had grown to 41. A large number of these operate in the area of peace, justice and security. These IOs mainly congregate in and around The Hague. However, there are also IOs operating in other areas, the EMA being the most recent example.

The Dutch host country policy for IOs

The Dutch host country policy serves a number of policy goals. In the first place the policy is seen as an important instrument to further the development of peace and the international rule of law, as is enshrined in article 90 of the Dutch constitution. This is reflected in the large share of IOs in the Netherlands which operate in this area (especially in and around The Hague). Secondly the settlement of IOs in the Netherlands is expected to provide a positive stimulus to the local economy, directly through additional jobs, and indirectly through additional spending of IOs and their employees in the local economy. Furthermore, the presence of IOs is expected to attract NGOs and knowledge institutions working in the same area as the IOs. Finally the presence of IOs in innovative sectors (e.g. space, medicine) is expected to increase technological innovation in the Netherlands.

The host country policy encompasses both attracting new IOs as well as policy aimed at IOs already in the Netherlands. The main focus of the host country policy moves between a larger focus on attracting new IOs, and providing a good business climate for existing IOs (the policy is characterised as hospitable and generous). Currently there is recognition of the fact that good business climate for IOs is important in attracting new IOs as well.

The host country policy is not the sole responsibility of MoFa. Properly carrying out the host country agreements (and other

agreements) between the IO and the Dutch government involves a large range of government actors. For instance the Ministry of Finance has responsibilities in carrying agreements in the area of tax exemptions, the Ministry of Justice and safety works together with international courts in the area of prisoner transport, incarceration and the protection of witnesses and officials. MoFa is the official point of contact for IOs and has a coordinating role.

One of the main findings of this evaluation is that the degree to which the host country policy is institutionally embedded within the Dutch government is limited. There are taskforces, such as the RIO (since 2016) and thematic interdepartmental meetings, which on the whole function properly. But there is no institutionalised mechanism for interdepartmental policy discussions at the senior level. Previous regular meeting between the Secretary Generals of the Ministries involved have stalled. A lot of the interdepartmental discussions and consultation is also done on an ad hoc basis. This has led to differentiation between the policy priorities of the different Ministries involved in the host country policy. The policy is also not financed centrally. In particular decisions about costs for attracting new IOs and housing costs lie with the Ministries involved, without talking into account the wider national benefits of the presence of IOs in the Netherlands.

Attracting new IOs to the Netherlands

In the evaluation period, ten new IOs were settled in the Netherlands. In the same period there were three unsuccessful bids. Most new IOs in the Netherlands were either focused on peace and security, or one of the focus-sectors in the Dutch innovation policy ('topsectorenbeleid'). Two of the newly settled IOs worked in area's strongly related to IOs which were already present in the Netherlands. This is in line with the policy priorities as set out in 2013.

In the evaluation period, activities regarding attracting new IOs were often ad hoc and reactive. Often IOs themselves were already interested in the Netherlands as a host country. The choice to start a campaign to attract a new IO was usually made by the Ministry in the area in which the IO operates. Since 2016 the interdepartmental taskforce for international organisations (RIO) has made possible a more structured discussion about priorities, costs and policies. However, there is no clear framework for deciding whether or not to spend resources attracting a new IO. The following factors are used (implicitly or explicitly) in the decision to set up a bid for a new IO:

- focus on IOs in the area of peace, justice and safety;
- expansion of IOs already present in the Netherlands;
- match with Dutch policy priorities (such as innovation policy);
- costs and expected benefits.

The lead in the bidding process lies with the Ministry closest to the work field of the IO. The moment at which MoFa is involved in a bid differs from case-to-case. A successful bid requires a fast response time and sufficient expertise in the bid team. Apart from the formal bid lobbying behind the scenes is often important as well. This part has in the past been neglected, but in the recent bid for the EMA there was a concerted lobbying effort. The ambassador for International Organisations (AMIO) has a clear coordinating role for attracting new IOs.

Overall, it is difficult to assess the effectiveness of Dutch policy in attracting new IOs. There is little information available about missed opportunities, and the information regarding campaigns to attract IOs are spread out across different Ministries.

Business climate for international organisations

The goal of the host country policy aimed at the business climate for IOs has not changed. The Netherlands aims to be a hospitable and generous host country. However, this goal has never been operationalised. The business climate for IOs concerns the degree to which the Netherlands is an attractive destination for IOs and their employees. This depends on large number of factors, many of which lie outside of the field of influence of MoFa (for instance, living costs, infrastructure, education, or even the weather). This evaluation focusses on those factors which lie within the field of influence of MoFa (both directly and through its position as coordinating ministry). This means the compliance with host country agreements and other agreements with the IOs, the registration of employees and their families (as well as handing out ID-cards), communication regarding relevant policy changes, housing, safety and security measures and carrying out the privileges and immunities enjoyed by employees of IOs. Even though MoFa has a coordinating role, it does not have any additional powers to carry out its role.

In general, the management survey shows that most IOs are satisfied with their presence in the Netherlands. Factors such as living standards, housing arrangements, ease of attracting skilled personnel, and the concentration of multiple IOs in the Hague play a role in the high satisfaction of IOs in the Netherlands. Over 70% of respondents in the management survey is also pleased with services provided by the Dutch government.

A majority of respondents in the management summary (11/17) indicate that they are generally satisfied with their housing arrangements. Interviews have shown, however, that IOs regarded the Dutch government's decision making process on housing issues as slow. This is mainly due to the ad hoc nature of the distribution of costs across Ministries in housing (new) IOs. In multiple interviews a government-wide housing fund for IOs was suggested to reduce time spent on internal negotiations.

IOs are predominantly satisfied with their host country agreements, though differences in the interpretation of the agreements do arise between the IO and the Dutch government. This was noted in the last evaluation and not much has changed during the period covered in this evaluation. Fundamental differences of interpretation regarding the host country agreements are not easily resolved, both when occurring interdepartmentally or between an IO and a department.

With regards to privileges and immunities there is interdepartmental discussion about the level of privileges that should be provided to IOs between the Ministry of Finance and MoFa. This has on occasion led to strained relations with IOs. 65% of respondents in the management survey is pleased with the way MoFa handles complaints, indicating that there remains room for improvement in this area.

A contributing factor in this is the fact that regarding the concept of 'good' host country policy, ambiguity remains. Questions such as 'How do we balance what an IO might demand and what the Netherlands can and is willing to offer?' and 'How does this change over time (due to factors such as budget and IO specific circumstances)?' remain unanswered or under discussion. Ambiguity and following discussions can lead to delays and strained relationships with IOs, effecting their level of satisfaction with the Netherlands as a host country. Careful, well considered and internally aligned communication is of great importance in preventing situations like these from occurring.

Due to the limited capacity at DPG, the department is more reactive than it would like. Interviews with IOs confirm that a more proactive approach, for example organising informal, introductory and informative meetings, would be appreciated. The DPG members of staff signal approaching risks due to the reduction of their workforce, namely regarding Probas, despite the ongoing process of automation. This regards the security of data for example, and the timely production of management reports.

Recently an e-portal was created in Probas in which the IOs can now register their own (new) members of staff. Despite a number of bugs in the early days of the portal, it is much appreciated by IOs. MoFa employees working with Probas still check the registered staff members and their status against the policy framework of their host country agreement. Though this does not cause problems in the majority of cases, it remains important to specify the legal reasons behind decisions made, as misunderstandings and lack of communication have led to the idea that IO employee statuses are allocated arbitrarily in the past.

Recommendations

General recommendations

1. Carry out earlier recommendations regarding strategy and policy which have been promised in previous policy papers, including formulating a common strategic vision and a central budget for carrying out host country policies.
2. A balanced interdepartmental institutional structure is necessary to carry out the host country policy, which is embedded properly within the government. To achieve this, the RIO taskforce should be coupled with a regular working group at the senior strategic and political level.
3. The Dutch host country policy would benefit from better monitoring. A first step would be to keep track centrally of the means (money and people) which are invested in the host country policy, by MoFa, as well as other Ministries and municipalities. Furthermore carrying out the policy would be made easier by keeping a central database on contact persons at IOs and ministries. A central logbook per IO could be used to monitor interactions with the IOs. A complaints register could be used to monitor the speed of replies for different types of complaints.
4. MoFa exercises its coordinating role in Dutch host country policy without additional powers to do so. Holding the presidency of an

official entry point to the Dutch government could contribute to making hospitality for International Organisations a substantive goal and task within MoFa.

Attracting new IOs

1. A successful bid requires specialised knowledge as well as financial means. A central budget could increase the efficiency and effectiveness of the bid process by decreasing discussions on the divisions of costs between ministries.
2. It is necessary to embed the bid process in the institutional structure (AMIO, RIO, senior strategic working group), and not to let the process be dependent on individuals.
3. Formulate a clear framework on the basis of which a decision can be made whether or not to start a bidding campaign. This will help the bidding process by enabling the process to start faster.

The Netherlands as a host country

1. In order to carry out the host country policy it is again important to embed the policy in institutional structures, where information can be shared, different actors are not surprised, and different government agencies can carry out the policy coherently.
2. The work group of the Ministry of Finance and MoFa which will research possibilities for further harmonisation and possibilities to moderate fiscal privileges is a necessary step to normalise relations after a period of strained interdepartmental relations.
3. A central housing fund can avoid discussions about the divisions of housing costs.
4. Finally, in case the host country policy is made more proactive, the capacity at DPG should be researched.