

IOB Terms of Reference

Framework TOR

Climate policy for developing countries

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*Dutch climate policy for
development 2016-2021
- periodic policy review*

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Abbreviations and acronyms

AIIB	Asian Infrastructure Investment Bank
ASAP	Adaptation for Smallholder Agriculture Programme
BHOS	Buitenlandse Handel en Ontwikkelingssamenwerking
BZ	Ministerie van Buitenlandse Zaken
CC	Climate change
CCA	Climate change adaptation
CCM	Climate change mitigation
CD	Climate diplomacy
COP	Conference of Parties
DAC	Development Assistance Committee
DDE	Directie Duurzame Economische ontwikkeling
DGBEB	Directorate General for Foreign Economic Relations
DGIS	Directorate General or Director-General for International Cooperation
EU	European Union
EUR	Euro
EZK	Ministry for Economic Affairs and Climate
FMO	Dutch Entrepreneurial development bank
GHG	Greenhouse gas(es)
HGIS	Homogenous Group International Cooperation (or its budget)
IATI	International Assistance Transparency Initiative
IDA	International Development Association
IFAD	The International Fund for Agricultural Development
IGG	Inclusive Green Growth department
IOB	Policy and Operations Evaluation Department
KBG	Internal quality control group at IOB
KL	Climate section (of IGG)
MFA	Ministry of Foreign Affairs
MiBZ	Management information system of the MFA
NDC	Nationally determined contribution(s)
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PPR	Periodic policy review
RPE	Regulation for Periodic Evaluations
RVO	Dutch Enterprise Agency
TOC	Theory of Change
TOR	Terms of reference
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar

1 Introduction

1.1 Background

The negative effects of climate change have been hitting hard over the past decade, with natural disasters, droughts and floods becoming increasingly frequent and increasingly severe. Poor people and the least developed countries are especially vulnerable to these effects, although they have contributed least to global greenhouse gas emissions.

Dutch cabinets have shown an increasing commitment to climate action, including in their development policy and through support for developing countries. Combatting climate change has been a priority topic in Dutch foreign policy, in particular in development cooperation, since around 2013, when Minister Ploumen for Foreign Trade and Development Cooperation issued the policy note *A World To Gain*.¹ In 2015, the Paris agreement led to a renewed commitment to address climate change worldwide, in domestic and international policy. When Minister Kaag issued her policy note in 2018, the Sustainable Development Goals and the integration of climate change as a cross-cutting issue were introduced, suggesting an ever more ambitious policy.

At the same time, national and international action has fallen short to meet the international climate financing targets.² And neither has international action been sufficient to achieve climate mitigation targets, to keep global temperature on the trajectory towards a rise below 1.5 or 2 degrees Celsius.

The urgent need to take action and address climate change, and the Dutch commitment to international climate targets evoke a number of questions: have development cooperation and foreign policy in the field of climate been ambitious enough to implement the Paris agreement? Has Dutch international climate policy achieved its objectives? Has its finance for developing countries been in line with Dutch commitments? Has it supported both climate mitigation and adaptation? Have Dutch climate activities reached the countries and people that they intended to support?

This periodic policy review will assess Dutch climate policy for developing countries in the period 2016-2021, with the aim of allowing for learning and supporting accountability. It will focus on international policy to support developing countries in reducing greenhouse gas emissions (mitigation) and adapting to climate change (adaptation), as led by the Ministry of Foreign Affairs' IGG department. This review will therefore assess the effectiveness of policy interventions in the field of climate finance, climate mitigation, climate adaptation, and diplomacy. It will also consider questions of coherence and relevance in and among these fields.

Although climate adaptation has come up to some extent in earlier IOB reviews on water (2017) and on food security (2017), and mitigation has partly been dealt with in an IOB evaluation of renewable energy policy (2015), the present review will serve as the first periodic policy review of Dutch international climate policy as such. It will focus on support to developing countries, including and beyond expenditures under article 2 of the budget for Foreign Trade and Development Cooperation (BHOS)³.

The present review will provide insights and recommendations for the new cabinet, which was inaugurated in January 2022 and has expressed high ambitions for Dutch climate policy. A review of climate policy will be especially valuable for the Inclusive Green Growth Department (IGG) of the Ministry of Foreign Affairs (MFA), which manages BHOS article 2 and provides reports on Dutch climate finance. In 2021, climate policy was put on DGIS's Strategic Evaluation Agenda. IGG has also started drafting a new international climate strategy, which can also be informed by IOB's preliminary findings.

¹ MFA (2013), *A World to Gain. A World to Gain | Report | Government.nl*

² In 2019, developed countries provided and mobilised 79.6 billion USD climate finance for developing countries, while the goal was to reach 100 billion USD by 2020, as shown by the OECD report of 25 October 2021: [Statement from OECD Secretary-General Mathias Cormann on climate finance in 2019 - OECD and *Climate Finance Provided and Mobilised by Developed Countries: Aggregate Trends Updated with 2019 Data* | en | OECD](#)

³ BHOS Budget Article 2: Food security, Water and Climate.

These Terms of Reference (ToR) will be complemented by more elaborate terms of reference for the studies that will form building blocks for the periodic policy review. This document will describe policy instruments and resources (Chapter 2), formulate the aims and research questions of the review (Chapter 3) as well as the scope and methodology (Chapters 4 and 5). For an explanation of the key concepts used in this text, please see annex B.

1.2 Positioning

The present study on climate policy for development will serve as a periodic policy review of climate related activities and expenditures. This review will cover climate relevant activities from the Foreign Trade & Development (BHOS) budget. Most of them stem from budget article 2, for the sectors food security, water, climate and energy.⁴ It will therefore answer some basic questions, especially around the effectiveness of the climate policy of BHOS.

This periodic policy review will synthesise the results of three evaluation reports, which serve as building blocks:

- a study on climate finance (a separate report was published in Summer 2021),⁵
- a study on climate diplomacy (report expected in late 2022) as well as
- a study on climate change adaptation (report expected in late 2022 or early 2023).
- a light assessment of Dutch supported climate mitigation activities (results to be included in the report of this review).

This periodic policy review report on Dutch climate policy for developing countries will provide a synthesis of the building blocks, with conclusions, lessons learned and recommendations for future policy. It will identify common threads and overall findings on the effectiveness, relevance and coherence of international climate policy for development, and where possible on its efficiency.

Earlier IOB reviews provided insight into the policies with regard to renewable energy (2015), water (2017) and food security (2017), with limited links to climate policy. These reviews did not cover climate policy as a whole. The current periodic policy review will concern climate policy for developing countries, including climate relevant interventions outside of budget article 2.

Relation with the periodic policy review on Coherence under budget article 2

In 2021 DGIS/IGG, in consultation with IOB, identified both climate policy and coherence (with a focus on article 2) as topics for the Strategic Evaluation Agenda, because both topics are policy priorities and considered of strategic importance.

This periodic policy review on climate policy is therefore conducted in parallel to a periodic policy review focusing on coherence, entitled "Coherence of Dutch policy and effects on food security, water and climate in developing countries". The periodic policy review (PPR) on coherence will provide an overview of the policies and expenditures covered by BHOS budget article 2, while this PPR will provide an overview of all climate relevant BHOS expenditure in 2016-2021.

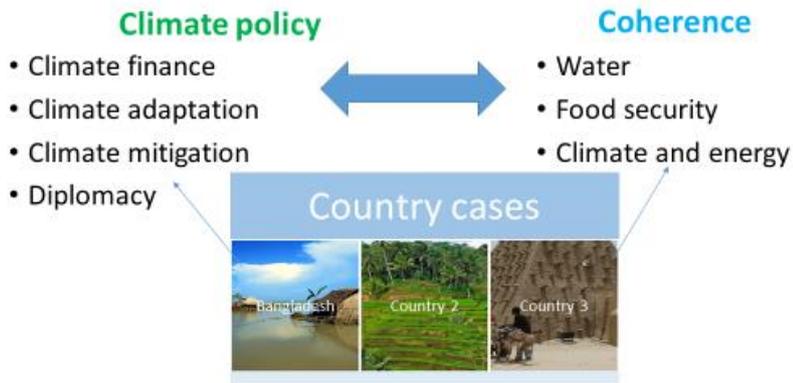
The two reviews - on climate policy and on coherence - will feed into one another. There will be some overlap: the one on policy coherence will also look at climate relevant activities and policy. The three country case studies carried out for the coherence study will contain evaluation questions on climate action in those countries, and the three countries will also serve as case studies for the building block on adaptation. Thus, the three country case studies will provide input for both this periodic policy review on climate policy and the review of policy coherence.

⁴ A smaller part of climate relevant activities is funded mostly from BHOS articles 1 (economic development), 3 (social development) and 5 (multilateral organisations).

⁵ IOB (2021). Funding commitments in transition: Dutch climate finance for development 2016-2019, IOB report 488.

Figure 1: Picture representing the links between the reviews on climate policy and coherence

Periodic review BHOS article 2, 2016-2021



Other climate policy evaluations

It is worth noting that at least two other evaluations on Dutch climate policy are ongoing, which focus on domestic policies. First, an IOB study on the Dutch contribution to EU policy is considering including a case study on climate-related files.⁶ Secondly, in 2021 the Ministry of Economic Affairs and Climate started an interdepartmental evaluation of Dutch domestic climate policy overall, excluding foreign policy. The current IOB review will not study the effects of Dutch and EU climate policy in the Netherlands and in the EU, because it will focus on the effects on developing countries. The IOB research team will stay informed on these two other evaluations and the two IOB research teams (the one on climate diplomacy and the one on the EU) will look for synergies between their evaluations. Together, the three ongoing evaluations - although not all-encompassing - will reflect an assessment of Dutch climate diplomacy.

⁶ A related IOB evaluation on Dutch coordination for the benefit of its input in EU policy, which was finalised recently, also included a small climate-related case study, on CO2 emissions.

2 Policy

2.1 Policy development

Government-wide climate commitments and responsible ministries

In 2015, the Paris agreement - a legally binding treaty - stipulated that financial flows should be made "consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". Following the agreement, all policies should be aligned with its climate goals. Also in 2015, the Netherlands adopted the Sustainable Development Goals and the 2030 Agenda. A discourse of transformative change for economically, socially and ecologically sustainable development has since become dominant in international development policy and has been reflected in BHOS policy.⁷ Thus, all Dutch ministries should apply the international commitments in a coherent manner and Dutch climate policy extends far beyond article 2 and beyond development cooperation.

In the Netherlands, the Ministry for Economic Affairs and Climate (EZK) is responsible for and coordinator of domestic climate policy overall. The delegation to the COP UNFCCC negotiations is also led and coordinated by this ministry. The Minister for Trade and Development coordinates international climate and environmental policy and is responsible for the development assistance budget. The Ministries of Infrastructure and Water and the Ministry for Agriculture are responsible for parts of domestic policy (see annex C for some details). The MFA's IGG department and its budget article 2 - on water, food and climate action for development - is part of Dutch development cooperation, but again, the climate commitments it promotes extend far beyond development cooperation.

Over the past decade, climate change has become a priority topic in foreign policy, in particular in development cooperation. Climate action largely consists of mitigation and adaptation; see annex B for some more details. The increased priority given to climate was evidenced in 2013 and 2018 in the BHOS policies presented below.

Rutte II cabinet

The importance of climate change was clearly articulated in 2013, when Minister for BHOS Ploumen issued the policy note *A World to Gain*. Before 2013, climate mitigation in developing countries had been promoted primarily through support for renewable energy, with a large and dedicated programme. From 2013, energy policy was integrated into a new policy priority topic of climate change.

During the Rutte II cabinet, climate 'mainstreaming' was intensified more generally, integrating climate considerations and climate targets throughout development cooperation. This led to more finance for adaptation, and more finance reported as such.

From around 2013, cooperation with the private sector became increasingly important. More and more partnerships with the private sector were sought and new funds for mixed public-private sector investments, or blended finance, were set up.

In 2015, there was renewed momentum and political commitment around climate action. The Paris agreement of the Conference of Parties of the UN Convention on Climate Change offered a framework for national and international action, alongside the 2030 Agenda for Sustainable

⁷ Transformative change is associated with a normative aspect as UNRISD described (2016): "In the case of transformation, it is necessary to identify pathways to transformative change [that are] (i) progressive (in a normative sense of social justice), (ii) systemic (addressing various factors simultaneously and in an interrelated way), and (iii) long term [...]." Source: <https://www.unrisd.org/flagship2016-chapter8>. and chapter 1 [flagship2016-chapter1](https://www.unrisd.org/flagship2016-chapter1) (unrisd.org). Systemic change is a more neutral term. In this policy area and for this review, on climate policy for developing countries, however, ecological and social sustainability are relevant.

Developments with the 17 Sustainable Development Goals (SDGs). The Paris agreement stipulated for the first time that all financial flows should be aligned with climate targets.

Indeed, the Dutch budget for climate relevant finance has much increased since 2015, in large part stemming from the ODA⁸ budget. Climate mainstreaming was pursued first and foremost in the priority sectors of water and food security. This was facilitated by subsidiary budget article for climate, energy and natural resources being part of the same BHOS budget article as water and food security: article 2.

In the same period, subsequent cabinets introduced some budget cuts and did not fully stick to the international donor commitment to contribute 0.7% of GDP to ODA.⁹ Some critics have suggested that climate mainstreaming and increased private sector funding was meant or hoped to offset diminished direct contributions to climate relevant funds and programmes, including in renewable energy.

Rutte III cabinet

Minister Kaag, who took office in October 2017, maintained the major priorities of her predecessor, including promoting action on climate change as a cross-cutting priority. Her policies and priorities were reflected in the policy note Investing in Global Prospects; and this note identified responding to climate change as one of the overarching goals.

During the reporting period 2016-2021, the Netherlands increasingly became an advocate for adaptation to climate change. In 2018, cabinet announced a Dutch Fund for Climate and Development of 160 million euros, with an emphasis on adaptation. The Netherlands, with the Ministry of Infrastructure and Water in the lead, also helped set up a Global Climate Adaptation Centre, hosted by the Netherlands, in 2018. It also organised a Climate Adaptation Summit in January 2021.¹⁰

In 2018-2019, a team for climate diplomacy was set up within the Inclusive Green Growth department to encourage other (non-EU) countries to increase their climate ambitions, in cooperation with the Climate Envoy and other ministries.

2.2 Policy aims

The 2015 Paris climate agreement provides the overall framework for Dutch international climate policy in the research period. Since the BHOS policy note Investing in Global Prospects of May 2018, "promoting sustainable and inclusive growth and climate action worldwide" has been one of four priority policy aims. According to a DGIS Theory of Change (TOC) of November 2018, the aim was climate resilient economic growth in developing countries.¹¹ Figure 2 below illustrates this TOC, as reconstructed by IOB.

Dutch international climate action and climate finance aim to reduce greenhouse gas emissions (mitigation), promoting sustainable energy and reducing deforestation. Dutch climate action and finance also aim to enable people, in particular in developing countries, to adapt to a changing climate (adaptation). Climate adaptation has been actively integrated (mainstreamed) into Dutch development cooperation, based on the idea that poor and vulnerable people need to be empowered and enabled to deal with the negative effects of climate change, i.e. to increase their

⁸ ODA or Official Development Assistance as defined by and reported to the OECD's Development Assistance Committee.

⁹ This refers to commitments in the context of the Organisation for Economic Cooperation and Development (OECD), Development Assistance Committee.

¹⁰ In the run-up to COP26, the Netherlands also took the initiative to set up a 'Champions Group for Adaptation Finance'.

¹¹ As to the 2018 TOC, while climate diplomacy came to the fore as a climate policy priority in Fall 2018 following a plea by the Secretary-General of the UN to Prime Minister Rutte, this DGIS TOC on climate change of November 2018 does not elaborate on climate diplomacy much. Note also that IGG KL is currently drafting an international climate strategy and is considering updating the TOC on climate policy, including climate diplomacy.

resilience.¹² Also, the Netherlands aimed to increase international finance for adaptation in developing countries, advocating a suitable balance between mitigation and adaptation and suggesting that around half of climate finance should support adaptation.

Dutch climate diplomacy, which has become increasingly prominent, has primarily aimed to increase non-EU countries' climate ambitions, especially as regards mitigation and more specifically their ambitions as expressed in so-called Nationally Determined Contributions.¹³ A lobby campaign was set up in late 2018, coordinated by a team of around 7.5 staff positions (including some new positions) within the Inclusive Green Growth Department. The IOB evaluation of climate diplomacy, which will be one of the building blocks for this periodic policy review, will focus on the campaign conducted by this team in the run-up to COP26.

DGIS Theory of Change on climate, 2018

In November 2018, the Directorate-General for International Cooperation (DGIS) published Theories of Change for its major policy areas, including climate, water and food security, drafted by the IGG department.¹⁴ For climate, the overarching goal of the ministry was "climate-resilient economic growth". Since 2018, the notion of transformative change and a holistic view of sustainable development - as promoted by the UN Agenda 2030 and the Paris agreement - has become more ingrained in Dutch development policy (see text box 2 below).

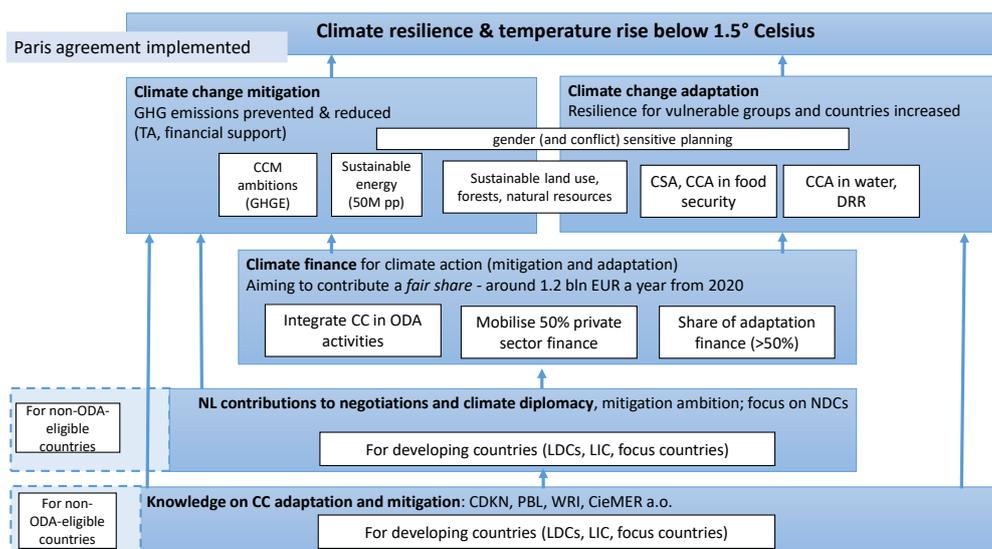
In developing countries, Dutch efforts aim to 1) mitigate: reduce climate change, and 2) allow people to adapt to a changing climate. Special attention would be paid to the most vulnerable countries and groups, including women and girls. Figure 3 below represents the Theory of Change on climate policy schematically, as reconstructed and adapted by IOB, including elements from the DGIS Theories of Change on water and food security. The aims in the top layer reflect the ones that follow from the Paris agreement rather than the objective of climate-resilient growth that was mentioned in DGIS' TOC documents in 2018. This figure illustrates that climate finance, climate diplomacy and knowledge are considered means to achieving mitigation and adaptation.

Figure 3. Theory of change of the climate development cooperation policy for developing countries, as reconstructed by IOB (based on three TOCs by DGIS/IGG from 2018 - revised version).

¹² The Netherlands has applied a mainstreaming policy strategy for climate adaptation within existing development programmes from the early 2010s, at first chiefly in food security and water management. It has promoted alignment of climate change more broadly into all development cooperation and policy especially since the 2015 Paris climate agreement.

¹³ The Paris climate agreement requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions. NDCs concern countries' post-2020 climate actions. Dutch diplomacy focused on mitigation ambitions, lobbying the largest emitters of greenhouse gases. The IGG team coordinated an interdepartmental task force and cooperated closely with the Dutch Climate Envoy, who works for both the MFA and the Ministry of Economic Affairs and Climate. Thus, climate diplomacy became a new and conspicuous policy ambition.

¹⁴ The Hague. Ministry of Foreign Affairs (2018b). [Theory of Change Klimaatverandering](#). *Narratief*. DGIS, IGG, Den Haag.



The five policy objectives mentioned under the DGIS Theory of Change for climate are as follows. They are implied in the figure above:

1. Enhanced access to renewable energy and reduced GHG emissions. Cooperation with the private sector is mentioned.
2. Reduced deforestation and increased sustainable use of land.
3. Water and food security. There are two separate DGIS Theories of Change on these topics.
4. Stronger international climate action by a constructive contribution to multilateral climate change negotiations, including supporting nationally determined contributions (NDCs).¹⁵
5. A reasonable Dutch contribution – or 'fair share' – to the common donor commitment of USD 100 billion per year for climate action in developing countries. DGIS aimed to enhance the climate relevance of all activities under the development cooperation budget. The Netherlands also strove to mobilise private sector funding amounting to 50% of this contribution¹⁶.

In addition, the Netherlands aimed to benefit the people who are most vulnerable, including women. A gender perspective was to be mainstreamed throughout Dutch development cooperation.

In 2019, the IGG team for climate diplomacy drafted a Theory of Change (TOC) on climate diplomacy, focused on a lobby campaign to increase other countries' ambitions. In late 2021, the IGG department informally drafted a new TOC for "Climate (diplomacy)" for 2022. In the IOB evaluation of climate diplomacy, we will examine these theories of change more closely and will reconstruct another TOC, with a focus on advocacy and mobilisation of stakeholders involved.

Currently, IGG is drafting a new international climate strategy, in coordination with an interdepartmental task force, looking towards 2030.¹⁷

¹⁵ Nationally Determined Contributions, which are national climate ambitions and plans in the context of the UNFCCC.

¹⁶ This aim, reflected in the DGIS TOC on climate (2018), was discussed for instance in a debate in parliament on 20 June 2013.

¹⁷ Source: e-mail message by IGG staffer of 11 January 2022, including a message by IGG director. The strategy was also announced in a letter to parliament of 11 February 2022, "Elaboration coalition agreement Climate and Energy" sent by Minister for Climate and Energy Jetten.

Assumptions

The DGIS TOC on climate (2018) describes the context of Dutch policy as follows. Most developing countries acknowledge the urgency of climate action, but do not have the capacity, knowledge or technology nor the financial means for it. They require assistance in those fields, as well as help to attract climate investments. The private sector needs to contribute for the international community to be able to achieve the objectives. A fundamental economic transition is required, which comes with challenges and opportunities, such as innovation and green growth.

The DGIS 2018 Theory of Change promoting climate mainstreaming in development assistance is underpinned by a more narrow discourse and assumptions, while there has also been a more holistic discourse to address climate change: a discourse about transformational change and global action in line with the Paris agreement and the 2030 Agenda for Sustainable Development (see Text box 2).

In IOB's reconstructed TOC, taking into account also policy developments after 2018, examples of assumptions relevant to this review include the following:

- a balanced mix of mitigation and adaptation activities is warranted because both policy aims are important;
- climate finance covers the range of Dutch climate policy objectives and target countries and target groups are reached;
- public climate finance mobilising private sector finance is additional i.e. it leads to actions and results that would not otherwise have been achieved;
- the Netherlands has a role to play in promoting mitigation targets in other countries;
- knowledge contributes to better climate action, in line with evidence-based long-term strategies.

In this review, IOB will study the validity of the assumptions underlying the (reconstructed) TOC, including the ones listed here.

Text box 2: A holistic discourse, in line with the Paris agreement

There is an alternative narrative to the one on climate resilient growth. Climate, environmental and social activists and experts maintain that economic growth in a capitalist system is and has long been unsustainable, that the West has long lived beyond its means with an enormous ecological and carbon footprint, that the international economic system has disproportionately benefitted the rich and deprived the poor of access to (natural) resources and a stable climate. Transformative or transformational change, as promoted by the 2030 Agenda for sustainable development, requires a radical and holistic way of thinking, with a view to securing development and resources beyond national borders as well as for future generations, "leaving no one behind". Such a discourse requires a high level of policy coherence and applies far above and beyond the climate and energy sectors.

In addition, the Paris agreement has committed Parties to align all financial flows with the internationally agreed climate targets. This implies that climate considerations must be integrated, or mainstreamed, into all government policy.

According to the DGIS TOC of 2018, the Netherlands focuses on a limited number of topics where it can add value with its knowledge and skills, the assumption being that Dutch strength lies in for instance the water sector and the food and agricultural sector.

According to the more holistic, alternative discourse, our assessment of Dutch climate policy for development should keep sight of the ultimate goal of sustainable development and the mainstreaming of climate throughout Dutch policy. IOB will therefore address the most important assumptions of this holistic discourse in the evaluation questions on relevance and coherence.

Policy dilemmas

Dilemmas and challenges for policy makers that follow from the above TOC and assumptions include the questions below, which IOB will take into account when answering the evaluation questions (see chapter 3):

- What kind of climate action should development cooperation, with its limited means (policy, finance and diplomacy), focus on: mitigation, adaptation, poor, vulnerable and/or least developed countries or middle income countries?
 - Should mitigation action focus on middle income countries that are bigger emitters, where there are opportunities for scaling up renewable energy and attracting investments is easier?
 - Should Dutch support focus on the low income countries and developed countries, as well as poor and vulnerable groups including women?
- Should Dutch climate finance particularly aim at mobilising private sector funding?
- Or should it focus on providing ODA for non-commercial activities that support 'global public goods', services and access to water and food?
- How can Dutch climate policy and actions ensure coherence with international commitments, the needs and priorities of developing countries and poor people, as well as coherence with long-term strategies for sustainable development?
- Is it possible to pursue different policy aims through climate policy at the same time: poverty reduction, inclusion, innovation, private sector engagement and Dutch economic interests?
- Can the Netherlands promote climate action by non-EU countries while it is lagging behind in achieving its own, domestic targets and objectives regarding the reduction of GHG emissions?

2.3 Instruments

International climate policy has in large part been the remit of the Minister for BHOS, who is responsible for the coordination of international climate policy as well as international environmental policy, and for expenditures under the development cooperation budget (ODA). Other ministries involved in climate policy include the Ministry for Economic Affairs and Climate, the Ministry of Infrastructure and Water, as well as the Ministry of Agriculture, Nature and Fisheries (see annex C for some details).

This periodic policy review will focus on development cooperation, but where relevant it will also study foreign policy more broadly. Note that most of the Dutch climate finance qualifies as ODA, some of it is non-ODA. A significant part of it is paid from article 2 of the BHOS budget, as explained in section 2.4 below.¹⁸

Instruments of this policy are as follows.

¹⁸ In 2016-2019, 1,231 million of climate finance (provided and mobilised by public funds) was from BHOS budget article 2, or 70% of total climate finance.

The **development cooperation (BHOS) budget** funds numerous climate relevant activities, marked by the OECD Rio climate markers. Section 2.4. and its tables provide more details on Dutch climate finance and the relevant development activities.

Covered by this budget are **specific financial instruments** that finance climate mitigation and adaptation activities. First and foremost, the Dutch Fund for Climate and Development of 160 million euros, which was set up in 2018 (by the new cabinet at the time) to support climate investments in developing countries, especially adaptation projects, in cooperation with private investors. Other examples are the Access to Energy Fund and Climate Investor One, which support renewable energy projects. In all three funds, FMO¹⁹ plays an important part, as a fund manager. Examples of multilateral funds that the Netherlands contributes to are the Green Climate Fund and the Least Developed Country Fund. They are 100% climate relevant. IFAD's agricultural programme ASAP and the Beira programme in Mozambique are examples of climate adaptation programmes funded by the Netherlands.

Some **partnership programmes** led by NGOs that the Netherlands supports are also climate relevant, such as the Strategic Partnership Partners for Resilience, led by the Netherlands Red Cross and the Dialogue and Dissent programme Citizen Agency Consortium led by HIVOS.

The Netherlands also supports renewable **energy programmes** for developing countries which are 100% climate relevant such as EnDev and ESMAP.

Instruments also include diplomatic efforts, known as **climate diplomacy**. A climate campaign team at IGG, referred to in 2.1. above, as well as the Climate Envoy are essential elements of Dutch climate diplomacy.

2.4 Resources

In the research period 2016-2021, the Netherlands has spent around EUR 3.3 billion of public funding to support climate activities in developing countries. In addition, the Dutch Ministry of Foreign Affairs has invested substantial staff capacity to promote climate action in other countries.

Funding

The foreign policy budget for international cooperation (HGIS, including the Ministry of Foreign Affairs' budget) is used to support international climate policy. Large part of this qualifies as ODA.²⁰ The total amount of Dutch public climate finance for development for 2016 up and until 2021 is estimated to be around 3.3 billion euros.

There is no separate budget envelope for climate finance. Climate relevant activities within development cooperation are financed from several articles of the budget for Foreign Trade and Development Cooperation (BHOS, in Dutch), with large parts managed under budget article 2 by the Inclusive Green Growth department. Sub article 2.3 of the BHOS budget is used to finance some specific climate funds and programmes. In fact, most climate relevant expenditure comes from other budget areas, notably the ones on food security (2.1) and water (2.2). In addition, private sector climate finance that is mobilised by public finance is also reported as Dutch climate finance. The IOB report on climate finance, serving as a building block for this periodic policy review, explains all of this in more detail.²¹

Rio markers

¹⁹ FMO is the Dutch development finance institute, or entrepreneurial development bank.

²⁰ Overseas Development Assistance, as defined by the OECD Development Assistance Committee.

²¹ IOB (2021). Funding commitments in transition: Dutch climate finance for development 2016-2019, IOB report 488.

The Netherlands, like almost all DAC donors, follows the OECD DAC guidelines for the Rio climate markers to calculate climate finance expenditure. It is the only internationally agreed system, but is not very precise. In fact, the reporting on amounts spent differ significantly among donor institutions.

Climate relevant development activities are identified and reported according to the OECD/DAC climate markers as either 40% or 100% climate finance, i.e. significantly or fully climate relevant, as explained in box 1 below. Some multilateral organisations are not marked according to these 40/100% indicators but rather through 'imputed shares', following a calculation of the share of their expenditures that is climate relevant.

Box 1 *The Rio markers for climate relevant development assistance*

The Netherlands uses the procedures described in the '[OECD DAC Rio Markers for Climate – Handbook](#)' (OECD DAC 2016b).

The main distinction between climate (mitigation or adaptation) as '**principal objective**' and '**significant objective**' is:

Principal: The activity would not have been funded (or designed that way) but for the explicitly mentioned climate objective; 100% of the support is reported as climate finance.

Significant: The climate objective is explicit, but not the main driver of the activity; 40% of the support is reported as climate finance. Like many other donors, the Netherlands considers this percentage to be a reasonable estimate of the average climate contribution of projects that have climate change adaptation or mitigation as a significant objective.

The table below, from the IOB report on climate finance, presents the climate relevant expenditures under BHOS-article 2 in 2016-2019. This article makes up the largest part of climate finance for developing countries.

Budget article	Total disbursement	Climate relevance	Climate disbursement	% of total climate finance
2.1 Food security	337	33%	110	25%
2.2 Water management	189	40%	76	17%
2.3 Climate, energy, natural resources	198	84%	166	28%

The IOB study on climate finance found that in the four-year period 2016-2019, the Netherlands provided around 2 billion euros public climate finance to support developing countries. This is about 9%-12% of the annual ODA expenditure in this period.²² The amount of public climate finance in 2020 (reported to the EU) was 608 million euros and the amount for 2021 was 638 million euros. The total amount of Dutch public climate finance for development for 2016 up and until 2021 is expected to have been around 3.3 billion euros.

²² IOB Climate Finance report: Funding commitments in transition: Dutch climate finance for development 2016-2019, IOB report 488 ([Climate Finance](#), May 2021). Figures e.g. on expenditures in 2020 and 2021 will be updated for the periodic policy review report.

To put these figures in perspective: the Netherlands estimated its own 'fair share' in the commitment to support developing countries at EUR 1.25 billion²³ annually from 2020. This amount includes mobilised private finance, in addition to the public finance it has provided. In 2019, the Netherlands spent EUR 581 million on public climate finance. That year, another EUR 752 million²⁴ was mobilised from the private sector. For 2020, the amounts reported to the EU were EUR 608 million public funding and EUR 592 million mobilised private sector funding. For 2021, the amount of public climate finance was EUR 638 million, while 620 million private sector climate finance was mobilised that year. The IOB study on climate finance²⁵ has shown that the Netherlands achieved its own informal 'fair share' target: it exceeded the target of EUR 1.25 billion in 2020.²⁶

In the period 2016-2019, over 50% of Dutch climate finance went to climate change adaptation interventions, slightly less than a quarter went to climate change mitigation and the remainder consisted of a mixture of both.²⁷ This is in line with the previous cabinet's commitment to achieve a balance of around 50-50% between funding for adaptation and mitigation.

Climate relevant activities

To provide a picture of the kind of development projects that DGIS has funded, a list of the biggest climate expenditures in 2016-2019 is presented below. This list has been adapted from the evaluation of climate finance (IOB, 2021).

Table 2. *Activities with the largest adaptation, mitigation and undetermined climate disbursements (2016-2019)*²⁸

Activity	Climate adaptation disbursements	Proportion adaptation
SP S&T Rode Kruis (Partners for Resilience)	€ 41,563,000	100%
IDH 2016-2020	€ 25,736,000	40%
UNICEF WCARO	€ 21,387,676	40%
DDE ASAP	€ 20,000,000	100%
Dutch Fund for Climate & Development	€ 20,000,000	50%
	Climate mitigation disbursements	Proportion mitigation
Access to Energy Fund	€ 40,000,000	100%
Climate Investor One	€ 29,221,594	100%
DMW BMZ partnership	€ 28,574,839	100%
Dutch Fund for Climate & Development	€ 20,000,000	50%
ESMAP FY2017-2020	€ 18,864,131	60%
DMW Access to Energy Fund	€ 16,680,016	100%

²³ This share represents 4.8% of the EU's 33% of the developed countries' commitment to support developing countries with USD 100 billion per year, in the context of the COP UNFCCC – but this fair share was not formally adopted by the government. See IOB's Climate Finance report for more information (May 2021).

²⁴ Source: Ibid. If we include the funds mobilised by EIB, as in the HGIS report on 2019, the amount reaches EUR 864 million.

²⁵ IOB (2021). Funding commitments in transition: Dutch climate finance for development 2016-2019, IOB report 488.

²⁶ The IOB report on climate finance also noted that the Paris agreement calls for all financial flows to be consistent with the international climate targets and that all policies should be aligned with the commitments. When assessing Dutch climate policy, coherence issues in domestic policies such as support to the fossil fuel sector should be taken into account.

²⁷ The following provides an update for the public part of Dutch climate finance. The HGIS report (2020) on 2021 noted that of all public climate finance EUR 116 million (20%) benefitted mitigation and EUR 263 million (46%) adaptation. The report (2021) on 2020 noted that in that year, EUR 179 million (28%) was spent on mitigation and EUR 325 million (51%) on adaptation. The rest was unspecified.

²⁸ Adapted from table 5.3. of IOB's evaluation of climate finance (MFA, 2020).

	Climate disbursements	Proportion climate finance
Global Environment Facility	€ 66,786,100	66-70%
African Development Bank	€ 60,139,396	12-22%
Green Climate Fund	€ 59,800,000	100%
IFAD	€ 47,499,584	46-70%
DDE ORIO	€ 30,499,745	23%

Staff and representatives

The Ministry of Foreign Affairs' staff and representatives are involved in implementing climate policy: not only IGG staff and DGIS staff more broadly (Directorate General for International Cooperation), but also the Directorate General for Foreign Economic Relations (DGBEB), as well as embassies and other missions.

In particular, these MFA representatives promote climate action by other countries (climate diplomacy) and support developing countries where needed with development projects, technical assistance, liaising with Dutch businesses and experts and so on. Climate diplomacy takes place in multilateral (EU, UN etc.) as well as in bilateral settings.

In 2021, the Inclusive Green Growth department had around 16 policy officers working on climate change, notably at its climate section, and 10 on energy and natural resources more generally. Other IGG policy officers include 14 staff working on water and around 13 on food security - these sections are expected to integrate climate change considerations in their work. From 2019 up and until 2021 there has been a special team working on climate diplomacy, with around three full-time staff and several part-time officers (a total of 7.5 full-time staff,²⁹ included in the 16+10 mentioned above). In addition, other staff at DGIS, as well as the EU department, and embassies and missions, on occasion also work on climate mainstreaming and climate diplomacy. At the moment of writing, it is uncertain whether the number of staff available for climate policy and climate diplomacy will remain the same after mid-2022.³⁰

In addition to the IGG climate experts, is also a government-wide Climate Envoy, seated at the Ministry of Economic Affairs and Climate but shared with the MFA, who works for both ministries and is supported by staff from both ministries. The mandate and activities of the subsequent envoys has changed over the years, with (roughly) a focus on the UNFCCC climate negotiations in the period up and until 2015 and a bit more attention to public diplomacy in 2016-2020.

²⁹ Source: Plan of action for the climate diplomacy team, September 2018.

³⁰ As of late 2021, the team leader's position has been downgraded. Two sources stated that the MFA as a whole will get two extra staff to work on climate change.

3 Aims of the research and research questions

3.1 Aim of the research

In line with the Order on Periodic Evaluations, this review aims to provide accountability for part of BHOS budget article 2 and to provide lessons and recommendations for policymakers for an effective climate policy.

This periodic policy review will assess to what extent Dutch international climate policy (and its instruments) in 2016 up and until 2021 have been effective, achieving its objectives, with a focus on development cooperation. To the extent possible it will also assess the efficiency, relevance (fitness for purpose) as well as the coherence of the policy and instruments. Finally, this study will also identify lessons learned and recommendations for possible improvements.

Throughout this review, IOB will consider three levels of Dutch climate policy for development:

1. Is the Netherlands doing things right)? I.e. have Dutch interventions been effective, have projects been implemented effectively and efficiently?
2. Is it doing the right things? I.e. have interventions been relevant to Dutch climate policy?
3. From an overall perspective, did the Netherlands focus on the right issues and objectives? I.e. were the Dutch climate policy and other Dutch policies coherent, in their contribution to the Paris agreement?

More in detail, our research pursues the following objectives:

1. To examine to what extent the aims and objectives of Dutch international climate policy, as described in chapter 2, were achieved in the period 2016-2021 (**effectiveness**), in the following fields:
 - Climate finance - this forms a significant part of the development cooperation budget and of BHOS budget article 2 in particular;
 - Climate diplomacy - a new, visible, political and ambitious priority terrain in Dutch climate policy since late 2018;
 - Climate adaptation - a policy priority for the Netherlands, narrowly intertwined with water and food security.

These topics will be evaluated separately. The three reports will form building blocks for the periodic policy review.

Climate mitigation will not be covered in a separate IOB evaluation, because it was partly covered in the IOB evaluation of climate finance (including for renewable energy), as well as in an evaluation on energy policy (IOB, 2015).³¹ It will also be dealt with in the evaluation of climate diplomacy. Climate mitigation will be covered as a chapter in the periodic policy review.

2. To examine the **relevance and coherence** of Dutch climate policy for developing countries: the relevance of the climate policy for the Paris agreement and the coherence of all Dutch policies.
3. To examine the **efficiency** of Dutch efforts - to the extent possible - in terms of
 - a) resources and staff deployed, instruments of policy, costs and benefits;
 - b) appropriateness of the selected priorities and impact pathways, given the alternatives.

³¹ IOB (2015): Beleidsdoorlichting Nederlandse bijdrage aan hernieuwbare energie en ontwikkeling | Rapport | Directie Internationaal Onderzoek en Beleidsevaluatie (IOB) (iob-evaluatie.nl)

4. To draw **lessons** and come up with **recommendations** for future Dutch international climate policy for development, with a focus on support to developing countries.

We will identify such lessons and recommendations on 1) climate finance; 2) climate adaptation; 3) climate diplomacy; and if possible on 4) climate mitigation. The report will also identify knowledge gaps and provide suggestions for further monitoring, evaluation and learning, with a view to informing the next Strategic Evaluation Agenda.

3.2 Research questions

The **central research question** for this review will be as follows:

How has Dutch international climate policy supported developing countries?

IOB will assess the results of Dutch climate policy for development and assess whether they were in line with the policy objectives, keeping in mind the three levels of effectiveness described above. The report will also identify lessons to be learned.

The following sub-questions will guide the research, with a focus on international climate policy and development cooperation:

1. **What was Dutch climate policy** for development in 2016-2021?
 - What were the policy objectives?

The periodic policy review will describe the policy and its objectives, reconstructing a Theory of Change, or policy theory. It will describe the instruments, expenditures and activities of the Dutch (MFA's) policy for climate for development; as well as how they have changed over the years and why. It will identify and validate the assumptions underlying the policy (and TOC).

In the description of Dutch climate policy and climate finance, IOB will pay particular attention to climate change adaptation. We will describe how the Netherlands contributed to climate adaptation in developing countries, with which instruments, expenditures and activities.

In the evaluation of climate diplomacy, we will describe the policy objectives, the efforts undertaken, in particular, the lobby campaign conducted from late 2018 up and until 2021, and reconstruct a TOC on the topic.

2. To what extent was Dutch climate policy relevant?

2a. Was Dutch international climate policy in line with the Paris agreement and with Dutch commitments?

We will examine whether Dutch international climate policy for development was in line with the Paris agreement and other commitments that the Netherlands made. We will assess whether this policy made the right choices and selected the most relevant areas of interventions. In this context we will study the priority setting: does the Netherlands focus on areas where it adds value? And we will identify whether alternative choices might have been more effective.

Finally, we will assess whether target countries and groups of Dutch development policy and activities were reached and whether an equitable share of climate finance was spent on adaptation.

2b. Was the Dutch public contribution to public-private climate finance and did it reach its development objectives?

We will assess to what extent Dutch public climate finance in public-private partnerships and blended finance was additional, especially whether it was additional to private sector finance.

2c. How do the different Dutch climate finance instruments for climate action cover the various policy objectives?

We will compare the climate relevant expenditures and instruments with the objectives and targets set by the policy makers. We will analyse the portfolio and analyse what instruments cover which priority policy themes.

In addition to analysing the climate relevant project portfolio, we will assess to what extent these instruments complement, or conflict with, one another, focusing on their impact in developing countries.

In addition, we will study whether the approaches and instruments used were fit for purpose, appropriate and efficient, in as far as such an assessment is possible. We will assess whether the instruments were financially additional to other financing instruments and whether and where they added value in terms of development outcomes.

3. How effective was Dutch climate policy?

Was the implementation of Dutch policies effective? To what extent were Dutch interventions well executed?

In our assessment of climate adaptation and climate mitigation, we will study the effectiveness of Dutch interventions. We will assess what results were achieved and whether the objectives were reached. As regards climate adaptation, we will especially study interventions in the water and food security sectors.

We will also assess to what extent the climate diplomacy campaign (2018-2021) achieved its objectives. We will review how effective Dutch climate diplomacy was as an instrument to promote ambitions in the fields of (first and foremost) mitigation and adaptation.

In addition to planned achievements, we will study unintended or unforeseen effects of Dutch interventions.

4. Was Dutch climate policy sustainable? Did it contribute to transformative change: sustainable change, transformation of sectors or systems? Were the results of the interventions replicable, scalable and resilient?

We will assess whether sustained impact has been achieved or is likely to be achieved, i.e. whether results are sustainable, scalable, and resilient, as a minimum in one of the country cases for the evaluation of climate adaptation. We will identify which factors have hampered the sustainability of results of climate action for development.

5. How coherent was Dutch climate policy?

5a. Was Dutch climate policy for developing countries coherent?

- Was it aligned with the Paris agreement and the Sustainable Development Goals?
- Was it aligned with developing countries' priorities, with international strategies and commitments, and harmonised with other donors?
- Was it aligned with long-term strategies for sustainable development, i.e. climate resilient, green and inclusive growth for developing countries?

5b. How coherent was other Dutch policy, in relation to the Paris agreement and other international climate agreements?

- Were other Dutch policies (other development policies, foreign policy and domestic policy) consistent with Dutch climate policy and the Paris Agreement?

We will assess whether Dutch policies and activities have been climate-sensitive and climate-smart, with a focus on development cooperation, but also looking beyond that to other policies. We will also take into account whether Dutch domestic and international policies were at odds or in harmony.³²

Requirements by the Order on Periodic Evaluations

This periodic policy review shall as a minimum cover the aspects prescribed by the Order on Periodic Evaluations (RPE). They include a description of the information needs of policy makers, an overview of relevant evaluations as well as an overview of relevant expenditures. The RPE also requires a Theory of Change of the policy over the reporting period. Furthermore, the RPE prescribes an assessment of the effectiveness and efficiency of the relevant instruments. This shall be complemented by an analysis of the reasons for such effectiveness and efficiency, or ineffectiveness and inefficiency, alongside lessons learned and recommendations.

³² The answers to these questions 5a and 5b on coherence will make use of some of the findings of the study for the periodic policy review on coherence, which IOB is conducting at the same time, inter alia the findings from three country cases.

4 Scope

4.1 Time period

This periodic policy review of Dutch policy will cover the period 2016 up and until 2021. The IOB evaluation (building block) on climate finance focused on the 2016-2019 period, but this periodic policy review will complement that with an update for 2020 and 2021. The evaluation on climate diplomacy (the second building block) will cover the period 2018-2021. Finally, the climate adaptation evaluation (the third building block) will cover the period 2016-2021.

4.2 Activities

This periodic policy review will cover international policy on climate change - adaptation and mitigation - and especially related activities, projects and efforts, with a focus on activities managed by DGIS at the Ministry of Foreign Affairs. This review will focus in particular on activities that are reported as climate finance and funded from article 2 of the BHOS budget. The study will however extend beyond that to climate relevant finance³³ and activities from other budget articles and, where relevant, other Dutch ministries (including non-ODA and reflected in the HGIS budget). It will also extend to climate diplomacy including and beyond the bilateral lobby campaign led by IGG, i.e. diplomacy by other Dutch departments (sections and ministries) and representations (such as embassies).

Examples of climate relevant funds and programmes and a list of the biggest climate expenditures in 2016-2019 were given above, in sections 2.3 and 2.4 (table 2).

Categories of interventions relevant to this evaluation are as follows. They are reflected in DGIS' Theory of Change for climate of November 2018, as well as an internal IGG TOC on climate diplomacy from 2019 and one from 2021/2022.

1. Programmes and investments in renewable energy and forests a.o., including through multilateral and financial institutions (mitigation finance);
2. Programmes and investments in climate adaptation, notably in the water and food/agricultural sectors (adaptation finance);
3. The promotion of international climate finance and the promotion of transparency of climate finance reporting (climate finance and diplomacy);
4. International and multilateral initiatives and interventions, such as organising conferences (diplomacy);
5. Mobilising, motivating and facilitating climate ambitions and climate action, inter alia in the context of the UNFCCC; the establishment of networks, partnerships and alliances, notably with likeminded countries; in this context, communication and messaging, inter alia for the bilateral lobby campaign, including lobbying by ministers and during trade missions (diplomacy);
6. Public diplomacy and supporting NGOs, with a view to increasing support for climate action (diplomacy);
7. Interventions to enable and offer knowledge, technical assistance and expertise on climate change (finance and diplomacy).

This periodic policy review will not deal with domestic Dutch climate policy and EU climate policy, because the remit of this study is foreign policy and development cooperation; except (1) where national and international policy overlap and (2) where national policy is found to be conspicuously incoherent with international policy and commitments.³⁴

³³ Climate relevant finance are activities that have received a Rio climate marker in the administrative systems and are reported to OECD/DAC and UNFCCC as climate finance. The Rio marker system is explained above.

³⁴ See chapter 2 for an explanation how international climate policy links with national policy and stakeholders. IOB will keep itself informed on the ongoing periodic policy review of domestic climate policy, which was started in 2021 and is led by the Ministry for Economic Affairs and Climate.

4.3 Regions/countries

This periodic policy review will focus mainly on developing countries, because the bulk of relevant activities concern development projects covered by the ODA and HGIS budgets. It will however also concern other climate relevant activities, i.e. projects and diplomatic efforts, which take place in a large and varied group of countries.

This study will complement - and to some extent overlap with - the IOB review on coherence. Both studies will profit from three country studies, one on Bangladesh (almost finished), and two other countries (Mozambique and one other, to be determined). These countries are selected because the Netherlands has a long-standing (development) relationship with them and/or they are active in several article 2 sectors and offer interesting ground for research on coherence as well as climate change. These country case studies will also provide information for the evaluation of climate adaptation.

The evaluation of climate diplomacy is planned to focus on two case study countries that were targeted by the lobby campaign. Because the bilateral lobby campaign focused on large emitters, which are usually richer, these two are expected to be other countries than the country case studies for the coherence study.³⁵

³⁵ Priority countries for the climate diplomacy campaign were mostly G20 members - bigger economies - and generally not traditional development cooperation partners, which are often low or lower middle income countries.

5 Methods and limitations

5.1 Research methods

This periodic policy review will provide a synthesis using the findings and conclusions of the building blocks. It will include a summary, overall conclusions and recommendations. New elements in the periodic policy review report will be a description of Dutch climate policy for development in the period 2016-2021, as well as a section on climate mitigation.

The methodology for the evaluation of climate diplomacy and climate adaptation will be elaborated in separate Terms of Reference.

The building blocks will provide parts of the review as follows:

- An evaluation of Dutch climate finance, carried out in 2020-2021 and finalised in May 2021.³⁶ It made use of (1) a portfolio analysis, (2) an analysis and document review of evaluations of some of the bigger climate relevant funds and programmes, in particular those combining public and private finance, and (3) interviews and a literature review to understand the policy and its context.
- An evaluation of Dutch climate diplomacy, planned to finish in late 2022, with a focus on the role of the IGG climate diplomacy team. This team coordinated the campaign launched in late 2018 to lobby non-EU countries to increase their climate (mitigation) ambitions. The study will reconstruct the policy theory and assess the Dutch contribution to these countries' increased climate ambitions. IOB is planning to use qualitative comparative analysis as well as a light form of process tracing here. It will apply an analytical framework to identify the Dutch contribution to agenda setting, and possibly to discursive change and policy change. The study intends to focus on two country cases where targeted diplomatic efforts were undertaken. These cases will probably be different from the countries studied in the periodic policy review on coherence.
- An evaluation of climate adaptation is expected in early 2023. IOB is considering to build this evaluation on 1) a literature review, 2) a synthesis of evaluations of projects with a Rio marker for climate adaptation, and 3) the three case studies for the IOB periodic policy review of coherence.³⁷ In context of the review on coherence, the report on the first case study on Bangladesh has almost been finalised, including findings on climate adaptation interventions in the water sector.

To complement the information from the three building blocks, the review will present findings and conclusions on climate mitigation based on (1) the portfolio analysis of climate relevant activities (e.g. on energy, forestation and clean cooking) as well as (2) a limited assessment of the effectiveness of such mitigation activities, using existing evaluations.

The periodic policy review of coherence (with a focus on policies and interventions under BHOS article 2) will inform all of the building blocks of the evaluation of climate policy and vice versa. The three country cases will also provide input especially on Dutch diplomacy and adaptation projects in those countries.

The three building blocks and the additional information on mitigation are illustrated in figure 4. Mitigation is given a lighter colour because there will not be a separate evaluation report.

³⁶ MFA (2021). Funding commitments in transition: Dutch climate finance for development 2016-2019, IOB report 488.

³⁷ A literature review on adaptation impact pathways will also feed into this study; this review was carried out by three WUR students in late 2020: "Document review of climate change adaptation effects on food security and water (2020-2021)". It provided evidence for the effectiveness of some impact pathways, notably (1) water, sanitation and hygiene and (2) nature based solutions. Reference / hyperlink to their report:

Figure 4: Picture representing the building blocks and topics of this periodic policy review.

Evaluation of climate policy for developing countries



This periodic policy review will use several methods, which will be elaborated in the terms of reference of the building blocks:

- a stakeholder analysis;
- a reconstruction of the Theory of Change, using Dutch policy documents, including IGG's TOC from 2018, the one from 2019, and the draft one for 2022. A specific TOC may be needed for climate diplomacy and for climate adaptation;
- a document review on international goals, targets, commitments, policies and strategies, to inform the evaluation of climate finance and the reconstruction of the TOC;
- a portfolio analysis of climate relevant finance (mostly ODA but also non-ODA activities);
- an assessment of the effectiveness of interventions based on project evaluations; this will be reflected in a synthesis of evaluations (i.e. finance and adaptation);
- a light qualitative comparative analysis to assess climate diplomacy in countries targeted by the Dutch campaign;
- case studies, to assess Dutch efforts in two countries in the evaluation of climate diplomacy, applying an analytical framework, and a light form of process tracing;
- field visits and interviews in three case study (developing) countries for the evaluation of climate adaptation;
- interviews with policy makers, experts, diplomats and practitioners, to inform the three building blocks, as well as the reconstruction of the TOC;
- (option) a survey addressed to relevant Dutch embassies, for the evaluation of climate diplomacy.

Please see table 3 for an overview per building block.

In line with the requirements of the RPE, the final periodic policy review report will cover

- a description of Dutch climate policy for development, its objectives, and a policy theory or reconstructed Theory of Change;
- a portfolio analysis of climate relevant expenditures;
- findings, conclusions and recommendations on climate finance, climate adaptation and climate diplomacy, as well as a light review on climate mitigation.

5.2 Selection of sources, activities and interventions

For the evaluations on climate diplomacy and climate adaptation, we will select two country cases each, according to selection criteria that will be explained in their respective Terms of References. We will study the relevant Dutch interventions in those policy fields. We will also evaluate Dutch finance (policy and expenditures) more broadly in the evaluation report on climate finance. Throughout the research, we will aim for synergies with the periodic policy review on policy coherence and its three country cases.

To describe policy, we will make use of policy documents such as policy notes, letters to parliament, multi-annual plans, and instructions to embassies. We will also use authoritative reports, notably the ones on climate finance as written to UNFCCC and Dutch parliament. Where available, we will also use existing (effect and impact) evaluations, i.e. evaluations carried out by other evaluators, to verify information about results obtained from Dutch policy makers and implementing agencies, who may be biased towards a positive assessment of their own work.

To study effectiveness, relevance and coherence, we will use the country case studies, including portfolio analyses and evaluations of climate relevant project activities, as well as interviews and document reviews.³⁸ Again, details will be elaborated in the TOR for the building blocks.

To analyse the portfolio and assess climate finance, the database on activities to be used will be the MiBZ as well as IATI and other systems used by the MFA. This analysis will be particularly relevant for project activities that risk being neglected otherwise: i.e. activities that fall outside of the case study countries and for climate mitigation activities that will not be covered in one of the building blocks. This portfolio analysis will also help determine which evaluations of project activities to study in more detail for an assessment of effectiveness, relevance and coherence of climate relevant expenditures.

As explained, separate Terms of Reference will be elaborated for each of the building blocks (finance, diplomacy and adaptation), with more details on sources, interventions and methodology. For clarity, the building blocks are represented schematically, non-exhaustively, in the table below.

Table 3. Selection criteria, methods and sources per building block

Building block	Selection criteria	Method and sources
Climate diplomacy Focus on lobby campaign to raise ambitions in other countries; with 2-3 country cases	<ul style="list-style-type: none"> part of CD where most capacity went = bilateral lobby campaign countries where the embassy made a visible effort and cooperated with the campaign team. countries that were on the list 20 countries most targeted by the climate diplomacy team; countries where Dutch development cooperation, foreign policy and trade interact. 	Policy reconstruction Survey under embassies, Qualitative comparative analysis, Process tracing, contribution analysis and/or an analytical framework on policy influence Through: <ul style="list-style-type: none"> Interviews Survey Document review
Climate adaptation with 3 country cases and impact pathways	<ul style="list-style-type: none"> Activities marked as CCA relevant (Rio-markers) Countries with big climate relevant development 	<ul style="list-style-type: none"> Field visits with interviews Portfolio analysis

³⁸ The MFA's so-called development cooperation results page presents results that the Netherlands has claimed, providing an additional source for this periodic policy review. The webpage shows figures focusing on the areas of renewable energy, forests, climate smart agriculture, climate and water, and climate diplomacy. <https://www.nlontwikkelingssamenwerking.nl/#/results/themes>. This results page presents the number of people reached in 2020 with access to renewable energy, the extra surface of forest that is managed sustainably thanks to Dutch support that year, the number of people profiting from improved water management, and the number of farmers who became more resilient to climate change in that year.

	<ul style="list-style-type: none"> programmes, esp. water and agri-food sector Countries where climate, water, food a.o. Dutch activities co-exist, for coherence study Variety of countries 	<ul style="list-style-type: none"> Probably a literature review for impact pathways
Climate finance ³⁹ with a chapter on additionality and blended finance	<ul style="list-style-type: none"> All activities reported as Dutch climate finance (to UNFCCC, EU and parliament), with a focus on article 2 of the BHOS budget Activities mobilising private sector climate finance 	<ul style="list-style-type: none"> Portfolio analysis Assessment of effectiveness based on evaluations, incl. targets and groups reached Document review Ex-ante and ex-post evaluation of additionality of some CC relevant projects
Climate mitigation (no separate report)	Activities marked as CCM relevant (Rio-markers)	<ul style="list-style-type: none"> Portfolio analysis Limited assessment of effectiveness, relevance and coherence based on existing evaluations.

For our assessment of effectiveness, relevance and coherence of Dutch activities - including those beyond the country cases - we will select a limited set of activities. We will apply the following principles for this selection:

- The set of activities will cover themes, sectors, channels and instruments with the biggest and most conspicuous climate relevant expenditures (i.e. with climate markers for adaptation and/or mitigation).
- The set will cover the diversity of activities:
 - various IGG topics and sectors
 - various financing instruments (including ones that mobilise private sector finance)
 - partnerships with private sector as well as NGOs
 - bilateral activities, funded by embassies
 - bilateral activities funded by central (e.g. IGG) funds
 - multilateral activities
 - diplomatic efforts, as evidenced by messages in the MFA communication system.
- Covering combinations of topics:
 - activities concerning multiple topics and sectors;
 - interventions involving development projects as well as diplomacy;
 - expenditures including innovative (pilot) projects and large-scale programmes.

5.3 Limitations

For this periodic policy review, IOB will assess efficiency only in as far as possible. For instance, in the evaluation of climate finance, we assessed the additionality of funds and programmes that combined public (ODA) and private funding. This provided an indication of the efficiency of the use of public funding for climate action in developing countries. We will also compare activities with a similar objective, in a qualitative manner. We will do this notably in the evaluation of

³⁹ Again, this evaluation report, dealing with the period 2016-2019, has already been published (IOB's [Climate Finance](#) report: Funding commitments on transition, May 2021) but figures e.g. on expenditures in 2020 and 2021 will be updated.

climate adaptation, where a document study on impact pathways is foreseen. To the extent data are available and comparisons are possible, we will try to compare the cost-effectiveness of different types of interventions, or combinations of interventions, aiming for the same results. In the evaluation of climate diplomacy we will possibly include a light comparison with campaigns by one (or two) other donor country (/countries). Finally, in the periodic policy review on coherence within BHOS budget article 2, we will address the matter of inefficiencies due to inconsistency and lack of coordination and those conclusions can be used for the current review on climate policy.

However, assessing the efficiency of the total of Dutch climate policy for development will be much more complicated, because the exact costs associated with the deployment of MFA staff for this policy area - which is a major resource - are unknown. We can only cover the question on efficiency in the narrow sense (cost-benefit analysis) in as far as project evaluations available provide information on this.

Other limitations are as follows. As regards climate finance, this periodic policy review will not fully examine the climate relevant finance that is managed by the Ministry of Finance (AIIB and IDA contributions), nor the climate relevant finance that the EU disburses with Dutch contributions. The reason behind this is they are not part of the MFA budget nor of the BHOS budget, which is the subject of this review. Moreover, this review focuses on development cooperation policy, which does not have a large influence on the contributions to AIIB, IDA and EU (remittances to the EU being obligatory). The evaluation on climate diplomacy will study the Dutch input in the government boards of the multilateral development banks to a limited extent.

Finally, we will only study activities reported as climate finance, which are activities marked with an OECD DAC climate marker.⁴⁰ However, climate relevance is not strictly defined, the Rio climate marker methodology is not very precise - and neither is 'the mobilisation of private sector finance' clearly defined. Therefore we will probably miss some Dutch development cooperation activities that are climate relevant and some non-ODA interventions that are climate relevant (and we risk studying a few activities that are not very relevant because they received a Rio-marker by mistake). Adaptation is the same as 'good development', some experts say. This limitation is not an impediment to the major part of the periodic policy review, since it will be more qualitative than quantitative in nature.

5.4 Ethical considerations

There is a risk that our recommendations about climate finance and climate ambitions become overly political in nature, i.e. reflecting a subjective opinion or conviction of the evaluation team. In the final report for the periodic policy review, we will ensure that recommendations do not preclude political decisions and that they will be based on evidence from the underlying reports. Where relevant, we will present policy options rather than preferred pathways.

For other risks with ethical aspects, see section 6.3 below.

⁴⁰ This means that climate relevant 'imputed' (calculated) parts of core funding to multilateral funds and programmes will not be explicitly assessed in this periodic policy review.

6 Planning and risk analysis

6.1 Planning

The tentative planning is presented in the table below.

Table 4: Planning

Element	Date
Evaluation on climate finance - published	August 2021
Meeting internal quality control group (KBG)	December 2021
<ul style="list-style-type: none"> • Second meeting KBG • First meeting reference group 	March 2022
Approval ToR	May 2022
<ul style="list-style-type: none"> • Third and fourth meetings KBG • Second meeting reference group 	September- November 2022
Delivery climate diplomacy study (building block 2)	March 2023 t.b.d.
Delivery climate adaptation study (building block 3)	June 2023 t.b.d.
<ul style="list-style-type: none"> • Fifth meeting KBG • Third meeting reference group 	February 2023 t.b.d.
Validation meeting with policy makers (mostly IGG)	March 2023 t.b.d.
Delivery draft final report	May 2023
<ul style="list-style-type: none"> • Sixth meeting KBG • Fourth meeting reference group 	June 2023
Presentation to ministers MFA/BHOS and parliament, publication	November 2023

6.2 Products

IOB expects to deliver the following products in the context of this periodic policy review.

Table 5: Products

Product	Language
Final report of the periodic policy review in PDF The reports of the building blocks: <ul style="list-style-type: none"> • Climate Finance (May 2021) • Climate Diplomacy (December 2022) • Climate Adaptation (February 2023) 	English
Executive summary	Dutch and English
Meeting(s) with Dutch policy makers	Dutch
Webinars with experts, evaluators and / or various policy makers	Dutch and/or English

6.3 Risks

For this evaluation the following risks are taken into account:

Table 6: Risks

Description	Impact	Likelihood	Mitigation	Risk after mitigation
Delays	Large	Medium	1) Limiting the scope of the evaluation and/or abandoning an element or case study (e.g. one country case) and/or seeking synergies with the periodic policy review on coherence. The building blocks can also be limited further in scope, especially the evaluation on climate adaptation and the light study on mitigation. 2) Adding extra capacity to the team	Medium
Travel restrictions	Small	Medium, because of COVID-19 restrictions, which have been winding down	Replace one of the three field visits for the adaptation study with online interviews or select another country	Small

Another, general risk is that interviewees and experts contacted may have an interest in positive findings on their interventions and/or ambitious recommendations in the report, to enhance the chance of continuation of their activities. For instance, policy officers may be inclined to promote a more ambitious agenda and a bigger financial envelope for climate finance for developing countries. We will offset this risk by interviewing and consulting other stakeholders, for instance experts from other countries who don't have an interest in positive findings about Dutch policy and efforts. Furthermore, the current cabinet intends to adopt a more ambitious climate policy and in this context IOB's conclusions and recommendations are expected to be welcomed by policy makers (including IGG).

7 Organisation

7.1 Research team

The evaluation will be executed by the Policy and Operations Evaluation Department (IOB) of the Dutch Ministry of Foreign Affairs. IOB operates independent of the policy directorates and has an independent position within the Ministry of Foreign Affairs. The research team will consist of the following people.

Table 7: Research team

Name	Role
Marit van Zomeren	Project leader, contact person
Pim de Beer	Evaluation on climate finance (portfolio analysis), evaluation on climate diplomacy and evaluation on climate adaptation, part-time
Ferko Bodnar	General lead on coherence study / periodic policy review of article 2. Researcher for evaluation on climate finance, evaluation on climate diplomacy and evaluation on climate adaptation, part-time
Jelmer Kamstra	Evaluation on climate adaptation, country case coherence, climate diplomacy
Martine de Zoeten	General support (intern), focus on climate adaptation in one case study country, part-time

An external consultant was hired for advice for the study on climate finance, an expert on evaluating additionality and blended finance. For the study on coherence, ECPDM was assigned to carry out two separate preparatory studies.

7.2 Internal peer review

Inter-collegial quality control will be done by the following members of the IOB staff:

Table 8: Peer review group

Name
Rob van Poelje (chair)
Bas Limonard
Rafaela Feddes
Joep Schenk (climate finance)
Kirsten Lucas (climate diplomacy)
Martine de Groot (overall, coherence study, country cases)

7.3 Reference group

The evaluation is supervised by a reference group. It will be the same or almost the same as the reference group for the evaluation on coherence, and will likely consist of the following members:⁴¹

Table 9: members of the reference group

Name	Position/organisation	Role in reference group
Rob van Poelje	Cluster manager development cooperation, MFA: IOB	Chair
Climate finance and climate policy generally: Carel de Groot and Frank van der Vleuten	IGG	Representatives policy directorate
Climate diplomacy: Leonie van der Stijl and Carel de Groot	IGG	Representative policy directorate
Anne Eva Thiadens	FEZ	Representative of MFA's financial department
Evaluation (building block) on climate finance: Marcel Beukeboom	former climate envoy, current PR FAO	Representative of Government, expert on climate and food security
Evaluation (building block) on climate diplomacy: Jaime de Bourbon, to be confirmed	current climate envoy	Representative of Government, expert on climate
Rob van den Berg	i.a. King's College, London	External expert (sustainable development)
Gerardo van Halsema	Wageningen University & Research	External expert (food security/sustainable agriculture)
Maarten van Aalst	Red Cross and Red Crescent Climate Centre	External expert on climate (adaptation and diplomacy)
Carolien Klein Haarhuis	IRF, Ministry of Finance	Representative Min. Finance

For the study on climate finance, which has already been finalised, not all of the people above participated but some extra experts took part in the reference group: representatives of FMO (David Kuijper) and the DGIS/DDE Task Force Innovative Finance (Jesse d'Anjou).

⁴¹ For the evaluation of climate adaptation, a different composition of the external reference group is being considered, allowing for specific expertise.

Annex A Bibliography

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- *Theory of Change Klimaatverandering. Narratief*. DGIS, IGG, The Hague.
- *Theory of Change Voedselzekerheid. Narratief*. DGIS, IGG, The Hague.
- *Theory of Change Water. Narratief*. DGIS, IGG, The Hague.

OECD (2021). *Climate Finance Provided and Mobilised by Developed Countries: Aggregate Trends Updated with 2019 Data | en | OECD*

Annex B Key concepts

Climate diplomacy is the use of diplomatic tools to support the ambition and functioning of the international climate change regime and to attenuate the negative impacts climate change risks pose. Climate diplomacy means prioritising climate action with partners worldwide: in diplomatic dialogues, public diplomacy and external policy instruments.⁴² Diplomatic tools include diplomats and their skills, but also their tools such as negotiated agreements including trade agreement, treaties, conventions, alliances and accords. Climate diplomacy is usually a form of "moral diplomacy".

The IOB evaluation on climate diplomacy - a building block for this periodic policy review - is planning to focus on the lobby campaign to increase non-EU countries' climate ambitions, which ran from December 2018 up until now. It was focused on increasing mitigation ambitions in the Nationally Determined Contributions in the run-up to the 26th Conference of Parties of the UNFCCC (Glasgow, November 2021).

Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change (source: UNFCCC).⁴³ Climate finance in development cooperation (ODA) is calculated making use of Rio climate markers as defined by the OECD DAC.

Climate change adaptation means adjusting ecological, social or economic systems in response to actual or expected climatic stimuli and their effects; these can be changes in processes, practices and structures. Adaptation action includes enhancing the capacity to adapt, strengthening resilience and reducing vulnerability to climate change. (source: UNFCCC).

Resilience, a concept related to adaptation, refers to the capacity of a system to cope with and adjust to a hazardous event or trend (IPCC 2014 and WRI 2018). In development cooperation it often refers more specifically the capacity of a community or an ecosystem to cope with negative events, to adapt and recover.

Climate change mitigation entails efforts to reduce or prevent emissions of greenhouse gases; more specifically to reduce the amount of emissions released into the atmosphere and to reduce the current concentration of carbon dioxide (CO₂) by promoting renewable energy and enhancing sinks (e.g. increasing the area of forests).

⁴² Definition from [What is Climate Diplomacy? | Climate-Diplomacy](https://climate-diplomacy.org/what-climate-diplomacy) <https://climate-diplomacy.org/what-climate-diplomacy>. This site adds: "Furthermore, climate diplomacy entails using the issue of climate change for furthering other foreign policy objectives" and: "Climate diplomacy also means prioritising climate action with partners worldwide – in diplomatic dialogues, public diplomacy and external policy instruments". In climate diplomacy, "moral diplomacy" is used rather than for instance the threat of force.

⁴³ Definition from UNFCCC.org, website of the UN Convention on Climate Change.

Annex C Ministries involved

The Minister for Foreign Trade and Development Cooperation is responsible for the coordination of international climate policy as well as of international environmental policy. This minister is also responsible for the development cooperation budget (ODA). The Minister of Foreign Affairs is responsible for the coordination of international cooperation more generally and a related budget (called HGIS).

Other ministries involved in Dutch climate policy include

- The **Ministry for Economic Affairs and Climate** (EZK), responsible for national climate and energy policy; EZK is host to the climate envoy. Provides the delegation leader and most of the rest of the Dutch delegations to the UNFCCC. EZK is coordinating an interdepartmental review of domestic Dutch climate policy. In January 2022, the new Rutte IV cabinet installed a separate Minister for Climate and Energy, cooperating within the Ministry for Economic Affairs and Climate;
- The **Ministry of Infrastructure and Water** (I&W), dealing with climate adaptation nationally and supporting climate diplomacy and the export of knowledge and expertise regarding water and adaptation. I&W has supported the establishment of the Climate Adaptation Centre and organised the Climate Adaptation Summit (January 2021); I&W coordinates the promotion of a circular economy.
- The **Ministry of Agriculture, Nature and Fisheries** (LNV), responsible for agricultural policy and for instance regulations around nitrogen emissions. LNV leads on the promotion of sustainable and "circular" agriculture.
- The **Ministry of Finance** is involved in the funding and governance of several multilateral development banks and other multilateral financial instruments that are climate relevant, such as the Green Climate Fund, the European Investment Bank and the Asian Infrastructure Investment Bank.