

## Season 3. Episode 11: Reframing Dutch Aid: Steven Collet on Mutual Interests and Smart Partnerships in 2026

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**Hisham Allam:** Hello everyone. Welcome to DevelopmentAid Dialogues. I'm your host, Hisham Allam. Today we are focusing on a question that is on a lot of minds in the international development world. What is really changing and what matters most when it comes to how donors finance development in 2026. Budgets are shifting, priorities are under pressure, and everyone's trying to figure out what comes next.

So, we are joined today by an exceptional voice in international cooperation. Steven Collet, Deputy Director-General of International Cooperation at the Ministry of Foreign Affairs of the Netherlands. Steven is a change maker with global credentials. He has worked as a diplomat in Tanzania and Vietnam, taken leadership roles in sustainable development and played a key part in IDH, the Sustainable Trade Initiative. With the Netherlands facing major shifts in how it finances aid we will dive deep today into development financing trends for 2026, looking at things from the donor perspective. Steven, welcome to DevelopmentAid Dialogue podcast.

**Steven Collet:** Thank you for having me.

**Hisham Allam:** Steven, the Netherlands is making some notable reduction in its development aid budget. What is motivating these changes and what impact do you think they will have on long-term priorities for the country?

**Steven Collet:** Thanks for being in the show and it's very good to unpack this topic. And as you said in your introduction there's quite a number of countries which are reducing their development budgets. And I think it's wise to unpack and to look in what's behind it and what it also means as you asked for.

Now in our case for the Netherlands. Our current government has indeed decided to reduce its ODA budget as a way of dealing with austerity in our national budgets. And it means, that reduction is 2.4 billion euros. Now, that is on the one hand a lot of money on the other hand the remaining budget is about 3.5 billion euros a year, which is excluding our financing to the International Development Association so lending to poorest countries. It's excluding our support to humanitarian aid and reconstruction for Ukraine. And it's also excluding the budget for the first-year asylum seekers in the Netherlands from developing countries, which is capped to 10%.



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And that is a bone of contention in the lots of discussion around ODA is that many donors finance a lot of their ODA to receive asylum seekers in their own countries. So, we have capped that to a maximum of 10% of the cost. So that saves a lot of money for development. So, my message is, whilst we do face budget cuts, and we are going down from 0.65% percent of GDP to 0.5% we still also have a considerable budget, and I think we're still like a number seven on the ODA ranking of the OECD DAC. Now, this is not the competition. I think the most critical is - what does it mean? Where does it come from and where does it go to? We had our general elections two weeks ago (Editor's note: general elections in the Netherlands were held on October 29, 2025).

So, after over a year, we are now already seeing elections in the Netherlands, and there is a new coalition in the making, and they will have to decide themselves what will be the next budgetary envelope. I would say this is not the final verdict. It could be different. And for you to say is that the parties which are now negotiating for a coalition government in the Netherlands, they all have a more positive outlook on ODA in their party programs. But we have to find out what it means in terms of the overall budget envelope.

Now, what is behind it, I think is a few things. I think all over Europe, that donors need to grapple with the fact that their governments have committed to more expenditures on defense. And that relates of course, with the reduction of dependency from the United States with the war at our borders, the Russian aggression.

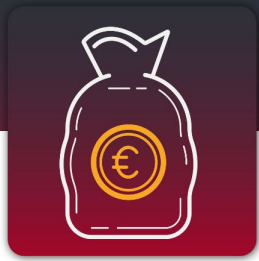
And governments need to increase their defense spending all the way up to 5% of their of GDPs. So that's quite a lot also for our government which can influence all sorts of expenditures, including ODA. And I think what's also undercurrent is that many governments also see that the public support for ODA is changing. Whilst there's a lot of solidarity and also in our society and lots of individuals they support NGOs and private initiatives we support for government playing the role there is shifting. And for us that means that we need to really unpack that and understand this public sentiment.

And what we see is that there is still a very considerable support for development, which is based on mutual interests. So, we need to understand that people want to understand why do we do this? Why does the government spend our taxpayer's money in these countries? We see there's a lot of solidarity for humanitarian aid and at the same time we also see that people want to understand why we support our neighbors in the Middle East in Africa, and we can explain that and we should explain that better.

**Hisham Allam:** As you have said, collaboration seems to be evolving everywhere. On the humanitarian side, with less support for civil society. How does the Netherlands handle sudden crisis and still keep NGOs involved?

**Steven Collet:** On the humanitarian side, basically there is no, or only very limited budget reduction. As the Netherlands, we have always had a principled approach to humanitarian assistance and that is uncontested in the entire political spectrum in the Netherlands.

That means that the budget will not go down on humanitarian support. And that also the way we spent that budget will remain. And that's important because we have been very much supporting flexible and un



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earmarked funding because that makes the readiness of that support a lot better. When you support without earmarking to bigger funds, for instance, a coalition of Dutch NGOs that funding can be utilized the moment it is required and wherever it is required.

So, it's not earmarked to any specific conflict or any specific part of a population or any specific form of aid and assistance. And I think that's important for all donors that, especially when they're shrinking aid budgets, that we remain as flexible and un earmarked as possible to be able to cater for a lot of conflict the moment that is required.

That's something which we have been doing and we continue to be doing through NGOs through UN-pooled funds, for instance, and say in Sudan, the terrible and horrific conflict there. Through this mechanism, we are able to flexibly fund these emergency response rooms, which is local civil society funds. And we remain committed to the grand bargain of funding local civil society.

**Hisham Allam:** Steven, that leads to the bigger picture. Across Europe development funding is under strain, as you have mentioned. Do you feel there is a risk of long-term disruption for regions that rely on Dutch and European aid?

**Steven Collet:** I think for sure because of the reduction of development budgets, which I think are projected for this year, even around 15% and last year it was already 10% less as the year before. I think because of that of course there is a lot of stress in the in the aid system.

And also in the aid system there is a priority for reduction of dependencies. It's never healthy to depend on one or two donors only as we have seen with USAID. And we should also not, have an over, over dependency on a single donors, or donors as the EU. At the same time that comes with responsibility meaning that we need to reform the system and reimagine the future of ODA and of development. Where we should look at the, in my view, critically, at the principles of development, including long-term commitments flexible or unearmarked funding locally led development and development based on partnerships which are reliable and long term.

**Hisham Allam:** Despite those risks, some donors managed to keep in following through partnerships and soft power. At IDH and elsewhere, you have leveraged your partnership and soft power. How can donors maximize influence when budgets are tight?

**Steven Collet:** In our case despite the, or maybe just because of the tight budgets, we have focused even more on the geographies, which matters most.

And those are the geographies which matters most to us, but also in terms of poverty and fragility. In our case, we have focused on Sub-Saharan Africa and the Middle East. And we have focused there on mutual interests. So, interests which are both relevant for us as for our partners.



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These are threefold. We focus on security and stability, focus on economics and trades and we focus on migration. And we do this clearly from a mutual benefit perspective, meaning that we have partnerships with countries in Sub-Saharan Africa and the Middle East, which actually are about these three areas where we try to bring in our knowledge, expertise in fields as healthcare or food security or water management, which many countries appreciate from the Netherlands. And where we try indeed to work on say, stability and security in the Sahel or the Horn of Africa by providing these social services to the population, rebuilding the trust and the social contracts bottom up.

And thereby preventing a further destabilization that populations need to make the awful choice to join the ranks of the terrorists rather than their own governments. So, this is a way where we partner with these countries in order to prevent wars happening which could also have implications at the end of the day for our own security and stability. That relates also to the migration agenda. The last thing people want to do in their lives is migrate from their homes. And because of instability, they sometimes are forced to do that. Then we need to also partner with these countries with both the origin countries, but also the transfer countries to see to it that people can remain where they are living the lives they want to live or at least in the regions. And that migration is decent, is humane, and is helping the people who are in dire needs and the people who are displaced. And thirdly on the economic envelope where we partner with countries is really to see whether their economies can be built inclusively with youngsters who are now often unemployed taking them to work for instance by adding value of their agricultural produce.

And therefore, we work, say with African countries on trade corridors to secure that they can trade within and between their countries, but also to Europe. And that is actually what I learned a lot in my previous roles, that providing markets for agricultural produce, for instance and stimulating added value in countries themselves really helps these countries to create, more productive economies and to work on employment for youngsters. And the partnership is there that we have quite a number of Dutch traders and investors and market demand which can de-risk investments into these companies. So, we have a lot of experience in actually building investment models where we can take the risk out of investment.

And we also learned that a lot of investors, they perceive a risk of investing say in female entrepreneurship, for instance, in Sub-Saharan Africa, where actually the risk of default, so of not paying back a loan is very limited in practice because people feel big responsibility for the loans they take.

So, we try to partner there also in the financial investment agenda to secure that even with reductions of ODA more private sector money and capital market money can flow to these markets.

**Hisham Allam:** Interesting. Let's talk about how the Netherlands balances its own interests with the needs of countries it supports. As policies increasingly reflect Dutch interest, trade security, migration, as you have mentioned, how do you keep global needs and partner priorities front and center?

**Steven Collet:** There's some something very interesting, and I think this is something which deserves and requires good discussions between all the stakeholders involved both in our partner countries as in our own countries, because I would say, if we do it we can come to a model which is not extractive which is not unequal, but an equal partnership. And what I mean by that is that for instance, in the field of critical raw



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materials or in the field of agricultural produce. The experience we have with our 60 years plus of development can help us really partner with countries on the basis of their needs and to build inclusive models for development, which they can use to actually have their economies in their own hands.

And by having Offtake contracts, we can buy the produce in a decent way. And as in Europe, we have quite a number of initiatives which are also stimulated by our NGOs to make supply chains more sustainable. For us the model would not be a model of extraction where we actually do what we have been doing in the past and namely, extracting natural resources from developing countries with a model of partnerships where we partner with these countries on the basis of our development experience to cater for their needs, which eventually also serves our interests. And I note from my conversations with governments in these countries, but also with young people we have an in the Netherlands and a policy advisory group of young people from the MENA region and the Sub-Saharan Africa. And this youth advisory committee also provides us with feedback on our policies, and they say if you can be very clear about your interests and if you really can add value to our economies then we can have a truly equal partnership based on mutual understanding and mutual interests.

Which is better than having as a metric partnerships or so-called development relations where we do not provide transparency about what we need, because if we do have mutual interests, we are in it for the long run. And that's a basis for trust and long-term partnership.

**Hisham Allam:** Building on that, there's now more emphasis on working directly with local partners and Dutch businesses. What new models are you seeing for balancing local impact, transparency, and shared responsibility?

**Steven Collet:** Maybe a good example is SeedNL. And SeedNL stands for a partnership with the seed sector in the Netherlands and with the research institutions and companies around it.

Which is a consortia I would say of NGOs seed companies research networks, both in the Netherlands and their partners in say African countries. Which are in dire need of seeds which are productive despite climate change. So, you should think of adaptation of seed varieties to salination to drought or the other opposite to overly humans situations. Where we try to work on a needs basis. Actually taking starting from the needs of local markets on what sort of seed varieties are required how are they being marketed in the local markets? And how can we support that?

And we do that in a number of African countries, where we actually see that productivity of farmers is increasing. That the understanding of seeds and also the science of seeds is being, utilized and where we actually learn a lot about the local situation and circumstances, which is also interesting and important for our own agricultural future because also in our country, of course, climate change has its impact.

So there, I think the seed system approach, which is systematic looking at production at science, at markets at offtake and is very localized. So, taking the local situations at hand is really productive and effective.





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**Hisham Allam:** You touched on shifting partnerships, but big multilaterals are also part of the landscape. Some support for organizations like the UNDP and UNICEF has been reduced. What is behind this move away from traditional multilateral aid and do you see any risks for that?

**Steven Collet:** Yeah, so I would not say that we shift away from multilateral aid. It is true that the more generic multilateral funds had to be cut in our budget reductions. And at the same time many of our thematic envelopes are still over 50% multilaterally funding. There is still a lot of multilateral funding and as I said before, a lot of this funding is still through un earmarked contributions.

I attached to say this because it gets me into the answer to your second part of your question what is the risk for the multilateral system? We see, of course, is that a lot of donors are reducing their support through the multilateral system, especially the UN. I don't see that trend yet in the multilateral development banks and also the EU as a multilateral institution or the support to the African Union as a multilateral institution is not being cut. So, what we see basically is focusing on the UN the United Nations system. And there we need to therefore be very careful in taking responsibility jointly on the future of that system. And the development system of the UN includes also quite a bit of overlapping mandates, which we as member states have in the course of the past decades been putting on these UN agencies.

So, unpacking that looking for efficiencies, looking for ways to better cooperate and compete less is the way forward it will be with a smaller envelope. And that can create at first more competition because all agencies dire for funding are competing more. But we are working closely together with these agencies and a group of like-minded donors to actually secure that we rearrange the mandates in such a way that we can be more efficient. And there is a lot to gain, I can tell you in terms of saving costs. But overall, the political message should be and needs to be that we work together in a rules-based order under a multilateral umbrella.

And I was in the COP meeting in Belem and before I was in Geneva at the UNCTAD meeting talking about trade and development. And there we see despite a few, very few member states not being present, the overall majority the vast majority of all the member states, they're really committed to work together for the simple reason that we cannot do without a multilateral order. We are all too small and too vulnerable to do without. And that makes it especially in these geopolitical shifts, very urgent to work together. But then all also realize that we have to do that in a more efficient way and have to save costs in that respect because it cannot be that a few member states are paying the bill for the rest.

Luckily, and maybe I can add that point. There is also solutions which are not only financial, so there's also corporations which indeed make innovations possible. Financial innovations like the tropical forest facility, which is launched in Brazil, which actually makes it possible to be custodians of the forests as an income rather than only spend money on the protection of forests. And there's a few of those examples also in the renewable energy sector, which make me also a bit hopeful that there's different partnership models building also on the private sector and the financial sector where we can be a catalyst with our development funding rather than fund the entire envelope.



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**Hisham Allam:** That put things in perspective. Now let's move into climate issues because they are also central to these big decisions. We have seen a shift in support for climate-focused projects. What's guiding those decisions and where do you think the biggest needs are now?

**Steven Collet:** The shift in climate funding from the Netherlands in the current Dutch policies is that we while maintaining our commitment to climate finance and continuing to spare our chair. We are shifting more to climate funding in the context of agriculture and water management.

And that means also a shift towards more adaptation funding. We think that the climate mitigation agenda is increasingly subject to markets like we see with renewables. We see that the cost, for instance, solar panels in the past five years has been reduced by 90%.

We see a lot of affordable technologies under markets today. So, on the mitigation side, there is less of a need, but the urgency on the adaptation side is huge, especially because of course the lowest income countries house the most vulnerable people and the most vulnerable people to climate change.

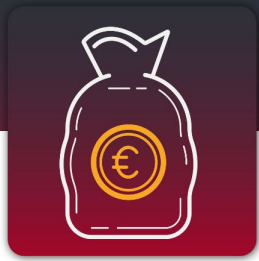
So, we need to support them in adaptation. And the Dutch policy is actually to focus on adaptation through food security and water management. And that doesn't mean that we reduce our budget for climate finance, but we do shift them. And we have always been very much in the forefront of trying to mobilize also private funding, but our public funding is fully grant-based by 60% adaptation.

**Hisham Allam:** Given those changes I want to ask about another area, the private funding of the private sector involvement. You have focused a lot on bringing private sector resources into development. Can you share a story or example where combining public and private support really made a difference?

**Steven Collet:** Maybe I can share this story. There is in the Netherlands, but also in many other countries, especially also in Europe, a big pension sector. So we have been saving a lot of money for our pensions and these pension funds they invest our pensions and thereby grow our pensions. Now we have always been looking into ways to make those investments more productive for development because it's, this is billions and billions of dollars.

And for myself also I have been looking into can we then support the pension funds by de-risking them? Maybe use ODA for guarantees so that these pension funds can easier enter the market, say of development finance. And constantly when I was looking into these models and talking with our ministry of finance, I was pushed back a little bit.

They said no, why would we de-risk the pension funds? Why can't they just finance themselves? So what we have been doing jointly with Germany and the UK governments a few years ago, we actually supported an innovative foundation from the Netherlands to actually design a new asset class where pension funds can invest into the project of the development banks and development finance institutions and thereby free up their capital for other investments and eventually, thereby free up ODA for where it's really needed as grants. This is a model which is based on the historical data of our development banks.



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So, the IFC or in the Netherlands, FMO, or you also have the World Bank or the European Bank for Reconstruction and Development they all have their data of the past decades of investments. And those data actually show that the risks and the returns of development finance are very acceptable and even profitable.

And based on this data, now this asset class is being designed, and the Dutch pension sector has been investing over a billion dollars over the past two years into these development projects of these banks. And that's fantastic news. It sounds very technical, but it means that at scale we can make investment into projects in Sub-Saharan Africa and other countries bankable investible by capital markets. And that allows for and gives space to a lot more of these investments. And as I said before, it didn't cost us a lot of ODA as I had dissipated because the risks are data driven now and they don't need to be dis de-risked with public sector money.

It's, again, it sounds technical, but it's fantastic because, it'll generate billions of dollars, which we need also for climate finance and which we don't have as a public sector, not in Europe, not anywhere else. And we hope that these models can also inspire others, say in emerging economies in Gulf States. But also, and that's also something which I want to underline in our partner countries themselves, because also the countries like Kenya or Nigeria or Egypt, they have their own capital markets. They have their own pension and insurance sectors, which also want to invest. And these models provide an roadmap of how to do those investments in a responsible way.

**Hisham Allam:** This is an encouraging and inspiring model. Another piece of the bottle is transparency. The Netherlands has become more active on international tax and transparency. How does this help make development aid more effective, especially for recipients?

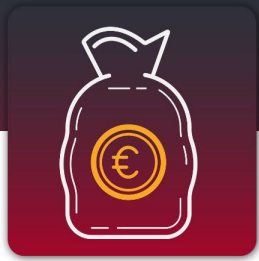
**Steven Collet:** Indeed, the Netherlands has a history of a lot of companies doing their tax business, say in the Netherlands and in and I think eight years ago, we shifted that. We wanted really to encourage more productive investments into our economy. But we also wanted to encourage that taxation is really being professionalized in countries, say also in the African continent because domestic resource mobilization is of course the cornerstone of investing into your own economy.

If we talk about being less dependent on external factors then, and we talk seriously about development finance, we should talk about taxation and domestic resource mobilization. So, what we have been stimulating a lot is in international discussion on transparency in taxation.

And this has led also to more agreements within the G20 and the G7 which are still under pressure. I have to also say honestly, in the current international situation. But we do have agreements around taxation and income tax and profit taxes in multinational companies, that operate in any emerging economies and developing economies. And that means that there is more clarity on taxation treaties. There's more clarity on the opportunities for developing countries to actually levy more taxes.

On the companies operating in these countries. And there is more support, technical support, technical assistance to the taxation authorities in these countries, and we have been stimulating that as a priority of the past years.





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**Hisham Allam:** Stepping back from strategy for a moment. Over the years in the field, if there is a shift you wish the global donor community would make?

**Steven Collet:** I think if we look forward and the shifts which are needed and we'd look at our compass, which is the SDGs we see that we are making progress in meeting the SDGs by 2030, but we know nowhere there yet. And that means that we have to find ways to continue to invest into the poorest economies to invest not independency, but in independency of these economies from the shifts of the global markets, and also of the shifts, I would say of the ODA. So, we should actually stimulate countries to build up their own economies and levy their own taxes. And that is something which we should work for together. And I think the most precious lesson I've been learning is that we can reduce dependencies from aid by building systems and supporting systems in countries, and this is an effort for the long run. So, it requires partnerships. And for partnerships you really have to be honest and transparent about the interests of all partners. And if we are in it. For the long run, we should be in it for mutual interest because then our constituents will understand why this is needed.

So, if we look into dependencies of the Netherlands and we want to reduce dependencies of say, one or two countries, we need to spread or hedge our risks like all the other countries need to do. And if we have a conversation with economies in Africa, which provides input to our economy, then we can make a business deal, which is there for the long run because we require those economies to grow.

And I'm optimistic that agenda of mutual interests and mutual responsibility can be the way forward. And it might be a way forward with declining ODA resources, but then the ODA resources also can be utilized more efficient, more catalytic, and more equal if you like.

**Hisham Allam:** Steven Collet, thank you so much for joining me today. This has been a truly insightful conversation. Your perspective on how donor adapt, set parities and still make a global difference is invaluable. To our listeners, if you found today's episode insightful, subscribe on Spotify or your favorite podcast platform. Stay tuned for more conversations with voices shaping the future of development aid, and then stay engaged, stay curious, and keep striving for impact. I'm Hisham Allam saying off. Goodbye.