

Wetlands International Responses to Netherlands Foreign Trade and Development Cooperation Policy

March 2018

Overall comments

- ✓ **Put sustainable management of land, water and natural resources at the forefront of a sustainable development and trade agenda:** The new foreign trade and development cooperation policy document highlights several global challenges such as poverty, conflict, instability, migration and sustainable growth. It highlights the need to address underlying root causes. Unsustainable use of land and water resources and degradation of ecosystems, in particular freshwater ecosystems, ranks amongst the most prominent root causes, but has received limited attention in recent years. There is a need for increased investment in conservation and restoration of natural and water resources, notably in emerging economies that experience above average environmental declines. New mechanisms are required to improve sustainability performance of Dutch businesses abroad and to ensure compliance of Dutch investment to OECD and IFC criteria.
- ✓ **Break down sectoral thinking with regards to SDG's:** There is a tendency with regards to the SDGs to focus on the targets themselves, adopting a single-sector approach. There is a need to ensure that sectoral thinking is broken down. A good example is that the better management and restoration of wetlands is indispensable to meet at least seven out of the seventeen Development Goals, such as for reducing CO2 emissions, protecting cities and shores, maintaining biodiversity, combating desertification, and provision of clean water and food. This can be operationalised for example through indicators of integration that roll out in the design and evaluation of policies and investments and in cross-ministerial and cross-departmental cooperation by the Ministry. For water-related challenges, it is furthermore key to look at the root causes of problems at the geographic scale in which they occur, involving all relevant sectors and players. We elaborate on this *landscape scale thinking* in our input underneath the questions.
- ✓ **Connect wetlands, water, peace and security and migration:** On the topic *peace and security*, today statements are often made on the need for enhanced water resources management as a prerequisite of a stable prosperous and resilient local economy. However such statements miss or underestimate the role of ecosystems in recharging groundwater, regulating floodwaters and providing a stable flow of water in times of droughts. As demands over scarce water resources increase, failure to sustain water flows to support healthy ecosystems, may cause widespread ecosystem collapse. This is a major driver to poverty, migration and conflict, mainly in drought prone regions such as the Sahel. Investing in ecosystem resilience should get more priority in order to anticipate to conflicts, in particular under the uncertain circumstances impacted by climate change which may exacerbate drought hazards, which is when we need wetlands to act as climate buffers in the landscape.
- ✓ **Acquire in-depth understanding on the functioning of social, political and bio-physical systems, across landscapes:** Lack of insight into the values and condition of water and natural resources, the position of stakeholders and the governance set-up within target regions for development aid and trade, can put investments at risk and cause unintended social and environmental impacts. This can be addressed by rooting regional strategies for development aid and trade promotion in *landscape-level system analyses* that are executed by consortia of knowledge institutes, NGOs, government agencies and private sector.
- ✓ **Address shrinking space for civil society:** In several countries we observe a squeezing space for civil society to address environmental challenges and build community resilience. Civil society organisations can play a key role in bringing actors together to share knowledge, facilitate dialogue, broker solutions, advice on policy adjustments and investment efforts, and enable community engagement. This is also important in more developed countries where the Dutch (water) footprint is large, but where there is still limited space for civil society to engage in dialogue on the responsible use of natural resources (i.e. Brazil, Malaysia, Philippines, Vietnam). The Partners for Resilience alliance helps strengthen the dialogue capacities of civil society organisations for making landscapes and cities more resilient through Integrated Risk management in policies, practices and investments.

Question 1: How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) achieve more results on the following themes: conflicts and instability, reception in the region and emergency aid?

- ✓ **Safeguarding wetlands for stability and peacebuilding:** The new policy emphasises that the Netherlands wants to tackle root causes of poverty, conflict and migration amongst others. We propose that the Netherlands in its new policy much more explicitly recognises the loss of (wetland) ecosystems as one of the most prominent root causes for human insecurity and conflict. There is widespread recognition of the link between water insecurity and human conflict, driven by anthropogenic and climatic factors. For example, the World Economic Forum's Global Risks Report 2018 points at the interconnectedness between water crises and involuntary migration, referring to mass displacement of people in Syria, the Sahel, and the Horn of Africa due to the intersection of drought, political instability, and war. However, the relationships between the health or resilience of wetland ecosystems, management of water resources and human security and conflict remain poorly recognized, in particular wetland-dryland interdependencies. As demands over scarce water resources increase, failure to sustain water flows to support healthy ecosystems, can cause widespread ecosystem collapse. This is a major driver to poverty, migration and conflict, mainly in drought prone regions such as the Sahel. Climate change will exacerbate hazards in relation to water stress, making it even more important to ensure the resilience of the ecosystems which can act as climate buffers. Investing in ecosystem resilience should be stepped up in order to anticipate to conflicts. With the Dutch water expertise and knowledge and CSO partners, the Netherlands can make significant steps in:
 - Promoting investment in maintaining and restoring wetland ecosystem resilience in target regions such as Sahel, Horn of Africa and countries in North Africa, for example through the identification of critically important wetlands, evaluation of those under threat or actively degrading, pathways towards practical and cost-effective solutions for sustaining and restoring wetlands and their catchments. and actively raising awareness of this in the Defence, Diplomacy, Trade and Development community
 - Working to de-risk development trajectories and investments that threaten wetland health, including through promoting land landscape scale risk assessments. We propose to encourage Dutch private sector operating in hazard prone landscapes to take a risk-informed approach and advice BRIC investors which have growing influence in the Sahel, Horn Of Africa and North Africa to make sustainable strategic choices.

Question 3: What new priority areas could the government identify? Resources are limited and we need to make choices. So we'd also like to ask: what priority areas could do with less attention?

- ✓ **The Netherlands as a champion on wetland issues:** Adjusting the focus of trade and aid to address root causes of insecurity is a very welcome step. While climate change is of course part of the story – and is exacerbating many hazards, it is evident that underlying problems of water scarcity and floods that play out at a landscape scale need to be addressed as a priority. Wetlands are critical (climate) buffers in the landscape, storing and regulating surface and ground water, protecting coasts, and providing water that supports community subsistence, livelihoods, and local to national economic outputs. Despite these critical services, they are still declining faster than any other ecosystems in the world, as a result of mismanagement of land and water resources. Typically it's the poorest and most disadvantaged communities, in particular women and children, who are hit the hardest when a disaster occurs. They are often the least able to withstand and recover from the impacts and have the least say in managing the natural resources on which they depend. There is hence an urgent need to step up policies, investments and practices for wetlands and their services as an integral part of development, climate action and peacebuilding. We believe that the Dutch government could take wetlands issues forward as a champion, since the country is largely a wetland and arguably has the leading edge capacity and experience in technical management, governance, and hosts some of the foremost civil society organisations in the world in the field of wetlands.
- ✓ **De-sectoralise water management:** The Dutch government is a world leader in water management and its long-standing commitment to promote this expertise to help solve some of the worlds water-related problems is very welcome and continues to be important. However, too often this approach has

promoted Dutch water sector expertise through IWRM frameworks and counterpart national water Ministries and agencies, sectoralising water management. We propose that the Ministry promotes closer cooperation between agencies and ministries, for example those responsible for wetlands, water, agriculture and energy. Currently, in particular short-term threats to wetlands are often not tackled as they are not the business of the water actors and IWRM responses tend to be too slow. Also the trade agenda needs to be integrated in this thinking, ensuring that at least Dutch investments (both by private sector and government supported) will not negatively impact natural and water resources. Civil society organisations can play a key role in bringing actors together to share knowledge, facilitate dialogue, broker solutions, advice on policy adjustments and investment efforts, and enable community engagement. The experience with good practice in managing water in the Netherlands can also be better used as an example.

Question 4: What innovative solutions could the Dutch government, NGOs and the private sector promote with a view to 1) reducing CO2 emissions (climate mitigation) and 2) helping societies adapt to climate change (climate adaptation)?

Current public private partnership facilities such as Partners for Water and the Sustainable Water Fund allow for the testing and upscaling of a broad range of innovations related the management of land, water and natural resources. However these facilities are bound by strict project timelines, geographies and project requirements. As a result it has been difficult to consistently pitch innovations wherever opportunities emerge and consequently a scattered array of innovations exists that have failed to find their way into the mainstream.

Beyond supporting new innovations through existing funding facilities it is suggested for the Dutch government to upfront identify a subset of bankable innovations that have demonstrated their potential in previous government funded initiatives and to prominently promote and invest in these as *crown jewels* of the Dutch trade and aid agenda.

- ✓ **Create global demand for Building with Nature.** Building with Nature, an innovative approach which makes ecosystem services an integral part of the design of hydraulic infrastructure, thereby creating benefits for nature and society, is widely supported within the Dutch water sector and embraced by a growing number of government institutions in the field of infrastructure and ecosystem development. There is a unique opportunity for the Netherlands to make its water sector operations not only more efficient and more effective, but also more sustainable and inclusive. Many projects are still focused on the construction of large-scale infrastructure, which do not follow an integrated approach. The Dutch experience on Building with Nature can be used to promote the Building with Nature principles internationally and help create global demand, e.g. through government-to-government relations for Building with Nature applications to help societies adapt to climate change challenges. This offers major business opportunities for the Dutch water sector while contributing to the goals of the Agenda 2030. Building with Nature Indonesia is an example of a successful public private partnership that manages to scale up investments, an approach that can be replicated elsewhere.
- ✓ **Wet agriculture and forestry on peatlands (paludiculture):** a consortium of Dutch knowledge institutes, NGOs and businesses has developed a new approach for management of degraded peat soils, that reduces significant amounts of greenhouse gases, while allowing for productive use of land. The potential for scaling up this paludiculture approach is significant, and knowledge is rapidly increasing including through a pilot in the Netherlands. There are also discussions taking place on the creation of innovative finance mechanisms such as Green Impact Bonds for avoiding costs for declining infrastructure in the Netherlands. The Netherlands can help promote and scale up this innovative approach through supporting public-private-partnership projects that stimulate research, piloting and upscaling of wet agriculture options. In addition, support to the development of a regional paludiculture platform in Southeast Asia would stimulate cross-sectoral (pulp wood and palm oil) knowledge exchange and learning, facilitate spin-off projects that pilot and up-scale paludiculture and advocacy for embedding such innovations as solutions in governments policy and sustainability standards. More information: <https://www.wetlands.org/our-approach/peatland-treasures/sustainable-land-use/>
- ✓ **Continued collaboration on Water Dialogues:** Water Dialogues are innovative participatory processes for identifying root causes to risk, enhancing governance and legislative frameworks and developing integrated water and coastal zone management solutions, including through 'Building with Nature'. Such

approaches are increasingly important in times of rapid population growth, urbanisation and climate change. Experts of the Dutch water sector, supported by Wetlands International, have successfully facilitated Water Dialogues in Panama City, together with the City Mayor and the Dutch Embassy. Through our efforts, local communities, government agencies and private sector companies came together to jointly mapped out the root causes to the flooding problems in low-lying areas. This resulted in a shared understanding that loss of floodplain wetlands and mangroves had contributed to the increased flooding, and conflicts were turned into collaboration between the different stakeholders. The action plan for flood risk reduction now includes restoring wetlands, other infrastructure measures, and improved regulations.

- ✓ **Step up the landscape approach:** Although not new, the landscape approach is gaining prominence as a framework for balancing competing demands and integrating policies for multiple land and water uses within a given area. A basin/catchment is the most relevant way of demarcating a landscape for addressing water-related challenges. The landscape approach has been used to effectively reduce disaster risk, adapt to climate change, enhance community resilience and sustainably improve WASH provision. The approach facilitates an inclusive and participatory learning process for shared risk understanding and risk intervention scenario planning, which allows for more innovative and integrated, and therefore more impactful, solutions. We propose that the Netherlands invests in collaborations that can facilitate landscape approaches, as they fit very well with Dutch land use planning, and expertise, and can help to promote system approaches such as Building with Nature that can help transform entire landscapes into safer and more prosperous environments.
- ✓ **Promote responsible investments in urban areas:** As governments all over the world pursue development initiatives to better the lives of their citizens by improving infrastructure and seek economic growth through various industrious activities, social and specific environmental risks emanating from investment projects must be minimized. Principles of responsible investments with emphasis on integrated water resources management can help to avoid that water-related risks are exacerbated or created. For example in India, in the last 40 years every 1 square kilometre in built up areas has led to loss of 25ha of wetlands within urban spaces. India's 1,2 million wetlands are crucial to water and climate security of urban spaces. The recent disastrous floods in Chennai resulted from loss of water absorption capacity through drainage and built up of the wetlands in and around the city. Further, we propose to replicate the concept of Water Dialogues such as we facilitated in Panama City, see section iii above.

Question 5: In your opinion, what opportunities are there in the areas of manufacturing, trade and investment to achieve social progress (for example, better working conditions, higher wages, more opportunities for women and young people) or tackle ecological challenges (for example, in the areas of water, the climate and biodiversity)?

- ✓ **Inclusive, sustainable, risk-proof development:** Development processes from the private sectors have often been documented to erode the resilience of communities when inappropriately implemented, in other words cause maladaptation. The Dutch government could, with support from civil society, incentivise integrated, inter-sectoral development across whole landscapes with risk-proof development. This will help drive progress and innovation which will help vulnerable communities to become more resilient to disaster risk, enable sustainable inclusive growth and help (Dutch) business to make more long-lasting, secure investments. However, People Planet Profit constructions are currently mainly operating in the innovation domain, not in business as usual projects. We see opportunities for:
 - ✓ The Dutch water sector has the opportunity to set the standard for an inclusive and sustainable approach to the management of river basins and coasts - from the delta to the 'hinterland'.
 - ✓ Dutch sectors that have high water consumption, such as Horti/Floriculture and agriculture more broadly, can take the lead in promoting sustainable and equitable water use, in particular in areas that suffer from water stress, or where circumstances become otherwise more challenging in the context of climate change impacts.

Question 7: What innovative and creative solutions could the government use to better support the private sector and knowledge institutions that wish to market their knowledge and expertise globally? And in what areas?

- ✓ **Collaboration is key to drive innovation in the Dutch water intensive sectors.** For the Dutch water intensive sectors to work on inclusive and integrated solutions for river basins and coastal development, interdisciplinary collaboration on an ongoing basis throughout all stages of project development and

marketing is essential, rather than ad-hoc involvement. We propose that the Netherlands makes available resources for civil society and knowledge partners to engage in constructive cooperation with both government and private sector. For this, space needs to be created for civil society to respond flexibly to new developments occurring in different countries and for taking part in the full width of the water dialogue. We propose engagement in a modular approach, which can for instance include:

- Review of tender documents of RVO DRR missions and other water management initiatives where Dutch clients play a role;
- Contribution to development of trade missions, and ensure embedding of sustainability aspects;
- Dialogue with the private sector regarding joint vision development of integrated ecosystem-based solutions and ensuring avoidance of unintended negative side effects of investments;
- Contribution to building curriculum for future water managers;
- Contribution to designing and calculating business cases for integrated ecosystem-based approaches

Question 9: In addition to the above, do you have any other recommendations in the area of foreign trade and development cooperation?

- ✓ The Netherlands has the opportunity to take a lead role in putting nature based solutions, in particular related to water challenges higher on the international policy agenda. In particular wetlands (both coastal and inland) remain poorly recognised. There is in particular need to support the development of tools that 1) Raise political awareness of the critical role of wetlands in relation to peace and security, adaptation and resilience, 2) Advance the knowledge-base on the topic and stimulate more thorough action research and 4) influence investments in relevant programmes.
- ✓ We observe a particular pressure on natural water resources in middle income countries and emerging economies caused by increased investments in coastal and water-related infrastructures, often driven by mitigation or adaptation and development plans. This creates the need for extra care for wetlands to ensure these can continue to deliver their vital services. At the same time it creates opportunities for Dutch water expertise to support inclusive and green water solutions. In these countries, the role of NGOs is often limited.