

## Annex: SNV inputs to the Netherlands' Foreign Trade and Development Cooperation

14<sup>th</sup> April, 2022

Dear Minister for Foreign Trade and Development Cooperation, Dear Ms Schreinemacher,

We are delighted to respond to the request for input into the development of the Netherlands' next Foreign Trade and Development Cooperation policy and welcome the consultative and inclusive process, which we recognise as being very important. We have been pleased to contribute to collective responses through our involvement with several Dutch thematic platforms.

We have engaged in an extensive process of internal and external consultation, as also SNV is in the process of developing our next, long-term strategy. This has enabled us to identify and underline four overarching issues which we believe to be of important significance to the Netherlands' next Foreign Trade and Development Cooperation policy:

1. **Defragmentation** of projects through a **more programmatic, holistic-systemic, longer-term approach**, focused on larger scale impact. More flexible, comprehensive partnerships across public, private and civil society sectors, as well as more multi-country initiatives, are needed to generate greater impacts within more efficient frameworks that maximise value for money.
2. **Fragility** – fragility is both a cause and consequence of economic underdevelopment, inequity of opportunity, conflict and displacement. Effective development in fragile contexts can contribute significantly to greater local stability, especially when economic development and social cohesion objectives are entwined in overarching frameworks. This requires flexibility and sustained efforts, inclusive of a focus on a **triple nexus approach**: humanitarian, developmental and stability.
3. **Further harness Dutch expertise in Innovative Financing for Scaling and Leveraging private and philanthropic capital** – in most areas of international development financial investments are required beyond mainstream Official Development Assistance (ODA) funding. The investments required are invariably too risky or have too lengthy timeframes for returns for private investors/companies alone. In particular, financing for de-risking innovative MSME's in the areas of climate adaptation, green jobs creation (youth), and in strengthening sustainable and inclusive food systems should be prioritised. A more comprehensive ladder of financing envelops is needed, notably within the poorest and most fragile geographies and at the Micro-Enterprise level, where opportunities to innovatively entwine and aggregate investments should be explored.
4. **Focus on strengthening Governance** – ensuring local ownership and involvement in both process and outcomes. Strengthened governance mechanisms which enable inclusion – especially of women and youth – and meaningful engagement of local actors from across civil society, government and the private sector is critical to ensuring sustainable impact.

We are also acutely aware that we are living through highly fluid and uncertain times. We therefore encourage the policy framework, whilst being focused and clear on the areas where the Netherlands can add the greatest value, to include opportunities for – at times rapid – adaption and flexibility in response to changing contexts.

We look forward to further engaging with you and colleagues within the Ministry, including the Royal Dutch Embassies, on both further dialogue and in translating the policy into tangible impacts. We also particularly welcome the initiative to develop an Africa-specific strategy and look forward to opportunities to leverage the learnings and relationships generated through our 50+ years of engagement with the Dutch government in multiple geographies across the continent in furtherance of progress towards and beyond the Sustainable Development Goals.

Sincerely Yours,

**Simon O'Connell**  
*Chief Executive Officer*

**SNV Netherlands Development Organisation**  
Parkstraat 83 | [2514](#) JG The Hague | **The Netherlands**  
[soconnell@snv.org](mailto:soconnell@snv.org) | Tel: [+31 \(0\)6 5241 1039](tel:+31652411039)  
Twitter: [@sioconnell1](https://twitter.com/sioconnell1)  
[www.snv.org](http://www.snv.org)

## SNV Responses

### Question 1: Nexus between development cooperation and foreign trade

#### SNV response to question 1:

*SNV believes that international businesses and related supply channels in developing countries can contribute more significantly to furthering climate goals, poverty alleviation and in advancing progress towards the SDG's. We notice increased stated interest among Dutch companies, both larger and smaller, to be more extensively involved. We also continue to note barriers to investing in more peripheral, poorer and more fragile geographies where different mechanisms to underwrite risks, more flexible partnership configurations and longer timeframes are required. In our interconnected world, true 'sustainability' cannot be secured unless the benefits from trade are experienced inclusively. Therefore, the trade agenda must continue to identify opportunities to reach those at risk of being left behind, with Dutch ODA money being used explicitly to reduce this gap.*

*Specifically, we recommend:*

**1.1 Greater support to blended financing models that enable larger volumes of grant-based ODA monies for technical assistance, relationship strengthening and capacity building, to be leveraged with private sector capital**

**1.2 Developing more effective Public Private Partnerships (PPPs) in furtherance of scaling impact**

**1.3 Deepening involvement of specific digitalisation expertise, for example through the Netherlands Space Office (NSO) and research institutes, whilst ensuring initiatives in furtherance of digitalisation do not leave the most marginalised and those lacking access to technologies and capacities – especially women – further behind.**

1.1 The Dutch Fund for Climate and Development (**DFCD**) (led by FMO, CFM, SNV and WWF) is an **innovative financing mechanism that focuses on climate adaptation** projects and mobilises larger volumes of private sector funding to invest in these projects. Innovative forms of financing such as this should certainly be cultivated and scaled on the back of evidencable successes. A “pooled funding” approach should be considered, enabling other EU donors (especially through DFIs) to contribute. This would position the Netherlands as an innovative donor that leverages not only private sector funding, but ensures effective use of resources, aligned to Team Europe initiatives etc.

1.2 There are increasingly numerous examples in Low and Middle Income Countries (LMICs) of **effective collaborations within PPP or direct private sector partnership frameworks**. Some examples include the 2SCALE partnership to create impact and accelerate agribusinesses in several African countries; the Sustainable Rubber and Sustainable Palm Oil and Regenerative Farming partnerships in tackling Deforestation Free Supply Chains (Indonesia, several global and local companies with SNV's role as implementing partner or fund manager), the PPP model in Urban WASH (Bangladesh) and the Alliance for Plastic Waste and Carbon Credit funds (Vietnam). These are some examples of partnerships that we believe can contribute significant learnings and represent models where leaders, engineers, scientists, international companies and practitioners are working together to create and scale innovative solutions to global issues. With deepened commitments from private sector actors to adopt multi-stakeholder models and embrace ESG responsibilities, we encourage the Netherlands' next Foreign Trade and Development Cooperation policy to champion such forms of collaboration, inclusive of enabling such partnerships in fragile contexts.

1.3 Initiatives such as The Garbal programme in the fragile Sahel Region, that use satellite data to make information more readily available and accessible at scale, have proved highly effective. These also require a longer time horizon than more traditional shorter term (often four years) interventions. Of note, across digitalisation initiatives, the generation of successful impact requires more than 'just' technological transfer and must also focus on strengthening capacities and redressing gender disparities.

## Question 2: How can government, business and knowledge institutions work better together to achieve the sustainable development goals?

### SNV response to Question 2:

*SNV sees increasingly constrained ODA budgets at a time of increased global challenges. At the same time, we notice -despite serious efforts- unused 'development capacity' in the form of a highly fragmented donor and development actor landscape, unharnessed potential from utilising fewer strategically chosen partners, unused relevant research findings and untapped business interests to reach the Bottom of the Pyramid (BoP).*

*Therefore, we call for:*

*2.1 More strategic partnerships across borders and sectors that would enable more effective collaborative efforts. SNV believes **defragmentation** and longer-term projects/programmes (10-15 years) are needed to go beyond narrow project impact towards sustained systemic change, in furtherance of the SDGs.*

*2.2 **Increase evidence-based and data driven decision making**, with greater recognition of the importance of joint learning and knowledge sharing between the 'Dutch Diamond' i.e. government, private sector, research institutes and NGOs.*

*2.3 Exploration of opportunities to be innovative in **establishing success / impact metrics** that work for both political cycles, business needs and long-term benefits.*

*2.4 **Strengthen governance at local levels**. SNV experience shows where different stakeholders truly feel ownership and come to common action plans, impact is more extensive and more sustainable. This requires extensive knowledge and embedding within local contexts.*

### **2.1 Defragmentation: a more programmatic, holistic-systemic, longer-term approach for better, larger-scale impact**

Maximising impact in furtherance of the SDGs, along with Value for Money (VfM), requires a more holistic, longer-term approach. Smaller, short-term projects may contribute as pilots, but ongoing projectisation and siloing of short-term interventions is a constraint to larger scale impact. We therefore urge the Netherlands' Foreign Trade and Development Cooperation policy to champion a paradigm shift towards better joined-up programming, the pooling of operational assets, establishing risk-sharing mechanisms and collective efforts to leverage resources across borders and sectors. This, in turn, will serve to generate trust from Dutch tax-payers, through visibly more efficient and effective development interventions supported through their tax contributions.

There are several DGIS-financed multi-year programmes which are good examples of enabling larger scale, systems change, notably:

- The Pro-ARIDES programme, with KIT, WUR, CARE, SNV and local partners; A 10-year programme contributing to *increased resilience, food security and incomes of farmer and (agro)pastoralist households* through effective, decentralised institutions and organisations for improved service provision, local economic development, natural resource and land management *in the Sudano-Sahel zone of Burkina Faso, Mali and Niger*.
- Long-term programming in agriculture such as the Dutch dairy, horticulture and digitalisation programmes<sup>1</sup>

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<sup>1</sup> Examples of DGIS funded longer-term programmes (with second/third phases) are [The Inclusive Dairy Enterprise \(TIDE\)](#) programme in Uganda, The Building Rural Income through inclusive Dairy Business Growth in Ethiopia (BRIDGE), the [Horticulture HORTILIFE Ethiopia](#) programme and the digitalization focused [STAMP+](#) programme in Mali.

- The Netherlands WASH SDG Consortium with the WAI (lead), Plan International Netherlands and SNV; a manifestation of the Dutch commitment and contributions to achieving the SDGs, particularly SDG 6 to *realise inclusive, sustainable and scalable city-wide sanitation services* in Bangladesh, Nepal, Indonesia, Tanzania and Zambia.
- Lowering transaction cost through a much more efficient call-for-proposals mechanism, instead of tenders for 5-year projects should be developed. We need to think beyond 5-year budget cycles; the climate crisis and fragility challenges, in particular, are too complex to resolve in 3-5 year projects. The Swiss SDC and Swedish SIDA are already practicing this (3 periods of 4 years). We suggest preparing programme frameworks with calls for proposals for 3 consecutive project phases for a period of 10-15 years, with the possibility for milestones built in per phase. This would enable project continuity through a longer term-approach, enhancing opportunities for more impact and greater sustainability.

## **2.2 Champion evidence-based and data-driven approaches and encourage iterative learning and knowledge (e-) platforms**

Longer-term programmes allow for (cross-country) learning, we encourage the creation of (online) platforms for learning and sharing also with external audiences (and donors); with an explicit learning agenda, in partnership with knowledge institutions, for youth inclusion and other key themes the Netherlands is particularly strong at. Linkages and learnings between implementation on the ground, and advocacy and engagement through multi-year, regional projects implemented by specialist agencies, such as INGOs, and global platforms as an effective approach to bring about change (such as the Scaling Up Nutrition movement, Sanitation and Water for All, the Global Alliance and Dutch Spark on clean cooking). A sizeable portion of funding should be committed to horizontal and vertical learning in country, as well as cross-country learning (such as achieved in the Voice for Change Partnership program with CSO partners,) and within projects so as to enable knowledge and action learning that informs policy and practice, as is also already done in the DGIS-funded Pro-ARIDES project.

## **2.3 Exploration of opportunities to be innovative in establishing success / impact metrics that work for both political cycles, business needs and long-term benefits.**

Within longer term programme frameworks, metrics should be developed the allow for the capturing and reporting of shorter terms successes and results, whilst enabling a higher degree of flexibility and adjustments to these indicators within an overall – and longer term – outcomes-oriented framework. In order to ensure private sector involvement and leverage, greater efforts should be made in quantifying the economic value of outcomes generated.

## **2.4 Good governance and accountability: Strengthening national and local governance & embeddedness**

Ensure policy frameworks are embraced by Netherlands' ODA recipient countries, in turn contributing to strengthened governance and accountability mechanisms (in LDCs and MICs), whereby countries need a government supported – programmatic – approach. This again requires longer-term approaches, where particular attention should be given to national and sub-national operationalisation of goals and policies.

## **Question 3: More policy coherence**

### **SNV response to question 3:**

*SNV embraces the importance of more collaborative, joint programming and overall policy coherence within the context of Netherlands' programming, alongside the policy frameworks of other like-minded development actors, including harmonisation of efforts, as agreed in the Paris declaration of 2015. This should include better utilising country structures to implement aid programmes rather than parallel structures created by donors. This provides opportunities for more effective and efficient development cooperation, especially as the development staff capacity of EU Member States is reducing.*

Therefore, we recommend:

- 1.1 **Championing and supporting more effective and strategic participation in Team Europe Initiatives (TEIs) through country-based working groups as well as in Brussels (among others the Practitioners Network), resulting in more efficient, co-funded programmes through EU.**
- 1.2 **Strengthening bilateral cooperation between EU Member States with whom DGIS has common objectives and aligned priorities, resulting in basket funded and/or co-funded programmes on a bilateral basis.**

### **3.1 More strategic linking to Team Europe, stimulating a programme approach.**

With “Building Back Better” at the core of Team Europe, TEIs can directly contribute to the Netherlands’ trade and investment agenda while **supporting defragmentation** (more efficient joint programming & implementation instead of projectisation), coherence between trade and aid, strengthened coordination, synergies and complementarity; all in furtherance of greater impact. More effective Dutch foreign trade and development co-operation could be enabled by enhanced and more inclusive technical and financial cooperation. Thus, it could be jointly programmed and implemented **through TEIs** and the Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe\*. For this purpose, relevant TEIs would be **aligned with the Dutch and broader EU priorities** such as the Green Deal, energy transition and climate adaptation; investing in green(ing) and resilient SMEs for youth and women (e.g. in the dedicated Africa strategy); green growth with larger businesses and investments and, in doing so, working better with European DFIs such as FMO on aggregated investment models / blended finance facility (as in the DFCD<sup>2</sup>); and digitalisation.

**3.2 Bilateral joint implementation** between individual EU Member States offers significant possibilities for synergy, greater efficiency and scaled impact between programmes as under 3.1.

### **Question 4: Foreign trade**

#### **SNV response to question 4:**

*SNV fully recognises the importance of trade to the Netherlands, as well as the dangers and risks of heightened competition resulting in increasingly unsustainable practices and terms of trade and investment from other emerging powers that further widen disparities and inequalities. We subscribe the sustainable business needs (of which earning capacity is one of key elements) towards the twin- transition and considering the shifting geopolitical balance of power, in both lower and middle-income countries.*

Therefore:

**4.1 Innovative Public Private Partnerships are needed that enable more effective blending of financial instruments that both support existing trade mechanisms, whilst stimulating opportunities for trade volumes to be increased with higher risk, lower volume partners. An effective trade policy should stimulate both trade with the Netherlands and within regional markets and should not just look to preserve historical norms which will maintain or exacerbate inequalities.**

**4.1 Successful partnerships, including PPP’s**, are those where public funding leverages private sector actors and financing upon the identification of viable business cases. Financial Institutions (especially DFIs) have an important role in such partnerships, in **promoting financial inclusion for Bottom of the Pyramid populations, particularly for women and young people, and those in Fragile States**. Innovation is an important enabler of scale, with MSME’s (including business start-ups) having a particularly important role to play. However, DFIs are

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<sup>2</sup> With the Dutch Fund for Climate and Development (DFCD), FMO led with, CFM, WWF and SNV, we are investing in climate-resilient economic growth and enabling the significant leveraging of additional financing in LDCs and LMICs most affected by climate.

inherently more interested in working with larger companies that can absorb large ticket sizes. Therefore, there is still a gap – which requires particular attention – in enabling innovative ideas to scale, which is in part stifled by the risk aversion of mainstream Finance Institutions.

**Policy should focus on support to MSME's on innovation and allow them to grow (or scale) overtime, with the de-risking of capital, in part, through the provision of Technical Assistance.** The characteristics of funding instruments should allow MSMEs to grow overtime and leverage other investments (also de-risking) while stimulating local (south-south) investments. It is also important to focus more on aggregated investment models between DFIs (such as FMO) and local FI's that permit support to SMEs (notably within the Agriculture, Energy and Water sectors), with investments geared towards providing appropriate financial products and services to local business/SMEs, in developing countries. Again, longer term frameworks are required, where maturation process exceed the average Dutch Government supported project time spans of 3-5 yrs.

#### Question 5: Themes and sectors of the future

##### SNV Response to question 5:

***The transition to a Multi-Stakeholder approach needs to be accelerated and more fully embraced, with firmer commitments from both the government of the Netherlands and Dutch multinationals which work for political and shareholder cycles, but extend the timeframes further out.***

*The Netherlands is especially strong in international agribusiness for which it is well-known and well-respected in partner countries. The long-term vision of many partner countries targets internationalisation of their agricultural sector. Recent developments show the vulnerability of supply chains, especially in food. SNV sees here both significant opportunities and challenges, which could be addressed by Dutch development cooperation initiatives.*

Therefore, we recommend:

##### **5.1 Improving local supply chains within and between developing countries (international business have difficulties sourcing products)**

5.1 Recent covid-19 lockdowns have shown how vulnerable supply chains are, especially in food, both for domestic and international markets. International business would benefit significantly if such supply chains are reinforced. MSME development, along with support for the informal trade sector in many ODA-recipient contexts (such as cross-border between Rwanda and The Democratic Republic of Congo, for example) will also be the key driver for youth employment and inclusion.

The trade-off between stimulation of trade and export production for economic development for e.g. horticulture sector, versus the local and regional supply and food and nutrition security in the countries in DGIS prioritised countries critical. In some cases, malnutrition is worst in districts and provinces where food productivity is often highest, such as in Rwanda where the province with the highest vegetable production is suffering from the highest rates of stunting. This is often because of the strong commercialization of production and the deviation of home production from consumption to sales, as well as other factors. This trade-off needs to be openly discussed and negative effects mitigated.

#### Question 6: How can government better support companies (specifically SMEs) that do business internationally (or would like to)?

##### SNV Response to question 6:

*Recent developments, in particular Covid-19 and Ukraine, have shown us the vulnerability of international supply chains, especially in food. We also notice that supporting (Dutch) international business only does not have the potential substantial and sustainable benefit to domestic (MSME) business. Development of local business*



clusters/chains (with or without connection to international companies/trade) requires de-risking at appropriate (smaller) scales and reinforcement of inclusive multi-stakeholder dialogues that explore opportunities for the creation of win-wins.

Therefore:

**6.1. More inclusive tripartite agreements and strategic partnerships are needed between DGIS/businesses and NGOs. MSMEs are the drivers of economic development around the world, providing long-term green jobs and income, especially in furtherance of youth entrepreneurship/employment generation.**

**6.2 Further, SNV sees digital innovation as a necessity in a more inclusive policy in reaching to local MSMEs and individuals.**

**6.1 a. Companies have significant opportunities to benefit from inclusive multi-stakeholder partnerships – especially through an increased digital skills base in their consumer markets** for example – creating opportunities for youth and skills development. The role of patient capital (i.e. lower short term returns for longer term / triple bottom line gains) through partnership with philanthropic institutions needs to be harnessed here.

Companies also need trust; NGOs can support in their brokering role in trust building. Therefore, the next Netherlands' Foreign Trade and Development Cooperation policy should more extensively enable **tripartite agreements and strategic partnerships between DGIS/business and NGOs**. Dutch Embassies should be supported and encouraged to promote and advocate for policy frameworks that protect against unsustainable practices.

**6.1. b. Different support needs, risk levels and programme frameworks need to be better tailored to differing contexts (notably fragile and more stable countries/areas).** Whereas programmes which are limited to under-writing financial risks may be sufficient in more economically advanced and politically stable countries (for example through Development Financing), in fragile contexts greater levels of technical assistance, innovative finance constructions and more flexible partnership mechanisms are needed.

More should also be done to support and initiate investments in less fragile geographies which contribute to development gains in neighbouring more fragile contexts; in Nigeria, Ivory Coast and Ghana, for example, which could stimulate stability and development gains in The Sahel through more effective trade, as well as in the Great Lakes region (DRC, Rwanda, Uganda and Burundi).

**6.1. c. What government should no longer do in the field of trade promotion:**

Government should not expect that support to Dutch private companies will (automatically) result in promotion of local/domestic business and creation of jobs.

**6.2 a. Increasing support for digital innovations should be considered, with opportunities to** reduce transaction costs in information supply, trade and 'banking'. This can be especially beneficial for the BoP, with the pre-condition that profitable business models are identified, with the recognition that sustained support, in partnership with (and platforms of) internet providers, local information suppliers and other private sector actors in the digital sphere, over multiple years, is required to ensure commitments to leaving no one behind are maintained.

**Question 7: What do you think the Netherlands is good at in the field of development cooperation? On which themes could the Netherlands play a driving role?**

*The Dutch government has a strong role to play in trust building within the G2G, European development institutions landscape and the international development setting. Notably with regards to climate adaptation the Netherlands government can play a leading role, as well as within sectors where the Netherlands holds **specific***



**expertise**, such as with water technology and in agribusiness, with Dutch interest in improving the supply chains of specific commodities, both international and national business. DGIS has also significant budgets in the Water and Energy sectors, which can be further supported by innovative financing mechanisms, where the Netherlands is also a leading actor. A focused approach, leveraging specific areas of Dutch expertise, should be maintained, whilst looking for deeper synergies with other development actors with complementary capacities.

Therefore:

**7.1 Develop trust building role and stimulate more holistic approaches, inclusive of leveraging financing, whilst strengthening the Interconnectivity across prioritised sectors in furtherance of deeper systemic change**

**7.2 Adopt a stronger leadership role in landscape management**

**7.1 Focus, interconnectivity and leveraging:** SNV is of the opinion that Development co-operation of the Netherlands is **strong due to its focus on a relatively small number of key themes and the interconnections between them, as well as its geographical focus on specific priority countries**. Strong technical leadership is provided on the themes prioritised by the Ministry, including food and nutrition security, water security and climate change adaptation and mitigation, with close relationships to key research institutes in the Netherlands to support this. Cross-sectoral working to maximize impact, as well as cross-country/regional frameworks should be expanded (specific examples of Dutch/DGIS, regional, scalable approaches are the Great Lakes region (DRC, Rwanda, Uganda and Burundi), Sahel, Mekong) all representing opportunities for further integrated development frameworks.

DGIS has significant energy and water budgets, which afford considerable opportunities for expanded leverage within the TEI arena.

**7.2 The Netherlands expertise with integrated landscape management brings a holistic approach to landscape restoration.** Dutch expertise can be made more accessible to a wider range of development stakeholders through sharing of tools, advice, guidance, networks and know-how to maximize the economic, social and ecological returns of improved landscape management at scale. Landscape investment and Dutch climate adaptation examples such as “ruimte voor rivieren”, “sand motor”, “peatland restoration”, “delta plan” and Dutch experience in integrated water management and dealing with the trade-offs between nitrogen, climate change and land use planning are all well recognized in other countries. The Netherlands strong commitment to the Amsterdam Declarations Partnership/New York - Forest Declaration to eliminate deforestation in relation to agricultural commodities by 2025, and investment on several landscape projects at scale with universities, embassies and NGOs (i.e IDH, DFCD, IUCN-NL/WNF, etc..) have received great international recognition, which provides opportunities for further leveraging and scaling.

## **Question 8: Innovating at OS**

*The Netherlands is widely known as providing a supportive and enabling environment for innovation. Building on this, the project experiences and working in partnerships, we believe that Dutch Development cooperation can be enabler of larger scale, accelerated innovation. To do so, cultivating trust across stakeholders, promoting transparency and acceptance of failures, and enabling high degrees of flexibility will be key.*

*We suggest focusing support for innovation on three core areas:*

**8.1 Innovative finance**

**8.2 Fragility**

**8.3 Innovation in agroecology**

**8.1 Innovative finance.** There are already several strong examples of the leadership role of the Netherlands in the innovative finance sphere; these represent considerable opportunities for the next Netherlands' Foreign Trade and Development Cooperation policy to build off in more effectively influencing other bilateral donors, the EU and multilaterals to scale innovative financing mechanisms.

- **Enabling an expansion and diversification of lending products and mechanism to increase both access and volumes.** This requires funds but also upgrading loan portfolio monitoring among others to access bank loans or private investors.
- One good example is the Dutch Fund for Climate and Development (DFCD), which is already enabling significant scaling of impacts through the leveraging of financing and offers a platform for other ODA providing countries to establish greater synergise with or contribute to. To enable greater inclusiveness and impacts to be generated for those closer to the BoP, especially in fragile areas, as well as longer term sustainability and scale, more courage and greater risk appetite is required, with a willingness to absorb higher transition and technical assistance costs in the short term, as well as ongoing provision of capacity and mentoring services.

**8.2 Fragility.** If opportunities for innovative approaches which can enable 'leapfrogging' are confined to less fragile geographies, we will continue to see a widening gap between those (estimated to be approximately 800million people) living in states of fragility and the rest of the world. We therefore strongly encourage commitments within the next Foreign Trade and Development Cooperation policy for the necessary, flexible financing and partnership mechanisms which allow for both replication of proven successful innovations in other geographies into more fragile contexts, as well as for the piloting and testing of innovations within protracted crisis, humanitarian and fragile settings.

**8.3 Innovation on Agroecology.** The Netherlands should actively embrace and propagate the 10 agroecological principles – including system resilience, circularity, synergy, reuse of residual flows, crop diversification and the use of local and indigenous knowledge. As a result of the UN Food Systems Summit (FSS), the Ministry of LNV has expressed its intention to join the Coalition on Agroecology and Regenerative Agriculture. Formal accession to this Coalition, and an active commitment based on the Dutch role in the global food system is a great first step in the recognition of agroecology as an important steppingstone for a sustainable food system. The Netherlands must actively advocate the integration and application of these principles in the relevant Convention on Biological Diversity targets, in order to reverse the decline of global biodiversity.

## Question 9. A donor with guts

*The challenges the world faces represent serious constraints to achieving the SDGs. At a time of heightened competition, multi-polarity and erosion of a rules based systems, strong multilateral institutions and international order are more needed now than ever. Further, the way development actors are increasingly seeking to define and address poverty and inequality is changing towards a more global and inclusive approach.*

*Therefore, the next Netherlands' Foreign Trade and Development Cooperation policy should:*

**9.1 Embrace more adaptive, inclusive approaches and the building of better partnerships**

**9.2 Focus particularly on influencing and forging alignment within the EU and across EU Member States, fostering NL themes and taking a broader perspective of water, energy and food systems**

### 9.1 Embrace more adaptive, inclusive approaches and the building of better partnerships

To further fulfil the role of being a donor with guts, the next Foreign Trade and Development Cooperation policy should more clearly frame **larger scale ambitions within longer-term timelines (10+ years)**, based on well-informed and consistent objectives, whilst also enabling iterative and **adaptive management approaches based**

on **well-monitored milestones**. Good examples which can be learnt from include the Pro-ARIDES (Dryland Sahel) programme, as well as the DFCD, CRAFT and 2SCALE programmes.

A key strength of these interventions – reflecting the thematic focus of the Ministry and how these themes interact with one another (and should co-ordinate more with one another) – is **the inter-relations and links between themes** addressed within and by each project, and how they address underlying causes of poverty and hunger. It is particularly the **links between these themes, and increasing focus on systems change, that is a key strength of the Netherlands development policy**; this focus should be continued and strengthened.

The Netherlands is not the largest governmental donor, but as a member state of the EU and through bilateral aid, the Netherlands can increase the visibility of EU aid, whilst also building trust (and in turn, contributing to stability-generation). The Netherlands should more vocally champion the rule-based systems, whilst also promoting both greater support for – and reform of – the multilateral system. It can use its diplomacy and legitimacy from years of long-term support to multilateral institutions to do so. If meaningful reforms do not emerge in the coming few years, effectiveness and trust will be further eroded.

## **9.2 Influencing at EU by joining hands in fostering “NL” themes and advocate for a broader water, energy and food systems perspectives**

**Within the EU, the Netherlands can and should more proactively and vocally seek to influence towards more effective TEIs that are better grounded in the countries/context the funds are oriented to.** Strategically position with the Danish, Swiss and other like-minded EU Member States on themes such as the water, energy and food systems that as NL, these countries are traditionally strong at, is one pathway towards enabling greater impact. Already, several examples of more effective partnerships exist, such as the Danish-Dutch collaboration on sustainable agriculture, climate and resilience, the joint approach of Swedish-Dutch in Circular Waste, and agenda-setting on progressive themes. Overall, increasing investments in more strategic multi-stakeholder partnerships, inclusive of both civil society and private sector actors, within thematic areas aligned with Dutch expertise and priorities, should be pursued.

For example, it is widely acknowledged and appreciated that the Netherlands is traditionally strong in the water sector. This strong reputation should be leveraged by forming more strategic collaborations in areas such as **water governance**, where there are also significant opportunities for private sector engagement (water governance systems interlink governments, private sector and civil society in a way that enables responsible, equitable use, with required checks and balances).

The **climate transition in water management** will require a water cycle perspective, as well as solid legal and institutional embedding of changes aimed at protecting the water resources and also water security of all people. This entails significant water reforms, revision of water licencing practices, greater scrutiny and compliance around pollution and overextraction, all of which the Netherlands has extensive expertise in. It also needs a **broader perspective of water security**, including access to water for different uses, pollution, water resource security, as well as an acceptable level of water-related risks. We therefore encourage an updating of the current water strategy to guide DGIS’s ambitions and commitments at central and embassy levels. The strategy/policy **should be sure to address accountability issues and climate change**.

One of DGIS’s priority themes is on sustainable energy linked to climate, being a key enabler towards achieving a range of SDGs. The Netherlands should strengthen its position as a clean cooking champion, by increasing ownership and being more proactive in promoting and enabling **a systems approach towards clean cooking** within ODA-recipient governments’ agendas. A government-backed, multi-layered approach addressing governance, government planning, sector development, private sector strengthening and contextualised behavioural change can bring this approach to scale.

A gender equality and climate lens should be applied in all interventions within development cooperation. It would show guts if **all projects financed by the Netherlands** would be carbon neutral or net zero.

The current ToC and Results Framework on Food and Nutrition Security is strongly aligned to **Global Food Systems efforts and the SDGs**. It links effectively to the technical knowledge and capacities of the country, national agriculture strategies and the alignment to the EU's "Farm to Fork" policy. The focus on local markets and value chains and supporting Smallholder Farmers working in agriculture to produce food for local or regional markets - especially in fragile context - should continue to be the focus, also in relation to a continued focus on the Trade and Aid agenda.

Given the importance of the theme of food & nutrition security in the Dutch FT&DC policy, SNV subscribes to the Netherlands Food Partnership recommendations on the policy and has inputted into the Nutrition Working Group recommendations. In particular, with regards to nutrition services, we encourage strengthened support for behaviour change communication initiatives oriented towards the promotion of healthier diversified diets, care and feeding practices. The global IPES Food - the International Panel of Experts on Sustainable Food Systems - drives forward transformation over the next 25 years. This could shift \$4 trillion from the industrial chain to food sovereignty & agroecology, cut 75% of food systems' GHG emissions, and deliver benefits to the lives and livelihoods of billions.

#### Question 10: Concluding general question

##### **10.1 Don't frame trade and fragility as dichotomies; look for trade mechanisms that contribute to reducing fragility**

Trade and fragility seem to be too often framed as a dichotomy (either or). This is, of course, not the case. For example, more effective and equitable trade linkages between Nigeria and the Netherlands could play a part in redressing some of the issues in the Sahel, with several export commodities from Nigeria rely on inputs or connections from other the border in Sahelian countries, and vice versa, with improvements in trade flows and terms to Nigeria offering benefits further afield in West Africa. Thus more comprehensive systems perspectives are necessary, encompassing both fragile and less fragile geographies.

Along with a systems focus, we also encourage longer-term approaches which combine a mix of humanitarian (for example shorter-term investment in public-private infrastructure) and development (longer term support towards fostering enabling environments, and technical assistance and development of private sector capacity) interventions.

##### **10.2 Power imbalances and outdated and simplistic notions of power contribute to persistent sub-optimality in the aid sector**

The 'donor-recipient' dynamic often means recipient governments are more accountable to donors than their public. Inequalities (**inequity of opportunity**) are growing and multi-dimensional – not just economic, but also gender, voice, knowledge, culture, with issues around power and development increasingly complex. Resources and power are increasingly concentrated. The next Foreign Trade and Development Cooperation policy should more fully embrace to realities of today's **poly-nodal world**, by being future focused a forging more cross-sectoral collaborations inclusive of governments, other players, such as businesses, lobbyists, think tanks, international institutions and cities, play a significant role.

**Wherever possible the policy should avoid deepening competition and should seek to generate win-wins, even with historically less aligned partners.** The Africa policy, in particular, should **commit to inclusive engagement and more genuine partnership with African partners** (governments and others), whilst tailoring initiatives to specific contexts and avoiding simplistic defaults to a homogenisation of such a vast, diverse continent.

**10.3 As a significant contributor to an array of development actors and international organisations, DGIS can leverage their influence towards the promotion of higher levels of operational efficiency and more effective partnership frameworks.**

1. SNV encourages a **more prominent role of Dutch Embassies in longer term programmatic approaches** through a further decentralisation of funding mechanisms. To enable this, greater resourcing and technical expertise (inclusive of exploring options for secondments from NGOs and private sector actors) should be made available to Embassies. This support should also equip Embassies to better advocate for the roles of civil society and NGOs in their respective countries, where a narrowing of space is increasingly being seen. Additionally, more mechanisms should be established to enable multi-Embassy supported regional initiatives (the Sahel and Great Lakes Regions being primary geographies where this would add value, but also the Horn of Africa and Tanzania-Mozambique).
2. **'NL-AID': we encourage greater reflection on how to better retain, harness and build the expertise within our development sector.** We recommend investing in strengthening the professional capacities and level of development expertise within the Dutch government, particularly within the priority sectors of water, food systems and energy as well as within the transversal themes of climate, gender quality and social inclusion. Again, opportunities to establish secondment mechanisms and more flexible, innovative modalities for sharing both staffing, knowledge and expertise should be pursued.
3. **Local embedding** of implementing partners within ODA-recipient institutions, with a view to enabling more effective monitoring and evaluation, transparency and accountability, as well as fostering relationships that develop opportunities for the promotion of 'good' trade with global/local businesses and private sector actors at large, should be enabled.