

Consultation Dutch government on their new policy document for Development cooperation and foreign trade for the coming four years

Response of KIT (through Peter and Lindy)

Question 1: Nexus between development cooperation and foreign trade

Through their trade, investment and market position, Dutch businesses can play a key role in tackling some of the major challenges facing the world today. The focus of Dutch policy vis-a-vis the private sector will be on the 'twin transitions' of digitalisation (including artificial intelligence) and sustainability – both of which will be key to achieving the Paris and Glasgow climate goals in the years ahead. We must achieve these goals not only in the Netherlands, but across the world as a whole. While Dutch expertise and investment funding are in great demand, we also see that more may be needed when it comes to getting Dutch companies involved in these transitions in low- and middle-income countries.

1. How can we increase the involvement of Dutch companies in the twin transitions in low- and middle-income countries?

Instruments promoting different phases of innovation

The twin transition requires technological and organisational innovation. The question is how innovation in a desired direction can be catalysed. The Dutch private sector and knowledge institutes combined have the know-how as well as the applied research process skills to engage with global partners in processes to deliberately catalyse innovation.

What the Dutch government can do is to recognise and fund the 3 important phases of deliberate innovation: 1) Opportunity identification, leading to entry points; 2) Experimentation / piloting, leading to tested promising new practices and 3) Bringing into routine use, leading to impact at scale. Phase 1 and 2 require significant room for failure, and require public funding. The third phase is more competitive, and suitable for significant private sector co-funding.

The challenge in the current private sector oriented instruments, almost by default a 50% private sector co-funding is assumed reasonable. This results in a low risk approach and at best catalysing incremental innovation.

It under-utilises the know-how and capacity of the private sector and knowledge institutes combined to seek for more radical innovative solutions, which are also needed the 'twin-transition'. Complementing the private sector instruments with support to more risky experimentation and piloting can increase the contribution to successful innovation.

<https://www.kit.nl/publication/working-paper-series-2015-1-catalysing-innovation-from-theory-to-action/>

Question 2: Public-private partnerships

The Netherlands has a long tradition of public-private partnership. As the global challenges grow ever bigger, it is important to deepen and accelerate these partnerships. The Sustainable Development Goals were presented in 2015 as a plan of action for governments, companies, knowledge institutions and private individuals to achieve sustainable development worldwide.

2. How can government, the private sector and knowledge institutions work together better to achieve the Sustainable Development Goals?

Dutch difference: innovation in international development

KIT is confident that The Netherlands can continue to play a frontrunner role in international development approaches by taking a pragmatic 'applied knowledge' approach in which policy makers, implementers and knowledge institutes learning and adapt to increase the return on investment of public and private development resources. Well-monitored and documented projects and programs with room for innovation are powerful tools to change the international development sector. Such projects and programs can positively influence the larger national, bi-lateral and multi-lateral funding available for development. The Dutch tradition of seeking collaboration between the public sector, civil society, private sector and knowledge institutes (Dutch Diamond approach) forms a solid corner stone of knowledge driven innovation, and is successfully applied in projects and programs seeking systemic change in health, food and economic systems. Objective monitoring of the impact of public-private partnerships, learning from what works, and adjusting instruments accordingly, deserves attention. The synthesis of experiences and lessons learned, and the translation into effective communication, education and training tools and programs is an essential component to assure public, private and civil society actors globally, both 'Northern' and 'Southern' progress in their effectiveness to contribute to the SDGs.

As a host to one of the 11 SDG houses in the Netherlands, KIT has observed how creating venues for knowledge sharing and the creation for collaborative public-private partnerships on the SDGs can be a critical component for accelerated action. There has been interest from various actors in Europe (e.g. Greece) and the world (e.g. Surinam) to create similar venues/houses to promote public private partnerships for the SDGs. It could be an innovative component of the Dutch policy for development and trade to further strengthen this infrastructure, complementing earlier efforts on for example the creation of orange corners with a strong focus on locally lead SDG agenda's for change.

Question 3 Policy Coherence

The Netherlands has had an action plan on policy coherence for development since 2016. The aim of policy coherence is to reduce the negative effects on developing countries caused by policies in areas other than development, and to strengthen synergies and cooperation. The action plan, which was revised in 2018, identifies five Dutch policy themes that can enhance developing countries' opportunities for development: (1) combating tax avoidance/evasion, (2) development-friendly trade agreements, (3) a development-friendly investment regime, (4) more sustainable production and trade, and (5) combating climate change.

3. How can the Netherlands' efforts to achieve policy coherence for development be further strengthened or enhanced?

A dedicated Africa strategy is appreciated by KIT, as long as it does not mean that the Dutch development policy loses its ability to tailor instruments and approaches to the specific social, economic, agro-ecological and political realities of individual countries. There is no 'one-Africa'. KIT would want to advocate for Africa-owned design and implementation of programs and projects. Dutch expertise is significant and can play an important role, but it should not stand in the way, but rather facilitate, Africa-derived solutions and African professional development. Dutch development policy makers and Dutch international development partners will jointly have to facilitate the shift of power, to complete the decolonisation of international development.

To make this shift the 5 areas now identified in the action plan for more policy coherence are still relevant. However, there are other opportunities that can be identified in the current policy framework of the ministry. This opportunity exists for example in the Dutch Global Health Strategy which

per definition aims to connect the Dutch Health sector with the objectives of the international cooperation on (Sexual and Reproductive)Health and Rights and trade from a perspective of the Health and Life sciences business sector. Strong inter-departmental collaboration and a platform to facilitate exchange and action between the various actors active in the Global Health space coming from public, private and knowledge spheres supporting a Dutch global health strategy are critical to identify key actions to take and monitor progress to promote policy coherence and effective interventions in the area of global health. Including voices of international partners in this platform is of critical importance.

Interesting examples on how this can be done exist coming from the experience of current knowledge platfora such as Include and [Share-Net International](#)

Question 4 Foreign Trade

Foreign trade

International trade and investment are crucial to prosperity and jobs in the Netherlands. International trade accounts for a third of our national income and is linked to a third of our jobs. But our international competitiveness faces risks posed by the twin transitions (digitalisation/innovation and climate/sustainability) and the shifting geopolitical balance of power. It is therefore vital for the Netherlands to strengthen its earning capacity, both now and in the future.

Strategic and sustainable trade policy

Other states are also anticipating the above-mentioned transitions and geopolitical shifts, and are adjusting their national and international policies accordingly, for instance by pursuing their international objectives through more aggressive economic diplomacy and the use of economic instruments of power. The Netherlands cannot afford to fall behind. Our country's interconnections with the rest of the world are both greater and more fragile than ever. The Netherlands will therefore focus on strategic and sustainable trade policy as part of its coherent foreign policy.

4. How can the government strengthen Dutch companies' sustainable earning capacity abroad?

Responsible Business Conduct

KIT Royal Tropical Institute does observe that the new government specifically mentions International Responsible Business Conduct (RBC) in

its cabinet agreement. The coalition agreements demonstrates that the government is of the intention to take a stronger steering role, as an additional step up from the current voluntary agreements the Dutch government is supporting. The coalition hints at facilitation of a process of European level binding agreements, to give RBC enforcement the required additional momentum. This is in line with the evaluation that KIT has implemented in 2020 of the results of the voluntary RBC agreements, which concluded that progress was made, but that it was unlikely that the voluntary RBC agreements alone would realise the intended results. KIT advocates for an international, knowledge driven facilitation process. Much of the larger questions and required policy changes to realise International RBC go beyond the Dutch national level, and require to be addressed at European and global level. This does not mean that The Netherlands cannot play a lead role. The Dutch 'polder approach', in which stakeholders with diverging interests seek to find common ground and a way forward, can be leading. To set the agenda for change, a conflict model of taking position and holding ground works. Now that International RBC is on the agenda, a pragmatic, knowledge driven approach is recommended, in which the private sector, civil society and knowledge institutes debate, experiment, learn and adapt. With clear direction and objectives and pressure to progress set by the national and European public sector. The undesirable alternative is an interest and lobby driven political process, with outcomes with a low ambition level.

Question 5 Themes and sectors of the future

The focus of companies, governments and knowledge institutions is changing in light of the global transition to ensure a bright future for current and future generations.

5. In which themes or sectors do you see opportunities for international enterprise?

Equal partnership and added value

The advantages of technological and knowledge leadership that enterprises and institutes from the North, including the Netherlands, have used to their benefit in international business and international development have been reduced over the last decades, and will in the future no longer be as apparent. Without a clear technological or knowledge-based head-start, it becomes essential to analyse what is the specific added value of private companies as well as knowledge institutes, in a specific trade or collaborative partnership. A shift is happening from

Northern supply-driven collaborations to partnerships based on complementary expertise. Irrespective of the theme or sector, equal partnership, and understanding once own, sometimes modest, added value well, is key.

To be a partner that engages in equal partnership it is key to be open and transparent on one's own added value. The strong points of Dutch expertise and previous investments should therefore continue to be center stage in Dutch policy. This includes some of the key policy areas such as Food and agricultural production and Gender and Sexual and Reproductive Rights. With in-equality continuously on the rise, an even stronger focus in all Trade and Development programmes to include those who are systemically left behind is key. Evidence has shown that effects of economic and social interventions do not automatically trickle down to the poorest and most marginalized communities. Also, we have witnessed and expect to witness even stronger effects on in-equality due to climate change, the deepening of the digital data divide and consequent food and health crises. There will be a need for an overall focus on Inclusion both in terms of the outcomes of policy and programmes as in the way they are achieved through inclusive partnerships.

Question 6

Question 7 Development co-operation

Dutch development cooperation activities

The Netherlands is actively pursuing a number of policy themes in the area of development cooperation. For example, we're investing in efforts to advance the Sustainable Development Goals (SDGs), reception in the region, access to vaccines, and climate adaptation and mitigation. The Netherlands will continue its efforts in areas where progress is being made and will focus on its strengths, such as linking diplomacy and development. For more information about Dutch development policy, go to www.nlontwikkelingssamenwerking.nl.

7. In your opinion, what are the Netherlands' strengths when it comes to development cooperation? In which policy themes could the Netherlands play a leading role?

KIT proposes that the Dutch development policy, and its Africa strategy, keep the focus on addressing the root causes of persistent poverty, and keep the sustainable development goals as guidance to the desired end result. Root causes of persistent poverty are the systemic exclusion of large groups from the right to gender equality, health, food and nutrition, gainful employment and knowledge and information. Inclusion of disadvantaged groups will fail without a change in their power and voice. In this regard the new Dutch development policy will do well to follow through on its current policy framework strengthening civil society. To address the problem of persistent poverty as a result of system exclusion, health, food and economic interventions, and even emergency aid, need to consistently and in coherence, aim at system change.

The Netherlands can (continue to) play a leading role in:

- Health system strengthening
- Sexual and Reproductive Health and Rights
- Gender Equality and Gender Transformative Approaches
- Responsible Business Conduct
- Facilitating agricultural sector transformation, including seed sector transformation

Question 8 Innovative development cooperation

Dutch international cooperation is flexible and knowledge-intensive. We are also innovative, developing new ways of working and new types of partnership that are subsequently adopted or scaled up by others, like the European Commission and the World Bank. In this respect, Dutch international cooperation is like a creative and knowledge-intensive incubator. We are a relatively small donor, but as an EU member state and through bilateral aid we can make EU aid more visible and generate additional, relevant capital flows.

8. In what other ways and areas could Dutch development cooperation innovate more?

Dutch difference: innovation in international development

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of public and private development resources. Well-monitored and documented projects and programs with room for innovation are powerful tools to change the international development sector. Such projects and programs can positively influence the larger national, bi-lateral and multi-lateral funding available for development. The Dutch tradition of seeking collaboration between the public sector, civil society, private sector and knowledge institutes (Dutch Diamond approach) forms a solid corner stone of knowledge driven innovation, and is successfully applied in projects and programs seeking systemic change in health, food and economic systems. Objective monitoring of the impact of public-private partnerships, learning from what works, and adjusting instruments accordingly, deserves attention. The synthesis of experiences and lessons learned, and the translation into effective communication, education and training tools and programs is an essential component to assure public, private and civil society actors globally, both 'Northern' and 'Southern' progress in their effectiveness to contribute to the SDGs.

Specific areas in which The Netherlands can innovate more are:

- Innovation in international development funding mechanisms (results based finance).
- Funding instruments for pre-competitive catalysation of innovation, building on the 'Dutch Diamond' approach
- Funding instruments for agricultural sector transformation trajectories
- Support the learning on and development of effective and inclusive blended public-private financed healthcare systems
- Approaches for economic and social development of the real resource poor / disadvantaged groups
- Gender transformative approaches as a step up from gender mainstreaming
- Global movement building for SRHR, building on the momentum of SheDecides
- Public-private collaboration for cost-effective agricultural extension to smallholders
- Credit solutions and value chain development instruments for informal food chains and markets
- Making existing data work for inclusive decision making and more locally driven and contextualized programming in global health (including the epidemiology of communicable and non-communicable diseases and other health risks).

Question 9 A bold donor

Dutch international efforts can be characterised as bold, because we link financial investment to diplomatic efforts and expertise. We will continue our work on themes where we have always added value: sexual and reproductive health and rights (SRHR), water, food security, and security and the rule of law. We will also make better use of the diplomatic weight of the EU. To ensure we achieve the SDGs by 2030, we will invest in systemic change, i.e. tackling the structures that maintain poverty and inequality.

9. In what ways or areas could the Netherlands, as a donor, be even bolder?

Focus on root causes of poverty and rights

KIT strongly advocates for an international development policy with a 'leaving no-one behind' principle, investing public resources purposefully and effectively, and leveraging private sector investments, to contribute to inclusive societies. Root causes of persistent poverty are the systemic exclusion of large groups from the right to gender equality, health, food and nutrition, gainful employment and knowledge and information. Inclusion of disadvantaged groups will fail without a change in their power and voice.

The Dutch development policy can be more bold in:

- A focus on the real resource poor in low and middle income countries, and develop approaches for economic and social development of the real disadvantaged groups, aiming at the creation of opportunities for 'upward mobility' over generations.
- Gender transformative approaches as a step up from gender mainstreaming
- Global movement building for SRHR, building on the momentum of SheDecides and the need to urgently address Gender Based violence resulting from increased fragility through climate change and political unrest.
- Lobby against and provide alternatives for simplistic relief efforts that hurt local health, food and economic systems
- Lobby against and provide alternatives for ineffective national government subsidies in agriculture, often funded through multi-lateral lending, that distort local entrepreneurship and markets.
- Lobby for results based finance instruments and transparent oversight of multi-lateral lending based investments in health, food and economic systems by national government programs
- Mental health and psycho social care and support (incl addiction treatment) as component of national health care systems, as these are also root causes of persistent poverty of the most vulnerable households

Question 10 General Closing Question

10. Are there any other points that you believe should be included in the new policy document?

Emergency Aid

A focus on collaboration between partners in the Dutch Relief Alliance is an important intention, which can result in more visibility of contributions from the Netherlands, and importantly, offers more opportunity to influence the international policy and approach. KIT would want to emphasize in this context the importance of a connection between relief efforts and objectives of systemic change in health, food and economic systems. Relief efforts do often unnecessary and long-lasting harm to local health, food and economic systems. Relief efforts are unfortunately frequently implemented with an eye for rapid deployment and effective logistics, and much less consideration for use of, and strengthening of, local expertise and structures. The Dutch Relief Alliance could become a frontrunner in the roll-out of a relief approach that stimulates lasting change, and uses its (short-term) purchasing power as much as possible to stimulate local capacity and market development. The use of evidence in this approach is critical. A closer collaboration within the Ministry between the humanitarian and relief desk and programmes focusing on sustainable systemic change is also key in this respect.