

Input from the Netherlands Land Academy (LANDac) on the Policy Consultation of the Ministry of Foreign Affairs

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?*

In both spheres it is important to seek and build partnerships with local actors with existing capabilities and interests in these fields. Through partnerships with local businesses, Dutch companies can stimulate the development of expertise and capacities in both fields. It is also important that Dutch companies engage with non-business actors in a responsible and transparent manner and work from values such as inclusion, privacy, and “do no harm” and collaboration in their endeavours, not only in theory but also in practice. Dutch companies should be held accountable to the highest global standards around responsible investment and due diligence, and should monitor for unintended adverse consequences of their involvement.

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?*

About LANDac

LANDac – The Netherlands Land Academy – is a partnership between Dutch organisations and their Southern partners working on land governance for equitable and sustainable development. In order to understand and address new and existing types of land-related conflicts, LANDac brings together stakeholders who might not otherwise meet – particularly academic researchers, private sector and civil society representatives, and policy makers in the field of land governance and development. Since 2010, LANDac brings together stakeholders, conducts research and acts as a knowledge hub in line with these land governance related topics. See our website for more information:

<https://www.landgovernance.org/>

The LANDac partnership consists of the following organisations: Utrecht University, the Netherlands Ministry of Foreign Affairs, Wageningen University & Research, African Studies Centre (Leiden University), Royal Tropical Institute, Agriterra, Twente University (ITC), Oxfam Novib, the Land Portal, VNG International and Royal Haskoning DHV.

A key requirement for effective cooperation is local ‘ownership’ of the initiatives taken. This has long been recognized in Dutch development cooperation but is often limited in practice to (non-binding) consultation and NGO involvement. More attention should be given to effective participation by stakeholders throughout the process (including when setting up interventions). In particular, local communities affected by an initiative should be involved in the selection of interventions that should depart from their ideas, rather than those of other interested parties (e.g. investors).

A key field in which this starting from local perspectives needs to be central is that of land governance. Almost all initiatives in support of the SDGs involve claims on (scarce) resources and intervention in land use and tenure. Without proper local participation, the very measures taken in pursuit of sustainable development risk jeopardizing the legitimate interests of disadvantaged communities and people. Due lessons should be drawn from a decade of efforts to make land governance work for equity and sustainability. Knowledge institutions can and should play important roles in knowledge development and sharing or monitoring and evaluation of project processes and impacts.

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?

The interests of investors and other external parties involved in economic development initiatives are not necessarily aligned with those of local communities and residents in the areas where these initiative ‘touch the ground’. A ‘development-friendly investment regime’ (point 3) should ensure that safeguards are in place to prevent investments from negatively affecting the interests of local people and communities in fields such as control over and use of land and other natural resources (water, forests). This requires participation by those local groups in decisions on these matters, as well as proper prior ESIA’s (Environmental and social impact assessments). In terms of land governance, direct appropriation of land by external parties should be avoided, giving priority to approaches (business models) that work with local farmers and other rights holders, irrespective of whether these rights are formally registered or of a customary nature. Dutch government supported initiatives will generally be required to comply with guidelines set out in the VGGTs (Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, CFC/FAO, adopted 2012), but beyond this, the voluntary nature of these guidelines offers as yet insufficient protection to the vital interests of established population groups, especially when their rights on land, water

etc. are based on customary institutions. Critical voices from the local media and civil society act as important “watchdogs” and their role in the public debate should be taken seriously and protected. Similarly, Dutch efforts in the other policy themes should always go beyond the principle of “do no harm” and seek to engage local communities in co-development processes through which they also benefit equitably.

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?

The sustainability of Dutch business operations in other countries ultimately stands to benefit from being recognized as a responsible player in the global arena. Therefore, government policy should aim at fostering business practices that are inclusive, respectful of human rights and environmentally sound. This will ensure long-term viability and a decent future for the many, rather than short-term windfall profits for the few. It is also important for the Netherlands Government and businesses to gain insights into the complexities of the international trade arenas and the systemic risks that may be revealed by natural and anthropogenic crises.

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?

The future depends critically on how we are able to address the challenges deriving from climate change and its uneven effects, persistent (and deepening) food insecurity, and the high levels of violence in many parts of the world. The best efforts of companies, governments and knowledge institutes should be dedicated to addressing these challenges-

and “business opportunities” should be assessed in relation to their potential contribution to these challenges.

From a land governance perspective, we propose the following as key areas, where international enterprise could make a difference:

- Solutions for a just energy transition, where the costs of renewable energy are not passed on to poorer regions of the globe, and local populations get a fair share in the benefits;
- Solutions for mitigation, adaptation, and resilience to the effects of climate change, that are both smart, tailored to the context, and fair, with a particular emphasis on urban environments where problems of climate vulnerability, poverty and poor planning come together.
- Recognise the contribution of smallholder agriculture to food security of the poor, and develop solutions that support (rather than replace) local production, food systems, and fair value chains.
- Support efforts of the non-profit sector and governmental diplomacy to break the cycle of violence, poverty, and exclusion, working on the triple nexus of humanitarian assistance, development, and peace-building.

Public-private cooperation and role of SMEs

A successful approach to international trade requires cooperation between the public, companies, civil society and government. It is also useful to align with market demand. What would help companies, and SMEs in particular, to increase their export performance and innovative capacity?

6. *How can the government better support companies (and SMEs specifically), that are doing or wish to do business abroad?*
 - a. *What type of support do companies need in order to achieve international success in the areas of digital innovation (innovation partnerships) and sustainability?*
 - b. *For what countries, regions or markets should the government provide private sector support?*
 - c. *What type of trade promotion activities should the government stop doing?*

We limit ourselves to the first point, reiterating some of the points made above: Dutch companies interested in pursuing business opportunities/investments abroad should be assisted in avoiding doing harm to local groups in terms of land rights and use, and in developing instruments and procedures for stakeholder engagement. An important step is to avoid direct land acquisitions where possible, finding other arrangements that are less risky in terms of producing unintended negative side-effects. It is often difficult for foreign companies to be well informed about local land rights conditions, especially when these are largely arranged through customary rules, and the risk of unintended negative effects on people whose rights are not well protected, deepening poverty, inequality and the situation of women. The establishment of a central ‘window’ for information and advice on land (and water) rights in different countries could help Dutch investors (especially SMEs) to prevent

costly mistakes and reputation damage, while at the same time preventing injustice and involuntary displacement in the affected localities.

Development cooperation

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?

Over the last decade, The Netherlands has gained considerable expertise and strong institutions promoting inclusive and sustainable management of land and water. This extends to both technical fields such as geo-spatial data and knowledge infrastructures (e.g., Kadaster International, ITC Twente) and societal domains (LANDac, LANDdialog, LAND-at-scale programme implemented by RVO). The gains made in these fields will become even more important in the years ahead since nearly all SDGs require considerable resources in terms of land, further increasing the claims on the available resource base. Furthermore, we recognize that climate change is placing increasing pressure on land and water resources and those who occupy and depend on them. It is therefore imperative that these efforts are maintained, continuing the country's position as a frontrunner in the pursuit of inclusive and sustainable land governance. This will also result in Dutch companies gaining a competitive advantage in handling tenure issues as compared to others.

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?

In line with our answer to question 7, natural resource management (including land governance) is a field in which the Netherlands have gained a prominent position internationally, producing innovations both in technological innovation (e.g., fit for

purpose approaches, digital solutions, open geo-spatial data platforms) as well as in the knowledge frontiers and innovative policy approaches (knowledge platforms like LANDac and LANDdialogue, innovative cooperation initiatives such as LAND-at-scale, together with new approaches to systematic knowledge management). Such initiatives need continued efforts into the future, and should be better integrated with other partners at the European and multilateral levels. It is of importance to study impacts across value chains and food systems, to avoid 'outsourcing' of negative impacts – e.g., successful adaptation of EU biofuel legislation regarding responsible biofuel production.

Innovation is underpinned by research, and investment in high-quality research is needed to continue to reap the benefits of knowledge institutes in collaborative platforms.

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?*

We refer to our answers on earlier questions: the Netherlands can be even bolder in making inclusivity and equity corner stones of its policy. All of the domains mentioned above (energy transition, climate change, food security, and responding to conflict/violence), require 1) efforts to protect the rights of poor and vulnerable populations with fit-for-purpose measures to enhance tenure security, 2) commitment to and accountability on due diligence around investments and interventions; 3) commitment to real stakeholder engagement including local ownership of affected populations and support to critical watchdogs in society.

General closing question

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

For development efforts to contribute to inclusive and sustainable outcomes, proper management of natural resources (especially land and water) is a necessary condition. Should the lessons learned in recent years be neglected in the years ahead because of rising pressures from climate change, commercial interests and geopolitical pressures, then the objective of building towards a just and sustainable world will not be met.