

Appendix to the Letter to the House of Representatives containing the annual report on the action plan on policy coherence for development

17 May 2023

The main results achieved in relation to the individual themes included in the action plan on policy coherence for development in the period from 1 April 2022 to 31 March 2023 are presented below. Topics from the 2018 action plan not falling under the three themes 'reducing the Netherlands' climate, land and water footprint', 'tackling illicit financial flows and tax avoidance' and 'reducing vaccine and health inequalities' will be addressed separately. These are (1) development-friendly trade agreements, (2) a development-friendly investment regime and some components of (3) sustainable production and trade.

The report was written on the basis of qualitative and quantitative action plan indicators. Gender aspects have been included wherever relevant. A brief description of the action plan's goals, linked to the relevant SDGs, is included for each theme.

Reducing the Netherlands' climate, land and water footprint

If necessary, this goal will be updated next year in response to the National Biodiversity Strategy and Action Plan (NBSAP).¹

(SDGs 6, 7, 8, 12, 13, 14 and 15)

Sub-goal 1: Dutch financial flows are consistent with the pathway towards low greenhouse gas emissions and climate-resilient development (Art. 2.1.c of the Paris climate agreement) (Sub-goal 3 of the 2018 action plan).

Indicators and results

- 1) Measures taken to phase out public financial support to fossil fuel activities abroad (idem 2018 action plan)

In its letter of 3 November 2022, the government set out its policy on export credit insurance, applicable from 1 January 2023, in response to the COP26 Declaration.²

- 2) Number of foreign trade and development cooperation (BHOS) policy instruments that encourage green activities.

A letter³ was sent to the House of Representatives on 21 February 2023 discussing supplementary green policy on trade, including export credit insurance, trade instruments, trade missions and support for businesses by embassies.

Greening of three trade promotion instruments - Support International Business (SIB), the grants scheme for demonstration projects, feasibility studies and investment preparation projects (DHI) and the Partners for International Business (PIB) – became effective as of 1 January 2023. A letter

¹ The NBSAP will be drafted in 2023, as announced in the Letter of 7 March 2023 to the House of Representatives on the outcomes of the UN Biodiversity Conference (COP15). If all goes to plan, the NBSAP for the Kingdom of the Netherlands will be submitted to the House of Representatives in the first quarter of 2024. Additional efforts may be pursued for this action plan and corresponding new indicators may be formulated in response to the NBSAP, where necessary.

² https://www.tweedekamer.nl/parliamentary_papers/letters_government/detail?id=2022D45069&did=2022D45069 (in Dutch).

³ https://www.tweedekamer.nl/parliamentary_papers/letters_government/detail?id=2023Z03169&did=2023D07472 (in Dutch).

on trade instruments (bringing them in line with the Paris and Glasgow Agreements) was sent to the House of Representatives on 28 September 2022.⁴

3) Actions taken to phase out tax incentives

The extra policy package on climate and energy will be published once the Interministerial Review of Climate Policy is completed, probably in May 2023.

4) Actions taken to develop the policy agenda for sustainable financing

In June 2022, the Minister of Finance and the Minister for Climate and Energy Policy presented a policy agenda for sustainable financing⁵ in which they stressed the importance of the financial sector in funding the sustainability transition. They announced three main objectives:

1. The financial markets should be a driving force for sustainability. In this framework, the ministers assessed the progress reports on the financial sector's climate commitment and concluded that the parties involved are moving forward, but that actions to contribute to the sustainability transition could be more specific. They also need to make more rapid progress to achieve the climate goals set out in the Paris agreement. The ministers therefore plan to work with the financial sector to explore how legislation can help strengthen the financial sector's contribution to the sustainability transition.⁶
2. The financial risks related to sustainability should be adequately managed. The Minister of Finance is therefore committed to integrating sustainability-related risks into the current revision of the supervisory frameworks for banks and insurers. As a result, for example, the provisional Council agreement on the supervisory framework for banks has been amended so that more rapid-follow up can be given to the conclusions of a study into the inclusion of sustainability-related risks in the generic part of the capital requirements framework.⁷
3. Reporting standards should provide insight into all relevant sustainability-related factors and prevent greenwashing. In international discussions, within the G20 and the Financial Stability Board for example, the Minister of Finance is committed to harmonising sustainability standards, strengthening comparability of information and enabling better worldwide allocation of sustainable investments, including to developing countries.

In the government response to the report on financing in transition issued by the Council for the Environment and Infrastructure (RLI), the Minister of Finance indicated that she would send a comprehensive update of progress on the policy agenda for sustainable financing to the House of Representatives after the summer recess.⁸

Sub-goal 2: Dutch emissions are consistent with the 1.5°C target.

Indicators and results

1) CO₂ reduction in 2030

The Netherlands Environmental Assessment Agency (PBL) publishes its Climate and Energy Outlook in the autumn of each year. This publication provides insight into CO₂ emissions and reductions, for example.

- 2) Measures taken to implement the coalition agreement, in which a number of exemptions from energy taxation are phased out

⁴ https://www.tweedekamer.nl/parliamentary_papers/letters_government/detail?id=2022D38153&did=2022D38153 (in Dutch).

⁵ Parliamentary Papers, House of Representatives, 2021-2022, 33 043, no. 108 (in Dutch).

⁶ <https://www.rijksoverheid.nl/documenten/kamerstukken/2023/03/13/kamerbrief-voortgang-klimatecommitment-2023> (Letter to the House of Representatives on progress on the financial sector's climate commitment), 13 March 2023, and Parliamentary Papers, House of Representatives, 2022-2023, 32 013 32 813, no. 256 (in Dutch).

⁷ Parliamentary Papers, House of Representatives, 2022-2023, 21 501-07, no. 1904 (in Dutch).

⁸ <https://www.rijksoverheid.nl/documenten/kamerstukken/2023/03/20/kamerbrief-kabinetsreactie-rli-adviesrapport-financiering-in-transitie> (Letter to the House of Representatives setting out the government's response to the RLI's advisory report on financing in transition) (in Dutch).

The extra policy package on climate and energy will be published once the Interministerial Review of Climate Policy is completed, probably in May 2023.

Sub-goal 3: Dutch production, consumption and trade are increasingly taking place within planetary boundaries with a positive impact on combating poverty and inequality.

Indicators and results:

- 1) Actions in accordance with the activities set out in the assessment by the Working Group for the Assessment of New Commission Proposals ('BNC assessment') of the Communication on the Power of Trade Partnerships: Together for Green and Just Economic Growth.⁹ This Communication provides for revising undertakings on trade and sustainability in trade agreements.

The government supported the Communication of June 2022 and subsequently took action in the Council in accordance with the BNC assessment. The Communication was endorsed in the Council conclusions of October 2022, partly due to action by the Dutch government. The government underscored the importance of rapid follow-up to action points under existing agreements, such as formulating specific priorities for implementation in each partner country. In the negotiations on new trade agreements, the EU is committed to concluding ambitious agreements on sustainability.

- 2) The introduction of national IRBC legislation which takes account of the need for a level playing field with surrounding countries

In response to the submission of the IRBC bill by members of the House of Representatives on 1 November 2022, the Minister for BHOS put preparation of her own bill on hold. She is now in conversation with the MPs in question to explore opportunities for a bill that will enjoy broad support.

- 3) The introduction of supplementary policy in the form of an IRBC support office and policy for sectoral cooperation

As part of the smart policy mix, a support office was set up which is now operated by the Netherlands Enterprise Agency (RVO). Businesses have been able to contact the support office since 30 September 2022. On 13 October 2022, the first applications for grants under the grants scheme for sectoral cooperation on IRBC could be submitted to RVO.¹⁰

- 4) Actions in accordance with the activities set out in the BNC assessment of the Directive on Corporate Sustainability Due Diligence.¹¹ This proposal by the European Commission is aimed at encouraging businesses to help respect human rights and the environment in their own operations and in their value chains.

In Council negotiations during the past year, the Netherlands showed a strong commitment to the focal points contained in the file. On 1 December 2022, the Competitiveness Council adopted a Council position.¹²

⁹ [File 4: Communication on the Power of Trade Partnerships: Together for Green and Just Economic Growth](#).

¹⁰ See the Letters to the House of Representatives of 17 March 2023 ([Parliamentary Paper 26485-412](#)) and 28 February 2023 (Parliamentary Paper [26485-408](#)) (in Dutch).

¹¹ [File 1: Directive on Corporate Sustainability Due Diligence](#).

¹² See the Letter to the House of Representatives of 16 December 2022 ([Parliamentary Paper 26485-405](#)) (in Dutch).

- 5) The measures taken at international level to encourage a fair transition from a linear to a circular economy, as formulated in the national Circular Economy programme¹³ which is expected in late 2022

The national Circular Economy programme was sent to the House of Representatives on 3 February 2023. The programme's international component will be fleshed out in more detail, taking on board the social and economic aspects of the circular transition both at home and abroad. This is in line with the motion submitted by MPs Stieneke van der Graaf and Kauthar Bouchallikh¹⁴ requesting the government to chart the effects of the transition to the circular economy on developing countries.

- 6) The indicative interim target and indicators will be specified in more detail in the national Circular Economy programme which is expected in late 2022.

The national Circular Economy programme was published in February 2023. This programme marks a major milestone in policy on the circular economy. In formulating the programme, the current indicative national targets were assessed to establish whether they could be more specific, and could ultimately be replaced by a new set of targets. The overarching targets are, however, in need of further development, because we do not as yet have the required knowledge. There is still too little understanding of the feasibility and possible effects of the interim targets.

In accordance with the national Circular Economy programme, the set of overarching targets will be further studied in 2023 and 2024, for decision-making in 2024. A set of targets is needed, including more specific targets for reducing the use of primary raw materials. By reducing use of raw materials, we will contribute not only to meeting the climate and biodiversity challenges, but also to creating a clean environment and a clean and safe living environment and to securing supplies of raw materials. For this reason, a set of targets is needed that makes both the envisaged effects and the circularity challenge itself visible. The following framework will be used:

Effect targets, leading to:			
Prevention of climate change	Restoration of biodiversity	Cleaner environment and living environment	More secure supplies of raw materials
Circularity targets, leading to:			
Reduced use of raw materials	Substitution of raw materials	Prolonged life	High-quality processing

- 7) Actions and results of programmes targeting mining companies and raw material chains (European Partnership for Responsible Minerals (EPRM), Climate Smart Mining (CSM), Extractive Industries Transparency Initiative (EITI))

In 2022, the EPRM approved three new projects to be implemented in four different countries (Bolivia, Democratic Republic of the Congo, Côte d'Ivoire and Mali). EPRM currently has 14 active

¹³ This will be supplemented following publication of the programme in 2022.

¹⁴ [Amended motion by MPs Stieneke van de Graaf en Kauchar Bouchallikh on charting the effects on developing countries of the transition to the circular economy \(t.v.v. 36200-XII-72\).pdf](#) (in Dutch).

projects in its portfolio. It was decided in 2022 that the EPRM should not only focus on gold, tin, tantalum and tungsten but that lithium, cobalt, natural graphite, nickel and copper – the critical materials for batteries – should also be taken on board in the forthcoming commitment round.

The World Bank's Climate Smart Mining initiative has made progress in producing analyses and guidelines that can help governments and downstream companies apply responsible mining practices in the minerals sector. For example, it launched the Climate Mineral Explorer, which provides an overview of greenhouse gas emissions in critical mineral value chains, from extraction to final use.

In late 2022, the Dutch multi-stakeholders group (MSG) implementing the Extractive Industries Transparency Initiative (EITI), which comprises representatives of the ministries involved, Dutch companies operating in extractive industries and civil society organisations, finalised its report on 2021. The report will be presented separately to the Permanent Parliamentary Committee on Economic Affairs & Climate Policy. The Netherlands supports the EITI with contributions amounting to \$1.2 million between 2021 and 2024.

- 8) Efforts in accordance with the activities set out in the BNC assessment of the Carbon Border Adjustment Mechanism Regulation.¹⁵ This proposal is intended to prevent the carbon leakage that is undermining EU climate policy and to encourage businesses and countries outside the EU to develop more ambitious climate policy.

In December 2022, a political agreement was reached on the Carbon Border Adjustment Mechanism (CBAM) under which developing countries will receive support in the form of technical assistance. The Regulation provides for periodic evaluations, including an evaluation focusing on the CBAM's effects on the least developed countries, to be carried out in 2027. The CBAM is expected to enter into its transitional phase in October 2023, after decisions have been taken in the Council and the European Parliament. The instrument will enter into force in 2026.

- 9) Efforts in accordance with activities set out in the BNC assessment of the Review of the Generalised Scheme of Preferences Regulation.¹⁶ The current proposal is aimed at continuing the current GSP for the 2024-2033 period, while making changes aimed at supporting the development of development cooperation countries and strengthening the scheme's social, employment and climate features.

In this proposal, the European Commission proposes extending the negative conditionality for the Standard GSP and Everything but Arms (EBA) category to all related international agreements. This will help strengthen the scheme's social, labour-related and climate-related features. The Netherlands has also collaborated with like-minded member states in writing a non-paper calling for retention of the generous nature of the GSP.¹⁷

Sub-goal 4: Supply chains of agricultural raw materials and wood to the Netherlands which fall under the Regulation on Deforestation-free Products are entirely deforestation-free by no later than 2025. Other supply chains of agricultural raw materials will follow suit in the period up to 2030, as part of the Netherlands' commitment to stop deforestation worldwide in 2030.

Indicator and result

- 1) Dutch actions in relation to the EU Regulation on Deforestation-free Products

Result:

¹⁵ [BNC assessment 13: Carbon Border Adjustment Mechanism Regulation \(in Dutch\)](#).

¹⁶ [BNC assessment 13: Review of the Generalised Scheme of Preferences Regulation \(in Dutch\)](#).

¹⁷ [Letter to the House of Representatives on the non-paper on the Commission Proposal for GSP renewal | Parliamentary Paper | Rijksoverheid.nl](#).

On 6 December 2022, a political agreement was reached in the triologue between the Council, the European Parliament and the European Commission on a European Regulation on Deforestation-free Products.¹⁸ The Netherlands has urged EU legislation on this issue for several years, together with countries in the Amsterdam Declarations Partnership¹⁹ (ADP).

During the negotiations, the government took action to strengthen the Regulation on points that are Dutch priorities,²⁰ such as inclusion of a minimum percentage for checks by competent authorities in low-risk countries/areas, coherence with international due diligence standards²¹ and European legislation,²² inclusion of palm oil products and derivatives, extension of the scope and inclusion of 'other wooded land', and strengthening of a provision in the Council position for cooperation with producer and consumer countries. For more details, see the Letter to the House of Representatives of 17 January 2023.²³

Sub-goal 5: The business community and financial sector use natural capital accounts and are transparent with regard to their impact and dependence on biodiversity and natural capital.

Indicators and results²⁴

- 1) Relevant actions taken, results achieved and additions made to the Nature-Inclusive Agenda.
- 2) Measures taken to support further development and application of the Ecosystem Services Valuation Database (ESVD).
- 3) Measures taken to support MVO Nederland in the field of application.
- 4) Measures taken to support the Taskforce on Nature-related Financial Disclosures (TNFD) in developing and applying the TNFD framework.
- 5) Measures taken to support the Partnership for Biodiversity Accounting Financials (PBAF).

- 1) Nature-Inclusive Agenda (financial sector domain): Agenda 1.0 is currently being implemented.
- 2) Ecosystem Services Valuation Database: With a view to adding data relevant to Dutch investments and to improving the quality management system, the Ministry of Agriculture, Nature and Food Quality approved a new grant application from the Foundation for Sustainable Development (the organisation that manages the ESVD). As an interim result, new web interfaces are now ready, new data points have been included, work has started on a standardised method for adding data, and guidance is now available and students have been trained in adding data. Consultations are currently ongoing on a possible follow-up grant. At the UN Biodiversity Conference in December 2022 (COP 15 CBD) 'Make Nature Count: Integrating Nature's Values into Decision-Making', a report by the Foundation for Sustainable Development and ASN Bank, was presented to the Minister for Nature and Nitrogen Policy. The report was based on the ESVD.
- 3) MVO Nederland: A grant was awarded to MVO Nederland in 2022 for a project that started in April 2022. Results achieved in the second to fourth quarters of 2022 are as follows: 12 groups of businesses joined innovation projects; more than 250 businesses were involved; more than 1,000 stakeholders received information; solutions, tools and plans were

¹⁸ COM/2021/706 Regulation of the European Parliament and the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010.

¹⁹ The Amsterdam Declarations Partnership brings together 10 European countries (DE, FR, UK, NO, DK, LX, SP, IT, BE and NL) that share a commitment to making value chains for agricultural raw materials sustainable and deforestation-free by 2025.

²⁰ [File 8: Regulation on Deforestation-free Products | Parliamentary Paper | Rijksoverheid.nl](#) (in Dutch).

²¹ The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

²² For example, the Corporate Sustainability Due Diligence Directive (CSDDD), which also requires businesses to practise due diligence. With this action, the government seeks to prevent excessive regulation of business.

²³ [Kamerbrief voortgang politieke onderhandelingen EU-verordening ontbossingsvrije producten \(Letter to the House of Representatives on progress in negotiations on the Regulation on Deforestation-free Products\) | Parliamentary Paper | Rijksoverheid.nl](#) (in Dutch).

²⁴ Indicators 3 to 5 were added after the action plan was published

developed; the 'light' version of the campaign reached 81,272 professionals, with the video accessed 68,434 times; the website www.natuurlijkkapitaal.nl was visited more than 6,000 times; 1,900 people received the newsletter.

- 4) Taskforce on Nature-related Financial Disclosures: the Ministry of Agriculture, Nature and Food Quality is currently processing an application for a grant to trial the draft reporting framework in, among others, the agri-food sector. The Ministry is also a member of the TNFD's Stewardship Council.
- 5) Partnership for Biodiversity Accounting Financials: The Ministry of Agriculture, Nature and Food Quality has introduced the PBAF to various parties including the European Investment Bank and the G20 Sustainable Finance Working Group, leading to various meetings and a more prominent profile.

Sub-goal 6: Dutch policy has no possible negative consequences for food production, access to water, forests and biodiversity in developing countries. (Sub-goal 4 of the 2018 action plan)

Indicators and results

- 1) Measures taken as part of the biofuels implementation agenda²⁵
- 2) Actions taken to mainstream biodiversity within BHOS policy

The sustainability framework that was sent to the House of Representatives on 16 October 2020 included a biofuels implementation agenda for the government to put this framework into practice by means of amendments to policy and legislation. An item on this agenda is safeguarding the sustainability criteria for the production of sustainable biomass. Biomass is sustainable only if it is produced sustainably.²⁶ We are working on the establishment of environmental criteria and corresponding safeguards in legislation on biomass sustainability, specifically in an order and a scheme. These concern biomass flows and their application encouraged or regulated by government.

The House of Representatives will be informed at greater length on progress with implementation before the summer recess. One of the subjects to be discussed is the organisation of a new advisory committee which – on the basis of certification standards – will be responsible for assessing whether biomass meets the sustainability criteria. The House of Representatives will also be informed of action to review oversight of sustainability safeguards. The new order setting out the sustainability criteria and the corresponding system will probably enter the official legislative process in the second half of 2023.

On 26 April 2023,²⁷ the Minister for Foreign Trade and Development Cooperation informed the House of Representatives of the five tracks along which the government plans to further strengthen action on international biodiversity within BHOS. These are: as part of the central government-wide commitment, an increase in contributions to international biodiversity to no less than €250 million by 2025; a focus on nature-based solutions; action to mobilise private funds; anchoring biodiversity in IRBC and trade policy; and, finally, mitigating and where possible preventing negative impact on biodiversity.

Tackling illicit financial flows and tax avoidance

SDGs 16 and 17

²⁵ [duurzaamheidskader-biogroonstoffen.pdf \(overheid.nl\)](#) (sustainability framework for biomass) (in Dutch).

²⁶ Social and Economic Council, 'Biomass in the Balance'.

²⁷ [Kamerbrief over inzet Buitenlandse Handel en Ontwikkelingssamenwerking voor internationale biodiversiteit \(Letter to the House of Representatives on BHOS action on international biodiversity\) | Parliamentary Paper | Rijksoverheid.nl](#) (in Dutch).

Sub-goal 1: Unilateral, bilateral and multilateral measures have been taken to tackle worldwide tax avoidance, including reducing the use of the Netherlands as a conduit country.

Indicators and results:

- 1) The number of developing and other countries participating in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting
- 2) The introduction of conditional withholding tax on dividends in low-tax jurisdictions and tax abuse situations
- 3) Annual interest, royalty and dividend flows from the Netherlands to low-tax countries
- 4) The number of tax treaties with developing countries with anti-abuse provisions in accordance with the minimum standard on the prevention of treaty abuse
- 5) Overview of countries on the EU list of non-cooperative tax jurisdictions
 - 1) The Netherlands works actively with other countries within the OECD/G20 Inclusive Framework (IF) to revise the international taxation system. 142 countries, including a large number of developing countries, are now members of the IF.
 - 2) Conditional withholding tax will be introduced as of 1 January 2024.
 - 3) Interest, royalty and dividend flows from the Netherlands to low-tax jurisdictions shrank by nearly 85%, from €38.5 billion in 2019 to €6.0 billion in 2020. Though it is difficult to distinguish between the effects of various national and international measures, it is reasonable to assume that the reduction in interest and royalty flows to low-tax jurisdictions in 2020 can partly be attributed to the fact that, in anticipation of the introduction of withholding tax in 2021, businesses adapted their structures on time to avoid paying it. Dividends (including withheld profits) formed the major part of the remaining flow. A further reduction in the remaining flow is to be expected once the conditional withholding tax on dividends to low-tax jurisdictions is introduced in 2024.²⁸
 - 4) The Netherlands has tax treaties in effect with 19 developing countries. Agreement has been reached with 14 of these countries on including anti-abuse provisions in the treaty in question (either bilaterally or through the Multilateral Instrument (MLI)). Agreement was reached with 12 of these countries in 2021, and later with another two. The Netherlands is continuing to work, either bilaterally or through the MLI, towards inclusion of anti-abuse provisions in tax treaties with the developing countries with which this still has to be agreed.²⁹
 - 5) The list of non-cooperative jurisdictions was updated on 14 February 2023 and now comprises 16 countries. These are: the American Virgin Islands, American Samoa, Anguilla, the Bahamas, the British Virgin Islands, Costa Rica, Fiji, Guam, the Marshall Islands, Palau, Panama, the Russian Federation, Samoa, Trinidad and Tobago, the Turks and Caicos Islands and Vanuatu.³⁰ Seven of these countries³¹ were not on the list published in February 2022, and have since been added. Four countries have been dropped from the list.³²

Sub-goal 2: Worldwide illicit financial flows have been tackled (SDG 16.4), including corruption (SDG 16.5).

²⁸ See also Parliamentary Papers, House of Representatives, 2021-2022, 25 087, no. 294.

²⁹ In accordance with the commitment made to MP Kirsten van den Hul during the debate on the BHOS budget on 28 November 2019, in its evaluation entitled *A Taxing Issue* the Policy and Operations Evaluation Department (IOB) of the Ministry of Foreign Affairs also examined the effects of anti-abuse provisions in tax treaties. The government shares the IOB's view that abuse of tax treaties with developing countries must be prevented. Inclusion of effective anti-abuse provisions in tax treaties with developing countries has priority, and the Ministry of Finance has, for example, launched a project targeting 23 developing countries with a view to reaching agreement with them on this issue.

³⁰ The list will be updated at the Ecofin Council in October 2023.

³¹ The British Virgin Islands, Costa Rica, the Marshall Islands, Russia, Anguilla, the Bahamas and the Turks and Caicos Islands.

³² Barbados, Jamaica, North Macedonia and Uruguay.

Indicators and results:

- 1) The number of developing and other countries participating in the Financial Action Task Force (FATF)
- 2) The number of developing and other countries committed to implementing the Extractive Industries Transparency Initiative (EITI) standards

In 2022, around 205 countries and jurisdictions participated in the FATF or one of its regional sister organisations. There are currently 23 jurisdictions under increased monitoring (on the 'grey list'). These countries work actively with the FATF to address shortcomings in their legislation on tackling illicit financial flows. The Netherlands supports a number of these countries by providing technical assistance (see also sub-goal 4).

Angola joined the EITI in 2022 and will implement the EITI Standard. Gabon rejoined and the Central African Republic was readmitted after being suspended. Countries currently considering joining include Namibia, Jamaica and Equatorial Guinea (in addition to more developed countries like Chile, Romania, Brazil and the US). To promote transparency in the extractive industries worldwide, including, importantly, insight into related financial flows, the Netherlands supports these countries' participation in the EITI in discussions and decisions in EITI Board Meetings.

Sub-goal 3: Developing countries have effective tax policies and tax collection systems and are able to combat tax avoidance (SDG 17.1).

Indicators and results:

- 1) Total Dutch expenditure (in millions of euros) on technical assistance with taxation ('domestic resource mobilisation').

In 2022, cash expenditures on technical assistance in the field of taxation amounted to €6.5 million. The Netherlands supports multilateral organisations, like the World Bank, that work on effective taxation and works with bilateral partners like VNG International (the International Cooperation Agency of the Association of Netherlands Municipalities). The Tax Administration is one of the many partners in the Tax Inspectors Without Borders programme that generated around €300 million in extra tax revenue in the past year.

- 2) Tax revenues compared to developing countries' gross domestic product

In 2022, tax revenues amounted to 13.5% of developing countries' gross domestic product. This was 13.2% in 2021.³³

Technical assistance is important in supporting developing countries with their tax systems. Tax revenues are essential for countries' wellbeing, prosperity and development. They are the main source of funding for the public expenditure needed to achieve the Sustainable Development Goals. Low-income countries in particular, despite the great progress they have made in recent years, are still unable to collect 15% of domestic income in taxes. This percentage can be regarded as the minimum for a functioning state.³⁴

Sub-goal 4: Developing countries are resilient to, and are able to combat, illicit financial flows.

Indicators and results:

- 1) Total Dutch expenditure (in millions of euros) on technical assistance with combating illicit financial flows and tax avoidance

³³ Figures relate to low-income countries and lower-and middle-income countries. Source: annual report of the IMF Revenue Mobilisation Trust Funds.

³⁴ [Tax Capacity and Growth: Is There a Tipping Point? \(imf.org\)](https://www.imf.org/en/Publications/News-Events/Press-Release/2022/04/20/220420a).

Expenditure on technical assistance to combat illicit financial flows and tax avoidance amounted to around €8.2 million. This included expenditure on action to tackle money laundering and corruption and to promote transparency (in the mineral extraction sector), as well as the expenditure on technical assistance in the field of taxation referred to above.³⁵

- 2) The number of low- and middle-income countries and countries on the FATF grey list that the Netherlands supports via the IMF Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Thematic Fund in implementing the FATF standards.

The following 10 low- and middle-income countries are on the FATF grey list and receive technical assistance from the Netherlands via the IMF Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Thematic Fund in implementing the FATF standards.

1. Albania (multi-country Training: VA/VASP)*
2. Haiti
3. Jamaica
4. Jordan
5. Philippines (multi-country CBDC)*
6. South Sudan
7. Uganda
8. Yemen
9. Democratic Republic of the Congo
10. Mali

Reducing vaccine and health inequalities

SDGs 3 and 3B

Sub-goal 1: The Netherlands will help increase global access to vaccines and medicines by encouraging both knowledge sharing and local production.

Indicators and results:

- 1) Dutch campaigns in WHO and the WTO aimed at encouraging and increasing global knowledge sharing
- 2) Active sharing of knowledge in the partnerships with the business community, the life sciences and health top sector, civil society organisations and knowledge institutions/academia
- 3) Dutch participation in, and progress within, one of the multilateral initiatives on access to/ production of vaccines and medicines.

The Netherlands is actively involved in the Team Europe Initiative (TEI) on Manufacturing and Access to Vaccines, Medicines and Health Technologies (MAV+), which focuses on making fair, safe, high-quality and affordable vaccines, medicines and health products available on the African continent. The Netherlands is also exploring opportunities to involve the private sector in this initiative.

EU Global Health Strategy (GHS): with a view to implement the EU GHS, the Netherlands has committed to press the EU to play an ambitious role in improving worldwide access to vaccines, medicines and medical products and upgrading local production capacity.

World Local Production Forum (WLPF): this forum will take place in the autumn of 2023. Here too, attention will be devoted to encouraging local production in developing countries, by sharing and exchanging technology, for example. The forum's aim is to agree on tangible actions and to collate good initiatives. One key way to achieve that is to strengthen worldwide production capacity. In international discussions on a Medical Countermeasures Platform in WHO, within the G20 and in

³⁵ Information on expenditure partly based on survey of Dutch missions in Africa.

the run-up to the different UN high level meetings on health, the Netherlands will urge attention to the importance of increasing global access to vaccines and medicines as a condition for achieving the targets under SDG 3.

The following two documents were adopted during the WTO's Twelfth Ministerial Conference, which was held from 12 to 17 June 2022: a Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics and a Ministerial Decision on Trade-related aspects of the Intellectual Property Rights (TRIPS) in relation to COVID-19 vaccines. The Declaration focuses on the role of multilateral trade systems in the production and distribution of vaccines and other essential medical products. The decision on intellectual property rights to COVID-19 vaccines responds to developing countries' concerns by simplifying existing scope for local manufacturers to produce COVID-19 vaccines without the patent holders' permission. At the same time, in the general interest, the decision ensures a well-functioning system of intellectual property rights, with incentives for investment, research and technology transfer. In the run-up to the conference, the Netherlands repeatedly called for the European Union to take ambitious action in relation to trade and health, and constructive, proactive action in relation to intellectual property rights and vaccines.

Use of the SDG assessment tool in accordance with the Policy Compass (formerly the Integrated Assessment Framework)

Indicator

- 1) Progress with applying the SDG assessment tool, with a specific focus at the Ministries of Agriculture, Nature and Food Quality, Foreign Affairs, Economic Affairs and Climate Policy, and Finance.

In early 2023, various consultations were held to chart the legislation expected in the coming period and the negative impact it could have on developing countries. These consultations were regarded as useful and have led to various ministries becoming more aware of the need to carry out a timely SDG assessment. In the coming period, the various ministries, including the Ministry of Infrastructure and Water Management, have agreed to examine whether these consultations have genuinely contributed to better use of the SDG assessment tool and explore how more awareness of impact on developing countries can be achieved. When this report was published, it was too early to go into more detail on how the SDG assessment tool has been applied.

More generally, the SDG assessment tool and, specifically, assessments of measures' impact on developing countries are more user-friendly and more firmly anchored in the Policy Compass, which was launched on 29 March 2023.

2018 action plan,³⁶ development-friendly trade and investment agreements and sustainable production and trade

The following goals have not been explicitly included in the revised action plan. This does not of course mean that Dutch action in relation to trade and investment treaties will no longer be development-friendly. It simply means that these goals will not be addressed separately in future annual reports on policy coherence for development. These reports will however address certain trade policy goals related to reducing the Netherlands' climate, land and water footprint. The House of Representatives also receives this information separately in the progress reports on trade agreements, and this will continue to be the case in the future.

³⁶ [Hulp, handel en investeringen \(Aid, trade and investment\) | Tweede Kamer der Staten-Generaal \(House of Representatives of the States-General\)](#): revised 2018 action plan with goals, actions and indicators (in Dutch).

Overarching goal: trade agreements have the most positive possible impact on developing countries (SDG 17.10, 17.11 and 17.12).

Sub-goal 1: Negotiations have been completed and permanent or interim Economic Partnership Agreements (EPAs) have been finalised and ratified and have entered into force (SDG 17.11).

No negotiations were completed and no agreements were ratified or entered into force in the period in question. An overview of current developments can be found in the progress report on trade agreements, which is sent to the House of Representatives each quarter.³⁷

Sub-goal 2: EPAs are being effectively implemented (SDG 17.11).

No institutional framework was set up for monitoring of EPAs in the period in question, given that no new EPA has been concluded or applied provisionally since 1 April 2022.

Sub-goal 3: Developing countries are aware of the opportunities trade agreements can present for economic development and of the obligations entailed by WTO membership (SDG 8a and 17.10).

13 civil servants from developing countries took part in the Netherlands Trainee Programme (NTP) in 2022. 65 registered delegates took part in the annual training course, 32 of whom were awarded a Certificate of Attendance and 22 of whom passed the optional test. Four lawyers (three of whom are women) from developing countries received training under the Advisory Centre on WTO Law (ACWL) Secondment Programme. Ad hoc training sessions were organised for delegates from least-developed countries: two sessions attended by 15 to 17 delegates and training sessions for French-speaking delegates, also attended by 15 to 17 delegates. Two sessions of the women's discussion group were organised, each attended by 20 to 25 delegates.

Sub-goal 4: The potential effects of new bilateral trade agreements on developing countries have been identified (SDG 17.11).

In May 2022 the Sustainability Impact Assessments (SIA) of trade agreements between the EU and Malaysia and the EU and the Philippines were completed, after the European Commission had drafted the Terms of Reference for them in 2017. However, negotiations with the two countries came to a standstill several years ago.³⁸

The European Commission is working on instructions for a revision of the SIA for an agreement between the EU and India. The reason here is that negotiations with India have resumed, with a first round in June 2022.

Sub-goal 5: Bilateral trade agreements contain generous rules of origin for developing countries (SDG 17.11 and 17.12).

Agreement was reached with Cameroon on rules of origin in the interim EPA. Talks are also underway with Kenya on an interim EPA, and in these negotiations the Netherlands has advocated generous rules of origin.

Sub-goal 6: In negotiations with developing countries on bilateral trade agreements, the EU does not request any TRIPS Plus provisions that could unnecessarily restrict access to medicines (SDG 3B).

TRIPS Plus Provisions were noted in the EU's negotiating texts with both Indonesia and India. In each case, the Netherlands requested the EU to remove them, if this was in accordance with the negotiating partners' wishes.

³⁷ [Voortgangsrapportage handelsakkoorden maart 2023 \(March 2023 progress report on trade agreements\) | Tweede Kamer der Staten-Generaal \(House of Representatives of the States-General\)](#) (in Dutch).

³⁸ Ibid.

Overarching goal: investment treaties have the most positive possible impact on developing countries (SDG 17.15).

Sub-goal 1: The Netherlands' investment protection agreements that are not being replaced by EU investment agreements will be reviewed on the basis of an updated Dutch model text.

No official negotiations were started or completed in this period on modernisation of investment protection agreements. Further talks are however expected to be held with a number of countries in 2023. The House of Representatives will be kept informed in the quarterly progress reports on trade agreements.³⁹

Sub-goal 2: If the EU investment agreements contain a dispute settlement system, the Netherlands will urge incorporation of the Investment Court System.

On 9 December 2022 the EU and Chile finalised substantive negotiations on a modernised association agreement incorporating the Investment Court System.

Sub-goal 3: A multilateral investment court will be established to settle disputes between investors and government authorities.

A permanent multilateral investment court was discussed at the 44th meeting of Working Group III of the UN Commission on International Trade Law (UNCITRAL) in January 2023. In talks on the subject, the Netherlands supports the European Commission's efforts to establish a multilateral investment court.

Sustainable production and trade in the 2018 action plan

Two sub-goals relating to the theme 'sustainable production and trade' were included in the 2018 action plan. In future, these will be included under sub-goal 3 on action to reduce the Netherlands' footprint: 'Dutch production, consumption and trade are increasingly taking place within planetary boundaries with a positive impact on combating poverty and inequality.' Results on the 2018 indicators are listed below.

Sub-goal 2: Social and environmental conditions have improved in the textile, palm oil, coffee, cocoa and metals and minerals value chains (SDGs 2.3, 2.4, 8.5, 8.7, 8.8, 12.6 and 17.17).

Indicators

- 1) Percentage of palm oil bought by the private sector in the Netherlands and Europe that is sustainably procured
- 2) Demand for and supply of certified sustainably-produced coffee, tea and cocoa
- 3) Hectares of land used sustainably (contributes to SDG 2.4.1)
- 4) Number of small-scale mines exporting responsibly extracted gold

Results:

Against the background of and in relation to trade policy measures and new IRBC policy and EU and other legislation currently being drafted to ensure sustainable trade, the government is making a persistent effort to ensure sustainable, more inclusive value chains, particularly in high-risk sectors such as agri-food, textiles and raw materials, by allocating development cooperation funds to partners including the Sustainable Trade Initiative, Solidaridad, Power of Voices

³⁹ [Voortgangsrapportage handelsakkoorden maart 2023 \(March 2023 progress report on trade agreements\) | Tweede Kamer der Staten-Generaal \(House of Representatives of the States-General\)](#) (in Dutch).

Partnerships, the Sustainable Textile Initiative (STITCH), the Netherlands Enterprise Agency (RVO) and the Centre for Promotion of Imports from Developing Countries (CBI) and to international partners like the ILO and ITC.

Through European and international cooperation, the government is taking action to ensure more attention to a living wage and income, partly as a major condition for tackling deforestation and child labour. In talks with other EU member states, the Netherlands has urged them to join the Dutch-German partnership on this issue, enshrined in the ministerial Joint Declaration on Living Wage and Living Income. Belgium agreed in 2022, and Luxembourg expressed its willingness to sign as well.

The Netherlands has been working with the ILO for many years to put the issue of living wages in producer countries more prominently on the agenda through policy and legislation based on social dialogue, data on workers' and their families' needs, and economic factors like productivity. This approach achieved its first result in 2022 when various countries taking part in the ILO pilot project revised their minimum wage and/or amended labour legislation, as a result of which employees may earn a higher income and have prospects of decent work and a living wage.

The Durban Call to Action was adopted at the fifth annual conference on child labour, which was held in South Africa in May 2022. Partly due to the Netherlands' efforts, this call to action underscored the importance of an adequate minimum wage in order to tackle child labour on a structural basis. The Netherlands, Belgium, Germany, Switzerland and, since 2022, France have launched multi-stakeholder initiatives in the cocoa sector, bringing together international and national stakeholders with the aim of enabling a living income for households that grow cocoa beans.

Around 90% of the palm oil imported to the Netherlands and the EU for use in consumer products currently carries Roundtable on Sustainable Palm Oil (RSPO) certification. Voluntary industry standards and certification can contribute to making supply chains for palm oil, cocoa, coffee and tea more sustainable, but are not in themselves sufficient to ensure full sustainability.

In 2022, the government presented the revised National Action Plan on Business and Human Rights (NAP). The first NAP, published in 2014 and followed by implementation of the action points, was in need of revision. An active national agenda to implement the United Nations Guiding Principles on Business and Human Rights gives the Netherlands credibility in calling on other countries and businesses to meet their responsibilities, which is essential if the SDGs are to be achieved. The Netherlands' new IRBC policy is an integral part of the new NAP.

Sub-goal 3: Dutch initiatives for sustainable production and trade will be scaled up to European level (SDG 8 and 17).

Indicators

- 1) Number of countries that have joined the Amsterdam Declarations Partnership
- 2) Activities in the EU framework drawing further attention to the multi-stakeholder approach.

Results:

EU activities to draw more attention to the multi-stakeholder approach include the following. The Team Europe Initiative (TEI) on Sustainability in Global Value Chains was recently set up, partly on the initiative of the Netherlands. This initiative's main lighthouse project will be the establishment of an EU helpdesk for businesses and stakeholders in producer countries on supplementary development cooperation programmes on sustainable value chains as part of the broader IRBC legislation (Directive on Corporate Sustainability Due Diligence), in relation to specific legislation such as the Regulation on Deforestation-free Products and the Regulation to prohibit goods made with forced labour, on which negotiations are currently ongoing at EU level. The help desk is intended as outreach to producer countries, combined with other instruments in the field of capacity building and diplomacy. This instrument will be based on existing initiatives for

sustainable value chains launched by the European Commission and other participating EU member states, including the Netherlands.