



Ministry of Foreign Affairs

*Improving the climate for business*

# Towards a stimulating economic climate

**Extra support particularly benefits smaller producers in developing countries. The Netherlands carries out a range of activities to help create a stimulating climate for business.**

Governments are responsible for creating a good business climate, in which entrepreneurs know what to expect. This gives them freedom to invest, to increase and improve their production and to sell their products at a reasonable price.

A good business climate is created by, for instance, good legislation, effective economic bodies and access to markets, as well as reliable public authorities. Improvements to infrastructure such as roads, railways, ports and IT networks boost economic growth. Building and maintaining this infrastructure requires close cooperation between public and private parties. Companies, large and small, and individuals all benefit from better access to financial services such as current accounts, electronic payments, savings accounts and loans.

## **Market access and sustainable trade**

It is particularly important for small and medium-sized companies (SMEs) to be able to get their products to market more quickly and cheaply, either at home or across the border. To achieve this, we work with public authorities and the private sector to help remove barriers to trade and make supply chains work more effectively. To this end, we are involved in TradeMark East Africa, a venture designed to boost regional trade. A similar programme is being developed for West Africa.

## **The importance of good legislation**

Unclear legislation and poor governance lead to the arbitrary application of rules, discouraging companies and foreign investors. Poor enforcement of labour legislation means that employees are more likely to work under poor conditions, for pay that is far below subsistence level.

The Netherlands supports national and international agreements on land rights and working conditions. We support voluntary agreements with the private sector aimed at making production and value chains more sustainable and improving working conditions. After the disaster at the Rana Plaza textile factory in Bangladesh, 200 extra company inspectors were appointed after receiving ILO training financed in part by the Netherlands.

Bilateral tax agreements help prevent tax avoidance. We help authorities in other countries to improve tax collection, giving the government more revenue to invest in education and health care. The private sector also benefits from a more transparent tax system. The Netherlands has reached an agreement with five developing countries on adding an anti-abuse clause to bilateral tax treaties.

Photo RVO

## Strengthening economic institutions

Strong economic institutions – that provide a fast and reliable service – help create a business climate in which the private sector can operate to full capacity and grow. Groups representing the interests of companies, workers or farmers often lack the capacity and expertise to support their members effectively. This undermines their influence. We support them through peer-to-peer collaboration.

For instance, through the Dutch Employers Cooperation Programme, employers' associations VNO-NCW and MKB Nederland share knowledge and experience of matters such as negotiating skills with local employers' associations. Agriterra and Agricord use the know-how and skills of, for instance, Dutch farmers' association LTO, young farmers' association NAJK and the Dutch Council for Cooperatives (NCR) to develop farmers' cooperatives and agricultural organisations. Dutch trade union federations FNV and CNV are involved in the trade union cofinancing programme, which provides funding to strengthen the organisational capacity of unions in low- and middle-income countries as well as their capacity to engage in dialogue and represent their members' interests.

## Developing the financial sector

To help ensure macroeconomic stability, the Netherlands promotes institutional development in collaboration with the World Bank and the IMF. We also work with other financial institutions to support the emerging banking sector in low- and middle-income countries. Dutch development bank FMO is an important player in private sector finance. We also work with commercial Dutch banks,

making use of their knowledge and their networks in developing countries.

Many start-ups and established companies in developing countries have little access to finance. The Dutch Good Growth Fund (DGGF) was set up to give local SMEs access to credit, thus enabling them to grow. We also encourage Dutch SMEs to become active in developing countries.

## Better infrastructure

Good infrastructure is vital. Passable roads make it easier for farmers to get their food to market. Water supplies are important both for industrial production and for the general population. Sales of local products and imports of resources are highly dependent on accessible ports and airports. Factories can only be profitable if they have a constant energy supply.

We support improvements to the infrastructure in our partner countries. Input from Dutch companies – both know-how and entrepreneurial skills – is organised via the DRIVE and Develop2Build programmes. Along with other donor countries, we also contribute to international funds for infrastructure development, such as PIDG and IDF. In 2014 Dutch investments gave four million people access to physical infrastructure like electricity, clean drinking water and roads.

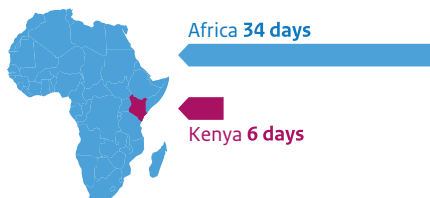
## Access to the international market

The CBI programme run by the Netherlands Enterprise Agency (RVO.nl) helps companies from developing countries gain a foothold on the European and global markets. RVO.nl also helps build the capacity of chambers of commerce, land registries and customs services. We work with civil society organisations and companies to improve job prospects for young people in developing countries, so that they do not decide to migrate to try their luck elsewhere.

In a multilateral context, the Netherlands is a strong advocate of a new WTO agreement. Along with the ILO and international business, we are campaigning for better working conditions in sectors such as the textile industry. We also enhance efforts to make production and supply chains more sustainable. The Sustainable Trade Initiative helps boost the supply of sustainable products from developing countries, including coffee, tea, cocoa, palm oil and tropical timber.

## MARKET ACCESS AND SUSTAINABLE TRADE

Average time to import in days:  
results accomplished with Dutch support (2014)



**340,000 farm- and factory workers** whose working conditions comply with international agreements

**1 million farmers** trained in sustainable agriculture practices

**5 million hectares** under sustainable land management

For more information on Dutch efforts to achieve sustainable, inclusive economic growth, contact: Ministry of Foreign Affairs Sustainable Economic Development Department Postbus 20061 2500 EB Den Haag, The Netherlands [DDE@minbuza.nl](mailto:DDE@minbuza.nl) [www.rijksoverheid.nl](http://www.rijksoverheid.nl)