



Ministry of Foreign Affairs



Policy document 2022

Do what we do best



A strategy for Foreign Trade and Development Cooperation



Executive summary

Do what we do best

The world faces major challenges. The COVID-19 pandemic has threatened much of the progress achieved through development cooperation in recent decades. We have entered a crucial period for the climate. This decade is probably the last in which global warming can be limited to 1.5 degrees. Last year, for the first time in many years, the UN Secretary-General concluded that no progress had been made towards achieving the Sustainable Development Goals (SDGs). We also face challenges when it comes to foreign trade. As the economic rise of authoritarian states clarifies, prosperity and open, democratic societies do not go together naturally. Undesirable strategic dependence, for example gas or raw materials, make Europe geopolitically vulnerable.

The Dutch government recognises these challenges, and chooses to confront them with realistic optimism. The Netherlands is a major international player in development cooperation. Dutch efforts can make a meaningful difference for people in developing countries. In a strategic trade context the Netherlands works at European level to promote a fair and open system. The government believes this is essential, since the Netherlands' wealth is largely generated beyond the country's borders. The export of goods and services provides 2.5 million full-time jobs in the Netherlands, more than 30% of the country's total employment. Businesses active in international markets are crucial to Dutch prosperity, and so the Netherlands is working to further enhance our

international earning capacity. That goes hand in hand with investing in stability and promoting equal opportunities worldwide. Poverty-reduction increases developing countries' prosperity and helps prevent radicalisation and irregular migration. Stability and economic growth in developing countries are important for those countries themselves, and are in the interests of the Netherlands. If developing countries become trade partners, they and the Dutch private sector will benefit. There are still countless opportunities in this area and the Netherlands wants to seize them, working with knowledge institutions, civil society organisations and the business sector. The digitalisation and sustainability transitions in particular present many opportunities, since they will have a great

impact on the economies of the future. The Netherlands will focus its efforts on regions and policy themes where Dutch knowledge and skills can make a genuine difference.

In this policy document, the Dutch government describes its strategy for Foreign Trade and Development Cooperation. The strategy elaborates on the coalition agreement, and it will be supplemented in the coming years by targeted strategies. The aim is to introduce more cohesion and focus into trade and development policy. The Dutch government has explicitly opted for subjects with high strategic value for the Netherlands. The strategies that will be shared with parliament are as follows: an international climate strategy, an Africa strategy,¹ a global health strategy,² a raw materials strategy and a policy document on multilateralism and human rights.

More focus in Foreign Trade

Economic relations in the world are shifting, and this trend is inextricably linked to geopolitical tensions. The Dutch government's approach is to remain open where possible, and to take protective measures where necessary. We encourage international trade and support the Dutch business community worldwide, while at the same time protecting vital interests. As requested by Parliament,³ central policy themes will include economic resilience, a level playing field and strategic independence from countries such as China and Russia. Here too, sustainability and digitalisation are key. In addition, the Netherlands is also focusing more on SMEs, start-ups and scale-ups, and women entrepreneurs.

The government will also bring more focus to Dutch trade policy by reducing the number of priority markets for economic diplomacy to 25. In these markets, the government wants to make a more visible difference for the Dutch private sector. Dutch efforts will also be more sustainable, and more future-driven. For example, the government will phase out export credits for fossil energy products at international level, and make its trade instruments greener.⁴ The government

will also support businesses that are willing to embrace the digital and green transitions. The Dutch missions abroad, the Netherlands Enterprise Agency (RVO) and all our trade instruments are at the disposal of businesses that can ease these transitions by offering innovative solutions. The government is convinced that public and private parties both need and strengthen each other in this regard. That is the main thinking behind the Dutch commitment to public-private partnerships. The Netherlands also plans to give these partnerships a central role in its export and innovation policies, which will be more closely linked in the years ahead. Dutch economic diplomacy will more actively focus on matching businesses with international opportunities.

By placing new areas of emphasis in Dutch trade policy:

- the government will focus more sharply on fewer markets, achieving more results with the same resources;
- Dutch trade instruments will contribute more to sustainability and digitalisation;
- economic resilience will be accelerated, and entrepreneurs will be better protected against unfair competition;
- the Netherlands can work at EU level to foster high standards in trade agreements, and ensure European and national legislation on Responsible Business Conduct (RBC).

¹ Motion submitted by Mustafa Amhaouch and Jan Klink on trade relations between the Netherlands and Africa (Parliamentary Paper, House of Representatives 2021/22, 34 952, no. 168) and the motion submitted by Alexander Hammelburg on the consultations on the Africa strategy (Parliamentary Paper, House of Representatives 2021/22, 34952, no. 165).

² Motion submitted by Anne Kuik on a Dutch Global Health Strategy (Parliamentary Paper, House of Representatives 2020/21, 35 570, no. 22).

³ Motion submitted by Ruben Brekelmans on phasing out strategic dependence (Parliamentary Paper, House of Representatives 2020/21, 21 501-02, no. 2383).

⁴ Motion submitted by Alexander Hammelburg and Tom van der Lee on the greening of trade instruments (Parliamentary Paper, House of Representatives 2021/22, 35 925, no. 27) and motion submitted by Eelco Heinen on agreements reached at the Glasgow climate summit (Parliamentary Paper, House of Representatives 2021/22, 26 485, no. 387).

More focus and extra investment in development cooperation

The main goals of Dutch development cooperation policy are to tackle the root causes of poverty, terrorism, irregular migration and climate change, and to achieve the United Nations’ Sustainable Development Goals (SDGs). The Netherlands is committed to achieving these goals because they will foster global stability and prosperity, which ultimately is also in the interests of the Netherlands. We will therefore invest more in Official Development Assistance (ODA), paying special attention to a smaller number of urgent policy themes in which the Netherlands excels. ‘Focus’ is therefore the watchword in the government’s trade and development policy. The Netherlands will focus more on those themes in which it has specific expertise, such as water, agriculture and sexual and reproductive health and rights.

To enhance the effectiveness of Dutch development cooperation, the government will raise the budget by €300 million between 2022 and 2024, and by €500 million a year from 2025. If the Dutch economy continues to recover from the COVID-19 pandemic at the current rate, the development cooperation budget will also grow, since it is linked to GNI. The government is making these investments because today’s challenges call for a serious commitment.

In the years ahead, the Netherlands will also invest considerably more in international climate policy. This is the last decade in which global warming can still be limited to 1.5 degrees. So the Netherlands is taking responsibility and investing more in climate finance. Extra funds will also be made available to tackle the major food shortages caused by geopolitical conflict and climate change. The war in Ukraine shows the far-reaching consequences of conflict for food security. The Netherlands will also invest a substantial extra sum in global health. The aim is to strengthen primary healthcare systems, ensure better access to essential care, and make the world more resilient to future pandemics.

Increasing instability has also led to more refugees and displaced persons. Their numbers are greater than ever before. The government has therefore earmarked more money for humanitarian aid and for long-term reception in the region, with specific attention for women and girls, who often bear the brunt in conflict situations. By investing in stability, the government will help tackle the root causes of irregular migration. The government will also earmark extra resources, for both foreign trade and development cooperation, to encourage refugees to return home voluntarily.

By making extra investments in development cooperation:

- the Netherlands will ensure that 100 million people – double the current number – have access to renewable energy by 2030;
- an extra four million people will have access to better nutrition;
- the Netherlands will mobilise €1.8 billion in public and private climate finance by 2025, half of which will be for adaptation;
- the Netherlands will help bring the achievement of the SDGs in sight again, partly through digitalisation and innovative funding;
- the root causes of irregular migration will be tackled, for example through migration partnerships, while longer-term facilities will be created for reception of refugees and displaced people in the region.

Foreign trade and development cooperation: stronger together

Dutch knowledge and skills help provide innovative solutions for the most urgent problems of our time, such as climate change. By actively contributing to sustainable economic development worldwide, the Netherlands will enable developing countries to grow more rapidly into trade partners. This will raise their level of prosperity and increase the Netherlands’ earning capacity. In this way, foreign trade and development cooperation strengthen each other. The Netherlands will encourage the Dutch business sector to seize these opportunities, for example by aiming to have 70% of the contracts under the Development-related Infrastructure Investment Vehicle (DRIVE) and Develop2Build (D2B) programmes implemented by Dutch businesses.

The Dutch government is working on the economy of the future, with sustainable trade and development cooperation aimed at green growth. In the area of trade, the Netherlands will focus on 25 priority markets with major potential. In the area of development cooperation, the government will focus mainly on countries where economic development is still in its early stages. There is also a growing group of countries where Dutch expertise in both trade and development cooperation can make a positive contribution. In these 14 ‘combination countries’, our approach will combine trade and development cooperation activities, focusing in particular on sustainability and digitalisation.

These two transitions will play a major role in the economy of the future, boosting resilience to climate change and

connecting people to digital infrastructure. In order to take real steps forwards, the government will make extra human and financial resources available, both in The Hague and at the missions abroad.

The government will work with the Dutch business community, civil society organisations, knowledge institutions and local stakeholders to develop new initiatives in these fields. The Netherlands will continue or build on successful projects already under way in countries. In 2023, the government will invest €84 million in this cross-pollination between trade and development cooperation. Over the next few years this sum will rise to a structural investment of €190 million.

With these policy innovations, the government will introduce more focus into Dutch trade and development cooperation policy. The aim is to make a robust and more effective contribution to promoting stability worldwide, combating climate change, achieving the SDGs and increasing the Netherlands’ earning capacity. All this is in the interests of both the Netherlands and the world at large.

By combining foreign trade and development cooperation:

- Dutch knowledge and skills can be aligned more effectively with local organisations, so that Dutch development organisations and businesses and local actors can take bigger steps forward in the digital and sustainability transitions;
- the Dutch business sector will have better access to the developing markets of the 14 ‘combination countries’;
- the Ministry of Foreign Affairs will be able to work more closely together with other Dutch ministries to reduce the Netherlands’ global climate footprint, tackle illegal money flows and tax avoidance via the Netherlands, and reduce worldwide vaccine and healthcare inequalities.

Taking risks

The government does everything in its power to keep risks to a minimum, but accepts that it is sometimes necessary to take risks in order to achieve results, particularly in developing countries. Dutch interventions on major, internationally controversial issues like LGBTIQ+ rights also entail risks. Development cooperation often takes place in fragile, politically unstable countries. This means that achieving results is a long and difficult process, with successes and setbacks following each other in rapid succession. The government wants to communicate openly about these risks, and is therefore expanding the Ministry of Foreign Affairs’ risk-management expertise.

The government will continue working hard to tackle inappropriate behaviour by the staff of aid organisations, or people

working under their authority. For example, it aims to explore whether a certificate of conduct can be required of aid organisation staff. Risks of fraud and corruption in Dutch-funded activities are carefully monitored, including irregularities in relation to tenders at international organisations, fraudulent expense statements by local contractors and theft through irregularities in an organisation’s financial administration. Experience shows that even with a thorough risk assessment prior to a project, funds can still be misappropriated. For this reason, the government performs extensive due diligence prior to the start of a project, and oversees the implementation of projects – for example by means of visits, interim evaluations and audits.

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Scene-setter: new world, new policy

The world has changed dramatically in the past few years. The COVID-19 pandemic has had a radical impact on both trade and development cooperation. By 2019 worldwide poverty, inequality, infant mortality and illiteracy had been decreasing steadily for nearly thirty years. Partly through development cooperation, the prospect of a dignified life had come within reach for an increasing number of people. Then came the COVID-19 pandemic, which had a devastating impact. Existing inequalities grew: the lockdowns pushed tens of millions of people into poverty,⁵ more women were confronted with domestic violence and many children were unable to attend school.

In his most recent SDG progress report, the UN Secretary-General concludes that for the first time in many decades, progress on numerous SDGs has been reversed.⁶ International trade also suffered. Trade flows halted temporarily, international value chains proved vulnerable, and undesirable strategic dependencies (in relation to medical devices, for example) were clearly exposed. In many countries human rights were also curtailed during the COVID-19 pandemic. That is a major concern, not least when it comes to achieving the SDGs. After all, good governance and the dependable rule of law are essential to ensure economic growth, provide prospects for disadvantaged people and fight corruption. A strong civil society is also needed. In many places, however, these basic requirements are under siege. Corruption and capital flight are also growing problems. Domestic investment is precisely what countries

need in order to develop sustainably. The Russian invasion of Ukraine has had a huge impact – chiefly, of course, on the Ukrainians themselves, who face the Russian guns. Yet at the same time, the war has serious indirect consequences for vulnerable people elsewhere in the world, since it affects food production, food transport, energy prices and inflation. Less food is reaching the world market, and the food that is available is becoming more expensive. This means the poorest people will be hit hardest. Where possible, the Netherlands will take action to mitigate these consequences. At some point in the future, a coordinated reconstruction process will be needed to address the economic and material damage to Ukraine itself. The international community will need to work together and with Ukraine to organise the reconstruction effort, and fund it where possible.⁷ The government is urging a coherent, coordinated effort on the part of key players,



Consequences of war are great for vulnerable people elsewhere.

Image: WFP

including the UN and the EU, the multilateral development banks and the European Investment Bank.⁸ In his recent policy letter, the Minister of Foreign Affairs pointed to the major shifts in the global balance of power that have taken place in recent years.⁹ With the rise of China, the balance has shifted to East Asia, while war is raging in Europe. This latest crisis shows the crucial importance of the transatlantic partnership for Europe’s security, now and in the future. Open, democratic societies are increasingly clashing with closed, autocratic states. The relations the Netherlands and the EU maintain with China have changed to “open where possible but protective where necessary”. China is both a systemic rival and a competitor, but it is also an essential partner in trade and in the fight against climate change. That creates a dilemma: China wants to make its mark on the world, and is prepared to oppress its own population,¹⁰ where it

also protects its businesses and economic interests. That puts relations between the EU and China under pressure, and it means EU countries will have to promote their own core values more effectively, while protecting themselves from unfair competition. The Netherlands chooses to protect its critical processes against undesirable takeovers, prevent undesirable knowledge transfers and protect human rights and Western values. Other priorities on the government’s agenda include promoting economic resilience and a level playing field, and reducing undesirable strategic dependencies. The Russian invasion of Ukraine has made it abundantly clear that Europe’s dependence on Russian gas is undesirable.^{11 12} Europe needs open strategic autonomy. To achieve it, our continent will need to invest more in the energy transition, among other things. Sustainability is also crucial for other reasons: climate change

5 The World Bank estimates that in 2021 between 143 and 163 million additional people were pushed into poverty and between 65 and 75 million additional people were pushed into extreme poverty.
6 ‘The Sustainable Development Goals Report’ (United Nations: New York, 2021).
7 Motion submitted by MP Tunahan Kuzu on the Dutch contribution to the reconstruction of Ukraine (Parliamentary Paper, House of Representatives 2021/22, 36045, no. 53) and the motion submitted by MPs Alexander Hammelburg et al. on the Dutch commitment to providing aid for post-conflict reconstruction (Parliamentary Paper, House of Representatives 2021/22, 36045, no. 77).

8 Motion submitted by MP Mustafa Amhaouch on the European reconstruction programme for Ukraine (Parliamentary Paper, House of Representatives 2021/22, 21501-20, no. 1768).
9 W.B. Hoekstra, Adoption of the Ministry of Foreign Affairs’ budget statement (V) for 2022 (Parliamentary Paper, House of Representatives 2021/22, 35925 V, no. 84).
10 Motion submitted by MP Tunahan Kuzu on measures against China in response to its treatment of the Uyghur population (Parliamentary Paper, House of Representatives 2021/22, 35207, no. 48).
11 Motion submitted by MPs Raoul Boucke et al. on developing a non-Russian gas guarantee system (Parliamentary Paper, House of Representatives 2021/22, 29023, no. 294).
12 Motion submitted by MPs Jesse Klaver and Kati Piri on phasing out Russian oil, gas and coal (Parliamentary Paper, House of Representatives 2021/22, 36045, no. 48).

is causing global warming and increasingly extreme weather events, like heatwaves, drought and more severe hurricanes. Though the effects of climate change are visible all over the world, developing countries in particular are suffering. The next decade will be the last in which global warming can be limited to 1.5 degrees. The Netherlands is working hard to help achieve this goal, to help countries build their resilience to climate change, and to strengthen biodiversity. For this reason, the government supports developing countries in opting for green economic growth. The Netherlands possesses the necessary expertise to make countries more resilient and self-reliant. Mitigation (combating global warming) and adaptation (helping countries deal better with the consequences of the

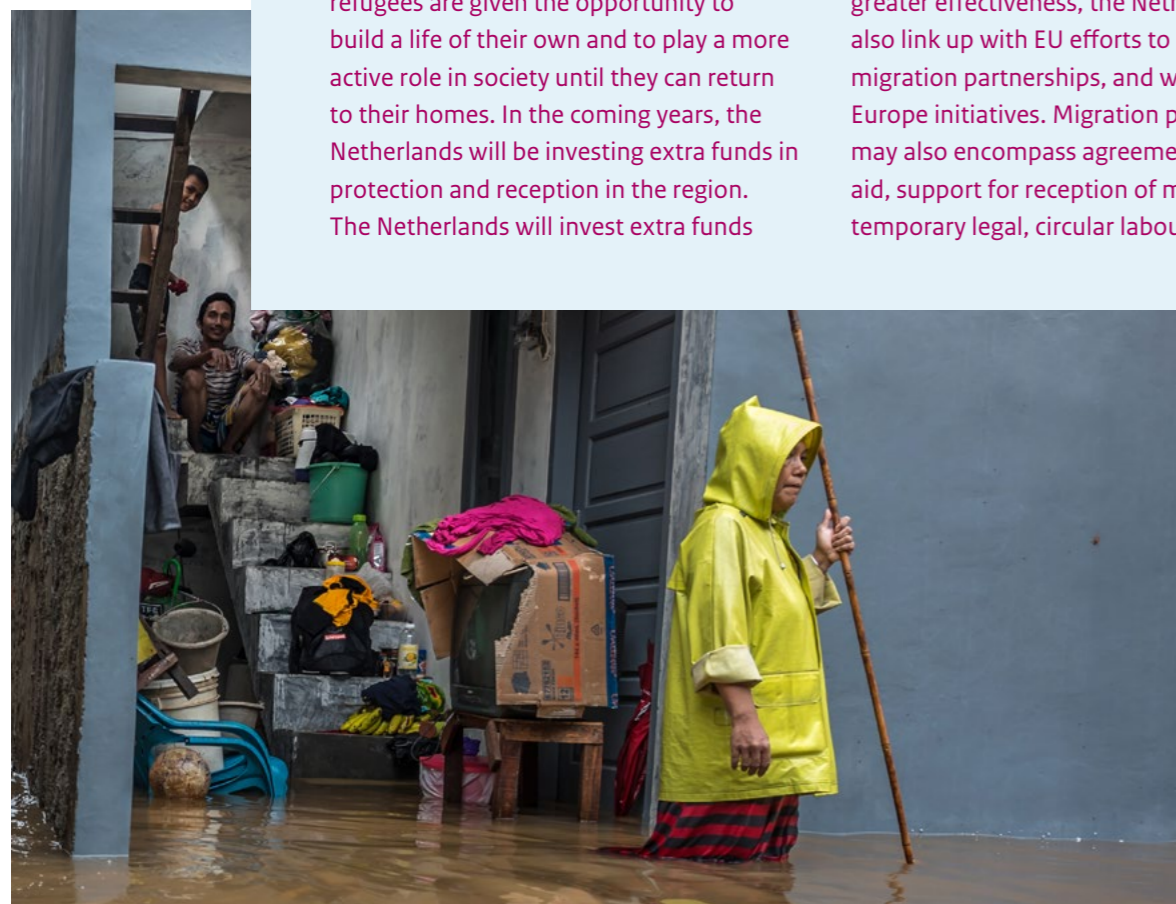
climate crisis) are therefore the two main objectives of Dutch climate action.

Climate change also affects irregular migration, a major issue for the government. More than 100 million people worldwide have fled from their homes to escape conflict and violence. The vast majority seek refuge within their region of origin, remaining in low- and middle-income countries. In a recent survey, the Netherlands Institute of International Relations Clingendael asked Dutch people to identify what they saw as the most urgent threat to the Netherlands. The majority chose 'Migratory pressure at the borders' as their answer. One of the government's priorities is therefore to combat irregular migration. To achieve this the Netherlands will develop

Migration and reception in the region

The Netherlands is working to promote safe, humane reception of refugees and displaced persons in the region. In the Horn of Africa and the MENA countries, the government is fostering self-reliance with programmes geared to protection, education and training, mental health and employment. Instead of a lengthy stay in refugee camps, refugees are given the opportunity to build a life of their own and to play a more active role in society until they can return to their homes. In the coming years, the Netherlands will be investing extra funds in protection and reception in the region. The Netherlands will invest extra funds

in improving migration partnerships with the main countries of origin and transit. Our priorities are protecting human rights, reducing irregular migration, preventing human trafficking and people smuggling, ensuring better border controls and encouraging the return and reintegration of migrants. Given the scope for scale and greater effectiveness, the Netherlands will also link up with EU efforts to build broad migration partnerships, and with the Team Europe initiatives. Migration partnerships may also encompass agreements on trade, aid, support for reception of migrants and temporary legal, circular labour migration.



The effects of climate change are visible all over the world.

Image: Ministry of Foreign Affairs / Carel de Groot

The Netherlands' trade policy is future oriented.

Image: Chris Pennarts



migration partnerships with the main countries of origin and transit and we will encourage reception in the region.¹³ Examples include the Prospects partnership programme and the Dutch contributions to the International Organization for Migration (IOM) and UN High Commissioner for Refugees (UNHCR). The Netherlands contributes a great deal to the reception of refugees, and will be investing additional money in the years to come in reception and protection in the region.

In these turbulent times, development cooperation remains a necessity. To achieve maximum impact, the government has opted for more extensive programmes in fewer countries, on fewer policy themes and over a longer term. The decision to prioritise impact means that programmes will be dropped, and themes transferred to other donors. The financial and human resources freed up in the process will enable the Netherlands to strengthen capacity for more effective, more efficient and more sustainable programmes. In the interests of continuity, the government will scale up programmes that clearly work well and bring demonstrable added value.

Reciprocity plays a key role in international relations. The Netherlands values equal partnerships that advance each parties' interests. This means talking regularly at bilateral and EU level about difficult topics like human rights, climate change and migration. If relations with a given country change, as a result of a coup d'état or civil war, for example, the Netherlands will reassess its relations with that country and act in accordance with the geopolitical reality. This may have

implications for the funding of development projects run via the authorities. Where necessary, such programmes will be frozen or reorganised, or even terminated. Dutch relations with Afghanistan in the wake of the Taliban's seizure of power is one such example.

In fragile situations, the Netherlands applies the 'integrated approach', which means activities in the fields of development, diplomacy, defence, the justice sector and the police are deployed as much as possible in mutual cooperation. The aim of the integrated approach is to help foster conflict prevention and lasting peace. The Netherlands promotes this approach at EU and UN level, with a view to better coordinating efforts in the development arena, the political sphere and the security sector.

Finally, the government is aware that many developing countries, in Africa in particular, are increasingly struggling with unsustainable debts. As a result, they are unable to invest as much in efforts to achieve the UN development goals. The cooperation of creditors like China and private actors – the main creditors in many countries – will be essential if sustainable solutions are to be found. The Netherlands is working to improve the implementation of the G20's Common Framework for debt restructuring, while drawing attention within multilateral institutions to the increasing use of complex debt structures. Innovative finance (see box below) can play a role in making up the financial shortfall. This brief look at the current state of the

¹³ Motion submitted by MP Ruben Brekelmans on more migration partnerships (Parliamentary Paper, House of Representatives 2021/22, 19637, no. 2866).

Innovative finance

To achieve the SDGs and the climate goals, it is crucial to mobilise private funding. For some time now, the government has been working to foster innovative finance, calling on innovative parties with expertise in effective, sustainable investment. With the Dutch development bank, FMO, and a whole range of international activities and funds, the Netherlands leads the field in innovative finance. The Dutch Fund for Climate and Development, Climate Investor One and the International Loan Exchange are good examples. The Netherlands seeks to scale up innovation in order to enhance development impact. The public sector can bring parties together and encourage and

support cooperation, with the SDGs and climate goals as their central aims. Not only public and private parties, but also impact-driven asset managers, banks, investors, development banks and pension funds can move forward by learning to speak each other's language better and collaborating on solutions.

The Netherlands will also work to this end with the EU, the World Bank and the regional development banks, since they have the extra resources and capacity needed to scale up successful initiatives which the Netherlands on its own does not. Cooperation at European level presents especially promising opportunities.



Image: Fleur Beemster

world may paint a rather sombre picture. And it's true that we face huge challenges when it comes to global stability and prosperity. The government recognises these challenges, and chooses to face them with realistic optimism. Many of these problems also present major opportunities, for example for entrepreneurs who are sufficiently innovative and determined to come up with solutions. The government has confidence in the extensive knowledge and expertise the Netherlands has to offer. On the basis of their expertise, knowledge institutions, funders and entrepreneurs can each contribute to the Netherlands' earning capacity and to achieving the SDGs. The government will also be mindful of trade-offs, as recently identified in a study by the Netherlands Environmental Assessment Agency.¹⁴ Through our mission network and trade instruments, the government will help businesses willing to take the plunge and do business abroad. In particular, the government will encourage businesses to operate in the 25 priority markets with serious growth potential, in developing countries or in the 14 'combination countries' where the government will combine development cooperation efforts with trade and investment. By entering these markets at an early stage, they will not only gain a leading market position, but also contribute to these countries' rapid economic development.

Since Dutch trade policy is future-driven, the government will focus during its term in office on the two major transitions that will shape the economy of the future: the digitalisation and sustainability transitions. The government will encourage

Dutch businesses to capitalise on green earning potential, for example in the circular economy. The same applies to digitalisation, which has really taken off in the past few years – online education and shopping and working from home have become increasingly easy. The digital transformation cuts the cost of conducting international trade, connects businesses and consumers worldwide and helps spread ideas and technologies. Dutch high-tech companies are among the best in the world, and can make a major contribution to sustainable economic development elsewhere.

Realistic optimism is the key to the Netherlands' new foreign trade and development policy. The government believes in the combined strength of public and private parties, of government and the business community. Foreign trade and development cooperation have great potential to reinforce each other. The Netherlands possesses huge reserves of knowledge and know-how, and a great enterprising spirit. Helping developing countries accelerate their economic growth will make local populations more prosperous and give Dutch businesses access to new markets. That is the main thrust of this policy document, which is partly based on input from a wide range of stakeholders. The government held seven roundtable discussions, and online consultations produced more than 700 pages of suggestions submitted by 200 participants. The government would like to thank everyone for their contributions to the new policy on Foreign Trade and Development Cooperation.

Gender equality and empowerment of all women and girls

The government chooses to pursue a feminist foreign policy because women and LGBTIQ+ people have the same rights as men and are therefore entitled to the same opportunities. What is more, international trade grows if girls and women, in all their diversity, play a full part in economic life. Women's entrepreneurship is thus essential for the Netherlands' earning capacity.

Fostering women's rights and gender equality is an integral part of Dutch policy. Government policy focuses on the 'four Rs': rights (protecting women's rights), resources

(funding should also benefit women), representation (women should be actively involved in making and implementing policy) and the reality check (there should be no unintended negative impact on women). The Netherlands is working around the world to promote women's rights and gender equality. Through gender mainstreaming we also ensure that programmes that do not target women directly – such as trade promotion initiatives – take account of them, for example by giving them a seat at the negotiating table.

¹⁴ 'Climate Change Measures and Sustainable Development Goals: Mapping Synergies and Trade-offs to Guide Multi-level Decision-making' (Netherlands Environmental Assessment Agency, 2021).



Chapter 1

Trade policy:
for the Netherlands'
earning capacity

Trade policy: for the Netherlands' earning capacity

The Netherlands has a strong, innovative business community that operates internationally and enjoys a good reputation. Foreign trade produces a third of our Gross Domestic Product (GDP).¹⁵ The export of goods and services generates 2.5 million direct and indirect full-time jobs in the Netherlands. That is more than 30% of total employment. 187,000 Dutch entrepreneurs operate internationally.¹⁶ Our major trading partners are European: more than 65% of Dutch trade takes place within the EU.

Since the greatest share is with Germany and Belgium, the government will continue to invest in the special relationship with these two important countries. The United Kingdom and the United States are our main trading partners outside the EU. The Netherlands is one of the leading trading nations within the EU and it is also a heavyweight in terms of investments – a position we acquired by seizing opportunities. There will be many more such opportunities in the coming years, in growth markets in Asia and Africa, for example. At the same time, the Netherlands is a popular market and transit port for foreign companies. The Netherlands' fast and reliable logistic and digital infrastructure ranks among the best in the world and the same applies to the country's many knowledge institutions. For many countries, the Netherlands is the Gateway to Europe.

Changing world

The Netherlands stands for an open, rules-based world economy, in which trade can take place on the basis of mutual interests and benefits. Our country benefits from this openness. At the same time, the government concludes that strategic dependencies on regimes with a fundamentally different world-view are undesirable. For example, we are feeling the impact of geopolitical competition with China in the field of new technologies and innovation. The Netherlands is more closely interwoven with the rest of the world than ever before, and disruption elsewhere will always affect us. The government is keen to strengthen the Netherlands' earning capacity in a changing world, and make it more sustainable. It is therefore fully committed to the digital and sustainability transitions.

¹⁵ 'Dutch Trade in Facts and Figures', 2021 (Statistics Netherlands, 2021).

¹⁶ Ibid.



Trade: 25 priority markets

Neighbouring markets

Germany
Belgium
France
United Kingdom
Ireland
Italy
Spain
Poland
Sweden
Switzerland
Turkey

Gulf region

Saudi Arabia
United Arab Emirates

Asia

China
India
Japan
Indonesia
South Korea
Taiwan
Vietnam
Singapore

Western Hemisphere

United States
Canada
Mexico
Brazil

'Dutch companies excel due to innovation and the priority they have given to sustainable development and knowledge. By sharing these on a global scale, they are a force for good in the world.'

Confederation of Netherlands Industry and Employers (VNO-NCW) & Royal Association MKB Nederland

Source: online consultation

Sectors in which the Netherlands is an international leader, including water, sustainable energy, agriculture and health, have great potential in this regard. Trade is becoming more sustainable, because trade agreements are increasingly accompanied by supplementary agreements on issues such as forest conservation, biodiversity, a liveable wage and accession to the climate agreements.

Turbulent period

The COVID-19 pandemic revealed the vulnerability of value chains. Lockdown measures led to logistic disruption and shortages of intermediate, finished and essential goods. World trade recovered strongly in the course of 2021. Owing to its good economic basis, the Dutch economy grew and trade in goods rose even beyond pre-pandemic levels. Dutch trade in services is still recovering, because of continuing disruption in the aftermath of the pandemic.

The Russian invasion of Ukraine has also had negative economic consequences. Transport costs have multiplied and some intermediate goods are difficult or impossible to obtain. Where possible, the government assists entrepreneurs with information and advice on disruption and alternative markets.

Focus on future-proof trade and investment system

The objective of Dutch trade policy is to help Dutch entrepreneurs achieve success abroad. A large part of our country's income is earned beyond its borders. These trade flows make the Netherlands prosperous, but openness makes us vulnerable as well. A robust international system of clear trade agreements and enforceable rules is therefore of great importance to our country. The Netherlands is thus firmly in favour of the multilateral rules-based trade system. The government is also working to strengthen the system, with particular attention to open markets, digitalisation and sustainability.

The World Trade Organization (WTO) is at the core of this multilateral trade system, where it enables settlement of disputes. Yet the WTO is under pressure. In the past few years, the US has blocked the appointment of new judges to the WTO's Appellate Body, so that the WTO's appeals procedure is now at a standstill. The government will continue to strive to strengthen and reform the WTO. Our aim remains to agree new WTO rules for a level playing field, restore and reform the dispute settlement system and ensure sustainability.

Bilateral trade agreements

The Netherlands pursues an active trade policy, in which trade and investment agreements are important instruments. The aim of bilateral trade agreements is to facilitate trade and access to foreign markets by reducing tariffs and lowering non-tariff barriers. Trade Policy Reviews are a major departure point in strengthening the EU trade agenda. Bilateral trade agreements can help reduce strategic dependencies and contribute to diversification of trading partners.¹⁷ The government will continue to assess the outcome of negotiations on a case-by-case basis before adopting a position. For example, the government supports the EU-Canada Comprehensive Economic and Trade Agreement (CETA).

Other countries are actively engaged in concluding trade agreements, since this enables them to increase their influence. The EU cannot lag behind. Trade agreements present a platform for dialogue and in-depth agreements and a framework for rules-based trade. That is crucial in a period in which little progress is being made with the modernisation of multilateral agreements.

Trade agreements form a unique instrument enabling the EU, as a geopolitical player, to use its economic market power for both strategic and political purposes and to strengthen cooperation with like-minded countries. These agreements contribute to high standards for labour rights, sustainable growth and climate, for example. This is the normative impact of EU regulations on third countries, contributing to prosperity in these countries and ensuring a more level playing field. If the same standards apply all over the world, Dutch businesses will benefit considerably in terms of exports. Major elements in these standards include the Paris Climate Agreement and the fundamental conventions of the International Labour Organization (ILO). Sustainable trade is a major priority during this government's term in office. For example, the government is striving for the establishment of an EU-wide Carbon Border Adjustment Mechanism, which has the potential to be a very powerful instrument in mitigating climate change. The government is also keen to take stronger measures to ensure effective compliance with existing sustainability provisions in trade agreements.

Digital trade & e-commerce

The government is committed to digital trade, with due regard for the interests of Dutch businesses – SMEs in particular – and consumers. International partnerships and cooperation are crucial. For example, the Netherlands is discussing digital trade in the EU-US Trade and Technology Council with the US.

The government is also exploring the scope for broader digital economic partnerships with like-minded countries such as Korea, Singapore and Japan. In addition, the Netherlands is working on international agreements and clear rules to better facilitate digital trade. One example is the Joint Initiative on E-commerce in which 86 WTO members, including the EU, the US and China, are negotiating new rules for e-commerce. The aim of the Joint Initiative is to facilitate e-commerce, and to give businesses and consumers more security by protecting transborder data flows, personal data and privacy, among other things. The Netherlands seeks to make the Joint Initiative negotiations more inclusive by engaging with developing countries and giving them support in developing their own digital economies.

Investment protection

The Netherlands and the EU are working at various policy levels to reform the current investment protection system. Where possible, the Netherlands will urge settlement of investment disputes by the new Multilateral Investment Court. At bilateral level, the Netherlands is committed to renegotiating investment protection agreements

based on the 2019 model text. New agreements will contain stricter provisions on tax avoidance and shell companies.

Promoting economic resilience

The government is committed to ensuring a level international playing field, with legislation at EU level. An example is the European public procurement market. This is relatively open, but in countries outside the EU, Dutch businesses are regularly confronted with restrictive measures. In some cases, foreign companies can supply products or services in the Netherlands, while their Dutch counterparts have no access to the foreign countries' markets. The Regulation governing the International Public Procurement (IPI) Instrument will soon enter into force. Its aim is to bring about reciprocity in the public procurement market. If our businesses are not welcome in a given market, the EU will close the single market or make it less attractive by temporarily imposing restrictions on companies from third countries or making their tenders less favourable. In this way, the EU will try to persuade countries to open up their markets, so that businesses from the EU have better access to tenders in third countries.

Economic resilience in practice

The changing geopolitical relations in the world, and the increasing use of economic resources for political purposes, have made the Netherlands and the EU steadily more aware of the need for economic resilience. Dutch efforts to increase resilience are based on three pillars:

1. Protect entrepreneurs from unfair competition with smart EU legislation, for example on public procurement and on distortive foreign subsidies in the single market.
2. Open strategic autonomy, which has led to new EU instruments, including an instrument to counter economic coercion

by third countries and the designation 'Important Projects of Common European Interest' (IPCEI). The EU needs to be capable of producing strategic goods such as chips and batteries itself.

3. Reducing strategic dependencies on raw materials. Concerns about strategic dependencies have led to an EU raw materials strategy and to the European Raw Materials Alliance involving an increasing number of countries. The Netherlands will supplement this by developing its own raw materials policy.

¹⁷ Motion submitted by MP Ruben Brekelmans on reducing strategic dependencies (Parliamentary Paper, House of Representatives 2020/21, 21 501-02, no. 2383) and motion submitted by MP Alexander Hammelburg on a detailed plan for trade and investment agreements with a view to diversifying trading partners (Parliamentary Paper, House of Representatives 2021/22, 36 045, no. 78).

Open strategic autonomy, economic resilience and security

Open strategic autonomy for the EU means the ability to be resilient and to protect the interests of European states and citizens, on the basis of its own insights and choices in a mutually connected world, and in collaboration with international partners. Open strategic autonomy must not lead to protectionism. By acting as a single bloc, the EU member states, including the Netherlands, will be more resilient to pressure from outside. This is of crucial importance in the current, rapidly changing international context.

The government supports initiatives to make the EU more geopolitically resilient, or to strengthen the competitiveness of sensitive sectors.¹⁸ Examples include the Important Projects of Common European Interest (IPCEI) and the European Chips Act. By combining industrial policy initiatives with an open

trade policy, the Netherlands is pursuing smart industrial policies. Preventing undesirable knowledge transfers is part of this. The government has therefore put a great deal of work into the Security Assessment (Investments, Mergers and Acquisitions) Act (VIFO) and into knowledge security policy.¹⁹ In the coming years, action will be taken government-wide to prevent undesirable transfer of knowledge and technology.

Strategic dependencies & raw materials

The government plans to reduce strategic dependencies on goods, services and raw materials. The war in Ukraine has made this even more important. The conflict has clearly revealed Europe's dependence on Russia for raw materials. As agreed with the House of Representatives, the government will develop policy at both national and EU level to address undesirable strategic dependencies.²⁰ Where dependence

on a foreign country poses a threat to the public interest, the authorities can and should intervene.²¹ In such cases, the government will carefully assess the costs and benefits of a possible intervention. This discussion will be of particular relevance to the climate and energy transition in the coming years. A number of raw materials that are critical for this transition are imported from outside the EU. Where possible, the government will work to promote production in Europe while striving to ensure coherence between action on open strategic autonomy and policy on Responsible Business Conduct (RBC).

In order to play a pioneering role, the government first needs a more reliable overview of Dutch interests, vulnerabilities and risks in relation to strategic dependencies (for example on raw materials). To this end, it is now exploring the scope for and added value of a geo-economic monitor. This monitor will provide an overview of strategic economic dependencies via the Netherlands' value chains, and of the ways in which countries use their economic influence for geopolitical purposes. The government will actively inform entrepreneurs of strategic dependencies in order to raise their awareness of them. The government will also explore the role economic diplomacy can play in mitigating the risks of strategic dependencies. For example, critical raw materials are a major topic in the EU-US Trade and Technology Council.²² As agreed with the House of Representatives, the government will draft a raw materials strategy, which it will present to the House by the end of 2022.²³

In order to accelerate the sustainability transition, and to safeguard access to the raw materials needed for it, the Netherlands will take action to shape a raw materials policy that is both in line with the EU Action Plan on Critical Raw Materials and closely linked to the national Circular Economy Implementation Programme. The policy will also need to take account of vulnerabilities in the food system, and the government will also have to bear biodiversity in mind.

Export control policy on strategic military and dual-use goods and its implementation

Export controls on strategic goods, including sensitive technologies, are a major component of Dutch security policy. They must also be seen in the light of ensuring strategic autonomy, maintaining technological leadership and safeguarding our own security and that of our allies.

The Netherlands plays an active role in developing European defence capabilities, and to this end has joined the growing

consensus on mutual recognition of licences. Geopolitical changes also have consequences for Dutch export control policy. For example, the EU has imposed extensive trade restrictions on Russia. Moreover, Dutch export control policy increasingly focuses on protecting high-value strategic goods and technologies.

The Netherlands carries out export controls within EU legal frameworks, and continually urges other member states to follow suit, thus ensuring a level playing field for the business community. The Foreign Affairs Council has agreed a common approach to Turkey, and members are like-minded in their response to Russia. The Netherlands works through the relevant EU Council working parties and groups and the various export control regimes and agreements.

The Netherlands' aim at national level continues to be a transparent policy that facilitates trade where possible, while preventing misuse and undesirable use of these sensitive goods and technologies. Advances in numerous sensitive technologies, including artificial intelligence, quantum computing, photonics and semiconductors are of a potentially disruptive nature. The government seeks to actively monitor and where necessary control dissemination of these technologies, in both physical form and in the form of knowledge.

The Netherlands' earning capacity and strengths: current and future opportunities

There are many opportunities for the Dutch business community in areas such as sustainability and digital transformation. The Netherlands excels in fields including water, energy, sustainable mobility, food security, the agriculture sector and life sciences and health. The government is therefore fully committed to supporting Dutch entrepreneurs operating abroad in these and other fields. The mission network, the Netherlands Enterprise Agency (RVO) and the funding and investment instruments managed by Invest International and Atradius Dutch State Businesses are important, since they work closely together to answer entrepreneurs' questions and help them on their way.

More focus on 25 priority markets

The objective of international trade policy is to strengthen the Netherlands' earning capacity and increase its economic resilience. To ensure action is as effective as possible, the government will be introducing more focus into trade policy. In the coming years the main Dutch effort will focus on 25 priority

'The new generation of entrepreneurs focuses ... on knowledge and services. Dutch entrepreneurs have so much more to offer than just export products.'

Entrepreneurs' association ONL

Source: online consultation



The Dutch government supports initiatives that strengthen our competitiveness.

Image: ASML

¹⁸ Motion submitted by MP Mustafa Amhaouch on promoting strategic economic autonomy (Parliamentary Paper, House of Representatives 2021/22, 35 976, no. 18).

¹⁹ Parliamentary Papers, House of Representatives 2021/22, 31 288, no. 948.

²⁰ Commitment made to MP Jan Klink on a long-term interministerial viewpoint on supply chains.

²¹ Parliamentary Paper, House of Representatives 2021/22, 35 925, no. 54 and 2019/20, 32 735, no. 339.

²² In accordance with the motion submitted by MP Ruben Brekelmans (Parliamentary Paper, House of Representatives 2020/21, 21501-02, no. 2366), the Netherlands urged the Foreign Affairs Council to adopt access to essential raw materials as a priority, including in the EU's relations with Latin America and the Caribbean (LAC). See the report on the Foreign Affairs Council of 21 June 2021 (Parliamentary Paper, House of Representatives 2020/21, 21502-02, no. 2376).

²³ Commitment made by the Minister for Foreign Trade and Development Cooperation at the Foreign Affairs Council (Trade) of 31 May 2022.



“ONL sees plenty opportunities for the internationalisation of startups and SMEs.”
 Entrepreneurs’ association ONL
 Source: online consultation

Additional attention to startups and scale-ups with large growth potential.

Image: Better Future Factory

markets with the greatest potential for international trade. The annexe to this document contains an overview of these markets. The government will of course continue to support Dutch businesses in other markets, but the focus of trade missions and instruments will shift to these 25 markets.

Smart public-private partnerships

The government believes that smart partnerships between the public sector, knowledge institutions and the business community can accelerate and improve transitions – the digital and sustainability transitions, for instance. It is with good reason that ‘Solving global challenges together’ was chosen as the slogan for the Netherlands’ international positioning strategy. That is the essence of public-private partnerships (PPPs). The government will extend and where necessary strengthen and adjust partnerships that have proved effective.

Because both public and private parties contribute their knowledge and expertise, the Netherlands can use its strengths effectively where returns are potentially highest. On the basis of a recent evaluation,²⁴ the government will explore how public-private initiatives can be most effective in supporting and encouraging international enterprise. In

²⁴ Implemented by NLin Business (NLIB), Trade and Innovate NL (TINL) and NLWorks.

²⁵ Motion submitted by MP Mustafa Amhaouch requesting continued additional support for regional development agencies in facilitating internationalisation of SMEs (Parliamentary Paper, House of Representatives 2021/22, 35925, no. 34).

this way, the Ministry of Foreign Affairs and the Ministry of Economic Affairs and Climate Policy will fulfil the wishes expressed by the House of Representatives.²⁵

Target groups

The government would like the private sector to be accessible, to serve and respond quickly to entrepreneurs’ needs, and to devote extra attention to SMEs, start-ups and scale-ups and female entrepreneurs. It is therefore continuing to work on customised programmes and activities to give these target groups better access to the global market. SMEs form by far the biggest group of businesses operating internationally – as many as 97% of the total. At the same time, only a small proportion of Dutch SMEs are active at international level. There is thus considerable potential for growth. The government wants to help these entrepreneurs operate beyond our borders, with information, advice and support provided by embassies and trade instruments. The same applies to start-ups and scale-ups. These businesses are drivers of innovation in the field of technology in particular. The government’s ambition is for the Netherlands to become the strongest ecosystem in Europe for start-ups and scale-ups.

With start-up liaison officers in the ‘prijhub’ marketplaces in Berlin, Paris, London, Singapore, New York and San Francisco, the government seeks to help start-ups and scale-ups operate internationally.

Online, the government is continuing to build a single digital helpdesk to provide entrepreneurs with the right information. Existing public and private websites are being more actively linked to each other. Instruments relevant to SMEs will be expanded. With this targeted action for international enterprise, the government is encouraging and facilitating international trade, as requested by the House of Representatives.²⁶ To make use of trade instruments (including participation in trade missions), businesses need to comply with international standards for responsible business conduct (RBC). In this way, the government seeks to encourage businesses to address risks to people and the environment in their value chains, and has set up the one-stop shop to help them. During its term in office, the government plans to use specific, measurable targets to find out whether the trade instruments are of sufficient help in enabling entrepreneurs to find their way, or whether they need to be adjusted.²⁷

Finance with impact worldwide

For businesses, finance is of essential importance in doing business abroad, but banks are often unwilling to finance and insure projects in high-risk markets. There is a wide range

of government funds that can provide a solution. Through Invest International and Atradius DSB, the government supports entrepreneurs wanting to invest abroad by providing funding and insurance. Invest International, which was set up according to the one-stop-shop principle, plays a particularly important role.²⁸ Within Invest International, the Dutch Good Growth Fund (DGGF) and the Dutch Trade and Investment Fund (DTIF) are among the funds available to SMEs. Through them, Dutch businesses receive assistance in obtaining and fulfilling international orders, and receiving payment for them. The government will continue to use this approach, and will encourage the development of innovative forms of funding, working wherever possible with private parties. It aims to ensure that lack of funding or insurance should never be the reason for a healthy, sustainable and promising business case submitted by a Dutch business on a foreign market to fail.

Sustainability transition and climate – Greening instruments

The government is also taking action on climate as part of economic diplomacy and trade promotion activities. The Sustainable Development Goals (SDGs) 8 (sustainable economic development) and 13 (climate) play a central role, as do the digital and sustainability transitions. At the same time, the Netherlands is greening its trade promotion instruments, in line with the Paris and Glasgow climate



Invest International strengthens our competitiveness.

Image: Invest International

²⁶ Motion submitted by MP Martin Wördsdörfer on the private member’s policy proposal submitted by MP Wybren van Haga on a proactive trade agenda (Parliamentary Paper, House of Representatives 2018/19, 35115, no. 6)

²⁷ The policy goals for which the instruments will be assessed are as follows: reach within the envisaged target groups, customer satisfaction, knowledge enhancement and network expansion, and whether entrepreneurs found the government contribution useful by in taking their next, export-oriented steps..

²⁸ Motion submitted by MP Jan Klink et al. on Invest International as the one-stop-shop for funding for international enterprise (Parliamentary Paper, House of Representatives 2021/22, 35925, no. 22).

agreements. Trade missions support the digital and sustainability transitions and target sectors and themes including offshore wind, hydrogen, sustainable mobility, the circular economy, fintech and agritech. In response to the wishes of the House of Representatives²⁹ and the COP26 statement on ending direct government support for international fossil fuel energy projects,³⁰ the government will phase out trade promotion of fossil energy activities. Exceptions will only be possible if energy supplies are at risk, or on other specific grounds.³¹

The Russian invasion of Ukraine has far-reaching consequences for energy security in the EU, and raises questions about alternative energy markets that could be opened up. At the same time, it is having a positive effect in accelerating the transition to sustainable energy. Economic diplomacy has a role to play in both of these areas. Memorandums of Understanding have been signed with several countries on the development of import chains for clean energy, like green hydrogen.³² The government sees opportunities to enter into knowledge exchanges and trade with a wide range of markets, both within and outside the EU, and is urging EU policy to support this development.

In consultation with businesses and other stakeholders, the government is looking into the further greening of trade and funding instruments in order to strengthen their competitiveness in the new, greener economy.³³ In relation to a number of existing funding instruments chiefly targeting SMEs, the government explicitly seeks to lower the threshold for green activities, in order to generate more green jobs and sustainable exports. In greening trade instruments, the Ministry of Foreign Affairs is acting closely in line with the strategic choices of the Ministries of Agriculture, Nature & Food Quality, Infrastructure & Water Management and Economic Affairs & Climate Policy, as will be set out in documents including the forthcoming letter to the House of Representatives on industrial policy.

Digital transition: Trade, innovation and the top sectors

Working with the Ministries of Economic Affairs & Climate Policy, Agriculture, Nature & Food Quality and Infrastructure & Water Management, the Ministry of Foreign Affairs supports the internationally-oriented business community in its innovation and export activities. Some clear choices will need to be made in internationalising industrial and innovation policy, however. Together with the mission-driven top sectors, these ministries are going to draft a comprehensive internationalisation agenda, focusing on the digital and sustainability transitions. With a proactive commitment by its mission network to trade missions and tendering procedures for international projects, the Ministry of Foreign Affairs will contribute to greater cohesion between national and international economic policy.³⁴ With jointly developed public-private, multiyear strategies, the government will ensure robust action on trade and innovation by the embassies concerned. In doing so, it will draw on the lessons learned from the long-term innovation projects launched since 2020 at the request of the House of Representatives.³⁵ These projects provide an insight into the transition from innovation to market introduction, and show where opportunities are to be found for bilateral cooperation on innovation. The lessons learned will play a central role in the further integration of trade and innovation policy, in accordance with the wishes of the House.³⁶ The government will also explore opportunities for cooperation with regions and within the EU.

In the coming years the National Growth Fund (NGF) will produce a number of growth plans for various sectors and themes which should offer some good departure points for international cooperation on innovation. The Ministry of Foreign Affairs is involved in growth fund proposals with an international dimension, providing advice on strategy and marketing, engaging in economic diplomacy and deploying the economic mission network.

29 Motion submitted by MP Eelco Heijnen on the Glasgow climate agreements (Parliamentary Paper, House of Representatives 2021/22, 26 485, no. 387, Parliamentary Paper, House of Representatives 2021/22, 35925, no. 23 and Parliamentary Paper, House of Representatives 2021/22, 35925, no. 59).

30 The House of Representatives received a progress report on this subject on 7 April 2022 (Letter to the House of Representatives 31 793, no. 202) and will be informed before the summer of the steps the government plans to take.

31 Fossil energy activities will only be allowed in exceptional cases. The following criteria will apply:

- they will make a significant contribution to making up energy shortfalls or providing access to energy in low-income countries with extreme poverty; and/or
- they make a significant contribution to an energy transition pathway to climate neutrality; and/or
- there is no feasible, green alternative and the country concerned is investing in renewable energy.

32 Motion submitted by MPs Pieter Grinwis and Silvio Erkens on disproportionate dependence for green hydrogen on a single country (Parliamentary Paper, House of Representatives, 2021/22, 32 813, no. 1029).

33 Motion submitted by MPs Alexander Hammelburg and Tom van der Lee on greening trade instruments (Parliamentary Paper, House of Representatives 2021/22, 35 925, no. 27).

34 PM Letter to the House of Representatives on trade and innovation policy in response to the motion submitted by MP Jan Klink on connecting Dutch innovation and trade policy to an interministerial approach (Parliamentary Paper, House of Representatives 2021–2022, 35 925 XVII, no. 24)

35 Parliamentary Paper, House of Representatives 2019/20, 35300, no. 25.

36 Parliamentary Paper, House of Representatives 2021/22, 35925, no. 24.

In formulating international policy on innovation, the government will take close account of European developments and funds and specific opportunities for the Dutch business sector. There are various EU grant programmes, funds and R&D projects from which Dutch entrepreneurs can benefit along with others. The national recovery plans under the Recovery and Resilience Facility (RRF) demand foreign expertise to contribute to projects in neighbouring member states. RVO and the mission network can help Dutch businesses respond.

Level RBC playing field

Responsible business conduct (RBC) is a major factor in ensuring sustainable international value chains and achieving the SDGs. The government encourages Dutch businesses to address risks to people and the environment in their value chains. Fortunately, many Dutch businesses are aware of the importance of RBC to their operations. That is not equally the case in every country, however, and so the government is keen to promote a level playing field for international trade. To prevent fragmentation and enhance impact, it is most effective to agree RBC legislation at EU level. For this reason, the proposal for a Directive on Corporate Sustainability Due

Diligence approved by the European Commission in February 2022 is a major step forwards. For the first time, EU legislation on RBC is within sight.

At the same time, the Netherlands has its own responsibilities. In anticipation of legislation implementing the EU Directive, the government is already working now on national RBC legislation.³⁷ The focus here is on safeguarding a level playing field, and on an appropriate due diligence requirement for businesses that is both effective and feasible. The EU proposal serves as the basis for the national bill. The government is aiming to ensure that the EU and national proposals run parallel wherever possible, and expects to be able to submit the bill to the House of Representatives by the summer of 2023 at the latest.

Apart from legislation, the government plans to flesh out other RBC measures in the coming years, in close consultation with businesses and civil society organisations. The government will also encourage international development organisations to integrate RBC standards and sustainability requirements into their tendering procedures. In this way, the Netherlands will safeguard a level playing field with our main trading partners, and foster opportunities for Dutch businesses in tendering procedures.

‘Responsible business conduct in line with the OECD guidelines is the basis for an effective, efficient and coherent contribution by businesses to the SDGs.’

Partos (association of international development organisations)

Source: online consultation



Dutch businesses understand the importance of Responsible Business Conduct for their enterprises.

Image: World Bank

37 Letter to parliament on progress with national RBC legislation, 27 May 2022, BZDOC-841960807-34.

Six working methods for a strategic, sustainable trade policy

The objective of Dutch trade policy is to strengthen the Netherlands' earning capacity, with a view to the future. The following six working methods are key to achieving this objective.



1 Promote Dutch and European economic resilience

An open, competitive and innovative economy is the best guarantee for a resilient economy and our long-term earning capacity. A strategic trade policy contributes actively to this goal. The government encourages international enterprise and promotes a level playing field. In Europe, the Netherlands is committed to maintaining openness and promoting competitiveness by working on initiatives for strategic autonomy. The Ministry of Foreign Affairs, with the Ministries of Economic Affairs & Climate Policy and Agriculture, Nature & Food Quality, is also taking action to support the Dutch business community with innovation and digital transformation. For this purpose, trade and industrial policy, with joint budgets and capacity, will be linked more closely.

2 Effective action in 25 priority markets

By making clearer choices, we can achieve more with the same capacity and resources. The government has therefore opted for an active commitment to 25 priority markets. These are a combination of developed and emerging markets that have major earning potential for Dutch businesses. To connect Dutch businesses more effectively with export and investment opportunities, the government plans more targeted use of trade missions and RVO trade instruments (see annexe). The mission network will play a leading role in this economic diplomacy, and will continue to actively promote Dutch trade and industrial policy.

3 European trade policy with high standards

With its trade agreements, the EU has a unique instrument with which it can exercise its economic market power to set high standards for fair production, human rights and climate. The government will therefore continue to urge high international standards and compliance with agreements.

4 Greening trade instruments

The government is greening its trade promotion instruments, in line with the Paris and Glasgow climate agreements, and is carrying out studies to determine which instruments are the most effective in this regard. It is devoting particular attention to SMEs. The government explicitly seeks to lower the threshold for green activities for these businesses, and help them capitalise on green earning potential. In the coming years, the government will also focus on opportunities for public-private partnerships in the further greening of Dutch trade policy.

5 Support businesses with RBC

Responsible business conduct (RBC) forms the basis for making international value chains more sustainable and having the business community contribute to achieving the SDGs. The government will actively support businesses by setting up an RBC support office and developing a new form of sectoral cooperation. The ministries involved will also require businesses seeking support from business community instruments to comply with RBC standards. The government is promoting RBC legislation at EU level and is also working on national legislation. These processes will run parallel wherever possible.

6 Cooperation with businesses and knowledge institutions

The business community, knowledge institutions and the ministries involved work closely together to strengthen the Netherlands' competitiveness and earning capacity. With effective and innovative partnerships, different organisations can pool their knowledge and skills, thus helping address current challenges. Government authorities, businesses and knowledge institutions all have a major role to play, in which they can strengthen each other. The government is fostering this active cooperation.



Chapter 2

Development cooperation:
focus on what works

Image: Wytze Heida

Development cooperation: focus on what works

Various evaluations and studies have shown that development cooperation policy needs more focus if it is to make a genuine difference for people in developing countries.³⁸ As early as 2010, the Scientific Council for Government Policy called on the Ministry of Foreign Affairs to focus on a more limited number of themes in which the Netherlands excels. For this reason, development cooperation policy has since focused on water, food security, sexual and reproductive health and rights and security and the rule of law. In the past, the Ministry also decided to target efforts on three focus regions: the Sahel, the Horn of Africa and the Middle East & North Africa.

The annexe to this document contains a list of focus countries. Dutch bilateral efforts explicitly target these countries, although through its contribution to multilateral organisations like the UN, the Netherlands remains active in other countries too.³⁹ When it comes to migration, the Netherlands will look further than the focus countries alone. For example, thematic resources for development cooperation can be used for countries where there are opportunities to invest in migration partnerships.

The government will continue to focus on these countries and themes and on achieving the SDGs, addressing the root causes of poverty, terror, irregular migration and adapting to and mitigating climate change. The Netherlands possesses considerable knowledge of and experience in these themes and regions. The government has therefore explicitly chosen to continue doing what works, and to adjust its course where necessary. The government will focus its efforts on

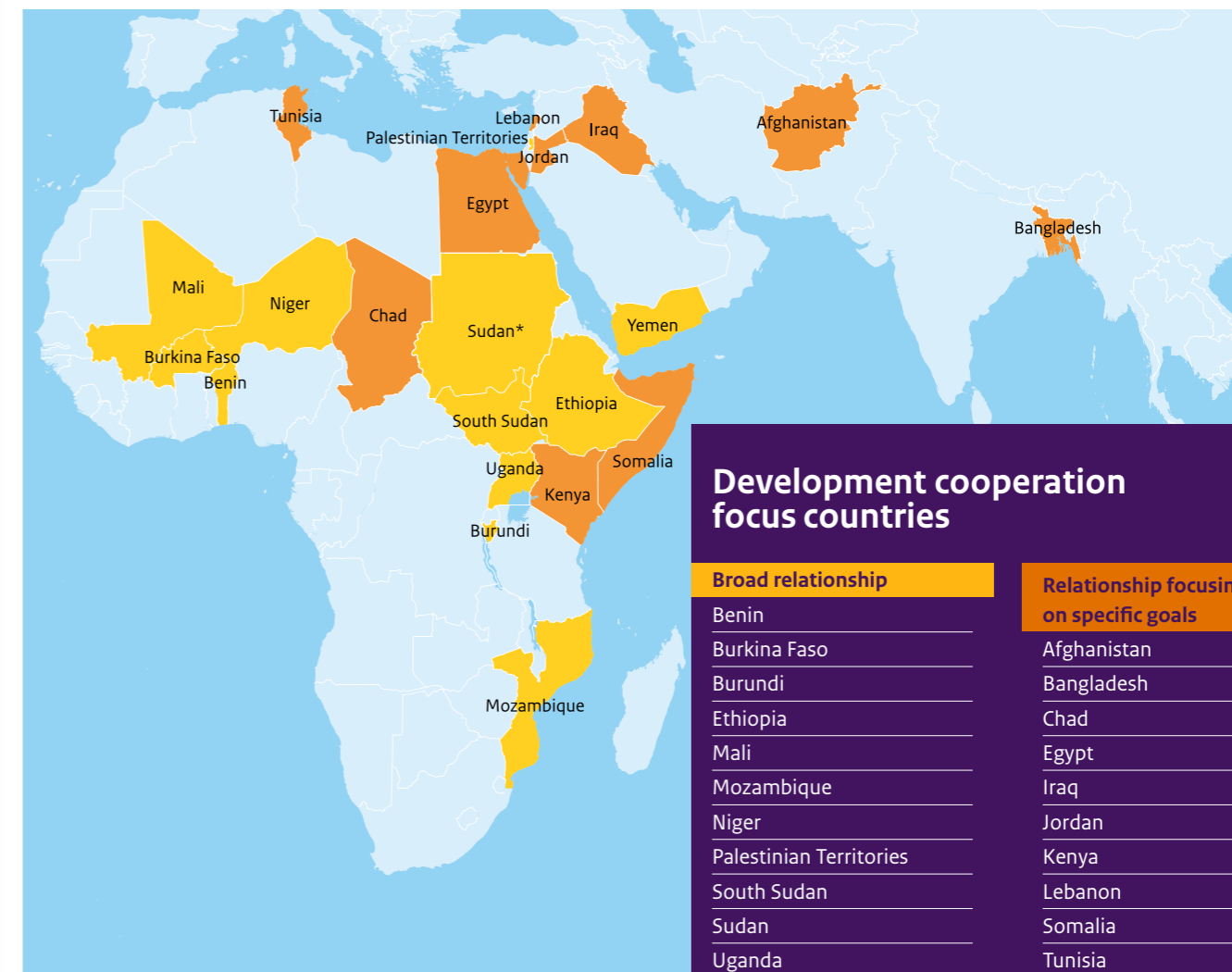
areas where every euro has a noticeable impact. By investing in scalable projects and programmes, more and better results can be achieved. In the past few years, good methods have been developed to measure results, and that provides insight into what works and what does not. On the basis of these insights, the government will extend programmes that are effective and make additional investments where circumstances require. Many challenges to development, including climate change, human rights and stability, are too great for the Netherlands to make a difference on its own. For this reason, we will work through the EU wherever possible.

As agreed in the coalition agreement, the government will raise spending on development cooperation by €300 million a year from 2022 to 2024. From 2025, spending will be raised by €500 million a year structurally, bringing the Netherlands closer to meeting the international norm of 0.7%.⁴⁰

³⁸ *Less pretension, more realism: an evaluation of the Reconstruction Programme (2012-2015), the Strategic Partnerships in Chronic Crises Programme (2014-2016) and the Addressing Root Causes tender process.* Policy and Operations Evaluation Department (IOB), 2020. *OECD Development Co-operation Peer Reviews: the Netherlands.* OECD, 2017. *Interrogating the evidence base on humanitarian localisation.* IOB, 2021.

³⁹ In relation to migration, action can be taken outside the focus countries. Where relevant, we can respond to new developments.

⁴⁰ Motion submitted by MP Christine Teunissen et al. on raising ODA to the 0.7% norm (Parliamentary Paper, House of Representatives 35 925-XVII no. 46). By the end of the fourth Rutte government's term in office, ODA is expected to have reached 0.65% of GNP. Prior to these investments, ODA was expected to be 0.56% of GNP by 2026.



Aid to and reconstruction of Ukraine

The war in Ukraine continues unabated, and it is unclear how long the conflict will last and what the total damage will be. At this moment, weapons and humanitarian and financial aid are still the most urgent needs. The Netherlands responds to Ukrainian calls for help, and contributes both bilaterally and multilaterally in all these fields. The government is also preparing for the reconstruction effort that will follow once the war has ended. Decisions on the form this will take are of course principally for Ukraine and the Ukrainians themselves to make. The Netherlands will support them, in close cooperation with the EU and organisations like the UN, the World Bank and the European Bank for Reconstruction and Development. The government will also put Ukraine on the list of combination countries, where both trade and development cooperation programmes may be implemented. With these programmes, the government will also explore opportunities for positioning the Dutch business community to ensure that their expertise can make a meaningful contribution to reconstruction.

Development cooperation focus countries

Broad relationship	Relationship focusing on specific goals
Benin	Afghanistan
Burkina Faso	Bangladesh
Burundi	Chad
Ethiopia	Egypt
Mali	Iraq
Mozambique	Jordan
Niger	Kenya
Palestinian Territories	Lebanon
South Sudan	Somalia
Sudan	Tunisia
Uganda	
Yemen	

‘Dutch experience can be used worldwide to promote cooperation between government authorities, civil society organisations, businesses and knowledge institutions to achieve the SDGs.’

Oxfam Novib

Source: online consultation

Increasing opportunities for young people with digitalisation in the agricultural sector.



‘Do more to support skills building by young people and strengthen their capacities, using digital and other means.’

Youth Advisory Committee
Source: online consultation

Digital transformation

Digitalisation connects people and presents opportunities to achieve the SDGs more rapidly. In its report on ‘Digitalisation and Youth Employment in Africa’, the Advisory Council on International Affairs emphasises the potential of digital transformation: if people are more closely connected, they can organise themselves better and increase their prospects of work.⁴¹ Digitalisation also helps optimise production processes and makes social services more accessible. However, it needs to be firmly anchored in democratic systems, otherwise it can lead to repression. Digitalisation is an opportunity, not a miracle cure for all deeply rooted problems. With that awareness, the government is fully committed to exploiting all the opportunities the digital transformation presents.

More concretely, this means that the government wants to push forward with digitalisation in every area of development cooperation. Humanitarian aid is a good example, where smart use of data can lead to more effective distribution of limited resources. At EU level too, the government is keen to promote digitalisation as part of more rapid and sustainable economic development.

Private sector development: focus on SMEs in developing countries (SDG8)

The Netherlands strengthens the business climate in developing countries, and promotes trade that meets sustainability standards and ensures better access to

financial services for micro, small and medium-sized enterprises (SMEs). The government will remain committed to these aims, because they contribute to self-reliance, employment and economic growth in developing countries.

However, it will change the nature of the action it takes. During this government’s term in office, its focus will shift to the digital and sustainability transitions, with the government focusing in particular on strengthening SMEs in developing countries. This will present opportunities for young people in the field of fintech and e-commerce, including reliable digital platforms and services for farmers and entrepreneurs, both women and men. Private sector development programmes will look not only at the number of jobs digitalisation generates, but also at its impact on climate.

Consultations with African youth confirm their huge need for work. The Netherlands will therefore make an extra commitment to youth employment in Africa, focusing on a close match between vocational training and the labour market. For example, the government will invest in a new, multiyear vocational and higher education programme, with the explicit aim of ensuring that young people are better prepared for the labour market. To introduce more focus into the Dutch effort, the government will reduce the current list of countries eligible for private sector development support from 70 to 40 (see annex). Ukraine will be included in the list for as long as necessary.

⁴¹ ‘Digitalisation and youth employment in Africa’. Advisory Council on International Affairs, 2021.

Climate action (SDG13)

The climate crisis is having a huge impact all over the world, but it is hitting the poorest countries hardest. This has far-reaching consequences for the populations of these countries, and thus for migration. The Netherlands will help developing countries adapt better to extreme weather events, such as heatwaves, drought and flooding. Worldwide, other donors earmark relatively few funds for climate adaptation, and so the government will take action and remain firmly committed to adaptation, paying specific attention for the poorest people.⁴² Climate mitigation – including access to

renewable energy – will also continue to be a priority. The number of people gaining access to renewable energy as a result of Dutch interventions will double, reaching 100 million by 2030. Promoting green energy in developing countries also serves a geopolitical interest, since societies become more resilient to instability.

In this regard, it is also important to prevent deforestation. The government will contribute to halting deforestation by 2030, by influencing policy within the EU and in international forums, encouraging sustainable farming and trade and providing innovative finance for sustainable land use.

Dutch climate finance to reach €1.8 billion by 2025

Developed countries have pledged to mobilise \$100 billion collectively for climate action in developing countries in the 2020-2025 period, and on an earlier occasion agreed to raise this target after 2025. In the Glasgow Climate Pact, countries agreed to double adaptation finance from 2019 levels by 2025, since less than a quarter of global climate finance is currently spent on adaptation.

The Netherlands wants to make a meaningful contribution to these agreements. To this end, the government will increase spending on our international

climate policy, and integrate climate more closely in development cooperation policy. It expects to spend at least €900 million on public climate finance in 2025, at least half of which will continue to go to climate adaptation. The government will also raise levels of private climate finance mobilised through public resources. Together, public and mobilised private climate finance is expected to amount to more than €1.8 billion by 2025. This means that the Netherlands will thus contribute over €0.5 billion more to the \$100 billion goal than agreed by previous governments.



The Netherlands helps developing countries to better resist weather extremes such as floods.

Image: Arcadis

⁴² Motion submitted by MP Tom van der Lee et al. on climate investments to benefit the poorest countries (Parliamentary Paper, House of Representatives 2021/22, 35925, no. 36).

The government means to double the funds earmarked for forest conservation in the coming years, and make an additional contribution to multilateral development banks and climate funds. With a greater commitment to climate, the government also seeks to prevent serious loss of biodiversity worldwide. For this reason, the Netherlands is raising its contribution to the Global Environment Facility, the official channel for implementation of the UN Convention on Biological Diversity. The government will also make biodiversity a cross-cutting theme, anchoring it in development cooperation policy on water, food security and climate in particular.

Achieve food security for all (SDG 2)

At this time, 805 million people – one person in nine worldwide – are still at risk of hunger and malnutrition. As Parliament requested, the Netherlands is therefore making an extra effort to ensure food security, while taking account of the environment and biodiversity.⁴³ In taking action, the government will focus on small-scale, sustainable, local food production, through research, innovation, vocational education and improvement of land rights (for women in particular).

The Netherlands possesses considerable expertise in nutrition and food security. The government wants to make more active use of this expertise and, together with its partners, aims to ensure that by 2030 at least 32 million vulnerable people are no longer experiencing malnutrition. The Netherlands also encourages food producers. The government’s aim is for 8 million small-scale food producers to have doubled both their income and their productivity by 2030, with 8 million hectares of farmland managed sustainably. Digitalisation and data play an important part. For example, digital meteorological services enable arable farmers to better plan when they will sow and harvest their crops, or nomadic people find better pasture for their cattle.

Water (SDG 6)

The Netherlands has set itself firm targets in the field of water. Between 2016 and 2030 we will ensure that 30 million people have access to clean drinking water, and 50 million people to sanitation.⁴⁴ Climate change will lead to more frequent, more severe droughts and flooding. In the period up to 2030, the Netherlands will help a total of 20 million people with improvements to river basin management and action to ensure safer deltas. Because drinking water is becoming scarcer, the Netherlands will also introduce digital information systems to contribute to optimising use of water in farming. Finally, the Netherlands will try to help prevent

⁴³ Motion submitted by MPs Jan Klink and Mustafa Amhaouch on sustainable food production (Parliamentary Paper, House of Representatives 2021/22, 34952, no. 166).

⁴⁴ Motion submitted by MPs Chris Stoffer and Marieke Koekoek on improving menstrual health (Parliamentary Paper, House of Representatives 2021/22, 35925, no. 58).

⁴⁵ Motion submitted by MPs Inge Van Dijk on extending programmes focusing on SRHR and HIV/AIDS (Parliamentary Paper, House of Representatives 2021/22, 35 925, no. 26).

conflict by supporting organisations that are working on systems that will use big data to gain an insight into potential water-related conflicts and solutions for them. In March 2023, the Netherlands and Tajikistan will co-host the UN Water conference. This should present a good opportunity to accelerate action on SDG 6.

Global health and Sexual and Reproductive Health and Rights (SDG 3 & SDG 5)

The COVID-19 pandemic has had serious direct and indirect effects on global health. In accordance with the coalition agreement, the Netherlands will continue to contribute extra resources to containing the pandemic through the Access to COVID-19 Tools (ACT) accelerator. Now that vaccines are much more widely available, our focus will be on preparing countries to launch vaccination campaigns and on strengthening health systems. In low-income countries, more than twice as many women and children have died as an indirect result of the pandemic than from infection with COVID-19 itself. This is mainly due to disruption of care services, leading to a sharp increase in the number of unsafe abortions and childbirths, for example. In relation to global health and Sexual and Reproductive Health and Rights (SRHR), the Netherlands is therefore mainly committed to strengthening primary healthcare systems.

The government is investing in the full range of SRHR activities, including eradicating HIV/AIDS by 2030, and preventing sexual exploitation, child abuse and child marriage.⁴⁵ The Netherlands is a bold donor and deliberately focuses on crucial themes and target groups which are often too sensitive for other donors to developing countries, such as safe abortion, sex education and specific at-risk groups like LGBTQ+ persons. The Netherlands combines commitment of funds and expertise with diplomacy and political action in the EU and at the UN. This means that if certain countries try to reverse international agreements on SRHR and gender equality, the Netherlands will respond with both vocal and quiet diplomacy. The government is also committed to digitalisation in the field of SRHR, in this case via e-health. Among other things, this will enable healthcare workers to receive online support.

Strong and resilient healthcare systems are essential for global health. With an extra commitment to strengthening primary healthcare systems (through its contribution to the Global Financing Facility) and to SRHR, the Netherlands helps developing countries maintain and strengthen regular care services. Here too, the government is exploring where it can forge effective partnerships with the business community.

The Global Health Strategy

The COVID-19 pandemic has put pressure on healthcare systems all over the world. The Global Health Strategy will set out how the Netherlands can contribute to better health for all, and help prevent a new health crisis. It will devote particular attention to issues to which the Netherlands can bring unique added value. For foreign trade and development efforts, this means a focus on Sexual and Reproductive Health and Rights and on improving primary healthcare systems. Global health is a cross-sectoral

theme, interfacing with agriculture, the economy and climate, for example. This calls for cooperation between all the ministries involved. The government will also explore opportunities for partnerships with Dutch civil society organisations and knowledge institutions and with the private sector. In developing the strategy, the government will take on board the recommendations submitted by the AIV in its advisory report on a framework for a Dutch global health strategy.



Donor dilemma: to leave or remain active after a coup

In the past few years, coups have taken place in Burkina Faso and Mali and civil war has broken out in Ethiopia – all countries where the Netherlands is active. This leads to difficult dilemmas. Even if the Netherlands does not fund governments directly, it supports them indirectly by funding support services for their populations. By leaving these countries, the Netherlands minimises the risk of unwillingly legitimising these governments. However, the people who depend on Dutch development cooperation pay the price.

The government tackles dilemmas like these through adaptive programmes (see the box on specific recommendations for working in fragile areas). The government constantly monitors the political situation in a country and if it deteriorates the Ministry of Foreign Affairs reorganises development cooperation activities. In this way, the government minimises the risk that governments will benefit from Dutch support, while ensuring continued support for vulnerable people.

The Netherlands continues to contribute to pandemic containment with additional funds.

Image: Unicef



Investing in female and local leadership increases equality of opportunity.

Image: UNHCR / Mary-Sanyu Osire

“The Netherlands is a global innovator and a leader in gender equality, shifting power structures and advocating for southern leadership.”

Count me In! Consortium

Source: online consultation

Security and the Rule of Law (SDG 16)

Unsafe countries have the greatest difficulty meeting the UN development goals. According to the World Bank, extreme poverty will increasingly be concentrated in fragile countries. Peace is an aim in itself, and also a condition for sustainable economic development and trade and the prospect of a dignified existence. The Netherlands’ commitment to peaceful, just and inclusive societies and its investments in human security, access to justice, peacebuilding and inclusive governance are therefore of crucial importance. Where possible, development cooperation efforts in fragile states form part of the integrated approach.

Gender equality and empowerment of all girls and women (SDG 5)

The Netherlands has a worldwide commitment to women’s rights and gender equality. The government systematically mainstreams women’s rights in all its development cooperation activities. It also invests in gender-specific programmes for civil society organisations, feminist movements and individual women’s rights defenders. The Netherlands has the largest women’s rights fund in the world

⁴⁶ For the government, the term civil society organisations covers a wide range of actors including diaspora organisations, religious actors, faith-based organisations, cultural institutions and trade unions.

(the SDG 5 fund: €510 million). The government uses this fund to bring about structural change by investing in female and local leadership. The Netherlands also explicitly engages with men and boys in promoting gender equality. In all its work, the Netherlands focuses on the root causes of gender equality, such as unequal power relations, social norms and stereotypes.

More attention is needed for gender equality in innovation and digitalisation. The influence of anti-gender movements has increased worldwide, including online. Female human rights defenders and peace activities are exposed offline and – increasingly – online to violence and harassment. In the next few years, the government will make a greater effort to improve the online protection of women activists.

Strengthening civil society (various SDGs)

Healthy democracies cannot function without adequate civic space. The Netherlands is therefore taking action to strengthen civil society organisations,⁴⁶ because in many countries they are the effective defenders of people’s rights and interests. With Policy Framework for the Strengthening Civil Society, the Netherlands supports organisations in the field of climate



Those in need deserve aid.

Image: Unicef

adaptation, food security, women’s rights, LGBTIQ+ rights, the rights of religious and other minorities, and security and the rule of law. Increasingly, these are robust local organisations which lobby their governments and businesses themselves.

In some cases, activists’ safety is threatened. The Netherlands provides support and protection wherever possible – for example by funding organisations that can advise them on their physical and digital security or, if the worst comes to the worst, providing activists under serious threat with temporary shelter in one of the Shelter Cities.

Migration and reception in the region (various SDGs)

The Netherlands works for the safe and humane reception of displaced persons and refugees in the region.⁴⁷ By means of programmes in the field of protection, education and training, and by generating employment in the Horn of Africa and the MENA region, the Netherlands promotes self-reliance. The government will invest additional resources in the coming years in reception and protection in the region, and has earmarked an extra €195 million for this purpose from 2025. The Netherlands will also commit extra resources to strengthening migration partnerships with major countries of origin and transit.^{48 49} Priorities here are protecting human rights, reducing irregular migration, preventing human trafficking and people smuggling, ensuring better border controls and promoting return and reintegration. Given the scale of these challenges, the Netherlands will in any event connect wherever possible with EU actions, including the Team Europe initiatives in the field of migration.⁵⁰ Migration

⁴⁷ Motion submitted by MP Wybren van Haga on reception of Afghan refugees in the region (Parliamentary Paper, House of Representatives 2020/21, 27925, no. 825).

⁴⁸ Motion submitted by MP Don Ceder on diplomatic contact with countries of origin on return of nationals (Parliamentary Paper, House of Representatives 2021/22, 19637, no. 2848).

⁴⁹ Motion submitted by MP Ruben Brekelmans on return of failed asylum seekers (Parliamentary Paper, House of Representatives 2021/22, 19637, no. 2851).

⁵⁰ Motion submitted by MPs Kati Piri and Tom van der Lee on protection of Afghan refugees (Parliamentary Paper, House of Representatives 2021/22, 27925, no. 906).

partnerships may also encompass agreements on trade, aid, support for the reception of migrants and temporary legal, circular labour migration.

Emergency aid (various SDGs)

People in need deserve our help. The government therefore does all in its power to provide emergency aid for people who need it. Unfortunately, this group is growing. The combination of conflict, COVID-19 and climate change is leading to a worldwide surge in human need. Since January of this year, the number of people in need of emergency aid worldwide has risen by 27 million to more than 291 million. This figure will in all probability continue to rise. The war in Ukraine is leading to increasing food shortages all over the world. The costs of emergency aid and food aid will thus also rise. The Netherlands will therefore take action to increase the resilience and self-reliance of people, communities and countries. The government will continue to promote mental health and psychosocial support (MHPSS), in order to ensure that people do not remain dependent on emergency aid. This can only be achieved with an approach combining political commitment, trade, development cooperation, conflict prevention and peacebuilding – and with reception in the region. The government will make the necessary investments, in the awareness that a long-term commitment will be needed to achieve results. The government will of course continue to provide emergency aid in crisis situations. A substantial extra commitment to humanitarian aid is required to relieve the most urgent needs. The government will therefore structurally earmark an additional €150 million for humanitarian aid from 2023.

Six working methods for maximum development impact

1 Opt for focus and effectiveness

To have an impact, the government has opted for more extensive programmes on fewer themes and for the longer term. This means for example that it will leave a theme such as primary education to other donors. The Netherlands will also phase out cooperation with a number of countries (such as Algeria and Mauritania) and provisionally narrow down certain partnerships (with Afghanistan, for example). The government also plans to more effectively monitor the quality and independence of evaluations conducted by our partners. Policy evaluations will be broadened by working with longer-term systematic reviews and unplanned effects will be examined more systematically. Because the Netherlands wants to improve the situation in developing countries permanently, not temporarily, the government will also carry out more evaluations a few years after the end of interventions to monitor sustainability.

2 Use development cooperation to leverage private finance

The need for finance to achieve the SDGs and the climate goals is greater than ever. Public resources are insufficient to meet this need, so private money will have to be mobilised. In the past few years, the Netherlands has shown that development cooperation can be used to leverage private capital. This entails among other things using government money to persuade banks and capital managers to invest in the SDGs. The Netherlands leads the international field in this respect, partly thanks to innovative organisations such as the Dutch development bank FMO. The government means to scale up this approach in the coming years, in order to achieve even greater development impact.

3 Invest in a global development system

Dutch aid is most effective if it is part of a wider international framework. Major international organisations like the UN can ensure the right infrastructure and breeding ground to enable bilateral Dutch aid to be used as efficiently and effectively as possible. The UN's global development system and the international financial institutions are thus indispensable in achieving the SDGs. The Netherlands seeks to be a reliable donor, and so the major part of its financial contribution is multiyear, flexible and non-earmarked. There is wide public support for achieving the SDGs in the Netherlands, among businesses, civil society organisations and local authorities, for instance. They have joined forces in the platform organisation SDG Netherlands. The government will make further investments in the coming year in raising awareness of the SDGs in the Netherlands itself.

4 Do more through the EU

The EU and its member states are the world's main providers of development cooperation. The Netherlands works through the EU to achieve development goals and strengthen joint efforts.⁵¹ The EU should present itself more decisively in Africa as the democratic alternative to China and Russia. This has consequences for collaboration within the EU. The efforts of the Netherlands and those of the EU can complement each other. The European Commission works well with governments and has bigger budgets. The Netherlands provides no bilateral budget support itself, but with regard to EU budget support urges respect for human rights and the rule of law and measures to fight corruption. The Netherlands is daring, and leads the field with public-private partnerships. We can achieve even more by doing more through the EU. The government will therefore strengthen the Team Europe initiatives with Dutch expertise and funding.⁵²

5 Listen to young people & localise

If the countries where the Netherlands works have one thing in common, it is that young people are in the majority. The average age in many of our focus countries is between 15 and 20. To know what is really happening in these countries, we need to listen to young people and work with them. For this reason, the Netherlands works according to the Youth at Heart principles. That means we will strive for meaningful youth participation in efforts to achieve the SDGs.⁵³ The government has already started by setting up a Youth Advisory Committee, which submitted recommendations for this policy document. Young people will be involved in future development cooperation policy, and their voice will consistently be resound. Other voices also need to be heard more clearly in development cooperation policy. The Netherlands therefore seeks partnerships on an equal footing, with more influence from Southern organisations, and has also made an international commitment to localising development cooperation.⁵⁴ In addition, funding instruments such as Power of Voices, which focuses on strengthening civil society, are increasingly providing opportunities for participation by Southern partners. Localisation means that the staff of development organisations and their supervisory boards must become more diverse, and that development organisations' advertisements must not stigmatise, supporting rather than undermining local self-reliance.

6 Work in the most difficult countries and regions

The government will continue to prioritise the three focus regions (Sahel, Horn of Africa and MENA) in the coming years. Climate change, COVID-19 and conflict, in combination with weak governance and rapid population growth, have had the greatest impact in making these regions a breeding ground for exclusion, radicalisation, instability and irregular migration. We will devote specific attention to the poorest and most fragile countries within these regions. The Netherlands is working to strengthen the social contract between government and people and to promote democratisation, through strategic partnerships, for example. Since women are often the most vulnerable, but are also major agents of change, the government will focus specifically on them. In all its activities, the government makes every effort to work according to the 'leave no one behind' principle. Dutch programmes therefore take special account of people with a disability.



⁵¹ Motion submitted by MP Bent Becker on EU resources for development cooperation policy (Parliamentary Paper, House of Representatives 2017/18, 34952, no. 18).
⁵² Parliamentary Paper, House of Representatives 2017/18, 34952, no. 18.
⁵³ Parliamentary Paper, House of Representatives 2021/22, 35925, no. 47.
⁵⁴ Motion submitted by MPs Tom van der Lee et al. on strengthening local ownership (Parliamentary Paper, House of Representatives 2021/22, 35925, no. 37).

Special methods for working in fragile areas

Work with adaptive programmes and take calculated risks

To achieve results in fragile areas, risks are unavoidable. While not attempting to work risk-free, the government wants to avoid unnecessary risks. For this reason, the Netherlands is taking an adaptive approach to working in these areas: while making a long-term commitment, the government will actively monitor and evaluate programmes, and regularly adapt them. To achieve maximum flexibility, programmes will be designed on a modular basis. This will enable components to be rapidly scaled up or down if circumstances require, without having to pull the plug on entire programmes. This will enable the government to avoid stop-go policy.

Adopt an integrated approach

The Netherlands is adopting an integrated approach to working in fragile situations, combining activities in the field of development cooperation, diplomacy, defence, justice and policing wherever possible. The aim of the integrated approach is to contribute to conflict prevention and lasting peace. The Netherlands will promote this approach at EU and UN level, so that development efforts can be linked more closely to political action and action on security.

Engage in a critical but constructive dialogue with governments

In the focus countries, the Netherlands – together with the UN, the World Bank and the EU – will engage in a critical but constructive dialogue with local governments on their policies. The government will also explicitly support social partners and NGOs in following suit.

Invest in the long term

Progress is not linear, particularly in fragile states where problems are often exceptionally complex. Short-term success is often an illusion. In 2021, the IOB advised to resist interventions focusing on short-term results. The government will take this advice and strives to conclude more long-term contracts.



Chapter 3

Dutch solutions for global challenges

Image: WUR / Luca Locatelli



Dutch solutions for global challenges

The major transborder challenges of the 21st century, such as climate change, pandemics and irregular migration, will also affect the Netherlands. This is a given, but it is also an opportunity for successful public-private cooperation. There are numerous Dutch businesses, knowledge institutions and civil society organisation that can contribute to solutions. The Dutch possess knowledge and expertise in fields such as dike building, developing drought-resistant seed, and insect breeding to reduce food insecurity.

This is the kind of knowledge and expertise, combined with an enterprising spirit and a healthy dose of optimism, that can strengthen development cooperation efforts. Dutch businesses have everything needed to contribute to achieving the SDGs.

Dutch entrepreneurs already make considerable investments in more highly developed countries, helping them to further strengthen their economic development. The government means to encourage these businesses to take the plunge and invest in less developed states. Where necessary, it will deploy extra staff, both in The Hague and at the missions, to connect trade and investment with development cooperation activities, enabling them to strengthen each other. The mission network and RVO form a crucial link. They connect local business communities, knowledge institutions and civil society organisations with their Dutch counterparts. The knowledge exchanges that result benefit both developing countries and Dutch businesses. As agreed in the coalition agreement, the government will also devise a targeted strategy for Africa.⁵⁵

Ministries work actively together to support developing countries. For example, the Dutch Financial Intelligence Unit (FIU) provides counterpart agencies in developing countries with technical assistance in countering money laundering

and terrorist financing. The Netherlands is also taking action in these areas through the Financial Action Task Force (FATF), which sets worldwide standards for action to prevent money laundering, terrorist financing and proliferation of weapons of mass destruction. The Netherlands helps developing countries apply these standards.

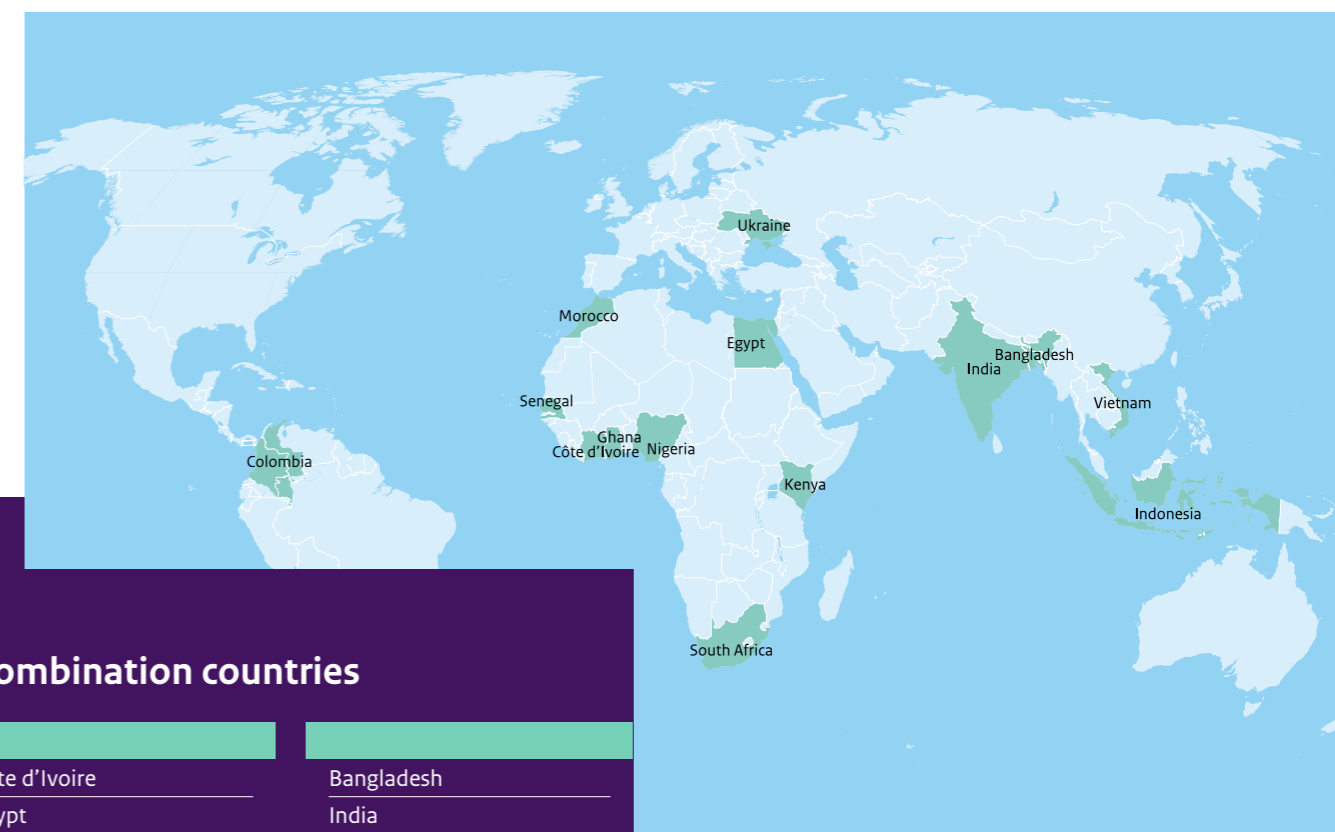
Digital and sustainability transitions in combination countries

In its policy review, the IOB gives a positive assessment of the Ministry of Foreign Affairs' aid and trade activities, but adds a few critical comments.⁵⁶ Notably, policy failed to focus on achieving synergy between aid and trade, while the integrated approach was limited in scope. The government remedies this in this policy document by introducing more focus into foreign trade and development policy.⁵⁷ In practical terms, this means that the government has chosen 14 countries in which Dutch development cooperation activities combined with trade and investment present major opportunities. These are the 'combination' countries where embassies and RVO will be given the space, resources and capacity to increase their long-term impact and to persuade the Dutch business community to invest more. The chief emphasis will be on the sustainability and digital transitions.

⁵⁵ Motion submitted by MPs Anne Kuik and Mustafa Amhaouch on an Africa Task Force and multiyear agenda for relations with Africa (Parliamentary Paper, House of Representatives 2020/21, 35 570, no. 47).

⁵⁶ Policy review of article 1 of the Foreign Trade and Development Cooperation budget (Parliamentary Paper, House of Representatives 2021/22, 34 124, no. 25).

⁵⁷ See the table in the annexe for a systematic overview.



Combination countries

Côte d'Ivoire	Bangladesh
Egypt	India
Ghana	Indonesia
Kenya	Vietnam
Morocco	Colombia
Nigeria	Ukraine
Senegal	
South Africa	

The Dutch have knowledge and skills in agriculture and horticulture to reduce food insecurity.



'Based on shared interests, government and businesses help each other take tangible steps towards digitalisation and sustainability within international marketing and supply chains.'

Evofenedex entrepreneurs' association
Source: online consultation

The government will carefully assess challenges in each country, and which sectors or themes present opportunities for the Dutch business community. The best way to achieve this is to work with local communities and government authorities. This will enable Dutch businesses and local actors in the 14 combination countries to strengthen each other. The Dutch business community will acquire a strong export and trade position in these markets, and the countries themselves will be given a sustainable economic boost. To support this win-win situation, the government will strengthen RVO trade instruments like the private sector and business development programmes. It will also make more active use of Invest International funding instruments.

Ministries join forces to achieve the SDGs

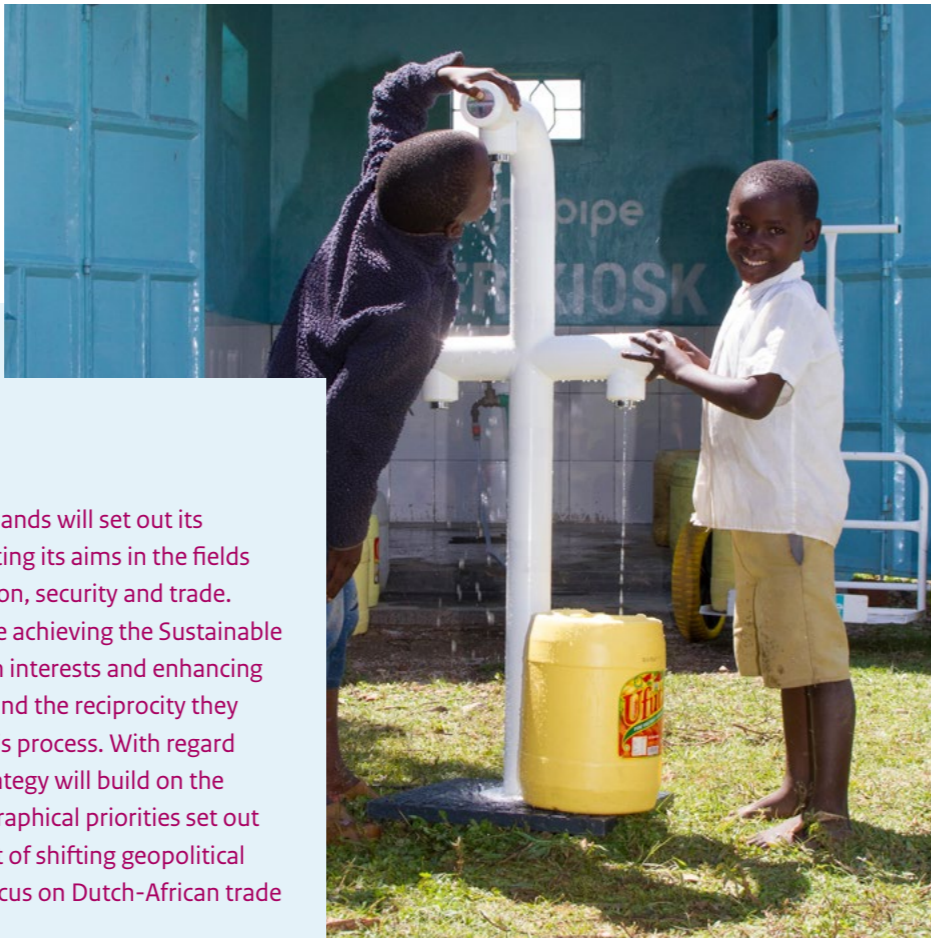
Policy coherence is needed to achieve the SDGs. This basically means that various ministries must work more closely together to achieve the same goal. For several years now, the government has encouraged this through its action plan on policy coherence for development. Considerable progress

has been made in some areas. Given global developments, the government will review the action plan before the end of this year. The review will focus on reducing the Netherlands’ climate, land and water footprints, preventing illicit financial flows through the Netherlands, and promoting global health.

The Netherlands’ climate footprint

The total area of land needed for our consumption was around three times the Netherlands’ surface area in 2017.⁵⁸ In the past year, the government took a number of important steps to make trade instruments more climate-friendly. At COP26 in Glasgow, the Netherlands announced its plans to defossilise its policy on export credits. More steps can be taken as well. The government is currently working on an international climate strategy which, among other things, will aim to reduce the Netherlands climate, land and water footprints. The government is also pursuing an active policy focusing on achieving synergy between the SDGs and climate policy and preventing trade-offs.⁵⁹

Image: Join the Pipe



The Africa strategy

In this integrated strategy, the Netherlands will set out its activities in Africa, coherently elaborating its aims in the fields of diplomacy, development cooperation, security and trade. Relevant factors in this context include achieving the Sustainable Development Goals, promoting Dutch interests and enhancing regional stability. Equal partnerships and the reciprocity they entail will play an important role in this process. With regard to development efforts, the Africa strategy will build on the objectives and the thematic and geographical priorities set out in this policy document, in the context of shifting geopolitical relations. The Netherlands will also focus on Dutch-African trade ties, especially in regard to SMEs.

58 ‘Halveren van de Nederlandse voetafdruk’ (Halving the Netherlands’ footprint). Netherlands Environmental Assessment Agency (PBL), 2021 [in Dutch].
 59 Based on: ‘Climate Change Measures and Sustainable Development Goals: mapping synergies and trade-offs to guide multi-level decision-making’. PBL, 2021.

The pandemic shows the need for a comprehensive and coherent Dutch global health strategy.
 Image: WHO Somalia / Ismail Taxta



‘The Covid-19 crisis makes it clear that inclusive, robust and sustainable health systems are essential to address short-term challenges, as well as long-term instability. It is therefore important to strengthen health systems that put SRHR and human rights at their core.’

SRHR+ Platform
 Source: online consultation

Tackling illicit financial flows and tax avoidance

Illicit international financial flows, including financial flows related to tax evasion, corruption, money laundering, terrorist financing and organised crime, obstruct a country’s development since they lead to shortfalls in government revenue, contribute to inequality and undermine security and the rule of law. The Netherlands supports developing countries in tackling illicit financial flows and tax avoidance, and will step up its efforts wherever possible.⁶⁰ In accordance with the coalition agreement, the government will take a leading role in the EU in preventing tax avoidance. Due to its open economy, the Netherlands can unintentionally be used as a conduit country for these financial flows. In the coming years, the government plans to take further steps to prevent this⁶¹ and to prevent tax avoidance. Since this is a problem that transcends borders, an international approach is essential. Corruption is a major problem all over the world. It undermines confidence in governments and obstructs efforts to achieve the SDGs. The Netherlands is therefore working with like-minded countries to set up an international anti-corruption court, and is exploring options for an EU framework for sanctions on people and entities responsible for the worst forms of corruption.⁶²

60 In the case of tax evasion, relevant facts (about income or capital) are concealed from government view. In the case of tax avoidance, all the facts are known, but there may be doubts as to whether the consequences for taxation are in line with the intention of the tax regulations.
 61 See plan of action on criminal financial flows, annexe 2 to Letter to the House of Representatives 29 911 (no. 348) of 26 April 2022 outlining the approach to organised crime. See plan of action on money laundering, annexe to Letter to the House of Representatives 31 477 (no. 41) of 30 June 2019 on the plan of action money laundering.
 62 Motion submitted by MPs Peter Omtzigt and Rob Jetten (Parliamentary Paper, House of Representatives 2020/21, 21501 20, no. 1632) and motion submitted by MP Sjoerd Sjoerdsma (Parliamentary Paper, House of Representatives 2021/22, 35925 V, no. 71)
 63 Parliamentary Paper, House of Representatives 2020/21, 35925, no. 28.

Six working methods for win-win situations

The government will apply six working methods to enable foreign trade and development cooperation to strengthen each other in the combination countries.



1 Green international instruments

In using foreign trade and development instruments, the government will give priority to opportunities for greening. For example, Invest International will commit more funds to green projects. The government will encourage development organisations that focus on implementing green projects. In starting new employment projects in developing countries, the government will in future look not only at the number of jobs they create, but also at whether they contribute to the sustainability transition. The government will no longer support programmes that delay the sustainability and digital transitions.

2 Improve Dutch businesses' access to climate instruments

The government seeks to provide the Dutch business community with maximum support in gaining access to national and international climate funds. It will do so in three ways: embassies will support Dutch companies in preparing international tenders; action will be taken to improve cooperation between the Dutch climate funds and the Dutch business community; and the government will do more to put the Dutch business community on the map with multilateral initiatives like the Team Europe initiatives and the EU Global Gateway.⁶⁴ The government will also update public infrastructure activities in developing countries by focusing Dutch projects more sharply on greening.⁶⁵ The government aims to have 70% of the contracts under the Development-related Infrastructure Investment Vehicle (DRIVE) and Develop2Build (D2B) programmes implemented by Dutch businesses, with a special focus on SMEs.⁶⁶ That is significantly more than the current percentage, for DRIVE in particular. The government plans to make maximum use of the innovative capacity of Dutch businesses to drive sustainable economic development forward in developing countries.⁶⁷

3 Work towards a trade system that works better for developing countries

The government will ensure that developing countries' voice is heard more clearly in international agreements and legislation. In this way, the Netherlands will contribute to a system in which developing countries' business communities take a more active part in the international trading system. The Netherlands can help developing countries with the adjustments they need to make to enable the transition to sustainable and digital trade. To achieve this, the government will work on trade facilitation programmes that contribute to a more efficient, more effective and more sustainable African market. Dialogues with partners such as trade unions and local businesses will serve the same aim.

4 Trade agreements on an equal footing with developing countries

Economic Partnership Agreements (EPAs) are platforms for promoting sustainable trade and economic development. They are asymmetrical, giving countries trade advantages, such as immediate tariff- and quota-free access to the EU for all products. The government is committed to entering into dialogue on these agreements on an equal footing with developing countries. The Netherlands will show more international leadership by combining foreign trade and development cooperation activities more closely in the EPAs.

5 Support developing countries with their exports

It is important to encourage trade in order to promote economic growth and competitiveness in combination countries. The Netherlands can help local businesses meet EU standards. For developing countries, gaining access to markets is a major issue. The government plans to take firmer action to support developing countries enhance their export opportunities, for example with logistic solutions.

6 Making value chains more sustainable

Appalling abuses like child labour, environmental pollution and large-scale deforestation are not acceptable, wherever in the world they occur. The government therefore combats these abuses, both at home and abroad. To this end, it is committed to ensuring that production countries benefit from European legislation to make marketing and supply chains more sustainable. To achieve this, the government encourages impact analyses in developing countries. The outcomes are used to take measures, jointly with European partners and NGOs, to help combination countries make their value chains more sustainable. The government will ensure that in shaping these measures, the voice of developing and middle income countries is heard. The Netherlands is committed to innovation and market transformation, taking opportunities for local producers and traders and the context in which they operate as major departure points.

⁶⁴ Motion submitted by MP Bente Becker on a legal entity to make use of EU resources for national development cooperation policy (Parliamentary Paper, House of Representatives 2017/18, 34 952, no. 18).

⁶⁵ Via the DRIVE and D2B programmes.

⁶⁶ Motion submitted by MP Arne Weverling on more concessional funding for development of the economies of low and middle income countries (Parliamentary Paper, House of Representatives 35300, no. 29).

⁶⁷ Motion submitted by MP Wybren van Haga on a more significant role for Dutch businesses in achieving the SDGs (Parliamentary Paper, House of Representatives 35000, no. 67) and motion submitted by MP Arne Weverling on making better use of the knowledge and expertise of Dutch businesses to achieve development goals (Parliamentary Paper, House of Representatives 35 570, no. 17).



Annexe

Funding and country overview

Trade: 25 priority markets

- Germany
- Belgium
- France
- United Kingdom
- Ireland
- Italy
- Spain
- Poland
- Sweden
- Switzerland
- Turkey

- Saudi Arabia
- United Arab Emirates
- China
- India
- Japan
- Indonesia
- South Korea
- Taiwan
- Vietnam
- Singapore

- United States
- Canada
- Mexico
- Brazil

Development cooperation focus countries

Broad relationship

- Benin
- Burkina Faso
- Burundi
- Ethiopia
- Mali
- Mozambique
- Niger
- Palestinian Territories
- South Sudan
- Sudan⁶⁸
- Uganda
- Yemen

Relationship focusing on specific goals

- Afghanistan
- Bangladesh
- Chad
- Egypt
- Iraq
- Jordan
- Kenya
- Lebanon
- Somalia
- Tunisia

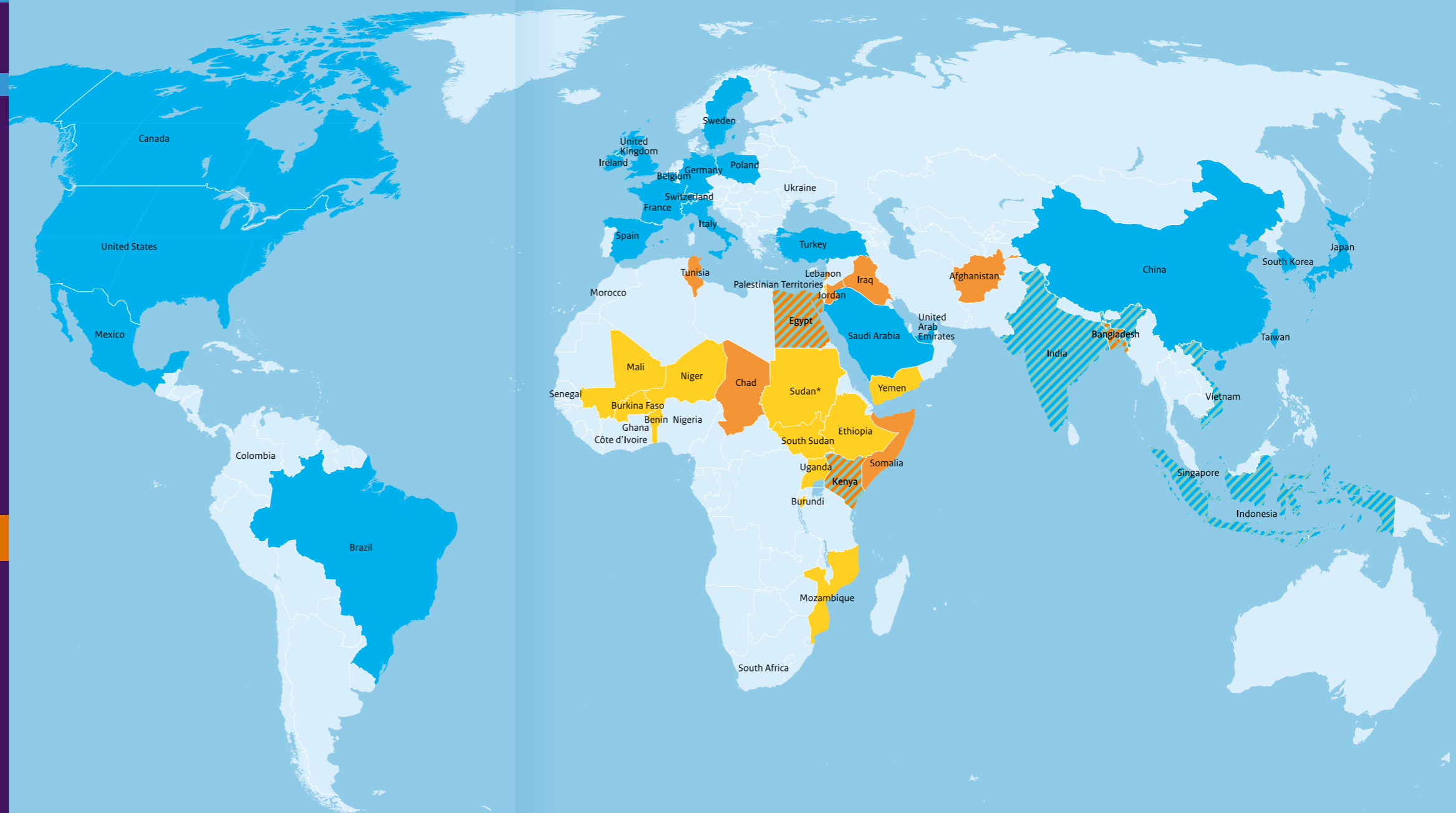
Combination countries

Africa

- Côte d'Ivoire
- Egypt
- Ghana
- Kenya
- Morocco
- Nigeria
- Senegal
- South Africa

Other

- Bangladesh
- India
- Indonesia
- Vietnam
- Colombia
- Ukraine



68 A broad development cooperation relationship is completely dependent on political developments.

Annexe: Funding and country overview

The ODA budget

The budget for Official Development Assistance (ODA) is linked to changes in Gross National Income (GNI). The fourth Rutte government will raise the ODA budget during its term in office, working towards compliance with the OECD-DAC norm of 0.7% of GNI. When budgets are being set, the ODA budget is adjusted on the basis of estimates of GNI compiled by the Netherlands Bureau for Economic Policy Analysis (CPB). In order to improve the transparency of the foreign trade and development cooperation budget, a new article 5.4 was introduced as of the 2017 budget year⁶⁹. Spending changes resulting from changes to GNI are now listed under article 5.4 as ‘still to be allocated in connection with changes to GNI and/or allocations’. This article serves as a holding bay for reallocation of the budget due to changes to GNI and changes to allocations for ODA, in particular for asylum policy. In the interests of budgetary caution and stability and to avoid the ad hoc termination or launch of programmes due to unpredictable changes to GNI, growth and shrinkage have in principle no immediate influence on development cooperation programmes. After all, amounts available for ODA could fluctuate as GNI estimates are adjusted in the course of the

year. If funds to be reallocated under article 5.4. are sufficient, this ODA budget may be used for development cooperation programmes.

Funding overview

The government funds its various spending increases with the budget made available under the coalition agreement. The ODA budget has also risen with the recovery of the Dutch economy after the COVID-19 pandemic. Due to the link with GNI, there is now some leeway in the ODA budget (under article 5.4).

Under the fourth Rutte government coalition agreement, the ODA budget will increase by €300 million a year in the 2022-2024 period, and by a structural €500 million a year from 2025. This is in addition to the updated EU allocation. After the reservation for the increased allocation to asylum policy, the remainder of the spending increase will be earmarked for climate, reception in the region, COVID-19 prevention and strengthening global health systems, in accordance with the coalition agreement. Funds under article 5.4 will also be reallocated to the different policy articles, given the leeway within the ODA budget created by the adjustment to GNI.

Table: Spending increases and reallocations under the foreign trade and development policy document^{70,71}

Combination trade/ investment/ development cooperation	84	115	125	180	190
Subtotal article part 1.3	431	468	482	505	571
Food security	50	75	100	100	100
Subtotal article part 2.1	329	379	405	439	439
Climate	30	65	100	230	290
Subtotal article part 2.3	290	309	339	459	471
Global Health	50	106	110	115	130
Subtotal article part 3.1	579	531	537	562	557
Humanitarian aid	82	150	150	150	150
Subtotal article part 4.1	512	520	520	520	520
Reception in the region	60	145	145	195	195
Subtotal article part 4.2	219	304	304	354	357
Multilateral	70	70	70	70	70
Subtotal article part 5.1 + 5.2	280	318	343	349	348
Total spending increases and reallocations	222	670	765	985	1.085
				1.085	1.125

69 See also Letter to the House of Representatives 34 300 XVII, no. 62 on the transparency of the foreign trade and development cooperation budget.

70 Table can be subjected to change. The final amounts will be published in the foreign trade and development cooperation budget 2023.

71 Subtotal amounts cover both ODA and non ODA figures.

This will amount from 2023 to around €500 million, rising to some €825 million. The table below presents total funds under the coalition agreement and reallocation of funds under article 5.4.

In the course of drafting the first supplementary budget for 2022, funds from the coalition agreement were added to the foreign trade and development cooperation budget and distributed among its various policy articles. The other budgets under the 2023 foreign trade and development cooperation budget will be reallocated. The figures presented below are based on estimates from the CPB’s Central Economic Plan. The figures in the 2023 budget will be based on the CPB’s macroeconomic forecast, which will be published shortly before Budget Day. Depending on trends within the ODA budget, this may lead to adjustments to these budgetary allocations. The House of Representatives will receive further information on Budget Day, given the requirement under section 3.1 of the Government Accounts Act in relation to policy-related spending increases.

Overview of risks

Foreign trade

Doing business internationally entails financial and RBC-related risks. A system of conditions and assessments ensures that our services – trade missions, for example – are in line with RBC policy and international RBC standards, including the OECD guidelines and the IFC Performance Standards. These conditions also apply to the agencies implementing policy, including RVO, Invest International and Atradius DSB. We work on the basis of the principle of proportionality. Atradius DSB and Invest International exercise due care in allocating funds and providing insurance. We aim at opening doors for Dutch entrepreneurs, including in high-risk markets, without compromising the high expectations we have of them in doing business abroad and the Netherlands’ commitment to responsible business conduct.

Businesses that make use of the RVO trade instruments are also screened for compliance with the RBC framework. High trust and proportionality are the main principles – for example, businesses will undergo more intensive RBC screening for a grant application than to participate in a trade mission. We regularly monitor and evaluate the effectiveness and efficiency of our schemes, and where necessary take action against improper use.

Development cooperation

Supporting development cooperation with innovative methods and on controversial themes (such as LGBTI rights) also entails risks. Successes and setbacks follow each other as part of these efforts. We always try to minimise risks, but, after thorough consideration, accept risks where these need to be taken to achieve our goals. It is for example impossible to work in

fragile countries without taking risks, but by adopting conflict-sensitive working methods we can mitigate these risks. This will be the government’s objective.

Risks are unacceptable if they cause irreversible harm to people, as is the case with sexually inappropriate behaviour or abuse of power in other forms. The government will remain committed to preventing and forcefully tackling inappropriate behaviour, always putting the interests of the victims first. The Netherlands is making a great effort to prevent sexual abuse by aid organisations, particularly through the possible introduction of a certificate of conduct and a humanitarian passport.

Country overview

This policy document contains three country lists: 1) trade policy (see chapter 1), 2) development cooperation (see chapter 2) and 3) combination countries (see chapter 3). This distinction has been made because, for each list of countries, different goals have been set for trade or development cooperation or for the two combined. In countries with many trade opportunities, the government will focus on increasing the Netherlands’ earning capacity. To have an impact on development, the Netherlands will focus on poorer, more fragile countries. The combination countries are mainly lower middle-income countries where the Netherlands can focus on sustainability and digital transformation in collaboration with businesses and civil society organisations.

Trade focus countries

By making clearer choices in relation to priority markets, we can achieve more with existing capacity and resources. The government has made a proactive commitment to 25 priority markets (see table below) using economic diplomacy and deploying the mission network and RVO trade promotion instruments. These markets present the best earning opportunities for the Dutch business community, with structural, multiyear action to improve export and investment opportunities for large businesses and SMEs, and targeted trade promotion by the embassy network and RVO trade missions. The 25 priority markets were selected through weighting objective data on:

- (1) total economic size of the market (30%);
- (2) bilateral trade between the Netherlands and the market (60%);
- (3) added value of economic diplomacy (10%).

In addition, geopolitical trends and developments, security, innovative capacity and partnerships, and commitment to sustainability were also taken into consideration in selecting these 25 markets. Many of these priority markets are European Union countries, because that is where much of our trade takes place. By strengthening our trade and investment position in



these countries we will contribute to strengthening the EU’s competitiveness. There is also scope within the EU for further cooperation on innovation and sustainability – for example, setting up hydrogen import chains in consultation with Germany.

Outside the EU, the UK and the US are by far the most important trading partners for the Netherlands. Post-Brexit, the Netherlands is building a renewed trading relationship with the UK. The US presents many opportunities for Dutch businesses, in particular in agri-tech, sustainable mobility, high-tech and key technologies, climate (coastal defences and the energy transition) and healthcare. The economic network in the US supports Dutch businesses in forging partnerships and identifying opportunities. Countries like Brazil, China and India are economic heavyweights with significant opportunities for the Dutch business community, particularly in relation to the digital and sustainability transitions. After the enormous success of the Dubai Expo, Dutch businesses will again have the opportunity to showcase their innovative and creative qualities at Expo 2025 in Osaka, Japan.

Trade: 25 priority markets

Germany	Saudi Arabia
Belgium	United Arab Emirates
France	
United Kingdom	
Ireland	China
Italy	India
Spain	Japan
Poland	Indonesia
Sweden	South Korea
Switzerland	Taiwan
Turkey	Vietnam
	Singapore
United States	
Canada	
Mexico	
Brazil	

Emerging markets

Apart from the 25 priority markets, the Netherlands will remain active in two regions with emerging markets: the ASEAN-5 (Indonesia, Vietnam, Singapore, Malaysia and Thailand) and the Gulf region (Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman). By adopting a regional approach, we will help the business community develop opportunities in these regions, in particular in relation to the digital and sustainability transitions.

Development cooperation

The Netherlands seeks to increase the effectiveness and efficiency of its development cooperation activities. The coalition agreement states that the Netherlands wants to maintain focus in development cooperation policy. We will therefore continue to focus on regions. The development cooperation country list consists of two groups of countries: countries with which the Netherlands maintains a broad development relationship, and countries where development cooperation is aimed at achieving specific goals. The Netherlands will phase out the bilateral development relationship – in many cases already fairly modest in size – with a number of countries, including Mauritania, Libya and Algeria. We also plan to develop a more finely tuned bilateral relationship with some countries – Senegal, Nigeria, Ghana and Morocco, among others – by focusing on a combination of trade and development cooperation. Apart from its bilateral programmes, the Netherlands also has a number of central programmes, such as strengthening civil society, international cultural policy, private sector development and migration partnerships. These programmes are open to more countries than the bilateral development partnerships.

Countries with which the Netherlands maintains a broad development cooperation relationship

The countries with which the Netherlands maintains a broad development cooperation relationship fall in principle in the World Bank category of low income countries. These countries face considerable challenges in achieving the SDGs, and activities there focus on several priority development cooperation themes. The Netherlands’ total budget for these countries is substantial. The countries with which the Netherlands maintains a broad development cooperation

relationship are: Benin, Burkino Faso, Burundi, Ethiopia, Mali, Mozambique, Niger, the Palestinian Territories, South Sudan, Sudan,⁷² Uganda and Yemen.

Countries where development cooperation activities focus on specific goals

Apart from the category of low income countries, these countries may also fall in the World Bank categories of lower middle-income and upper middle-income countries. These countries face specific challenges, to which the Netherlands can bring added value on the basis of its history and expertise. Delegated budgets are limited, and the Netherlands focuses on a limited number of themes. The countries where development cooperation activities focus on specific goals are: Afghanistan, Bangladesh, Chad, Egypt, Iraq, Jordan, Kenya, Lebanon, Somalia and Tunisia. In addition to activities in these countries, the government will extend the regional Great Lakes programme, focusing on stability in the eastern Democratic Republic of the Congo (DRC) and the wider region.

Development cooperation focus countries

Benin	
Burkina Faso	
Burundi	
Ethiopia	
Mali	
Mozambique	
Niger	
Palestinian Territories	
South Sudan	
Sudan	
Uganda	
Yemen	
	Afghanistan
	Bangladesh
	Chad
	Egypt
	Iraq
	Jordan
	Kenya
	Lebanon
	Somalia
	Tunisia

Combination countries

In the combination countries, the Netherlands combines trade with development cooperation activities. Development-related challenges and opportunities for trade in the field of sustainability and digitalisation informed the choice of these countries. The combination countries are: Bangladesh, Colombia, Côte d’Ivoire, Egypt, Ghana, India, Indonesia, Kenya, Morocco, Nigeria, Senegal, South Africa, Ukraine and Vietnam.

⁷² A broad development cooperation relationship is entirely dependent on political developments.

⁷³ ODA recipient countries on the OECD-DAC list where PSD instruments may be used. The current country list will be maintained for the Green Growth Fund, to enable funds to revolve. With regard to D2B and DRIVE, up to 20% of funds may be used in ODA recipient countries not included in this list.

Combination countries

Côte d’Ivoire	Bangladesh
Egypt	India
Ghana	Indonesia
Kenya	Vietnam
Morocco	Colombia
Nigeria	Ukraine
Senegal	
South Africa	

Annexe: Private Sector Development countries⁷³

Algeria	Mali
Angola	Moldova
Bangladesh	Morocco
Benin	Mozambique
Burkina Faso	Niger
Burundi	Nigeria
Chad	Palestinian Territories
Colombia	Rwanda
Côte d’Ivoire	Senegal
Democratic Republic of the Congo	Somalia
Egypt	South Africa
Ethiopia	South Sudan
Ghana	Sudan
India	Suriname
Indonesia	Tanzania
Iraq	Tunisia
Jordan	Uganda
Kenya	Ukraine
Lebanon	Vietnam
Libya	Zimbabwe

Table with overview of responses to recommendations of IOB review of trade and development cooperation policy

Effectiveness		
1	Generate long-term impact by focusing more sharply on the goal. Resist the temptation to focus on short-term results.	By committing to continuity in development cooperation policy, the government is opting for impact in the longer term, which is essential for effectiveness. This will be underpinned by thematic theories of change, multiyear partnerships and knowledge, evaluation and learning agendas for individual programmes and instruments.
2	Create more impact through scale and mass.	Within foreign trade and development policy, instruments including funding and diplomatic influencing will be deployed systematically and coherently. The departure point for Dutch action is specific added value that can be scaled up through multilateral cooperation and harmonisation within the EU. Cohesion between instruments and harmonisation with other actors will be increased. A clustered and/or sectoral approach will be used instead of an approach targeting individual businesses. We will invest in revolving funds, and further improvements will be made to economic services for SMEs. RVO trade instruments will be more finely tuned to the needs of SMEs. With the establishment of Invest International, SMEs' access to international activities has improved and increased.
3	Improve monitoring and evaluation (M&E) systems on all fronts.	M&E systems have been further improved since 2020, with extra staff mobilised to work on them. An example is the fine-tuning of the policy theory on private sector development, which will be completed on the basis of this policy review, with pathways of change from short- to long-term goals, including underlying assumptions for both types of goal. This should be accompanied by a knowledge, evaluation and learning agenda, with continual monitoring and development during implementation.
Efficiency		
4	Formulate clearer frameworks for revolving funds.	As we point out in this policy document, innovative finance, including revolving funds, is crucial for achieving the SDGs and the climate goals in 2030 and 2050. In line with the IOB's recommendations, the government will require an earning model to be in place or possibly in place within a given period as a prior condition for using revolving funds. Revolving funds can only be used in this case, while grant instruments will be deemed more appropriate in other cases. The government also believes that in organising revolving funds, the parties responsible for implementation will need to be highly flexible in order to encourage the envisaged innovation in the most efficient and effective way possible. As a result, it is not possible to fully clarify in advance the size or scope of revolving funds, or their duration or expected risk profiles. However, on the basis of lessons learned, we can and will agree upon increasingly tangible and realistic goals with the implementing parties.
5	Budget realistically and avoid aiming for exhaustion of budgets.	Where necessary, interim adjustments will be made to budgets, based on a realistic approach to the challenging and intractable reality of working in developing countries. Adjustments have always been made chiefly on the basis of continuously enhanced understanding (by constantly learning about the effectiveness of programmes and instruments). For example, the criteria for admission to certain programmes are sometimes changed or relaxed in order to reach specific target groups more effectively. The aim here is to make the programmes more development-relevant, not to avoid underspending.

IOB recommendation		Embedding in foreign trade and development policy	
Combined policy on Trade, Investment and Development Cooperation	6	Ensure further integration of development goals into trade policy.	We are working within trade policy on a trading system that works better for developing countries. The Netherlands is also striving for equitable and sustainable trade agreements with developing countries and supports developing countries in increasing their exports and making them more sustainable. Making value chains, trade and investment relationships with the EU more sustainable is being used as a flywheel for broad, sustainable economic development in developing countries, leading to more frequent, more sustainable and more inclusive trade. Through our commitment to RBC, sustainable value chains and a living wage, development goals will be further integrated into trade policy. In accordance with the coalition agreement, the government is working to promote RBC legislation at EU level, and is introducing national RBC legislation that takes account of a level playing field in our neighbouring countries and of implementation of possible EU legislation.
	7	Adopt a differentiated approach to involving Dutch businesses in development cooperation.	There is a growing group of lower middle-income countries which have major development challenges to contend with, and where Dutch expertise can make a positive contribution, particularly in relation to sustainability and digitalisation. In low income countries, including fragile states, this kind of engagement is less likely. We will therefore work actively with Dutch businesses as our development partners in 14 lower middle-income countries (combination countries) to help these countries address local challenges, in collaboration with local public and private parties. In each country, we will carefully assess local challenges and decide where Dutch businesses can bring added value in terms of knowledge, expertise and market power. To achieve this, RVO instruments (such as Private Sector and Business Development programmes) will be strengthened, with a focus on sustainability and digitalisation. The Invest International finance instruments will be used actively, and in collaboration with the Dutch business community. Facilitation of the Dutch business community's access to national and international climate funds will be maximised.
	8	Aim for more synergy and coherence by formulating a policy theory for the integrated aid and trade agenda.	On the basis of a policy theory, the new foreign trade and development policy will bring more focus and coherence to trade, investment and development cooperation policy by fostering synergy in the combination countries. In collaboration with the Dutch business community, foreign trade and development resources will be used to focus on the digital and sustainability transitions. Policy will also take account of trade-offs between trade and development cooperation.
9	Give missions the scope, resources and capacity to act as brokers in bringing aid and trade together.	In the 14 combination countries, selected embassies and RVO will be given the scope, resources and capacity to fulfil the role of broker and to work on long-term development impact. With extra staff and budget – at the ministry in The Hague and the missions in these countries – opportunities will be developed more actively in consultation with local stakeholders and the Dutch business community (including SMEs), civil society organisations and knowledge institutions. We will build on initiatives that have proved successful.	



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