

Letter of 15 May 2024 from the Minister for Foreign Trade and Development Cooperation to the House of Representatives presenting the annual report on the action plan on policy coherence for development

This letter contains the annual report on the action plan on policy coherence for development for the period from April 2023 to March 2024. The report sets out the progress made on the three overarching themes from the revised 2022 action plan: 1) reducing the Netherlands' climate, land and water footprint; 2) tackling illicit financial flows and tax avoidance; and 3) reducing vaccine and health inequalities, as well as on Dutch efforts to achieve policy coherence in general. This letter also fulfils the undertakings given during the committee meeting of 6 July 2023 on policy coherence for development and follows up the motions adopted in response to the committee discussion.¹

The progress report presented here is the second one on the action plan on policy coherence that has been in effect since November 2022.² This report follows the recommendations made by the Policy and Operations Evaluation Department (IOB) in its evaluation ('Better Aligned?', 30 April 2023) of that action plan as an instrument for achieving policy coherence.³ For assessments of progress on implementing the Sustainable Development Goals (SDGs) in the Netherlands, I refer you to the annual Monitor of Wellbeing published by Statistics Netherlands (CBS), and to the national SDG report 'The Netherlands: Developing Sustainably'. Both of these reports, together with the government's response to them, are being published simultaneously with this report, on 15 May 2024 (Accountability Day). While the national SDG report discusses progress in the Netherlands with achieving the SDGs, the present report specifically discusses progress with the action plan on policy coherence for development: that is, the impact of Dutch policy towards the achievement of the SDGs in other countries.

Introduction

Making sure development policy and other policies reinforce each other, rather than undermining each other, has been an objective of government policy since 1998. The more interwoven international and domestic challenges become, the greater the need to pursue coherent policy. Climate change, war on the European continent, growing instability on other continents, economic insecurity, increased polarisation and increasing inequality, though separate crises in themselves, also have effects on one another. Their consequences are felt by every country.

Conversely, combating corruption and money laundering leads to more stable and more reliable public finances and more transparent economies elsewhere, as well as reducing the uncertainty and thus increasing the attractions of doing business internationally. Combating deforestation not only mitigates climate change but also lowers the risk of zoonoses and the pandemics that they may give rise to, which can also be a threat to us in the Netherlands.⁴

Helping to solve these international problems makes the Netherlands a trustworthy and credible partner.⁵ The same applies, perhaps even more, to the pursuit of coherent policy that pays heed to and takes account of effects on other countries. Governments in low- and middle-income countries are increasingly critical of Dutch policy (which is often EU policy) because of the negative effects it has on their countries' economies and societies. These issues are emerging at a time of fundamental change in international geopolitical relations. Europe, and therefore the Netherlands, can no longer take our role for granted as partners for development. Increasingly, we are the ones asking to be partners. As the Netherlands' Africa Strategy states, investing in equal relationships is key to effectively promoting our interests.⁶ Our shared interests thus make it important to address the impact of Dutch policy on these countries, while at the same time remaining mindful of our own geopolitical interests.

¹ Parliamentary Paper 36180, no. 1.

² Parliamentary Paper 36180, no. 29.

³ Parliamentary Paper 36180, no. 58.

⁴ Zoonoses are animal diseases that can be transmitted to humans.

⁵ Parliamentary Paper 36180, no. 94.

⁶ Parliamentary Paper 29237, no. 183.

Progress

Members of the government are paying increasing attention to policy coherence for development when developing new policy and legislation. I discussed the revised action plan on 6 July last year in the parliamentary committee debate on the annual report on the action plan, together with the Minister of Economic Affairs and Climate Policy and the State Secretary for Tax Affairs and the Tax Administration.⁷ The importance of coherent policy was also highlighted in several joint debates, such as the debate on food security and water on 23 May 2023 with the Minister of Agriculture, Nature and Food Quality and the debate on the Global Health Strategy on 4 April 2024 with the Minister of Health, Welfare and Sport. In addition to these debates and the biennial consultations at civil service level on upcoming legislation, I discuss policy coherence with other members of government, as pledged in the meeting on 6 July 2023 and in response to the motion introduced by MP Joris Thijssen.⁸

At the same time as you receive this report, you are also receiving the CBS publication 'Monitor of Wellbeing and the SDGs', which discusses the effects of Dutch policy abroad. These CBS figures have not changed much since last year. The Netherlands is still making a positive contribution to the wellbeing of other countries by means of development aid, transfers and opportunities for students from other countries to study in the Netherlands. While trade with other countries can make a positive contribution to wellbeing in those countries, it is also associated with large footprints in terms of land, raw materials and greenhouse gases. This means that the products we import are associated with high land and raw materials use and greenhouse gas emissions abroad.

Following up on the IOB evaluation mentioned above, and in response to the motions adopted and undertakings given during the debate on 6 July 2023, the following steps have been taken:

- Early this year, honouring the undertaking given in the debate, there was a round-table discussion with several organisations on policy coherence and the action plan.⁹ Several suggestions were made for additional indicators and targets. Some of these were in line with earlier IOB recommendations, and with motions adopted by the House of Representatives. They have been incorporated into and made explicit in this letter.
- Partly in response to the motion introduced by MP Martin van der Graaff,¹⁰ a new sub-goal was added under the theme 'reducing the Netherlands' climate, land and water footprint', focusing more explicitly on its social dimension. This is set out in more detail below, and the entire sub-goal is included with indicators in the appendix.
- In response to the motion by MP Thijssen,¹¹ I am discussing policy coherence with the members of government concerned.
- In response to the motion introduced by MPs Thijssen and Mustafa Amhaouch,¹² which included a request to assess the possible impact of Dutch food exports on food production and the operation of markets abroad, this issue will be studied further, and I will inform you of the results in the near future.
- In keeping with the undertaking given in the committee meeting on global health on 4 April 2024, this letter and the appendix discuss the coherence between the Global Health Strategy and the reduction of the Netherlands' footprint.¹³
- In keeping with the undertaking given on 6 July 2023, the appendix discusses the way in which the SDG assessment is applied by different ministries.¹⁴
- The action plan's intervention logic is set out in the previously mentioned IOB evaluation 'Better Aligned?'. In addition to the action plan and the annual report to the House of

⁷ Parliamentary Paper 36180, no. 72.

⁸ Parliamentary Paper 36180, no. 88.

⁹ TZ202307-054.

¹⁰ Parliamentary Paper 36180, no. 72.

¹¹ Parliamentary Paper 36180, no. 88.

¹² Parliamentary Paper 29237, no. 196.

¹³ TZ202404-031.

¹⁴ TZ202307-057.

Representatives, this will involve efforts to improve the provision of information and raise awareness so as to contribute to more coherent policy.

Greater focus on policy coherence in the EU and OECD

The Netherlands' approach to addressing the coherence of our other policies with our development policy is not yet done as a matter of course in neighbouring countries. The OECD peer review of Dutch development cooperation policy notes this explicitly.¹⁵ The OECD has asked the Netherlands to draw other OECD countries' attention to the Dutch approach. Accordingly, in the past year the Dutch government has worked in international forums to draw more attention to policy coherence for development. During the past year we have presented the Dutch approach both in the OECD Development Assistance Committee and in other OECD working groups. As Vice-Chair of the OECD 2024 Ministerial Council Meeting (MCM), the Netherlands helped ensure that the MCM Statement¹⁶ emphasises both the revision of the OECD Strategy on Development and the importance of coherent policy, in the interests of the OECD's credibility and relevance in the current geopolitical balance of forces.

In the EU, too, the Netherlands focuses on policy coherence for development and the Dutch approach of using the polder model (consensus-based decision-making) and adopting an action plan. While the EU included the importance of policy coherence in Article 208 of the Treaty on the Functioning of the European Union in 2012, attention to the issue seems to have declined in recent years.¹⁷ In a resolution adopted in March 2023, the European Parliament called on the Commission to make greater efforts, and mentioned among other things the possibility of an action plan.¹⁸ The Netherlands advocates more coherent policy in various Council Working Parties. This was also one of the widely agreed main conclusions of a workshop organised by the Netherlands and the European Centre for Development Policy Management, in which representatives from several member states and the Commission participated.

Results of action plan

The Netherlands is making visible progress on several themes of the action plan on policy coherence for development. A detailed overview of progress on each theme is included in the appendix. Several examples and an explanation of new objectives within the existing themes are given below.

Reducing the Netherlands' climate, land and water footprint

Reducing the Netherlands' international climate, land and water footprint has positive environmental effects, and at the same time requires economic adaptation by low- and middle-income countries. For this reason, the government is committed both to encouraging responsible business conduct (including through European RBC legislation) and to supplementary measures in development policy. This means providing support to producers and stakeholders in producing countries so that they can meet the more stringent EU requirements for sustainability. It is also important to transmit information and knowledge about RBC back to companies and stakeholders in the Netherlands and the rest of the EU, as this will help them implement and enforce RBC legislation.

Greening should go hand in hand with the promotion of socioeconomic sustainability, which also encompasses living incomes and wages, child labour and working conditions. In this connection the government works with partners such as the Netherlands Enterprise Agency (RVO), the Sustainable Trade Initiative, Solidaridad and the trade unions.¹⁹ To assess progress with this supplementary policy specifically in the context of policy coherence for development, a new

¹⁵ [OECD Development Co-operation Peer Reviews: Netherlands 2023 | en | OECD.](#)

¹⁶ [2024-Ministerial-Council-Statement.pdf \(oecd.org\).](#)

¹⁷ [https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12012E/TXT:EN:PDF.](https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12012E/TXT:EN:PDF)

¹⁸ [Texts adopted - Policy Coherence for Development - Tuesday, 14 March 2023 \(europa.eu\).](#)

¹⁹ [About - IDH - the Sustainable Trade Initiative \(idhsustainabletrade.com\).](#)

objective with indicators for this 'social dimension' has been added to the action plan, under the theme of reducing the Netherlands' footprint, thus implementing the motion by Van der Graaff.²⁰

Our efforts in Europe during the past year to promote responsible mining and raw materials value chains relating to the energy transition has achieved results. In 2023 the European Partnership for Responsible Minerals (EPRM) issued a new call for proposals with an expanded scope – from the 3TGs (tin, tantalum, tungsten and gold) to other minerals such as lithium, natural graphite, cobalt, copper and nickel. And last year graphite was added to the Climate Mineral Explorer tool, developed as part of the World Bank's Climate Smart Mining (CSM) initiative. This interactive tool enables companies and other stakeholders to simulate their graphite and lithium value chains and to compare the different value chain routes in order to deepen their understanding of the CO₂ emissions that these routes entail. For further information, please see the letter to parliament of 22 December 2023 reporting on progress with the National Raw Materials Strategy.²¹

Dutch efforts to reduce the Netherlands' land, water and climate footprint are also important for our health. As the Global Health Strategy states, 'A growing number and diversity of global developments have impact on human health, including climate change, air pollution, biodiversity loss [and] movements of people and goods'.²² The healthcare sector, too, contributes to the Netherlands' footprint.²³ For this reason, sub-goal 7, 'ensure by 2050 a transformation towards a high-quality, affordable and accessible system of publicly funded health and care provision with a minimal impact on the climate', has been added to the Dutch commitment to reducing the Netherlands' footprint. This fulfils the undertaking given to MP Daniëlle Hirsch during the parliamentary committee debate on global health on 4 April 2024, to consider the coherence between the Global Health Strategy and the reduction of the Netherlands' footprint.²⁴

Tackling illicit financial flows and tax avoidance

The Netherlands is working to tackle illicit financial flows. Previous reports on policy coherence focused particularly on tax evasion and on efforts to strengthen taxation systems in low- and middle-income countries. Starting this year, existing Dutch efforts to fight corruption will be added to the report as well. The Netherlands now has an anticorruption envoy, who began work earlier this year, contributing in the role of strategic adviser to international anticorruption diplomacy, with a view to implementing the anticorruption policy set out in the letter to parliament of 8 March 2022²⁵ and the policy document 'Human Rights - Democracy - International Legal Order'.²⁶ The envoy helps promote dialogue and partnership, especially with states, international organisations and NGOs that have committed to playing a leading role in combating large-scale corruption or have expressed an ambition to do so. Starting this year, Dutch efforts at EU level to foster the development of an anticorruption directive will be included in this report, while Dutch efforts in the OECD Anti-Bribery Working Group and in the G20 will be included in the action plan.

A conditional withholding tax on dividends paid to recipients in low-tax jurisdictions and in situations of abuse was introduced in the Netherlands as from 1 January 2024. Flows of interest, royalties and dividends from the Netherlands to low-tax jurisdictions (which have already decreased substantially, from €38.5 billion in 2019 to €6 billion in 2022) are expected to decline even more as a result. The Netherlands is conscious of the position of the Global South in the United Nations on international cooperation on taxation, and agrees that there is room for improvement in the position of the South in current discussions on tax. We will participate constructively in UN discussions on this issue. In this regard, it is important to the Netherlands to avoid duplication of work and inconsistencies between major agreements made in various

²⁰ Parliamentary Paper 36180, no. 84.

²¹ Parliamentary Paper 32852, no. 291.

²² Parliamentary Paper 36180, no. 25 (English translation available at <https://www.government.nl/documents/publications/2023/03/29/dutch-global-health-strategy>).

²³ ['The environmental impact of the Dutch health-care sector beyond climate change: an input-output analysis', *The Lancet Planetary Health*](#).

²⁴ TZ202404-031.

²⁵ Parliamentary Paper 35925, no. 84.

²⁶ Parliamentary Paper 32735, no. 370. (English translation available at <https://www.government.nl/documents/policy-notes/2023/11/09/policy-note-human-rights-democracy-and-international-legal-order>)

international partnerships. I would refer to the Netherlands' written input in the meeting on this point of the UN Ad Hoc Committee in May 2024, as shared with the House in the appendix to the letter to parliament reporting on the meetings on 21 March 2024 of the Eurogroup and the Economic and Financial Affairs Council.²⁷ With a view to these international developments, the Ministry of Finance also intends to work with me to further elaborate the Netherlands' vision of policy on treaties with developing countries. For more information on this matter, I refer you to the letter to parliament of 14 March 2004 on negotiations on tax treaties.²⁸

Reducing vaccine and health inequalities

Policy coherence for development occupies a central place in the government-wide Dutch Global Health Strategy which was launched in October 2022. One of its three priorities, strengthening the global health architecture and national health systems, is partly aimed at reducing vaccine and health inequalities. The Netherlands is for example working for local production to expand access, so that low- and middle-income countries can respond quickly and effectively to outbreaks. This is important for the Netherlands as well, since diseases don't stop at borders. A progress report on the implementation of the strategy was recently sent to the House.²⁹

Conclusion

Policy coherence for development is gaining fresh momentum in a drastically changing world order, in which the Netherlands is defending its interests effectively by also giving due consideration in its policy efforts to the interests of low- and middle-income countries. This is visible at international level, in the EU and OECD, where through targeted efforts and contributing our experience on this issue, the Netherlands can be more effective and enlarge the level playing field.

²⁷ Parliamentary Paper 21 501-07, no. 2023.

²⁸ Parliamentary Paper 25 087, no. 326.

²⁹ Parliamentary Paper 36180, no. 96.