Letter of 13 July 2018 from the Minister of Foreign Trade and Development Cooperation to the House of Representatives on the revised action plan and annual progress review on policy coherence for development

At the request of the House of Representatives, the previous government drew up an action plan in 2016 to more systematically promote coherence between the different policy areas that impact development (Parliamentary Papers 33 625, no. 219). The plan contains goals – linked to the Sustainable Development Goals (SDGs) – actions and indicators. Progress on the plan is reported annually to the House in line with the motion by MP Roelof van Laar (Parliamentary Papers 33 625, no 209). In the policy document 'Investing in Global Prospects: For the World, For the Netherlands’ (18 May 2018), the government stated that it would present a revised action plan emphasising areas where the Netherlands can make a difference that will help developing countries achieve the SDGs. This letter presents the progress review for the period July 2017 through June 2018 and includes the revised action plan. Appendix 1 gives a detailed account of the progress on each theme. Appendix 2 gives an overview of the goals, measures and indicators to be used to monitor progress.

SDG progress review and assessment tool
On 18 May 2018 the government presented the second progress review on Dutch implementation of the SDGs (Parliamentary Papers 26485, no. 288). In many respects the Netherlands is making good progress towards achieving the SDGs by 2030, but we also face challenges. Two recent reports by Statistics Netherlands – the second ’Measuring the SDGs’ report issued on 7 March 2018 and the Monitor Brede Welvaart (Monitor of Well-being) published on 18 May – indicate that our primary challenge at international level relates to the relatively high claim the Netherlands makes on other countries’ resources. Our ‘footprint’ – the negative impact of Dutch consumption on people and the environment elsewhere – is relatively large, due to our position as a leading trading nation. Compared to other EU countries, the Netherlands is a major importer of raw materials, particularly from developing countries. This may contribute to depletion of scarce resources and cause CO₂ emissions in those regions. The government is taking various measures in this field. These include the central government-wide Circular Economy programme, the Raw Materials Agreement, the Climate Act and the National Climate Agreement. The present renewed action plan, too, is stepping up the government’s efforts on sustainability.

The government has also decided to introduce an SDG assessment tool (see the letter to the House of Representatives on SDG reporting, Parliamentary Papers 26 485, no. 288). Where necessary, the government will align the Integrated Assessment Framework (IAK) with its SDG aspirations. To that end the IAK will, among other things, be extended to integrate the quality requirement ‘effects on developing countries’, so as to consider the interests of developing countries early in the process of formulating new policy and legislation. The Ministry of Foreign Affairs will develop this quality requirement in the autumn in consultation with the Ministry of Justice and Security. In combination with this action plan, which contains the government’s framework and thematic focus to make current policy more coherent, the assessment tool is a strong and complementary instrument to enhance policy coherence for development. While different countries have systems in place to assess the effect of new policy on sustainability, according to the OECD the Netherlands is one of the first countries to use an SDG assessment tool (Policy Coherence for Sustainable Development 2018: Towards Sustainable and Resilient Societies, OECD, 28 May 2018).
Summary of the progress review
The Netherlands is making progress on the action plan on policy coherence for development:

- The government successfully opposed inclusion of a duty drawback prohibition in the recent trade agreement concluded between the EU and Japan. This makes it easier for Japanese and EU manufacturers to use primary products or semi-finished goods from developing third countries in tariff-free exports.
- In respect of investment protection, the Netherlands has almost completed its new model text for bilateral investment treaties. Its aim is to produce a stable, future-proof text that promotes and protects reciprocal sustainable investment, and prevents and depoliticises conflicts.
- The Netherlands has also reached agreement with 13 developing countries on including anti-abuse clauses in bilateral tax treaties, and is on schedule to double its technical assistance on tax-related issues.
- Dutch efforts have helped improve social and environmental conditions in several value chains (see Appendix 1).

Progress is proving more difficult in several other fields.
- Similarly to last year, negotiations with some regions on Economic Partnership Agreements (EPAs) between the EU and ACP states are proceeding slowly. However, some steps have been taken in the field of implementation: the EU has offered to assist ACP states in drawing up national implementation plans, and an EPA committee has been established for Côte d'Ivoire.
- Within the EU, the Netherlands opposes including any provisions in trade agreements with developing countries that go beyond the TRIPS Agreement (TRIPS+ provisions). These provisions keep drug prices high for longer periods of time at the expense of access to medicines in developing countries. As the Netherlands cannot gain support from other member states for its efforts, the European Commission continues to propose this type of provision in bilateral trade agreements.

A renewed action plan for policy coherence for development
The shifts in emphasis outlined in this letter reduce the number of themes in the action plan from eight to five. These themes are primarily ones that determine the capacity of developing countries to achieve the SDGs and on which the Netherlands has influence. The themes are: development-friendly trade agreements, a development-friendly investment regime, tackling tax avoidance/evasion, combating climate change, and making trade and production more sustainable (including voluntary agreements). This shifts the emphasis to the means to implement the SDGs (SDG 17). It is through their own tax revenues, income from trade and attracting foreign investments that developing countries themselves can generate the funding they need to achieve the SDGs. The climate change theme is important since it strongly affects countries’ prospects of achieving the SDGs. Making production and trade more sustainable (including voluntary agreements) offers opportunities to further expand and deepen partnerships on sustainability with the private sector and civil society organisations.

The themes ‘food security’ and ‘access to medicines’ are integrated into the action plan themes where there is a risk of policy incoherence. There are concerns around food security particularly in relation to trade and climate. Access to medicines remains a focus in trade agreements that may include provisions with a negative impact on access to medicines in developing countries. Interministerial cooperation on these themes will be continued, but development cooperation activities – such as funding public-private partnerships to market new medicines,
climate-smart food cultivation and biodiversity investments – will be included in regular foreign trade and development cooperation policy, results reporting and other annual reports.

The theme ‘costs of remittances by migrants’ will be discontinued, as the government has achieved its objective: the EU legislation envisaged has been adopted and is expected to reduce the costs of remittances by migrants. Since implementation in the Netherlands is not yet complete, Dutch financial services providers are finding it difficult to do business in other EU countries (completion is expected this year). Monitoring of progress on the SDGs by the UN, World Bank and others will show whether the costs of remittances by migrants actually do fall. Regular foreign trade and development cooperation policy will retain a major focus on financial inclusion for vulnerable groups.

An overview of the government’s efforts on each theme is given below. Appendix 2 gives a schematic overview of the goals, subgoals, efforts and indicators to be used for monitoring progress. Given the key role of the SDGs in Dutch foreign trade and development cooperation policy, a link is made to the SDGs and their targets and indicators where possible.

Tackling tax avoidance/evasion
The Netherlands wants to see developing countries raise more of their own tax revenue. Low income countries in particular, including countries in focus regions, collect insufficient tax revenues to make the public sector investments needed to achieve the SDGs. The international community considers that tax revenues of at least 20% of gross domestic product (GDP) are necessary. Given that tax revenues in many low income countries are below 15% of GDP, the Netherlands is taking action to promote:
• international standards on tax avoidance and tax evasion which take the interests of developing countries into account. The Netherlands will adjust its own tax policy accordingly;
• achievement of the goal set in the Addis Tax Initiative to more than double support for technical assistance (TA) in 2020 from the base year of 2015, with special attention in the next several years to increasing TA in focus regions;
• additional measures (compared to the previous Dutch government) to combat the use of our country as a financial conduit to divert revenues to low tax jurisdictions, in order to protect the tax base in developing and other countries.

Development-friendly trade agreements
Despite the importance which countries attach to the multilateral trading system, new agreements are increasingly difficult to reach through the WTO. This is why the Netherlands is also striving for bilateral trade agreements. There are two ways in which these agreements can impact developing countries: if a developing country is a signatory to one and thereby gains additional market access, or if it is disadvantaged by or benefits from increased trade between two other countries due to a trade agreement.

Several developing countries benefit from duty-free market access to the EU under Economic Partnership Agreements (EPA). While under an EPA the EU generally reduces over 95% of its tariffs to zero, the other party may do this with only 70% of its tariffs. This gives developing countries scope to protect vulnerable sectors. In addition, EPAs include provisions that allow developing countries to exempt sectors where rising imports could disrupt domestic production, of food for instance. The Dutch government is working to reach agreement on and ratify the
EPAs and to monitor their implementation so that both parties benefit from the agreements made.

To achieve the best possible result in negotiations, it is important to know what is at stake for the different parties and how the existing agreements work. This is no simple matter. The government offers trade policy experts from developing countries the opportunity through the WTO’s Netherlands Trainee Programme to gain expertise with direct relevance to their country of origin. It also supports the Advisory Centre on WTO Law, where developing countries can obtain legal advice and support concerning WTO rules and dispute settlement.

The conclusion of trade agreements between the EU and non-developing countries can have an impact on neighbouring developing countries. For new trade agreements, the Dutch government conducts a survey of these effects. In negotiations at EU level the Netherlands advocates generous rules of origin that enable neighbouring countries to piggyback on trade agreements.

When trade agreements between the EU and developing countries are being negotiated, the Netherlands advocates not demanding any TRIPS+ provisions, provisions that go further than the TRIPS Agreement in restricting those countries’ ability to take advantage of the Agreement’s flexibility in the interests of public health. For example, TRIPS+ provisions sometimes unnecessarily extend the duration of patents, or require data exclusivity which causes delays in access to the clinical data needed for generic products to obtain a marketing authorisation. These provisions are problematic, because delaying market entry for generic products keeps drug prices high, thus reducing access to medicines in developing countries. The government is continuing its efforts to keep inclusion of TRIPS+ provisions to a minimum, in line with the commitment set out in the 2016 action plan for policy coherence for development and in the letter to the House of Representatives on intellectual property in developing countries (Parliamentary Papers 32 605, no. 147, 8 July 2014).

Development-friendly investment regimes
Foreign investment in developing countries is crucial to achieving the SDGs. The Netherlands advocates bilateral investment agreements in keeping with the following four aims:
1. safeguarding policy freedom;
2. modernising dispute resolution procedures (including increased transparency, improved selection of qualified and independent judges, an appeal mechanism and establishment of a Multilateral Investment Court);
3. limiting improper use of arbitrage (including exclusion of shell companies);
4. demarcating and clarifying standards for investment protection.

The Netherlands recently published a new model text, in line with the four aims set out above, and began consultations on it. When the consultations are complete and following approval by the European Commission, the Netherlands will seek renegotiation of all existing bilateral investment agreements, and take these new aims as the basis for concluding any negotiations already in progress on new investment agreements. The EU has adopted these aims as well. For example, EU investment agreements will now explicitly affirm the policy freedom of governments, and only those companies with substantial business activities will be able to access investment protection. The EU also plans to include in its investment agreements a modernised dispute resolution procedure known as the Investment Court System (ICS), which includes independently appointed judges and an appeal mechanism.
Sustainable production and trade
To promote sustainability and inclusiveness, global production processes require accelerated action towards a sustainable pathway, in both social and ecological terms. This means decent work and sustainable production and consumption. The government seeks to link its efforts to make production more sustainable in developing countries to its policies on responsible business conduct by Dutch companies when they trade with and invest in these countries. This is why the Netherlands is working:

- to improve working conditions and terms and conditions of employment in producing countries, with tangible results for decent work, including a living wage and the fight against child labour;
- to improve social and environmental conditions in production activities in the following supply chains: textiles, palm oil, coffee, cocoa, and metals and minerals;
- to scale up Dutch initiatives for sustainable production and trade to European level.

Tackling climate change
The impact of climate change is more and more widely felt. Developing countries are particularly hard hit, since they depend more heavily on natural resources and have fewer means for adaptation. Measures to keep climate change – to which they have often made little or no contribution – manageable are of vital importance for these countries. Developing countries in particular will invest substantially in the coming decades in new cities and infrastructure. They have an opportunity to do this from the beginning in a low-carbon, climate-resilient way. The Paris Climate Agreement is a big step in the right direction, but more ambitious commitments are needed if global temperature rise is to be kept below 2° Celsius. Implementation of the Paris Agreement requires a global transformation to low-carbon, climate-resilient development in both developing and developed countries. Both the public and private sectors will have to play a role. The world has barely begun doing what needs to be done. Care must be taken to ensure that measures that help lower greenhouse gas emissions are not taken at the expense of sustainable development in developing countries. The Netherlands is therefore working for:

- ambitious implementation of the Climate Agreement and even more stringent climate targets worldwide;
- a climate finance architecture which benefits the poorest and most vulnerable groups, including women (in line with the motion by MP Joël Voordewind et al., Parliamentary Papers 34 775 XVII, no. 38);
- making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (art 2.1.c of the Paris Climate Agreement);
- climate policy which does not cause potential negative impacts for food production, access to water, forests and biodiversity in developing countries.

Alongside implementation of the action plan, the government will continue to work for systematic scrutiny of the effects of all new EU policy on the poor. The Netherlands’ assessment of new EU policy proposals, including their impact on developing countries, will be shared with the House via the fiches drawn up by the Working Group for the Assessment of New Commission Proposals (BNC).
Appendix 1: Reporting on individual themes

The appendix below shows the main results achieved between July 2017 and June 2018 on the themes of the action plan for policy coherence for development. The plan’s goals from the 2016 action plan (linked to the corresponding SDGs) are given in brief for each theme, as updated in the letter to the House of Representatives with the annual review for 2017 (Parliamentary Papers 33 625, no. 250).

Trade agreements

<table>
<thead>
<tr>
<th>Development-oriented Economic Partnership Agreements and the greatest possible positive impact on developing countries of other trade agreements (SDGs 17.10, 17.11, 17.12)</th>
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<tr>
<td>• In the past year no new ACP states(^1) have joined existing interim EPAs and no new EPAs have been negotiated. This is due mainly to the fact that ACP states that are not currently parties to an EPA fall under the Generalised System of Preferences (GSP) or Everything but Arms (EBA) schemes, and have in this way already obtained partial or almost total market access to the EU.</td>
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<td>• In Brussels the Netherlands is calling for better monitoring, and improved implementation of the current EPAs with ACP states. As an example, at the annual ACP-EU Ministerial Trade Committee in October 2017, the EU offered its assistance to ACP states in drawing up national implementation plans in cases where EPA implementation is not running smoothly.</td>
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<td>• The Netherlands is actively following the work of evaluation committees and other bodies that monitor the EPAs’ implementation and impact. For instance, in February 2018 an EPA committee was established for the interim EU EPA with Côte d’Ivoire. A delegation from the Netherlands attended the committee’s first meeting in Abidjan in March 2018. This committee is the highest body managing and steering Côte d’Ivoire’s interim EPA with the EU.</td>
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<tr>
<td>• In the past year the Council approved three negotiating mandates, allowing the Commission to conduct negotiations on updating the association agreement with Chile and on trade agreements with Australia and New Zealand. The study conducted by SEO Amsterdam Economics (Parliamentary Papers 31985, no. 48), which was sent to the House in February 2017, shows that these trade agreements will have negligible effects on third countries (especially the least developed countries). Accordingly the Dutch government did not advocate taking account of effects on developing countries in the negotiating mandates. No other new trade agreements have been announced.</td>
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<td>• In the recent trade agreement concluded between the EU and Japan, the government successfully opposed inclusion of a duty drawback prohibition. In practical terms this means that it will be easier for Japanese and EU manufacturers to use primary products or semi-finished goods from other developing and developed countries in producing duty-free exports. This measure will boost demand for these primary products or semi-finished goods, enabling businesses from these countries to increase their sales.</td>
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Investment protection

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<tr>
<th>Review of Dutch investment protection policy to ensure a fairer and more balanced system for promoting and protecting sustainable investments in the interest of development (SDG 17.15)</th>
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<tr>
<td>• The Netherlands has almost completed its model text on bilateral investment treaties (BITs). Its aim is to produce a stable, future-proof text that promotes and protects reciprocal, sustainable investment, and prevents and depoliticises conflicts.</td>
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<tr>
<td>• The Dutch position is that any EU-wide agreements on investment protection should be consistent with the EU position on investment protection presented on 16 September 2015, which includes the Investment Court System. This position is reflected in the trade agreements between the EU and Canada (CETA) and between the EU and Singapore, and features in all current negotiations.</td>
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<tr>
<td>• The Netherlands cannot assent to any agreement that includes the old system of investment protection. In the past year no agreement was reached on an investment agreement between the EU and Japan, as Japan did not accept the renewed form of investment protection (ICS) and continued to press for Investor-State Dispute Settlement (ISDS).</td>
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\(^1\) 79 countries from Africa, the Caribbean and the Pacific with a special relationship to the EU.
• The Netherlands is working with the European Commission and other countries to establish a permanent international investment court that will eventually replace the dispute resolution mechanisms in existing BITs.

Access to medicines and the WTO/TRIPS Agreement

Promote access to affordable medicines in relation to the WTO/TRIPS Agreement (SDGs 3, 5, 10, 17)

• Within the EU, the Netherlands advocates not including any provisions in trade agreements with developing countries that go beyond the TRIPS Agreement (TRIPS+ provisions) and that restrict those countries’ ability to take advantage of the Agreement’s flexibility in the interests of public health. The Netherlands has requested clarification concerning the TRIPS+ provisions in the EU’s draft proposals for agreements with the Philippines, Indonesia, Mexico and MERCOSUR; in particular on provisions which would unnecessarily prolong the duration of patents, and provisions requiring data exclusivity which would cause delays in gaining access to the clinical data needed for generic products to obtain a marketing authorisation. Delaying market entry for generic products keeps prices high and reduces access to medicines in these countries.
• At the World Health Assembly the Netherlands made the case for fair pricing, more cooperation between member states and with the UN, and high quality medicines used correctly.
• As donor of seven Product Development Partnerships (PDPs), the Netherlands actively contributes to the debate on the role of PDPs in order to improve access to affordable medicines, vaccines and diagnostics in developing countries. In the PDP model, drug prices, patents and access to new medicines are discussed in advance to ensure that they will be accessible and affordable, particularly for the poorest. The Netherlands’ contribution has contributed to the development of a new drug for childhood tuberculosis, a malaria medicine for pregnant women, and a vaginal ring to prevent HIV infection.
• Discussions with the PDPs specifically focused on their potential role in improving access to their products, for instance by helping to identify the correct products based on, among other things, the needs of the target group, product safety and stability and product costs (Target Product Profiles).
• The Access to Medicine Foundation has developed the first Antimicrobial Resistance (AMR) Benchmark, co-financed by the Netherlands. The AMR Benchmark, published in early 2018, will assess how 30 pharmaceutical companies perform on their AMR R&D activities. The benchmark also encourages more collaboration between governments, NGOs and pharmaceutical companies.
• Since September 2017 the Netherlands has invested €2.5 million in another PDP, the Global Antibiotic Research and Development Partnership (GARDP), to develop and deliver new antibiotics.

Tax avoidance and evasion

Better tax policy and stronger tax authorities in developing countries, so as to increase tax revenues and achieve more effective international tax cooperation (SDGs 10, 17)

• There has been continuing progress on including anti-abuse provisions in bilateral tax treaties with developing countries. Thus far agreements have been reached with 13 of the 23 developing countries concerned. This rise is in part due to the Multilateral Instrument signed in June 2017. This means, among other things, that the anti-abuse provisions developed in the Base Erosion and Profit Shifting (BEPS) project can now be rapidly and efficiently included in bilateral tax treaties. The Netherlands has offered to include these anti-abuse provisions in the tax treaties with all developing and developed countries that are party to the Multilateral Instrument. This offer will also be made to developing countries who sign the Multilateral Instrument at a later date.
• The Netherlands has extended technical assistance (TA) to developing countries in line with its commitment under the Addis Tax Initiative to double TA by 2020. In 2017 it spent
approximately $7 million,\(^2\) compared to $4.8 million in 2016 and $3.2 million in 2015 (the base year). Through a partnership between the Dutch Tax and Customs Administration and the International Bureau of Fiscal Documentation, the Netherlands gives bilateral TA to the following countries: Bangladesh, Ethiopia, Ghana, Indonesia, Kenya, Liberia, Malawi, the Palestinian Territories, Rwanda, Uganda and Zambia. The Netherlands also supports programmes run by the African Tax Administration Forum (ATAF), IMF, OECD and more recently the UN. To date ATAF activities have generated $120 million in additional income for its members, while the OECD Tax Inspectors Without Borders programme has so far yielded $328 million for developing countries.

- In September 2017, along with 49 other tax authorities, the Dutch Tax and Customs Administration was among the first to start automatically exchanging financial information on foreign account holders at Dutch financial institutions. This year an additional 53 countries are expected to follow suit. There is rising interest from developing countries in joining in automatic data exchange to obtain information on their nationals who are liable for tax. Given the need for substantial adjustments to their tax administration systems, their efforts are receiving international support.
- Developing countries are benefiting from the EU initiative to draw up a list of non-cooperative tax jurisdictions (blacklist). This includes countries that withhold cooperation on the exchange of information for tax purposes. The initiative is expected to reduce the number of tax havens which provide a refuge for illicit financial flows from developing countries. In December 2017 the EU blacklisted 17 countries, while 47 countries were placed on a ‘grey list’. Grey list countries do not meet the minimum criteria for cooperation either, but have pledged to take measures to comply during 2018. The EU grey list includes middle income countries; low income countries are not affected.

### Sustainable value chains

**Garments and textile**

- In 2017 the Netherlands supported several programmes to improve working conditions in the textile industry. The Sustainable Trade Initiative (IDH) for instance has worked on clean production technology in Vietnam. It has also supported Solidaridad in its efforts to promote better working conditions and sustainable production in the textile industry in Ethiopia, in partnership with organisations including the International Labour Organization (ILO).
- The Netherlands also supports the ILO Better Work programme, which has substantially extended its scope from 583 factories in 2012 to 1,486 factories in 2017, a rise of over 900. Since 2014 about 6,000 supervisors have received intensive training in management skills as part of the programme. Treating employees with respect is a key element of the training. In Bangladesh the Better Work programme supported the establishment of a tripartite advisory council to address labour issues in the textile industry.
- In 2017 Fair Wear Foundation added 21 new textile factories in India and Bangladesh to its programme to combat violence against women. The programme trained 1,100 people to tackle or prevent gender-based violence in factories. This has improved working conditions for an estimated 13,000 factory workers.
- Signatories to the Dutch voluntary Agreement on Sustainable Garments and Textile from the private sector, civil society organisations, trade unions and government are working together to minimise or tackle risks of human rights violations, improve working conditions and combat the negative environmental impact of raw materials extraction. Last year participating companies reported in their action plans on their contributions to making the chain more sustainable. In addition an overview was published\(^3\) of the production locations used by Dutch garment and textile companies. Various civil society organisations used the list to highlight problems in workplaces in producing countries.

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\(^2\) These expenses also include tax-related support to NGOs in developing countries.

\(^3\) See https://www.imvoconvenanten.nl/ garments-textile/agreement/method/factories?sc_lang=en.
Multi-stakeholder approach in the EU:

- In 2017 Italy joined the Amsterdam Declarations on Palm Oil and Deforestation. The European Commission attends meetings of this initiative.
- In January 2018 a cooperation agreement was signed between the Dutch voluntary Agreement on Sustainable Garments and Textiles and its German counterpart. The Netherlands also advocated successfully for the principle of allowing pre-competitive alliances between companies within the EU. This was included in the EU Council Conclusions on the textile industry. These initiatives help create a level playing field at European level.
- On 4 June 2018 the Netherlands’ Permanent Representation in Brussels hosted a meeting on the theme ‘Promoting Responsible Business Conduct and Due Diligence in the Textile and Garment Sector in the EU’. This conference was the launch of a European Roadshow to promote the joint Dutch-German approach. A key goal of this event in Brussels was to persuade the European Commission to play a motivating and coordinating role on CSR in the textile industry.

Palm oil:

- In 2016 90% of the palm oil imported by the Dutch food industry was sustainably produced. The sector is well on the way to achieving its 100% target in 2020. Under the Amsterdam Declaration on Sustainable Palm Oil, nearly all the large consuming countries in Europe are working to achieve 100% sustainable sourcing in 2020. At this stage sustainable sourcing of palm oil for use in the EU is at 69%. The Dutch government is also working through organisations including Solidaridad and the Sustainable Trade Initiative (IDH) with palm oil producing countries like Indonesia, Malaysia and Ghana on further implementation of sustainability standards.

Cocoa, coffee and tea:

- The Netherlands worked on improving the social and environmental conditions in the cocoa, coffee and tea industries in partnership with organisations including IDH, Solidaridad and UTZ (now merged with Rainforest Alliance). To further promote sustainability in these chains, a focus on providing a living wage for small farmers is indispensable. Rainbow Alliance has started an initial living wage pilot project in the cocoa sector.

Minerals and metals:

- The European Partnership for Responsible Minerals (EPRM, established in 2016) is working effectively as a multi-stakeholder initiative to encourage due diligence among companies that mine, trade and use minerals and metals. Two new members have joined EPRM as partners: the German government and the European Commission (DG DEVCO). UN Environment joined as an observer. This year EPRM is supporting four new projects, three of which are specifically directed at sustainability in gold supply chains, the other focusing on the tungsten industry.
- The Dutch Gold Sector Agreement, signed on 19 June 2017, puts the supply chain well on track towards sustainability. The Dutch Gold and Silver Federation and the Dutch Guild of Goldsmiths are developing ICSR codes of conduct for their members. In Uganda a project to combat child labour in small gold mines is in full swing.
- Large-scale mining companies are also working on sustainability. The Responsible Mining Index, which is supported by the Netherlands and Switzerland, was launched in Geneva in April 2018. The index covers 30 large companies from a range of countries and measures their performance on economic, environmental, social and governance issues. The index, which is open access (https://responsibleminingindex.org/), is encouraging more responsible conduct by large-scale mining companies.
- The organisations mentioned above (including Fair Wear, Rainbow Alliance and Solidaridad) are working through the Ministry’s lobbying and advocacy programme to strengthen developing country NGOs’ capacity for dialogue with their local and national governments.

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Cost of remittances by migrants

The government’s goal on costs for remittances as stated in the action plan has been achieved, now that the Payment Services Directive (PSD2) has come into effect in the EU. This is expected to bring innovations and increase competition in the financial services market, which will reduce costs for remittances by migrants. As a result of PSD2, service providers registered in an EU country do not need to re-register to start providing services in other EU states. Since implementation in the Netherlands is not yet complete, Dutch financial services providers are finding it difficult to do business in other EU countries (completion is expected this year). Monitoring by the UN, World Bank and others of progress on the SDGs will show whether the costs of remittances by migrants do actually fall. Regular development cooperation policy will retain a major focus on financial inclusion for vulnerable groups like women, young people, forcibly displaced persons, SMEs, farmers and rural populations.

Climate change

Implementation of the Paris Climate Agreement is essential for the poorest countries and population groups, since they are hardest hit by the effects of climate change:

- Through development activities in the areas of water, agriculture and forests, the Netherlands is helping to boost resilience to climate change. The Netherlands helps stabilise atmospheric greenhouse gas levels by investing in access to renewable energy for the poorest people and by combating deforestation and land degradation in a way that benefits the poorest. In 2017 €394 million in public funding and €405 in private funding was mobilised to fund over 300 climate projects.
- In climate negotiations and discussions in the Green Climate Fund and other funds (such as the Global Environment Facility, the Access to Energy Fund and the Climate Investment Funds’ Scaling Up Renewable Energy Program in Low Income Countries), Dutch efforts will continue unabated to ensure that finance benefits the poorest, with a particular focus on the position of women and girls.
- The Netherlands is also working to promote integration of climate plans into national development plans and strategies. For instance, the Netherlands supports the NDC Partnership, a coalition of countries and institutions which helps countries take climate action. In the Partners for Resilience initiative, the Netherlands is working with the Netherlands Red Cross, CARE, Cordaid, the Red Cross Red Crescent Climate Centre and Wetlands International to help strengthen civil society organisations’ capacity to lobby their own governments and international organisations to ensure proper integration of climate issues in development policy and investments. The Dutch delegation at the climate negotiations is also pressing for proper integration of National Climate Plans into national development plans and strategy under the implementation rules of the Paris Agreement.
- To ensure maximum greening of energy investments in developing countries, the Netherlands is pressing on the boards of multilateral banks to opt for renewable energy and oppose carbon-intensive energy projects.

Food security

- In the past year the Netherlands has not entered into any new trade agreements with developing countries or any new agreements on trade in agricultural products within the WTO.
- As previously reported, in collaboration with the Netherlands Enterprise Agency, the conclusion has been reached that the current framework of international private sector instruments
provides a solid basis for assessing effects on land use and food security, including under the Committee on World Food Security (CFS) Voluntary Guidelines.

- As part of Dutch development cooperation policy, investments in agrobiodiversity have been continued, including the Access to Seeds Index, the Global Crop Diversity Trust and the gene banks of the research institutes in the Consultative Group on International Agricultural Research (CGIAR).
- Support for efforts to increase small farmers’ resilience to climate change were continued and expanded through partnerships with the International Fund for Agricultural Development (IFAD), the World Bank, CGIAR, the Netherlands Space Office (NSO) and SNV.
Appendix 2: Goals, actions and indicators of the modified action plan

This Appendix gives an overview of the goals and subgoals, government activities and the indicators which will be used to measure progress on each theme of the revised action plan for policy coherence for development. Qualitative and quantitative indicators will be used that are drawn from information available in existing studies. The government considers it impracticable to commission separate studies to facilitate monitoring of the themes on all the qualitative and quantitative indicators for its annual progress reporting. If the information needed to report on specific indicators is unavailable or not yet available, alternative indicators (included in the tables below) will be used for which information is available. Given the key role of the SDGs in the Netherlands’ foreign trade and development cooperation policy, where possible a link is made to the SDGs and their targets and indicators.

Tackling tax avoidance/evasion

<table>
<thead>
<tr>
<th>Subgoals:</th>
<th>Activities:</th>
<th>Indicators:</th>
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<tr>
<td><strong>Overarching objective:</strong> raise tax revenue in developing countries, particularly low income countries and focus countries (SDG 17.1)</td>
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</tbody>
</table>
| **Subgoal 1:** Better international agreements on collecting taxes on real economic activities | In the EU and in the OECD Inclusive Framework on BEPS, the Netherlands is advocating international standards to combat tax avoidance and evasion which take the interests of developing countries into account, and is adjusting its own tax policy accordingly. | 1) Implementation of international taxation standards, including by the Netherlands  
2) The number of non-cooperative tax jurisdictions |
| **Subgoal 2:** Build structural capacity for effective tax policy and tax collection in developing countries (particularly low income countries and lower middle income countries) | The Netherlands is working to achieve the goal set in the Addis Tax Initiative (ATI) to more than double support for technical assistance (TA) in 2020 compared to the base year of 2015, with special attention to increasing TA in focus regions. | 3) Total Dutch expenditure on TA compared to ATI base year 2015  
4) Tax/GDP ratios in low income countries and focus countries (contributes to SDG 17.1.1)  
5) Increase in real tax revenues due to TA programmes  
6) Tax system stability and tax authority expertise |
| **Subgoal 3:** Reduce use of the Netherlands as a channel for tax avoidance in other countries, including developing countries | The Netherlands is continuing its review of tax treaties and taking additional measures to tackle the use of our country as a financial conduit to divert revenues to low tax jurisdictions. | 7) Number of Dutch tax treaties with anti-abuse provisions  
8) Dutch withholding taxes introduced on dividend, interest and royalty payments |
### Development-friendly trade agreements

**Overarching objective:** greatest possible positive impact from trade agreements on developing countries (SDGs 17.10, 17.11, 17.12)

<table>
<thead>
<tr>
<th>Subgoal</th>
<th>Activities</th>
<th>Indicators</th>
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</table>
| **Subgoal 1:** Completion of negotiations, conclusion and ratification of (interim) Economic Partnership Agreements (EPAs) and their entry into force (SDG 17.11) | The Netherlands is intervening in EU bodies to keep negotiations moving where possible and facilitate ratification and entry into force. | 1) Number of negotiations completed  
2) Number of EPAs ratified  
3) Number of EPAs that have entered into force |
| **Subgoal 2:** Effective implementation of EPAs (SDG 17.11) | The Netherlands is intervening in EU bodies to promote an effective institutional framework for monitoring. | 4) Success in establishing an institutional framework for EPA monitoring |
| **Subgoal 3:** Awareness in developing countries of the economic development opportunities offered by trade agreements and the obligations entailed by WTO membership (SDGs 8a, 17.10) | The Netherlands is supporting the Netherlands Trainee Programme and the Advisory Centre on WTO Law (ACWL). | 5) Number of trainees successfully completing a WTO traineeship  
6) Number of beneficiaries trained by ACWL  
Contributes to SDG 8.A.1 |
| **Subgoal 4:** Identification of the potential effects on developing countries of new bilateral trade agreements (SDG 17.11) | When the Netherlands enters into a new trade agreement, it conducts an impact study to map the envisaged agreement’s potential effects on developing countries. | 7) Studies conducted into potential effects of new bilateral trade agreements  
8) Findings shared within the EU |
| **Subgoal 5:** Bilateral trade agreements with generous rules of origin for the benefit of developing countries (SDG 17.11 and 17.12) | In EU bodies the Netherlands is advocating generous rules of origin in bilateral trade agreements for the benefit of developing countries. | 9) Bilateral trade agreements with flexible rules of origin to assist the least developed countries |
| **Subgoal 6:** In negotiating bilateral trade agreements with developing countries, the EU does not ask for provisions that go beyond the TRIPS Agreement (TRIPS+ provisions) and could needlessly restrict access to medicines (SDG 3B) | Within the EU, the Netherlands opposes including any provisions in trade agreements with developing countries that go beyond the TRIPS Agreement (TRIPS+ provisions) and that could needlessly limit access to medicines. | 10) TRIPS+ provisions identified in EU trade agreement negotiations with developing countries |
# Development-friendly investment regime

**Overarching objective:** Greatest possible positive impact of investment treaties on developing countries (SDG 17.15)

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<tr>
<th><strong>Subgoals:</strong></th>
<th><strong>Activities:</strong></th>
<th><strong>Indicators</strong></th>
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| **Subgoal 1:** Where Dutch bilateral investment treaties (BITs) have not been replaced by EU investment agreements, revision of these treaties in line with the modernised Dutch model text | The Netherlands is negotiating the revision of existing BITs. | 1) Number of BIT revision negotiations started  
2) Number of revised BITs with development-friendly provisions |
| **Subgoal 2:** Efforts to include the Investment Court System in EU investment agreements that currently contain dispute resolution mechanisms | The Netherlands is intervening in EU bodies to work towards including an Investment Court System in European investment agreements. | 3) EU agreements with investment protection that use the Investment Court System |
| **Subgoal 3:** A Multilateral Investment Court to resolve disputes between investors and governments | The Netherlands is supporting efforts by the EU to establish a Multilateral Investment Court for dispute resolution. | 4) Negotiations in progress on the Multilateral Investment Court |
**Sustainable production and trade**

**Overarching objective:** Link more sustainable production, particularly in developing countries (with a focus on textiles, palm oil and other agro raw materials, metals and minerals), to responsible business practices (including due diligence) by Dutch businesses in sourcing and outsourcing in those countries (SDGs 2, 8, 12, 17)

<table>
<thead>
<tr>
<th>Subgoals:</th>
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<tr>
<td><strong>Subgoal 1:</strong> Better working conditions and terms and conditions of employment in producing countries, with tangible results for decent work, including a living wage and measures to combat child labour (SDGs 8.5, 8.7, 8.8)</td>
<td>The Netherlands is working with the countries concerned (e.g. India, Bangladesh) and with programmes including the Trade Union Cofinancing Programme and the Fund against Child Labour. The Netherlands’ goal is to raise the minimum wage and/or factory/plantation wage so as to achieve a living wage in 2020. The Netherlands contributes to reducing the number of children involved in child labour. It is working to implement voluntary agreements, focusing on results, and conclude new agreements in appropriate sectors.</td>
<td>1) Number of safe factories, as determined by inspections. Contributes to SDG 8.8.1 2) Number of employees whose working conditions have improved. Contributes to SDG 8.8.2 3) Number of children rescued from child labour or prevented from entering it. Contributes to SDG 8.7.1 4) Description of progress on IRBC agreements, based on progress reviews</td>
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<tr>
<td><strong>Subgoal 2:</strong> Better social and environmental conditions in production in the following supply chains: textiles, palm oil, coffee, cocoa, metals and minerals (SDGs 2.3, 2.4, 8.5, 8.7, 8.8, 12.6, 17.17)</td>
<td>The Netherlands promotes cooperation in strategic partnerships with Solidaridad, Rainforest Alliance, Fair Wear Foundation and the Sustainable Trade Initiative (IDH). The Netherlands is working to achieve 100% sustainable sourcing of palm oil, coffee, tea and cocoa in the Netherlands and Europe. Through the European Partnership for Responsible Minerals (EPRM), the Netherlands supports socially responsible gold exports.</td>
<td>5) Percentage of sustainably sourced palm oil by businesses in the Netherlands and Europe 6) Supply of and demand for coffee, tea and cocoa that is certified as sustainable 7) Hectares of sustainably cultivated land. Contributes to SDG 2.4.1. 8) Number of small mines exporting socially responsible gold</td>
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<td><strong>Subgoal 3:</strong> Scaled-up Dutch initiatives for sustainable production and trade at European level (SDGs 8 and 17)</td>
<td>As a party to the Amsterdam Declaration, the Netherlands is working with other European countries for more sustainable production and sourcing of palm oil, cocoa and soy and is involving the European Commission in its efforts. The Netherlands is putting the multi-stakeholder approach on the European agenda, to ensure greater effectiveness and a level playing field for business. Through the EPRM, the Netherlands is working to improve working conditions in mines in conflict and high-risk areas.</td>
<td>9) Number of Amsterdam Declaration countries 10) Within the EU, activities to focus more attention on the multi-stakeholder approach 11) Results of EPRM projects</td>
</tr>
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### Tackling climate change

**Overarching objective:** Implementation of the Paris Climate Agreement in a way that benefits the poorest countries and population groups (SDG 13)

<table>
<thead>
<tr>
<th>Subgoal 1: Ambitious implementation of the Climate Agreement and more ambitious climate goals worldwide</th>
<th>Activities: Through its diplomatic efforts, the Netherlands is encouraging a high level of ambition for the EU and other key players in the climate negotiations. The Netherlands gives financial and diplomatic support to efforts to integrate Nationally Determined Contributions (NDCs) into national development plans and strategies.</th>
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<tr>
<td>Subgoal 2: Climate finance architecture which benefits the poorest and most vulnerable groups, including women (in line with the motion by MP Voordewind et al., Parliamentary Papers 34 775, XVII, no. 38)</td>
<td>Activities: On the boards of climate funds, The Netherlands calls for a focus on the poorest and most vulnerable groups, including women.</td>
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<td>Subgoal 3: Finance flows that are consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (art. 2.1.c of the Paris Climate Agreement)</td>
<td>Activities: The Netherlands is winding down public sector funding for the exploration of new fossil fuel reserves abroad. This will be completed by 2025.* The Netherlands is working towards a sustainable trade and investment system and a set of instruments.</td>
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<td>Subgoal 4: Climate policy which does not result in potential negative impacts for food production, access to water, forestation and biodiversity in developing countries</td>
<td>Activities: The Netherlands is working to limit the potential negative impacts of bioenergy production on food, water, forests and biodiversity in developing countries.</td>
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<th>Indicators:</th>
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<tr>
<td>1) More ambitious EU NDCs</td>
<td>2) Total effect of all NDCs on global warming (goal: &lt; 2°C).</td>
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<td>3) Improved integration of NDCs into national development plans and strategies (contributes to SDG 13.2.1)</td>
<td>4) Percentage of climate finance which benefits the poorest countries or population groups (contributes to SDG 13.A.1)</td>
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<tr>
<td>5) Measures taken to wind down public sector funding for the exploration of new fossil fuel reserves abroad</td>
<td>6) Measures taken to promote a sustainable trade and investment system and a set of instruments**</td>
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<tr>
<td>7) Measures taken to limit the potential impacts of bioenergy production on food, water, forests and biodiversity</td>
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* With respect to export credit insurance, a separate, customised commitment is being formulated based on an exploration of the greening of this instrument. ** Annual reporting on progress on policy coherence for development will be monitored across the entire range of financial instruments, not for each instrument separately.