World Resources Institute

Responses to Netherlands Foreign Trade and Development Cooperation Policy

March 2018

Question 1: How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) achieve more results on the following themes: conflicts and instability, reception in the region and emergency aid?

Recommendation 1: Push for an integrated UN strategy to predict and prevent where natural resources might act as a risk multiplier, fueling tensions and conflict within and between countries. With the profile of the Netherlands as a solid, neutral development partner, and with Netherlands' Presidency of the UN Security Council in 2018, this is the year to put climate- and natural resource-related conflict risks higher on the political agenda in the UN Security Council, and in NATO, EEAS, AU and other multilateral bodies. The time has come to establish an integrated United Nations strategy to predict and prevent where natural resources might act as a risk multiplier, fueling tensions and conflict within and between countries.

Key elements of an integrated UN strategy would include:

- A global early warning system for potential water- and climate-related conflict, as well as a 'heatmap' of potential hotspots where environmental degradation more broadly can impact socio-economic well-being and exacerbate political tensions;
- The development of a research protocol for identifying possible solutions and concrete interventions before conflicts erupt, combining best-in-class independent research with UN engagement and knowledge of on-the-ground realities;
- Training and capacity building to help institutions working at the intersection of conflict and natural resources, and developing country governments to cope with current and future crises and avert potential destabilizing conflict and migration;
- Water diplomacy and conflict resolution strategies at both international and sub-national levels, to try to diffuse tensions and pave the way for solutions.

Central to this effort is the development of information systems that can combine remote sensing data, advanced modeling and machine-learning techniques, and information on local institutional capacity, governance, and state fragility. This should allow for an integrated analysis how bio-physical change, socio-economic inequalities and political marginalization reinforce each other, and allow for analysis of potential transboundary spill-over effects such as migration and tensions arising from shared natural resources (such as waterways).

These information systems will operate in near real-time and communicate risks to defense analysts, diplomats, development experts, environmental scientists, humanitarian agencies, and other decision-makers in terms that they can easily understand and act upon, breaking down existing policy silos. This will need to be complemented by economic analysis that identifies growing disparities due to changes in access to resources that could lead to conflict at a local/regional level. This effort would also draw on the latest knowledge on risk-mitigating interventions and conflict resolution strategies that can be applied at international, national, and local levels.

The time is ripe for the introduction of such an integrated strategy. The Netherlands – through decade long development partnerships, it's neutrality and its deep understanding of water risk and water management – is in a unique position to lead on this issue and help launch such an effort, especially in 2018 as a member of the UN Security Council.

Question 2: How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) best address population growth in Africa and stimulate youth employment in Africa and the Middle East?

Recommendation 2.1: Ramp up investments in education and health services for girls in Africa to bring down the fertility rate and achieve replacement fertility by 2050.

The biggest and most urgent challenge for addressing population growth is to accelerate the reduction in the fertility level in Sub-Saharan Africa (SSA) to achieve replacement fertility by 2050. The most effective approaches to achieving replacement fertility are non-coercive, save millions of lives, advance gender equity, give people more control over their lives, and contribute to economic growth.

Half of the population increment between now and 2050 will be in SSA. SSA is the only region in the world that is not on track to reaching replacement fertility by 2050 (nor even by 2100 on business-as-usual trends). The SSA population is on course to more than double from its current 0.9 billion by 2050 and quadruple to 3.9 billion people by 2100. Yet, according to the U.N. Food and Agriculture Organization (FAO), more than a quarter of Sub-Saharan Africa's people are currently undernourished, and the region already imports roughly 20 percent of its staple calories. The region would need to increase crop production by 260 percent by 2050 in order to feed its projected population. Yet Sub-Saharan Africa has the world's lowest grain yields and extensive areas of degraded soils.

One way to help meet the food challenge would be to hold down population growth. A WRI working paper "Achieving Replacement Level Fertility", finds that the region can match the rest of the world's fertility rates through approaches that empower women, improve quality of life, and save millions of lives.

Why do fertility rates remain so high in Sub-Saharan Africa? And what strategies can help nations achieve replacement level fertility? WRI's analysis points to answers to both of these questions.

- **Increase educational opportunities for girls.** In general, the longer girls stay in school, the later they start bearing children, and the fewer children they ultimately have. In most countries with total fertility rates of 2.1 children per woman or fewer, between 80 to 100 percent of women of childbearing age have attained at least a lower secondary education level—that is, some high school. But Sub-Saharan Africa illustrates this relationship in reverse. The region has a low share of women with lower secondary education, but a large share of high birth rates.
- **Increase access to reproductive health services, including family planning.** Access to family planning counseling and technology ensures that women and men can make informed choices about reproduction. Millions of women want to space and limit their births, but do not have adequate access to reproductive health services. The World Health Organization (WHO) found that 53 percent of women in Africa who wish to control their fertility lack access to birth control, compared with 21–22 percent in Asia and Latin America. Studies also show that Sub-Saharan Africa has the lowest share of women who use contraception.

- **Reduce infant and child mortality.** Reducing infant and child mortality assures parents that they do not need to conceive a high number of children in order to assure survival of a desired number. Reducing infant and child mortality comes from better health care, sanitation, and food. On average, countries with low fertility rates have low infant and child mortality rates. Once again, Sub-Saharan Africa illustrates this relationship in reverse.

Botswana's experience showcases the impact of reducing child mortality and increasing access to family planning and education. A country-wide, free system of health facilities that integrates maternal and child healthcare, family planning, and HIV/AIDS services has played an important role in controlling population growth. Mortality rates for children under five declined from 81 per 1,000 in 2000 to 26 per 1,000 in 2011. Contraceptive use increased from 28 percent in 1984 to 53 percent in 2007. Botswana has long provided free education to all, and still exempts the poorest from school fees, resulting in an 85 percent literacy rate and a rate of 88 percent of girls enrolled in lower secondary education. The result: In 1981, the average woman in Botswana gave birth to 6.1 children. By 2010, that rate had fallen to 2.8.

These approaches have intrinsic benefits because they advance gender equity, give people more control over life decisions, and save millions of lives. They also offer benefits when it comes to food security, economic development, and the environment. For example:

- Achieving replacement level fertility in the region (and therefore the world as a whole) would reduce global food demand by 600 trillion kilocalories (kcal) per year by mid-century, closing about 9 percent of the gap between food available in 2006 and the amount needed in 2050. More dramatically, it would reduce the projected growth in food demand in Sub-Saharan Africa by one quarter between 2006 and 2050.
- Achieving replacement level fertility could lead to economic benefits through a "demographic dividend." During and after a rapid decline in fertility, a country simultaneously has fewer children to care for and a greater share of its population in the most economically productive age bracket. Researchers estimate that this type of demographic shift was responsible for up to one third of the economic growth of the East Asian "Tigers" between 1965 and 1990.
- Achieving replacement level fertility would reduce agriculture's impact on the environment. Based on FAO projections for yield gains in the region, Sub-Saharan Africa will need to add more than 125 million hectares of cropland from 2006 levels to meet the region's projected food needs in 2050. Achieving replacement level fertility would cut that needed cropland expansion in half, sparing from conversion an area of forest and savannah equivalent to the size of Germany.

Ensuring that girls get an education, that families have access to health services, and that childhood mortality declines may not be commonly thought of as approaches for achieving food security. But they are effective—and they're a critical part of achieving a sustainable food future.

Recommendation 2.2: Support the development of more equal cities in Africa.

The most critical challenge for youth employment will to shape cities that are inclusive, provide access to basic services and generate economic opportunities for the bulging urban youth population.

The stakes are high. The default mode of rapid, unplanned and uncoordinated urban development – buttressed by short-term incentives that drive bad decisions – risks locking African cities in a downward spiral of economic stagnation, rising joblessness and urban poverty and sprawl, expanding slums,

crumbling infrastructure, soaring congestion and pollution. The consequences will be felt well beyond city boundaries and national economies, in migration, fragility, instability and conflict.

African cities are at a critical juncture and face urgent choices. African cities today are fragmented, unsustainable and expensive, and unlike elsewhere urbanization has not been linked to economic growth. This is partly due to the stunted growth of manufacturing in urban centers, which has driven excess labour into a low-productivity service sectors, resulting in the growth of informal settlements at the periphery of main cities. These settlement patterns have led to urban sprawl and impeded access to essential services by poor people living in urban peripheries.

The lack of existing manufacturing base and corresponding infrastructure in African cities however also offers unique opportunities for African cities to develop smart infrastructure and leapfrog to more productive, sustainable and equal urban forms. African cities' do not face the same challenges with land use lock-in which has led to irreversible environmental damage, and have an opportunity to build their cities sustainably and implement solutions that avoid lock-in to unsustainable growth patterns.

We see three key solution buckets that can help ignite a virtuous cycle in cities, are as follows:

- **Urban Mobility** – connecting cities to more sustainable and safe transport solutions and strategic projects to improve quality of life and economic opportunity for youth in cities. Sustainable transport solutions holistically address social and environmental needs for current and future generations in a financially sustainable manner, including high quality integrated public transport systems that include bus rapid transit (BRT), urban buses, auto-rickshaws, bicycling, and walking. Sustainable mobility interventions will directly benefit poor and vulnerable populations by improving access to goods and services to the urban under-served. Social metrics in the mobility projects will help understand distributional impacts in a way that allows better design of interventions to reduce poverty.
- **Urban Development** – focusing on decisions that make cities more high density, connected to transit and resilient. Help cities implement strategic projects that avoid sprawl and have the potential to sustainably advance the economy, improve equity and make cities more adaptive. Decision makers will be influenced to prevent economically disadvantaged population segments from spending disproportionate amounts of their household income to live in far flung peripheries and use costly self-provision of basic services.
- **Urban Efficiency & Climate** – transforming cities into centers of clean, low carbon, efficient (e.g. energy systems, buildings, water and transport) which better provide for the needs of their residents and businesses. Urban efficiency and low-carbon options reduce cost of living by making energy and other services more affordable at the scale of urban systems and of their components, like buildings, water, waste and vehicles. More affordable services and lower cost of living contribute to reducing poverty. Additionally, urban efficiency reduces negative health impacts from indoor and outdoor air pollution which disproportionally impact the poor.

Question 3: What new priority areas could the government identify? Resources are limited and we need to make choices. So we'd also like to ask: what priority areas could do with less attention?

Recommendation 3: Establish clear boundary conditions for markets and voters to develop and implement optimal business solutions to a range of sustainability challenges.

Our mission is to have society grow and thrive equitably within a safe operating space for the planet. Business and cities are hotbeds of innovation and innovation thrives once the problem to be solved is defined. But with the exception of the widely accepted 2 degree limit, boundaries are not well understood for other resource categories, such as land and water, at the global level or at the level of implementing entities. As a result, government gets involved in supporting specific solutions and priority areas rather than establishing the boundary conditions and allowing the market and voters to develop and implement the optimal solutions.

Resolving this requires us to (1) define the global boundaries at a planetary level and (2) help companies, countries and sub-national entities understand how those boundaries apply at the level of their business, civic, or other operations. This is a proven approach already in place for companies and climate through the 2 degree limit and Science Based Targets initiative. A collaboration is underway and in the early stages to apply the approach to cities and to additional resource categories such as land and water, and taking account of the social needs for equitable access.

There is an opportunity for a government to take a leading role underpin this work with funding and political commitment and move away from picking winners and instead focus on setting the boundary conditions.

Question 4: What innovative solutions could the Dutch government, NGOs and the private sector promote with a view to 1) reducing CO2 emissions (climate mitigation) and 2) helping societies adapt to climate change (climate adaptation)?

Recommendation 4.1: Invest in a Large Scale Landscape Restoration approach, which generates jobs in the rural areas, advancing climate mitigation and adaptation via carbon sequestration in forestry and agro-forestry models at scale in tropical countries. This approach also promotes water and food security and generates a positive conservation approach as protected areas are sources of seeds for wood trees in to be produced in nurseries. Initiatives underway in Latin America and Africa, such as 20x20 and AFR100, are promising examples of how to scale these investments. For example:

- Brazil has announced its intent to restore and promote sustainable agriculture across 22 million hectares of degraded land, the largest restoration commitment ever made by a single nation
- In January 2017, Brazil announced its National Policy on Recovery of Native Vegetation (PROVEG). This policy – the most ambitious of its kind in the world – creates and integrates policies, programs, financing, monitoring and other actions to spur native vegetation recovery to contribute to Brazil's objective of restoring 12 million hectares (nearly 30 million acres) of degraded land by 2030, an area about the size of Iceland.
- In Tigray, Ethiopia, 1 million hectares of agricultural and forest lands were restored to forests and agroforestry systems, raising water tables and improving food, water and energy security for more than 2 million people;
- In Maradi and Zinder, Niger, 5 million hectares of degraded agricultural lands were restored, improving food, water and energy security for 2.5 million of the poorest people in Africa;
- In 157 of the 210 constituencies in Kenya the Green Belt Movement engaged and empowered more than 4,000 women's groups to establish tree nurseries to serve their communities;
- In Shinyanga, Tanzania, over 500,000 hectares were restored through farmer-managed natural regeneration, improving the soil, lives and livelihoods of 2.8 million people in 833 villages

In Latin America, the private sector and government have joined with civil society as part of a coalition to advance restoration as part of Initiative 20x20. A similar model can be advanced in Africa under ARF100, for example, through an "African Restoration Hub". A suite of tools and technologies should be built specifically for African Restoration Champions (ARCs) and subnational government leaders in African Restoration Landscapes (ARLs), starting with monitoring systems, financial modeling tools, business development tools, economic impact and social analysis tools, and community engagement strategies. In addition, a technology platform can be built to showcase ARC and ARL projects across Africa, and to allow donors and investors to contribute financial resources directly to the design and/or implementation of projects. The Dutch government could host this platform and serve as conveners and advisors to the projects listed.

Recommendation 4.2: Lead a global effort, through the recently established Global Center of Excellence on Adaptation (GCA), to galvanize political attention and ramp up action on adaptation in a way that addresses the priorities of vulnerable countries and communities. The Netherlands has long been acknowledged as a leader in agriculture, water management and climate resilient development and is well positioned to lead such a global effort.

Within the broad "ecosystem" of institutions and platforms, the GCA can position itself as the global "go to" center for adaptation. It can provide best-in-class research on the interlinkages between ecosystem degradation and socio-economic progress, as well as serve as a global knowledge hub of best practices and business opportunities in adaptation. GCA's comparative strength and overall impact will be a function of its ability to draw from, and connect with, existing and emerging partners, platforms and initiatives.

One of the GCA's first actions can be to establish in September 2018 a High-Level Commission on Adaptation championed by global leaders. The Commission can spur the adaptation revolution we need by (a) helping create a shared, bold vision and agenda for adaptation and (b) advancing this agenda by sparking a movement and establishing or strengthening coalitions of action create the conditions that can help vulnerable countries and communities improve resilience, tackle extreme poverty and achieve their Sustainable Development Goals.

The Netherlands can also commit to "climate-proofing" all of their development activities and investments.

Recommendation 4.3: Show leadership in promoting distributed renewables for sustainable development. While there is already a crowded field of organizations focused on advancing solutions on the energy supply side, there remains an important gap that the MFA can fill in making the demand for renewable energy more visible and promoting a more integrated set of supply solutions for energy access, particularly distributed renewables. Countries can therefore adopt a climate-friendly path to electrifying the energy poor.

Question 5: In your opinion, what opportunities are there in the areas of manufacturing, trade and investment to achieve social progress (for example, better working conditions, higher wages, more opportunities for women and young people) or tackle ecological challenges (for example, in the areas of water, the climate and biodiversity)?

Recommendation 5: Support Large Scale Landscape Restoration. Large scale landscape restoration opportunities provide important opportunities for both women (who play a leading role in tree nurseries) and young people. These opportunities are key to water and food security, and can provide vital livelihood options for poor families in rural areas of tropical countries. Young people in rural areas are especially vulnerable due to a lack of training and job opportunities. They tend to migrate to cities where they also face limited employment opportunities. A strong rural economy is needed to enhance their opportunities and avoid disastrous migrations of young people to cities. Supporting Large Scale Landscape Restoration can help generate jobs in seed collection, nurseries and plantations for young people in rural areas, migration to places where they may not have a chance at healthy survival.

Linked to Question 4 above, there are additional opportunities to engage woman and young people more intentionally in large scale landscape restoration initiatives that both advance social progress and tackle ecological challenges. The opportunity is particularly ripe in Africa, as part of the AFR100 initiative. Bringing restoration champions together will be key, and this could be done through building a community of practice of "100 African Restoration Champions: Restoring Food and Water Security". This "community of practice" could identify, recruit, train and support at least 100 entrepreneurs, leaders and/or project developers who are actively engaged in restoration at landscape scale to deliver food and water benefits. Special attention would be given to ensuring a balanced representation of men, women, youth from diverse socio-economic groups. This would dramatically improve knowledge sharing; ensure and a diversity of perspectives, needs and priorities are addressed; and bring to life new projects and opportunities by connecting these with innovative financing that flows directly to implementation efforts on the ground.

A complement to this could be a second community of practice of "100 African Restoration Landscapes: Restoring Food and Water Security" to improve the enabling conditions and pace of implementation in 100 subnational jurisdictions across Africa. As a contribution to the AFR100, at least 100 African Restoration Landscapes (ARLs) can be identified to highlight where restoration is already underway but needs to be scaled up, or where restoration is essential and needs to be catalyzed. Further, a "community of practice" made up of a broad range of stakeholders, including women, youth and marginalized groups, should be developed to recruit, train and support the subnational government leaders who govern the jurisdictions that make up these 100 landscapes. This will become a club of restoration enthusiasts who could share good practices and lessons with one another, and to engage with the ARCs to gain feedback and learn from their implementation efforts as well.

Question 6: Do you have any concrete suggestions on how the government could help ensure that international trade and investments contribute to the achievement of the Sustainable Development Goals?

Recommendation 6.1: Work with Dutch multinationals and their suppliers in developing countries to enhance the social and environmental sustainability of those supply chains. Support capacity building – e.g., including of local and indigenous communities, small farmers (both men and women), processors, middle men and women – in compliance with 'sustainability' certification schemes for small-scale producers and local communities. Support efforts to enhance capacity of small- and medium-scale producers, communities to derive financial and livelihood benefits from introducing more sustainable practices or markets.

<u>Recommendation 6.2:</u> Support multinationals to work with their suppliers to enhance their resilience to climate impacts. SMEs and smallholders have limited coping ranges and structured capacity building combined with technology applications can help to build out their adaptive capacity. Moreover, work through supply chains can have high replication potential particularly in rural settings, where suppliers can become multipliers of good practices.

<u>Recommendation 6.3:</u> Support new the development of new models of growth which are not dependent on selling more material goods to more people but instead on models that are incented to maximise longevity, services and reuse (circular models). The challenge of the sustainable development goals is to grow equitably within the constraints of the planet's resources. A big part of the answer is signposted in SDG 12 – sustainable production and consumption. But whereas significant attention is going to sustainable production, very limited attention is going to the tougher challenge of sustainable consumption and developing new approaches for consumer behavior. Growth in international trade and investment is not scalable on the back of current patterns of consumption. If changes to current patterns of consumption are not addressed this will become a brake on the growth of emerging and poor economies. Thus government needs to prioritize the development of new models of growth which are not dependent on selling more material goods to more people but instead on models that are incented to maximise longevity, services and reuse.

SDG 12 holds the key to comprehensive delivery of the SDGs, particularly for developing economies. Although the concept of the Circular Economy has been around for a while, the SDGs and the Paris Agreement provide urgent impetus to reshape our economies according to circular principles. A circular economy approach directly supports progress on a number of SDGs including: SDG 2 – Zero Hunger, SDG 6 –Clean Water and Sanitation, SDG 7 Clean Energy, SDG 8 Good Jobs and Economic Growth, SDG 11 Sustainable Cities & Communities and SDG 14 – Life Below Water.

The Netherlands circular economy plan is based on three interconnected factors: 1) explosive global demand for raw materials; 2) Dutch dependence on foreign countries for raw materials, and; 3) interconnectivity of materials, climate change solutions and SDGs. The plan recognizes that advancing circular economy is an international challenge that requires a radical change in global cross border production and consumption patterns. In countries that have difficulty coping with the social and environmental impacts of the current linear economic system, a circular economy could contribute to a local sustainable economy and the security of supply of critical materials.

The Netherlands is a global leader in implementing circular strategies, it has also a history and relationships with leaders from developing countries to assist them through development and knowledge assistance to accelerate their transition to more sustainable practices. Netherlands can advance its circular economy plan, and can utilize its unique experience to lead partnerships to advance circular strategies in the developing world, along with rigorous measurement to assess this transition.

<u>Question 7</u>: What innovative and creative solutions could the government use to better support the private sector and knowledge institutions that wish to market their knowledge and expertise globally? And in what areas?

<u>Recommendation 7:</u> Support initiatives to accelerate public-private partnership to deliver on the SDGs. System-wide change is needed to achieve the Sustainable Development Goals. Transformative public-private partnerships can lessen market barriers, create links between policy and green

innovation, and promote practical solutions for system-wide change by improving collaboration between businesses, public-sector bodies, development institutions, financial institutions, civil society and other actors.

Providing support to public-private partnerships, with access to networks, know-how, capital, and other resources, will accelerate and scale new models for sustainable development that can help countries, especially developing countries, implement their Sustainable Development Goals.

One example of this is P4G, a new international initiative that is working to advance innovative public-private partnerships that deliver game-changing actions to supply humanity's greatest needs: food, water, energy, healthy cities and the sustainable use of resources. The initiative was established in January 2018, with initial funding from Denmark, and co-created in collaboration with international partners including Chile, Ethiopia, Kenya, The Republic of Korea, Mexico and Vietnam, as well as businesses, international organizations, and civil society. Other countries, such as The Netherlands, providing support to P4G will ensure that the initiative continues to deliver market driven, green solutions to support countries' efforts to meet the Sustainable Development Goals.

Question 8: How could the government create a more comprehensive support package for companies, especially SMEs, interested in doing business internationally, and for which markets is an extra boost warranted?

Recommendation 8: Support SMEs in expanding energy access to poor, rural communities. have an important role to play in providing sustainable energy access to poor, rural communities. SMEs can also play a role in helping big energy consumers become more energy efficient in developing countries and emerging economies.

Question 9: In addition to the above, do you have any other recommendations in the area of foreign trade and development cooperation?