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Discussion Paper

SHIFTING ROLES – THE IMPACT OF THE DUTCH AID AND TRADE AGENDA ON DUTCH ACTORS

Edith van Ewijk, Ries Kamphof, Timo Maas & Marije van Gent
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1. INTRODUCTION

Only a decade ago, the division of roles in development cooperation was crystal clear. The private sector and civil society organizations (CSOs) played different roles. When you would ask which of the two would have poverty reduction and gender equality as its main project objective and which one would consider impact investing, the answers were obvious. This clear division of roles, tasks, and responsibilities has changed radically in the last years - especially in the Netherlands. One of the main drivers of this change has been the “double-hatted” agenda of the Dutch Minister for Foreign Trade and Development Cooperation. This discussion paper analyzes the changing roles of two specific actors within the new Aid and Trade agenda, namely CSOs and the private sector (SMEs).¹

Box 1. A World to Gain

In the 2013 policy agenda ‘A World to Gain: A New Agenda for Aid, Trade, and Investment,’ three main aims were formulated. First: to eradicate extreme poverty (‘getting to zero’) in a single generation. Second:

sustainable, inclusive growth all over the world, and third: success for Dutch companies abroad (Ministerie van Buitenlandse Zaken, 2013, p. 6)..

The incumbent government of the Netherlands (2012-2017) is a coalition of the Dutch Labor Party (PvdA) and the conservative-liberal party VVD, led by Prime Minister Rutte (VVD). A rather fundamental change that this government made was to integrate the policy fields of foreign trade and development cooperation, which had up to this point always been directed by separate ministers. Liliane Ploumen (PvdA) became the first Minister for Foreign Trade and Development Cooperation. A year later, she presented her policy agenda (see Box 1), in which she laid out the rationale behind, and objectives of, the merger of these two agendas (Ministerie van Buitenlandse Zaken, 2013; Ploumen, 2013).

The move to combine the policy areas of development cooperation and trade/export promotion has not been uncontroversial, attracting immediate criticism from several perspectives (Alliance, 2013; Sjoerdsma, 2013). For instance, former Dutch Minister of Development Cooperation Jan Pronk feared that the world’s least well-off would be neglected in an agenda that focuses on connecting international business and local middle-class (Pronk, 2013). The instruments created with the new agenda have also been criticized as primarily benefiting the Dutch private sector, rather than contributing to local development, or as simply being too complicated to be interesting for small and medium enterprises (ActionAid, Both Ends, & SOMO, 2013; Hoebink, 2013). On the other hand, there have also been positive responses to the new agenda, e.g., by seeing it as contributing to sustainable supply chains or as an agenda that will improve stakeholder cooperation (Kamphof, Spitz, & Boonstoppel, 2015). The focus on combining aid and trade is not unique to the Netherlands. Being it a result of Dutch pioneering activities or global trends, Denmark and Canada now also have a minister combining the portfolios of trade and development cooperation (“Speech by Lilianne Ploumen”, 2014).

In the Netherlands, as an effect of both CSOs’ budget cuts and new incentives for the private sector, both actors are nudged to play other roles than they originally did or intended to do. Companies have

¹ We focus especially on small and medium-sized enterprises, for the main instruments of the policies that stimulate the combination between aid and trade also focuses on this group of companies.

historically been primarily incentivized by economic gains, with especially some large companies doing corporate social responsible projects, including projects focusing on development cooperation next to their core business. With the new agenda, specifically SMEs are triggered to be active in developing countries, while at the same time taking into account indicators beyond the traditional business case such as gender equality and environmental effects. The Netherlands traditionally has a very powerful CSO sector working on development cooperation, which has been responsible for the implementation of part of the policies by the Dutch government with specific funds (Spitz, Muskens, & Van Ewijk, 2013). Related to the decrease of government support, CSOs have been looking for other funding sources and have become more active on innovative topics such as impact investing. As a result, the traditional roles of the 'merchant' and the 'clergyman' in Dutch development cooperation seem to be more and more intertwined.

This agenda could pave the way for a disruptive change in roles in development cooperation, not only for these two actors but also for national (and local) governments. Up to now, there is a marked lack of evaluations of the new policy, making it difficult to separate facts from fiction (Hoebink, 2016). At the time of writing this report, an evaluation was conducted by the Policy and Operations Evaluation Department (IOB) by the Dutch Ministry of Foreign Affairs. Many of the earlier evaluations and research projects focused either on the effects of an Aid and Trade agenda on (economic models of) developing countries (Wetenschappelijke Raad voor het Regeringsbeleid, 2010), economic transformation and trade *in* developing countries (ECDPM, z.j.-a), the political debate on aid and trade (Kamphof et al., 2015), and/or the actual working of quite technical instruments (Van Westen & Zoomers, 2014). At the start of this government, a specific advice of the Dutch Advisory Council of International Affairs (AIV) dealt with the issue of actors in development cooperation in more detail (Adviesraad Internationale Vraagstukken, 2013). The AIV also published a report focusing on the question how the Dutch government can support businesses in their efforts to contribute to the sustainable development goals (Adviesraad Internationale Vraagstukken, 2016). The Policy and Operations Evaluation Department (IOB) by the Dutch Ministry of Foreign Affairs published an analysis of the Dutch effort of private sector development (PSO) which focuses on the contribution of the private sector on economic growth and poverty alleviation in developing countries (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie, 2014).

End of 2016, the Organisation for Economic Co-operation and Development (OECD) published a new report; Private Sector Engagement for Sustainable Development: Lessons from the DAC (Organisation for Economic Co-operation and Development, 2016). A policy review of the Dutch aid and trade agenda is planned for 2019 and will be executed by IOB. In preparation to this review, specific parts of the policy are being evaluated.

This paper aims at contributing to the debate by analyzing the various roles of actors in the Netherlands involved in the aid and trade agenda. With its mixed as well as its practical focus, this discussion paper is meant to be constructive for future policies where development cooperation and international trade are combined.

The main question of this discussion paper is as follows: How has the focus on aid and trade in the Dutch development policy affected the Dutch stakeholders in the field of development cooperation? This discussion paper and the underlying research focuses specifically on the effects on two important actors in development cooperation: civil society organizations and the private sector, especially small and medium-sized enterprises (SMEs).

The next chapters will lead to an answer to this research question. In Chapter 2, the history of the Dutch trade and aid policy as well as the initial reactions from stakeholders will be shortly summarized.

Chapter 3 will give a more theoretical overview of the academic appreciation of the combination of aid and trade policies as well as the roles of actors in development cooperation, and puts the agenda in international perspective. Chapter 4 will be the backbone of this report focusing on the roles of actors in development cooperation with a particular focus on the private sector/SMEs and civil society organizations. Chapter 5 will then point out the challenges and opportunities for actors in the light of new policies for foreign trade and development cooperation. These will then lead to the conclusions in Chapter 6. The research findings are based on a so-called mixed method approach, combining a literature review, qualitative research including a focus group, and semi-structured interviews with experts, and a representative survey among Dutch companies (see Annex 1).

2. AID AND TRADE POLICIES IN THE NETHERLANDS

This chapter provides an overview of the context in which the combined Aid and Trade agenda emerged as well as a short summary of what the new policy entails and how it was received at the time. It is based mainly on relevant policy documents as well as insights from respondents participating in this research.

2.1. Background to the new agenda on Aid, Trade, and Investments

Several factors are suggested to have paved the way for the current change in policy. First of all, in 2010 the Scientific Council for Government Policy (WRR) published an influential report on Dutch development policy (Wetenschappelijke Raad voor het Regeringsbeleid, 2010). The report's main conclusions were that Dutch development efforts were dispersed over too many countries and sectors, and that the focus of the policy should be more on (economic) development rather than merely fighting poverty by focusing on the social domain like healthcare and education. In response, the former cabinet (First Rutte cabinet) increased the emphasis on the private sector as a vehicle for development and narrowed down the topics addressed by Dutch aid to four areas where the Netherlands is considered to have considerable expertise: sexual and reproductive health and rights (SRHR), water, food security, and security and rule of law ("Brief inzake focusbrief ontwikkelingssamenwerking", 2011).

Meanwhile, the Social and Economic Council of the Netherlands (SER), an influential advisory council and platform on socio-economic policy, published a number of recommendations on the role of business in development. Initially these advices focused mostly on a shift from government regulation to self-regulation, amongst others by means of stimulating corporate social responsibility (CSR) (Sociaal Economische Raad, 2000, 2008). In addition, in 2011 an advice was published that specifically focused on the role the (Dutch) private sector could play in strengthening the local private sector in developing countries through responsible conduct (Sociaal-Economische Raad, 2011), providing another building block to the current policy agenda.

At the same time, the topic of development cooperation was heavily contested when the current government was being formed. Some respondents participating in this research go as far as saying the sector was in "a state of crisis" at the start of the Second Rutte cabinet. The decision to merge economic growth (a traditional liberal/VVD topic) with development cooperation (perceived mainly as a social-democratic/PvdA topic) is seen partly as a political compromise by some respondents. Some interviewees also argue that this compromise has been a (partial) answer to the perceived lack of public support for development cooperation (see Box 2).

Box 2. Dutch citizens' views on development cooperation

A representative survey among Dutch citizens in 2016 shows that a majority continues to support the idea of helping other countries develop, although this majority has shrunk from 67% in 2014 to 61% this year. In the same vein, only about one in ten respondents support increasing the budget for development cooperation, whereas about a third thinks the budget should be decreased. However, now that the Dutch economy is performing better after years of stagnation, fewer people support the idea of tying

aid closely to Dutch interests (Carabain, Boonstoppel, Hulsen, & Van Douwen, 2016). Earlier research from 2015 showed that a little over 60% of Dutch citizens think that companies investing in developing countries or setting up joint projects with CSOs working in development cooperation can be effective. However, Dutch citizens are divided in their views on whether the Dutch state should actively fund these projects (Kamphof et al., 2015).

2.2. A combined agenda: goals and instruments?

The agenda for Aid, Trade, and Investment, titled “A World to Gain”, is built around three core objectives. The first is to eradicate extreme poverty; the second to promote sustainable and inclusive growth around the world, which directly relates to the third; success for Dutch companies abroad. Relations with other countries are divided into three groups: (1) aid relations,² (2) transition (from aid to trade) relations,³ and (3) trade relations.⁴ The policy focuses on the four themes on which the Netherlands is said to have significant expertise: women’s rights and SRHR, water, food security, and security and rule of law. Besides the strategic changes, there are also significant budget cuts with the agenda, increasing from a €750 million to a €1 billion reduction of the annual budget by 2014 and 2017. For the first time in almost 40 years, the Netherlands thereby has a development cooperation budget below the 0.7% target. This target stipulates that countries should spend the percentage of their gross national income on official development aid (ODA) (Spitz et al., 2013). To some respondents participating in this survey, this loss of a progressive donor status is problematic, but others see it as following worldwide changes as also other donor countries - with a few exceptions - are moving in the direction of combining aid and export-promotion. The part of the agenda for Aid, Trade and Investments which focuses on private sector development (excluding the Dutch Good Growth Fund – a revolving fund with a budget of €750 million) comprises approximately 10% of the total budget for development cooperation of the Dutch government.

In the Netherlands, a combination of (economic) self-interest and moral obligation has shaped foreign relations for a long time, referred to as the “merchant and clergyman” respectively. Between the 1950s and 1970s, the merchant dominated, followed by a period in which the clergyman was more prominent (Spitz et al., 2013). However, in the past decade the merchant has returned to the forefront, and the Aid and Trade agenda further reinforces that tendency. But bringing the roles of merchant and clergyman together in a person’s mandate (Minister Ploumen) does not remove the practical difficulties of combining the two. Specifically, the normative role of the clergyman (the aid agenda) has been suggested to possibly become overshadowed by the instrumental one of the merchant (the trade agenda) (Aangeenbrug, 2013). In 2011, the Development Assistant Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) had already given a warning about risks with regards to combining private interests with Dutch commercial interests (Development Assistance Committee, 2011). Consequently, development economist Paul Collier was quoted at the time saying the combination is a “toxic brew”, because it will require continuous consideration of the Dutch self-interest (Lijfering, 2013). On the other hand, some respondents participating in this research argue that this is simply the safeguarding of Dutch interests and perfectly legitimate, especially against the backdrop of countries like China combining development assistance and mercantilism.

Respondents to this study generally agree that the core assumption underlying the Aid and Trade policy is that economic growth through the private sector can reduce poverty. Those favorable to this

² These are (post-)conflict countries or states that lack institutional capacity to reduce poverty: Afghanistan, Burundi, Mali, Yemen, Rwanda, South-Sudan, and Palestine Territories. Aid relations with Guatemala, Honduras, Nicaragua, and El Salvador are being replaced with a trade focus.

³ Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique, and Uganda.

⁴ Australia, Belgium, Brazil, Canada, China, Colombia, Germany, France, Gulf States, India, Iraq, Japan, Malaysia, Mexico, Nigeria, Ukraine, Poland, Romania, Russia, Singapore, Turkey, Vietnam, United Kingdom, United States, South-Africa, and South-Korea.

assumption suggest that support from the (Dutch) government in the form of investments may catalyze further investments, and that investing in the private sector is a good way of making developing countries and its citizens more self-sufficient. But others are more skeptical of whether this discourse holds true in practice. Some respondents pointed to the fact that combining aid and trade does not fully encapsulate everything involved in development, and that focusing on economic growth risks a process of the rich getting richer, thus reinforcing existing power imbalances.

With the Aid and Trade agenda, certain instruments were used aimed at involving the private sector in development cooperation policies. Table 1 presents an overview of the instruments. The Dutch Good Growth Fund (DGGF) is presented as the most prominent in policy documents, and experts participating in this research emphasize the DGGF. Therefore, this research will also focus mostly on this instrument. It must be stressed that this publication does not take the whole Aid, Trade, and Investment agenda into account; it focuses on the Foreign Trade and Development Cooperation (BHOS) and particularly on the role of Dutch actors with a focus on CSOs and SMEs. Therefore, the strategic partnerships, which are also an important part of the whole agenda, will not be discussed, for they focus on partnerships between government and CSOs and not on the private sector.

Table 1: Main instruments of the agenda for aid, trade, and investment. Rows shaded green are instruments that are new or restructured in the Aid, trade, and investment agenda. (This is a non-exhaustive list of instruments.)

CBI	The Center for the Promotion of Imports from developing countries aims to promote exports from developing countries to the European market.
DHI	The DHI fund is meant for Dutch SMEs wanting to perform a demonstration project, feasibility study, or investment preparation study for demonstration/investment in a developing country or emerging market.
DRIVE	The DRIVE program succeeded a pre-existing program ('ORIO') in the infrastructure sector (Rijksdienst voor Ondernemend Nederland, 2015). DRIVE is meant for Dutch corporations willing to invest in public infrastructure in a low- or middle-income country, at a total budget of €150 million. Projects must contribute to private sector development, aside from at least one of the food security, water, climate, or SRHR sectors. Like in the DGGF, applying companies are required to follow CSR guidelines. In addition to DRIVE, there is also a fund, Develop2Build, for foreign governments to perform preparatory studies for infrastructure projects (Rijksdienst voor Ondernemend Nederland, 2015).
Dutch Good Growth Fund (DGGF)	The 'Dutch Good Growth Fund' (DGGF) is one of the main instruments through which the Aid and Trade agenda is translated into practice, by focusing on promoting trade in combination with development (Algemene Rekenkamer, 2016). The DGGF is a revolving fund that provides financial support along three tracks: (1) investments in developing countries by Dutch small and medium-sized enterprises (SMEs); (2) investment funds for SMEs in developing countries; and (3) export credit insurance and financing for Dutch SMEs. Since banks are often reluctant to finance this category of projects because of their higher risk, the fund is meant to make financing more accessible to Dutch and local SMEs. Companies are required to follow the corporate social responsibility (CSR) guidelines set by the OECD, reporting on their progress during implementation. Of the €750 million in the fund, a little over half is currently allocated to Dutch companies (through tracks 1 and 3), with the rest going towards local SMEs (track 2). Across the three tracks, a total of 58 programs have been approved as of October 2016 ("Brief inzake Dutch Grow Fund", 2016).
FMO-MASSIF	The Dutch Development Bank runs the MASSIF program to enhance access to credit for companies and people from developing countries. A recent evaluation recommended to shift financing from largely microcredit to loans for SMEs, where commercial banks are less active ("Brief inzake bedrijfslevenbeleid", 2016).
LEAD	Local Employment in Africa for Development (LEAD) is a program aimed at promoting sustainable employment of young (wo)men in eight African countries, ⁵ open for applications from Dutch CSOs and social enterprises (Zaken, 2015). The available budget for this program is €25 million. By aiming to expand participation in the local economy, the program hopes fewer (young) people will attempt the dangerous crossing of the Mediterranean Sea in hope of better opportunities in Europe.
Public-Private Partnerships (PPPs)	Subsidies for partnerships of government, business, and knowledge institutes or CSOs. Divided into five strands: (1) Sustainable Entrepreneurship and Food Security; (2) Sustainable Water; (3) Life Sciences and Health for Development; (4) Product Development Partnerships (SRHR); and (5) Ghana WASH Window (Water, Sanitation, Hygiene). Research has however stressed that a gap may exist between the expectations and results of such partnerships (Karaki, 2016).
PUM	Netherlands senior experts (PUM) has a long history far beyond the launch of the agenda for aid, trade, and investment. It provides companies in developing countries with technical expertise by linking them to Dutch volunteers with extensive experience in entrepreneurship.

⁵ Algeria, Egypt, Eritrea, Libya, Mali, Nigeria, Somalia, and Tunis.

2.3. Corporate social responsibility and policy making

An important element of the integrated agenda is (international) corporate social responsibility (CSR), which is put forward as the way to make the envisioned economic growth inclusive, promote civil society and systems of law and order, and further sustainable development⁶ (Lambregtse, 2013; Ministry of Foreign Affairs, 2015; Vernooij, 2014). At the same time, respondents are careful to note that the trend of companies increasingly paying attention to social responsibility and moral behavior is also self-driven, happening world-wide, and not necessarily led by governments (some companies are even said to be ahead of governments). Furthermore, it was pointed out that the agenda seems to treat trade and entrepreneurship as identical, even though they are different things. For developing countries, CSR can bring several advantages like improved labour conditions. Other advantages of the aid and trade agenda can also include the access to capital, technology, management skills and markets.

One way CSR is promoted is by negotiating CSR covenants with a number of sectors that tend to be at risk of violating CSR standards ("Brief inzake MVO Sector Risico Analyse", 2014). The government aimed to have ten of such covenants by the next elections in March 2017, following an advice by the Social-Economic Council (Sociaal Economische Raad, April 2014), but by January 2017, only two had been finalized (see Box 3). The advice suggests that covenants serve two main purposes: (1) to address risks and reduce impacts of (at-risk) supply chains in 3-5 years, and (2) to (have companies) jointly address issues individual companies cannot address themselves. Having the government join such agreements is expected to reduce practical barriers and enable upscale initiatives to an international level. This advice continues the line set out in earlier SER advices (Sociaal Economische Raad, 2000, 2008, 2013).

Box 3. CSR Covenants

At the time of writing, the Social-Economic Council facilitated the negotiation and signing of two CSR covenants: in the clothing and textile sector (July 2016) and in the banking sector (October 2016). To facilitate and monitor these and future covenants, the Social-Economic Council received a €4 million subsidy for the period 2016-2019 ("Brief inzake voortgang implementatie IMVO-beleid", 2016). The clothing covenant hopes to achieve more 'micro-management' in this long supply chain, with Dutch companies taking responsibility for a larger part of this chain (Van de Veen, 2016). Minister Ploumen was cited at the signing that the covenant would set real change in motion although changes can be made overnight

(Lambregtse, 2016). One of the initiating CSOs pulled out of the eventual agreement because of the lack of concrete goals (Schone Kleren Campagne, 2016).

With regards to the banking covenant, the scope of the agreement has been much more limited, focusing solely on 'human rights' (Sociaal Economische Raad, 2016). It is noteworthy that the role of this sector in tax avoidance does not feature in the agreement, while tax avoidance has significant effects for development, and the Netherlands is deemed to be an important player in this process (Berkhout, 2016; Partos, 2016; Wójcik, 2012).

2.4. CSOs: Budget cuts and partnerships

Development cooperation has been institutionalized in the Netherlands since the 1960s, when the 'co-financing' CSOs program started (Spitz et al., 2013). This meant that part of the development budget was spent on funding Dutch civil society development organizations (CSOs). At that time, Dutch society was still strongly organized along religious and political lines, so-called 'pillars'; organizations

⁶ See also section 3.2 for more information about the different but related concepts of CSR, shared value, and responsible business conduct.

from all the main pillars were represented. The organizations were relatively free as to how to spend their budget, although activities closely followed the policy of the incumbent government. This way of working *through* Dutch CSOs rather than directly funding CSOs in developing countries, had been subject to debate in the Organization for Economic Cooperation and Development (Development Assistance Committee, 2011).

With the Aid and Trade agenda, it was announced that the co-financing program would be discontinued after 2015. Development financing through CSOs has been replaced by 'strategic partnerships' along the lines of the core subjects of the agenda, with a budget reduction of €385 million to €185 million, while at the same time Southern CSOs could also join partnerships ("Brief inzake hulp, 2013; Broere, z.j.). In 2015, this funding was allocated to 25 (alliances of) CSOs to enact a policy of "dialogue and dissent" in active cooperation with the Ministry of Foreign Affairs ("Brief inzake samenwerking maatschappelijke organisaties", 2013). In practice though, the budget cuts meant that CSOs had to find alternative sources of funding for (part of) their activities, while significant cuts in activities and personnel has often been unavoidable (Hivos, 2015; Rahman, 2014). Many CSOs have been exploring partnerships with the private sector to fill part of the financial gaps, next to exploring funding by other government agencies, philanthropist, and EU funding.

Some respondents to this study suggest that the criticism heard at the launch of the agenda may have more to do with these budget cuts than with the renewed focus itself. The agenda meant that a substantial part of the development budget was reallocated to the private sector. Moreover, the development cooperation budget is already a point of discussion, regarding which topics should be financed such as global public goods, including climate change as well as the costs for the reception of refugees in the Netherlands. These activities are also limiting the budget for the 'traditional development activities,' which have been mainly executed by CSOs.

3. AID AND TRADE IN THEORY

To understand changes in Dutch policy and some initial reactions to the policies, this chapter provides a brief literature review on theory underlying the changes in development policy. It answers the questions: To what extent is the Dutch approach of combining aid and trade unique? How does it fit with global trends?

3.1. A changing international aid landscape

A starting point to understand the change in policy background is provided by recent changes in the overall global aid landscape, geopolitical and economic interests, and in particular shifts in donors and their approaches (Gore, 2013). For a long period, OECD DAC-donors - the traditional rich and Western countries - have channeled their aid to approaches mainly focusing social development, which was also connected to the Millennium Development Goals. Emerging donors such as China and India, emphasize the promotion of economic independence and infrastructure as central to development, while stressing mutual benefits as part of such “giving” (Mawdsley, 2012). This increase in the number of donor countries and South-South cooperation increases the autonomy developing countries have in determining the kind of aid they receive (Harman & Williams, 2014). It has been suggested that DAC-countries that integrate the economic argument into their policies are reacting to these changes, where a focus on the private sector is suggested to be a response to a changing economic reality (Lambregtse, 2013; Roodenburg, 2014), while aid is decoupled from CSOs (Murray & Overton, 2016). A risk is that this focus on the private sector comes with neglecting countries without direct market potential, where a very large part of today’s poverty is located (Grotenhuis, 2015; Kharas & Rogerson, 2012). Overall, the global aid picture is becoming more diverse and blurred with less clarity on positions of OECD DAC countries as compared to emerging economies.

In practice this means that the role of the (donor) state becomes increasingly one of supporting the private sector. In addition, to just encourage private sector development, there is an emphasis on partnerships and financial aid to the private sector as well as support to increasingly take part in global production networks or global value chains (Coe & Yeung, 2015; Henderson, Dicken, Hess, Coe, & Yeung, 2002; Kindornay & Reilly-King, 2013; Vaes & Huyse, 2015). Highlighting this private sector role and partnerships is also visible in the Sustainable Development Goals (SDGs) and the outcomes of the Busan Conference on the effectiveness of aid (Mawdsley, Savage, & Kim, 2014). The “poverty reduction mission” is replaced by a “sustainable economic growth” mission. Furthermore, other traditional donors have changed their focus, including for example the United Kingdom’s Department for International Development (Mawdsley, 2015). Some warn that the increasing ambiguity of this new mission means that ‘aid’ may simply reproduce current dichotomies in development, for instance, by having production versus consumption countries (Murray & Overton, 2016). Cambridge-based development economist Chang (2010) parallels this fear, arguing that true development is not just about increasing exports from the developing world. Instead, development should be about bringing about change in the structure of the economy. According to him, rather than solely focusing on the sectors where countries currently have a comparative advantage, we should allow countries to develop new industries. Chang recognizes that this means partially returning to the development discourse of the 1950s, in which development was expected to come from a diversified and protected internal market. It is worth noting that the World Bank for instance, has also paid increased attention to this line of thinking (Harman & Williams, 2014).

As discussed in the previous chapter, the body of knowledge on policies that connect development cooperation to private sector development is still scarce. The OECD concluded the lack of established provisions for monitoring, evaluation, and reporting hinders the assessment of the effectiveness of the private sector in development (Organisation for Economic Co-operation and Development, 2016). Some recent studies show that there are several restrictions and pitfalls limiting the impact of such policies.

The AIV stated that none of the pioneering companies that aim at integrating sustainable developments into their business model can boast of a fully sustainable business model, mainly due to competition and the market. It was also argued that in general SME's, social entrepreneurs, and financial institutions still contribute little to sustainable development outside the Netherlands. This applies especially to human rights issues (Adviesraad Internationale Vraagstukken, 2016). A previous evaluation of the ORET instrument executed by the Policy and Operations Evaluation Department (IOB) showed that 9 out of 22 projects included in the research resulted in the envisaged increase of jobs. Another IOB evaluation focusing on a FMO-IDF program showed that only 51% of the invested funds was of added value with a high impact. The remaining investments were either not additional (37%) or they had limited impact on development (12%). Moreover, the number of companies using the instruments proved to be small: in the period 2007 to 2012, half of the ORET budget was used by eight companies (including some non-Dutch companies). According to the IOB, executing agencies presume too easily that instruments are of added value (in terms stimulating CSR as well as access to capital, technology, management skills and markets), while instruments that lack additionality are not effective and can even disturb internal markets (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie, 2014). The OECD therefore recommends to establish systems to ensure and measure additionality (Organisation for Economic Co-operation and Development, 2016). The IOB also showed that there has been limited exchange between organizations working with the instruments like ORET, while the coordinating role of the Ministry of Foreign Affairs and embassies was finite. This fragmentation inhibited learning and effectiveness of the program.

The Dutch Ministry of Foreign affairs has published short overviews of Private Sector Development results of the current agenda for trade, aid and investment (1.4 respectively 1.2 million) the ministry, the number of plans made by companies to invest or trade in low- and middle-income countries, supported by private sector programmes were 925 in 2014 and 2,105 in 2015. Other results mentioned include the number of jobs supported by private sector development programmes (150,000 in 2014 and 191,000 in 2015) (Ministry of Foreign Affairs, 2016).

Despite the little evidence that policies focus on combining 'aid and traded' work in practice, an increasing number of donor countries have put more emphasis on this connection in their policies. Like in the Netherlands, this shift also included integration of trade and development ministries (Murray & Overton, 2016). Other countries where international trade and development now fall under the same ministry include Australia, Belgium, Canada, Denmark, Finland, Germany, Ireland, and New Zealand, although there are important differences between these countries in terms of appointed politicians and the specific minister involved.⁷ In Canada and Australia, these organizational changes were – like in the Netherlands – subject to significant controversy (Day, 2016; Harper, 2014; Schwartz, 2013).

Box 4. Aid for Trade

Besides the Aid and Trade agenda reported in this paper, there has been an international policy initiative on 'Aid for Trade' that started earlier. This initiative was first mentioned at the start of the Doha Development Round of the WTO and was made into an official program at the 2005 WTO Ministerial Meeting (Mayer & Milberg, 2013). The goal of this initiative is to assist developing countries in creating better opportunities for international trade. This

can be done through trainings, both for customs officers or exporters as well as diplomats on international trade negotiations, but also through research on the country's comparative advantages (Van Hoestenbergh, 2006). The core idea is that lowering barriers to trade will lead to increased international trade with developing countries and subsequently positive development outcomes. On the other hand, the initiative has been feared to be used to

⁷ While these countries have merged the ministries for international trade and development, in some cases the respective policy fields are still split across two ministers.

promote the (neoliberal) economic interests of donor countries through flexible and inconsistent use of the term Aid for Trade and neglect the perspectives of developing countries themselves (Holden, 2014). Research suggests that exports of recipient countries increase more than that of donor countries, while middle-income countries profit significantly more from aid for trade than low-income countries do (Hühne, Meyer, & Nunnenkamp, 2013). The

Aid and Trade agenda of the Netherlands is sometimes (incorrectly) confused with the WTO 'Aid for Trade' initiatives *

See for example

<http://www.ethiopianembassy.be/en/2016/12/08/dutch-investments-in-ethiopia-a-successful-aid-for-trade-model/>

3.2. Corporate social responsibility and shared value creation

The concepts of corporate social responsibility, “shared value creation” and “responsible business conduct” have increasingly received attention among companies. The corporate social responsibility concept is informed by the idea that business is “accountable” to a wide range of stakeholders besides its own shareholders and investors. Key areas of concern are well-being of employees, the community, civil society, environmental protection, and human rights. The term CSR was first introduced in the 1960s but has become more concrete and measurable due to reporting initiatives in the 2000s (Baron, 2014; Spitz, Kamphof, & Hogeling, 2016). At the same time, the concept of creating shared value (CSV) has gained growing attention. The two are often used interchangeably but there are important differences. CSV is more related to the business model of companies contributing to objectives like improved labor conditions and environmental sustainability. These objectives are linked to better business performance for the firm itself and based on creating economic value in a way that simultaneously advances economic and social conditions in the countries where the companies operate (Clark, Feiner, & Viehs, 2015; Eccles, Ioannou, & Serafeim, 2012; Gradl, Sivakumaran, & Sobhani, 2010; Orlitzky, Schmidt, & Rynes, 2003; Michael E. Porter & Kramer, 2011). This is an important business-related difference. As Porter & Kramer (2011) explain: “CSR programs focus mostly on reputation and have only a limited connection to the business, making them hard to justify and maintain over the long run. In contrast, CSV is integral to a company’s profitability and competitive position. It leverages the unique resources and expertise of the company to create economic value by creating social value” (p.16).

While the concepts are overall applauded, some call for more restraint in seeing CSR as the solution to bridging aid and trade. Some sectors may not be vulnerable to reputation damage, reducing their incentive for CSR (Van den Berg, 2015), while others take issue with the emphasis on potential economic gains for the firms themselves (D'heur, 2015; Nijhof, 2016). Furthermore, some worry that as long as CSR is voluntary, it will not lead to real change (Enneking et al., 2015). Although CSR might seem booming, still a limited number of companies integrate CSR as a part of their business model. For instance, of 60 large Dutch multinationals included in a 2016 study, only 18 are publicly implementing the OECD Guidelines (Van Heck, 2016). For SMEs, the high relative cost of compliance, e.g., through reporting requirements, may form an even stronger barrier than for larger enterprises (Inyang, 2013; Van Westen et al., 2013). The Netherlands does not plan to legally require compliance (Aangeenbrug, 2013; Enneking et al., 2015).

By promoting CSR, there is an implicit (political) role given to the private sector as an actor with social responsibilities (Scherer & Palazzo, 2011). Still, when it comes to partnerships, the internal politics are suggested to often be underestimated, which can mean that the tendency to neglect institutional and structural constraints to development is reproduced (Engel & Byiers, 2015; Hudson & Leftwich, 2014).

Finally, even responsible conduct does not directly lead to inclusive development. Higher wages and better training opportunities can itself lead to a “dual system”, with those employed in sectors connected to world markets being much better off than those that are locally oriented (Bilal, 2015; C.W., 2014; Van Westen & Zoomers, 2014). As a result, government policy has been suggested to be

required to ensure that the benefits of growth are shared more equally among the population (Ash, 2016).

3.3. Policy Coherence

Another often used concept in which aid and trade policies are connected is commonly known as Policy Coherence for Development (PCD). This concept is about lining up policies in other fields than aid with the goal to reduce poverty. According to ECPPM, “Coherence for Development aims to prevent negative side effects across policies and promote positive synergies to the benefit of development policies and objectives” (ECDDP, z.j.-b). The origins of this concept date back to the 1990s, and especially the European Union has been active in PCD (Europese Unie Art 208, 2013; European Union, 2005)

With the SDGs agreed upon in 2015, sustainability has also been added, introducing ‘Policy Coherence for Sustainable Development’ (European Commission, 2015a). PCSD is an approach and policy tool to integrate the economic, environmental, social, and governance dimensions at all stages of policy-making, both domestically and internationally, attempting to emphasize the integrated and cross-sectoral character of the SDGs (Kamphof & Van Ewijk, 2016) (Organisation for Economic Co-operation and Development, 2015). It has been suggested that PCSD can be used to offset the fact that ODA forms an increasingly small part of the financial flow to developing countries, through increasing the effectiveness of spending and raising other income sources (Dohlman, 2016). Putting policy coherence into practice requires active monitoring and evaluating of policy not only nationally, but also in dialogue with international organizations and other stakeholders like CSOs and the private sector (Adviesraad Internationale Vraagstukken, 2012; Partos, 2015).

The Dutch development cooperation and international trade agenda should not be seen isolated from the EU context. Since international trade is an exclusive competence of the European Union, the individual member states hold little sovereignty in this field. On the other hand, export promotion is a national competence and development cooperation is a parallel or ‘shared competence’⁸ (Art 2-6 Treaty of the Functioning of the European Union). As a result, the Dutch minister has most power to decide on issues of export promotion and development cooperation above international trade. This is also affecting the coherence of the Dutch agenda. Although development is held to be a core concern in EU trade policy (European Commission, 2015b), it has been suggested that in practice economic interests often gain the upper hand, especially since Directorate General of Trade takes a dominant position in the European bureaucracy (Carbone & Orbie, 2014; Zijlstra, 2013). The EU and its Member States currently reconsider partnerships with 79 former colonies in Africa, the Caribbean, and the Pacific that seem to be driven by trade interests and last from 2000 to 2020. A successor of this so-called Cotonou Partnership Agreement might prioritize policy coherence for sustainable development (Kamphof & Van Ewijk, 2016).

⁸ Development cooperation is a specific type of shared competences (‘parallel competences’) in which Member States keep the autonomy to act independently of the European Commission.

4. AID AND TRADE POLICIES IN PRACTICE

Where the previous chapters set out the policies of the agenda for Aid, Trade, and Investment and its related theoretical foundations, the current chapter considers the practical implications of the agenda. It answers the main research question of this study: How has the focus on aid and trade in Dutch development policy affected Dutch stakeholders in the field of development cooperation? To answer this question, we turn primarily to the qualitative research findings; this chapter focuses on the policies in practice as perceived by the experts involved in this research. Furthermore, research findings of a short survey among Dutch SMEs were considered.

4.1. General reflections on combining aid and trade

As was discussed in Chapter 2, the policies generally received criticism from the start, and the response from various Dutch actors was lukewarm at best. However, most respondents participating in this research were rather open and positive towards the idea of combining the aid and trade in one agenda. They felt it is only partly a new agenda as the Dutch government has been focusing on combining aid and trade before. Despite the positive attitude, many respondents were critical towards how policies are executed, especially looking at the limited integration with other relevant topics, like climate change and the involvement of the poorest people. Although these aspects are included in key policy documents (Ministerie van Buitenlandse Zaken, 2013), in practice they do not get enough attention in the projects combining aid and trade. As one of the respondents mentioned, the idea that the Aid and Trade agenda also includes the poorest is rather forced, for policies that are really aiming to reach the poorest would require another approach. Several respondents suggested that the agenda relies on the idea of trickle-down economics, whereby economic growth will eventually lead itself to greater economic inclusion. As one respondent put it:

“The aid and trade policies have modernization as a starting point, whereby the idea of ‘trickle-down’ is important. There is an assumption that eventually the poorest will benefit. This way, attention for the poorest is becoming more mainstream, while in former policies the poorest received specific attention.”

The number of (new) instruments in which aid and trade are actually combined was said to be limited. Some respondents state that the possibilities to involve business expertise and finance, in that way increasing the ‘leverage’ of the aid instruments, are not fully used. Some respondents also mentioned that the economic development model itself is not being discussed, which means that certain forms of value creation, like social cohesion or environmental benefits, are not taken into consideration. Related to this, some respondents argued the policies do not stimulate real innovation and are not open to new organizational forms like social enterprises.

4.2. Policy instruments

Chapter 2 highlighted the various instruments that are part of the Aid and Trade policies like DGGF and DRIVE (see table 1). This chapter especially focuses on DGGF, because it is the main instrument and best known and most referred to by the respondents.

Dutch Good Growth Fund

Respondents are relatively positive about the programs executed under the DGGF. However, the size of DGGF is small with an annual budget of €200 million; only a limited number of programs have been executed so far (around 58 projects in the first 2.5 years) (“Brief inzake Dutch Grow Fund”, 2016). This is related to the introduction of the agenda and long trajectory of most programs at the start of DGGF. For instance, for track 3 focusing on export credit insurance and financing for Dutch SMEs, it took a long time before a first application could get approved. At the same time, more funds will be made

available for the execution of track 2 of DGGF focusing on investment for SMEs in developing countries as the number of suitable/promising applicants was higher than expected.

Trade Missions

Trade missions for Dutch companies to partner countries for aid and trade, were regarded as a crucial part of the Aid and Trade agenda. Giving attention to 'aid' in trade missions is not straightforward or self-evident for most companies; therefore, requires special attention. Some experts participating in this research mentioned the broader notion of 'sustainability' could become a more important part of trade missions. In addition, the involvement of other actors outside the private sector such as CSOs, could be used more.

Covenants

Apart from the (administrative) support for companies, sectoral covenants and 'self-regulation' are also taking off since the Aid and Trade agenda (see Chapter 2). The involvement of the Ministry of Foreign Affairs and especially Minister Ploumen in setting up these covenants together with labor unions and CSOs, was generally praised and mentioned as a good example to address CSR within specific sectors.

The sectoral covenants are mostly aimed at the top and perhaps middle-business performers. This way, these instruments are complementary to binding instruments like regulations. The underlying logic is that regulation only provides a bottom level of compliance, and does not give 'frontrunners' an incentive to go even further. Covenants are thus suggested to facilitate and motivate a larger group of companies. On the one hand, the lack of regulation is contested, because there are no specific requirements for companies involved, and it gives activist actors acting as watchdogs of industry little legal leverage in their work. On the other hand, the focus on self-regulation may be beneficial to those more pragmatically inclined. This pragmatic stance is regarded as a core part of the Dutch deliberative culture, in which the covenants are being negotiated. The previous argument about the abilities of well-established and well-informed companies in CSR practice is however important to reiterate; mechanisms to support laggards might be needed to overcome the risk of a gap emerging between a silent majority continuing with business-as-usual versus a relatively small group in a process of continuous improvement being put in the limelight.

Other instruments

Other instruments like DRIVE, CBI, and PUM were less mentioned. Respondents who know about DRIVE were general positive about this instrument. However, they mentioned the project just started. It was argued the instrument was paternalistic in the past with a central role for governments in partner countries. The new focus is more targeted to involving Dutch enterprises. ORIO was criticized for focusing too much on the long term, which was not appealing to most companies. Also because of complexity, some companies lost interest, according to some respondents. CBI and PUM were mentioned as unique; however, it was stated new policies 'forced' these actors in new roles, which not always matches their strength. The same applies to the CBI project. It was argued that these instruments work well for some projects involving local actors who really want to contribute to positive changes within communities, while others are more focused on personal gains. The increased attention for CSR within PUM was considered positive.

Several other instruments were mentioned in the interviews and to some there was some confusion as to which instruments were part of policies and which ones were not. The export credit insurance (EKV) deserves a special annotation. It has a long tradition whereby financial ties between the Netherlands and Third World countries are strengthened, although its goal is to create growth and employment in the Netherlands. Simultaneously, the CSR application within the EKV received more and more

attention and is taken very seriously. One respondents felt that the EKV instruments could effectively be used to increase the leverage of the aid agenda. (See also ("Brief inzake Maatschappelijk verantwoord ondernemen", 2012)

4.3. Complexity of the instruments and inclusiveness

Many respondents mention the instruments are in general very complex, which has an important impact on themes, partner countries, and actors involved. Generally, companies opting to participate should meet many criteria before considered eligible. Because of political pressure, even more indicators were added like gender and the involvement of youth (employment) than initially envisioned. While theoretically the instruments are open to all sorts of companies and organizations, in practice the instruments were said not to be inclusive. Because of these limitations, several respondents questioned the additionality of the instruments; that is, whether it promotes activities that would otherwise not have taken place. Policy instruments aiming to stimulate the private sector that were introduced before the DGGF such as PSI, were also critically assessed in terms of their limited additionality (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie, 2014). Some respondents also asked attention for evaluating additionality of the instruments; there is still little knowledge about the added value of the Aid and Trade agenda.

Themes

With the general focus on aid and trade in the new development cooperation policies, it was argued that certain themes are less well addressed than in the former policies. This applies especially to topics like human rights, including LGBT rights. Also, themes like health (except for sexual and reproductive health and rights), education, and 'good governance' have received less attention and funds over the past few years. Keeping the balance to make sure these topics are not neglected should also be the responsibility of the government, one respondent stated. Moreover, some respondents mentioned that although issues like gender and youth unemployment are included as important criteria in the Aid and Trade agenda, results are mainly measured from an economic perspective, while the impact on other aspects, including environmental aspects and health conditions as well as value creation in the wider value chain, do not receive enough attention.

Partner countries

Regarding partner countries, some respondents stated that the policies work best in those countries with a vibrant economy, like (lower) middle-income countries. Most of these countries have a rather stable institutional context and can meet set rules and regulations. This is in line with earlier studies; for instance, Van Westen and Zoomers argued that a potential problem of the DGGF is that applications may be skewed towards countries in relative little need of help, who are most interesting for SMEs to invest in (Van Westen & Zoomers, 2014). In a worst-case scenario, the Aid and Trade policies can even have adverse effects whereby more power goes to the top or elites. A focus on economic development without institutional development can also imply that certain countries are mere production centers, rather than locations of economic and social progress.

Because of the complexity in combination with language barriers, the Aid and Trade agenda is also said to mainly target the English-speaking countries. It was also stated that within partner countries only a small or narrow group of companies can use the instruments, because of the complexity.

Actors

As most respondents pointed out, the policies mainly focus on a select amount of companies who can meet all the required criteria, while there is little attention for involving a larger group. Furthermore, while CSOs were promised they would be able to participate in the Aid and Trade agenda, their role is rather limited in practice. The role of various actors will be further discussed in the next chapter.

4.4. Reflection on roles and responsibilities of Dutch actors

Three overarching findings emerge regarding the roles prescribed by the Aid and Trade agenda. First, the agenda asks all actors to be pragmatic and self-responsible, by actively incorporating the agenda's objectives in their work and taking a cooperative stance to others in the field. Secondly, the agenda, in combination with budget cuts on the development cooperation budget, has had an important impact on traditional roles of stakeholders whereby roles are shifting. Thirdly, related to this, there seems to be some skepticism whether certain actors will be able to take up their new role successfully. In part, this skepticism is based on historical differences: e.g., a history of antagonistic relations between CSOs and business, while different actors may also simply lack the expertise, or credibility, that their new role requires. The difference in roles for specific actors will be elaborated upon below.

Private sector

Although the private sector has already played a role in the development cooperation agenda for a longer period, the current agenda is placing the private sector more in the center. However, as most respondents pointed out, the policies mainly focus on a select number of companies who are able to meet all the required criteria while there is little attention in involving a larger group. This way mainly companies that are 'at the end of the chain' are being served.

Because eligible projects are often small and relatively inflexible, many companies also decide not to go through the process. Concurrently, some experts note that certain businesses are already seeing opportunities in emerging markets themselves and do not need a boost from the Ministry of Foreign Affairs to act on those opportunities. This applies specifically to those companies that have experience and capacity to operate internationally and/or have experience in CSR.

Current instruments were also said to limit or even exclude the involvement of innovative organizations or companies like social enterprises, because they do not easily fit in a certain category. At the same time, it was argued that consultants are among the winning group. Because of the complexity of the instruments, many companies hire consultants to write proposals.

Respondents note that the regulatory and reporting burden imply that agencies in charge of administering the aid and trade instruments spend a significant amount of time helping the companies implement the requirements. This applies especially to SMEs, because SMEs have limited capacity to address all the requirements. This is in line with earlier suggestions from the literature that national governments increasingly support the private sector when development policy is aimed at economic growth (Murray & Overton 2016).

CSOs

For many CSOs, their historical role has been an activist one structured by ideological principles. Some respondents state the drastic budget cuts is heavily affecting the CSO sector and see the current policy as "selling its soul to the devil." But again, other consulted experts are more pragmatic. They see the core premise of the agenda with its focus on the involvement of SMEs to stimulate economic development in partner countries as "making sense," but are nonetheless critical if stimulating Dutch SMEs is the right way of doing so and feel CSOs could play a stronger role. The budget cuts by the Ministry of Foreign Affairs, which occurred at the same time as the switch of policies, mean that CSOs are exploring other sources of financing, for instance through social entrepreneurship or impact investing. However, this move is not straightforward, as many CSOs lack experience in these fields. Some respondents even find the idea of impact-investing CSOs downright 'dangerous.' It should be noted several NGOs already had more connections with the private sector, making it easier to make a transfer.

Some respondents also question whether the agenda uses the CSO strengths, for instance, by drawing on their expertise and years of experience of working in partner countries. They especially mention better use could be made of the knowledge and expertise of NGOs in DGG. With the general budget cuts, a lot of expertise has been lost for the sector.

While CSOs were promised, they would be able to participate, in practice the role of CSOs in the implementation of the new Dutch development policy was said to be more limited than in the past. To some extent, this is simply because several CSOs primarily have a lobby and advocacy role and/or they mainly stimulate this role for partner CSOs working in lower-income countries. The Dutch government also stimulates this role. However, the suggestion was also made that CSOs often neglect the 'dialogue' element (with the Ministry as well as with the private sector) of their (new) role (see Box 5).

Box 5. CSOs and corporations: Cooperation or conflict?

As mentioned before, the historical relationship between corporations and CSOs has been primarily antagonistic. The Aid and Trade agenda requires a more constructive engagement between the two, which requires a more pragmatic approach within these sectors: "building more bridges." Changes mark the current decade, with CSOs becoming more businesslike and corporations becoming more social or responsible. While some say CSOs should focus more on their watchdog and monitoring role, others emphasize their role in partnerships with the private sector. There are various positive examples of constructive dialogues in multi-stakeholder settings. However, some

respondents participating in this research argue that a few CSOs also come with a negative attitude and could be more constructive in multi-stakeholder dialogues. The more activist CSOs are said to want too much at once, requiring companies to make many changes at once, rather than settling for the few steps the company is willing to take at a time. "If you settle for less, you can achieve more," as one respondent stated. The result of too ambitious targets, might be that subsequently no steps are taken at all, as one of the respondents warned. In the academic literature, these conflicting roles are also recognized (see for instance Yaziji & Doh, 2009).

Executing agencies

The central organizations in the execution of the Aid and Trade policies are RVO, Atradius Dutch State Business, and PWC/Triple Jump, while also organizations like FMO, DHI, and PUM play a role. The Ministry of Foreign Affairs is not considered directly involved. Because of the complexity of the instruments, executing the programs is a challenge for these agencies. According to the respondents, this was said to specifically apply to an agency like RVO, which has had less opportunity to build on long standing experience compared to other executing agencies. Especially knowledge on the local conditions in partner countries was said to be relevant to execute policies properly.

Government

The idea that capital is mobilized in a result-oriented way – safeguarded through monitoring and evaluation schemes – is regarded as a positive aspect of the instruments chosen. Most criticism of the agenda, however, focuses on the fragmented nature of policies and instruments. Also, some see the instruments as poorly designed, and the main DGGF fund is considered small (with a budget of €200 million annually). Through budget cuts in government departments, there may be a lack of substantive knowledge on corporate processes as well.

Furthermore, it was stated that only a particular group of policy advisors is involved. By only having moved trade to Foreign Affairs, respondents argue that there is still a lack of true policy coherence. This starts with supposed remaining frictions between the ministries of Foreign Affairs and of Economic Affairs. According to most respondents, the relations with other departments of the Ministry of Foreign Affairs is limited. For instance, some respondents mention there is limited attention for the

link with sustainability issues like climate change, which was perceived as a missed opportunity. As one respondent stated:

“My main criticism on the policy is that the climate and poverty agendas are treated too much in separation, while poverty, inequality, and climate are closely related to each other. That’s the good thing about the SDGs: it’s an integrated agenda.”

Some organizations also feel the government is entering their terrain of expertise, without having their commercial and professional insight. In the new agenda, the government must combine multiple, sometimes contradictory, roles such as legislator, partner, grant/loan provider, and market regulator, which is quite a challenge (AIV, 2016). Despite the recognition of the shifting of roles, several respondents emphasize that the various actors involved in the Aid and Trade agenda should at the same time “stick to their own (traditional) roles” (see also Chapter 5).

Other actors

As mentioned before, an important motivation underlying the present agenda is to provide financing opportunities for projects that the commercial banks are unwilling to support. In that light, it is interesting that some respondents see more engagement with banks and institutional investors, like pension funds, as potentially beneficial, especially because of the large volume of capital that could be mobilized through them. But others point out the risk of public backlash in case ‘Dutch’ money is invested and lost in low-income countries.

Another category of actors that is mobilized in the Aid and Trade agenda are (Dutch) labor unions. Through their traditionally prominent role in the Dutch political landscape, they are difficult to compare to other CSOs, but they are often active in relationships with other labor unions and through platforms like the International Labor Organization. In addition, they have been engaging with companies and CSR-issues already for a long time.

Linking the Dutch agenda with the multilateral level is difficult for many respondents, often because they have little sight on the roles of international organizations. At the same time, some do see the advantage of scaling initiatives up to the level of organizations like the EU, UN, OECD, or WTO. One respondent suggested to pay more attention to multilateral banks (e.g., World Bank, ERBD, and AIIB). While some explicitly mention the OECD and in particular the guidelines. Others again point to the UN as contributing to coherent political and economic decision-making, especially in the form of the SDGs as a “powerful framework” for an integrated approach.

4.5. Perception of Dutch SMEs and the Aid and Trade agenda

How do Dutch companies assess the Aid and Trade agenda, and do they behave socially responsible themselves? To answer these questions, a survey was conducted among a sample of 1012 Dutch companies. The survey was integrated in a larger questionnaire for companies as part of the two-yearly study “Giving in the Netherland” (“Geven in Nederland”) of the Philanthropic Studies Department at the Vrije University Amsterdam (see annex 1) Among the Dutch companies participating in this survey, 76 companies (8%) operate in non-Western countries and/or buy directly services or products from these countries.⁹

⁹ It is important to note that a large part of these companies is operating in China (40%).

Belief in the role Dutch companies can play in reducing poverty elsewhere

The majority (67%) of companies that are economically active in non-Western countries, believe Dutch companies can indeed play a role in poverty reduction in these countries (see Figure 1). They are equally convinced of their own contribution: two-thirds agree that their own company contributes to economic development in non-Western countries through its international activities (see Figure 2). Only 5% disagrees with this statement.

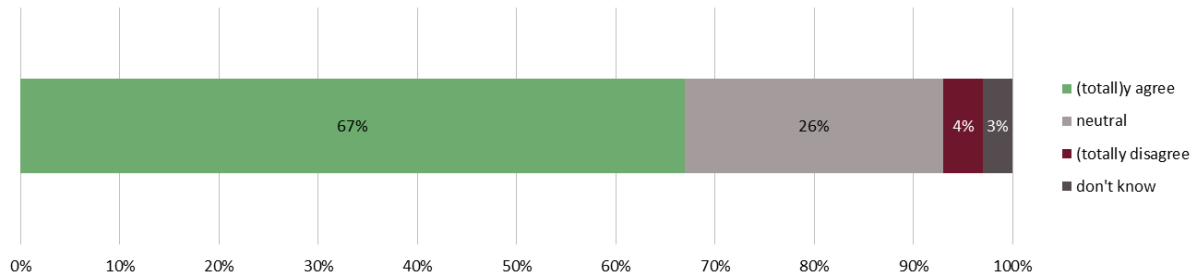


Figure 1. Dutch companies can contribute to poverty reduction in developing countries (N=76).

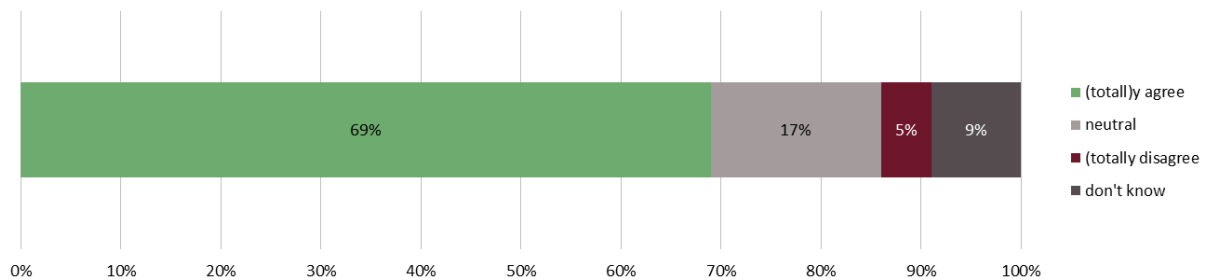


Figure 2. My company contributes to economic development in non-Western countries through its international activities.

Governments as most important players in poverty alleviation

Although company representatives do believe in the added value of economic activity to reduce poverty, they still think that governments in developing countries are the most appropriate actor to address poverty (see Figure 1). Three out of ten mention this actor as the most appropriate, whereas only 5% consider Western governments to be the key actor. Companies in developing countries (18%) and international institutions like the UN (14%) are also frequently cited as important actors to tackle poverty. In addition, 12% mention multinationals. However, the belief in the power of economic activity is restricted: Western companies are barely mentioned as the most suitable actor that can contribute to poverty reduction. (This is likely related to the fact that many Western companies are not active in developing countries.)

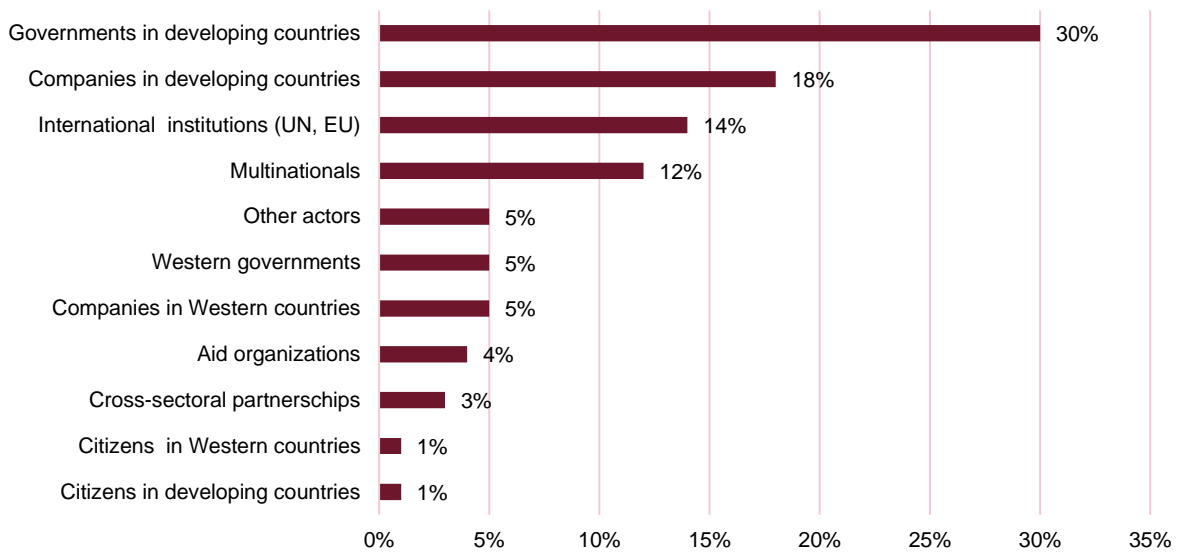


Figure 3. Which actor is most appropriate to address poverty? (%) (N = 76).

Corporate social responsibility according to Dutch companies

It appears that (aspects of) CSR is common practice among 60% of the 76 companies participating in the survey. Of the companies operating in non-Western countries, almost half (49%) agree that they often or (almost) always take human rights into account in their international operations (see Figure 2). Four out of ten indicate that they often or (almost) always involve the local population in their activities. Slightly less (40%) pay attention to the impact on the environment. It appears that 13 of the 76 companies active in non-Western countries believe they contribute to economic development, whilst not taking into account the local community or human rights and/or the environment.

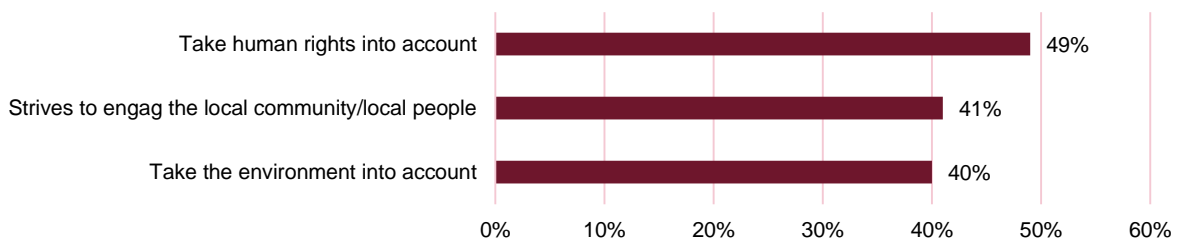


Figure 4. Percentage of companies active in non-Western countries that often or always take different aspects of social responsible organizational behavior into account (N = 76).

Box 6. Examples of how companies involve local population in their activities

SMEs active in non-Western countries where the local population were involved in their international activities, were also asked how they involved the local population. SMEs mainly involve the local population by offering jobs, sometimes explicitly mentioning better working conditions or terms of employment. Companies also mention training possibilities for staff and buying local products to support

the local company. An example of how companies try to improve working conditions, as stated by a respondent: "We employ people in our factory, and we pay more than the average wages and with better benefits. Where possible, we purchase locally. We also train people to work with us."

Low awareness and usage of Dutch international CSR policy instruments

The vast majority of the 1012 Dutch companies surveyed appear not to be familiar with policy instruments offered by the Dutch government to stimulate companies to operate responsibly in non-Western countries. This is not surprising, as many of these companies are not active in these parts of the world in the first place. However, also hardly any of the companies operating in non-Western countries are aware of these instruments: only four out of the 76. As a result, there are also only a number of companies interviewed that has ever used a particular instrument offered by the Dutch government. This lack of knowledge about the fund's existence can be an explanation to the relative low number of applications to the DGGF, together with the complex application process mentioned before.

How to encourage international corporate social responsibility?

Despite the low awareness of Dutch international CSR policy instruments and the lack of interest and use, most of the 1012 companies do believe that the Dutch government has different possibilities to encourage companies to improve their corporate social responsibility in non-Western countries (see Figure 3). One fifth do not see any role for the Dutch government. According to the companies, offering practical tools is key to encourage CSR (41%). They also believe that the government should provide information (38%), and that companies involved in CSR should be offered financial incentives (35%).

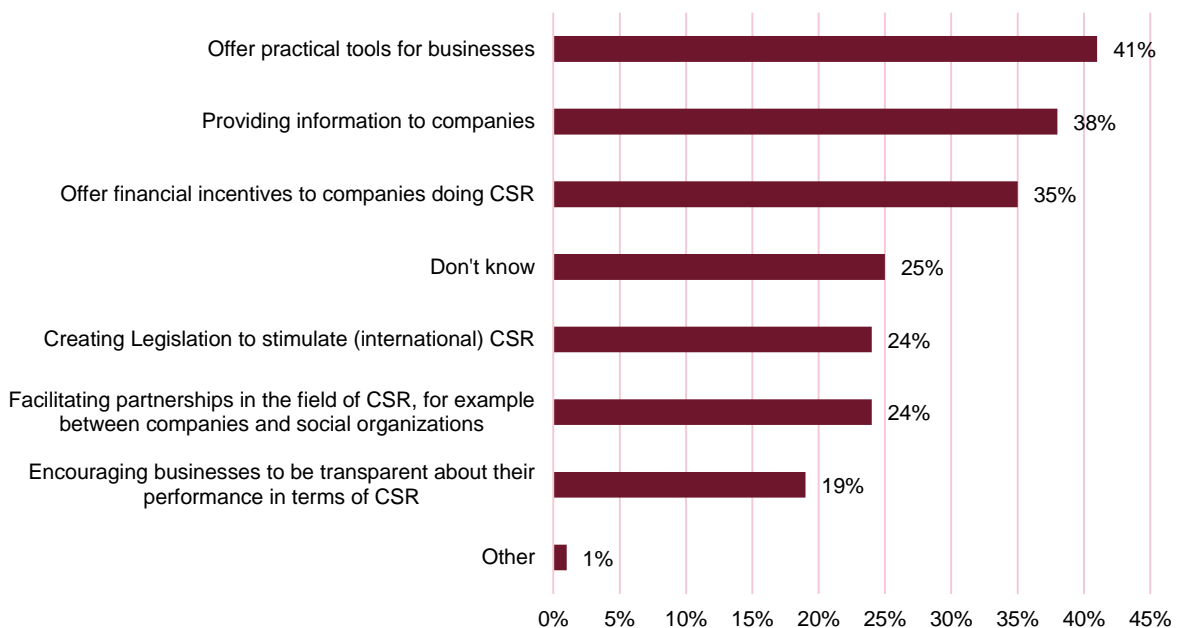


Figure 5. Assessment of companies how the Dutch government could encourage CSR (n = 818).

There are hardly any differences in their assessment on how the Dutch government should encourage CSR between companies that are and that are not active in non-Western countries. However, at one point companies active in non-Western countries differ from their counterparts; they are more positive about offering practical tools: almost half the companies active in non-Western countries (47%) feels that practical tools could encourage CSR, whereas one third (33%) of all other companies mention this.

Box 7. Summary of survey under Dutch companies (N = 1012) ¹⁰

- Companies active in non-Western countries are convinced of the role companies can play in reducing poverty elsewhere.
- Two thirds of the companies active in non-Western countries feel that their company contributes to economic development through its own international activities. At the same time, 60% of the companies are actively involved in (aspects of) CSR by taking the environment, the local people, and/or human rights into account.
- SMEs active in non-Western countries feel that governments and companies in developing countries should be the key actor to solve poverty in these countries.
- The Dutch CSR policy instruments are hardly known and hardly used among the 1012 interviewed companies.
- However, most of the 1012 companies (80%) do believe that the Dutch government could encourage enterprises to integrate more social corporate responsibility measures in their business models. Offering practical tools for business and providing information is the most effective way to improve CSR, according to these companies.

¹⁰ See Annex 1 for more information about the methodology and data collection.

5. CHALLENGES AND OPPORTUNITIES

As the previous chapters have clarified, the Dutch Aid and Trade agenda has changed the development cooperation landscape for several Dutch civil society actors as well as the private sector since its conception in 2013. But the roles of executing agencies and the government has also changed. Based on experiences in the first years of the agenda, certain general challenges can already be identified as well as specific challenges and opportunities for the different actors involved in the agenda. This chapter deals with these challenges and opportunities, and sketches the way forward for these actors in light of possible amendments after the Dutch 2017 elections. Although several key challenges were mentioned, various actors emphasized the importance of continuity and consistency of the policies to be successful. This section builds mainly on the semi-structured interviews and focus group discussion with experts, as well as the survey among Dutch companies and literature review.

5.1. General challenges and opportunities

Combining the Development Cooperation and Foreign Trade agenda brings some general challenges and opportunities beyond its specific effects on Dutch actors. First of all, the effect of the agenda on the intended beneficiaries, the developing countries, is very country-specific. While all developing countries try to find their way into the world economy, the political and economic dynamics in developing countries differ significantly. The context in terms of regional economic development, presence of war and/or conflict, available natural resources, impacts of climate change, and distribution of wealth is affecting the path of development differently. These differences have an important impact on the opportunities and challenges for Dutch actors working in these countries. For instance, labor conditions in the textile industry in Asia are completely different compared to those of the agriculture sector in Africa, and working in fragile states is fundamentally different to working in a stable political context and conducive business environment, as one respondent stated. A focus on aid and trade needs to be adapted to the context in developing countries. The Aid and Trade agenda is especially challenging in the more fragile low-income countries.

Coherence

Secondly, a specific combination of trade and development aid might make the agenda more integrative than earlier more silo-based approaches, but according to the respondents the current execution of the agenda it is not coherent enough and might in some cases be counter-productive. This has to do with the focus on the dominant focus on the private sector in the Aid and Trade agenda. One respondent stated that despite all the criteria set, like gender and youth unemployment, impact is mainly looked at in economic terms:

“You can count the economic effects, revenues, profits, and number of jobs. However, you cannot count what is good for the environment and for health. So, partly I do understand it [the focus on economic impact]. But there is too little attention for the other impacts.”

Respondents emphasized not every problem in developing countries can be solved as a business case. This applies specifically for human rights issues like LGBT rights. To some respondents, in this regard the role of governments remain crucial, and that it also important to focus on institutional development in low-income countries and fragile states. This would help both the private sector as well as marginalized groups. More attention could go to the wider impacts of aid and trade policies and, e.g., inequality. This broader notion of ‘sustainable development’ incorporating people, profit, planet,

peace, and prosperity is central to the adopted Sustainable Development Goals. In comparison, the Dutch agenda was in practice said to be still rather narrowly focused.

Individual projects and companies

Thirdly, the instruments and criteria that are currently connected to the agenda are mostly focused on the private sector and more specifically to individual (Dutch) SMEs. There is added value in involving this category of actors, both for the local economies in developing countries as well as for Dutch export promotion; however, many interviewees question whether this focus is fair and (cost-)efficient. The impact of individual companies is limited, and the specific focus on individual SMEs is overlooking more sector-based actors such as business associations. A 'project' approach has been central in former policy agendas focusing on development cooperation and was abandoned as the projects were said to be fragmented. Authors such as Porter (1998) (clusters), Gereffi and Fernandez-Stark (2016) (Global Value Chains), and Henderson et al. (2002) (Global Production Networks) show that collective forms (within the cluster or the value chain) are important conditions for innovation by individual companies (Porter 1998; Gereffi & Fernandez-Stark, 2016; Henderson et al. 2002). As such, individual business projects with SMEs are preferably aggregated by 'meso-level' institutions such as associations. As was discussed in chapter 3, IOB studies focusing on previous instruments like ORET, also placed emphasis on this fragmentation resulting in limited effectiveness. According to the respondents participating in this research, this fragmentation is still an issue of concern.

Partnership models

This brings us to the fourth and latest general challenge, which could turn into an opportunity, namely building new partnership models for value creation and development cooperation. Exchange of knowledge and developing a 'common language' have been coined as very positive effects of multi-stakeholder partnerships or multi-stakeholder dialogues. These first years of the agenda proved helpful to search for partners beyond the traditional partners in own sectors and stimulate the exchange of knowledge. Whether these new CSO-private sector as well as multi-stakeholder partnerships are yet fully grown or still experimental needs to be evaluated in more empirical research and evaluations (see also Partnership Resource Center, (Spitz & Van Geffen, 2016). One of the central questions is: How are government bodies part of, or can become part of, such partnerships? They can stimulate/oversee new partnerships, or can they take on an active role themselves, thus becoming one of the participating parties in these partnerships? There are various examples of multi-stakeholder partnerships including government bodies like the Dutch-based knowledge platforms. Another example of such a platform is the Land Governance Multi-Stakeholder Dialogue (LG-MSD) aiming to provide concrete suggestions for Dutch public and private actors in how to contribute to responsible land governance. This dialogue was chaired by the Minister for Foreign Trade and Development Cooperation (LANDac, n.d.).

5.2. Challenges for different stakeholders

The focal point of this research has been Dutch CSOs and the private sector, i.e., SMEs. There are some specific challenges for these actors, according to the consulted experts. As mentioned before, respondents found the instruments rather complex. Potentially, this could have serious impact on the inclusiveness of actors in the Netherlands and in partner countries. The criteria and requirements of instruments proved to be difficult for individual SMEs, which constrained their participation. Respondents emphasize that especially SMEs that have no 'track record' in developing countries are finding it difficult to participate. They feel that they must oblige to more stringent rules on, e.g., women, environment, youth employment, and safety than their competitors from other (non-)European countries as well as the local companies in developing countries. If the costs of applying do not

outweigh the potential benefits, the long list of requirements might drive SMEs away from the new instruments. Consequently, there is a risk that only a few SMEs participate in programs such as DGGF, and these SMEs already have the experience and know-how to do business in developing countries even without the instruments, according to the consulted experts. Related to this, a potential effect is that the companies already committed to integrate socially responsible conduct in their business model are subsidized, while the laggards are not motivated to integrate SCR in their business model. On the other hand, many feel it is necessary to incentivize SMEs to do business in low-income countries as they are mostly risk averse: some of the risks needs to be compensated. This is exactly what the instruments aim for.

Expected role changes

The consulted experts explained that a potential related challenge and even threat to the agenda is the asymmetry in expected role changes for CSOs and the private sector. The private sector seems incentivized by the government to add or intensify the role of socially responsible conduct in developing countries to its portfolio while keeping its traditional focus on economic profits. For CSOs, on the other hand, it seems that the Aid and Trade agenda is partly requiring a new role, shifting away from its traditional role of contributing to poverty reduction and critically following actions by governments and the private sector towards the role of a social enterprise. Many CSOs combine various roles, and in some cases, they also struggle to unite these roles or choose between these roles (Spitz, Kamphof, & Van Ewijk, 2015). This shift is related to serious development cooperation budget cuts as well as government incentives, which are mainly targeting the private sector in the Aid and Trade agenda framework. At the same time, the government is stimulating the CSOs' watchdog role in partner countries. This asymmetry of roles is a potential threat especially if the new role of the private sector in CSR and/ or poverty reduction is not adequately addressed. As the AIV concluded, the government itself is also having difficulties combining and coordinating its multiple 'hats' and roles: e.g., legislator, partner, grant/loan provider, and market regulator (Adviesraad Internationale Vraagstukken, 2016) (AIV, 2016).

It seems CSOs are in particular not given the chance to adapt to the new situation and agenda; thus, the experiences and expertise of CSOs are hardly used. A constraint which was explicitly mentioned for DGGF was the exclusion of CSOs in certain bodies, like the export and import working group (which formulates recommendations for DGGF), making the instrument less inclusive and transparent. It was also argued that existing instruments are not always apt to include CSOs. For instance, it was argued the input of CSOs is only compensated when the project is executed, while CSOs make costs during the process, and possible profits are for SMEs.

Individual companies

Another challenge is that the policies were said to mainly focus on individual companies, while there is limited attention to exchange knowledge and coordinating activities. This applies to exchange between companies but also to exchange between different sectors. Consequently, hardly any lessons are drawn, and there is hardly any leverage effect of the activities put in practice. Related to this, the importance of scalability of the program was mentioned by the respondents; as of yet, only a small group is able to use the instruments. The existing partnership bears a lot of potential for knowledge exchange and capacity building. More use could also be made from knowledge and experience owned by umbrella organizations as well as meso-level institutions in between the small individual companies and macro entities such as the Dutch state or even multilateral organizations. One could think of business associations, sectoral interests, and specific international organizations. These meso-level institutions support the individual companies and CSOs with services such as specific knowledge and

finance. As some respondents argued, these institutions seem necessary for a broader uptake of the agenda and aggregating innovative projects by individual companies.

The shifting of roles of various actors can also lead to ambiguity about roles as well as a loss of efficiency and actors moving into positions where they are not sufficiently qualified for. A precondition for a successful implementation of policies mentioned by respondents is that actors should make sure to stay close to their core strengths 'let the cobbler stick to his last' (*schoenmaker, blijf bij je leest*). For instance, governments should make sure they focus on good and coherent policy making without interfering too much in the implementation.

Small projects

A specific challenge is the limited budget and impact of the Aid and Trade agenda. While the project-based financing and instruments are generally applauded, especially by SMEs, the actual financial volume of the projects was said to be limited compared to other financial flows. This is hampering the execution of the policies by Dutch actors as well as the impact in developing countries. It is questionable whether SMEs and CSOs could by themselves alter this course. Many CSOs have gone through important re-structuring phases of their organization related to budget cuts. In parallel, also SMEs have had real difficulties to focus on more long-term projects seeing the short-term risks of the financial crisis.

Related to this, some respondents pointed out that there is limited attention for the investment policies and investment climate in partner countries, while these are often bottlenecks for companies to start businesses overseas. Issues like purchasing of goods and being able to transfer profits, would need more attention in order to improve the Aid and Trade policies. The financial sector could be engaged more to make sure more attention is paid to the investment climate in partner countries

5.3. Opportunities for different stakeholders

According to the consulted experts, the Dutch Aid and Trade agenda has some specific advantages and opportunities. It brings parties together that historically have been working in silos. A more (financial) result-based approach to development cooperation could be an advantage, because it could counter the dominant image that Dutch aid money is 'misappropriated' (*aan de strijkstok blijven hangen*). Many interviewees have been critical of the execution of new pioneering roles by traditional actors such as impact investing by CSOs or poverty reduction by the private sector. Nevertheless, this pioneering exercise could bring the right innovation vibe in conservative parts of the (CSO or private) sector. Parties could learn from each other in partnerships, e.g., by sharing the lessons of social enterprises (by the private sector) or working together with communities in developing countries.

Moreover, some respondents argued more could be done with the follow-up of trade missions in developing countries. Mostly, the missions themselves are valued, but there could be more extensive follow-up by multiple actors. Also, CSOs do not seem so involved in the trade missions, while an exchange of knowledge could streamline Dutch aid and trade in specific countries.

New opportunities collaboration

The Aid and Trade agenda in combination with budget cuts on development cooperation has led to shifting roles of various actors. CSOs are becoming more 'business-like,' companies are paying more attention to CSR, and new executing agencies were set up to execute policies, while at the government level, some staff members were transferred to another ministry. This has changed the stakeholder landscape significantly and offers new opportunities for more collaboration. As earlier

research has shown, cross-sector collaboration is considered to be the best approach towards sustainable development (Spitz & Van Geffen, 2016).

The additional, financial means from the private sector that government might leverage can also be a real opportunity. There is growing attention from the financial sector to invest in issues like the Sustainable Development Goals (Dutch SDGI Initiative, 2016). The Dutch actors of the Aid and Trade agenda could profit from this trend; this agenda already combines a business-like approach with attention for sustainable development. Especially within production sectors, the covenants offer opportunities for different investment and partnership models.

In addition, other departments and ministries could be more involved. As one of the respondents suggested, they would probably be more interested in engagement if coherence would not only be defined as contribution to the aid agenda, but if it would also take the agenda of the other ministries into account.

5.4. Moving forward

A future-proof Dutch development cooperation agenda could link more explicitly with important international and national agendas and its actors. On an international level, especially the Sustainable Development Goals (SDGs) are often coined as an important opportunity by the consulted experts. Explorative research by Kaleidos Research already showed appetite for working together towards SDG implementation by Dutch actors (Spitz, Kamphof, & Hogeling, 2016; Spitz et al., 2015; Spitz, Van Ewijk, & Kamphof, 2016). Similar to the Dutch Aid and Trade agenda, the private sector also plays an explicit and important role in implementing the SDGs alongside other actors (United Nations General Assembly, 2015). Related to this, combating climate change, according to several consulted experts largely absent in the execution of Dutch Aid and Trade agenda, is prominent in the SDGs.

Top sectors and SDGs

The Dutch 'top sectors' (Topsectoren) are part of the national agenda that could be better aligned to the Dutch Aid and Trade agenda, as has been suggested by many interviewees. In 2012, the Dutch government decided to pinpoint nine specific sectors¹¹ wherein the Netherlands already excels but wants to 'further strengthen its international position.' (Government of the Netherlands, z.j.). In so-called 'top sector alliances for knowledge and innovation' (TKI), the government, the private sector, universities, and research centers are working together to make these sectors even stronger. These 'top sectors' are now only partially connected to the Dutch Aid and Trade agenda, while improving knowledge transfer could benefit developing countries, and export promotion could benefit Dutch companies. The practical knowledge of CSOs as well as their watchdog role could also strengthen the 'top sector' agenda, for CSOs are now largely absent in the alliances for knowledge and innovation. The academic community, both the more technical sciences as well as social sciences, could also assist more in the scientific and factual basis of the Dutch Aid and Trade agenda. In a 2015 manifesto, the Dutch higher education institutions already expressed their willingness to contribute to the Dutch development cooperation agenda (Vereniging Hogescholen & VSNU, 2015).

¹¹ Horticulture and propagation materials, Agri-food, Water, Life sciences and health, Chemicals, High tech, Energy, Logistics and Creative industries.

Personal qualities and multi-stakeholder partnerships

While many generalities can be coined in this chapter, it is nevertheless also a matter of individual, personal qualities, and traits. Especially in large multi-stakeholder partnerships, it is key that stakeholders have 'unique complementary strengths' as well as an open attitude, according to the literature (Overseas Development Institute & Foundation for Development Cooperation, 2003). For knowledge exchange and developing a common language, it is sometimes necessary to look beyond the own interest of the organization. The more pragmatic types in organizations are likely best suited to pioneer new forms of cooperation and new roles, according to some of the respondents.

6. CONCLUSIONS

The 'New Agenda on Aid, Trade, and Investment' was launched in 2013 with several instruments designed to incentivize actors in Dutch society to contribute to the agenda. Four years later, there is still limited knowledge about the impact of the 'new' agenda. In this discussion paper, the changing roles of Dutch actors within the Aid and Trade agenda was analyzed, and challenges and opportunities for the future were identified. By focusing especially on civil society organizations and the private sector, and mainly small and medium-sized enterprises, this paper aims to contribute constructively to the discussion about the future policies in the field of combining aid and trade. Based on research findings the following conclusions can be formulated.

Roles of actors involved are shifting

The agenda has challenged the various actors involved, and especially CSOs and SMEs, to fulfil different and often new roles compared to the roles they played before. The CSOs and SMEs roles, which were previously defined more clearly, have gradually shifted. The agenda uses relatively novel (elements in) instruments, including reliance on self-regulation through CSR and covenants. Companies, especially SMEs, are stimulated by the Aid and Trade agenda to combine working in partner countries in the global South with social corporate responsibility practices. For instance, they are challenged to incorporate Dutch development cooperation priorities such as gender equality in their business cases. At the same time, CSOs face challenges to attract other ways of funding due to the Dutch Ministry of Foreign Affairs' budgets cuts. Due to budget cuts and active encouragement, CSOs are increasingly adopting business-like approaches like impact investing.

Only a small or narrow group of SMEs is involved

For SMEs, the criteria of the instruments like the Dutch Good Growth Fund are rather complex and difficult to use. The result is that only a small, and already dedicated, group of SMEs finds its way to the instruments. In addition, the procedures to align with the various instruments generally take a long time, whereby extensive guidance is needed by executing agencies, resulting in a limited number of executed projects. This limits the effect the policies have had up to now. As our survey among SMEs shows, many SMEs feel they can play a positive role in development, but lack knowledge of bringing CSR in practice. Additionally, most are not aware of the instruments available in the Dutch policy. Innovative hybrid organizations like social enterprises, also find it hard to connect with the agenda.

Knowledge and expertise of CSOs could be used more constructively

The role of CSOs in the current combined Aid and Trade agenda is rather limited. Most consulted experts recognize the expertise and experience of CSOs could be used more, especially by using their knowledge on specific topics as well as practical issues on the ground in developing countries. Several CSOs are struggling to combine a watchdog role with a role in constructive partnerships with the private sector and/or the government. Respondents argue that some CSOs could choose a more constructive role, which can include trying to influence projects at a relative slow pace; encouraging companies to take a few incremental steps might contribute more to change than trying to impose radical change. In case CSOs choose an approach of demanding ten steps at a time instead of a few steps, their role in partnerships might diminish. Vice versa, companies reluctant to make their corporations more socially and environmentally responsible are also not contributing to a positive change. In other words, a pragmatic approach to combine aid and trade is required from both sides.

Knowledge exchange and learning between actors could be stimulated to achieve a leverage effect
The Aid and Trade agenda asks for a higher degree of CSO-business cooperation than in the past. However, it is challenging to live up to this. The partnerships are a promising avenue to sustainable development, but they are barely incentivized, and the instruments of the agenda are very private sector-focused. The agenda also poses burdens for the involvement of innovative organizations like social enterprises, while it could be argued these kinds of organizations are well-placed to contribute to the agenda.

In order to increase the effectiveness of the agenda, knowledge exchange between these different kinds of organizations are important. However, it was argued that inter-organizational learning in the framework of the agenda hardly occurs; the focus is mainly on individual companies and not on umbrella or meso-level institutions that could aggregate the findings of the projects and spur innovation. Because of the innovative character of the agenda, this learning element is arguably of key importance. In order to increase the effectiveness and to stimulate a leverage effect, umbrella organizations could be better facilitated to stimulate knowledge exchange and the engagement of a broader group of actors to be involved in the agenda.

Inclusiveness partner countries is still limited

Regarding the partner countries, the Aid and Trade agenda seems, until now, most apt for English-speaking middle-income countries marked by economic growth and a stable political context. The instruments are complicated, therefore, translating them to other languages is challenging.

Also other country-to-country differences might play a role, which the agenda might not sufficiently take into account. The social, political, and economic context may vary strongly between countries, which are likely to affect the required focus as well as the effectiveness of projects. In light of the challenges corporations face in practicing CSR in a comprehensive manner, it is important to be constantly aware of these differences. While labor conditions might be a crucial issue in one country, another country might benefit more from a focus on environmental issues.

Room for improvement in coherent policy making

Policies could be thought out more, connected, and related more to global challenges like climate change. Within the Netherlands, this would require more coherence and collaboration between the departments of the Ministry of Foreign Affairs, as well as improved exchange and collaboration between ministries, like the Ministries of Economic Affairs and Financial Affairs. Stimulate connecting to Dutch 'top sectors' could also help. Also, other forms of value creation like social cohesion or environmental benefits, could be better taken into account for the agenda is focusing mostly on a 'traditional' economic approach.

Internationally, this would require more coherence and collaboration with, e.g., the European Union, for there is an exclusive competence on trade issues within the European Commission, while Member States such as the Netherlands possess shared competences on development cooperation, and national competence and autonomy on export promotion. Moreover, alignment with the Sustainable Development Goals (SDGs) would make the agenda more coherent, combining poverty reduction and sustainable development.

Seeking a balance between shifting roles versus sticking to the strengths of one's own roles

While in the past there were rather clear divisions between the roles and responsibilities of the 'merchant' and the 'clergyman,' with the agenda these dividing roles are less clear. One of the key

issues is to seek a balance between the shifting of roles versus sticking to the strengths of one's own roles. It was argued that in some cases actors lacked specific expertise and experience to fulfil their roles effectively; the shifting of roles also lead to inefficiency. For instance, some CSOs might struggle with innovative business models, while their expertise of working in partner countries might be useful to SMEs. Ministries should focus on policy making and make sure they set out the right conditions for policy implementation, but they should not interfere too much with the implementation by other actors. So, various actors should also stay close to the strengths of their rol. As several respondents stated cooperation in partnerships and shifting of roles should go hand in hand with 'let the cobbler stick to his last' (*schoenmaker blijf bij je leest*). It remains a careful balance to avoid inefficiency or even negative impacts and welcome innovation of traditionally silo-based sectors.

Although the Aid and Trade agenda was generally received with hesitation when the polices were launched, most respondents participating in this research have a positive attitude towards the combination of aid and trade in one agenda. Most respondents also emphasize the importance of continuing established policies, although there is certainly room for improvement or adjustments of the current policies and instruments. With this discussion paper, we hope to contribute constructively to this debate in case there is a follow-up of this agenda.

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ANNEX 1. METHODOLOGY

This discussion paper is the fourth and last part of a research project on various aspects of the Dutch development cooperation. Earlier reports had a slightly different focus, namely Global health policies (Van Ewijk, Bokma de Boer-Nubé, Spitz, & Boonstoppel, 2015), the Financing of Development and ODA (Kamphof et al., 2015), and SDG implementation in the Netherlands by Dutch CSOs, local authorities, and small and medium-sized enterprises (Spitz, Kamphof, et al., 2016; Spitz et al., 2015; Spitz & Van Geffen, 2016). Kaleidos Research, part of NCDO Foundation, carried out this specific study by using different research methods: desk research, qualitative research including a focus group discussion and semi-structured interviews with key experts, and a short survey among private sector professionals.

1. Desk research

The desk research focused on relevant publications (policy documents and academic literature) from renowned sources. It enabled us to contextualize the empirical findings in this study and to offer the reader a more comprehensive overview of the debate on the implementation of the Dutch development cooperation and international trade agenda and its effects on Dutch actors. Publications were selected based on their relevance, recentness, and the importance of the author or source. The desk research did not aim to include all relevant publications, as it is impossible to do justice to all available sources.

2. Qualitative research: Focus group discussion and semi-structured interviews

On May 31, 2016, a focus group discussion was organized whereby four key stakeholders from the CSO community, government, and academia were asked about their views on the Dutch Aid and Trade agenda as well as a need for a study in this field. This focus group has led to the scope of this study, intended to be complementary to other research projects and policy evaluations that mostly evaluate the effects of the Dutch agenda in developing countries. Furthermore, the qualitative research consisted of semi-structured interviews conducted from July to October 2016 with 13 key stakeholders from the government, CSOs, private sector, and academia. Seventeen experts were consulted in total. The data collected during the focus group discussions and the interviews were analyzed in a structured and replicable manner: based on transcriptions/reports and using content analysis software (ATLAS-ti). Also, the 16 coded interviews conducted for the Financing for Development study (Kamphof et al., 2015) and the seven interviews for the Dutch SMEs and SDG implementation study (Spitz et al., 2016) were used as background information for this paper.

3. Representative survey among private sector professionals

An online questionnaire focusing on corporate social responsibility was distributed among a sample of companies based in the Netherlands, diversified to sector and size. The survey, designed by Kaleidos Research, was integrated in a larger questionnaire for companies as part of the two-yearly study 'Giving in the Netherlands' ('Geven in Nederland') of the Philanthropic Studies Department at the Vrije University Amsterdam. The data collection was executed by Kantar-TNS in the spring of 2016. In total, 1012 companies completed the survey. The questionnaires were filled out by the person in the company responsible for business sponsorship and donations.

ANNEX 2. RESPONDENTS

Participants focus group discussion

- Tim van Galen, RVO-NL
- René Grotenhuis SID-NL, former director Cordaid
- Nienke Oomes, SEO
- Wiert Wiertsema, Both Ends

Participants in the semi-structured interviews

- Nikolai Bloem, SER.
- Marije Hensen, Atradius Dutch State Business
- Wim Jansen and Charlotte Koning, Ministry of Finance
- Hans Keulen, Ministry of Economic Affairs
- Nanno Kleiterp, FMO, Dutch development bank
- Lennart Knijnenberg, PWC Netherlands
- Peter Knorringa, Institute for Social Studies/Erasmus University Rotterdam
- Fedes van Rijn, Wageningen University and Research
- Mark Schneiders, KIT
- Irene Visser, Netherlands-African Business Council (NABC)
- Jan Jaap Verboom, ICCO
- Annelies Zoomers, Utrecht University