Ministry of Foreign Affairs

IOB Evaluation

Mind the governance gap, map the chain

Evaluation of the Dutch government's policy on international responsible business conduct (2012–2018)

IOB evaluation no. 433 | Mind the governance gap, map the chain | IOB evaluation no. 433 | Mind the governance gap, map the chain | IOB evaluatio

IOB Evaluation

Mind the governance gap, map the chain

Evaluation of the Dutch government's policy on international responsible business conduct (2012–2018)

Preface

Multinational companies are expected to respect principles of responsible business conduct (RBC) such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. This implies that companies should exercise due diligence to address relevant risks in their global value chains such as human and labour rights, environmental damage and corruption. In practice, however, violations of these principles are still common. This raises the policy question of how governments can best stimulate or even enforce responsible business conduct, acknowledging the presence of a governance gap: the limited ability of governments to regulate and enforce the extra-territorial behaviour of resident companies (e.g. in third countries with lower RBC standards).

The current evaluation reviews the Dutch government's policy on international responsible business conduct, as developed and implemented between 2012 and 2018. It focuses on the results of five RBC instruments or types of activities: (1) sector agreements; (2) frameworks for private-sector instruments; (3) procurement by the central government; (4) international initiatives; and (5) activities of embassies. The analysis builds on a reconstruction of the policy's theory of change, extensive desk and literature research, interviews with more than 300 (internal and external) policymakers and stakeholders in the Netherlands and abroad, a survey among Dutch embassies, and country studies of the policy's results in Bangladesh, Colombia, Ethiopia and India.

The study was coordinated and conducted by Alexander Otgaar, Martine de Groot and Otto Genee (IOB). Several consultants and researchers provided valuable contributions to the main report by delivering reports on specific topics or countries. Tineke Lambooy, Aikaterini Argyrou and Robbert-Jan Winters (Nyenrode Business University) conducted research on RBC frameworks for private-sector instruments. Miriam van Gool (EcoValue) and Marjolein Baghuis (Change in Context) delivered reports on responsible public procurement and international RBC initiatives. The country studies were written by Verena Bitzer, Bart de Steenhuijsen Piters, Katrine Danielsen, Julie Newton and Sandra Quintero (KIT Royal Tropical Institute). All reports are available on the IOB website.

Four independent experts advised IOB on the report as members of the reference group: Teresa Fogelberg (Global Reporting Initiative), Herman Mulder (Nyenrode Business University, SDG Charter), John Morrison (Institute for Human Rights and Business) and Rob van Tulder (Rotterdam School of Management, Erasmus University). Other reference group members represented departments of the Ministry of Foreign Affairs (MFA) and organisations involved in developing and implementing the policy: Hannah Tijmes (MFA/IMH), Eva Oskam (MFA/DDE), Alexandra van Selm and Jan van Wijngaarden (SER), and Corina Kerkmans and Liesbeth Hofs (RVO). Ferko Bodnár and Rens Willems (IOB) provided internal quality support.

The evaluation can be characterised as a learning exercise with a high degree of participation by stakeholders in various stages of the process. For example, IOB organised a kick-off meeting in 2018 to reconstruct the policy's theory of change, together with policymakers and stakeholders, as input for the evaluation. In 2019, more than 50 representatives of government, business, NGOs and knowledge institutions participated in a consultation meeting to discuss the draft final report. IOB wishes to thank participants in these and other sessions for their valuable inputs and recommendations. The final responsibility for the report rests with IOB.

Wendy Asbeek Brusse
Director Policy and Operations Evaluation Department (IOB)
Ministry of Foreign Affairs, the Netherlands

Table of contents

List of figures, tables and boxes

Figures

Tables

Boxes

List of acronyms and abbreviations

3TG	Tin, tantalum, tungsten and gold
ABD	*Algemene Bestuursdienst* – Office for the Senior Civil Service
AEF	Access to Energy Fund
ACM	*Autoriteit Consument & Markt* – Netherlands Authority for Consumers and Markets
AFM	*Autoriteit Financiële Markten* – Netherlands Authority for the Financial Markets
BHOS	*Buitenlandse Handel en Ontwikkelingssamenwerking* – Foreign Trade and Development Cooperation
BPS	Business Partner Scan
BSCI	Business Social Compliance Initiative
BWI	Building and Woodworkers' International
BZK	*Ministerie van Binnenlandse Zaken en Koningsrelaties* – Ministry of the Interior and Kingdom Relations of the Netherlands
CBI	*Centrum tot Bevordering van de Import uit ontwikkelingslanden* – Centre for the Promotion of Imports from developing countries
CBS	*Centraal Bureau voor de Statistiek* – Statistics Netherlands
Cefic	European Chemical Industry Council
CGAP	Corporate Governance Action Plan
CNV	*Christelijk Nationaal Vakverbond* – National Federation of Christian Trade Unions in the Netherlands
CR	Corporate Responsibility
CPPAP	Consumer Protection Principles Action Plan
CSO	Civil society organisation
CSR	Corporate social responsibility
DDE	*Directie Duurzame Economische Ontwikkeling* – Sustainable Economic Development Department
DG DEVCO	Directorate-General for International Cooperation and Development of the European Commission
DGGF	Dutch Good Growth Fund
DHI	*Subsidieregeling voor demonstratieprojecten, haalbaarheidsstudies en investeringsvoorbereidingsprojecten* – Subsidy scheme for demonstration projects, feasibility studies and investment preparation projects
DHK	*Demonstratie Haalbaarheid en Kennisverwervingsprojecten* – Demonstration projects, feasibility studies and knowledge acquisition projects
DMM	*Directie Multilaterale Organisaties en Mensenrechten* – Multilateral Organisations and Human Rights Department
DRIVE	*Ontwikkelingsrelevante Infrastructuurprojecten* – Development Related Infrastructure Investment Vehicle
DSB	Dutch State Business (Atradius DSB)
DSO	*Directie Sociale Ontwikkeling* – Social Development Department
DTIF	Dutch Trade and Investment Fund
DRC	Democratic Republic of the Congo
EC	European Commission
EDFI	Association of European Development Finance Institutions
EITI	Extractive Industries Transparency Initiative
EKN	Embassy of the Kingdom of the Netherlands
EKV	*Exportkredietverzekeringsfaciliteit* – export credit insurance facility
EL&I	*Ministerie van Economische Zaken, Landbouw & Innovatie* – Ministry of Economic Affairs, Agriculture & Innovation (during the Rutte II cabinet), currently the Ministry of Economic Affairs and Climate Policy (during the Rutte III cabinet)
EPRM	European Partnership for Responsible Minerals
ESIA	Environmental and Social Impact Assessment

ESAP	Environmental and Social Action Plan
ESG	Environmental, social and governance
EU	European Union
EUR	Euro
EZK	*Ministerie van Economische Zaken en Klimaat* – Ministry of Economic Affairs and Climate Policy
FBK	*Fonds Bestrijding Kinderarbeid* – Fund against Child Labour
FIN	*Ministerie van Financiën* – Ministry of Finance of the Netherlands
FDI	Foreign direct investment
FDOV	*Faciliteit Duurzaam Ondernemen en Voedselzekerheid* – Facility for Sustainable Entrepreneurship and Food Security
FDW	*Fonds Duurzaam Water* – Sustainable Water Fund
FMO	*Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden* – Entrepreneurial Development Bank
FNV	*Federatie Nederlandse Vakbeweging* – Netherlands Trade Union Confederation
FSC	Forest Stewardship Council
FTE	Full-time equivalent
GRI	Global Reporting Initiative
HACCP	Hazard Analysis and Critical Control Points
Hivos	*Humanistisch Instituut voor Ontwikkelingssamenwerking* – Humanist Institute for Cooperation with Developing Counties
ICBR	*Interdepartementale Commissie bedrijfsvoering Rijksdienst* – Inter-ministerial Committee on Business Operations Central Government
ICIA	*Interdepartementale Commissie Inkopen en Aanbesteden* – Inter-ministerial Committee on Procurement and Tenders
ICSR	International corporate social/societal responsibility
IDF	Infrastructure Development Fund
IDH	*Initiatief Duurzame Handel* – Sustainable Trade Initiative
IenW	*Ministerie Infrastructuur en Waterstaat* – Ministry of Infrastructure and Water Management (known as the Ministry of Infrastructure and the Environment (Infrastructuur en Milieu: IenM) during the Rutte II cabinet)
IFA	International Framework Agreement
IFC	International Finance Corporation
IFV	*Instituut Fysieke Veiligheid* – Institute for Physical Safety
IGG	*Directie Inclusieve Groene Groei* – Inclusive Green Growth Department
ILO	International Labour Organization
ILT	*Inspectie Leefomgeving en Transport* – Human Environment and Transport Inspectorate of the Ministry of Infrastructure and Water Management
IMH	*Directie Internationale Marktordening en Handelspolitiek* – Department of International Trade Policy and Economic Governance
INDUS	Indian-Dutch Sustainability Forum, previously known as the Indo-Dutch CSR and Sustainability Forum
IOB	*Directie Internationaal Onderzoek en Beleidsevaluatie* – Policy and Operations Evaluation Department
IRBC	International Responsible Business Conduct
ISCs	International social conditions; in Dutch: Internationale sociale voorwaarden (ISV)
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature and Natural Resources
JenV	*Ministerie van Justitie en Veiligheid* – Ministry of Justice and Security during the Rutte III cabinet, formerly known as *Ministerie van Veiligheid en Justitie (VenJ)* – Ministry of Security and Justice (during the Rutte II cabinet).
KIT	*Koninklijk Instituut voor de Tropen* – Royal Tropical Institute
KPI	Key performance indicator
KST	*Kamerstuk* – Parliamentary paper

LNV	*Ministerie van Landbouw, Natuur en Voedselkwaliteit* – Ministry of Agriculture, Nature and Food Quality
LTO Nederland	*Land- en Tuinbouworganisatie Nederland* – Dutch Federation of Agriculture and Horticulture
M&E	Monitoring & Evaluation
MASP	Multi-Annual Strategic Plan
MASSIF	*Ontwikkelingsfonds voor de financiële sector* – Development fund for the financial sector
MDG	Millennium Development Goal
MEAT	Most Economically Advantageous Tender
MFA	Ministry of Foreign Affairs
MHP	*Vakcentrale voor Middengroepen en Hoger Personeel* – Trade union for secondary- and higher educated personnel, as of 2014 known as: Vakcentrale voor Professionals (VcP) – Trade union for professionals
MinDef	Ministry of Defence of the Netherlands
MIB	*Meerjarig Interdepartementaal Beleidskader* – Multi-Annual Policy Framework
MKB	*Midden- en Kleinbedrijf* – Small and Medium-sized Enterprise (SME)
MLS	*Meerjarenlandenstrategie* – Multiannual country strategy
MoU	Memorandum of Understanding
MVO	*Maatschappelijk verantwoord ondernemen* – Responsible business conduct
NAI	*Stichting Nederlands Arbitrage Instituut* – Netherlands Arbitration Institute
NABU	*Nederlandse Aannemers met Belangen in het Buitenland* – Netherlands Association of International Contractors
NAP	National Action Plan on Business and Human Rights
NCP	National Contact Point for the OECD Guidelines for Multinational Enterprises
NGO	Non-governmental organisation
NTC	National Tripartite Committee
NVB	*Nederlandse Vereniging van Banken* – Dutch Banking Association
NVWA	*Nederlandse Voedsel- en Warenautoriteit* – Netherlands Food and Consumer Product Safety Authority
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OM	*Openbaar Ministerie* – Netherlands Public Prosecution Service
ORIO	*Ontwikkelingsrelevante Infrastructuurontwikkeling* – Facility for Infrastructure Development
PaCT	Partnership for Cleaner Textiles
PEFC	Programme for Endorsement of Forest Certification Schemes
PIANOo	*Professioneel en Innovatief Aanbesteden, Netwerk voor Overheidsopdrachtgevers* – Dutch Public Procurement Expertise Centre
PIC	Procurement Implementation Centre
PRI	Principles for Responsible Investment of the UN
PS	Private sector
PSD	Private-sector development
PSI	*Private Sector Investingsprogramma* – Private Sector Investment Programme
PUM	*Programma Uitzending Managers* – Netherlands Senior Experts
RBC	Responsible business conduct
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals (EU regulation)
RIVM	*Rijksinstituut voor Volksgezondheid en Milieuhygiëne* – National Institute for Public Health and the Environment of the Netherlands
RMG	Ready-made garment
RPP	Responsible public procurement
RVO	*Rijksdienst voor Ondernemend Nederland* – Netherlands Enterprise Agency
SDG	Sustainable Development Goal
SER	*Sociaal Economische Raad* – Social and Economic Council of the Netherlands
SKC	*Schone Kleren Campagne* – Clean Clothing Campaign
SMART	Specific, measurable, achievable, relevant and time-bound.
SME	Small and medium-sized enterprise

SNV	*Netherlands Development Organisation* (previously known as *Stichting Nederlandse Vrijwilligers* – Foundation of Dutch Volunteers)
SOMO	*Stichting Onderzoek Multinationaal Ondernemen* – Centre for Research on Multinational Corporations
SPP	Sustainable public procurement
SWIA	Sector-wide integrated assessment
SZW	*Ministerie van Sociale Zaken en Werkgelegenheid* – Ministry of Social Affairs and Employment
TBL	Triple bottom line
TF	Transition Facility
ToA	Theory of action
ToC	Theory of change
UK	United Kingdom
UN	United Nations
UNEP	UN Environment Programme
UNGPs	UN Guiding Principles on Business and Human Rights
UNICEF	UN Children's Fund, formerly known as UN International Children's Emergency Fund
UN WCMC	UN Environment World Conservation Monitoring Centre
US	United States (of America)
USD	United States Dollar
VBDO	*Vereniging Beleggers voor Duurzame Ontwikkeling* – Dutch Association of Investors for Sustainable Development
VMP	*Vakbondmedefinancieringsprogramma* – Trade Union Co-financing programme
VvV	*Nederlands Verbond van Verzekeraars* – Dutch Association of Insurers
VNO-NCW	*Verbond van Nederlandse Ondernemingen en het Nederlands Christelijk Werkgeversverbond* – Confederation of Netherlands Industry and Employers
VPs	Voluntary Principles on Security and Human Rights
WODC	*Wetenschappelijk Onderzoek- en Documentatiecentrum* – Research and Documentation Centre of the Ministry of Justice and Security
WPRBC	Working Party on Responsible Business Conduct
WTO	World Trade Organization
ZN	*Zorgverzekeraars Nederland* – Health Insurance companies Netherlands
ZBO	*Zelfstandig bestuursorgaan* – Independent Administrative Body

Main findings and recommendations

This evaluation concerns the Dutch government's IRBC policy between 2012 and 2018. It serves as a building block for the policy review of article 1 (sustainable economic development, trade and investments) of the budget for Foreign Trade and Development Cooperation (BHOS) scheduled for 2020. The objective of the IRBC policy is to encourage companies to practice responsible business conduct (RBC) in global value chains. The government expects a commitment from businesses to prevent their activities from having an adverse impact on society, including activities that take place beyond their national borders. These expectations are set out in the OECD Guidelines for Multinational Enterprises. The policy's ultimate goal is to help reduce RBC risks such as violations of human rights, labour rights, environmental harm and corruption.

The assumption is that the government can achieve this goal by means of a 'smart mix' of policy instruments. In addition to regulatory instruments, this mix also entails the use of non-regulatory instruments in order to bridge the so-called governance gap: the limited ability of the government to regulate and enforce the extra-territorial corporate behaviour of Dutch businesses. This problem arises mainly when companies and their suppliers operate in countries with different (i.e. lower) RBC standards. Non-regulatory instruments often focus on cooperation between companies and other stakeholders, and assume that companies practice responsible business conduct in their international chains 'voluntarily, but not without obligation'.

This evaluation examines five aspects of Dutch RBC policy:

1. RBC agreements in sectors with high RBC risks
2. Government conditions regarding private-sector instruments in the area of international aid and trade
3. Conditions regarding RBC for public procurement
4. Contributions to international initiatives that scale up the adoption of RBC and embed it in legislation when possible
5. Embassy activities aimed at stimulating RBC and establishing (local) conditions that enable companies to practice responsible business conduct

Following are the most important findings and recommendations, with a special focus on these five aspects and how they interrelate (coherence).

Complying with the OECD Guidelines

In 2013, the Dutch government formulated the following objectives: (1) 90% of the biggest Dutch companies (500 employees or more) should explicitly endorse the OECD Guidelines; and (2) large companies (250 employees or more) in sectors with high RBC risks should at least be familiar with the Guidelines. Dates to achieve these objectives were not specified at the time. Since then, the government has made considerable effort to improve the awareness and adoption of the Guidelines. This occurred without establishing baselines, however, which made it difficult to accurately measure the policy's effectiveness. It took until 2018 for the government to start monitoring progress on the 90% objective, by including questions in the Transparency Benchmark and by cumulative sampling of annual reports of companies. Limited availability of baseline data could also be observed in the analysis of agreements aimed at sectors with high RBC risks. As a result, it will not be easy to draw conclusions in upcoming evaluations of the sector agreements about the impact of implementing the OECD Guidelines either.

Recommendations

- Improve the monitoring of compliance with the OECD Guidelines, especially when it concerns relatively large companies operating in sectors with high RBC risks.
- Establish a baseline for compliance with OECD Guidelines when concluding new sector agreements, as well as other RBC instruments, provided the cost of monitoring is proportionate to spending for the instrument.

Embedding RBC in legislation

Various initiatives have been undertaken to embed RBC in laws and regulations. Since 2017, it has been compulsory for large companies and public interest entities to publish non-financial data in their annual reports in accordance with the EU Non-financial Reporting Directive (2014/94/EU), as an addition to existing requirements. The EU Conflict Minerals Regulation will enter into force in 2021, and the Dutch Child Labour Due Diligence Act is expected to come into effect then as well. These laws oblige companies to exercise due diligence in their value chains, but they are limited to a specific sector (conflict minerals) and a specific RBC risk (child labour). Other countries, such as the United States, France and the United Kingdom have introduced similar legislation. The French law is most striking: it has made it compulsory for all businesses of a certain size in France to exercise due diligence regarding all RBC risks in their value chains from 2017 onwards. As yet, little is known about the effectiveness and efficiency of this kind of legislation. It is unclear how much capacity is needed to set clear standards and to actually enforce the OECD Guidelines. Reporting requirements are relatively easy to enforce, but whether they lead to actual changes in company behaviour and impact in global value chains remains to be seen. These limitations also apply to non-regulatory instruments: generally there is little insight into the effectiveness and efficiency of government instruments with an RBC promotion motive. Indeed, this makes it difficult to compare the two types of instruments.

Recommendations
- Ensure effective monitoring of new regulatory RBC initiatives such as the conflict minerals regulation and the Child Labour Due Diligence Act.
- Remain informed about regulatory initiatives in other countries, not necessarily to replace existing non-regulatory initiatives, but as additional, complementary elements of a smart policy mix.

Sector agreements

The government has endeavoured, with other stakeholders, to introduce international RBC agreements in sectors with high RBC risks. By late 2018, nine agreements had been concluded and four were in development. These 13 agreements reach Dutch companies in relevant sectors with high RBC risks, but they are not adequate to reach all companies and all sectors with high RBC risks. Some agreements, such as on gold and vegetable proteins, only cover a small segment of a sector identified by KPMG's sector risk analysis (2014). Other agreements, such as on garments & textile, do not (yet) include all companies in their sector. All concluded agreements encourage companies to exercise due diligence regarding RBC risks, but some go further than others. Two agreements – on vegetable proteins and sustainable forestry – have not (yet) introduced additional compliance checks on due diligence. Their main objective seems to be the market development of sustainably produced products. Political pressure to develop ten agreements (by the end of 2016) partly explains why some agreements are less relevant for reducing RBC risks in global value chains. Some highly relevant sectors with high RBC risks, such as oil & gas, construction and chemicals, saw no need for a sector agreement as they questioned whether it had any added value.
In doing so, they referred to existing standards and other (international or European) sector initiatives.
The sector agreement strategy has only been partly successful in 'upscaling', with two tangible results: (1) the collaboration of the Dutch sector agreement for Sustainable Garments and Textile with the German Partnership for Sustainable Textiles (*Bündnis für nachhaltige Textilien*); and 2) the joint initiative of stakeholders from the Netherlands and Belgium to set up an agreement for natural stone (TruStone).

Recommendations

- Define more clearly government expectations and criteria that participating stakeholders need to meet in various stages of developing and implementing RBC sector agreements. Acknowledge that the government is the main funder of their administration and of collective projects that result from the agreements.
- Monitor the coverage of sectors with high RBC risks by RBC sector agreements and alternative sector initiatives, ensuring that these agreements and initiatives meet minimum standards or at least make sufficient progress towards meeting these standards.
- Ensure alignment of sector agreements with:
- the UN Guiding Principles on Business and Human Rights;
- the OECD Guidelines for Multinational Enterprises;
- general and sector-specific recommendations for due diligence (OECD Due Diligence Guidance); and
- and the advice from the SER on sector agreements (2014);
- ...and focus firmly on:
- encouraging and enabling RBC through due diligence in global value chains; and
- improving 'access to remedy' when the OECD Guidelines are violated.
- Critically assess whether alternative standards and initiatives for sectors with high risks but without an RBC sector agreement are sufficient to promote due diligence of RBC risks in international value chains. Research on the oil & gas sector (CE Delft and Arcadis, 2018) and the government's response to it is a good example.
- Introduce stronger incentives for companies to participate in sector agreements by rewarding frontrunners and/or tackling laggards. Add measures to the smart mix of policies and do not hesitate to use the legal and economic power of the government, e.g. in public procurement.
- Pay more attention to international upscaling in the development and implementation of sector agreements. Identify and seize the opportunities for upscaling, e.g. in the agreements for banking and gold.

Private-sector instruments

Overall, the government's strategy to develop RBC frameworks for its private-sector instruments has been effective. The three main implementing agencies – FMO, Atradius DSB and RVO – all operate frameworks that promote or regulate RBC. They raise awareness of RBC risks by requiring applicants to sign a statement in which they promise to act in line with the OECD Guidelines. Moreover, they often additionally require their staff and/or applicants of projects to identify RBC risks, define mitigating measures and monitor progress. Frameworks that set such additional requirements have effectively contributed to the uptake of RBC principles, notably in supported projects. They influence the policies and behaviour of not only supported companies, but in some cases also their suppliers. This leverage of RBC frameworks – the ability to influence behaviour beyond the applicant – varies and depends on the type of instrument. Programmes that provide funding to investment funds and banks in developing countries are, in general, more influential than instruments that provide funding to specific projects. Spill-over effects – beneficiaries becoming RBC 'role models' for other companies – were not observed. The three agencies applied the principles of gradual improvement and proportionality, thus keeping the frameworks efficient, from the perspective of both agencies and applicants.

Recommendations
- Encourage the implementing organisations to exchange knowledge and experience and to share best practices on how to design and implement tailor-made RBC frameworks.
- Stimulate the implementing organisations to conduct internal self-assessments regarding the implementation of RBC frameworks.
- Pay more attention to the effectiveness and impact of RBC frameworks, e.g. their ability to influence behaviour in value chains, reduce risks and improve access to remedy, in ex-post evaluations of private-sector instruments. Urge implementing agencies to collect the required data, in proportion to the size of the investment and the severity of potential RBC risks.
- Introduce the requirement that RBC frameworks should facilitate access to remedy, e.g. by establishing a grievance mechanism at the company or project level, particularly for larger projects (in view of proportionality).
- With RBC frameworks, combine a risk-based approach ('do no harm') with an opportunity-based, value-creation approach ('do good') by linking them to the OECD Guidelines and the SDGs. This applies in particular to instruments funded by the budget for official development assistance (ODA), which are of course expected to contribute to sustainable and inclusive growth.
- Ensure that all implementing agencies make their RBC frameworks transparent and available online.

Public procurement

The government has raised its ambition regarding responsible public procurement (RPP) in recent years. The policy has been strengthened and a number of initiatives have been launched to stimulate RPP, in which the government has also involved lower level governments. This has resulted in a joint manifesto and the publication of action plans. The government has improved the alignment of its procurement policy with the OECD Guidelines, notably by renewing its policy on international social conditions (ISCs). By including due diligence in its procurement contracts, the procurement policy is likely to raise awareness of RBC risks and to increase the use of RBC principles by suppliers. These effects could not be confirmed yet by this evaluation, as the policy was strengthened relatively late in the evaluation period. It should be noted that the mandatory application of the ISCs is still limited: the requirements only apply to (1) tenders by ministries of the central government; (2) above the EU thresholds; (3) in ten product categories; and (4) for generic (not specific) procurement: that is approximately 2.5% of the total value of goods, services and works procured annually by public authorities in the Netherlands. While the ten product categories all cover sectors with high RBC risks in which the government has a substantial stake, it is remarkable that most construction-related categories (including real estate and infrastructure) are not subject to mandatory ISCs.

Recommendations
- Improve the coverage of ISCs by making them mandatory for more product categories with high RBC risks and prescribing their use as award criteria in tenders.
- Ensure that product-specific procurement policies and plans are aligned with (international) sector initiatives such as the RBC sector agreements. Explore possibilities to reward participation in such initiatives.
- Make it mandatory for all central government bodies to develop and publish an RPP action plan, including the application of ISCs.
- Reopen the debate in the EU about procurement directives in order to create more opportunities for mandatory RBC criteria. Focus on the potential leveraging and scaling up of due diligence practices, which will promote sector transformation at the EU level.

International initiatives

The Netherlands has made substantial contributions to both non-regulatory and regulatory international initiatives aimed at stimulating and enforcing (international) ISCs. These efforts primarily concern the adoption of the OECD Guidelines and the UN Guiding Principles on Business and Human Rights by governments, international organisations and companies. Indeed, the Dutch government has made significant contributions to the OECD Working Party on RBC, the EU Conflict Minerals Regulation, the European Partnership for Responsible Minerals and programmes of the ILO aimed at improving working conditions (e.g. Better Work). Many of these initiatives resulted in tangible outputs such as due diligence guidance documents, changes in national laws, action plans and projects to stimulate due diligence. Some initiatives have demonstrably improved the (reporting) behaviour of governments and businesses. Examples are the EU Timber Regulation, the Extractives Industries Transparency Initiative and the network of the National Contact Points for the OECD Guidelines.

Recommendations
- Continue to invest in relevant and (potentially) effective multi-stakeholder initiatives such as the OECD Working Party on RBC and programmes of the ILO. For example, by seconding the Ministry of Foreign Affairs' staff to strategic positions at relevant international organisations, on the condition that they maintain regular contact with The Hague.
- Make sure there is (informal) deliberation and synergy at the sector level, and in doing so involve relevant stakeholders such as embassies, other involved ministries and the SER.
- Collaborate with international organisations, civil society organisations, business platforms and like-minded countries to improve the monitoring and evaluation of regulatory and non-regulatory RBC instruments. Exchange knowledge on how to make instruments more effective.

Embassies

Dutch embassies have helped to increase awareness of RBC risks among (Dutch and local) companies, as well as other stakeholders such as governments, trade unions, NGOs and business associations. They have achieved this by addressing RBC in their activities such as events, projects, trade missions and (multi-stakeholder) dialogue. Particularly embassies located in countries with an intense trade relation with the Netherlands and considerable RBC risks proved to be active in promoting and enabling RBC. At the same time, the Ministry of Foreign Affairs has only been partly effective in providing guidance to embassies on how to develop and implement these RBC activities. None of the suggested RBC activities – as listed in the 2012 guidelines – reached 100% coverage in the sample of embassies that were reviewed. Moreover, only a few embassies developed an explicit strategy on RBC. The monitoring of RBC-related embassy activities is generally weak, due to, among other reasons, the suboptimal use of the Achilles reporting system for economic diplomacy activities. Coherence is insufficiently safeguarded, because embassies are not required to develop an RBC strategy: it concerns coherence among embassy activities, as well as synergy between these activities and centrally funded and initiated (from The Hague) programmes. In addition, it appears that embassies hardly exchange knowledge and best practices on RBC either.

Recommendations

- Make it compulsory for embassies to develop an RBC strategy in countries with high RBC risks and intense trade relations with the Netherlands.
- In the guidelines for embassies, define more clearly which activities are compulsory and which are optional.
- Enhance coordination of centrally and decentrally developed, funded and implemented interventions, to make it easier for embassies to engage in dialogue with local authorities and other relevant stakeholders.
- Stimulate embassies to proactively reach out to Dutch companies and investors that do not seek contact themselves, making better use of company information.
- Ensure that embassies have sufficient access to flexible funds for outreach activities concerning RBC.

Policy coherence and impact

The country-level impact of Dutch IRBC policy on the reduction of RBC risks and the improvement of access to remedy are strongly related to the coherence between policy instruments. In Bangladesh and Colombia in particular, the Dutch government achieved a relatively great deal by simultaneously using a variety of closely interwoven instruments, which consequently reinforced each other. This strategy resulted in more leverage, and thus greater impact, at the local level, in part thanks to coordination with other European and international partners. The country studies reported findings at different levels: at individual companies (improvements in due diligence), at the sector level (more space for multi-stakeholder dialogue) and at the national government level (increased awareness, sometimes with changes in policy as a result).

Recommendations

- Ensure better alignment between the Netherlands, the EU and other donors, in order to increase influence on governments of production countries (enhanced leverage). Enhance the local enabling environment for RBC and create a level playing field for companies.

Theory of change and terminology

The objectives of the RBC policy sometimes conflict with objectives of other policies, such as stimulating trade and generating tax revenue. Moreover, many stakeholders in the Netherlands and abroad question whether RBC really ‘pays off’, as the 2013 policy slogan suggests. To them, it is not evident that RBC will help to strengthen the competitiveness of individual companies or the private sector in general. Actors in production countries mainly anticipate friction between RBC and competitiveness if higher production costs are not accompanied by adapted buying practices and fairer distribution of the added value across the chain. Another observation is that the concept of ‘international responsible business conduct’ causes confusion, as no company or other country in the world makes a distinction between national and international RBC. Also, the distinction within RBC between ‘do no harm’ and ‘do good’ is not receiving much support as it is deemed to be somewhat artificial.

Recommendations

- Develop an overarching theory of change for Dutch RBC policy and separate theories of change for the individual policies. In doing so, focus on key indicators, assumptions about drivers of company behaviour, and the synergy and trade-offs between various policy areas (e.g. economic diplomacy and IRBC). Ensure regular feedback on results and lessons learned, and also share them with parliament.
- Identify regulatory and non-regulatory initiatives as complementary and mutually reinforcing pathways to desired policy outcomes.
- No longer make the distinction between international and national RBC, and integrate the SDGs into the policy's theory of change.
- Use the term responsible business conduct (RBC) for international outreach activities.
- Replace the term international social conditions with international value chain conditions and add the value chain perspective more consistently to the broader responsible public procurement policy.
- Maintain proportionality as the leading principle in the due diligence approach, targeting (sectors with) the highest RBC risks and striving towards engagement and continuous improvement. Avoid using a single-risk approach.
- Develop a smart mix of policies with carrots and sticks, targeting different types of companies (frontrunners, learners and laggards). Also pay attention to the enforcement of laws and regulations on corruption, tax avoidance and cross-border environmental crime.
- Conduct more research on the incentives for companies to engage in responsible business conduct and the factors that play a role in this. Therefore, determine what is needed from the government, in addition to voluntary private-sector initiatives.
- Create a cross-departmental coordination mechanism or structure to govern the development and implementation of the RBC policy and report regularly to parliament.

Dhaka, Bangladesh 24 April 2013 – Rescue workers take part in the rescue following the collapse of the eight-stores building Rana Plaza.

1 Objectives and delineation

1.1 Introduction: motives for this evaluation

This evaluation reviews the Dutch policy on international responsible business conduct (IRBC) as developed and implemented between 2012 and 2018. It serves as a building block for the review of policies under the heading of 'sustainable trade and investments' – article 1 of the budget for Foreign Trade and Development Cooperation (BHOS) – scheduled for 2020.

The objective of the IRBC policy is to promote the integration of responsible business conduct principles into the policies and practices of Dutch companies and the government itself with the ultimate goal of reducing various risks in global value chains, such as violations of human rights, labour rights, environmental harm and corruption. Referring to the OECD Guidelines for Multinational Enterprises (OECD, 2011)[1] and the United Nations Guiding Principles on Business and Human Rights (UNGPs) (UN, 2011),[2] economic actors are urged to exercise due diligence and take measures to prevent and mitigate these risks, and to provide access to remedy for potential victims.

1 Hereafter abbreviated as the OECD Guidelines.
2 Also known as UNGPs and the Ruggie Framework, named after the author Professor John Ruggie.

In the government's agenda for aid, trade and investment 'A world to gain', international RBC – at that time referred to as corporate social responsibility (CSR)[3] – is identified as an important condition for sustainable and inclusive growth worldwide (MFA, 2013a).[4] The Netherlands wants to assist developing countries through aid, trade and investment, while respecting principles for (international) responsible business conduct. In the policy note 'Corporate social responsibility pays off', the government highlighted the expected benefits for Dutch businesses and society at large: 'CSR [...] increases society's trust in the business community, therefore increasing social support, which is essential for a healthy business climate' (KST 26.485-164, 2013, p. 2). IRBC policy therefore also contributes to another aim of the aid, trade and investment agenda: 'success for Dutch companies abroad' (MFA, 2013a, p. 6).[5]

This first chapter defines the objectives of the evaluation and delineates the policy under review. It then discusses what can be defined as IRBC policy and which specific policies or instruments should be taken into consideration. Finally, it presents the evaluation questions, the methodology and the organisation of this report.

1.2 Key principles of IRBC policy

This section identifies the two key principles of (Dutch) IRBC policy:
1. Its international dimension; focus on Dutch companies operating internationally and their impact on risks in global value chains.
2. The OECD Guidelines and the UN Guiding Principles as frames of reference: focus on improving due diligence and access to remedy.

The international dimension of RBC policy

Already in the late 1990s, the Dutch government suggested that responsible business conduct (RBC)[6] has a national and an international dimension, when it asked the Social and Economic Council (SER) for advice on how to deal with RBC (SER, 2000). The SER used the term 'international responsible business conduct' in its 2008 advice on 'Sustainable Globalisation'(SER, 2008), which was followed up by a joint declaration on IRBC and the setup of an IRBC commission (IOB, 2013). Government policy on IRBC was launched in 2012 when the Rutte II administration took office and merged the portfolios of foreign trade and development cooperation. At that time, the newly appointed minister for Foreign Trade and Development Cooperation (BHOS) also became responsible for *international* RBC policy, leaving the responsibility for *national* RBC policy with the Ministry of Economic Affairs (EZK).[7]

The policy document 'Corporate social responsibility pays off' provides some insight into how the Dutch government defines IRBC policy. While national RBC policy aims to influence the behaviour of companies that operate in the Netherlands (including foreign investors), international RBC policy focuses on the conduct of Dutch businesses operating abroad, which involves trade with, and investments in other countries (KST 26.485-164, 2013). The government defines RBC as the combination of two elements: (1) consciously focusing business activities on creating value in three dimensions (people, planet, profit), thus contributing to society's prosperity in the long term; and (2) maintaining relations with the various stakeholders on the basis of transparency and dialogue, so as to provide answers to reasonable questions from society as a whole (SER, 2000).

3 The Dutch term *maatschappelijk verantwoord ondernemen* (MVO) was initially translated as corporate social responsibility (CSR) but this has been gradually replaced by the term responsible business conduct (RBC).

4 Inclusive growth is defined as a 'more equitable distribution of income and equal opportunities' (p. 31). Sustainable growth is not defined in this document. The agenda does refer to the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) – at that time still under development – as relevant global development agendas.

5 The third aim of this policy is to 'eradicate extreme poverty in a single generation'.

6 Also referred to as corporate social responsibility (CSR).

7 Known as the Ministry of Economic Affairs and Climate Policy during the Rutte III cabinet.

Dutch IRBC policy focuses on companies that operate in or trade with countries where 'local legislation is inadequate or not effectively enforced' (KST 26.485-164, 2013, p. 5), referring to the existence of a so-called 'global governance gap'. As the distance to effective enforcement increases, particularly in developing countries, IRBC policies are needed to close the gap between the actual behaviour of companies and international expectations (e.g. as agreed upon in the OECD Guidelines). While national RBC policy stimulates corporate behaviour that goes beyond what Dutch law requires (assuming that Dutch law is sufficient and effectively enforced), IRBC policy builds on the assumption that local laws in other countries are not sufficient and/or are not effectively enforced to protect human rights and other principles/values of the OECD Guidelines.

OECD Guidelines and UNGPs

The aim of RBC policy, national and international, is to promote the uptake and integration of RBC principles into business practices. The Dutch government has agreed to address companies on their behaviour by signing the OECD Guidelines and presenting a national action plan on business and human rights for putting the UNGPs into practice. The OECD Guidelines are recommendations of the government to companies on themes such as human rights, labour rights, the environment, consumer interests, corruption, innovation, fair competition and paying taxes. They recognise shared principles and values, although without strict, legally enforceable requirements, with some exceptions in areas such as corruption, human rights violations and taxation where obligations do exist that are legally enforceable (OECD, 2011).

The UNGPs encourage governments to expect from businesses that they respect human rights throughout their operations. This implies that businesses should exercise due diligence in taking decisions, which potentially incur risks of human right violations in their value chains. Moreover, the UNGPs make governments and businesses jointly responsible for ensuring access to remedy for victims, through complaints or grievance mechanisms.

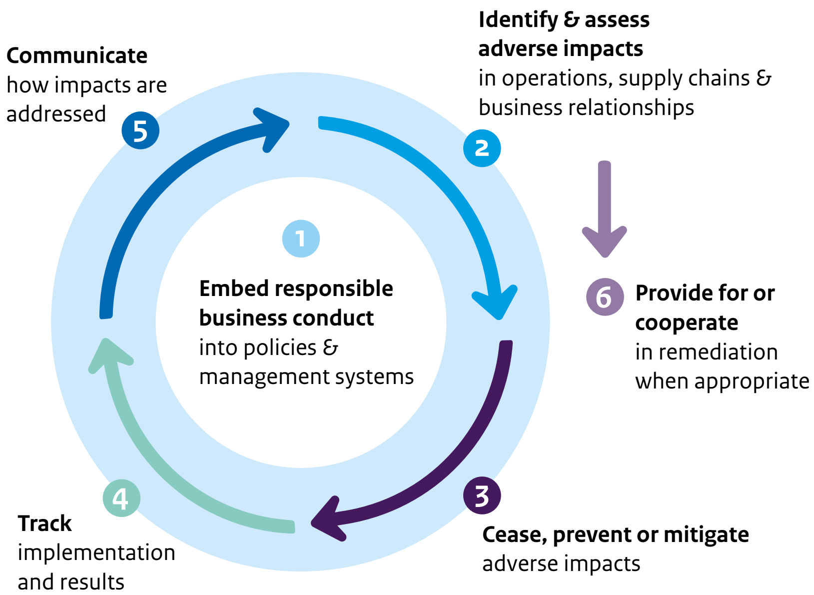
The OECD Guidelines and the UNGPs, which have been incorporated in the 2011 Guidelines, urge business to demonstrate due diligence, which in this context can be defined as 'the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts' (OECD, 2011, p. 23). OECD Due Diligence Guidance documents[8] identify various steps in the due diligence process, as depicted in Figure 1-1. Due diligence requires an understanding of two related concepts: materiality and salience. Materiality requires companies to focus on risks that pose a threat to the company itself, notably in the disclosure of information for investors.[9] Salience means that companies focus on risks with the most severe potential negative impact on human rights. The UNGPs introduce 'human rights due diligence' as a type of due diligence that should be integrated into a company's risk management system, which goes beyond identifying material risks by addressing risks to 'rights-holders' (UN, 2011, p. 5).[10]

8 The OECD has produced a general document on due diligence guidance (2018a), as well as sector-specific documents for minerals, agriculture (in partnership with the UN Food and Agriculture Organization), finance, garment and footwear and the extractive industries (focusing on stakeholder engagement). More information: http://mneguidelines.oecd.org/duediligence/.

9 'Material information can be defined as information whose omission or misstatement could influence the economic decisions taken by users of information.' (OECD, 2011, p. 29)

10 The term salience is not explicitly mentioned in the UNGPs, but does appear in other communications about the UNGPs. See for example UNGP Reporting (2019). The OECD referred to 'salient risks' in its 2016 Annual Report on the OECD Guidelines (OECD, 2016a).

Figure 1-1 *Steps in the due diligence process*



Source: OECD Due Diligence Guidance for Responsible Business Conduct (OECD, 2018a)

In the context of this evaluation it is important to make a distinction between do-no-harm and do-good policies. Do-no-harm policies focus on promoting compliance with international frameworks such as the OECD Guidelines and the UNGPs (KST 26.485-164, 2013), in order to avoid adverse impacts or negative externalities. Do-good policies, in contrast, aim to promote positive externalities of business activities.[11] The current evaluation focuses on do-no-harm policies, though not without being aware of the potential interaction with do-good policies: they can be mutually reinforcing. It recognises the potential relevance of the Sustainable Development Goals (SDGs), but does not use the SDGs as frame of reference, taking into consideration the fact that the SDGs were established during the evaluation period (2012–2018).[12] As a follow-up to the current evaluation, IOB intends to review the effectiveness of the government's RBC policies that stimulate companies to 'do good' and contribute to the SDGs.[13]

1.3 Scope of this evaluation: five instruments of Dutch IRBC policy

The current evaluation reviews the following government policies and activities under the heading of IRBC policy, to be further introduced in Chapter 2:

1. Sector agreements on responsible business conduct: multi-stakeholder agreements involving businesses, branch organisations, labour unions, NGOs and the government.
2. Frameworks for private-sector instruments that promote foreign aid, trade and investment, such as private-sector development (PSD) programmes, trade missions and export credit insurance facilities.
3. Frameworks for procurement by the government, e.g. by the application of international social conditions (ISCs).
4. International agreements and legislation: the contribution of the government to various international, multilateral initiatives that aim to promote responsible business conduct.
5. Promoting responsible business conduct by embassies, e.g. by providing knowledge and raising awareness of local RBC risks.

[11] The OECD Guidelines do not address the difference between 'do no harm' and 'do good'. They aim to promote *positive* contributions by enterprises 'to economic, environmental and social progress worldwide' (p. 3).

[12] The SDGs were established in 2015 and became operational in 2016.

[13] This evaluation is scheduled for delivery in 2020.

These activities are expected to contribute to the overall aims of IRBC policy such as increased awareness and knowledge of local RBC risks, increased commitment to RBC principles (such as the OECD Guidelines) and improved integration of RBC principles into business strategies. This should ultimately lead to a reduction of risks in global value chains and improved (access to) remediation for potential victims. This theory of change (ToC) will be further explored in Chapter 2. In all activities, the Ministry of Foreign Affairs can be identified as (one of the) responsible government department(s).
Other activities have been recognised as potentially relevant for Dutch ICSR policy, but will not be discussed in detail, for various reasons explained below:

- The **National Contact Point (NCP) for the OECD Guidelines** is an important mechanism in IRBC policy, but has been evaluated separately, in parallel to this evaluation of Dutch IRBC policy.
- **CSR Netherlands** (MVO Nederland) received government support to promote (international) RBC and the adoption of the OECD Guidelines. CSR Netherlands has been – and will be – evaluated separately.
- The **Transparency Benchmark** is a relevant source of information and is potentially relevant as an instrument to promote awareness of the OECD Guidelines, although under the responsibility of the Ministry of Economic Affairs and Climate Policy (EZK) and has therefore not been selected as one of the instruments to be reviewed in detail.
- **Anti-corruption policies** contribute to the implementation of the OECD Guidelines, but are excluded from the current evaluation as they involve alleged and enforceable violations of Dutch law that partly implement treaty obligations from the OECD Convention on Bribery. While corruption is perceived as one of the main RBC risks, concepts such as due diligence and access to remedy seem less applicable. This applies equally to other violations of Dutch law, such as the illegal dumping of hazardous waste and shipwrecks in developing countries, arising from other international environmental agreements. In these cases, the question is not how to reduce the governance gap or how to improve RBC awareness, but how to improve the enforcement of Dutch law and provide support for the regulatory authorities in the countries at risk. Illegal tax evasion also falls into this category.
- Policies to address **tax avoidance** (legal, but potentially in conflict with the OECD Guidelines) are also excluded from the current evaluation. These policies, in particular in the context of the OECD Action Plan on Base Erosion and Profit Shifting and European Union (EU) legislation on aggressive tax planning, are being implemented and will be evaluated by IOB separately, in view of their complexity and different nature.

1.4 Evaluation questions and criteria

The main question to be answered by the present evaluation is:

To what extent has Dutch IRBC policy – developed and implemented between 2012 and 2018 – achieved its intended results and what are the main lessons for future IRBC policy?

In order to answer this question, various sub-questions have been formulated to guide the evaluation:

1. What were the intended results (objectives) of the Dutch IRBC policy in terms of output, outcome and impact?
2. What is the policy's theory of change? Under what assumptions do government (-supported) activities lead to changes and are these assumptions backed up by evidence?
3. To what extent was the policy effective in accomplishing the intended results? What was the influence of Dutch policy on various actors (leverage)? What were unintended effects if any? (e.g. discontinuation of trade with developing countries)
4. How do results (outcomes) compare to the efforts made (inputs)?
5. How does the Dutch IRBC policy compare with the policies of other EU countries and the EU in terms of effectiveness and efficiency?
6. To what extent is the policy internally coherent (e.g. between activities under the heading of IRBC policy) and well balanced in terms of policy attention?
7. To what extent is the policy externally coherent with and influenced by other policies of the Dutch government (not only MFA), for example on trade and competition?

8. How relevant is the Dutch IRBC policy for reducing risks, improving conditions in global value chains and improving (access to) remediation for potential victims?
9. To what extent has the contribution of the Dutch government been additional? What would have happened without the Dutch government's initiative or support?

These sub-questions can be applied to the policy as a whole or to a set of activities. They refer to the reconstruction of the policy's theory of change and evaluation criteria such as effectiveness, additionality, relevance, efficiency and coherence.[14] Within the context of this evaluation, we use the following definitions of evaluation criteria that refer to elements in the policy's intervention logic and theory of change:[15]

- **Effectiveness** is the extent to which RBC frameworks, agreements, partnerships, standards, laws, etc. (outputs) contribute to the sustained integration of RBC principles into the policies and practices of businesses and the government (outcomes).
- **Additionality** is the extent to which the funds (subsidies, loans and guarantees), staff and political support of the government (inputs) have been critical for the realisation of outputs and outcomes as defined above.
- **Relevance** is the extent to which the (expected) integration of RBC principles into policies and practices of businesses and the government (outcomes) makes a sustainable contribution to the reduction of risks in global value chains, improved access to remedy, and ultimately to sustainable, inclusive growth (impact).
- **Efficiency** is the ratio between results (preferably at the outcome level, but otherwise at the output level) and inputs. It measures how the costs of the RBC instrument compare to the (expected or actual) integration of RBC principles.
- **Coherence** is the consistency between various RBC instruments (internal coherence) and with other instruments (external coherence), e.g. relating to the promotion of trade and competition and government procurement. Coherence can be defined as the alignment of policy objectives or at a minimum the absence of contradictions between policy objectives.

1.5 Methodology and organisation of this report

Figure 1-2 provides a schematic overview of this report. It builds on the reconstructed theory of change (see Chapter 2), and identifies results indicators at various levels – outputs, outcomes and impact – for the five (groups of) policies and activities to be reviewed in later chapters.

Chapter 2 reconstructs the theory of change of Dutch IRBC policy as a frame of reference for the other building blocks, by means of interviews, focus group discussions (so-called ToC sessions) and desk research (reviewing policy documents and relevant literature).[16] It identifies five (groups of) activities (to be reviewed in later chapters) as relevant interventions in the government's IRBC policy. The reconstruction of the policy and its ToC provides insight into the various activities, ambitions, objectives, assumptions and potential indicators of success (see Figure 1-2).

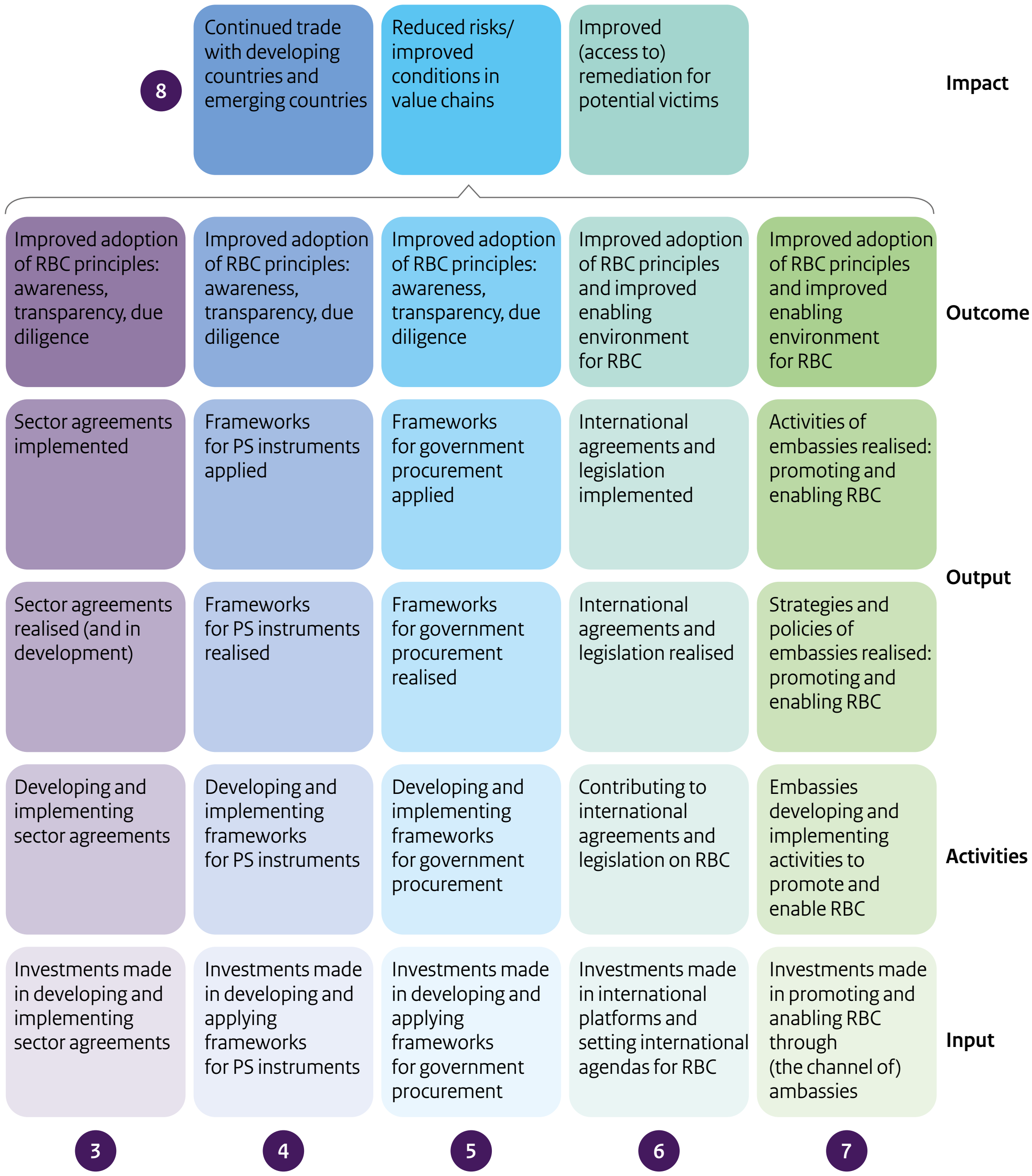
Chapter 3 analyses the results of the strategy to develop sector agreements on responsible business conduct. It reviews the realisation of agreements in the evaluation period, until December 2018, and analyses the (expected) results of their development and implementation. The analysis is based on desk research (with the agreements, various reports, letters to parliament and internal documents of the Ministry of Foreign Affairs as relevant sources) and semi-structured interviews with a variety of stakeholders representing various parties (government, NGOs, unions, employers) and sectors. The chapter also identifies commitments (e.g. other activities) of the government to be further investigated in later chapters.

14 Or consistency.

15 See Chapter 2.

16 Using Changeroo (www.changeroo.com), an interactive platform and interface for developing ToCs.

Figure 1-2 *Methodology and organisation of this report, based on the policy and ToC reconstruction in Chapter 2 and including references to chapters 3 to 8*



Chapter 4 evaluates the development of RBC frameworks for the government's private-sector instruments, mostly by desk research and a limited number of unstructured interviews. The first part analyses RBC-related objectives, conditions and procedures in different types of foreign policy instruments that involve any kind of support by the Ministry of Foreign Affairs. The second part assesses the actual implementation of these RBC frameworks in a sample of 15 carefully (not randomly) selected projects, representing different instruments managed by different organisations: RVO, FMO and Atradius DSB.

Chapter 5 reviews the development and implementation of RBC frameworks for procurement by the government, based on desk research and unstructured interviews with key stakeholders. It focuses on the application of international social conditions by the central government, and how this evolved during the evaluation period. This part of the evaluation covers case studies of a limited number of tenders in relevant product categories such as data centres, workwear, natural stone and timber.

Chapter 6 analyses the contribution of the Dutch government to international initiatives that promote responsible business conduct. It presents an overview of activities, based on desk research and information provided by the Ministry of Foreign Affairs, building on a typology of activities developed in Chapter 2, which distinguishes cross-sectoral from sectoral initiatives and voluntary from regulatory initiatives. The chapter looks specifically at initiatives in the garments & textile and extractive industries, both purposefully selected in view of their relevance and salience for the overall IRBC policy.

Chapter 7 evaluates the RBC activities of Dutch embassies in countries with relatively high RBC risks, indicated as countries with 'different RBC standards' compared with the Netherlands. The analysis is based on the responses of 49 embassies to a survey containing a set of closed and open questions about their activities aimed at promoting and enabling responsible business conduct and strengthening the local enabling environment.

Chapter 8 assesses the coherence, effectiveness and (potential) impact of Dutch IRBC policy as implemented in four selected countries: Bangladesh, Colombia, Ethiopia and India. These countries have been selected in view of their relevance for the policy and related activities as discussed in the previous chapters. The country selection was driven by the aim to maximise the utility of information, rather than the representativeness of the (small) sample. The four studies involved desk and field research including interviews with key informants such as embassy staff and representatives of local government, (international) NGOs, trade unions, business platforms, companies and their employees, knowledge institutions and other donors.

1.6 Limitations

During the research, IOB encountered a number of limitations that need to be taken into consideration before reading this evaluation report:

1. The IRBC policy lacks an explicit theory of change, explaining why the ToC had to be reconstructed in consultation with policymakers and stakeholders as a frame of reference for the evaluation (see Chapter 2).
2. There is no accurate (baseline) data available on the commitment of Dutch enterprises to, or their compliance with the OECD Guidelines (see Box 1-1). The Transparency Benchmark was not designed to monitor progress on the adoption of the OECD Guidelines and until 2018 was unable to do so, and studies of VBDO (2014) and CSR Netherlands (2016) provide only limited insights (see Box 1-1). It took until 2018 for the government to start monitoring progress on the adoption of the OECD Guidelines, e.g. by starting cumulative sampling of 600 large Dutch companies and by including relevant questions in the Transparency Benchmark surveys.
3. The literature on public RBC policies is relatively immature and evaluations of public RBC policies are rare. Consequently, there is very little evidence on the effectiveness of (public) RBC policies.
4. The OECD Guidelines (2011) to which the policy refers have been discussed and further elaborated during the evaluation period (2012–2018), resulting in sector-specific Guidance Documents and a general Due Diligence Guide. These new documents present some insight into how the Guidelines can be operationalised and how (public and private) RBC policies can be monitored and evaluated, but this knowledge was not available at the beginning of the evaluation period, possibly explaining the lack of monitoring and evaluation data.
5. Some interventions – including most sector agreements (see Chapter 3) – were implemented at a relatively late point in time in the evaluation period, explaining why it was not feasible to collect reliable data on their outcomes and impact beyond anecdotal evidence.

6. The evaluators were sometimes confronted with limited access to data and discussion partners. Information about the progress of sector agreements is based largely on publicly available sources, as many stakeholders were very careful with sharing non-public information. In the country studies of Bangladesh and India (see Chapter 8), it was difficult to organise interviews with suppliers to Dutch brands in the garments & textile industry. In the Netherlands, the Ministry of Finance (FIN) insisted on excluding transactions of the non-ODA regular export credit insurance facility (EKV) from the sample of 15 projects analysed in Chapter 4 (RBC frameworks of private-sector instruments).[17]
7. No accurate baseline data was available on the RBC-related activities of embassies (Chapter 7), thus excluding the possibility of assessing any changes (possible improvements) during the evaluation period. Limited surveys with only open questions were conducted in 2012 and 2014, but its results cannot be compared with those of the 2018 survey, which also contains closed questions (resulting in answers on a Likert scale).

Box 1-1 *Data on the adoption of the OECD Guidelines*

Several sources provide some insight into the adoption of the OECD Guidelines by companies:

The **Dutch Association of Investors for Sustainable Development** (VBDO) found that the share of stock-exchange listed companies referring to OECD Guidelines increased from 26% in 2012 to 47% in 2014. The research was conducted among a relatively small sample of 60 listed companies and a review of publicly available information. By engaging with the companies VBDO also deliberately contributed to raising awareness about the OECD Guidelines, which possibly had an effect on changes in awareness and compliance.

The **Transparency Benchmark** (2017, reporting on a 2016 survey) suggests that 56% of the largest companies use the OECD Guidelines as frame of reference for their code of conduct; of these, 20% either fully implement the Guidelines and 36% use them as a starting point. These percentages are, however, based on self-reporting by a limited number of companies: 102 respondents out of 505 participants in the Benchmark. This raises questions about reliability also in view of selection bias. The government indicates that the Benchmark was not set up with the idea of monitoring progress on the adoption of the OECD Guidelines. Previous versions of the Benchmark did include an indicator of commitments to codes of conduct and (international) conventions and guidelines in general, referring to the OECD Guidelines as an example. Comparisons over time are also unreliable due to changes in the setup of the Benchmark (e.g. the composition of the participating companies/organisations).

In 2016, **CSR Netherlands** (MVO Nederland) found that about one-third of all SMEs in the Netherlands had heard about the OECD Guidelines for Multinational Enterprises, but most of them (61%) did not know what they are about. Only 3% of all SMEs had some knowledge of the OECD Guidelines, but the percentage was higher (12%) for entrepreneurs with direct contacts in developing/emerging countries (CSR Netherlands, 2016). Comparisons with earlier versions of the survey demonstrate no growth in the awareness and knowledge of the Guidelines, but rather a decline. The annual survey (based on telephone interviews with a sample of more than 1100 entrepreneurs) is mentioned in the government's policy note 'Corporate social responsibility pays off' (KST 26.485-164, 2013) as a monitoring tool for measuring changes in awareness among SMEs with direct (and indirect) commercial contacts in developing and emerging countries. Regrettably, the survey was not repeated in 2017 or 2018.

[17] The Ministry of Finance argued that the EKV policy, which is a shared responsibility of the Minister of Finance and the Minister of BHOS, had already been reviewed in 2016–2017, and that it was premature to study the application of the resulting new RBC framework of this facility (operational since February 2018). The Ministry of Finance intends to commission an external evaluation of the new RBC policy in 2020. The sample does include transactions of the additional export credit insurance facilities as part of the Dutch Good Growth Fund (DGGF) and the Dutch Trade and Investment Fund (DTIF).

1.7 Terminology

The current evaluation refers to the policy on ‘international responsible business conduct’ (IRBC). This is an accurate English translation of the Dutch term *internationaal maatschappelijk verantwoord ondernemen*. Other possible translations are ‘international corporate social responsibility’ or ‘international corporate societal responsibility’, both abbreviated as ICSR. Between 2012 and 2018 the government most frequently referred to its policy on *international corporate social responsibility*, for example in its policy note ‘Corporate social responsibility pays off’ (2013), but also more recently in the agenda ‘Investing in global prospects’ (MFA, 2018b). Nevertheless, IOB decided to use RBC instead of CSR for the following reasons: (1) the OECD Guidelines refer to responsible business conduct, not to corporate social or societal responsibility; (2) the sector agreements – important cornerstones of the Dutch policy – are communicated internationally as agreements on ‘international responsible business conduct’; (3) many stakeholders consulted for this evaluation indicated that they prefer using the term responsible business conduct and also advise the government to use this term; (4) despite more encompassing definitions in the literature, the term CSR is often associated with corporate philanthropy or community involvement (doing something for society), particularly in developing countries.

Interviewees and participants in various consultation meetings also indicated that they find it problematic to distinguish between national and international CSR (or RBC) policy. IOB agrees that the distinction is indeed somewhat artificial and is hardly recognised in the international policy discourse. There are two reasons why the current evaluation uses the term international CSR/RBC policy. First, it evaluates the policy as it is has been defined by policymakers, which clearly makes a distinction between national and international dimensions; and second, as the independent evaluation unit of the Ministry of Foreign Affairs, it is IOB’s task to evaluate foreign policies. It therefore makes sense to recognise the international dimension of CSR/RBC policy.

2 Reconstruction of the Dutch IRBC policy and its theory of change

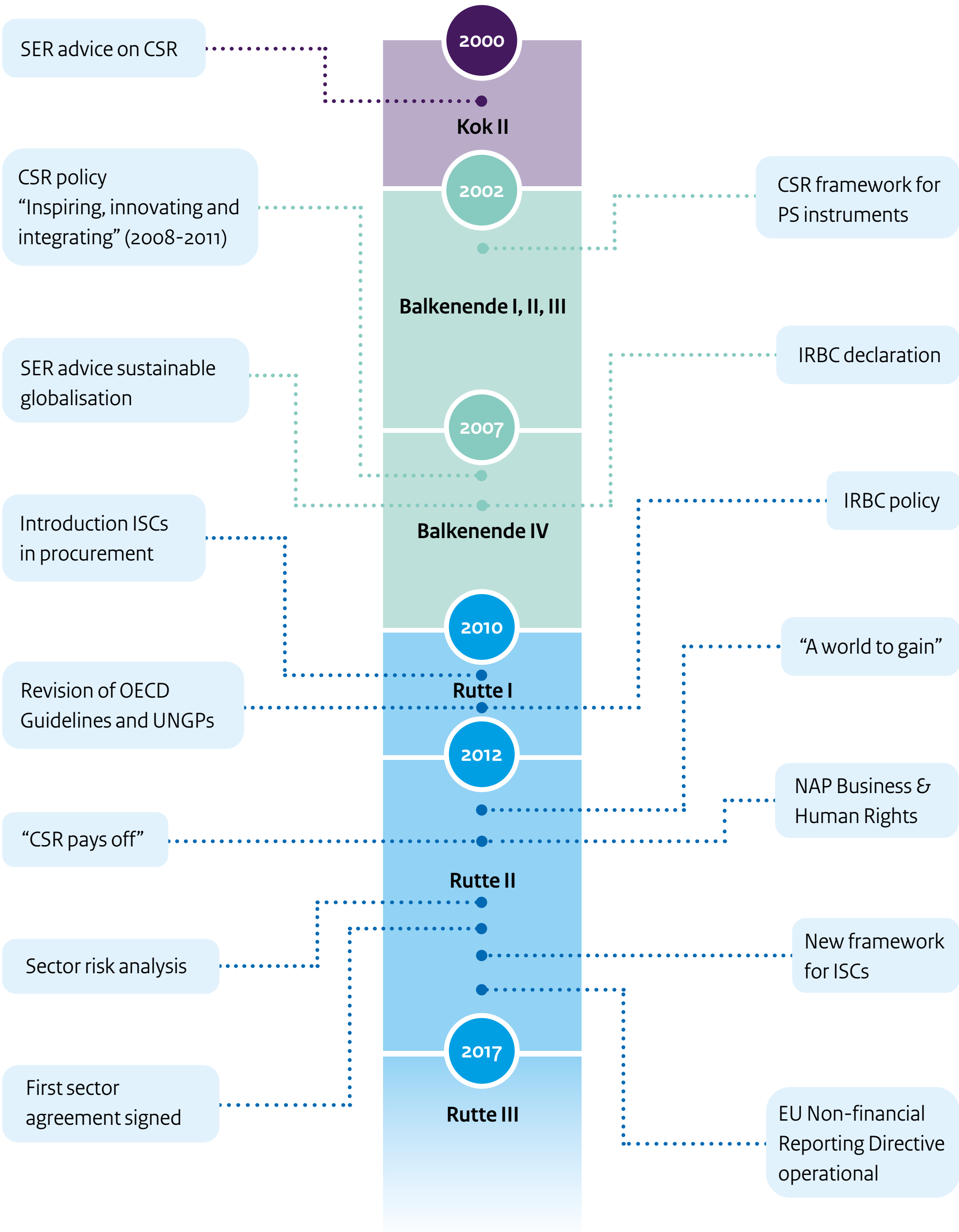
2.1 Introduction

This chapter develops the backbone for the evaluation of the Dutch IRBC policy. It reviews how the policy developed and what it entails. It introduces the policy document 'Corporate social responsibility pays off' (KST 26.485-164, 2013) and the National Action Plan on Business and Human Rights (KST 26.485-174, 2013b) as important sources for understanding the 2012–2018 policy, and explains how the IRBC policy has gradually evolved. Furthermore, this chapter presents a reconstruction of the policy's theory of change, connecting interventions with (desired) results and formulating assumptions under which these results materialise.

2.2 Policy reconstruction

This section reviews the development of the Dutch IRBC policy in the past two decades. It introduces the documents that define the policy and its objectives. Furthermore, it identifies various instruments that the government – whether or not in cooperation with other actors – has used to reach these objectives. The timeline in Figure 2-1 provides an overview of how the policy evolved, to be further discussed below. One key observation is that policymakers preferred using the terms CSR and ICSR rather than RBC, which explains the frequent use of (I)CSR in this section.[18]

Figure 2-1 *The development of the Dutch IRBC policy*



[18] See Section 1.7 on terminology. The present section refers to the terms as used in the original sources (mostly policy documents). This also applies to the next section (2.3), which reviews the literature.

Defining CSR policy: promoting the integration of CSR principles into the core business of companies (2000)

Since the late 1990s the Dutch government has developed and implemented a CSR policy that can be characterised by self-regulation, cooperation and facilitation (SER, 2008). The policy has been (and still is) strongly guided by the advice of the Social and Economic Council (SER)[19] that promotes the integration of CSR in the core business of companies (SER, 2000). Its Dutch title, '*De winst van waarden*', can be literally translated as 'the profit of [social and environmental] values'.[20] The SER defined CSR as value creation in three dimensions: people, planet and profit, also known as the triple bottom line (TBL) coined by John Elkington (1997).[21] The triple bottom line implies that companies consider the impact of their activities on the social, environmental and economic development of the communities in which they operate or do business with. In its advice, the SER also paid attention to the international dimension of CSR, referring to the relevance of international agreements, standards and codes of conduct (e.g. on human rights, labour rights and the environment) and the promotion of 'fair trade'.[22] As a result of the 2000 SER advice, the Ministry of Economic Affairs founded a knowledge centre for CSR in 2004: CSR Netherlands (In Dutch: *MVO Nederland*).

A CSR policy framework for financial foreign policy instruments (2002)

In 2002, the Dutch government introduced a CSR policy framework for its financial foreign policy instruments, including trade missions and export credit insurance facilities. Supported companies had to sign a letter in which they promised to act in accordance with the OECD Guidelines and they had to meet various environmental, social and governance (ESG) requirements (Berenschot, 2007). The aim of this framework was not only to set a minimum standard, but also to stimulate responsible business conduct, with a balance between people, planet and profit. The framework was evaluated by Berenschot in 2007 (see Box 2-1).

Box 2-1 *Evaluation of the CSR framework for financial foreign policy instruments by Berenschot (2007)*

In 2007, in an evaluation of the CSR framework for financial foreign policy instruments, Berenschot concluded that the framework had been very effective in setting minimum standards, but less effective in stimulating frontrunners. A causal relationship between the policy framework and increased awareness of CSR could not be drawn, although the development of the framework did fit in an environment in which CSR received more attention. Additional administrative requirements were found to be acceptable, as experienced by both implementing agencies and private actors. In terms of effectiveness, the evaluators noticed that the framework facilitated the development of projects that had a positive impact on employment, labour, environment and good governance. Interestingly, they also found that the concept of CSR evoked different connotations in developing countries: while in Europe, CSR was increasingly seen as an integral part of doing business, other parts of the world treated CSR as a marketing or charity instrument. They argued that Western companies could introduce ESG standards in developing countries with potential spinoff effects to local companies.

[19] The SER advises the Dutch government and Parliament on key points of social and economic policy. It also undertakes activities arising from governance tasks and self-regulatory matters, and functions as a platform for discussions of social and economic issues. The Council consists of independent Crown-appointed members, employers, and employees' (SER, undated).

[20] The policy note 'CSR pays off' refers to this report as 'Corporate Social Responsibility: Part of the core business'. In 2000, the SER also published a report in English on the Dutch approach to CSR (SER, 2001)

[21] In June 2018, Elkington published an article in the *Harvard Business Review* in which he 'recalls' his own management concept, arguing that it is time to 'rethink' it.

[22] The government explicitly asked the SER to pay attention to national and international dimensions.

Sustainable globalisation and the introduction of *international* CSR in policy (2008)

The development of *international* CSR policy was fuelled by the advice of the SER on sustainable globalisation, published in 2008, that identified the responsibility of companies in their global value chains as an important pillar of a more comprehensive strategy to promote sustainable globalisation (SER, 2008). Other elements of this strategy included bilateral relations with producing countries (agreements, aid and political pressure), conditions on the import of products (trade, access to the EU market) and empowering consumers through product labels and information. Later that year, various representatives of employers' and entrepreneurial organisations and trade unions[23] signed a declaration to promote ICSR in international value chains, referring to international agreements such as the OECD Guidelines and various International Labor Organization (ILO) conventions. The declaration also highlights the importance of transparency, verification (of results) and (internal) complaint mechanisms.

Seven ambitions under the heading of 'inspiring, innovating and integrating' (2008–2011)

Between 2008 and 2011 the government policy on CSR was guided by a policy document with the title 'Inspiring, innovating and integrating'[24] (Heemskerk, 2007). It emphasised that CSR has a national and international dimension (p. 4). An important assumption is that CSR pays off for both business and society.[25] Furthermore, it states that CSR begins where legislation ends: essentially CSR comes on top of what the law requires. Dutch companies are first and foremost expected to respect the law, in the Netherlands and abroad. After a short situation analysis, the document describes inspiration, innovation and integration as three pathways to change. Ultimately, the aim of the policy is to make businesses aware of their impact on society and their responsibilities towards society. Companies should also see the opportunities of CSR and integrate CSR into their core activities.

To reach these objectives, the government formulated seven ambitions: (1) promoting knowledge and awareness; (2) improving transparency and accountability; (3) cooperating with frontrunners in CSR; (4) connecting CSR to innovation; (5) strengthening international CSR diplomacy; (6) integrating CSR into global value chains; and (7) leading by example. The fifth and sixth ambitions are presented as 'new ambitions' and reflect the increasing attention to the international dimension of CSR. The fifth ambition includes the integration of CSR in trade and export promotion (including economic diplomacy and missions) and the promotion of CSR in international forums and at the European level. The sixth ambition explicitly refers to the SER advice on ICSR (2008) and the continued support for roundtables on 'value chain responsibility' in five important sectors.[26] The seventh ambition includes the integration of CSR principles into government procurement and in financial foreign policy instruments.

International social conditions (ISCs) introduced in government procurement (2009–2013)

In 2009, the government announced a new policy for 'sustainable procurement', introducing international social conditions (ISCs) for procurement decisions by the government at various levels (national, regional, local) (KST 30.196-82, 2009). The aim of the sustainable procurement policy was to expand the markets for sustainable products and to set an example for other actors, also in view of the government's CSR policy.[27] By applying ISCs the government wanted to bring about improvements in global value chains. The policy identified generic norms for all product groups, mainly based on ILO standards, and not yet on the OECD Guidelines. The central government started using ISCs in 2011, and the policy became fully operational in 2013 (KST 26.485-198, 2015).

[23] VNO-NCW, FNV, LTO, MHP, CNV and MKB-Nederland.

[24] In Dutch: 'Inspireren, innoveren en integreren'.

[25] The document refers to research by Ronald van Dijk and Annika Wong in ESB (van Dijk and Wong, 2007) that demonstrates that in the long run companies with a CSR policy are more profitable than companies without one.

[26] Timber, biomass, fish (meal), palm oil and soya.

[27] The term ICSR had not yet been introduced at that time.

The global governance gap as driver of *international* CSR policy (2011)

In 2011, the government informed members of parliament about its policy on *international* corporate social responsibility (ICSR), reflecting on a progress report of the SER commission for ICSR (KST 26.485-106, 2011). This was the first official government document to introduce the term 'ICSR policy' and it explained how international CSR policy is different from national CSR policy. While national CSR concerns behaviour of companies that exceeds what the Dutch law obliges them to do, international CSR policy stimulates responsible business conduct in situations in which internationally acknowledged standards have not been established in law or in which the law cannot be enforced sufficiently. The document argued that ICSR policy responds to the so-called 'global governance gap'. The government's ability to regulate extraterritorial corporate behaviour through legislation is limited for two reasons: (1) enforcement would be 'extremely expensive'; and (2) practically impossible because it would interfere with the legal autonomy of other countries. The alternative route, for the government, would be to support countries with improving their rule of law, while understanding the contextual conditions. Another assumption is that ICSR requires 'company dependent' and 'context specific' solutions, which would be an argument in favour of an approach with the active involvement of the social partners (trade unions, employers' organisations). Branch organisations would be expected to encourage companies that lag behind, assuming that peer pressure would drive self-regulation. The government would support businesses in implementing ICSR by offering them a range of tools and instruments such as the OECD Guidelines, economic diplomacy, information (through CSR Netherlands and RVO), the Transparency Benchmark,[28] policies on non-financial reporting, responsible procurement by the government (leading by example), the National Contact Point (NCP) for the OECD Guidelines (advice and mediation) and financial support for improvements in value chains (via the 'international branch programme' of CSR Netherlands[29]). The document also referred to various EU projects and international standards such as the Global Reporting Initiative (GRI) and ISO 26000.

Compliance with the OECD Guidelines as a condition for government support (2011–2013)

In 2011, the government announced that it would make compliance with the revised OECD Guidelines (see Box 2-3) a condition for receiving support in development cooperation (KST 26.485-106, 2011), thus accepting the advice of the SER on 'sustainable entrepreneurship' (2011). The government stated that the private sector can make a contribution to sustainable economic growth, referring to the triple bottom line (people, planet, profit) as condition. Jobs created should be 'decent' (referring to ILO's *Decent Work* Agenda) and wages sufficient to make a living (*living wage*). One year later, the government expressed its ambition to develop formalised ICSR frameworks for its private-sector instruments (KST 31.250-97, 2012), in response to various motions carried by the House of Representatives and the advice of the SER (2011).[30] This policy would apply to all centrally funded programmes that qualify as official development assistance (ODA) with three types of recipient: (1) businesses or financial institutions; (2) governments or institutions; and (3) public-private partnerships. The government expressed the aim to keep the administrative costs for the business community limited. In 2013, the minister of BHOS announced that the policy to develop formalised ICSR frameworks would be extended to include non-ODA programmes and instruments (KST 31.250-102, 2013), such as the participation in missions, match making and economic diplomacy. In response to various motions, the government promised to promote compliance with the OECD Guidelines along two paths: (1) by setting minimum conditions (e.g. by asking companies to accept the OECD Guidelines), and (2) by promoting awareness of CSR risks and the need for due diligence. Accepting the OECD Guidelines is not without consequences: the government stated that if a supported company is associated with CSR issues in a negative way, it will enter a dialogue and ask for improvements, with exclusion (e.g. from future missions) as ultimate penalty (KST 26.485-166, 2013).

28 This included the Crystal Prize, funded by the Ministry of Economic Affairs and Climate Policy.

29 Supported by the Ministry of Economic Affairs, Agriculture and Innovation.

30 This policy was developed during the Rutte I cabinet (2010-2012), and continued during the Rutte II cabinet (KST 31.250-102, 2013).

Box 2-2 *The SER advice on 'sustainable entrepreneurship' (2011)*

The SER explicitly advised the government to ensure compliance with the OECD Guidelines in development cooperation. This would require sufficient transparency (reporting on CSR performance), adequate due diligence and accessible and effective complaint resolution mechanisms. The emphasis should be on proportional ex-post enforcement, rather than on ex-ante bureaucracy, thus minimising the administrative burden for all actors involved. Effective enforcement implies that underperforming recipients can be forced to take action (e.g. by compensating actors who experience negative effects), with the reclamation of funds as a last resort. This also implied that implementing organisations such as RVO, FMO and Atradius DSB would have to inform their customers.

Guidelines for embassies on how to promote CSR (2012)

In 2012, the government published guidelines for embassies on how to promote CSR (EL&I, 2012) stating that embassies could support Dutch businesses in giving substance to their policies on responsible conduct, and by facilitating dialogue and cooperation between businesses, NGOs and governments. These guidelines distinguished between embassies operating in countries with 'similar standards' (OECD and EU) and those operating in countries with 'different standards'. Embassies in EU and OECD countries would be expected to communicate the Dutch ICSR policy to local stakeholders, and the government in particular, thus facilitating bilateral contacts between the governments. Embassies in other countries – with different (i.e. lower) CSR standards – would be encouraged to develop more activities, such as assisting companies with CSR challenges, providing knowledge of local CSR risks and putting them in touch with local and international actors.

International CSR as a prerequisite for sustainable, inclusive growth in 'A World to Gain' (2013)

In 2013, the government launched its agenda for aid, trade and investment, 'A World to Gain' (MFA, 2013a), which stated that 'companies must commit themselves to sustainability and corporate social responsibility criteria, including compliance with the applicable EU rules on country-by-country reporting' (p. 24). Particularly for *transitional* relations (countries for which Dutch aid would be phased out and trade relations would be strengthened[31]), the encouragement of international CSR was mentioned as a key objective. The government saw ICSR as 'a prerequisite for sustainable, inclusive growth' (p. 46), and expected companies to comply with the OECD Guidelines and the UNGPs. Furthermore, it announced the introduction of the Dutch Good Growth Fund (DGGF), which would be expected to finance 'socially responsible and sustainable' activities (p. 44), in line with various international standards and guidelines (e.g. the OECD Guidelines and IFC standards). The government argued that the Dutch private sector had a good reputation for CSR, but that additional measures needed to be taken in order to keep it that way.

The OECD Guidelines and the UNGPs as frames of reference for ICSR policy in 'Corporate social responsibility pays off' (2013)

In the same year, the Ministers of BHOS and Economic Affairs informed parliament of the government's new CSR policy[32] as set out in the policy note 'Corporate social responsibility pays off' (KST 26.485-164, 2013). This document clearly built on previous documents in its definition of CSR (SER, 2000) and the way in which it distinguished between national and international CSR (KST 26.485-106, 2011), including a reference to the global governance gap. Moreover, it explained the division of tasks between the Ministry of Foreign Affairs/BHOS (responsible for international CSR policies) and the Ministry of Economic Affairs (national CSR policies). The policy note referred to the updated versions of the OECD Guidelines and the UNGPs as the frames of reference for its (national and international) CSR policy (see Boxes 2-1 and 2-2).

31 Examples include Bangladesh and Ethiopia. Colombia and India are mentioned as countries with which the Netherlands has a relationship that is mainly based on trade.

32 At that time, it was still common for the government to use the term 'corporate social responsibility' in English translations of its policy documents.

Moreover, it confirmed that the government explicitly expected companies to act in line with the OECD Guidelines and foresaw an important role for NGOs and trade unions to assist businesses and governments in implementing CSR (see Box 2-3).[33] In line with the 2008–2011 policy, the government also foresaw some tasks for itself, such as developing clear frameworks for CSR, stimulating a level playing field, addressing other governments through economic diplomacy, enhancing transparency and stakeholder dialogue, and setting a good example through sustainable procurement.

Box 2-3 *The OECD Guidelines for Multinational Enterprises*

By signing the **OECD Guidelines**,[34] the Dutch government has agreed to address multinational companies that are active in and from the Netherlands on their behaviour, both in the Netherlands and abroad. The Guidelines are recommendations by the government to companies, and consist of 11 chapters:

1. *Concepts and principles*, basically explaining the status of the Guidelines. For example, they are not a substitute for law, nor should they be considered to override domestic law and regulation (p. 17). Observance of the Guidelines is voluntary and not legally enforceable.
2. *General policies*, explaining general expectations (things companies should do or are encouraged to do) such as considering the views of stakeholders, respecting human rights and contributing to economic, environmental and social progress (p. 19).
3. *Disclosure*, addressing the expectation that companies disclose timely and accurate information on material matters such as risks, issues and policies. This chapter (like other chapters) distinguishes between what companies should do and what they are encouraged to do.
4. *Human rights*, including respect for human rights and preventing and mitigating adverse impacts. This chapter also invites companies to carry out human rights due diligence.
5. *Employment and industrial relations*, covering respect for international labour standards, e.g. on the freedom to establish or join trade unions, the abolition of child and forced labour, equal treatment, the development of collective agreements and 'best possible wages'(p. 36).
6. *Environment*, asking companies to protect the environment, public health and safety, and more in general to contribute to sustainable development.
7. *Combating bribery*, soliciting bribery and extortion.
8. *Consumer interests*, urging companies to act in accordance with fair business, marketing and advertising practices.
9. *Science and technology*, addressing the transfer of knowledge and know-how, and contributing to sustainable development locally.
10. *Competition*, avoiding behaviour with anti-competitive effects (e.g. by fixing prices).
11. *Taxation*, including the timely payment of tax liabilities.

CSR awareness and the government's information strategy: the 90% objective (2013)

In 'Corporate social responsibility pays off' the government identified four areas in which it claims to have added value: (1) sector risk analysis (announcing the development of voluntary sector agreements); (2) information (promoting awareness of CSR risks); (3) transparency and stakeholder dialogue (including a focus on high-risk sectors as identified by the sector-risk analysis); and (4) monitoring and compliance with OECD Guidelines (including references to the corporate governance code, private-sector instruments, the duty of care, the NCP for the OECD Guidelines and the role of civil society organisations (CSOs) (KST 26.485-164, 2013).

[33] Confirming the relevance of capacity building programmes such as Dialogue and Dissent (strategic partnerships) and the Trade Union Co-financing programme (VMP).

[34] Updated in 2011. The first OECD Guidelines on International Investment and Multinational Enterprises date from 1976.

With regard to the second area (information), the government expressed its ambition to inform businesses on international responsible business conduct and the OECD Guidelines, assuming that they need information on CSR principles and how to put these into practice.[35] This so-called information strategy assumes that 'large businesses can be expected to perform better on ICSR than SMEs' (p. 9), which should be interpreted as a recognition of proportionality in the application of the OECD Guidelines. For large businesses, the government specified the objective that 90% should endorse the OECD Guidelines (see Box 2-4), though without mentioning a deadline for this result to be achieved.
The policy note refers to the Transparency Benchmark as a potentially adequate tool to monitor progress on this objective.[36] Various government-supported organisations are expected to disseminate information on the OECD Guidelines and CSR: the National Contact Point for the OECD Guidelines, CSR Netherlands, the Netherlands Enterprise Agency, the Social and Economic Council, etc. Branch organisations, trade unions and NGOs also play important roles. Furthermore, the policy note highlights the role of embassies in this respect.

Box 2-4 *Target groups of the government's information strategy*

In 'Corporate social responsibility pays off' (KST 26.485-164, 2013), the government identified three target groups for its information strategy:

1. Business falling under the target group of the European Commission's proposal to change the legislation of annual reports with regard to reporting to CSR.[37] This includes companies with more than 500 employees, total assets of more than EUR 20 million and a net turnover of more than EUR 40 million. The aim is to ensure that at least 90% of all these companies (around 600 companies in total[38]) 'specify in their annual reports that they explicitly endorse the OECD Guidelines as the reference framework for their international activities' (p. 10).
2. Businesses with more than 250 employees and/or substantial assets and net turnover. This category includes around 1,400 companies with more than 250 employees, total assets of more than EUR 17.5 million and a net turnover of more than EUR 35 million.[39] The goal is to 'ensure that large businesses active in sectors identified by the sector risk analysis as having CSR risks are familiar with the OECD Guidelines', an objective which has not been further specified in the document (no deadline, no indicator).
3. Small and medium-sized enterprises with direct commercial contacts abroad. The government refers to an evaluation of the NCP's promotional tasks which concluded that SMEs demand practical guidance on how to implement the OECD Guidelines (Good Company, 2010). The policy note mentions the ICSR thermometer (an annual survey by CSR Netherlands) as a tool to monitor progress on the awareness of OECD Guidelines and the adoption of CSR principles by SMEs.

National Action Plan on Business and Human Rights: structural solutions within international chains (2013)

In 2013, the Dutch government launched its National Action Plan (NAP) on Business and Human Rights (KST 26.485-174, 2013b), developed in response to an invitation by the European Commission (EC, 2011). It presents a plan for the implementation of the UNGPs, notably concerning the role of businesses (the second pillar of the Ruggie Framework; see Box 2-5). The plan was developed by an interministerial working group (involving representatives of the Ministries of Foreign Affairs (MFA),

[35] 'Extra attention will be devoted to providing information on ICSR in the coming period' (p. 9).

[36] As explained in the Section 1.6 the Transparency Benchmark has not been used for this purpose until 2018. In 2018, the government decided to include a specific question about the endorsement of the OECD Guidelines.

[37] A reference to the EU Non-financial Reporting Directive 2014/95.

[38] According to the Statistics Netherlands (CBS), based on a study carried out at the request of the Ministry of Economic Affairs.

[39] Ibid.

Economic Affairs (EZK), Finance (FIN), Security and Justice (VenJ)[40] and Social Affairs and Employment (SZW)), after consultation with relevant stakeholders such as representatives of businesses, NGOs, implementing organisations and other experts. The government indicated that it wanted to work 'on structural solutions within international chains'. To ensure the development of a level playing field, requested by the business community and NGOs, the government appointed a special representative at the OECD who would chair the working group on responsible business conduct and lead the OECD Guidelines Proactive Agenda (with the aim of developing guidelines for specific situations or sectors, e.g. textiles). Furthermore the plan emphasised the importance of an effective government policy on sustainable procurement, government participation in multilateral platforms and initiatives, the role of embassies in promoting awareness of the UNGPs and the OECD Guidelines, and the application of due diligence by the government in its support to business, e.g. through grants, export credit or participation in trade missions. The plan defines various 'action points' to improve coherence, clarify due diligence, increase transparency and reporting, and enhance the scope for remedy.

Box 2-5 *The UN Guiding Principles on Business and Human Rights*

The **UN Guiding Principles on Business and Human Rights** (UN, 2011), also known as the Ruggie Framework, build on three pillars:

1. The government's duty to protect its people against violations of human rights on their territory by third parties, including businesses. Governments are encouraged to expect businesses to show that they respect human rights throughout their operations.
2. Businesses' responsibility to respect human rights and to exercise due diligence in taking decisions that could incur risks of human rights violations.
3. The right of victims of human rights violations to have access to remedy: it is a shared responsibility of governments and businesses to ensure that victims have the opportunity to complain and maybe receive compensation (through so-called grievance mechanisms).

Strengthening international agreements: upscaling and a level playing field (2013)

In 2013, the Dutch government also indicated that it wished to 'strengthen international agreements between governments in multilateral bodies' (KST 26.485-164, 2013, p. 5) such as the European Union, the World Trade Organization (WTO), the ILO, the UN and the OECD. The government regards the EU as an important body for developing and enforcing (CSR) legislation, referring to the EU Directives on Non-financial Reporting and Country-by-Country reporting (see Table 2-1). The OECD is mentioned as a relevant platform for making agreements with the aim of maintaining a level playing field. The importance of ensuring a level playing field was also highlighted in the National Action Plan on Business and Human Rights (KST 26.485-174, 2013b), such as in the government's ambition to 'consult with like-minded member states on shared priorities and commitments in Europe' (p. 41). In the accompanying letter to parliament (KST 26.485-174, 2013a) the government used the term 'upscaling' as a condition for effective interventions in global value chains.[41] International agreements and legislation were not only deemed necessary to ensure the competitive position of the Dutch private sector, but also to have an impact on the ground.

[40] Currently, the Ministry of Justice and Security (JenV), under the Rutte III cabinet.

[41] In relation to the Bettercoal Initiative and the textile industry in Bangladesh.

Table 2-1 *Four EU directives on responsible business conduct in global value chains*

Initiative	Objective	Status
EU Timber Regulation 995/2010	Prohibits the placing on the EU market of illegally harvested timber and products derived from such timber.	Operational since 2013
EU Non-financial Reporting Directive 2014/95	Requires large companies to disclose information on the way they operate and manage social and environmental challenges.	Operational since 2017
EU Country-by-Country Reporting Directive 2016/881	Requires multinationals that operate in or from the EU to file country-by-country reports on key indicators such as income and tax.	Operational since 2017
EU Conflict Minerals Regulation 2017/821	Requires EU companies to ensure they import tin, tantalum, tungsten and gold (3TG) from responsible sources only.	Implementation starts in 2021, allowing companies to adapt to it.

Ambition to develop at least 10 ICSR sector agreements (2014)

In 2014, the government expressed its expectation that sectors with an increased CSR risk profile – as identified by the sector risk analysis (KPMG, 2014)[42] – would take measures to reduce risks in their value chains (KST 26.485-197, 2014). Sectors should make 'concrete agreements' on how to reduce CSR risks, preferably by means of sector agreements, also referred to as sector covenants.[43] The quantitative ambition is to develop 10 agreements by the end of 2016, although the government emphasises that 'the quality of agreements is key'. Agreements need to be broadly supported (e.g. by the sector and relevant NGOs/trade unions) and have to be concrete. According to the government, businesses should take the initiative in realising such agreements, assuming the following ingredients for effectiveness (see Box 2-6): (1) solid due diligence; (2) clear governance and ownership; (3) meaningful stakeholder dialogue; and (4) clear agreements on monitoring, communication and dispute settlement. Moreover, the government emphasised that rules that have been agreed upon should be enforceable in practice. It announced that it would support such agreements in three ways: (1) by ensuring coherence with other ICSR policies and policies on sustainable development, trade and development cooperation, and sustainable government procurement; (2) by providing financial and non-financial support for the development of agreements; and (3) by active participation in the agreements, for example by capacity building, stimulating access to remedy or redress, making initiatives OECD and UNGP proof, and upscaling initiatives to the international level.

[42] The following sectors were identified: agriculture and horticulture, construction, chemicals, electronics, energy, finance, food, metals, oil & gas, retail, garments & textile, wholesale, and wood and paper.

[43] This report uses the term '(sector) agreements'.

Box 2-6 *Core elements of an effective ICSR sector agreement, according to the SER*

The **SER Advice on ICSR Agreements** (SER, 2014) identified the following as core elements of an effective ICSR agreement:

1. A meaningful stakeholder dialogue, including the involvement of those who could be harmed.
2. Agreement on a governance structure that ensures results on the ground for groups affected by risks (e.g. through independence and equal representation).
3. The identification of risks in the due diligence process, including prioritisation if necessary.
4. An analysis of the levels (sector, national, EU, international) on which various aspects of problems could be addressed most effectively.
5. The identified solutions should also respond to opportunities for sustainable growth and innovation.
6. Sector agreements that build on existing initiatives, and identify and address gaps.
7. An ambition to achieve structural changes ('beyond auditing'), including agreements on how to cover the costs of risk mitigation and access to remedy.
8. Access to remedy and redress, in line with the UNGPs.
9. Agreements are SMART, results-oriented.
10. Transparency on progress, by means of (periodic) reporting.
11. Mutual trust and a constructive attitude (including agreements on monitoring and public communication during the process).
12. Agreements on how to cope with disputes (between participants) on progress and/or results.

New tasks for the National Contact Point (2014)

In 2014, the government renewed the decree for the Netherlands National Contact Point (NCP), an important vehicle in the implementation of the Dutch ICSR policy that has been operational since 2000. The NCP is an independent body with independent members and advisory members from various government departments, which is supported by a secretariat based at the Ministry of Foreign Affairs. Its aim is to promote the OECD Guidelines, to interpret their content and meaning, and to encourage enterprises to observe them. Furthermore, the NCP deals with notifications of alleged instances of non-observance of the Guidelines (or parts thereof) and facilitates dialogue in order to resolve such instances. The new decree gives the NCP an explicit role in interpreting the OECD Guidelines, for instance with regard to the sector agreements. This includes an option for the government to ask the NCP to conduct sector-wide assessments.

Government procurement to be aligned with OECD Guidelines (2015–2017)

In 2015, in response to an evaluation by Berenschot (2014), the government expressed its ambition to align the ISCs fully with the OECD Guidelines (KST 26.485-198, 2015). Since April 2017, the central government has applied a new framework for ISCs, which requires due diligence reporting for suppliers to the government in sectors with an increased CSR risk (KST 26.485-241, 2017) in accordance with the CSR sector risk analysis (KPMG, 2014). Based on six pilots that were carried out to test the application of ISCs, the government identified three conditions for effective implementation:[44] (1) central and interdepartmental coordination; (2) transfer of knowledge on OECD Guidelines and due diligence of actors involved in government procurement; and (3) a clear framework and set of instruments, e.g. for analysing risks and reporting due diligence.

[44] A fourth condition is application to sectors with an increased risk, as already mentioned in the previous sentence.

Duty of care sufficiently covered by law: no additional legal measures yet (2016)

In 2016, based on a study by Enneking et al.[45] (2015), the government concluded that the duty of care of Dutch companies regarding CSR is sufficiently covered by law and Dutch jurisprudence (KST 26.485-219, 2016). Although the law does not explicitly oblige Dutch enterprises and their value chain partners to observe duty of care regarding the UNGPs and the OECD Guidelines, 'injured parties are able to hold the businesses concerned liable in law even if violations take place abroad' (Enneking et al., 2015, p. 3). The government further stated that both civil and criminal law aim to redress violations ex-post (KST 26.485-219, 2016).[46] The study by Enneking et al. also shows, however, that civil liability law and criminal law have rarely been used for this purpose, mainly due to practical obstacles such as the high costs of prosecution and burden of proof issues. In response to the study, the government announced various measures, including 'consulting with the SER about how compliance with the ICSR agreements can be best monitored' and 'building capacity and awareness at the Netherlands Public Prosecution Service (OM) regarding its possibilities to prosecute enterprises that violate human rights'.[47] Apart from adopting various EU directives (see Table 2-1), the government has not introduced any additional legal measures to stimulate or enforce responsible business conduct, despite various discussions in parliament on this matter[48] and the development of laws in other (EU and non-EU) countries.[49] The government expects Dutch companies to respect Dutch law, also when they operate abroad.

Conclusions

The analysis above can be summarised as follows:

- The policy document 'Corporate social responsibility pays off' and the National Action Plan on Business and Human Rights provide an adequate definition and demarcation of the current Dutch ICSR policy (2012–2018), but they do not present a theory of change for the overall policy.
- The term 'corporate social responsibility' (CSR) is dominant in the English translations of Dutch policy documents.
- The policy clearly intends to promote compliance with the OECD Guidelines and the UNGPs, stressing the importance of awareness, knowledge, information, transparency and due diligence.
- The policy assumes that corporate social responsibility pays off for business and society and has high expectations of voluntary agreements between companies, NGOs, trade unions and the government.
- The government wants to encourage companies by setting the right example, in its policies on procurement and through its private-sector instruments.
- As part of the policy, the government provides funding to various organisations such as the SER, CSR Netherlands, NGOs and trade unions.
- The government promotes upscaling and a level playing field by strengthening international agreements and supporting legislation at the supranational level; changes in national law are not a priority.
- The policy lacks quantitative targets, with a few exceptions, such as increased endorsement of the OECD Guidelines among large companies (target: 90%) and the realisation of sector agreements (target: 10).

45 The Utrecht Centre for Accountability and Liability Law, Utrecht University. Commissioned by the Research and Documentation Centre of the Ministry of Justice and Security (WODC).

46 The study also identifies opportunities to hold companies liable for violations of the UNGPs under criminal law and corporate law.

47 Other measures announced: considering changes in the civil law of evidence concerning companies' burden of proof, a law that makes it possible for victims of business-related human rights violations to hold ground.

48 Apart from the recently adopted Child Labour Due Diligence Act, approved by the Senate in May 2019 that asks the government to propose implementing measures.

49 In 2016, the government informed parliament about RBC legislation (KST 26.485-220, 2016). The report's annex included information on the UK Modern Slavery Act, the French Duty of Vigilance Law and the US Federal Acquisition Regulation.

2.3 Insights from the literature

In 2013, IOB conducted a systematic review of the literature on the effectiveness of public CSR policies. This review demonstrated that empirical evidence on the effectiveness of CSR policies is scarce and limited: only few publications present such evidence (IOB, 2013).[50] The current section does not review all literature on public policies that promote responsible business conduct, but provides some insights from the literature about the Dutch policy as reconstructed in the previous section. It introduces the five most relevant sources (including the review of IOB), based on a quick scan of (recent) literature about public CSR policies.[51]

Soft approach versus hard-law regulations: themes and instruments of public CSR policies

Based on a literature review, Steurer (2010) identified various arguments in favour of developing a public CSR policy that would stimulate voluntary contributions (a soft approach). Such a policy could assist governments in reaching their policy objectives, such as sustainable, inclusive growth, and would be an attractive alternative for hard-law regulations if such regulations are not desirable or feasible (e.g. in view of the costs of enforcement). The government could use legal, economic, informational, partnering and hybrid[52] instruments for various purposes, including (a) raising awareness and building capacities for CSR; (b) improving disclosure and transparency; (c) fostering socially responsible investments; and (d) leading by example (in public procurement and socially responsible investments). For example, sector agreements can be characterised as partnering instruments that assume that participants are interested in cooperation, possibly to avoid conventional regulations (see Table 2-2).[53]

Table 2-2 *Themes and instruments of public policies on CSR, applied to the Dutch policy on international responsible business conduct (IRBC)*

Instruments	Themes			
	Raise awareness and build capacities	Improve disclosure and transparency	Foster socially responsible investment	Leading by example
Legal		EU Non-financial Reporting Directive		
Economic		Transparency Benchmark		Incentives and information in public procurement and private-sector instruments
Informational	CSR Passport, CSR Risk Checker		CSR Passport, CSR Risk Checker	
Partnering	Voluntary agreements: sector agreements			
Hybrid	CSR Netherlands, NCP Netherlands			

Source: based on Steurer (2010)

Steurer's article briefly discusses the effectiveness of CSR policies, although without providing an answer to the question of what makes CSR policies effective.[54] The author does mention an important condition for partnering instruments to be effective: they should be negotiated and enforced 'in the shadow of hierarchy': companies are more willing to participate on a voluntary basis if policies have 'a clear point of orientation'. This implies that the threat of legislation (hard law) or other government interventions can encourage actors to cooperate.

50 Only 45 out of 3076 publication titles and abstracts that explicitly refer to CSR present evidence on CSR behaviour in developing countries. Of these, 26 studies provide information on the policy incentives applied to enhance CSR behaviour.

51 The five selected sources are all peer reviewed and based on (systematic) literature reviews.

52 Combinations of two or more types of instrument.

53 This example is obviously not mentioned in the article.

54 The title of the final section is 'The effectiveness of CSR policies: a concluding discussion without answers' (Steurer, 2010, p. 16).

Different types of policy can reinforce each other: combining sticks with carrots

IOB (2013) introduced a similar typology for its systematic review of the literature on the effectiveness of public CSR policies: endorsing, partnering, facilitating and mandating.[55] In the 26 studies that include information on government policies, researchers report positive as well as negative results for all four types of intervention. It is suggested that different types of policy can reinforce each other, e.g. by combining sticks (mandatory policies) with carrots (other types of policy). Most studies that provide empirical evidence on CSR include data on societal outcomes (impact on the ground). The majority of these studies report positive impacts, but some also report negative or mixed results. In most cases, however, the contribution of government policy to the results remains unclear. IOB argued that the effect of government interventions on corporate behaviour is difficult to isolate from other internal and external factors.

Cross-sector learning as key ingredient for the voluntary adoption of codes of conduct

The Dutch ICSR policy seems to promote the adoption of voluntary CSR codes through cross-sector learning, raising the question how this can be done most effectively. Arya and Salk (2006) discuss the factors that potentially influence the effectiveness of such an approach. Their literature review suggests that companies are inclined to adopt voluntary codes in the face of pressure by governments (e.g. the threat of legislation) and the appeal of reputational gains. They report an increasing number of cross-sector alliances that have brought together businesses and NGOs to develop voluntary codes of conduct and create 'win–win' outcomes for businesses and society. Most of these alliances have focused on environmental improvements, while human rights and labour-related partnerships have been less common and even controversial. Voluntary codes of conduct are frequently criticised in the literature, mainly because they cannot guarantee responsible business conduct. The authors identify cross-sector learning (knowledge exchange between businesses and NGOs) as the 'critical ingredient' for the effective implementation of voluntary codes of conduct (p. 218). Still, based on their literature review (secondary data only), Arya and Salk identify four alliance-specific factors that are supposed to influence the effectiveness of cross-sector learning in alliances:[56]

1. *Alliance type.* Pro-active (opportunity-driven) alliances are more effective in promoting the diffusion and integration of responsible business conduct than reactive (threat-driven) alliances.
2. *Alliance goals.* It is essential that participants (businesses, NGOs) clearly define problems and opportunities for 'mutually beneficial outcomes' from the collaboration (p. 220). The effective integration of codes of conduct into corporate culture depends on the formal specification of social goals (e.g. recognising the OECD Guidelines, the SDGs or specific risks/opportunities).
3. *Alliance size.* The business ethics literature predicts that cross-sector learning opportunities will increase with the number of participants, up to a threshold level. Alliances need a 'critical, diversified and complementary mass of experience, vision and opinion' (p. 221).
4. *The role of 'linking-pin' organisations.* Cross-sector learning can be facilitated and stimulated by intermediary organisations.[57]

Arya and Salk also discuss the role of governments and NGOs in these cross-sector initiatives. They refer to sources stating that NGOs play a 'paradoxical role' by combining activism (highlighting the shortcomings of business and government actions) with cooperation. Governments can facilitate or hamper cross-sector alliances, e.g. by relaxing anti-trust laws. Alignment of government policies with voluntary standards and codes of conduct is identified as a key factor of cross-sector learning and the adoption of responsible practices. This factor clearly relates to policy cohesion and governments 'leading by example'.

[55] Also referred to as policy pathways.

[56] They also identify partner-specific factors such as social capital and previous experience in cross-sector alliance management.

[57] Such as the SER, the NCP and CSR Netherlands; not mentioned in the article.

Self-regulating subsystems as a third way to enhance CSR transparency

Transparency is an important element in the Dutch ICSR policy. Dubbink et al. (2008) discussed two types of policy to enhance CSR transparency: (1) command and control with mandatory disclosure; and (2) self-regulatory, new governance or facilitating policy based on voluntary disclosure. Arguing that transparency has advantages and disadvantages, they identified three evaluation criteria for transparency policies: efficiency (quality of information versus the costs of providing information), freedom (of companies and stakeholders) and virtue (e.g. openness, awareness and honesty). Both types of policy have their limits. The command and control policy is ineffective, and therefore also inefficient, due to the 'limits of law', which relates to the 'global governance gap' argument that drives the Dutch IRBC policy. The facilitation policy is, however, also not efficient: awards for best practices, transparency benchmarks, labels and certifications, etc., have only influenced the (reporting) behaviour of some (large) companies leaving the majority of firms unaffected. Therefore, the authors bring a third option to the table: self-regulating subsystems. The idea of this approach is that societal actors (including governments) cooperate, which may also include coercive laws. Governance costs can be minimised by maximising the employment of societal forces. The development of sector agreements in combination with the introduction of various EU directives seems to fit in this hybrid policy category.

A contingency approach to voluntarism in public CSR policies

If it were true that CSR begins where legislation ends,[58] the role of the government in promoting CSR would be extremely modest. In practice, however, Dentchev et al. (2015) observe that international institutions and governments are highly interested in influencing the adoption of CSR by firms. The authors present several theoretical and practical arguments in favour of a contingency approach to voluntarism in the CSR debate. One of the main arguments is that pure voluntary CSR can result in window dressing: third-party verification is needed to distinguish CSR from basic compliance with the law, notably for businesses that operate in different countries. Another argument is that government involvement may be needed to provide a level playing field in cases where voluntary CSR leads to competitive disadvantage.[59]

Based on a systematic literature review, the authors discuss the role of governments in promoting CSR. They argue that governments can influence behaviour not only through legislation but also by various other norm-setting instruments such as taxes, subsidies, charges, reporting requirements, permits and performance limitations. These instruments can stimulate the voluntary adoption of codes of conduct. All in all, the authors suggest that a combination of voluntary and regulated CSR is to be preferred. They state that in some cases regulation works better, while in others voluntarism does (see Box 2-7).

Box 2-7 *Regulation versus voluntarism*

'Dobbers (1997) argued that centralisation works well when the problem under regulation is clear and measurable, the control mechanisms allow details of regulation, the implementation agency has a technical control and the strategy of regulation is oriented toward technical changes. In cases with higher complexity, where it is important to create shared vision and trust, and to facilitate experimentation, Dobbers (1997) argued in favour of a voluntary and decentralized approach of regulation.' (Dentchev et al., 2015, p. 22)

58 See, for example, Manne and Wallich (1972) cited by Dentchev et al. (2015).

59 Based on their literature review, Dentchev et al. (2015) identified five limitations to the use of the concept of voluntarism in CSR: (1) distinct country approaches to CSR lead to different approaches to voluntarism; (2) voluntarism in CSR disregards the ongoing diffusion of regulatory power to businesses and business–government collaborations; (3) CSR is hard to distinguish from basic regulatory compliance; (4) global CSR actions of multinationals range from basic compliance to voluntary depending on the country; and (5) voluntarism does not necessarily lead to value creation.

Conclusions

The review above identified some important assumptions about the effectiveness of the Dutch policy on international responsible business conduct:

- The threat of legislation or other government interventions can encourage actors to cooperate and adopt codes of conduct 'voluntarily'.
- Different types of policy need to be combined in order to reach different types of companies, using both carrots (incentives) and sticks (penalties).
- The adoption of codes of conduct can be affected by proactive, opportunity-oriented alliances (e.g. sector agreements) with shared goals and sufficient critical mass.
- The government can facilitate such cross-sector alliances and encourage responsible conduct through norm-setting instruments such as taxes, subsidies and reporting requirements, through its own procurement policy and by ensuring policy cohesion.

2.4 A theory of change for Dutch IRBC policy

This section constructs a theory of change for the Dutch policy on international responsible business conduct, henceforth abbreviated as IRBC policy (instead of ICSR policy).[60] Its purpose is to serve the current evaluation as it articulates expected changes and outcomes, as well as assumptions under which these changes will or will not occur. It describes how the theory of action (ToA) – the interventions and strategies of the government – connects to changes in the behaviour of relevant stakeholders, such as Dutch and non-Dutch companies but also NGOs, trade unions, consumers and other governments. In view of its purpose, the ToC focuses on government interventions, and not so much on interventions by non-government actors. The ToC builds on insights from policy documents and relevant literature – as presented in the previous sections – as well as on interviews and focus groups[61] with policymakers and stakeholders such as the SER, RVO and NGOs. In contrast with the previous sections, the term RBC prevails, in view of the alignment with the OECD Guidelines.

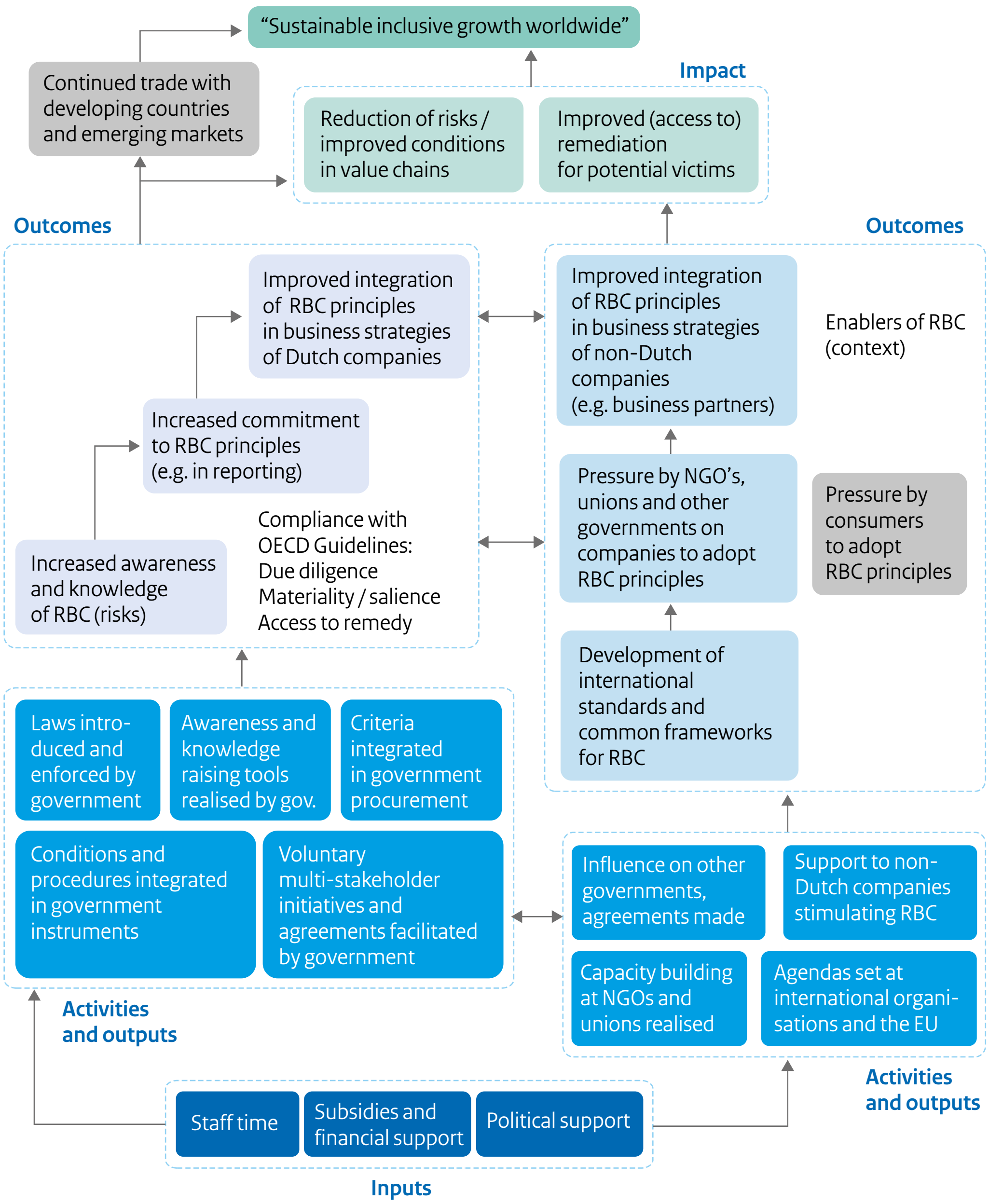
Reducing RBC risk, improving access to remedy and integrating RBC principles into business strategies

As visualised in Figure 2-2, the ultimate aim of the Dutch IRBC policy is to contribute to 'sustainable, inclusive growth worldwide' (MFA, 2013a) by reducing the risks (improving conditions) in global value chains and improving (access to) remediation for potential victims of business behaviour, while continuing trade with developing countries and emerging markets. The policy notably targets businesses with activities in developing countries and emerging markets, assuming a (governance) gap between (the enforcement of) local laws and international standards on responsible business conduct. This implies a reduction of risks (an improvement of conditions) in value chains and improved (access to) remediation. IRBC policy tries to reach these goals by stimulating the integration of RBC principles into the business strategies of Dutch companies, which implies compliance with the OECD Guidelines: due diligence addressing the most severe (or salient) risks, and access to remedy for victims. Such integration requires awareness and knowledge of RBC (risks) and the OECD Guidelines and commitment to IRBC principles and Guidelines, for example, in relation to reporting.

[60] See Section 1.7.

[61] ToC sessions.

Figure 2-2 *A theory of change of Dutch IRBC policy*



Investing resources in instruments that target Dutch companies

The government invests its resources (staff time, money and political support) in various activities to stimulate the adoption of RBC principles by Dutch companies (including banks and investors) directly, with the following outputs:

1. Awareness- and knowledge-raising tools developed (such as the Transparency Benchmark, the CSR Passport and the CSR Risk Checker);
2. RBC conditions and procedures integrated into private-sector instruments (managed by RVO, FMO and Atradius DSB);
3. Voluntary multi-stakeholder initiatives and agreements facilitated by the government (such as the sector agreements);
4. RBC criteria integrated into procurement by the government; and
5. Laws introduced and enforced (e.g. to make due diligence compulsory, see Table 2-1).

Investments are made by various ministries, including the Ministry of Foreign Affairs. Important channels or vehicles for investments in promoting RBC are the SER, RVO, CSR Netherlands, NGOs, trade unions, the NCP and Embassies of the Kingdom of the Netherlands (EKNs) worldwide.

Activities that contribute to an enabling environment

Apart from activities that target Dutch companies directly, the ToC of IRBC policy also covers activities that influence them indirectly, through interventions that target other actors, with the following outputs: (1) influence on other governments and agreements made; (2) non-Dutch companies supported in adopting RBC principles; (3) capacity developed at NGOs and trade unions; and (4) the agendas set by international organisations and the EU. These outputs contribute to the development of an enabling environment that encourages Dutch and non-Dutch companies to adopt RBC principles. This includes the development of international standards and frameworks as well as increasing pressure on companies by NGOs, trade unions, (local) governments and consumers.

The OECD Guidelines and the UNGPs as frames of reference: due diligence on most severe (salient) risks, and access to remedy

A key assumption of the policy's ToC is that the OECD Guidelines and the UNGPs provide a good framework for responsible business conduct and that improved alignment with these frameworks contributes to a reduction of the risks in value chains and improved access to remedy for potential victims. The policy is expected to stimulate due diligence in addressing the most severe (salient) risks, understanding that RBC risks cannot be reduced to zero in one day. By definition, doing business in developing countries and emerging markets incurs more RBC risks than doing business in OECD member countries. Risks cannot be completely avoided, making access to remedy equally important in these frameworks.

Voluntary agreements stimulate the exchange of knowledge and skills and produce prototypes that demonstrate that RBC pays off for business and society

The Dutch IRBC policy introduces voluntary agreements to stimulate the adoption of RBC principles (e.g. due diligence) in high-risk sectors. This strategy seems to be based on the assumption that governments, businesses, NGOs, trade unions and other actors recognise the added value of agreements and cross-sector cooperation/learning. Agreements are expected to produce prototypes of initiatives in global value chains that reduce risks and present opportunities for both companies and the communities in which they operate. This implies that RBC should also pay off for suppliers and their subcontractors.

Cross-sector cooperation requires a combination of transparency, trust and confidentiality

While some instruments such as the Transparency Benchmark clearly promote transparency in business behaviour, other instruments aim for a delicate balance between transparency, trust and confidentiality. By enforcing, facilitating or promoting increased transparency (including the adoption of international reporting standards), the government enables NGOs, labour unions, governments, consumers and other stakeholders to intensify their pressure on businesses. Sector agreements, however, change the role of some stakeholders, turning them into (part-time) supporters and partners in the reduction of RBC risks and the development of new business models. Effective cross-sector cooperation requires trust between the actors involved, for example on how to deal with confidential information.

The government can pave the way to change corporate behaviour by providing (financial) support, setting the right example and lobbying for adjustments in local or international regulations and frameworks (levelling the playing field)

Another set of assumptions relates to the role of the government. The policy builds on the supposition that government interventions are additional (e.g. to private-sector initiatives) and create leverage (e.g. by influencing other actors): State-support (financial, in-kind or political) is needed to catalyse change, to give additional incentives, to get and keep actors together and to stimulate innovation (e.g. in business models). Moreover, the policy assumes that the Dutch government has substantial power in various relations: political or diplomatic power in its relationships with other governments and international bodies, legal power vis-à-vis resident companies, and economic power in view of public procurement. The ability of the Netherlands to influence local agendas depends on the aid and trade relations with the country in question and the resources of embassies.

Improvements are not offset by deteriorations in other businesses; spillovers strengthen the policy's impact on the ground

The policy should ultimately contribute to 'sustainable, inclusive growth worldwide'. This implies that positive contributions to reductions of risks in treated value chains are not offset by (related) increased risks in non-treated value chains. It is assumed, for example, that local stakeholders actually benefit from the policy and are not forced to find another job or place to live. Freedom of union and a decent (living) wage are considered important conditions for the empowerment of potential victims, particularly when it comes to risks such as forced labour and child labour. Also the distribution of effects within value chains deserves attention: it is assumed that improvements downstream contribute to improvements upstream, and vice versa. The integration of RBC principles into due diligence policies and practices is expected to spill over to suppliers, buyers and competitors, which leads to a greater reduction of risks and improvements in conditions. The impact on the ground can be enhanced even further if the Netherlands cooperates successfully with other governments.

Leaders, learners and laggards: different companies, different instruments, but sufficient participation is needed

While companies pursue different RBC strategies, ranging from defensive to offensive, the government uses various instruments to reach these companies. Some instruments clearly target leaders (frontrunners): they stimulate innovation and promote corporate (non-philanthropic) contributions to society. By tightening legislation the government can raise the bar for *laggards*: companies that hardly recognise their interest in acting responsibly. The Dutch IRBC policy also wants to reach the group of companies in between (learners), including many SMEs. This relates to an important assumption that particularly applies to the sector agreements: sufficient participation is needed to have an impact on the ground.

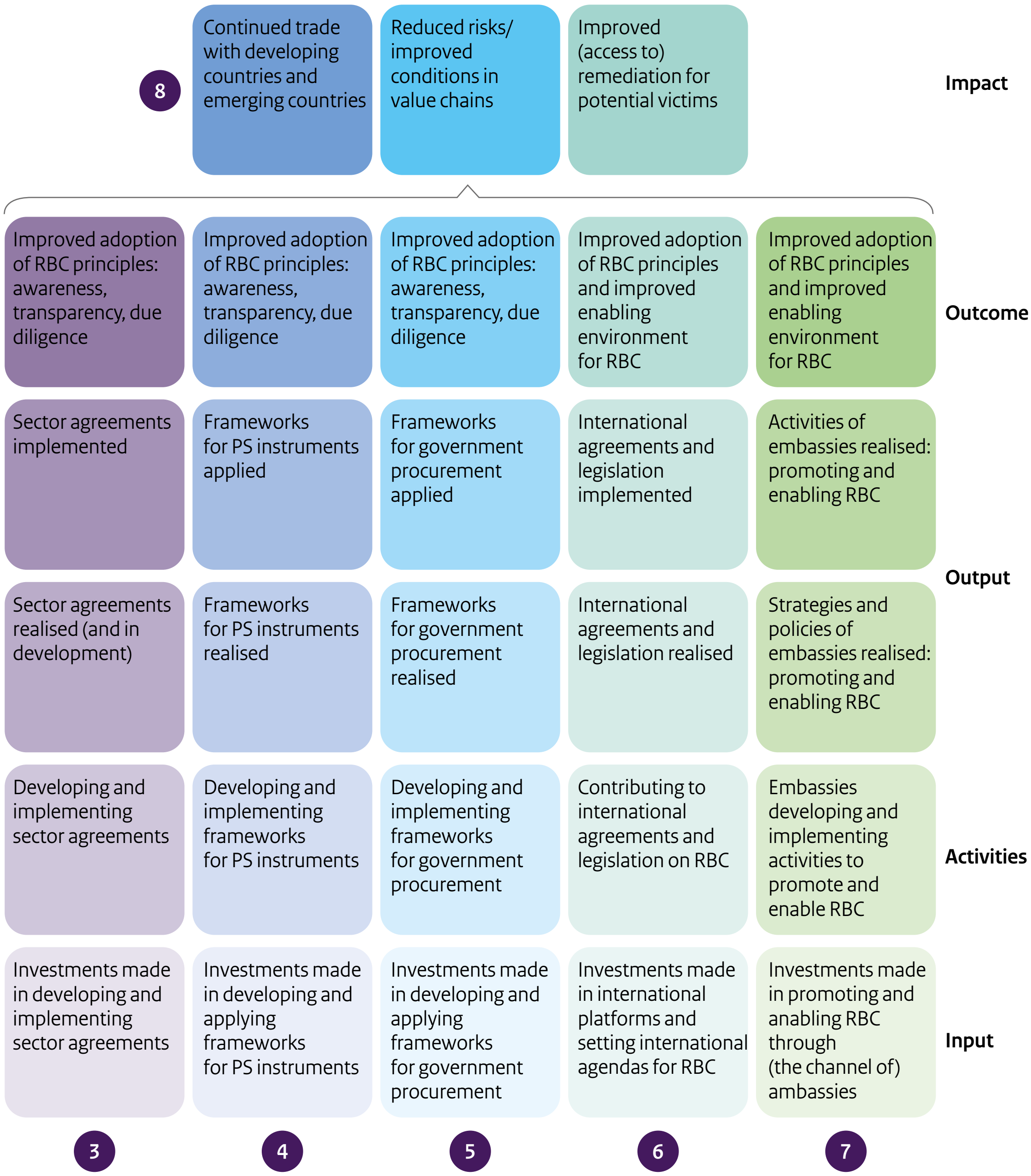
Fair products, decent wages: the costs of responsible production and consumers' willingness to pay

The policy incentivises companies to improve their due diligence process, which involves additional investments and raises the costs of (searching) inputs. While some company decisions raise performance on two or three lines of the triple bottom line (e.g. as in eco-efficiency), many decisions raise the performance on one line, while the performance on another bottom line goes down (trade-offs). Fair products (produced at higher social and environmental standards) are generally sold at a higher price, as they guarantee better labour and environmental conditions upstream. If the aim of the policy is indeed to raise wages in producing countries, this can be achieved by higher consumer prices and/or a redistribution of profit in the value chain. The policy assumes that at least one of these strategies is feasible, for example because consumers are willing to pay a higher price or because companies downstream are willing to accept lower margins. These assumptions relate to the expectation that RBC will pay off, but also to the conditions of sufficient participation, a level playing field (competition) and the continuation of trade (no disengagement).

Result indicators

The reconstructed theory of change can be used to identify result indicators on various levels: output, outcome and impact. Figure 2-3 provides an overview of result indicators for the five groups of activities to be reviewed in the remaining chapters.

Figure 2-3 *Result indicators based on the reconstruction of the policy and its ToC, including references to the remaining chapters (3 to 8)*



Conclusions

The construction of the policy's ToC results in the following key observations and assumptions:

- The policy's aim is to reduce risks in international value chains by integrating RBC principles (due diligence on the OECD Guidelines and the UNGPs) into the business strategies of companies.
- The government intends to reach this aim along two pathways: by targeting companies directly and by creating an 'enabling environment'.
- The policy introduces 'voluntary' sector agreements expecting benefits of multi-stakeholder cooperation (e.g. exchange of knowledge).
- An important assumption in the Dutch approach is that RBC pays off for business and society, as proclaimed by the 2013 policy note.
- Other assumptions relate to the additionality of government interventions, the need for a level playing field (sufficient participation), the continuation of trade (no disengagement) and the creation of leverage by means of collaboration.

The Hague, 4 July 2016 – Dutch minister for Foreign Trade and Development Cooperation Lilianne Ploumen signs, together with a wide coalition of stakeholders, the Agreement on Sustainable Garment and Textile.

3 Sector agreements

3.1 Introduction

This chapter reviews the results of the Dutch strategy to conclude sector agreements on (international) responsible business conduct between 2014 and 2018. As explained in Chapter 2, the government expected companies in sectors with an increased risk profile to reduce RBC risks in their value chain, preferably by means of sector agreements, also referred to as *covenants*. The government accepted the SER's advice that the private sector should take the initiative in developing sector agreements, and announced its support for them in various ways, financial and otherwise. The SER identified various conditions for the development of effective sector agreements such as a meaningful stakeholder dialogue, the identification and prioritisation of relevant risks, added value vis-à-vis existing initiatives, access to remedy, mutual trust between participating actors and transparency on progress with SMART result indicators.

The theory of change and limitations of this evaluation

Sector agreements play an important role in the reconstructed theory of change (ToC) of Dutch policy (see Chapter 2). This ToC identifies agreements as results at the output level and changes in corporate behaviour (improved due diligence) as results at the outcome level. Furthermore, it assumes that agreements ultimately contribute to the reduction and mitigation of RBC risks and to improved access to remedy. Since results at the outcome and impact levels are expected within three to five years after they were signed, and most agreements were signed between 2016 and 2018,[62] the current evaluation does not yet draw final conclusions on the effectiveness and efficiency of the agreements at either level. It does, however, analyse the results at the output level, the process to achieve these outputs (reviewing the roles of various stakeholders) and the inputs needed to produce outputs. Furthermore, it tests the validity of the underlying theory of change and assesses the probability of results at the outcome and impact levels in the near future.

Sources

The analysis in this chapter is based on the following sources (see the notes on methodology at the end of the chapter):

- All publicly available agreements (nine in total) that were signed between 2014 and 2018: coal, garments & textile, banking, forestry, vegetable proteins, gold, food, insurance and pension funds.[63]
- Interviews with representatives of departments in the Ministry of Foreign Affairs involved in the facilitation and funding of all agreements: IMH (Department of International Trade Policy and Economic Governance) and DDE (Sustainable Economic Development Department).
- Interviews with secretariats or programme managers of all agreements, including representatives of CSR Netherlands (vegetable proteins), *Bewust met Hout* (forestry) and the SER (all other sectors).
- Interviews with a selection of actors involved in all agreements, including representatives of NGOs, trade unions, knowledge institutions, government, branch organisations and enterprises.
- Interviews with NGOs not involved in the agreements, but with critical views on the agreements.
- Publicly available articles on the development of sector agreements.
- Publicly available information about the sector agreements, including annual reports. The current evaluation could not yet include mid-term evaluations (expected for some agreements in 2019).
- The progress report of the SER (2018c), which is based on interviews with stakeholders in five agreements (garments & textile, banking, forestry, vegetable protein, gold).
- Publicly available activity appraisal documents with a reference to sector agreements on responsible business conduct and/or the policy document 'Corporate social responsibility pays off'.
- Internal documents of the Ministry of Foreign Affairs, including information on the progress and funding of the agreements.

Structure of this chapter

This chapter continues in Section 3.2 with an analysis of the outputs of the sector agreement strategy, introducing and analysing the agreements that were concluded and those still 'in development'. This section also reviews the coverage of the strategy, identifying sectors for which agreements on responsible business conduct are not expected. Section 3.3 takes a closer look at how the strategy is organised and funded, highlighting the role of the government as an important funder in the development and implementation of agreements. It also briefly reviews the financial contributions by other actors. Section 3.4 discusses the roles of the government and other actors (such as the SER, trade unions, NGOs and branch organisations) in the development and implementation process. After that, Section 3.5 gives some indications of results at the outcome level, such as improved awareness, knowledge exchange and due diligence. Section 3.6 formulates the main conclusions and recommendations to the government. Finally, Section 3.7 presents some (methodological) background to the current chapter.

62 The coal agreement (2014) is the only exception (see Box 3-1).

63 Due to its recent arrival, the agreement on pension funds is not covered by the round of interviews and has not been analysed in detail, explaining why this agreement does not appear in several tables below.

3.2 Outputs: sector agreements concluded

This section reviews the outputs of the Dutch government's strategy to realise sector agreements on responsible business conduct. It concludes that the ambition to reach agreements in 10 sectors has not been achieved, even by the end of 2018. The sector agreements that were reached cover a considerable part of the 13 high-risk sectors identified by KPMG, but the strategy to develop sector agreements is not sufficient to reach all high-risk sectors and companies. Moreover, some agreements – such as those on vegetable proteins and gold – target only small niches of the sectors. The analysis demonstrates that agreements differ in many aspects and are not always in line with the SER's advice (SER, 2014), which is confirmed by SER's progress report[64] (SER, 2018c). This is most obvious for the forestry agreement, which has a very limited focus on improving due diligence, but also for the vegetable proteins agreement, which does aim to improve due diligence, but lacks a clear mechanism to check compliance. Various interviewees commented that the government – and in particular the Ministry of Foreign Affairs – has put a lot of efforts into reaching agreements, without checking their consistency with the SER's advice. In hindsight, the ambition to develop 10 sector agreements by the end of 2016 was not only unrealistic but it also distracted from the development of relevant agreements with sufficient added value. In discussions with parliament, the emphasis was also on the number rather than the quality of sector agreements. This is not to say that the agreements on forestry, vegetable proteins and gold need to be abandoned, but in their current form their contributions to the sector agreement strategy and the government's broader IRBC policy will be limited. These and other observations and conclusions will be further elaborated and motivated below.

The analysis is structured along the following questions:
- Have the government and other stakeholders been successful in realising their ambition to conclude at least 10 sector agreements on responsible business conduct by the end of 2016? If not, what were the reasons for delay?
- To what extent do the agreements concluded and in development cover the 13 high-risk sectors identified by KPMG?
- What can be said about the relevance of agreements in view of their share in the Dutch economy and the participation of relevant enterprises?
- To what extent do sector agreements involve relevant stakeholders?
- How and to what extent do the agreements intend to improve due diligence and integrate principles on responsible conduct into business practices, including access to remedy?
- What (sector-specific) commitments by the government were agreed upon as part of the sector agreements?

The ambition to conclude 10 sector agreements by the end of 2016 has not been accomplished

The government and other stakeholders (including employers, labour unions and the SER) have not met their joint goal to develop 10 sector agreements by the end of 2016 (SER, 2018c). At that time, only two or three agreements were signed, depending on whether the coal agreement can be classified as a 'true' sector agreement (see Box 3-1).

64 The progress report does not specify which sector agreements are inconsistent with the SER's advice.

Box 3-1 *The coal agreement*

The **coal agreement** was signed in 2014, just after the government released its plan to develop sector agreements. It can be seen as a predecessor of the other sector agreements and as an outcome of the Dutch Coal Dialogue which was initiated in 2010, involving energy, mining and steel companies as well as trade unions and NGOs from the Netherlands and abroad. The aims of the dialogue were to improve transparency in the value chain and to improve conditions for local mining communities, referring to human rights, labour rights and the environment. Trade unions and NGOs were also involved in the negotiations on the coal agreement, but they decided to opt out from these negotiations in May 2014. As a consequence, the coal agreement became an agreement between the government and energy companies only. It promotes due diligence on a voluntary basis, notably via audits of Bettercoal.[65] The four participating companies are owned by large international firms with headquarters in Germany, France and Sweden. Some are (partly) owned by foreign governments, but used to be owned by local governments in the Netherlands. The website www.imvoconvenanten.nl provides an overview of sector agreements for (international) responsible business conduct but does not mention the coal agreement. Also in letters to parliament, the coal agreement never appears as a result of the strategy to develop voluntary sector agreements, but as a separate result of the government's IRBC policy.

By the end of 2018, nine agreements had been concluded (see Table 3-1), still indicating a delay in realisation. However, there had been significant progress in the negotiations on agreements in four additional sectors, indicated as sector agreements 'in development'[66] on the SER website and to be concluded in 2019: metallurgy, floriculture, agriculture and natural stone (for which a pilot was started in 2017). Other agreements, e.g. for wind energy, were still in the stage of exploration. The duration of most agreements concluded so far is five years; those in banking and forestry have a duration of just 36-42 months.

Table 3-1 *Sector agreements on responsible business conduct concluded*

	Short name of sector agreement[67]	Reference	Month and year of realisation	Duration
1	Coal	MFA (2014)	November 2014	5 years
2	Garments & textile	SER (2016a)	July 2016	5 years
3	Banking	SER (2016b)	December 2016	3 years
4	Forestry	MFA (2017b)	March 2017	3.5 years
5	Vegetable proteins	CSR Netherlands (2017)	March 2017	5 years
6	Gold	SER (2017a)	June 2017	5 years
7	Food	SER (2018b)	June 2018	5 years
8	Insurance	SER (2018a)	July 2018	5 years
9	Pension funds	SER (2018d)	December 2018	4 years

[65] Bettercoal is a private-sector initiative (www.bettercoal.org). It is not funded by the Dutch government but recognises the Ministry of Foreign Affairs as an important partner via the coal agreement.

[66] See Section 3.7 for a definition of stages in the development and implementation of agreements.

[67] For an overview of the agreements visit https://www.imvoconvenanten.nl/agreements?sc_lang=en. Note that some agreements have much longer names, such as the 'Dutch Gold Sector Agreement on international responsible business conduct of companies in the Netherlands with gold or gold bearing materials in their value chain' (gold). For the sake of readability, this report uses short versions of these names.

The actors involved in the development of sector agreements gave several reasons for the delays, some of which will be discussed in more detail in Section 3.4:

- The development of agreements is a learning process: learning took more time than expected due to inherent differences between sectors.
- It took time to build trust and confidence among the actors involved, and to learn each other's language.
- Limited knowledge of the OECD Guidelines and on how to implement due diligence in practice.
- Disagreements between ministries about the purpose and content of agreements.
- High turnover rates of government representatives in the negotiations.
- Actors sometimes hindered the process by introducing new demands at a late stage.
- Actors needed more time to analyse the consequences of an agreement.
- Long discussions on governance and enforcement.
- The large number of actors (notably NGOs) and decisions of some actors to step out of the process.
- Drafting and approving binding agreements took more time than foreseen.

Sector agreements cover a considerable part of high-risk sectors, but they are not sufficient to reach all high-risk companies; some sectors are only partly addressed or not at all

Agreements – including those 'in development' – cover a considerable part of the 13 high-risk sectors identified by KPMG in 2014, but they are not sufficient to reach all companies in these sectors. Three agreements explicitly target the sector as identified by the sector-risk analysis: garments & textile, food and metals[68] (still in development). Five agreements target large and relevant subsectors: this applies to banking, insurance and pension funds (together covering the financial sector comprehensively) as well as to agriculture and floriculture (both still in development). Other agreements, however, aim at relatively small segments of high-risk sectors such as vegetable proteins (food), gold (metal), natural stone (construction) and wind energy.

Interviewees involved in the development of the agreements indicate that it was often not feasible to reach agreements for the entire sector. This applies, for example, to the financial sector in which banks, insurance companies and pensions funds have to deal with different risks, challenges and regulatory oversight when it comes to due diligence. Other agreements focus more on value chains than on specific sectors, connecting various high-risk sectors and explaining the involvement of wholesalers (traders) and retailers in their approach. A good example is the forestry agreement, which involves branch organisations and companies in various parts of the value chain, including furniture manufacturers and construction companies. Through various value chain relations, links can be observed between the sector agreement strategy and high-risk sectors such as construction, retail, wholesale and electronics, for which no agreements have yet been concluded or are foreseen.

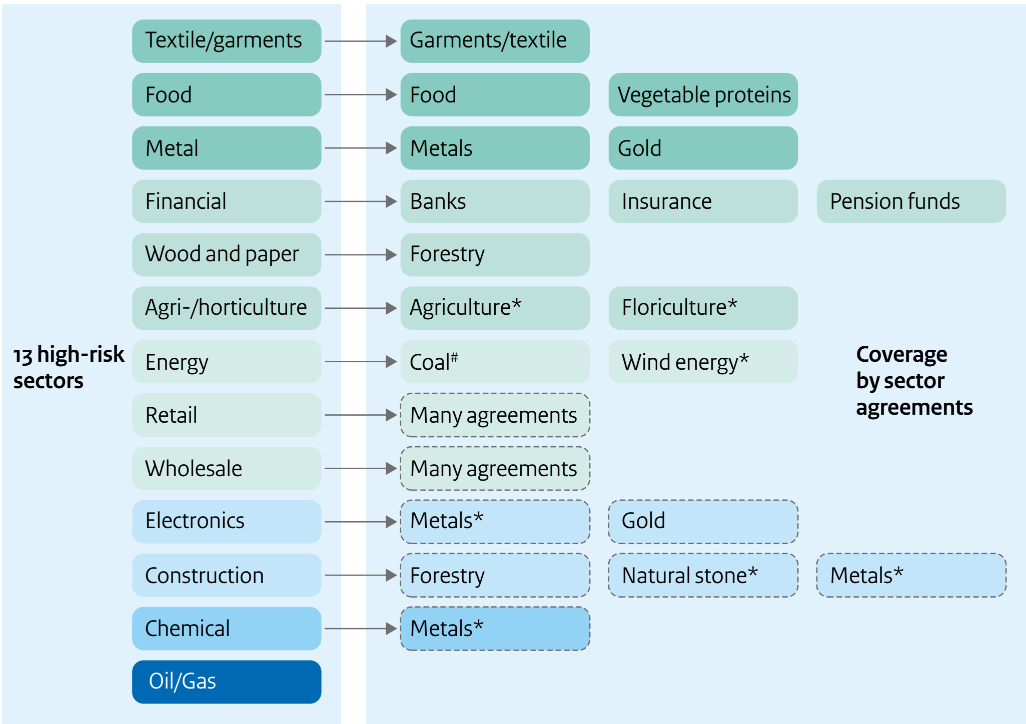
Several high-risk sectors are only partly addressed or are not covered at all, as indicated in Figure 3-1. This is most obvious for the oil and gas sector, which responded that it saw no need to reach a sector agreement on responsible business conduct. In 2017, in response to questions in parliament, the government asked the NCP to commission a study to assess the implementation of the OECD Guidelines in this sector and to advise the government on how to improve conformity. In June 2018, CE Delft and Arcadis concluded – based on a survey and desk research – that the conformity of initiatives in the oil and gas sector to the OECD Guidelines is limited, both quantitatively and qualitatively. The researchers concluded that companies find it difficult to take their individual responsibility to endorse the OECD Guidelines and act accordingly, as long as other companies do not take that responsibility (fearing first-mover disadvantages). Moreover, interviewees revealed that companies have experienced barriers to tackling issues collectively. Initiatives have been launched, notably by larger companies,[69] but their implementation has been sluggish. In early 2019 the NCP presented its advice to the government based on the research of CE Delft and Arcadis (2018). Concurring with this advice, the government requested the sector to present a plan of action by early 2020, responding to the points of attention raised by the NCP (KST 26.485-306, 2019). Both the NCP and the government refer to the (multi-stakeholder) IRBC sector agreement as one of the potential vehicles to implement such a plan.

68 Initially, this agreement (in development) focused on metallurgy, but its scope has been broadened to include the entire metals sector.

69 See for example the website of IPIECA, the global oil and gas industry association for environmental and social issues: http://www.ipieca.org/

Other sectors also questioned the added value of sector agreements, as confirmed by the SER progress report (SER, 2018c). The European Chemical Industry Council (Cefic), for example, claimed that its global Responsible Care initiative[70] provides an adequate platform for stimulating due diligence according to the OECD Guidelines. The international construction sector, organised in the Netherlands Association of International Contractors (NABU) referred to International Framework Agreements (IFAs) with Building and Woodworker's International (BWI), which focuses on respect for labour rights in building infrastructural works. Note, however, that these sector initiatives do not necessarily ensure full compliance with the OECD Guidelines or even mandatory regulation. To give an example of the latter, enterprises in the chemical industry have frequently been found to violate the EU's REACH Regulation, which obliges manufacturers and importers to provide safety information on chemical substances (ILT, 2018).

Figure 3-1 *Coverage of 13 high-risk sectors by the strategy to develop agreements on responsible business conduct*



Explanation
The thirteen high-risk sectors of KPMG's sector-risk analysis are ranked by the degree to which they are covered by sector agreements. Agreements listed to the right target the entire sector or a sub-sector. Dotted lines around an agreement indicate supply-chain relations with the high-risk sector mentioned on the left.

** Sector agreements not yet concluded; # not an official result of the sector agreement strategy*

[70] See for more information: http://www.cefic.org/Responsible-Care/

Sector size, market share and global coverage as indicators of relevance: financial sector agreements in pole position

The relevance of a single sector agreement can be assessed by the following indicators (see Table 3-2):

- **Sector size**. The size of the targeted sector as a share of the Dutch economy, for example, in terms of annual turnover or number of jobs.
- **Market share of participating companies**. The share of companies within the targeted sector that participate directly or indirectly via branch organisations. This can also be defined as the total turnover of participating companies divided by the total turnover of all companies in the sector.
- **Global leverage**. The leverage of the targeted sector in the Netherlands on the global market. For example, the share of the Netherlands in total global production or consumption, or more qualitatively: the trendsetting influence that Dutch multinational companies have on international markets.

Considering the three indicators of relevance all together, the two financial agreements are considered most relevant, followed by the agreements on food and garments & textile. The agreements for the gold and vegetable proteins sectors are the least relevant.

Table 3-2 *Three indicators of relevance: sector size, market share and global leverage*

Sector agreement	Sector size (annual turnover[71])	Market share	Global leverage
Coal	Medium	90% or higher	Average
Garments & textile	Large (EUR 20 billion)	42%-45%	Average
Banking	Very large	90% or higher	Relatively high
Forestry	Medium (EUR 2 billion)	Difficult to estimate. Indirect involvement of companies via branch organisations. Potential market share: 90%-100%	Average
Vegetable proteins	Small		Relatively low
Gold	Small		Relatively low
Food	Large (EUR 40 billion)		Average
Insurance	Large (EUR 80 billion)		Relatively high
Pension funds	Very large		Relatively high

Regarding sector size, five sector agreements clearly stand out as they target relatively large sectors of the Dutch economy: banking, insurance, pension funds, food and garments & textile. The agreements for vegetable proteins and gold serve relatively small parts of the Dutch economy, although it must be acknowledged that the market for vegetable proteins has growth potential. Forestry and coal can be described as medium-sized sectors, with a decline expected for the latter in view of the future phase-out of coal for electricity production.

All agreements potentially target nearly all companies in the selected sectors, but the key question is how many enterprises actually participate and comply with voluntary due diligence standards in accordance with the OECD Guidelines. The only agreement that clearly communicates its market share is the garments & textile agreement, which started with a market share of around 35% in 2016 and reported a market share of between 42% and 45% in 2018. The secretariat of the banking agreement estimates that its market share in terms of total assets is much higher (up to 90%), as it involves nearly all Dutch banks as 'adhering banks'. The same could be said of the coal agreement, which was signed by all large energy companies that use coal. For the five other agreements (forestry, vegetable proteins, gold, food and insurance), it is somewhat more difficult to estimate market share, as they commit enterprises indirectly via branch organisations. Most of these branch organisations, however, reach more than 90% of companies in targeted sectors or subsectors.

[71] Estimates of annual turnover are only included for agreements that report these statistics on their website or in annual reports.

Differences can be observed in the degree to which branch organisations are able to discipline their members. In the insurance sector, companies automatically adhere to the agreement via the statutes of their branch organisations.[72] In other sectors, branch organisations claim to be able to influence their members, but with less statutory power. In these cases, it remains to be seen if individual companies actually participate and comply with agreements made.

In general, the role of Dutch companies in global value chains, and thus the leverage of sector agreements, is limited. This particularly applies to the agreements for the gold and vegetable proteins sectors that are relatively small on an international scale. Actors in the gold agreement intend to create leverage by influencing the purchasing practices of smelters, who constitute a choking point in the value chains of gold. Participants in the vegetable proteins agreement acknowledge the limited role of the Netherlands as producer and consumer of proteins, but have high expectations of the role of the Netherlands as a producer of knowledge and innovation in this sector. At the other end of the spectrum, the financial sector agreements are most relevant from an international trade perspective, with a relatively high 'global leverage'. The role of the Netherlands in these sectors is still limited, but potentially substantial, given that important downstream impacts on clients in other sectors can be expected through lending, insurance and investment practices of participants.

Different stakeholders represented in nearly all sector agreements; no representation of unions and NGOs in the coal agreement

The sector agreements are the envisioned results of a multi-stakeholder strategy that aims to promote cooperation between the government, unions, NGOs and companies, directly or indirectly via branch organisations. Eight of the nine agreements concluded involve representatives of all categories of stakeholders (see Table 3-3). The only exception is the coal agreement, which initially would also involve NGOs and labour unions, but for which it turned out to be unattainable to get these parties on board for actually signing the agreement and carrying the shared responsibility for its implementation (see Box 3-1). Nevertheless, civil society organisations do take part in the implementation of the coal agreement and are consulted on a regular basis (e.g. during annual stakeholder meetings).[73]

Table 3-3 *Number of signatories to the sector agreements by type*[74]

Sector agreement	Government	Unions	NGOs	Branch org.	Enterprises	Other
Coal	2	0	0	0	4	0
Garments & textile	1	2	5	3	55	0
Banking	2	2	4	1	11	0
Forestry	2	2	5	14	0	1
Vegetable proteins	2	1	2	1	4	1
Gold	1	1	4	2	13	0
Food	2	2	4	3	0	0
Insurance	2	1	6	2	3	0
Pension funds	3	3	6	1	74	0

72 Article 15-1 in the Statutes of the Dutch Association of Insurers (VvV) obliges members to adhere to general policies and binding self-regulation of the association (VvV, 2018).

73 FNV, CNV, ActionAid, SOMO and PAX are explicitly mentioned in an answer to a question raised in parliament about the role of CSOs in sector agreements (AH-KST-2017/2018-645).

74 As of 19 March 2019. Based on information provided by the Ministry of Foreign Affairs, the SER, CSR Netherlands and *Bewust met Hout*.

Another general observation is that two of the nine agreements were not signed by individual enterprises: those for forestry and food. In these sector agreements, branch organisations are expected to effectively commit and influence their members. Two of the three financial agreements have a different setup. Individual banks signed 'declarations of adherence', while insurance companies adhere via the statues of branch organisations (as stated above). Moreover, three Dutch holdings with foreign subsidiaries (insurance companies) signed 'statements of intent'.

The Ministry of Foreign Affairs assumed its role of coordinating the development of sector agreements; limited role for the Ministry of Economic Affairs (and Climate Policy)

The Dutch government participated in all sector agreements. Various ministers signed the agreements, but always representing the government as a whole (covering all ministries). An analysis of signatories and participating ministries on behalf of the government (see Section 3.7) provides insight into what ministries were involved in the development of agreements and took an active role in their implementation. It shows that the Ministry of Foreign of Affairs participated in all agreements, confirming its leading role in coordinating the development of sector agreements that regulate *international* responsible business conduct. The Ministry of Finance (FIN) and the recreated Ministry of Agriculture, Nature and Food Quality (LNV) both contributed to the realisation and implementation of three agreements: the Ministry of Finance played a substantial role in the agreements on banking, insurance and pension funds, while LNV did so in the agreements on garments & textile (in view of animal welfare), food and vegetable proteins. The sector agreements on garments & textile and vegetable proteins were initially signed by the State Secretary for Economic Affairs, but with the reorganisation of the ministries in 2017, policy themes such as animal welfare and sustainable food production were taken over again by LNV. The State Secretary for Economic Affairs also signed the coal agreement, but the Ministry of Economic Affairs (and Climate Policy, since 2017) has not been an active participant in its realisation. Some interviewees find it remarkable that the Ministry of Economic Affairs, which is responsible for *national* RBC policy, has not signed more agreements, such as, for example, the forestry agreement. The Ministry of Social Affairs and Employment (SZW) and the Ministry of Infrastructure and Water Management (IenW) – previously known as Ministry of Infrastructure and Environment (IenM) – both contributed to one agreement: pension funds and garments & textile, respectively.

Sector agreements promote due diligence on the OECD Guidelines, but with some limitations in scope, particularly for the agreements on banking, forestry and vegetable proteins

All agreements explicitly promote responsible business conduct, due diligence and RBC risk management based on the OECD Guidelines and refer to relevant Guidance Documents on how to implement due diligence and adopt principles of responsible business conduct:

- The OECD Guidelines (OECD, 2011), cited by all agreements;
- The Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (OECD, 2017a), cited by the garments & textile sector agreement;
- The Guidance for Responsible Agricultural Supply Chains (OECD-FAO, 2014), cited by the food sector agreement;
- The Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD, 2016), cited by the gold sector agreement; this guidance includes a supplement on gold.
- The OECD publication 'Responsible business conduct for institutional investors' (OECD, 2017b), cited by the insurance sector agreement.

This would imply that the agreements have a broad scope in terms of risks to be addressed. On closer inspection, however, many agreements have a clear thematic focus, identifying high-priority risks to be addressed by joint activities. The banking sector agreement, for example, explicitly promotes *human rights* due diligence, paying significantly less attention to other relevant risks such as climate change and environmental pollution. One could argue that environmental risks also fall under the heading of human rights, but actors involved admit that this agreement has indeed a limited thematic scope. Representatives of the banking sector defend this focus on human rights risks by claiming that other (multi-stakeholder) initiatives (e.g. the national climate tables to elaborate plans to implement commitments under the 2015 Paris Climate Agreement), already address environmental and climate change risks sufficiently. NGOs and trade unions, however, are still in favour of expanding the (thematic) scope of the agreement to include these issues.

One could also reason that the banking sector agreement focuses on risks and elements of due diligence where it has added value and complementary vis-à-vis existing initiatives. This line of reasoning can also be observed in the forestry agreement, which aims to promote due diligence on issues not covered by existing initiatives such as the EU Timber Regulation. The agreement refers to a gap analysis by Form International (2016), which indicates that market actors can take responsibility for reducing and mitigating RBC risks by respecting the EU Timber Regulation and importing only timber from sustainably managed forests (Form International (2016), as cited by *Bewust met Hout*, 2017). One of its working groups explores how RBC risks in the sector can be addressed even more, building on existing international standards and regulations. Other working groups, however, seem to focus more on what could be called the 'primary aim' of this agreement, which is to stimulate the demand for sustainable forestry products. Some interviewees hold the opinion that the forestry agreement is actually a renewed 'green deal' and not a 'true sector agreement', noting that the promotion of due diligence in the value chain is a secondary objective. On the other hand, supporters of the forestry agreement would argue that this sector has already made substantial progress in due diligence, explaining its focus on issues and risks not yet covered by existing regulations and initiatives.

The vegetable proteins agreement has a broad due diligence scope, but it is limited in the sense that it only promotes due diligence for new projects under the motto 'first time right'. This is, however, understandable in view of the sector's stage of development. The vegetable proteins agreement seems to focus more on market development (stimulating both supply and demand), thus showing some resemblance with the forestry agreement. Both agreements seem to fit better in a policy to promote 'do good' (focused on sustainable development: doing more than is required, contributing to the transition) than in a policy to promote 'do no harm' (addressing the governance gap: doing what is expected).

Focus on human rights, labour rights and the environment; specific attention to living wage, gender equality and animal welfare

Sector agreements expect participating companies to exercise due diligence on all relevant CSR risks, in line with the OECD Guidelines and various Guidance Documents. Simultaneously they identify sector-specific CSR risks and themes to be addressed by participating actors. Agreements tend to focus on issues not yet (sufficiently) covered by existing laws, regulations or sector standards. The garments & textile agreement, for example, stimulates due diligence on all risks, but specifically draws attention to nine themes: (1) discrimination and gender; (2) child labour: (3) forced labour; (4) freedom of association; (5) living wage; (6) safety and health in the workplace; (7) raw materials, water pollution and use of chemicals; (8) water and energy; and (9) animal welfare. The banking sector agreement specifically aims to reduce risks related to land rights and freedom of union, and refers to labour rights and living wage as themes to explore.[75] An analysis of the risks and themes highlighted in the agreements confirms that the government (and the Ministry of Foreign Affairs in particular) has been successful in raising attention for some of its main concerns: land rights, living wage, gender discrimination and child labour.

- The main thematic focus of sector agreements is on **human rights** (including land rights), **labour rights** (including freedom of association, occupational safety and health) and the **environment** (including climate change and biodiversity).
- **Living wage** is often mentioned as a specific theme (e.g. in garments & textile, banking, forestry, vegetable proteins, food and insurance), while the term as such is not included in the Guidelines, nor in any of the Guidance Documents. The Guidelines do, however, emphasise the importance of paying a fair or decent wage that is sufficient to cover basic needs of workers and their families.[76]

[75] Similar overviews of relevant risks can be found in the agreements for forestry, vegetable proteins, gold, food and the insurance sector.

[76] 'When multinational enterprises operate in developing countries, where comparable employers may not exist, provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families' (OECD, 2011, p. 36).

- **Gender discrimination** receives special attention in various agreements (e.g. garments & textile, vegetable proteins, food and insurance). Although the term gender discrimination is not specifically mentioned in the OECD Guidelines, the document does refer to the principle of non-discrimination on the ground of sex (and various other grounds) with respect to employment and occupation.[77] Additionally, various later OECD Guidance Documents suggest a gender perspective to due diligence.
- **Animal welfare** is highlighted as a theme to address in several agreements (e.g. garments & textile, vegetable proteins, food and insurance) while this risk is not mentioned by the OECD Guidelines. Animal welfare is, however, recognised as a relevant risk for the agricultural sector, and also the Guidance Document for the Garments and Footwear sector suggests that the risk could be relevant for specific subsectors.
- **Child labour** is an important theme in many agreements, which can also be explained by the involvement of specialised NGOs that raise attention for this high profile risk (see below).
- **Corruption**, **unfair competition** and **tax evasion** are themes of the OECD Guidelines to which most agreements pay no or little attention. This also applies to the chapter about **science & technology**. These observations confirm the scope of Dutch IRBC policy, as discussed in Chapter 2.

Environment and human rights protection are not sufficiently represented by specialised NGOs. Child labour and animal welfare receive relatively more attention

The number of NGOs participating in the sector agreements varies from two (vegetable proteins) to six (insurance and pension funds). Table 3-4 shows what types of NGOs have signed these agreements.[78] Some agreements include many types of NGOs, thus covering different types of issues such as human rights, environmental protection, child labour and animal welfare. The agreements for insurance companies and pension funds were both signed by the same well-balanced mix of NGOs, including five of the six types. The vegetable proteins agreement was signed by only two NGOs of the same type: protectors of nature and environment.[79] In three sector agreements – on garments & textile, banking and food products – protection of the environment is not represented by a *specialised* NGO,[80] with several explanations. For the banking agreement, it is simply the focus on human rights. In the agreements for garments & textile and food, NGOs that promote fair and sustainable value chains (Solidaridad and IDH) are expected to raise attention to environmental risks as well.

Table 3-4 *Different types of NGOs in sector agreements (excluding coal)*

Agreement	Value chains	Environment	Peace and human rights	Development	Child labour	Animal welfare
Garments & textile	1		1		2	1
Banking			2	1	1	
Forestry	2	1.5	1.5			
Vegetable proteins		2				
Gold	1	1[81]			2	
Food	1			2	1	
Insurance		1	2	1	1	1
Pension funds		1	2	1	1	1

77 'Enterprises are expected to promote equal opportunities for women and men with special emphasis on equal criteria for selection, remuneration, and promotion, and equal application of those criteria, and prevent discrimination or dismissals on the grounds of marriage, pregnancy or parenthood' (OECD, 2011, p. 39).

78 See Section 3.7 for an explanation of the typology. One of the NGOs (Both Ends) fits in two categories explaining the '1.5s' in Table 3-5.

79 Solidaridad (type value chain) and Hivos (type development) are involved as 'supporting thinkers', but not as signatories.

80 Solidaridad (type value chain) does cover environmental protection.

81 The IUCN decided to withdraw from the agreement in May 2019, which implies that from then on that the gold covenant no longer includes an NGO specialised in environmental protection.

The agreements for vegetable proteins, gold and food were not signed by NGOs specialised in promoting peace and defending human rights. Remarkably, six of the eight multi-stakeholder agreements involve NGOs that specifically address children's rights and the battle against child labour. Also the fact that three agreements include civil society organisations that promote the welfare of animals (not mentioned explicitly by the OECD Guidelines) deserves attention. Note that labour rights (including freedom of union) are defended by participating trade unions in all eight agreements. Furthermore, the number of NGOs in the food agreement is relatively low for such an important sector. This can be explained by the fact that seven NGOs of various types decided to quit the negotiations because they questioned the effectiveness of an agreement without the signatures of individual firms, in particular those of large supermarket chains (Nauta, 2018). This raises the question of whether the four remaining NGOs sufficiently cover RBC risks in this sector.

Six sector agreements introduce or endorse due diligence compliance checks

Six out of the eight sector agreements concluded (the one for pension funds is not included in this analysis) include provisions on independent compliance checks regarding due diligence efforts of participating companies: coal, garments & textile, banking, food, gold and insurance (see Table 3-5).

Table 3-5 Compliance checks on due diligence

Sector agreement	Compliance checks	Motivation
Coal	Yes	Independent audits at coalmines are arranged via Bettercoal, which also monitors improvement programmes.
Garments & textile	Yes	Annual compliance checks by secretariat: annual action plans and progress reports are assessed. Steering group oversees compliance with the agreement and supervise its implementation.
Banking	Yes	Parties and adhering banks provide independent monitoring committee information needed. This committee can ask additional information through an internal audit or an external accountant.
Forestry	No	No checks on compliance. Annual progress report does not report on compliance. Participants agreed to investigate whether the EU Timber Regulation and existing private certification initiatives sufficiently address RBC risks in the timber value chain.
Vegetable proteins	No	No compliance checks.
Gold	Yes	The Steering Committee is responsible for monitoring due diligence reporting, on an aggregated level. The Secretariat collects (public) due diligence reports and due diligence surveys. A working group on due diligence and monitoring checks individual compliance regarding due diligence reporting. It can ask the Steering Committee to take measures in case of non-compliance with due diligence commitments.
Food	Yes	Branch organisations promote and monitor compliance. Secretariat collects (aggregated) information on compliance, with random checks by independent mid-term and end-term reviews.
Insurance	Yes	An independent monitoring commission will check compliance with due diligence requirements. The commission can request additional information. One of its members will be a specialist in the verification of non-financial information.

Compliance checks are organised in various ways, with different roles for the (SER) secretariats, branch organisations, steering groups and independent monitoring commissions (if any). A special case is the coal agreement as it does not introduce new compliance checks, but only (strongly) endorses existing independent audits by Bettercoal, raising questions about the additionality of the agreement in this respect. The food sector agreement suggests that random checks may also feature as part of mid-term and end-term evaluations, which obviously does not qualify as a regular independent compliance mechanism. This also applies to other agreements. Such evaluations could also review the way compliance checks are done, looking at indicators such as the accuracy and independence of monitoring. Two agreements include few or no compliance checks: forestry and vegetable proteins.

Interviews confirm that stakeholders tend to define the success of sector agreements as improved compliance with sector-specific codes of conduct and guidelines for due diligence, including better access to remedy via effective complaint mechanisms. Actors in the forestry and vegetable protein agreements recognise the relevance of due diligence as a goal, but define success in terms of increased supply of and demand for their (sustainable) products. The forestry agreement does not aim to develop a new certificate or code of practice, but clearly builds on existing standards for sustainable timber products such as FSC and PEFC.

Most sector agreements aim to improve 'access to remedy' by encouraging the development of operational complaint mechanisms by individual firms

Nearly all sector agreements include statements about promoting improved remediation by individual firms.[82] Participating firms should not only avoid and mitigate adverse impacts but also provide remediation in case of complaints about actual damage. They are encouraged to improve their operational complaint procedures as part of, or in relation to, due diligence. However, the banking agreement also states that it does not 'shift […] responsibility from the entity causing an adverse impact to the enterprise with which it has a business relation' (SER, 2016b, p. 24), thus emphasising that banks are not liable for damage caused by their customers. A similar statement can also be found in the agreement for the insurance sector. The idea is that financial institutions can mainly improve access to remedy by influencing their customers and other business partners (see Box 3-2).

Box 3-2 *Enabling remediation in the banking sector agreement*

The Dutch banking sector agreement on responsible business conduct includes a full chapter on 'enabling remediation'. Article 3 clearly articulates expectations with regard to this objective:

'The adhering banks will use their leverage to encourage clients to take their responsibility. Within two years of signing the declaration of adherence the adhering banks will implement the following:

a. With regard to project finance, the banks will require clients to establish or participate in a grievance mechanism through which grievances concerning the client's human rights performance can be raised by affected communities, in line with the UNGPs (Principle 31) and international standards such as the IFC Performance Standards and the Equator Principles (Principle 6);
b. With regard to corporate loans the banks will in the case of severe human rights violations known to the banks, actively promote their clients to establish, participate in or enable access to a grievance mechanism in line with the UNGPs (Principle 31) and international standards such as the IFC Performance Standards or the Equator Principles (Principle 6).' (SER, 2016b, p. 24)

[82] The forestry agreement is the only agreement in which this objective is not clearly specified.

Box 3-3 *The Complaints and Disputes Committee of the garments & textile agreement*

The garments & textile agreement announces the establishment of an independent Complaint and Disputes Committee. This Committee has been set up to settle (internal) disputes between participants (e.g. companies, NGOs, branch organisations) as well as disputes between the secretariat and participants, for example regarding the assessment of an action plan or progress report. The Committee, however, also deals with complaints from (external) stakeholders who suffer 'injury, loss or damage caused by an enterprise participating in the agreement' (SER, 2016a, p. 12). These stakeholders may also be represented by other (internal or external) actors, such as NGOs or trade unions. If dialogue or mediation cannot resolve the issue, the Committee will officially register the complaint. If the party involved is not subject to other grievance mechanisms,[83] the Committee will assess whether the enterprise is 'acting in accordance with the Agreement'. Its ruling is binding on all the parties involved in the procedure. Failure to comply with binding ruling is not without consequences. In case of disputes, members of the Steering Group (except enterprise members) will be informed and if disputes remain unsolved, they can be submitted to the Netherlands Arbitration Institute (NAI). In case of complaints, the Committee will inform all members of the Steering Group. If non-compliance involves a supplier (an external non-participant) that refuses to cooperate, the Steering Group may decide to place this supplier on a list from which participating enterprises are no longer allowed to purchase. In other cases, (when participating companies can be hold accountable), other parties (such as NGOs and trade unions) will be allowed to make information on the complaint public.

Sector agreements introduce/endorse joint complaint mechanisms or explore their feasibility

Another characteristic that most agreements share is their ambition to introduce or to explore the feasibility of a joint complaint mechanism. Energy companies in the coal agreement, for example, asked an independent consultant to review the relevance and effectiveness of existing complaint mechanisms. This resulted in the conclusion that the National Contact Point (NCP) for the OECD Guidelines would be the most appropriate mechanism to treat disputes on alleged violations at their suppliers.[84] The agreement is additional as it introduces 'group responsibility': participating companies are jointly responsible. The agreements for garments & textile, banking, food and insurance also endorse the NCP, noting that the sector agreements do not intend to change the NCP's role.[85] Various sector agreements, however, also include commitments about the development of new tailored complaint mechanisms. A good example is the Complaints and Disputes Committee that settles internal disputes in the garments & textile agreement but also takes complaints from external stakeholders (see Box 3-3). Other agreements (e.g. for food and insurance companies) describe a joint complaint procedure as an option to be reviewed.

83 'When the enterprise concerned is party to an initiative with an equivalent mechanism for dealing with the complaint in question, the complaint will be referred to and dealt with in the grievance mechanism of that initiative. In this case, the Complaints and Disputes Committee will declare itself incompetent to hear the complaint. It will publicise the subject of the complaint, the parties involved and the grievance mechanism to which it has been referred' (SER, 2016a, p. 12).

84 Article 2-9.

85 The agreements for forestry, vegetable proteins and gold do not explicitly endorse the NCP for OECD Guidelines. The garments & textile agreement refers to the NCP in a footnote.

Many sector-specific commitments by the government in the sector agreements on coal, garments & textile and gold; none in the agreement on vegetable proteins

All sector agreements identify the government as a partner and include commitments by the government. Most commitments are general and refer to (elements of) the government's broad IRBC policy.[86] Most agreements, however, also formulate sector-specific commitments,[87] such as providing support to particular international (private sector, multilateral or multi-stakeholder) initiatives, introducing international social conditions (ISCs) in the procurement of specific goods or services and enhancing due diligence by state-owned or state-controlled companies in particular sectors (see Table 3-6). Some agreements such as those for banking, forestry, food and insurance only mention one or two of such sector-specific commitments, while other agreements such as those for coal, garments & textile and gold contain at least three of them. One of the most remarkable government commitments concerns the attempt to convince at least one other EU country to set up an agreement for responsible gold by 2020 or to join the Dutch initiative. The government seems to take a relatively modest role in the vegetable proteins agreement, which only includes some general commitments.

Table 3-6 *Sector-specific commitments by the government*

Sector agreement	Sector-specific commitments by the government[88]	
Coal	Many	Supporting the Voluntary Principles (VPs) and Bettercoal. Setting the agenda during the EU presidency. Expanding the capacity of the NCP if needed. Organising a scoping mission to Colombia.
Garments & textile	Many	Supporting the EU Garment initiative and OECD initiatives on textiles. Introducing ISCs in the procurement of textiles by the government. Exploring the need for changes in legislation to enable the reuse and recycling of textiles.
Banking	Some	Promoting the Equator Principles and ensuring that the export credit agency Atradius DSB exercises due diligence in line with Common Approaches and IFC standards.
Forestry	Some	Supporting the Amsterdam declaration (setting the agenda to combat deforestation) and promoting procurement of 'responsibly produced' wood by the government (on all levels).
Vegetable proteins	None	
Gold	Many	Promoting the integration of ISCs into government procurement, exercising due diligence in the sales and purchases of gold bullion bars, convincing at least one other EU government to set up an agreement on responsible gold, and supporting the Minamata Convention on Mercury, the Extractive Industries Transparency Initiative and the Voluntary Principles.
Food	Some	Regular meetings with agricultural councils at Dutch embassies and the integration of ISCs into the procurement by government (catering).
Insurance	Some	Ensuring that the export-credit insurance agency Atradius DSB exercises due diligence in its activities.

86 For example, referring – in general – to the role of embassies and economic diplomacy, bilateral and multilateral relations (promoting a level playing field), trade missions, procurement by the government and policy coherence (e.g. considering policies, laws and regulation in the field of competition and sustainability). Also mentioned are the government's duty to protect and its role in promoting human rights.

87 The banking sector agreement explicitly uses this term on p.31. Some sector-specific commitments on pp. 30-31 are, however, general as they also apply to (most) other agreements.

88 This overview is not necessarily complete.

3.3 Inputs: investments in developing and implementing sector agreements

While the previous section analysed the outputs of the Dutch government's sector agreement strategy, the present section identifies the investments made by the government and other actors to develop and implement the agreements. The analysis leads to four important observations. First, the total financial investments by the government have been substantial, amounting to EUR 7 million in 2018. Second, the government as well as other actors have invested a lot of time in the strategy, by making staff available. Third, government support has been additional for all agreements concluded. Fourth, the agreements are organised and funded in different ways.

Total investments by the government have been substantial: EUR 7 million in 2018

In 2018, the Minister for Foreign Trade and Development Cooperation (BHOS) released a new policy agenda (MFA, 2018b) which specifies additional investments in responsible business conduct agreements. The annual budget for agreements will be EUR 7 million in 2018 but will then gradually decline to EUR 3 million in 2022, amounting to a total investment of EUR 28 million in five years. This budget includes subsidies to the SER and CSR Netherlands. Desk research confirms that the government supported the development and implementation of sector agreements financially, through various channels: the SER, RVO, CSR Netherlands and *Bewust met Hout*, for example.

An important actor is the SER, which received a grant of more than EUR 4 million in 2016, to support and secure the development of sector agreements, including managing the secretariats for garments & textile (two years) and banking (three years). The total costs for a period of five years were estimated at EUR 7.2 million, one-fifth to be covered by the SER and four-fifths by the government and business. The Dutch Banking Association (NVB) made a contribution of almost EUR 1 million (only for the banking agreement), while the Ministry of Foreign Affairs and the Ministry of Economic Affairs funded the remaining EUR 4 million (for all agreements).[89] The contribution of the Ministry of Finance (FIN) to the banking agreement was channelled through the Ministry of Foreign Affairs. The activity appraisal document specifies the aim to develop at least five 'large agreements' and an unspecified number of smaller subsector agreements by the end of 2018, in addition to the two agreements that had already been concluded at that time (garments & textile and banking).[90] In the same year, the Ministry of Foreign Affairs reserved an additional EUR 750,000 for facilitating the development of agreements in 2016 and 2017, and in particular: (1) providing support to branch organisations and employer's organisation VNO-NCW in the negotiation stage (under the heading of capacity development); and (2) hiring external independent experts (via the SER) for chairing the negotiation process and implementation of agreements. The Ministry of Economic Affairs contributed EUR 250,000. The SER created a so-called reflection group that facilitates the exchange of knowledge and experience between the chairs of the agreements.

In 2018, the SER requested an additional government contribution of EUR 12 million, to finance the development of seven additional agreements and the implementation of 13 agreements between 2018 and 2024. The council estimated the average costs of developing a sector agreement at EUR 270,000, while the estimated administrative costs of implementing one are about EUR 1.2 million for a five-year period. The new subsidy agreement between the Ministry of Foreign Affairs and the SER covers all agreements managed by the SER, except for the banking and garments & textile agreement. The total budget of EUR 18.9 million includes the SER's own contributions (EUR 3.8 million, indirectly by trade unions and employers) and by branch organisations or individual firms (EUR 3.2 million). Note that not all agreements are developed and managed by the SER. The forestry agreement is managed by *Bewust met Hout*, a foundation for sustainable timber, which received EUR 195,000 of government support for the period 2017–2020 (MFA, 2017b). CSR Netherlands received almost EUR 2 million for several activities, including managing the vegetable proteins agreement.

89 Almost EUR 2.7 million by the Ministry of Foreign Affairs and more than EUR 1.3 million by the Ministry of Economic Affairs.

90 For the development of the banking covenant, the SER had already received EUR 60,500 in 2015.

Another important channel is the Netherlands Enterprise Agency (RVO), which has provided subsidies for projects resulting directly or indirectly from the agreements. One of the most relevant instruments has been the Fund against Child Labour (FBK) which supported (multi-stakeholder) initiatives to improve due diligence on the specific issue of child labour. This is RVO's only private-sector instrument that refers to the sector agreements explicitly.[91] The first phase of this fund, launched in 2016, made available a total of EUR 5 million, and supported various projects directly resulting from the sector agreements as well as projects in which agreement partners are involved:

a. Pilot projects in China and India for the prospective agreement on **natural stone** (with a total budget of EUR 630,000);
b. Projects in the Netherlands, Bangladesh and India under the **garments & textile** agreement (with a budget of EUR 475,000), as well as various other projects in the garments & textile sector in the Netherlands, Pakistan and India (EUR 546,000).
c. A project in Uganda to address child labour in artisanal **gold** mines, involving various stakeholders in the gold agreement (EUR 405,000); this project was set up during the negotiations for the gold agreement and is mentioned as a first result. The FBK also supported projects in other mining sectors, such as Mica, India (EUR 474,000)
d. Various other projects in high-risk sectors with agreements either concluded or under development, such as those for **food** and **agriculture** (cocoa, rice, herbs and spices) and metallurgy.

It is expected that RVO will continue its support to projects that spin off from the sector agreements, notably through the renewed Fund against Child Labour, with a budget of EUR 35 million available for the period 2018–2022. Furthermore, in March 2019 the government launched a supplementary Fund for Responsible Business, also managed by RVO, to co-fund initiatives that aim to improve due diligence and sustainability in global value chains without a specific focus on child labour (RVO, undated-a).

The government has invested in capacity building through subsidies for the employers' organisation VNO-NCW, but also by making funds – with a total value of EUR 1.25 million – available for NGOs and trade unions that wish to participate in the negotiation stage of agreements. In 2016, the Ministry of Foreign Affairs granted a subsidy of nearly EUR 1 million to OXFAM Novib for managing a facility that enables NGOs and trade unions to participate in negotiations that could lead to the development of agreements.[92] Part of this amount was used by the MVO Platform, a network of NGOs and trade unions, to coordinate the role of NGOs and trade unions in the negotiations on several agreements and to facilitate the exchange of knowledge on the agreements between the participating organisations. One year later, OXFAM Novib successfully applied for an additional amount of EUR 250,000; the application states that participants would receive, on average, EUR 25,000 per agreement.[93] In 2017 and 2018, NGOs also received government funding for their contributions to the implementation of various sector agreements[94] amounting to EUR 1.75 million.

[91] Other programmes such as the Transition Facility (TF), the European Partnership for Responsible Minerals (EPRM) and PSD Apps may be used for the implementation of the agreements, but they have not been designed for that purpose, nor do they give preference to the agreements' participants.

[92] Through the Social Development Department (DSO) of the Ministry of Foreign Affairs.

[93] The application refers to 21 participating NGOs in nine covenant trajectories.

[94] In the agreements for garments & textile, banking and insurance.

The government and other actors have invested a lot of time in the strategy to develop and implement voluntary sector agreements

In addition to financial contributions, the government has supported the development and implementation of sector agreements by making staff available. As Table 3-3 shows, various ministries played an active role, with the Ministry of Foreign Affairs a constant factor in all agreements. Within the Ministry of Foreign Affairs, the Department of International Trade Policy and Economic Governance (IMH) coordinated the development and implementation of agreements, with five to seven staff members who spent at least part of their time on one or more sector agreements.[95] Furthermore, various staff members of IMH participated in steering and working groups of all concluded agreements, together with representatives of other ministries. The second most active thematic department in sector agreements, within the Ministry of Foreign Affairs, was the Department Sustainable Economic Development (DDE), which provided several staff members, notably for the garments & textile and food agreements. Staff of the Department Inclusive Green Growth (IGG) regularly work on the gold agreement.[96] Obviously, the government is not the only actor that provided valuable inputs by allocating staff: this equally applies to branch organisations, companies and other (non-government) actors in the agreements. Interviewees frequently referred to the large amount of time spent on developing and implementing agreements, for all actors involved.

The government's financial support is additional for all sector agreements; banking and forestry could possibly function without government funding

Actors involved in all sector agreements indicate that they need government support for the agreement's administration and management: agreements are not yet viable without public money. Most businesses and branch organisations are not (yet) inclined to fully support the secretariats of sector agreements financially. In most sector agreements, however, the private sector has made substantial contributions to cover their general costs directly or indirectly (see Table 3-7), apart from their non-financial contributions. Direct contributions can be observed in the agreements on coal, banking, forestry, gold and insurance. Indirect contributions apply to most sector agreements with secretariats being administered by the SER: the SER finances 20% of these agreements and, as members of the SER, employers – and trade unions – indirectly support secretariats through this contribution.[97] The secretariats of the banking and insurance agreements are good examples of mixed funding, while the coal agreement demonstrates that, with only four or five participating companies and without participating CSOs, no secretariat is needed.

95 As documented in various internal documents.

96 Other departments within the Ministry of Foreign Affairs, such as DSO (social development) are also involved in various agreements, but not on a structural basis.

97 In 2016, it was agreed that the government and the private sector would finance the remaining 80% of the secretariat, though without specifying the division between the two.

Table 3-7 *Private-sector contributions to co-fund the management of sector agreements*

Sector agreement	Does the private sector co-fund the management of sector agreements?	
Coal	Yes	The coal agreement has no secretariat: the government and the four energy companies take an equal share in covering the costs for general activities.[98]
Garments and textile	Indirectly	No direct contributions by branch organisations or individual companies. Only indirect contributions via the SER (20%).
Banking	Yes	The association of Dutch Banks NVB made a contribution of almost EUR 1 million (two-thirds of the total costs).
Forestry	Yes	Branch organisations cover significant shares of the general costs.
Vegetable proteins	No	The vegetable proteins agreement is managed as a programme by CSR Netherlands from its budget, which implies that the government finances (nearly) 100% of the general costs.
Gold	Yes	Participants in the gold agreement contribute EUR 500 a year (to be increased by EUR 50 each year) to co-fund the secretariat and the independent chair of the agreement, as stated in the agreement: in practice, these relatively small contributions are spent on joint activities and communication. Indirectly, the private sector contributes via the SER (20%).
Food	Indirectly	The sector funds monitoring (collecting due diligence data), mid-term review and stakeholder meetings; in contrast to other agreements in which these costs are covered by the secretariat. Indirect contributions via the SER (20%).
Insurance	Some	The sector covers one third of the general costs, and indirectly via the SER (20%).
Pension funds	Some	The sector covers one third of the general costs, and indirectly via the SER (20%).

For most sector agreements, branch organisations and individual companies seem not to be ready yet to provide additional funding for the general costs of managing the agreement (e.g. by the secretariat). The main argument is that private-sector actors already invest substantially through their participation in steering groups and working groups, and their investments in due diligence and local projects. Raising the financial contributions of individual companies would make it less interesting for companies to participate and make them more inclined to freeride. For the garments & textile agreement, the sector has cooperated with the government to find solutions for long-term funding. The general costs of sector agreements could possibly be funded by the sector through branch organisations that cover the entire sector (as in banking, insurance and food) or by an obligatory sector-wide levy in sectors where branch organisations have insufficient power or coverage (as in garments & textile and gold[99]), provided that competition law allows this. Also the bill ‘Room for Sustainability Initiatives’[100] has been mentioned as a possible solution. If this bill becomes law it could make it easier for the government to turn a sector-wide agreement into binding regulation. However, the bill still needs to be approved by parliament and it is uncertain whether it would serve the purpose of allowing sector-wide levies.

98 The responsibility for organising meetings or writing annual reports rotates among the participants.

99 The current membership structure of the gold covenant does not generate sufficient funds to cover all general costs; an additional increase in membership fees would make it unattractive for actors to participate.

100 Wet ‘Ruimte voor duurzaamheidsinitiatieven’; see https://wetgevingskalender.overheid.nl/Regeling/WGK007665

Sector agreements differ in how they are organised and funded

Sector agreements are clearly different in the way they are organised and funded. Some argue that these differences are unavoidable in view of the differences between sectors and how they are organised. Agreements are tailor-made and the result of negotiation processes that are unique for each sector. Some stakeholders, however, have raised questions about the differences in outcomes of these processes. Some agreements are much more powerful, because the actors involved have managed to set up and fund a relatively strong secretariat (e.g. in the case of the garments & textile agreement). Also the contributions of the government are not equal for each agreement. This is inherent to the voluntary, market-driven and multi-stakeholder nature of sector agreements. Obviously, available budgets and number of staff determine what ambitions can be formulated and what can be done in terms of implementing the commitments under the agreement. For specific projects to be developed, most sector agreements look for additional funding outside the agreement, e.g. from government funds such the Fund against Child Labour administered by RVO (see Section 3.5).

3.4 The role of the government and other stakeholders

This section summarises the main observations about the roles of the government, the SER, NGOs, trade unions, branch organisations and other relevant stakeholders in the development and implementation of sector agreements, as perceived by stakeholders. The analysis is mainly based on interviews. It leads to the following conclusions:

- The **government** has facilitated and mediated, but could have been more active as a participant in the agreements, particularly on banking and insurance;
- **NGOs** have effectively put pressure on the development of agreements, but the involvement of four types of stakeholders (including government and business) has also complicated and delayed the development of sector agreements;
- The **SER** has managed the development and implementation of agreements effectively and efficiently, but should not adopt too many roles;
- **Branch organisations** have promoted awareness and transferred knowledge on due diligence.

The government has facilitated and mediated, but could have been more active as a participant in the sector agreements, particularly in those on banking and insurance

Many stakeholders indicate that the government has often acted as facilitator and in some cases even as mediator between NGOs/trade unions and companies. They question the government's focus on these roles – maybe also considering the overlap with the roles of the SER and other secretariats – and demand a stronger focus on the government's role as partner and legislator/authority (using its 'formal power'). Interviewees explicitly refer to the government's duty to protect and its ambition to 'lead by example'. This is confirmed by the SER progress report: 'the role of the government is not always clear and/or stimulating' (SER, 2018c). Companies and branch organisations argue that the government should clearly formulate its expectations regarding the substance of agreements and give more incentives to companies to comply. Driven by parliament, the government put (political) pressure on the development of agreements by taking over the SER's ambition to conclude at least 10 agreements by the end of 2017. This move was not accompanied by sufficient monitoring of the quality of these agreements (ensuring that they are in line with the OECD Guidelines and the SER's advice). In some cases, the government paid too little attention to its own contribution or to expressing its ambitions in terms of outcomes.

Opinions about the role of the Ministry of Foreign Affairs and other ministries seem to vary from one agreement to another.[101] Discussion partners are, overall, positive about the role of the government in the agreements for coal (see Box 3-4), garments & textile, gold, forestry and vegetable proteins, but rather negative about its role in the two financial sector agreements (banking and insurance).[102] In both agreements, the government has been relatively passive and even defensive, for example, in how the government defined its own responsibility as a shareholder in banks and insurance companies (such as Atradius DSB). Stakeholders in these two agreements indicate that active participation of the government is critical for success.[103] More generally, interviewees refer to the critical importance of government officials understanding both process and content in the (early) development of sector agreements, appraising in particular the role of the government in the initiatives for garments & textile and gold.[104]

Box 3-4 *The role of the government in the coal agreement*

The four energy companies appreciate the role of the government in the coal agreement. Annual reports provide insight into joint efforts, efforts of energy companies and efforts of the government. For example, actors in the agreement jointly organised a multi-stakeholder visit to South Africa in 2016 in order to gain better understanding of local risks and challenges. The government has supported the development of a responsible coal value chain through economic diplomacy in important sourcing countries such as Colombia, South Africa and Kazakhstan. One of the country studies (see Chapter 8) takes a closer look at the role of the Dutch government in improving conditions in Colombia's mining sector.

The variation in opinions about the role of the government may be partly explained by differences in the context in which the sector agreements developed. In the banking and insurance agreements, NGOs have been trying to reach agreement on issues that (arguably) go beyond the OECD Guidelines, but support other NGO activities such as the Fair Bank Guide and Fair Insurance Guide. As it was the government's role to promote the implementation of the OECD Guidelines, the government could be easily perceived as a mediator between NGOs and banks. Actors in the garments & textile agreement, for example, were able to reach consensus on principles and expectations much sooner, using the OECD Guidance for the garments and footwear sector as their frame of reference. In the two financial agreements, there has been more discussion about the OECD Guidelines and the Guidance document for this sector. Furthermore, it must be noted that the government has indeed tried to formulate expectations – in all agreements – on various risks and aspects of the OECD Guidelines, such as free prior and informed consent (related to land rights), deforestation, child labour, living wage and a gender perspective to due diligence. For the implementation of the banking agreement, the government even suggested that it adopt a more steering/leading role, but this was not accepted by other actors.

NGOs effectively put pressure on the development of agreements, but their involvement also caused delays in their realisation: better selection and orchestration are needed

Interviewees confirm that (government-supported) NGOs effectively put pressure on the development of agreements. Negative publicity on neglected risks in global value chains (e.g. on low wages, labour exploitation, major industrial accidents, modern slavery and child labour) incentivised branch organisations and companies to initiate the development of voluntary agreements. The development of the coal agreement, for example, can be related to a documentary on 'blood coal' on Dutch television (Netwerk, 2010) and the report 'The Dark Side of Coal' by PAX (2014). In a similar way, the development of the garments & textile agreement was accelerated by publicity around the collapse of Rana Plaza (Bangladesh) and numerous reports by NGOs on the alarming conditions in this sector.[105]

[101] As confirmed by the SER progress report (SER, 2018c, p. 11).

[102] The role of the government in the food covenant has not been assessed as positive or negative.

[103] One discussion partner stated that the government has recently taken a stronger role in the banking covenant; this needs to be verified.

[104] The gold agreement was an initiative of the government, not of the sector, which probably explains the stakeholders' appreciation of the government's leading role.

[105] For example, on the conditions in India (SKC, 2016) and Bangladesh (SOMO, 2017).

Organisations that participate in agreements are still able to exert pressure on companies and governments, although the new setup may have changed the rules of the game to some extent (e.g. expecting them more than before to enter into dialogue before starting a public campaign or publishing a critical report). Some organisations decided not to join an agreement because they were disappointed about its level of ambition, but in some cases also because the agreement would limit their freedom of action. In particular, in the banking agreement, actors had different expectations about the roles of NGOs (see Box 3-5), causing tensions in the collaboration. In the garments & textile agreement, various NGOs decided not to participate but to become supporters, mostly in view of capacity limitations. Furthermore, it is important to note that 'non-participating NGOs' play an equally important role in the Dutch IRBC policy, also because they are still connected to various agreements via the participating NGOs or are able to influence public opinion.

Box 3-5 *Lessons from interactions between the Fair Bank Guide and the banking agreement*

In September 2018, Dutch banks – represented by their branch organisation NVB – decided that they would no longer participate in the Fair Bank Guide, as they questioned the name, method and the quality of the guide (Van der Heijden, 2018). The Fair Bank Guide aims to provide consumers insight into the policies of banks on issues such as climate change, human rights and animal welfare. It was set up in 2009 by five NGOs (Oxfam Novib, Amnesty, Friends of the Earth Netherlands, PAX and World Animal Protection) and the trade union FNV. Four of these six organisations are also involved in the banking sector agreement (concluded in 2016), which explains why the banks' decision to end their participation in the Fair Bank Guide also affected collaboration and mutual trust in this agreement. Discussion partners indicate that the agreement does not refer at all to the Fair Bank Guide, possibly explaining why actors involved in the agreement had different expectations about the relation between the agreement and the Guide, and the role of NGOs. The insurance sector seems to have learned from these experiences, as their agreement does mention the Fair Insurance Guide (a similar tool set up by the same actors). The agreement includes an article (Article 9.2.7), stating that government and branch organisations acknowledge the independence of NGOs and FNV, with a specific reference to the Fair Insurance Guide. It also emphasises that these organisations will offer participating branch organisations (and their members) the possibility to discuss the method and design of the underlying research, thus trying to anticipate the problems that occurred in the banking sector.

Several interviewees reported that the development of sector agreements took longer than expected due to the complexity of the model, involving at least four different types of stakeholder. The Netherlands has a long tradition of multi-stakeholder cooperation, with the SER as a connector between the government, trade unions and employers' organisations. This tradition builds on the concept of consensual decision-making known as the Dutch *polder model*. The strategy to develop sector agreements brings NGOs to the table, thus adding an extra dimension to the consensus-seeking strategy. Most interviewees acknowledge the added value of involving NGOs, referring to their networks in producing countries and their valuable knowledge of specific risks and how to cope with them. Stakeholders however also indicate that the delays in the development of agreements have been partly due to the underestimated complexity of the 'quadripartite model'.

A general observation is that some NGOs – particularly the more activist type – struggle with their redefined role in the sector agreements. They find it challenging to combine their new role as partner and advisor to companies with other existing roles such as lobbying the government and putting pressure on companies, for example via campaigns. Within the sector agreements, they often need to accept compromise, which is sometimes in conflict with the pronounced values and principles of their donors and supporters. It is noted that NGOs have their own business model, promote their own (thematic and sometimes single-issue) agendas and compete with other NGOs, not least for scarce funds. Moreover, interviewees report that NGOs sometimes use the agreements as vehicles to lobby governments and other stakeholders on policies, issues or risks that are, in their view, 'beyond the OECD guidelines' or at least outside the scope of the agreement.

Various discussion partners share the view that a more rigorous selection of NGOs could have avoided the delays in the development of sector agreements. They suggest that some NGOs joined one or more agreements without being fully aware of the consequences for their own functioning. While the SER and the government proactively invited well-known NGOs to participate, other NGOs were able to join the negotiations without any selection at entry. Other partners, however, add to this point that branch organisations, companies and the government also caused delays: it often happened that an actor became aware of an agreement's implications 'too late in the game', leading to a request for changes in parts of the agreement that had already been agreed upon. Discussion partners indicate that the government took a lot of time to accept proposals, as draft versions of the agreement had to be approved by several ministries. Changes in staff (notably within the government) were also mentioned as reasons for the delays.

Regarding the complexity of the multi-stakeholder approach, a better orchestrated, step-by-step process could have avoided some delays, for example, in the agreements for insurance and food. This is confirmed by the SER progress report (2018c), which states that the SER could have taken a stronger role in orchestrating the development and implementation of sector agreements. Suggested criteria for selecting NGOs are 'implementation power', relevance of expertise and local networks, and willingness to accept compromises (flexibility). Another observation is that actors had different expectations about the role of NGOs and their freedom to continue other activities. Discussions around the Fair Bank Guide (see Box 3-5) demonstrate that other activities of NGOs may affect mutual trust within the agreement, and therefore might need to be addressed in the agreement, as happened in the agreement for the insurance sector.

The SER, CSR Netherlands and *Bewust met Hout* managed the development and implementation of sector agreements effectively and efficiently

Discussion partners are generally positive about the SER, in line with the opinions of stakeholders interviewed by the SER for its progress report (2018c): the SER is a professional organisation that effectively and efficiently managed the development and implementation of various sector agreements with financial support of the Ministry of Foreign Affairs. Several stakeholders indicate that particularly the SER effectively took advantage of 'learning by doing' and knowledge spill-overs between agreements, thus further improving the efficiency[106] and quality of their work. Positive feedback is also noted for the two other 'process managers', CSR Netherlands and *Bewust met Hout*, concerning the agreements for vegetable proteins and forestry. Although these non-SER agreements can be criticised for being less relevant and not fully in line with the SER's advice, the two organisations managed their development and implementation accurately. Interviewees state that it would have been inefficient to let these agreements be managed by the SER, as the two other organisations already had good access to relevant networks of stakeholders. Two other agreements – food and gold – experienced delays in their development because they initially hired a consultancy firm to manage the process. The main problem was that some actors involved did not perceive the firm as being independent.

Various stakeholders indicated that that the SER should not have too many roles, in most cases referring to the garments & textile agreement, which can be regarded as the most elaborate and advanced of the agreements. The secretariat for this agreement is the largest of all secretariats (in FTEs) and controls many if not all activities: it plays an important role in collecting and assessing the due diligence action plans of member companies and raising awareness. Nevertheless, by wearing several hats at the same time – irrespective of where and how these hats were made – the SER runs the risk of losing its independence, or at least its *perceived* neutrality. It must be noted, however, that the participating actors actually invited the SER to adopt these roles.

[106] Efficiency is understood here as the efficiency of the organisation (in this case the SER), not of the sector agreements as such. As stated in the introduction, this evaluation does not review the efficiency of the agreements.

The issue of too many roles for the SER is less manifest in other sector agreements, as participating parties agreed on assuming more tasks. In the agreements on forestry, food and insurance, for example, the branch organisations agreed to take the lead in approaching their members, e.g. for due diligence reporting, and organising and supporting meetings. By allocating more tasks to branch organisations and individual companies, the SER is able to focus on its role as independent facilitator. This strategy could raise the financial sustainability of sector agreements, with a smaller secretariat and a lower budget needed for general costs. The question is whether branch organisations and individual companies are truly able and willing to accept these roles and the associated workload. Various stakeholders interviewed indicate that they already invest a lot of time in the agreements. Lack of capacity is a problem in many organisations, including the government. NGOs and trade unions report inefficiencies, as they have to participate in many agreements. As a consequence, some are reconsidering their participation in agreements they find less relevant.

Branch organisations promoted awareness and transferred knowledge on due diligence

Interviews confirm that branch organisations played an important role in the development and implementation of all sector agreements, and particularly in those without the signatures of individual companies. Most agreements are the result of sector initiatives, with branch organisations leading the way to change. Many if not all branch organisations promoted awareness and transferred knowledge on due diligence (e.g. by organising workshops and webinars and by publishing brochures), thus trying to influence the due diligence behaviour of members. In the agreements for food, insurance and gold, branch organisations took the lead in organising meetings and monitoring progress. Branch organisations in the agreements for food and insurance are relatively powerful, with a strong membership base and a highly developed institutional structure.[107] They are confident about their ability to enforce reporting on due diligence strategies and plans, and thus to influence the behaviour of member companies, an assumption that deserves attention in future evaluations.

3.5 Outcomes

This section reviews the results of sector agreements at the outcome level, while acknowledging that it is too early to draw final conclusions. It analyses the ambitions and progress on various outcome indicators, resulting in the following intermediate conclusions:

- Agreements improved communication and knowledge exchange between companies and NGOs: both recognise the added value of cooperation.
- Companies involved in the sector agreement strategy demonstrate increased awareness of RBC risks and regulations.
- While the actors involved acknowledge the importance of participation and coverage as outcome indicators, most agreements lack a focus on expanding their market share.
- Sector agreements may increase transparency, but within the boundaries set by commercial interests and competition law.
- Improved due diligence reporting in three agreements, but too early to draw conclusions about integration of principles into responsible business conduct.

Agreements improved communication and knowledge exchange between companies and NGOs: both recognise the added value of cooperation

Stakeholders in the agreements observe increased communication between companies and NGOs, also outside the agreement. In general, they are positive about the atmosphere and report increasing levels of trust. NGOs (and trade unions) have increased their knowledge and understanding of the sector-specific legal, political, social, environmental and economic context in which companies operate (see Box 3-6). All actors seem to benefit from joint activities such as mapping value chains, identifying the most severe risks, and listing relevant regulations or codes of conduct.

[107] Article 15-1 in the Statutes of the Dutch Association of Insurers (VvV) obliges members to adhere to general policies and binding self-regulation of the association (VvV, 2018).

Box 3-6 *Cooperation in the banking agreement*

The first annual report of the banking agreement provides some insight into the reported benefits of cooperation between companies and CSOs/trade unions. CSOs and trade unions supported the banks by encouraging other banks to join the agreement, thus improving coverage and adding to a level playing field, and by advising banks on how to implement human rights due diligence. By participating in various working groups, CSOs and trade unions have gained more insight and understanding of how banks work with regard to due diligence procedures, which also enabled them to identify gaps where information is lacking.[108]

Agreements are seen as additional because they provide a platform for dialogue between government, trade unions, NGOs, knowledge organisations, branch organisations and individual companies. They allow actors to exchange knowledge in a secure environment, avoiding the need for wheels to be reinvented. Mutual learning effects are observed not only within agreements, but also between agreements; the reflection group for the independent chairs has been an important vehicle for sharing experiences. This notably concerns knowledge on how to develop and manage this type of multi-stakeholder initiative. Actors that are involved in various agreements – such as the government, the SER, trade unions and NGOs – gained increased understanding of how agreements can be developed and implemented, due to learning effects. While each agreement is unique and requires tailor-made solutions, various discussion partners report a learning curve and efficiency gains in their development process. In the implementation stage, agreements exchange knowledge on how to deal with shared risks such as child labour and the living wage.

Companies demonstrate increased awareness of RBC risks and regulations

Various interviewees, representing companies, trade unions and NGOs, indicate that the sector agreement strategy has raised awareness of RBC risks and regulations, international standards and guidelines (e.g. the OECD Guidelines and the Global Reporting Initiative) among participating companies, not only by RBC officers but notably at the level of CEOs and purchasing officers. This also applies to companies that operate in sectors for which agreements are still ‘under construction’. In general, there is more willingness to discuss problems, risks and challenges in global value chains. The first annual report of the garments & textile agreement (SER, 2017b) claims that internal awareness[109] ‘is increasing’, with actors becoming more aware of ‘what it actually means to participate in the agreement’, though without presenting any figures. Similar conclusions are drawn in the SER progress report which states that actors are increasingly aware of their role in identifying and mitigating RBC risks (SER, 2018c).

Limited focus on expanding market shares and upscaling of sector agreements

While several interviewees define the success of agreements at the outcome level in terms of coverage and participation, most agreements have not set any targets for expanding their coverage, except those for garments & textile and gold. In August 2018, the garments & textile agreement reported increased participation, with a market share in the Netherlands that reached 42%-45%. Within two years, the number of participating companies increased from 50 to 69. However, the agreement has not managed to reach its objective of covering 50% of the market within two years;[110] the objective is to reach 80% of the market in 2020. The gold agreement aims to involve at least 40 companies within two years after its conclusion.[111] It is, however, too early to assess the effectiveness of this strategy and, more important, it will not change the agreement’s limited coverage, as discussed in Section 3.2. Most other agreements do aim to involve new participants but without formulating clear targets and actions.

108 More information: https://banking-annual-report.internationalrbc.org/en_US/7418/110101/cover.html (available only as an e-magazine).

109 The progress report of the garments & textile agreement also claims that external awareness (e.g. among consumers) is increasing, but again provides no supporting evidence.

110 In December 2018, the agreement reported a market share of 48%.

111 Some sector agreements already cover significant shares of the market thanks to the membership base of participating branch organisations (see Section 3.2).

Remarkably, the agreements on sustainable forestry and vegetable proteins state that new members (e.g. individual companies or branch organisations) have to be approved by all members, thus creating a barrier for improved coverage. The banking agreement expects all participants to play a role in recruiting new participants, foreseeing potential in getting foreign banks on board. The insurance agreement successfully involved Dutch subsidiaries of international insurance companies, asking their holding companies to sign letters of intent.

None of the interviewees expects that the sector agreements in which they are involved can be scaled up to the EU level, as they refer to differences in institutional settings and cultures of stakeholder engagement. Partnerships with neighbouring countries seem to be more realistic, with two examples. In 2018, the garments & textile agreement partnered up with its German equivalent (*Textil Bündnis*) and in 2019 the agreement for natural stone became the first real cross-border agreement, as it also involves various public and private stakeholders in Belgium.

Transparency is still limited due to competition law and commercial interests

By publishing a list of production locations the garments & textile agreement helped to raise transparency in the global value chains of Dutch companies (see Box 3-7). The idea is that the SER can act as a confidential broker between complainants (NGOs, etc.) and defendants (individual firms). The aggregated list is a small but important step in making value chains more transparent. Stakeholders (including consumers) now have access to information about suppliers of the Dutch garments & textile sector, although they are unable to make the connection between an individual firm and its suppliers. For this connection, they need the SER as an intermediary. Some frontrunners, however, publish information on their suppliers voluntarily, and the agreement does encourage signatories to do so. Limitations to enforce more transparency are observed in various agreements. Interviewees give several reasons. One is that competition law – enforced by the Authority for Consumers and Markets – does not allow companies to share and publish this information collectively because it would negatively affect the market or consumers (see Box 3-7). Another is that transparency often conflicts with commercial interests. Many companies derive part of their competitive advantage from their value chain: information about suppliers is valuable to competitors. This applies to brokers/intermediate traders in particular. Interviewees in the banking sector also refer to the need to protect their clients' privacy, and that this need for confidentiality is an explanation for limited transparency. Energy companies in the coal agreement indicate that the shipping process – in which coal is classified as dry bulk – limits transparency, since it is difficult if not impossible to trace the origin of coal.

Box 3-7 *Competition law*

Some actors have suggested that competition law in the Netherlands, enforced by the Authority for Consumers and Markets (ACM), has hampered the implementation of sector agreements. Others, however, indicate that the (indirect) involvement of this authority can also be seen as a strength of the agreements. In fact, the ACM has no formal role in the development or implementation of agreements. It is the responsibility of participants in any agreement to avoid conflicts with competition law, regarding not only the content of the agreement, but also during the process of its development and implementation. Actors involved, notably the SER, regularly consult the ACM on how to deal with competition law. In some cases, the ACM comments on draft texts, but without giving its formal approval. The SER, for example, developed confidence protocols for meetings and informs participants about the rules of competition law. On its website, the ACM provides information about (private-sector) agreements on sustainability, referring to a policy rule adopted by the Minister of Economic Affairs in 2016. The main takeaway of this policy rule is that agreements on sustainability should be in the interest of buyers and consumers, but it does provide room for a broader interpretation of these interests (Overheid.nl, 2016). [112]

[112] Proposed legislation, 'Room for Sustainability', could also play a role in this regard, as discussed on p. 69 of this report.

Improved due diligence reporting in the agreements on coal, banking, and garments & textile

Three agreements have helped to improve due diligence reporting by participating companies in their sectors. According to its 2017 progress report, the coal agreement encouraged participating energy companies to identify risks in their value chains and to convince suppliers of the need to improve social and environmental conditions (MFA, 2017a). This has been confirmed in interviews with energy companies and their suppliers in Colombia, although they also indicate that the agreement should be seen as one of the many factors that influenced the decisions of local mining companies. The banking agreement improved reporting on human rights due diligence, as adhering banks agreed to publish human rights reports[113] and took advantage of mutual learning effects. Interviewees emphasised that the agreement's reporting requirements are particularly relevant for the three largest Dutch banks – ABN AMRO, ING and Rabobank – as well as for Atradius DSB, in view of their international activities. Improvements in due diligence are also reported in the garments & textile agreement, with an aggregated list of worldwide production locations and individual action plans for improvements in due diligence as tangible results (see Box 3-8).

Box 3-8 *Improved transparency and due diligence in the garments & textile agreement*

The sector agreement for garments & textile (signed in 2016) made significant steps towards improved transparency in global value chains and enhanced due diligence reporting. In July 2017, its secretariat published an aggregated list of 2802 production locations, based on the inputs of 51 member companies,[114] but not linking locations to individual participating companies for reasons of business confidentiality. This information is available only to the secretariat. One year later, in July 2018, a new list with 4268 locations was distributed (SER, 2018c). This list enables (local and international) NGOs, trade unions and other stakeholders to hold all members accountable for alleged violations of RBC principles in producing countries. The assumption is that the SER can act as a confidential broker between complainants (NGOs, etc.) and defendants (individual firms). The agreement's annual report for 2016–2017 (SER, 2017b) and the SER progress report (SER, 2018c) refer to six occasions on which NGOs reported abuses at production sites, with the SER acting as intermediary between the NGOs and businesses involved.[115]

Another result is that all businesses affiliated with the agreement submitted action plans for improving their due diligence in line with the OECD Guidelines. These action plans were assessed by and discussed with the secretariat. Companies have identified the most severe risks in their global value chains. Interviewees acknowledge the added value of the agreement: peer pressure and knowledge exchange through the secretariat have stimulated a 'race to the top' and companies have started asking questions to suppliers and traders, according to the secretariat. Workshops have facilitated knowledge exchange, with NGOs advising companies on how to improve due diligence on specific themes. Various discussion partners indicated that participating actors lacked knowledge of due diligence when the agreement entered into force. The SER secretariat played an important role in raising this knowledge, including of the OECD Guidelines.

The SER's 2016–2017 annual report (SER, 2017b) confirmed that some companies 'already had a clear picture of the initial production sites [first tier suppliers], whereas other companies had to make substantial efforts to collect this information' (p. 9). It stated that some businesses had to change their processes, which would be a first signal that the agreement has led to the integration of RBC principles into their strategies and business practices.[116]

[113] For example, ING published its full human rights report on 16 November 2018. In 2016, ABN AMRO was the first bank in the world to publish a human rights report, based on the reporting guidelines of the UN Guiding Principles.

[114] 51 companies supplied the required information; 4 companies could not meet the requirement due to business circumstances such as insolvency (SER, 2017b).

[115] In one case, the secretariat received the message that the problem had already been solved.

[116] In 2019, the garments & textile agreement published its annual report for 2018: https://publicaties.imvoconvenanten.nl/kleding-textiel-2018/cover.

Too early to draw conclusions about integration of principles into responsible business conduct

As expected, it is too early to draw conclusions about the effects of sector agreements on the integration of principles and guidelines regarding responsible conduct into business strategies. Some discussion partners suggested that increased awareness has indeed resulted in improved integration (thus confirming part of the theory of change at the outcome level at least for frontrunner and participating companies), but there is no public data available at the sector level (yet) that provides supporting evidence. NGOs indicate that, at least for some agreements, the integration of RBC principles into business strategies has been delayed, partly because it took a lot of time to disseminate knowledge on due diligence. Furthermore, various interviewees argue that the agreements have limited additional effects on the behaviour of companies that were already relatively active on RBC due diligence before they joined. They reason that sector agreements can only be regarded additional if they effectively reach the group between frontrunners and laggards, including many SMEs. Future evaluations will be needed to test this assumption. Another remark made by several interviewees is that success at the outcome level in terms of improved company behaviour is not sufficient: the impact on the ground is needed. Collaborative projects, supported by the government, are expected to deliver such results, for example, by addressing the root causes of child labour (supported by the Fund against Child Labour, see Section 3.3). As most of these projects have only just started or are about to start, their effectiveness cannot be assessed yet.

3.6 Conclusions and recommendations

This section formulates the main conclusions regarding the development of sector agreements as part of the Dutch IRBC policy, reflecting on the evaluation questions and criteria as defined in Chapter 1 and the theory of change developed in Chapter 2.

Conclusions

1. The government's strategy to develop sector agreements on responsible business conduct has been largely effective in accomplishing the intended results at the output level: nine sector agreements were concluded – albeit with some delay – between 2016 and 2018 and several more are underway, with four additional sector agreements expected in 2019.
2. Most of the concluded agreements clearly share an implicit theory of change that assumes that voluntary agreements lead to results at the outcome level (improved due diligence) and impact level (reduced RBC risks and improved access to remedy). However, this ToC is less clear for the agreements not managed by the SER, on forestry and vegetable proteins. Although these agreements recognise improved due diligence as a result at the outcome level, their main focus is on developing the supply of, and demand for their products that meet RBC and/or sustainability standards. Another outsider is the coal agreement, as it has been signed only by the government and four companies.
3. Sector agreements are considered relevant for reducing risks in global value chains and improving access to remedy, acknowledging that other government policies are equally relevant. Agreements cover a substantial part of the Dutch economy and have demonstrated their ability to involve not only leaders (frontrunners) but also eager learners, including many SMEs, mainly via branch organisations. Sector agreements are not sufficient, however, to reach all sectors and all companies.
4. The government succeeded in making sector agreements – at least on paper – coherent with other government policies: they refer to general and sector-specific commitments of the government and they raise attention to issues/risks that are high on the government's agenda for sustainable trade such as living wage, land rights, gender and child labour. Moreover, the agreements comply with competition law, although questions remain about constraints that this law may place on further collaborative efforts, especially on transparency.
5. There are strong indications that the agreement strategy has contributed to intended outcomes such as increased awareness of RBC risks and improved due diligence in various relevant sectors. It is, however, too early to draw final conclusions on the effectiveness of the strategy, as changes in the integration of RBC principles into business strategies are not yet being measured structurally.
6. Financial support from the government has been critical for the development and implementation of sector agreements: the additionality of the funding is rated high.

7. The development and implementation of sector agreements strongly depends on mutual trust and fruitful cooperation between various actors with different agendas. The agreements have challenged actors to rethink and sometimes redefine their roles and to jointly develop mechanisms in which information can be shared within the boundaries set by competition law and the interests of individual actors.
8. Government investments in the development of sector agreements (in terms of budget and staff) have been matched by substantial investments (in terms of budget, but more importantly in terms of staff time) of NGOs, trade unions, branch organisations and enterprises. Many actors have made valuable contributions to the effective conclusion and implementation of the agreements.

Recommendations to the government

1. Continue support for the development and implementation of sector agreements, but also explore possibilities to improve their financial sustainability.
2. Ensure that new sector agreements are in line with the UNGPs, OECD Guidelines, sector-specific guidance documents and the advice of the SER (2014), which implies a clear focus on promoting responsible business conduct, due diligence and access to remedy.
3. Introduce standards or guiding principles for the monitoring and evaluation (M&E) of sector agreements, notably by defining indicators at the outcome level (e.g. changes in the behaviour of participating companies and their suppliers).
4. Efficiency gains can be achieved by giving preference to the SER for managing the development and implementation of new sector agreements, and enabling and allowing branch organisations, trade unions, NGOs and independent experts to play substantial roles, notably in the implementation (e.g. with regard to compliance checks).
5. Define more clearly the government's expectations and criteria that participating stakeholders need to meet in various stages of development and implementation, acknowledging that the government is the main funder of the administration of agreements (e.g. the secretariats) and the projects resulting from the agreements.
6. Better explain how actors not involved in the agreements will be encouraged or forced (e.g. by legislation) to adopt RBC principles according to the OECD Guidelines and the UNGPs within the existing legal frameworks and explore new avenues. Improve monitoring of the results of the broad IRBC policy, including the information strategy as specified in 'CSR pays off' (KST 26.485-164, 2013).

3.7 Methodology and background

Selection of discussion partners

The analysis in this chapter is partly based on semi-structured interviews with around 40 stakeholders who represent the government, secretariats, trade unions, NGOs, branch organisations and individual enterprises involved (or deliberately not involved) in one or more sector agreements. The discussion partners include:

- Government staff
- Secretariats of all agreements, representing the SER, CSR Netherlands and *Bewust met Hout*
- The two trade unions: FNV and CNV
- Branch organisations in the forestry, food and insurance sectors
- Employers' organisation VNO-NCW and MKB Netherlands
- NGOs involved in more than one agreement: PAX, Solidaridad and IUCN
- A specialised NGO involved in one agreement: Four Paws (garments & textile)
- MVO Platform, as a representative of several NGOs
- Energy companies and banks involved in the coal and banking agreements, respectively
- Independent chairs of two sector agreements (garments & textile and banks)

Questions

Stakeholders received a questionnaire (in Dutch) prior to the interview, as part of the semi-structured approach (see Box 3-9 for a translated version). It includes questions about the conclusion of the sector agreements (reviewing the agreement as a result) and their implementation (discussing changes in behaviour and the achieved and expected impact on the ground).

Box 3-9 *Questionnaire (translated from Dutch)*

IRBC agreements: questionnaire for stakeholders

The interviews with stakeholders were semi-structured. Each interview consists of two parts, possibly addressing the following questions:

Part 1: Development of the sector agreement and the actual agreement (on paper)
- From the perspective of your organisation, what is the added value of the IRBC agreement? Does it add something to existing initiatives in the sector? How does it compare with alternatives such as legislation?
- What is your opinion of the actual agreement (on paper)? Is the result of the negotiation process satisfactory? What could have been done better?
- What role did the government play in the development of the agreement? How would you assess the way the government played this role?
- How would you assess the roles of other parties in the development of the agreement?
- Were there any delays in the development of the agreement, and if so, why? Were those delays necessary/unavoidable?
- What have been factors of success and failure in the development of the agreement?

Part 2: Implementation of the agreement and results up to now*
- What in your view are the most important results of the agreement? Or what results do you expect? When do you think the agreement can be regarded as a success?
- Has the agreement (or its development) resulted in changes within companies or other parties – in terms of awareness, knowledge, commitment and RBC behaviour – or are such changes expected?
- How would you assess the cooperation so far? Is there sufficient trust? Are actors willing to share information?
- How would you assess the role of the government in the implementation of the agreement? What could be improved? (Please also review the role of embassies)
- How would you assess progress in the implementation of the agreement? Have there been any delays, and if so, why? Were those delays necessary/unavoidable?
- What are factors of success and failure in the implementation of the agreement?

** In the case of agreements still in development, the focus of the interview is on part 1. Questions in part 2 may nevertheless be answered.*

Validity of data retrieved by interviews
Interviews provide insights into the perceptions of stakeholders, but not necessarily into actual outcomes and impacts. Reported results have been checked by means of source triangulation, referring to annual reports, progress reports and other written sources as much as possible. By including discussion partners representing various types of stakeholder (e.g. government, trade unions, branch organisations, NGOs and companies), different views and perceptions could be collected and triangulated. Moreover, interview reports have been sent to discussion partners for validation.

Signatories by type
Table 3-3 provides an overview of the signatories by type using the following information, collected in March 2019. The main sources of information are the agreements, their websites and the secretariats.

The **coal agreement** (also known as the coal covenant) is a partnership between the government (signed by the ministers for BHOS and of Economic Affairs) and four energy companies (RWE, Vattenfall/NUON, Uniper and ENGIE). The agreement was also signed by one other company (EPZ), but this company closed its coal plant in 2015 and no longer uses coal. The Ministry of Economic Affairs and Climate Policy is not an active participant.

The **garments & textile agreement** was signed by the Dutch government, two trade unions (CNV and FNV), five NGOs (UNICEF NL, Four Paws, Solidaridad, Stop Child Labour and Arisa), three branch organisations (VGT, Modint, INretail) and approximately 50 companies (55 by March 2019). Sixteen organisations are 'supporters' of the agreement. This agreement was signed by the Minister for BHOS (MFA), the State Secretary for Economic Affairs (EZK) and the State Secretary for Infrastructure and Environment (IenM, currently IenW) With the reorganisation of the ministries in 2017, the responsibility for animal welfare moved from the Ministry of Economic Affairs to the Ministry of Agriculture, Nature and Food Quality (LNV).The Ministry of Infrastructure and Water (IenW, previously known as IemM) continued its participation in the agreement.

The **banking agreement** was signed by one branch organisation (the Dutch Banking Association NVB), four NGOs (Amnesty International, Oxfam Novib, PAX, Save the Children), two trade unions (CNV and FNV), and the Dutch Government (represented by the Minister of Finance and the Minister for BHOS). Eleven individual banks have endorsed the agreement by signing the declaration of adherence.

The **forestry agreement** is an agreement between the government (represented by the Minister for BHOS), two labour unions (FNV and CNV), 14 branch organisations (AF Bouw & Infra, Aedes, Bouwend Nederland, CBM, Dutch Man, Inretail, KNBV, Hibin, VVNH, NBvT, EPV, Netherlands Association of Timber Agents, Tuinbranche Nederland, NVB), five NGOs (IUCN NL, Tropenbos International, IDH, Both Ends, NCIV) and one enterprise that participates as a knowledge partner (SHR).

The **vegetable protein sector agreement** was signed by the Dutch government (represented by the Minister for BHOS and the State Secretary for Economic Affairs), one trade union (FNV), one branch organisation (or platform: Sustainable Proteins Platform 'Het Planeet'), two NGOs (IUCN NL, Natuur & Milieu), four companies and one knowledge institute (Institute for Environmental Studies at VU University Amsterdam). With the reorganisation of the ministries in 2017, the Ministry of Agriculture, Nature and Food Quality (LNV) took over the role of the Ministry of Economic Affairs in the agreement.

The **gold agreement** was signed by the Dutch government (by the Minister for BHOS), four NGOs (Stop Child Labour, IUCN NL, Solidaridad and UNICEF NL), one trade union (FNV), two branch organisations (Gold and Silver Federation, Netherlands Guild of Goldsmiths) and 13 enterprises (including knowledge partners). There is one supporting organisation (Fairtrade Max Havelaar) that endorses the agreement.

The **food agreement** is an agreement between the Dutch government (signed by the Minister for BHOS and the Minister of Agriculture, Nature and Food Quality), three branch organisations (CBL, FNLI and KNSV) and four NGOs (ICCO, Global March against Child Labour, IDH, Woord en Daad).

The **insurance agreement** is an agreement between the Dutch government (signed by the Minister of Finance and the BHOS), two branch organisations (VVV and ZN), six NGOs (Oxfam Novib, PAX, Amnesty International Netherlands, Save the Children Netherlands, World Animal Protection, and Natuur & Milieu), and one trade union (FNV). Three international holdings signed statements of intent: Achmea, Aegon and NN Group.

The **pension funds agreement** was signed by the government (represented by the Minister of Finance, the Minister for BHOS, and the Minister for Social Affairs and Employment), the Federation of Dutch Pension Funds (branch organisation), three trade unions (FNV, CNV and VCP) and six NGOs (Amnesty International, Oxfam Novib, Save the Children, PAX, Natuur & Milieu, and World Animal Protection) and 74 pension funds.

NGO types

Table 3-4 provides an overview of NGOs that have signed the sector agreements, using the following typology:

1. Fair and sustainable value chains. These organisations promote the development of fair and sustainable value chains, addressing risks related to human/labour rights and the environment. Examples are Solidaridad and IDH. They both target different sectors/commodities. Also Tropenbos Internationaal fits in this category, aiming specifically at sustainable forestry.
2. Nature and environment. These organisations focus on defending nature (including eco-diversity) and protecting the environment. Examples are IUCN and Natuur & Milieu.
3. Peace and human rights. These organisations focus on promoting peace and defending human rights. Examples are PAX, Amnesty International, Arisa (previously known as the India Committee of the Netherlands) and the Netherlands Centre for Indigenous People (NCIV).
4. Development. These organisations can be described as development organisations, mostly with the primary aim of eradicating poverty. Examples are Oxfam Novib, ICCO and Woord en Daad.
5. Child labour. These organisations focus on the battle against child labour. Examples are Save the Children, Stop Child Labour, Global March against Child Labour and UNICEF.
6. Animal welfare. These organisations focus on improving animal welfare. Examples are World Animal Protection and Four Paws.

Both Ends can be seen as an NGO that combines two types: 2 and 3.

Stages in the development and implementation of sector agreements

The Ministry of Foreign Affairs recognises various stages or phases in the development and implementation of sector agreements. These stages have been used to monitor progress, and can be related to the terms used in the current evaluation as follows:

I. Preliminary talks. Also referred to as the stage in which the government *encourages* sectors to take an initiative (in Dutch: '*aanjagen*').
II. Sector takes the initiative.
III. Stakeholder meetings. The aim of these meetings is to find common ground for an agreement. It is also referred to as 'preparation stage' or 'stage of exploration'.
IV. Declaration of intent. From this moment on, the agreement can be classified as 'in development'.
V. Dialogue. Also referred to as the 'negotiation stage'.
VI. Agreement signed. From this moment on, the agreement can be classified as 'concluded'.
VII. Implementation. Each agreement has a fixed duration.

Farmers using hand-held scanner, developed by SoilCares, that makes quick soil analysis possible. In 2018, SoilCares received funding as part of the Dutch Good Growth Fund (photo: SoilCares).

4 Frameworks for private-sector instruments

4.1 Introduction

This chapter reviews the functioning of frameworks that stimulate or regulate responsible business conduct (RBC) of applicants and other beneficiaries of the Dutch government's private-sector instruments. It analyses whether and how the government has achieved its objective of developing and applying such frameworks for official development assistance (ODA) and non-ODA instruments funded by the Ministry of Foreign Affairs (MFA). More specifically, it aims to assess the extent to which frameworks include particular procedures, standards, conditions or requirements that give evidence of the government's ambition to lead by example in promoting RBC internationally. To that end, this chapter reviews the policies and practices of the three main implementing agencies: the Dutch Entrepreneurial Development Bank (FMO), the government's export credit insurance agency Atradius Dutch State Business (Atradius DSB) and the Netherlands Enterprise Agency (RVO).

The theory of change and evaluation criteria

Frameworks are tangible outputs of the Dutch IRBC policy. Their effectiveness can be defined in terms of their ability to influence or regulate the behaviour of (government-funded) agencies and of enterprises that are directly or indirectly supported by these agencies, financially or otherwise (results at the outcome level). As explained in Chapter 2, frameworks should ultimately contribute to the reduction and mitigation of RBC risks, less adverse impacts and improved access to remedy. Other important evaluation criteria are relevance (do frameworks contribute to the aims of Dutch IRBC policy?), coherence (what can be said about the internal and external policy coherence of frameworks?) and efficiency (are frameworks proportional or used in a proportional way?).

Methodology and limitations

The analysis is based on a systematic review of policies and practices of the three above-mentioned agencies by Nyenrode Business University in close cooperation with IOB. Using desk research and interviews with representatives of the three agencies, the evaluators gained insight in the RBC policies of the agencies, and how these translate to the frameworks for specific private-sector instruments. Fifteen purposefully selected projects/transactions (five per agency) were selected to assess the actual implementation of the frameworks, mainly on the basis of confidential (project) documents. Most selected projects are (partly) ODA-funded. As stated in Chapter 1, transactions of the non-ODA regular export credit insurance facility (EKV) could not be included the sample because the Ministry of Finance (responsible for this facility, together with the Ministry of Foreign Affairs) was not willing to share the required documents. Furthermore, the evaluation is limited in the sense that it only looks at frameworks and their application based on desk research (including existing evaluations of instruments and programmes). It does not include a survey or interviews among beneficiaries, which implies that the current chapter pays relatively little attention to the perspectives of applicants and their business partners. Only secondary sources (e.g. existing evaluations and monitoring documents) provide some insight into actual behavioural change. Furthermore, the examined documents did not always fully disclose if and to what extent the required alterations of the projects were indeed successfully implemented by the applicants.

Structure of this chapter

After this introduction, Section 4.2 analyses the policies and frameworks of the three agencies, reviewing the application of general policy guidelines as formulated by the Dutch government. Section 4.3 looks at how the frameworks function in practice, looking at changes in the design of projects requested by agencies in view of RBC risks. Section 4.4 presents some conclusions and formulates recommendations to the government. Finally, Section 4.5, methodology, explains the selection of projects and lists the RBC-related requests these projects were confronted with.

4.2 Outputs: policies and frameworks of agencies and their instruments

This section reviews the development of RBC policies and frameworks at the three agencies and their instruments. Table 4-1 provides an overview of policy guidelines for RBC frameworks of private-sector instruments suggested by the Dutch government in two letters to parliament.

Table 4-1 *Policy guidelines for RBC frameworks*

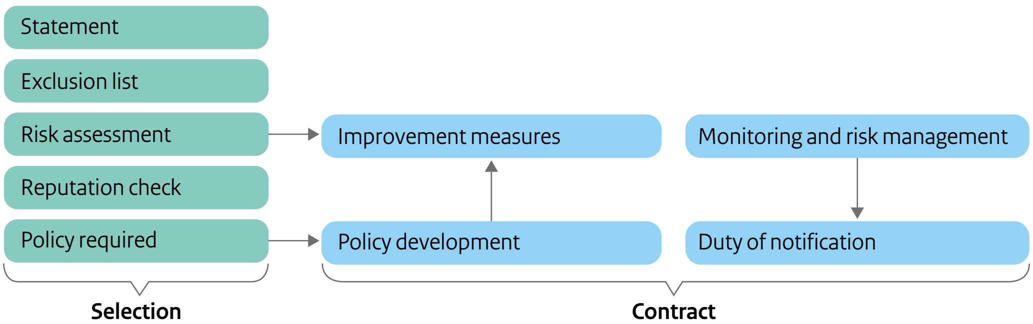
Six 'fixed components'	Ten RBC principles for applicants and implementing agencies
Applicants have to sign statements in which they promise to act in line with the OECD Guidelines. (1)	The company signs a declaration in which it states that the firm and its local partners are familiar with the OECD Guidelines and operate accordingly. (1)
An analysis will be done to identify RBC risks in the value chain... (2a)	The funded activities/sectors are not listed on the FMO exclusion list. (4)
	Implementing agencies use IFC Performance Standards for the first assessment of funding requests. (5)
	For financial intermediaries, one looks at the percentage of the portfolio invested in high-risk sectors. If this percentage exceeds 15%, an in-depth analysis of risk is done and improvement measures are proposed. (8)
... and mitigating measures will be suggested in case of average to high risks (due diligence). (2b)	After the first assessment, risks and possibly needed improvement measures are assessed in detail for high-risk projects (category A, IFC) [= due diligence]. (6)
Applicants need to have a good track record on RBC... (3a)	The company has a good RBC reputation and is willing and capable on this matter. (3)
...and they need to have an RBC policy (3b)	The company has an RBC policy or will set up one at short notice. (2)
RBC conditions in awards for subsidies pursuant to identified risks and mitigation measures (4)	The company bears responsibility for the due diligence process, e.g. risk management and transparency regarding improvement measures. (7)
A monitoring protocol that includes RBC aspects (5) Duty of notification in case of identified violations (6)	During the implementation, the company reports on the progress regarding ICSR topics. (9)
	RBC involves gradual improvement. The circumstances in low to moderate income countries and upcoming markets are not optimal. Activities should be aimed at improving the situation. Conformity with OECD Guidelines and IFC Performance Standards are the ultimate aim. (10)

In March 2013, the government referred to six 'fixed components' for frameworks of ODA-instruments (KST 31.250-102, 2013). About six months later, these components were further specified in a letter that introduced 'ten RBC principles for businesses' (MFA, 2013b) in the context of presenting and discussing the RBC framework for the Dutch Good Growth Fund (DGGF). In fact, these principles address not only the companies that benefit from government-supported programmes, but also the agencies that manage these programmes. While the first nine principles operationalise the six components, the tenth principle is a clear addition as it indicates that the local project's conformity with the OECD Guidelines and the IFC Performance Standards may be achieved during the implementation of the project. This relates to the principle of gradual improvement and refers to the continuous due diligence process. Another leading principle is proportionality: the requested due diligence efforts (e.g. mitigating measures) are proportional to the RBC risks expected.

The general conclusion is that the implementing agencies (FMO, Atradius DSB and RVO) have indeed developed publicly available RBC frameworks that include the six components and meet the ten principles. However, it can also be observed that their RBC frameworks differ in several aspects: the language they use, the (additional) standards and guidelines they expect applicants to comply with, the procedures and conditions regarding due diligence and mitigation, and the degree to which they stimulate access to remedy via the development of grievance mechanisms (as part of applicants' responsibility for the due diligence process).

For the analysis below, it is important to be aware of the linkages between the various elements in the frameworks as depicted in Figure 4-1. Some criteria mainly apply to the selection phase, while other criteria relate to the contract and implementation phase (including monitoring and evaluation).
The diagram suggests that selection and contract requirements are interconnected, e.g. via the risk assessment (resulting in improvement measures) and the condition of having or developing a policy on responsible business conduct including a grievance mechanism.

Figure 4-1 *RBC criteria in the selection and contract stage*



Agencies inform applicants about their frameworks

The three agencies inform applicants about their frameworks. Although RBC frameworks are not always labelled as such, RBC-related policies, conditions, procedures and standards are in general clearly communicated via the websites of the agencies. While FMO and Atradius DSB inform applicants/clients only about their overall policy and not specific products, RVO only refers to policies for specific instruments (Table 4-2 provides a brief introduction to the three agencies). The lack of a general RBC framework for RVO can be partly explained by its relatively broad mission and the diversity of its projects and programmes.

Table 4-2 *What relevant instruments do the agencies manage and how do they inform applicants about their frameworks?*

	FMO	Atradius DSB	RVO
The agency and its instruments	FMO is a development bank that financially supports companies (doing business) in developing countries by providing equity and (syndicated) loans. It manages three government-supported funds: IDF (infrastructure), AEF (energy) and MASSIF (SMEs).	Atradius DSB covers financial risks related to export transactions and investments in enterprises abroad. It manages three government-supported facilities: DGGF-3 (partly ODA), DTIF-2 (non-ODA) and EKV (regular non-ODA export credit insurance).	RVO provides a wide range of services and instruments on behalf of the Dutch government, including DGGF-1, PSI, ORIO, FBK, DRIVE, FDW and FDOV (all ODA) as well as trade missions, DTIF-1, and DHI (all non-ODA).
Communication of the RBC framework	The RBC framework of FMO (and the funds it operates) is not explicitly communicated as such. FMO uses the terminology of 'ESG' (economic, social and governance) criteria rather than RBC or CSR. RBC criteria are part of a broader policy that promotes sustainable investments. FMO's website provides detailed information on the bank's investment policies. Pages about specific funds (such as IDF, AEF and MASSIF) do not refer to RBC conditions directly.	Atradius DSB clearly communicates its policy on responsible business conduct, though without using the term RBC framework. The agency uses the term 'corporate responsibility'. The product page[117] does not refer to RBC conditions, but the downloadable brochure does.	The website of RVO provides information about international corporate social responsibility, but is not very clear about the RBC policy of the agency. The agency does provide information about RBC-related conditions and standards for specific instruments (for example, PSI and DGGF), sometimes using the term 'international CSR framework'.
Website	https://www.fmo-im.nl/en/investment-policies	https://group.atradius.com/about-us/corporate-responsibility.html	https://www.rvo.nl/subsidies-regelingen/private-sector-investeringsprogramma-psi

Applicants have to sign statements in which they promise to act in line with the OECD Guidelines; agencies also refer to other standards and guidelines

Agencies require applicants to sign a statement in which they promise to act in line with the OECD Guidelines. This condition applies to all ODA-funded instruments, but also to non-ODA instruments such as trade missions and the business partner scans. Agencies differ, however, in the additional RBC norms and standards they impose on themselves and their applicants. As indicated in Table 4-3, all three agencies refer to the UN Guiding Principles on Business and Human Rights, which are in fact integrated into the OECD Guidelines, and the IFC Performance Standards that define IFC clients' responsibilities for managing their environmental and social risks. While FMO adheres to several dedicated standards for (development) banks such as principles for responsible investments and financing projects, Atradius DSB demonstrates commitment to the OECD Common Approaches on Environmental and Social Due Diligence for Officially Supported Export Credits. FMO is the only agency that refers to norms regarding the corporate governance of its clients.

[117] For more information, see: https://atradius.nl/artikel/dutch-state-business.html.

Table 4-3 *What guidelines, norms and standards do agencies refer to?*

	FMO	Atradius DSB	RVO-DGGF1
OECD Guidelines	X	X	X
IFC Performance Standards	X	X	X
UN Guiding Principles on Business and Human Rights	X	X	X
ILO Declaration on Fundamental Rights and Principles at Work	X		X
UN Principles for Responsible Investment (PRI)	X		
OECD Common Approaches		X	
World Bank Group Environmental, Health and Safety Guidelines	X	X	
EDFI Principles for Responsible Financing	X		
G20/OECD Principles of Corporate Governance	X		
Dutch Corporate Governance Code	X		
UN Global Compact		X	
Equator Principles for Project Finance	X		

Applicants need to have a good track record on RBC and they need to have an RBC policy

The three agencies have developed various policies to check whether applicants have a good RBC track record (see Table 4-4). RVO's policy to check the RBC reputation of applicants and local partners – and demand (the development of) RBC policies applies not only to the Private Sector Investment Programme (PSI) and the Dutch Good Growth Fund (DGGF-1), but also to other ODA and non-ODA instruments. Some frameworks of private-sector instruments (such as those for TF and DHK), however, do not explicitly refer to these conditions.[118]

Table 4-4 *How do agencies check the applicant's track record on RBC? Do they require them to have an RBC policy?*

FMO	Atradius DSB	RVO (PSI/DGGF1)
FMO carefully selects its clients and discusses RBC issues with potential clients at an early stage.	Atradius DSB assesses the environmental and social reputation of the applicants (the Dutch exporters) and their foreign clients, by reviewing their standing in public opinion, their working practices regarding RBC and their policies and management systems regarding health, security and the environment. The agency also takes into consideration whether potential risks have materialised in previous transactions and how clients dealt with them.	RVO checks the reputation of applicants (and, if applicable, local partners) by a quick scan (based on public information and internal information regarding previous experiences) and by asking them to send in their formal RBC policy. The policy can also be presented later, as a deliverable.

[118] For example, the framework of the now closed Transition Facility (TF) does not explicitly mention a reputation check, while the framework of demonstration project or feasibility study (DHK) is less clear about both conditions. See RVO (2012; 2013).

Having a good track record and reputation is also an important requirement for companies that participate in trade missions (RVO, undated-b). RVO checks each applicant's score on the Transparency Benchmark, which provides insight in the extent to which the largest Dutch companies report about their RBC activities. If applicants score zero points on this benchmark, the Ministry of Economic Affairs and Climate Policy gets in touch with the company and demands an explanation. If this explanation is not satisfactory, the Ministry can urge the company to develop a plan to improve its RBC (reporting) performance. Zero points may be perceived as a low threshold, but in fact almost half of the companies in the (latest edition of the) Transparency Benchmark failed to score at least one point (Transparency Benchmark, undated).
The framework does not specify how RVO checks the reputation and policies of applicants for trade missions for which the Transparency Benchmark provides no information, such as SMEs.

Agencies use a list that excludes particular activities with adverse impacts from support

All three agencies refer to the FMO Exclusion List (FMO-IM, undated), which specifies particular activities with adverse impacts that will not receive financial support (see Box 4-1). Atradius DSB and RVO use the list to determine whether an applicant is eligible for support: if an activity is on the list, the application will generally be rejected.[119] In addition, FMO excludes particular countries from support by stating that no investment or loan will be provided to a project in a country that is in a state of war or armed conflict with another country, or is experiencing a serious internal conflict or civil war.[120] RVO seems to apply the Exclusion List to all private-sector instruments funded by the Ministry of Foreign Affairs, although it is not always explicitly mentioned in the pertinent RBC frameworks (as in the case of DHK and trade missions).

Box 4-1 *The FMO Exclusion List*

FMO and its clients will not finance any activity, production, use of, trade in, distribution of or involving:

1. Forced labour or child labour.
2. Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans.
3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
4. Destruction of High Conservation Value areas.
5. Radioactive materials and unbonded asbestos fibres.
6. Pornography or prostitution.
7. Racist and anti-democratic media.
8. In the event that any of the following products form a substantial[121] part of a company's primary operations, or a financial institution, investment fund or company's financed business activities: alcoholic beverages (except beer and wine); tobacco; weapons and munitions; gambling, casinos and equivalent enterprises.

Source: FMO-IM, undated

[119] RVO indicates that some private-sector instruments allow exceptions to this rule, depending on each instrument's objectives. Atradius DSB applies the list only to applicants to DGGF-3.

[120] Unless the country in question has been approved by FMO's Asset Liability Committee.

[121] 'Substantial' means more than 10% of a financed institution's/company's consolidated balance sheet or earnings. For financial institutions, 'substantial' means more than 10% of the institution's underlying portfolio volume.

The agencies use criteria to assess RBC risks and/or opportunities ex-ante in order to categorise investments by risk profile

The three agencies use criteria (norms and standards) to assess RBC risks ex-ante, in line with, and in some cases beyond applicable international agreements: the IFC Performance Standards and the OECD Common Approaches. Atradius DSB uses the OECD Common Approaches to identify high-, medium- and low-risk projects (indicated as A, B and C, respectively) and recognises two additional types linked to the reputation of the Dutch exporter and/or the contract partner (indicated as M and E) based on the Dutch policy for export credit agencies, for transactions with potential risks that are not identified as such by the Common Approaches.[122] For the Dutch Good Growth Fund, DGGF-3 (Atradius DBS), the transaction value threshold of EUR 10 million (international standard) has been reduced to EUR 1 million, which implies that many more transactions have become subject to exante due diligence checks. FMO also categorises project proposals by their RBC opportunities, using the concept of 'ESG additionality' for the client and referring to green and inclusive investments. RVO uses IFC standards to categorise projects of the DGGF-1 by RBC risks. The available framework of PSI, the predecessor of DGGF-1, provides no insight in the application of risk categories. In an interview, RVO indicated that they use IFC Standards mainly in large infrastructure programmes such as ORIO and DRIVE.

Table 4-5 *How do agencies assess RBC risks and/or results ex-ante to categorise investments by risk or opportunity profile?*

FMO	Atradius DSB	RVO (PSI/DGGF1)
FMO categorises investments in terms of environmental and social risks, as other European development finance institutions do (in line with IFC Performance Standards). Investments with medium to high risk need to comply with FMO's RBC standards. FMO assesses the 'ESG additionality' of project proposals, which involves improvements in environmental social management and governance (FMO, 2017). FMO also identifies green and inclusive (Base of the Pyramid) investments.	Atradius DSB determines the probability of RBC risks by ensuring that applications are subject to a due diligence procedure, if they meet one of the following conditions (in line with the OECD Common Approaches): transaction value > EUR 10 million (>EUR 1 million for DGGF-3); delivery to a sensitive area; increased risk of serious project-related human rights violations; and (on top of the Common Approaches) delivery to a sensitive sector (KST 26.485-255, blg-831781, 2018).	RVO identifies the risk category of DGGF-1 projects using IFC standards. The framework for PSI does not refer to risk categorisation.

Due diligence procedures can be observed at all three agencies

The agencies invest considerable time and efforts in identifying expected or potential RBC risks (and opportunities) of supported projects and transactions (see Table 4-6). They all employ or hire specialists who are able to assess risks in value chains. Due diligence regarding responsible business conduct can be observed at various stages in the project cycle: from the selection of projects or clients in the case of FMO, to the assessment of applications in the case of Atradius DSB and RVO. Applicants are often requested to identify risks in their value chains as part of the application procedure. Moreover, agencies have procedures in place to ensure that mitigating measures are taken in case of avoidable risks/harm. The three agencies refer to RBC conditions, mitigating measures and reporting requirements in contracts, if applicable. This all supports the assumption that proposals can be rejected in the case of adverse impacts without sufficient mitigating measures, and that contracts can be terminated if applicants fail to take mitigating measures.

122 For example, transactions without a clear location, such as shipping vessels.

Table 4-6 *How do the agencies identify RBC risks and ensure mitigating measures if needed?*

	FMO	Atradius DSB	RVO (DGGF1)
Identifying risks	RBC risk management is fully integrated into FMO's approval process. FMO has a large and experienced team of specialists who work with clients on the identification and management of RBC risks. In addition, the agency often hires external independent specialists who also conduct site visits and engage with local stakeholders. In all medium- and high-risk projects, RBC specialists actively cooperate with FMO investment officers and other investors. In the case of risks concerning the governance structure of the client itself, FMO involves governance specialists.	Atradius DSB decides on the basis of screening criteria whether due diligence needs to take place. In that case, the agency maps business relations involved in the project and assesses risks of potential adverse impacts on the environment as well as the likelihood of project-related human rights violations. For high-risk projects, the applicant exporter has to supply an Environmental and Social Impact Assessment (ESIA) or similar document. If the agency identifies potential problems in the value chain of a project, a more in-depth investigation including site visits may be required.	For DGGF-1, RVO conducts a so-called deep scan, which involves a reputation check and a determination of the risk category. Applicants are requested to execute a risk analysis of their value chain based on the OECD Guidelines.[123] If needed, RVO enters the second due diligence phase in which it collects additional data by means of desk research, phone calls, an interview with the applicant, and, eventually, a visit to the local entity. RVO has a team of RBC specialists who interact frequently with the investment managers.
Mitigating measures	If mitigating measures are needed, FMO prepares one or more action plans,[124] which are agreed upon with the client as part of the contract. The aim of an action plan is to ensure that the project complies with FMO's RBC polices and standards within a reasonable time (as soon as possible), and at least before the project ends.	If the due diligence reveals any activities that might cause significant damage to humans, animals or the environment, Atradius DBS requires (in the contract) that risks are prevented or mitigated as far as possible. The agency also checks if project owners have involved stakeholders who might be affected by the project in a meaningful way. Consultations with the local population must be embedded in the project development.	If mitigating measures are needed, RVO asks applicants of DGGF-1 to deliver an action plan including clear measures and objectives, involving direct suppliers in good agreements. This action plan becomes part of the contract (financial agreement) between the agency and the applicant.

The Dutch government has to give its permission for high-risk transactions of Atradius DSB

In the case of RVO and FMO, the Dutch government has delegated the authorisation of single transactions to these two agencies, which implies that they can allocate sources without consulting the government. The authorisation model of Atradius DSB is slightly different: some transactions require a decision by the government on whether or not to award export credit insurance. This requirement applies to medium- and high-value transactions of the regular export credit insurance facility (EKV) and all transactions of DGGF-3 and DTIF-1.[125] Atradius DSB presented the results of the due diligence exercise in its advice to the government (i.e. the insurance committee composed of representatives of the Ministries of Finance and of Foreign Affairs) outlining the strong and weak points of the applicant's reputation and the project evaluation. Sometimes, when the financial due diligence has been concluded, but the social and environmental due diligence is not yet ready, Atradius DSB proposes to offer a 'promise of cover', which implies that insurance is conditional on a positive outcome of the social and environmental due diligence.

[123] The analysis should concern the entire upstream part of the value chain of their most essential raw materials or semi-finished products.

[124] An Environmental and Social Action Plan (ESAP) and/or a Corporate Governance Action Plan (CGAP) and/or a Consumer Protection Principles Action Plan (CPPAP).

[125] This is because the risks of DGGF-3 and DTIF-1 insurance transactions are fully borne by the Ministry of Foreign Affairs.

The agencies monitor the RBC performance of projects. They may terminate contracts in the case of severe violations.

The three agencies have developed monitoring systems that keep track of the RBC performance of projects, and the functioning of their clients within these projects (see Table 4-7). In general, clients are requested to deliver relevant information and to make notifications of identified violations, but agencies sometimes also collect information themselves, such as by means of site visits and other checks by independent experts or evaluators. In the case of severe violations of the contractually agreed upon RBC norms or failure to deliver contractual RBC results, the agencies can withhold next payment tranches or even terminate contracts. Furthermore, they also keep an eye on how clients perform in general (notably in view of the reputation check), by keeping records of experiences in previous projects and by anticipating signals of third parties.

Table 4-7 *How the three agencies monitor the RBC performance of projects*

FMO	Atradius DSB	RVO (PSI/DGGF1)
FMO maintains frequent and extensive contact with its clients. The agency works with client credit reports, annual RBC monitoring reports, and external, independent RBC evaluation reports/ effectiveness studies. Action plans, which have been agreed upon, are closely monitored by project and RBC managers. When applicable, the agency requires annual RBC performance reports and conducts site visits to assess a client's performance. In the implementation of a transaction, non-performance of action plans is followed up and can result in amending of the contract, not releasing next tranches of the loan, and the ending of the contract.	For high-risk (category A) projects, Atradius DSB requires the applicants to submit annual progress reports regarding the prevention or mitigation of the social and environmental effects of the project. RBC experts of the agency or external consultants may visit the site as part of monitoring progress. By contract, all applicants are expected to report severe adverse environmental and social impacts of supported projects, particularly in the case of major changes (compared with information provided earlier). If an applicant fails to deliver on its promises, the right to indemnification expires and the insurance coverage may be cancelled. Signals about negative impacts caused by the applicant in previous projects received via third parties[126] may also be grounds for following up on a project and requesting clarification, additional information or to conduct a new reputation check of the applicant.	Under DGGF-1, RVO requests its clients to deliver (annual) RBC monitoring reports. Similar requirements apply to other programmes such as PSI and FBK. The agency also has the authority to terminate subsidies and demand repayment in case of severe violations such as child and forced labour. If a local partner receives a complaint about child or forced labour at its main supplier, the local partner has to check if the allegation is true. If so, the local partner has to notify RVO immediately. In case of doubt, a third party – e.g. an NGO or expert – can be hired for independent fact finding.

FMO and Atradius DSB encourage the development of project-specific grievance mechanisms

Two of the three agencies have developed grievance mechanisms that allow stakeholders to file complaints and hence to notify violations of RBC principles. Moreover, they consider the accessibility and quality of grievance mechanisms and sometimes urge applicants to set up a project-specific grievance mechanism. At RVO, access to grievance systems is not as secure as at the two other agencies (see Table 4-8).

[126] Such as NGOs, courts, the media and National Contact Points for the OECD Guidelines.

Table 4-8 *How the three agencies ensure that stakeholders have sufficient access to grievance mechanisms*

FMO	Atradius DSB	RVO (PSI/DGGF-1)
FMO has a grievance mechanism that facilitates early indication and remediation of project-related grievances, comprising a complaints office and an Independent Expert Panel that reviews the handling of complaints by the agency. In line with the IFC Performance Standards, clients also are required to have a grievance mechanism in place. Sometimes they are requested to set up project-specific grievance mechanisms as part of mitigation measures.	As part of its due diligence, Atradius DSB assesses the quality and effectiveness of the project's grievance mechanism in case of high and medium-risk projects. The grievance mechanism of Atradius DSB itself is accessible to local stakeholders who are unable to address their complaint at project level.[127]	In the case of RVO, the RBC frameworks of PSI and DGGF-1 provide no insight in how the agency encourages clients to develop grievance mechanisms.[128]

Frameworks refer to principles of gradual improvement and proportionality

The frameworks of the three agencies are in line with the principle of gradual improvements as they engage applicants in adopting RBC principles and provide them with technical assistance and advice when needed (see Table 4-9). Measures proposed to clients do not have to be completed all at once (as discussed in the next section). Agencies also respect the principle of proportionality by ensuring that the frameworks are not too 'heavy' in comparison with the transaction value and in view of potential risks. The level of scrutiny depends on the type of instrument – does it involve major investments in infrastructure or only a relatively small service funded by the government? – and project-specific variables such as the risk category and the transaction value. All three organisations prioritise and allocate most of their RBC resources to those projects and beneficiaries that (could) pose the highest risks from a RBC impact (and credit) point of view. In particular, RVO attaches much value to the principle of proportionality, acknowledging the variety of instruments and services it provides to Dutch companies (see Box 4-2). Acknowledging that the implementation of RBC standards can have unintended negative effects on its clients' market position, FMO actively looks for alternative routes to reach higher levels of RBC adoption. For example, the bank uses its convening power to promote sector-wide minimum RBC risk management standards that aim to create a level playing field, while elevating RBC standards across the sector.[129]

Table 4-9 *How the frameworks of the three agencies refer to principles of proportionality and gradual improvement*

FMO	Atradius DSB	RVO (PSI/DGGF1)
FMO acknowledges limitations in its ability to engage extensively with all its clients (FMO, undated). Efforts are mainly directed at projects and clients with the highest financial and RBC risks. In contracts, the agency allows its client to achieve improvements in RBC performance gradually, e.g. by accepting a longer time for implementation. If the adoption of RBC standards could have adverse effects on the client's market position, FMO looks for other routes to change behaviour, e.g. via sector-wide initiatives.	Atradius DSB focuses its due diligence checks on the most severe risks, considering the potential (negative) impact of supported project on the local population, living environment, biodiversity and animal welfare. Furthermore, Atradius DSB uses transaction-volume based thresholds for due diligence requirements, in both DGGF-3 (EUR 1 million) and DTIF-1 (EUR 10 million).[130]	RVO distinguishes various stages in the delivery of (RBC-related) results, each with a different time frame. Such time frames allow the clients a certain 'grace period' to achieve compliance and develop their business. Proportionality is one of the five guiding principles in RVO's 2019 policy on responsible business conduct (see Box 4-2).

[127] The grievance mechanism is also available to the direct clients of Atradius DSB who have complaints concerning the agency's services.

[128] RVO's own complaints procedure targets applicants who wish to complain about a rejection of their application. See for example Ministry of Foreign Affairs (Undated).

[129] For example, FMO promoted the implementation of RBC risk management standards to local banks in Nigeria.

[130] These thresholds only apply to transactions that do not involve a sensitive sector, sensitive location or a high likelihood of project-related human rights violations.

Box 4-2 *RVO's guiding principles for RBC frameworks*

In 2019, RVO defined five guiding principles for its policy on responsible business conduct, after consultation with the Ministry of Foreign Affairs and other relevant stakeholders:

1. RVO wants to contribute to sustainable development by promoting responsible business conduct in line with the OECD Guidelines, also by using the FMO exclusion list (unless it is the aim of the instrument to address as specific problem such as child labour) and, for some instruments, the IFC Performance Standards. RVO respects animal welfare and aims to encourage equal rights and opportunities for men and women.
2. RVO wants to minimise adverse impacts and increase positive impacts, thus combining a risk approach with an opportunity approach (considering contributions to the Sustainable Development Goals).
3. RVO wants to reach 100% compliance via improvement trajectories (gradual improvement), recognising the complex local environments in which supported companies operate.
4. RVO wants to influence the behaviour of applicants in various stages of the process, e.g. by improving RBC monitoring during implementation.
5. RVO uses the principle of proportionality: the more (financial) support a company receives, the more RVO demands in terms of due diligence and implementing the OECD Guidelines.

4.3 Outcomes and impacts: results of RBC frameworks in practice

While the previous section reviewed the development of frameworks that regulate or stimulate responsible business conduct, the current section evaluates the effectiveness of these frameworks in view of their contribution to changes in the RBC awareness and behaviour of applicants and their (foreign) business partners. The analysis builds on an in-depth review of 15 projects selected by Nyenrode Business University (2019). The main conclusion of this review is that the three agencies – FMO, Atradius DSB and RVO – have developed and implemented frameworks that contain the six 'fixed components', and de facto also the 10 'principles'.[131] In the sample of 15 projects, Nyenrode Business University (2019) identified 48 requests from the agencies to improve the RBC performance of clients/applicants and their local business partners[132] (see Section 4.5 for an overview). RVO is responsible for half of these requests (24), followed by FMO (17) and Atradius DSB (7). These requests demonstrate that the frameworks are actually being implemented, that they are enhancing RBC awareness and that they have influenced the behaviour of supported companies.

Limited insight in how many applications are rejected because of RBC criteria

The three agencies report that few applications are rejected, but they are unable to specify how many rejections result from the application of RBC criteria. They explain this lack of data by arguing that rejections are generally motivated by multiple factors, including both financial and non-financial (RBC-related) risks. It would, however, be interesting to know how many rejections are, at least partly, based on the application of the RBC framework. In the small, not necessarily representative sample of 15 projects – five projects per agency – one company withdrew its application because it did not agree on the timeframe in which mitigation measures had to be implemented, in this case requested by FMO. The agencies indicate that they do sometimes reject applications, for example because the company's activities are listed on the FMO Exclusion List. Such rejections would confirm the effectiveness of the RBC frameworks in the assessment phase of applications.

[131] Nyenrode Business University does not refer explicitly to the 10 principles, but as explained in the previous section these principles can be seen as an operationalisation of the six components.

[132] Some requests involved several measures.

Frameworks raised the RBC awareness of applicants

While the agencies do not monitor changes in the applicants' awareness of RBC guidelines (e.g. the OECD Guidelines), it is very likely that the frameworks of their private-sector instruments contributed to increased awareness. As explained in the previous section, all applicants had to a sign a statement expressing that 'they promise to act in line with the OECD Guidelines'. This condition probably raised the applicants' awareness and knowledge of the Guidelines, particularly for companies that were not familiar with them before. Other conditions not only raise awareness but also lead to the adoption of RBC principles, particularly the requirement to have or develop an RBC policy, to identify risks and mitigation measures in value chains (due diligence) and to report on RBC performance during implementation. The ability of frameworks to raise awareness and encourage the adoption of RBC principles depends on the degree to which RBC conditions are integrated into the instruments.

Clients had to adopt policies regarding responsible business conduct

In at least nine of the 15 projects[133] one of the three agencies required the client to develop or improve its overall responsible business conduct plan, or a plan that addresses a specific RBC risk. In three projects, RVO explicitly requested the clients to submit an (improved) RBC policy. Atradius DSB urged one of its clients to develop policies on human resources management and animal welfare, and to draft and adopt an emergency plan. FMO asked one of its clients to rewrite its environmental and social management system, to refine its position on equitable benefit sharing and add social expertise to its investment team. In another FMO project, the client had to assign RBC auditors at a regional level, reporting to a national RBC manager.

Clients had to obtain social/environmental certificates and licences

In (at least) four projects, clients had to be successful in obtaining certain certificates or licences, specified as a condition in the contract. This can be observed in three of the five RVO projects and in one transaction of Atradius DSB. In one case the supported company had to be granted an environmental licence (by the municipality), while in other cases the agencies demanded specific certificates, e.g. in relation to food safety.[134]

Clients had to take measures to avoid negative environmental impacts

Six requests refer to preventive or mitigation measures that clients had to take in order to avoid negative environmental impacts. They concern three of the five FMO projects,[135] one project of RVO and one transaction of Atradius DSB. In two cases, for example, clients were asked to take measures to improve waste management. In another (FMO) project, the applicant had to address community, health and safety issues in the decommissioning of equipment.

Clients had to improve payment and other work-related conditions for their workers

Eight requests relate to improvements in salaries and work-related conditions for employees of supported companies. In four of the five RVO projects, clients had to pay (new) employees above the minimum wage, with demanded payments ranging from 105% to 160% of the minimum wage. In one project, RVO was less specific, stating that the company would have to raise its salaries and reduce the gap with the living wage. In another RVO project, the agency specifically demanded that the company would improve other work-related benefits such as the provision of clothing and footwear, housing, dust-free working areas, ear protection, pensions, health insurance, and allowances for transport and lunch. These benefits had to be specified in employment contracts and the company's human resources policy. In one of the Atradius DSB transactions, the client had to pay employees for overtime and holidays.

[133] It can be argued that other requests also relate to changes in policy. Furthermore, the list of 48 requests is illustrative and not necessarily complete. This note applies to all conclusions in this section.

[134] In two cases, agencies demanded a Hazard Analysis and Critical Control Points (HACCP) certificate.

[135] Two requests relate to one FMO project.

Clients had to hire a minimum share of female workers

In two projects supported by RVO, clients were specifically requested to hire more female workers. Contracts specify the targeted shares, in these cases ranging from 10% to 70% of the workforce. Gender-related requirements could not be identified among the mitigation measures imposed on the examined projects of FMO and Atradius DSB.

Clients had to improve monitoring and evaluation of RBC performance

Five requests relate to demanded improvements in the monitoring and evaluation of the applicant's RBC performance. Four of these requests were formulated by FMO. In one project, for example, the client had to increase the frequency of monitoring adverse impacts and to report directly on instances of non-compliance with applicable local laws. In one of the five RVO projects, the client had to a conduct an environmental impact assessment, for which a positive result was required.

Clients influenced the awareness and behaviour of their suppliers, notably on child labour and forced labour

Several requests urged clients to use their leverage towards suppliers. In four projects clients had to exercise due diligence on the risks of child labour and/or forced labour in their value chains. In three RVO projects, the client was expected to ascertain that suppliers did not use child or forced labour. In one of these projects, the client had to train other companies on RBC-related issues. In one FMO project, the client had to ensure that none of its subcontractors' employees was below the age of 18. The client tried to reach this objective by including health, safety and child labour conditions in contracts and by means of site visits. In another project, FMO required its client to demand that applicants to its fund established and maintained an environmental and social monitoring system in line with the client's and FMO RBC standards.

Clients experience the framework as a stimulus

Only one client in the 15 examined cases indicated unwillingness to comply with measures to improve responsible business conduct. In all other instances, the beneficiaries did not consider the framework as a burden, but rather as a stimulus for implementing the new projects in a responsible way.

4.4 Conclusions

This section formulates the main conclusions and recommendations regarding the development of RBC frameworks for private-sector instruments, reflecting on the evaluation questions and criteria as defined in Chapter 1 and the policy's theory of change in Chapter 2.

Conclusions

1. The government's policy to develop RBC frameworks for private-sector instruments has been realised as foreseen: the three main implementing agencies (FMO, Atradius DSB and RVO) apply relevant conditions and criteria in the selection of beneficiaries and have procedures in place to monitor progress in the adoption of RBC principles and practices in supported projects.
2. Despite differences in terminology and the use of, often sector-specific, international standards, the three agencies developed similar frameworks for their private-sector instruments and gave sufficient substance to the government's six 'fixed components' and 10 principles for international RBC, which gives evidence of high internal coherence.
3. By requiring applicants to sign a statement in which they promise to act in line with the OECD Guidelines (and other international guidelines and standards), the frameworks have contributed to increased awareness of the Guidelines among applicants of private-sector instruments.
4. Frameworks that also require agencies and applicants to identify RBC risks in value chains, define mitigating measures and monitor progress in the implementation of such measures have effectively promoted the uptake of RBC principles and practices, notably in supported projects, but often also at (directly or indirectly) supported companies, including second-tier suppliers. Spillover effects (the development of 'role models') could not be observed.

5. The three agencies apply the principle of gradual improvement, which is understandable and also needed to avoid unintended consequences such as a discontinuation of trade and investment (disengagement). They also apply the principle of proportionality, thus trying to keep the frameworks efficient, from the perspective of both agencies and applicants (avoiding too much burden).
6. In the sample of 15 cases, only one company considered the RBC framework to be a burden. Most companies perceived the conditions as stimulating and demonstrate willingness to implement changes in policies and practices.
7. Project proposals are rarely rejected on the basis of RBC conditions only, for two reasons: a) rejections are often based on a combination of factors (e.g. also financial risks may play a role); b) applicants are given time to implement mitigating measures as part of their projects.
8. The leverage of RBC frameworks – their ability to influence behaviour beyond the applicant – varies and depends on the type of instrument. Programmes that provide funding to investment funds and banks in developing countries such as IDF, AEF and MASSIF are, in general, more influential than instruments that provide funding to specific projects.

Recommendations to the government

1. Combine the six 'fixed components' and the 10 principles for international responsible business conduct in an updated RBC policy for all international private-sector instruments (ODA and non-ODA) and communicate this policy more clearly. This policy should define general principles and allow agencies to develop tailor-made frameworks.
2. Require the agencies to make their RBC frameworks transparent.
3. Adopt the principle that RBC frameworks should facilitate access to remedy, as part of the due diligence process and in line with the OECD Guidelines, the UN Guiding Principles and IFC Performance Standards. This may be done by requiring applicants to have or establish a grievance mechanism, at company level and/or at project level (for larger projects).
4. Monitor the implementation of the government's RBC policy for private-sector instruments: check if frameworks meet the guidelines and urge agencies to collect data that provide insight into the application of frameworks (e.g. indicators of changes in awareness and adoption of RBC principles).
5. Pay more attention to the effectiveness and impact of RBC frameworks – e.g. their ability to influence behaviour in value chains, reduce risks and enhance access to remedy – in ex-post evaluations of private-sector instruments, particularly if high leverage can be expected.
6. Encourage implementing agencies (FMO, Atradius DSB, RVO and other smaller agencies such as PUM) to exchange knowledge and experience and to share best practices on how to design and implement tailor-made RBC frameworks for private-sector instruments. Stimulate these agencies to conduct internal self-assessments.
7. Distinguish RBC as a condition (e.g. by requiring a statement or a policy) from RBC as an objective or a means to an end (e.g. by integrating RBC principles into the project and promoting the adoption of RBC by beneficiary companies). Acknowledge this distinction in RBC frameworks and theories of change for different private-sector instruments.
8. As all ODA-funded private-sector instruments have the objective to support sustainable development, combine a risk-based approach ('do no harm') with an opportunity-oriented (value creation, 'do good') approach, stimulating compliance with the OECD Guidelines and the Sustainable Development Goals.
9. Ensure that implementing agencies make their (organisational and instrument-specific) frameworks available online and accessible for potential applicants and other stakeholders, and expect them to report on RBC performance indicators.

4.5 Methodology

Selection of projects

The selection of 15 projects has not been random, but purposeful using the following principles:

- Five projects per implementing agency
- Projects implemented between 2012 and 2018
- Variation in RBC performance (as indicated by the agency)
- Projects involving high-risk sectors as identified by KPMG (2014)
- For the report and this chapter, the projects were anonymised

Requests by the three agencies

In the sample of 15 projects, Nyenrode Business University identified 48 requests by FMO, RVO and Atradius DSB. The numbers in the list below – for example (FMO, 1) – refer to projects in the sample.

1. Client had to assign RBC auditors at a regional level, reporting to a national RBC manager (FMO, 1)
2. Client had to establish RBC policies and procedures, including requirement not to build any new facility without checking RBC requirements (FMO, 1)
3. Client had to develop waste management procedures and site boundary protection, as part of an action plan (FMO, 1)
4. Client had to rewrite its environmental and social management system (FMO, 2)
5. Client had to make having an environmental and social management system an obligation for projects receiving funding (FMO, 2)
6. Client had to refine its position on equitable benefit sharing (FMO, 2)
7. Client had to engage social expertise in its investment team (FMO, 2)
8. Client had to increase the frequency of monitoring adverse impacts (FMO, 3)
9. Client had to revise and formally adopt an emergency response plan (FMO, 3)
10. Client had to phase out the use of R22 (a refrigerant) (FMO, 3)
11. Client had to monitor the use of septic tanks and report on non-compliance with applicable law (FMO, 3)
12. Client had to address community, health and safety issues in the decommissioning of equipment (FMO, 3)
13. Client had to implement measures to ensure compliance with IFC performance standards (FMO, 5)
14. Client had to monitor compliance with environmental and social requirements (FMO, 5)
15. Client had to submit a completed RBC policy (RVO, 6)
16. Client had to pay new employees 20% above the minimum wage (RVO, 6)
17. At least 40% of newly hired workers had to be female (RVO, 6)
18. Client had to hire at least one female worker (RVO, 7)
19. Client had to pay new employees 5% above minimum wage (RVO, 7)
20. Client had to include several secondary conditions in new contracts with workers (RVO, 7)
21. At least 20% of newly hired workers had to be female (RVO, 7)
22. Client had to apply (successfully) for an environmental licence (RVO, 7)
23. Client had to submit a completed RBC policy (RVO, 7)
24. Client had to conduct an environmental impact assessment, with positive results (RVO, 8)
25. At least 70% of newly hired workers had to be female (RVO, 8)
26. Client had to pay new employees 60% above minimum wage (RVO, 8)
27. New employees had to be trained (RVO, 8)
28. Client had to train other companies on RBC-related issues (RVO, 8)
29. Client had to be awarded an environmental/social certificate (RVO, 8)
30. Client had to submit an RBC policy (RVO, 9)
31. Client had to take measures to avoid negative environmental impacts (RVO, 9)
32. Client had to be awarded environmental/social certificates (RVO, 10)
33. Client had to consider animal welfare (RVO, 10)
34. Client had to comply with local law (RVO, 10)
35. Client had to improve payment, decreasing the gap with living wage (RVO, 10)
36. Client had to accept technical assistance of the agency on RBC issues (Atradius DSB, 12)

37. Client had to adopt a formal HRM policy (Atradius DSB, 12)
38. Client had to pay for overtime and holidays (Atradius DSB, 12)
39. Client had to draft and adopt an emergency plan (Atradius DSB, 12)
40. Client had to adopt measures for waste disposal (Atradius DSB, 12)
41. Client had to be awarded a social/environmental certificate (Atradius DSB, 12)
42. Client had to write an animal welfare policy (Atradius DSB, 12)
43. Client had to convince and train its subcontractors in order to improve practices in the use of personal protective equipment (FMO, 1)
44. Client had to do due diligence regarding child labour among its suppliers (FMO, 1)
45. Client had to include health, safety and labour right conditions in contracts with suppliers (FMO, 1)
46. Client had to do due diligence regarding child labour among its suppliers (RVO, 6)
47. Client had to do due diligence regarding child labour among its suppliers (RVO, 7)
48. Client had to do due diligence regarding child labour among its suppliers (RVO, 8)

Harderwijk, 13 September, 2018 – Ambulance personnel review their new uniforms after the presentation.

5 Procurement by the government

5.1 Introduction

This chapter reviews the integration of (international) RBC principles into the procurement policies, procedures and practices of the Dutch government between 2012 and 2018. It focuses on the central government, defined as all ministries and other independent government bodies under the auspices of the central government. The Ministry of the Interior and Kingdom Relations (BZK) is the first competent ministry for the business operations by ministries of the central government,[136] which includes coordinating their public procurement policy, while other ministries bear responsibility for specific policy aspects of sustainable procurement.

[136] In Dutch: *Rijksoverheid*. As explained in Section 5.2 it is important to make a distinction between the ministries (*Rijksoverheid*, often simply translated as 'central government') and 'other central authorities'. This distinction is relevant because most central government policies on responsible procurement apply only to the ministries.

The Ministry of Foreign Affairs (MFA) is responsible for promoting the translation of the OECD Guidelines and the UN Guiding Principles into government policy, which involves the development of RBC frameworks for public procurement.[137] This responsibility concerns in particular the integration of international social conditions (ISCs)[138] into public procurement.

The theory of change and the limitations of this review

As discussed in Chapter 2, the IRBC policy of the Netherlands builds on the OECD Guidelines and the UN Guiding Principles, and responds to the EU strategy 2011–2014 on CSR. Both the UNGPs and the EU strategy explicitly refer to the role of public procurement as a catalyst to promote responsible business conduct. The key Dutch policy documents on this matter ('CSR pays off' and the National Action Plan on Business and Human Rights, both released in 2013) also mention responsible public procurement (RPP) – often also referred to as sustainable public procurement (SPP) – as a key instrument for the government to promote RBC.[139] Through responsible and sustainable public procurement, the central government intends to lead by example, inspire local government tendering bodies and use its economic purchasing power to influence the behaviour of tendering companies, leading to better due diligence in their value chains and ultimately greater impact on the ground.

This chapter analyses the development and application of procurement policies by the Dutch government, as outputs of the Dutch IRBC policy. It reviews (actual or expected) changes in the behaviour of the government (on various levels), assuming that this behaviour could lead to improved due diligence of tendering companies and their business partners in global value chains (outcomes), and ultimately to reduced and mitigated RBC risks (impact). The analysis mainly builds on secondary sources, apart from a quick scan of relevant category plans and tenders in four selected product categories/sectors: workwear (garments & textile), data centres, natural stone (construction) and timber (construction, office furniture).

Sources

This chapter is based on research conducted by EcoValue (2019) between October 2018 and March 2019, referring to the following sources:

- Research on responsible public procurement published between 2012 and early 2019;
- Public policy documents sent to parliament related to public procurement;
- Online resources developed to support (responsible) public procurement such as the websites of PIANOo[140] and the SPP criteria tool[141];
- Interviews with representatives of different ministries and government agencies involved in (policies on) public procurement and representatives of lower government entities involved in tenders;
- Interviews with relevant stakeholders such as NGOs, sector organisations, companies, certification bodies and other experts.

Structure of this chapter

Section 5.2 provides context to the field of public procurement. It indicates the economic relevance, outlines the legal frameworks for public procurement and describes how the Dutch central government organises and coordinates procurement. Section 5.3 takes a closer look at steps taken by the Dutch central government in the 2012–2018 timeframe to integrate responsible business conduct and sustainability criteria into its procurement policy, within the boundaries of the existing legal framework and the division of competences between the different levels of government. Section 5.4 analyses the coherence and (potential) effectiveness of the procurement policy, and reviews the application of environmental and social conditions in product categories with high RBC risks. Finally, Section 5.5 formulates the main conclusions and recommendations to the government.

137 The Ministry of Foreign Affairs also encourages Dutch embassies around the world to integrate RBC policy into their own management and procurement decisions.

138 In Dutch: *internationale sociale voorwaarden* (ISV).

139 This chapter prefers the term 'responsible public procurement' to highlight the relation with 'responsible business conduct'.

140 www.pianoo.nl

141 www.mvicriteria.nl

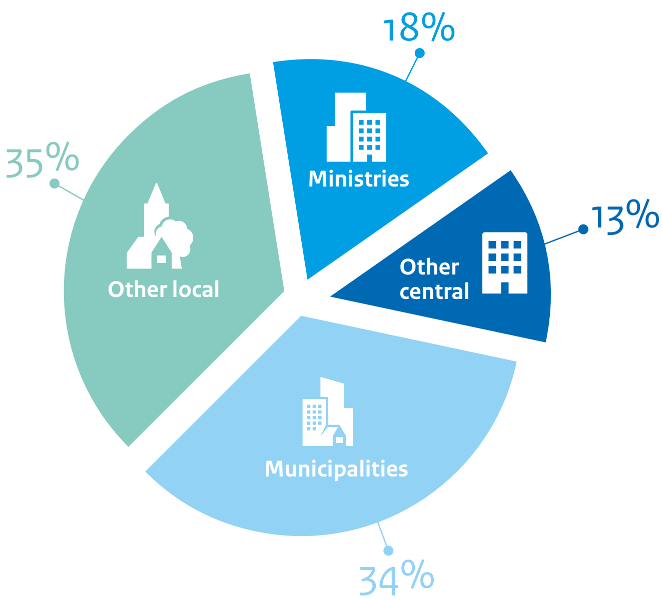
5.2 Economic relevance, legal frameworks and tendering mechanisms

With annual public procurement worth over EUR 73 billion (2015 data by Significant, 2016), the Dutch government and public authorities have significant potential leverage on the due diligence behaviour of tendering companies. The current section shows that the legal framework and tendering mechanisms provide opportunities for stricter guidance to tendering bodies and hence, to more responsible procurement practices.

Dutch public procurement offers important leverage

Public authorities are important economic actors: in the Netherlands, they purchased goods, services and works (e.g. infrastructure and buildings) amounting to EUR 73.3 billion in 2015 (Significant, 2016), considerably more than the EUR 57.5 billion in 2007 (IOO, 2009).[142] As shown in Figure 5-1, the central government is responsible for approximately 30% of the budget spent on public procurement, leaving 70% to municipalities and other local authorities.[143] Within the central government, ministries generate more than half of total procurement,[144] slightly more than the 'other central' public authorities such as universities, research institutes, product and sector organisations and national foundations. Within the ministries, four departments account for 80% of all spending: Defence (MinDef), Infrastructure and Water Management (IenW), Interior and Kingdom Relations (BZK) and Justice and Security (JenV). It is estimated that the Ministry of Foreign Affairs spends only 1% of the overall ministries' budget (ABD, 2018).

Figure 5-1 *Shares of ministries, municipalities and other local/central authorities in public procurement (2015)*



Source: based on Significant (2016)

[142] More recent data on the total procurement by public authorities is not available.

[143] Total procurement by the central government was EUR 22.3 billion in 2015.

[144] This includes the independent administrative bodies (ZBOs) included in the annual accounts of the ministries (Significant, 2015).

EU Public Procurement Directives allow promotion of economic and societal goals, but do not provide much guidance or mandatory requirements to deal with RBC risks

The EU has developed a legal framework for harmonised public procurement, in view of its aim to create an internal market and level playing field for all businesses across Europe. The framework prescribes how public authorities and utility operators in the member states should purchase goods, works and services. In 2014, the EU adopted three new directives on public procurement with as main objectives enhancing competition, reducing administrative burden, improving access for SMEs to public tendering, preventing corruption and allowing policy space to take account of social and environmental considerations.

The main EU directive on public procurement (Directive 2014/24/EU) highlights the ambition to use public procurement as a strategic tool towards more responsible business practices. It mandates member states to ensure that their suppliers comply with environmental, social and labour laws, collective agreements, ILO conventions and multilateral environmental agreements. The directive states that contracting public authorities should be allowed to refer to ecolabels, set minimum criteria or award criteria, and/or use a life-cycle costing approach, provided that such measures comply with EU law and do not discriminate and prevent, restrict or distort competition (see Box 5-1). In recognition of differences between individual sectors and markets, the directive does not set general mandatory environmental, social and innovation requirements. The directive only allows specific environmental and social requirements that relate to the production process and lifecycle of the goods to be procured ('link with the subject matter'). This implies that contracting authorities cannot require tenderers to have (or develop) *general* corporate social or environmental policies, which could be interpreted as an obstacle for introducing more mandatory RBC requirements in public procurement.

Box 5-1 *Directive 2014/24/EU on public procurement*

In the preamble, paragraph 97 states:

'Furthermore, with a view to the better integration of social and environmental considerations into the procurement procedures, contracting authorities should be allowed to use award criteria or contract performance conditions relating to the works, supplies or services to be provided under the public contract in any respect and at any stage of their life cycles from extraction of raw materials for the product to the stage of disposal of the product, including factors involved in the specific process of production, provision or trading and its conditions of those works, supplies or services or a specific process during a later stage of their life cycle, even where such factors do not form part of their material substance. Criteria and conditions referring to such a production or provision process are for example that the manufacturing of the purchased products did not involve toxic chemicals, or that the purchased services are provided using energy-efficient machines. In accordance with the case-law of the Court of Justice of the European Union, this also includes award criteria or contract performance conditions relating to the supply or utilisation of fair trade products in the course of the performance of the contract to be awarded. Criteria and conditions relating to trading and its conditions can for instance refer to the fact that the product concerned is of fair trade origin, including the requirement to pay a minimum price and price premium to producers. Contract performance conditions pertaining to environmental considerations might include, for example, the delivery, package and disposal of products, and in respect of works and services contracts, waste minimisation or resource efficiency.

However, the condition of a link with the subject matter of the contract excludes criteria and conditions relating to general corporate policy, which cannot be considered as a factor characterising the specific process of production or provision of the purchased works, supplies or services. Contracting authorities should hence not be allowed to require tenderers to have a certain corporate social or environmental responsibility policy in place.'

The Dutch legal framework for public procurement facilitates the use of RBC requirements in tenders

In 2016, the Dutch Public Procurement Act (2012) was adjusted to align with the 2014 EU directives on public procurement. In line with the principle of proportionality, many articles of the Act only apply to public procurement above EU thresholds (see Box 5-2): approximately one third of the budget publicly procured in the Netherlands (Significant, 2016).

Box 5-2 *The Dutch Public Procurement Act (2012, 2016)*

The Dutch Public Procurement Act (2012, updated in 2016) includes various articles that only apply to public procurement contracts with transaction values above EU thresholds as derived from Directive 2014/24/EU.[145] Every two years the European Commission fixes these thresholds for various types of procurement. In the case of supply and service contracts, the threshold is lower for central governments than for regional and local governments (in 2018–2019: EUR 144,000 versus EUR 221,000). For large public works such as infrastructure, the threshold is significantly higher (in 2018–2019: EUR 5,548,000) for all levels of government (EC, undated).

The Dutch Public Procurement Act, as updated in 2016, states that public authorities need to be transparent and accountable about how they select the winning bid, on both economic and social/environmental responsibility grounds. The act lists three options for tendering authorities to select the Most Economically Advantageous Tender (MEAT) from competing tender bids: (1) the best price-quality ratio; (2) the lowest cost based on cost effectiveness; and (3) the lowest price. It formulates the principle that the best price-quality ratio (the first option) should be used to select the winning bid. The other two options can only be used for tenders that meet specific criteria and the tendering body needs to motivate this clearly at the start of the tendering process. The first and second options (price-quality ratio and lowest cost based on cost effectiveness) both facilitate more responsible procurement practices. In the price-quality ratio, quality may include social and environmental requirements besides technical, aesthetic and functional criteria. The lowest cost should be based on cost effectiveness, which implies considering the total costs of ownership during use, including the costs of maintenance, energy and disposal.

The Procurement Act allows application of environmental and social conditions at different stages of the procurement process: a) minimum requirements for all companies entering a bid in a tender; b) selection criteria to limit an open tender to a predetermined number of qualifying tenderers; c) weighted award criteria to encourage competition between tenderers on price and quality, which can include social and environmental criteria; and d) contract requirements that the winning tenderer has to meet. All these conditions have to be announced in the tender documents.

In line with the EU directive, the Dutch Procurement Act stipulates that specifications and requirements in a tender need to be proportionate to the subject matter of the tender. Respecting the principle of proportionality, the law does not prescribe a fixed ratio between price and quality, nor a minimum weight for (environmental and social) quality criteria. However, the act does provide government's policy space to develop more prescriptive guidelines on the integration of environmental and social criteria, while employing a proportional, risk-based approach, for example by making it compulsory to use the price-quality ratio for specific types or categories of tender.[146]

[145] See, for example, articles 2.1 and 2.2 of the Dutch Public Procurement Act (2012, 2016) which indicate that part two of this act (which regulates government tenders) is only applicable to transactions above EU thresholds, in line with Directive 2014/24/EU, article 4.

[146] Dutch Procurement Act (2012), article 2.114.

Obviously, introducing social and environmental criteria and verification raises transaction costs for both the tendering authorities and tendering companies. It requires time and expertise by tendering authorities and hence can have a cost in required staff. It may also have budgetary consequences for the procurement budgets, at least in the short term. The Dutch Procurement Act expects the tendering authority to investigate tenders with proposed budgets that are considered 'abnormally low' considering the amount of work to be delivered.[147] This implies that tenderers can be asked to justify their budget, e.g. by showing that environmental, social and labour rights have been sufficiently addressed. Trade-offs between costs and RBC risks underline the importance of early involvement and support of responsible policymakers and budget holders, allowing them to translate responsible policy intentions into practice and 'walk the talk'.

Coordination and support for central government procurement through BZK

The first competent ministry for business operations by ministries of the central government, the Ministry of the Interior and Kingdom Relations, is primarily responsible for the coordination of procurement by these ministries. Other ministries, however, are also involved in the development of procurement policies and are responsible for specific aspects of procurement, such as sustainability and responsible business conduct (see Box 5-3[148]). The so-called Inter-ministerial Committee Procurement and Tenders (ICIA) develops and monitors the implementation of public procurement policies. The chief procurement officer of the Ministry of the Interior and Kingdom Relations chairs this committee, in which each ministry is represented by its own coordinating procurement director.

Box 5-3 *Division of responsibilities for responsible procurement within the Dutch central government*

- The Ministry of the Interior and Kingdom Relations (BZK) coordinates the procurement systems for ministries, which includes responsible procurement by these ministries;
- The Ministry of Infrastructure and Water Management (IenW) coordinates the integration of various sustainability themes such as the circular economy and sustainable mobility into public procurement for both the central and local governments;
- The Ministry of Economic Affairs and Climate Policy (EZK) is responsible for procurement law and policies oriented towards innovation, the bio-based economy, improving public tendering, energy transition and climate change goals;
- The Ministry of Social Affairs and Employment (SZW) develops procurement policy with the aim of assisting people with disabilities to find employment (social return);
- The Ministry of Foreign Affairs (MFA) is responsible for the integration of international social conditions into public procurement, and for improving alignment with the OECD Guidelines, the UNGPs and the SDGs.

The implementation of central procurement by ministries is done by so-called Procurement Implementation Centres (PICs) that provide their services to all ministries and occasionally to other central government entities.[149] Some of these PICs are responsible for (ministry-) specific procurement, such as military equipment for the Ministry of Defence and roadworks for the Ministry of Infrastructure and Water Management. Other PICs coordinate generic purchases: supplies, services and works that could be used by all ministries, such as buildings and ICT. About half of the ministries' budget is spent on generic procurement, particularly on buildings, installations & energy, ICT, consultancy & research and temporary staff.[150]

[147] Dutch Procurement Act (2012), article 2.116.

[148] Partly based on the overview of responsibilities on p. 20 in the report *Transitie te koop* (ABD, 2018).

[149] In 2018, central procurement was implemented by 20 PICs.

[150] ABD estimated that in 2015, EUR 5.7 billion was spent on specific procurement and EUR 6.4 billion on generic procurement (ABD, 2018).

Most category plans pay attention to policy goals, but there are no strict guidelines for the inclusion of such goals

For generic procurement with a substantial procurement size across ministries, a form of interdepartmental category management has been set up. These 31 categories are managed by category managers[151] and cover about 40% of generic central government purchases.[152] Category managers need to be knowledgeable about market developments and category-specific needs across central government entities. They are responsible for the development of category plans that can be used by procurement officers and contract managers in all ministries and other central government entities.[153] Most publicly available category plans address broader policy goals such as promoting sustainable development, stimulating innovation and enhancing access for SMEs, but strict guidelines for the inclusion of such goals were lacking until recently.[154] Furthermore, it is noted that the coverage of category plans is neither complete nor fully up-to-date, with some plans still stemming from 2010.

Support for tendering authorities and suppliers via the expertise centre PIANOo

In 2014, the Ministry of Economic Affairs set up the public procurement expertise centre PIANOo in order to inform tenderers, and to support public procurement and tendering professionals. The centre gives advice and training on tendering, targeting both central and local government procurement professionals. PIANOo provides an online portal that offers information on public procurement, as well as on responsible procurement and international social conditions. In 2018, PIANOo launched an online tool for selecting responsible public procurement criteria,[155] followed by a responsible public procurement self-assessment tool in 2019. PIANOo serves a community of around 3,500 public procurement professionals and approximately 70,000 suppliers[156] within the Netherlands. The size of this community underlines the potential leverage of public procurement. PIANOo also hosts ‘TenderNed’; the government’s online tendering system. For public accountability and transparency reasons, Dutch public authorities are obliged to publish all tenders on this platform: approximately 10,000 a year.

5.3 Criteria for responsible business conduct in government procurement policies

This section takes a closer look at the steps taken by the Dutch government to integrate (international) RBC criteria into its procurement policy, within the boundaries of the existing legal framework as discussed in the previous section. It concludes that policy development initially focused on the integration of environmental criteria, as the integration of international social conditions took off later. A more effective policy for the application of international social conditions was adopted relatively late, in 2017, and for ministries only.

[151] Category managers are based in a specific ministry, but support the procurement of all ministries. For example, the category manager for workwear is based in the Ministry of Defence, the biggest buyer of workwear within the central government.

[152] ABD estimated that in 2015, EUR 2.6 billion (of EUR 6.4 billion in total) was spent by the 31 category managers (ABD, 2018).

[153] For more on category management (in Dutch only) see: https://www.pianoo.nl/nl/inkoopproces/fase-0-organisatie-van-inkoop/categoriemanagement.

[154] Not all category plans are publicly available. In 2018, however, the Inter-ministerial Committee on Business Operations Central Government (ICBR) decided that all category plans will have to be made public in the near future.

[155] See www.mvicriteria.nl for more information.

[156] This includes 30,000 contract-based suppliers; the remaining 40,000 suppliers concern smaller purchases (ABD, 2018).

Initial focus of responsible procurement only on environmental topics

In 2005, the Dutch parliament called on the government to apply sustainability as a mandatory criterion for all central government procurement by 2010 (KST 29.800 XI-130, 2005; KST 30.300 XI-134, 2006; KST 30.196-129, 2011). The government responded to this motion by setting *environmental* procurement criteria for 45 product groups with the highest expected impact, and expecting tendering authorities to comply or explain. This policy was introduced in 2009 and has been elaborated over the years, but in essence still applies. It defines product-specific minimum environmental criteria, e.g. on the use of chemical substances, certified wood, bio-based and recycled ingredients, as well as award and selection criteria at three ambition levels: basic, significant and ambitious (mvicriteria.nl, undated). These criteria are updated on a regular basis. Bidders are also asked to submit documentation to prove that they meet the criteria, for example, through certification or independent monitoring data.

Social conditions added in 2013 for large tenders of central government ministries

In 2009, the government presented an approach to introduce (international[157]) social conditions in public procurement, also in response to questions raised by members of parliament. The aim was to make the integration of social conditions into public procurement as practical as possible for both buyers and suppliers, and thus keep the administrative burden limited. After several pilots in 2011 and 2012, social conditions were introduced in 2013, as contract provisions – not as minimum requirements or award conditions – in all tenders of ministries above the European thresholds (KST 30.196-82, 2009). The winning tenderers were allowed to choose from three compliance options: (1) a self-declaration stating that the supplier did not foresee any RBC risks; (2) demonstrating awareness of risks and willingness to mitigate risks by confirming to be a member of a value chain initiative or to have particular certificates; and (3) a statement that the supplier would make a reasonable effort to endorse fundamental labour standards and human rights, to identify risks in the value chain, to undertake activities to reduce identified risks and prevent violations, and to report annually on value chain management and RBC, either pursuant to contractual provisions or in its annual report. Local governments such as municipal, provincial and water authorities were encouraged to apply the social conditions.

The policy introduced additional contract norms for a number of product groups for which value chain initiatives had been developed, such as coffee, tea, cocoa, textiles, flowers and natural stone (Berenschot, 2014). For these product groups, the contracted party was expected to clarify whether additional standards applied, and to submit an action plan to reduce and mitigate risks. The standards focused on living wage, working hours and safe/healthy working conditions.

Limited implementation and alignment of the social conditions with the OECD Guidelines

In 2014, an independent evaluation commissioned by the Ministry of the Interior and Kingdom Relations found that the implementation of the social conditions had been limited (Berenschot, 2014). Although public buyers and contract managers demonstrated high awareness of the social conditions, the newly adopted policy had not been very effective in its first year of implementation. The implementation scheme for the social conditions was found too complex and too limited in scope and impact, as adherence to social conditions was in practice often limited to an administrative requirement without changes in behaviour (Berenschot, 2014). It was observed that most suppliers chose the first option of 'no risks foreseen', in several cases because they realised that the third option – which could be described as 'due diligence' – would have been more costly. In other cases, suppliers selected the first option because they only considered risks within their own companies rather than looking deeper into their value chains (Berenschot, 2014).

[157] International social conditions (ISCs) – *Internationale Sociale Voorwaarden* in Dutch – were officially introduced in 2017. The policy before 2017 refers to 'social conditions', sometimes with the adjective 'international'. For more information see the evaluation of the policy (Berenschot, 2014) and the enclosed letter to parliament.

Furthermore, the evaluation concluded that the social conditions were only partially consistent with the OECD Guidelines. The social conditions mainly focused on human rights and labour conditions without covering other themes of the OECD Guidelines such as the environment, consumer interests, science, competition, corruption and taxes (Berenschot, 2014). The policy to offer three compliance options and to make a distinction between standard and additional requirements (e.g. for specific product groups) was also considered not to be in alignment with the OECD Guidelines: the OECD Guidelines state that *all* multinational companies must identify risks in their value chains and perform due diligence (OECD Guidelines, 2011), whereas the 2013 policy on social conditions expected due diligence only of suppliers that chose the third compliance option.

International social conditions introduced due diligence requirements for 10 product categories

In 2016, the government adopted a renewed framework for *international* social conditions (ISCs) to be applied in the procurement by central government ministries. In response to the 2014 evaluation, two important changes were made: (1) mandatory application of the conditions to tenders of central government ministries above the European threshold in 10 product categories (see Table 5-1), while the application in other categories became voluntary; and (2) due diligence reporting requirements for contracted suppliers, ensuring they provide insight into how they intend to reduce or mitigate labour and human rights risks in their value chains. Implementation of this framework started in 2017.

Table 5-1 *Product categories with mandatory application of ISCs and their coverage of sectors with high RBC risks*

Product categories with mandatory application of ISCs	Coverage of high-risk sectors (KPMG sector risk analysis, 2014)
Workwear	Garments & textile
Catering	Food
Paper and printed matter	Timber and paper
Energy	Energy
Resource management & waste disposal	Chemicals, Metal/Electronics
Office and computer supplies	Timber and paper, Metal/Electronics
Laboratories	Chemicals, Metal/Electronics
ICT	Metal/Electronics
Data centres	Metal/Electronics, Energy
Data connections	Metal/Electronics

Also in the new framework, international social conditions still only apply as contract requirements for the winning tenderer (the contracted supplier); not as minimum, selection or award criteria with a potential influence on all tenderers.[158] Contracted suppliers have to adhere to the following steps and time schedule in the tender procedure: (1) a risk analysis of the value chain, delivered within three months after the tender has been awarded; (2) an action plan to mitigate the risks mentioned in the risk analysis, delivered within six months of the award date; and (3) annual reports during the contract period on the activities undertaken, in which the supplier demonstrates to have taken reasonable efforts to adhere to the ISCs.

[158] According to the Dutch Procurement Act, all conditions (including minimum criteria, selection criteria and award criteria) only apply to the winning tenderer and at the time of delivery. It may be assumed, however, that conditions in the selection phase are more likely to affect the RBC awareness, commitment and behaviour of all tenderers.

In 2017, ISCs became mandatory for tenders above the EU threshold in 10 product categories that had been selected by the Inter-ministerial Committee Procurement and Tenders (ICIA). Their selection was motivated by three criteria: (1) relevance in view of the 13 high-risk sectors identified by KPMG's CSR Sector Risk Analysis (KPMG, 2014); (2) the potential leverage of the government and organisational capacity, considering the 31 high-volume product categories for which the central government already had a coordinated approach in place; and (3) potential coherence with (new) RBC sector agreements. Because the selection was based on the 31 preselected coordinated procurement categories, several product categories with high RBC risks such as construction, timber and financial services were not selected. The idea of the committee was to gain experience with these 10 product groups and to learn lessons for potential follow-up steps, including the possibility of broadening the product scope for the ISCs.[159]

Joint government approach on responsible public procurement resulted in a manifesto and more than 100 action plans of (lower-level) governments

In 2015, five ministries[160] presented a joint approach to responsible public procurement to parliament in the form of a plan of action (KST 30.196-358, 2015), aiming to improve collaboration on this issue across government entities. More specifically, the intention was to raise the contribution of public procurement to strategic policy goals, avoiding cursory ticking-the-box exercises. The plan covered both social and environmental topics, and outlined four steps for its successful implementation: (1) developing joint ambitions and goals for the process and implementation, aligned with central and other government entities, business and NGOs; (2) developing a system to track and promote progress on these ambitions and goals; (3) improving knowledge of and instruments for procurement professionals and budget holders; and (4) improving the governance structure for responsible public procurement.

At the end of 2016, as a first result of the plan, various actors jointly presented a manifesto on responsible public procurement (KST 30.196-487, 2016). The manifesto captured the commitments and intentions of signatory central and local government entities to translate policy goals regarding sustainable development into specific and measurable goals and ambitions for public procurement. Six of the 12 central government ministries have signed the manifesto: Infrastructure and Water Management, Interior and Kingdom Relations, Economic Affairs and Climate Policy, Social Affairs and Employment, Justice and Security, and Foreign Affairs.[161] All signatories committed to publish responsible procurement action plans within six months after signing. By February 2019, 160 government entities at different levels had signed the manifesto. By March 2019, nearly 100 of these action plans were publicly available. The Ministry of Foreign Affairs published its first action plan on responsible public procurement in February 2018 (MFA, 2018a).

Launch of a Responsible Public Procurement Action Plan for the government in 2017

In 2017, the Ministry of the Interior and Kingdom Relations launched an action plan to promote responsible public procurement at all ministries. The plan formulated the government's ambition to ensure that public procurement would contribute not only to the quality and continuity of government operations, but also to broader environmental, economic and social policy goals. The plan outlined a procurement strategy, procurement goals and an organisation and governance model. It clarified how the government wanted to integrate principles of sustainability and responsible business conduct into its procurement systems. The action plan formulated strategic goals for policy areas such as energy and climate, buildings, office facilities and services, mobility, ICTs and people, and translated these into goals for responsible procurement. Aiming to increase impact, the action plan prioritised these policy areas and contributed to defining clearer ambitions for related products categories and tenders.[162]

[159] At the time of writing (early 2019), advice to the Inter-ministerial Committee on Procurement and Tenders was in preparation.

[160] The Ministry of Infrastructure and Environment (which was renamed the Ministry of Infrastructure and Water Management in 2017), the Ministry of the Interior and Kingdom Relations, the Ministry of Social Affairs and Employment, the Ministry of Foreign Affairs and the Ministry of Economic Affairs (and Climate Policy, since 2017).

[161] The names of these ministries as known under the Rutte III cabinet (2017–present).

[162] In 2019, the Ministry of the Interior and Kingdom Relations announced that a strategic procurement agenda with concrete goals would be presented to parliament in mid-2019 (KST 30.196-621, 2019).

Meaning of Sustainable Development Goals for responsible public procurement unclear

In 2015, the United Nations adopted the SDGs. Public procurement is explicitly mentioned as a target of SDG 12: ‘Ensure sustainable consumption and production patterns’. Sub-target 12.7 specifies: ‘to promote public procurement practices that are sustainable in accordance with national policies and priorities’. By endorsing the SDGs, the government has also adopted this specific goal. Several responsible procurement action plans also refer to the SDGs, both at central and local government level. It is, however, not entirely clear how SDG 12.7 relates to earlier policy commitments in the area of responsible procurement and efforts to reduce and mitigate social and environmental risks in international value chains by strengthened due diligence requirements for companies in public tenders. In September 2018, the Ministry of Foreign Affairs requested the Social and Economic Council (SER) to prepare an advice on the relationship between the SDGs, the OECD Guidelines, making value chains more sustainable and public–private partnerships, and what this means for companies and the government (SER, 2018e). Responsible procurement was not explicitly mentioned in the request.[163]

5.4 Coherence and effectiveness of policies for selecting product categories and tenders

This section analyses the coherence of the steps taken and the tools developed by the Dutch government in the 2012–2018 timeframe, based on interviews and a review of secondary sources. How responsible public procurement works in practice is highlighted through comparison of four specific tendering processes in different product groups (all in high-risk sectors) that are described in more detail in the underlying report of EcoValue (2019).

Responsible public procurement: a patchwork of policies and priorities

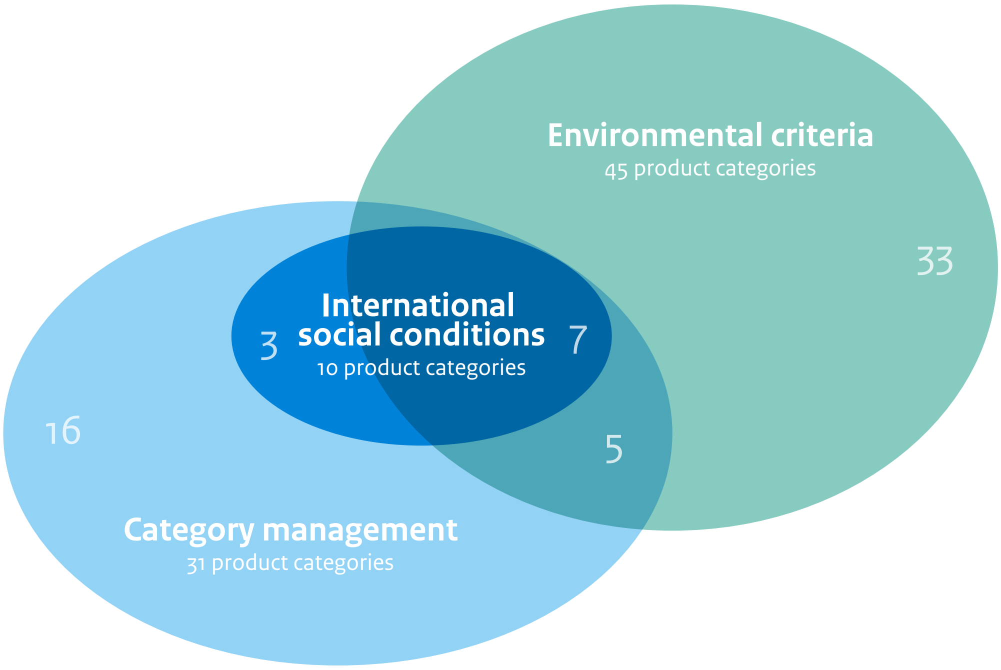
Notwithstanding the intention to develop a more coherent framework for responsible public procurement, the Dutch government’s framework can still be described as a patchwork of policies and priorities, such as the environmental and (international) social conditions discussed in the previous section, as well as policies promoting the circular and bio-based economy. Figure 5-2 visualises a part of the patchwork by comparing the scopes of international social conditions and environmental criteria,[164] and combining this with the scope of category management: a policy to make public procurement more efficient and effective.[165]

[163] At the time of writing, the SER’s advice was still in development.

[164] Environmental criteria are also referred to as responsible or sustainable public procurement criteria (RPP/SPP). In Dutch: *MVI criteria*. Some environmental criteria also relate to social and health aspects.

[165] Another illustration of the patchwork can be found on the PIANOo website: https://www.pianoo.nl/en/sustainable-public-procurement/spp-themes.

Figure 5-2 *Three policies of the central government on public procurement and the product categories to which they apply*



The figure shows that responsible procurement conditions/criteria apply to 48 product categories. Only seven categories are subject to both ISCs and environmental criteria: workwear, paper & printed matter, catering, energy, office ICT, data connections and data centres. Three product categories are subject to ISCs, but not to environmental criteria: resource management & waste disposal, laboratories and office & computer suppliers. Environmental criteria apply to an additional 38 categories, for which the ISCs are not (yet) compulsory, such as service vehicles, traffic control systems, public lighting and cables & pipelines. Several of these 38 categories relate to the 13 sectors with high RBC risks (KPMG, 2014), including construction (natural stone, timber, etc.) and office furniture (timber, cotton). Only five of these 38 categories are in the regime of category management. It is also worth noting that some types of procurement are not covered by any of the policies. This applies, for example, to financial services, which is remarkable in view of the financial sector's reputation of having high RBC risks. Furthermore, it is worth mentioning that the ISC policy is not applicable to the Central Government Real Estate Agency – responsible for managing and maintaining government real estate – and Rijkswaterstaat – responsible for the design, construction, management and maintenance of the main infrastructure facilities in the Netherlands. These government agencies do have responsible pubic procurement policies, but without the formal application of ISCs.[166]

[166] Procurement by the Central Government Real Estate Agency is classified as generic procurement without category management. Procurement by Rijkswaterstaat (approximately EUR 3 billion per year) is classified as specific procurement. This explains why the ISC policy does not apply to these agencies.

Limited application of international social conditions

In comparison with the environmental criteria, the application of international social conditions is limited in three respects: (1) ISCs apply to only 10 product categories, while the environmental criteria apply to 45 categories; (2) ICSs only apply to tenders above the European thresholds, while environmental criteria apply to all tenders; (3) ISCs are only obliged as contract criteria, not as minimum, selection or award criteria, in contrast with environment criteria. Combining the first two aspects, it is estimated that only 2.5% of the public procurement budget spent by ministries is subject to ISCs (see Box 5-4). Regarding the third point, the ISC policy aims to incentivise only the winning company to engage with its value chain and work towards risk reduction and measurable impact. By using ISCs as minimum requirements and award criteria the government could increase the effectiveness of its responsible procurement policy by engaging all tenderers in due diligence. In 2018 and 2019, pilots were started in two product categories – 'data centres' and 'natural stone'[167] – to introduce international social conditions as award criteria.

Box 5-4 *What share of the ministries' public procurement is subject to mandatory international social conditions?*

In 2016, Significant analysed procurement by the Dutch government, using estimates for the year 2015. Their report can be used to calculate the share of public procurement by ministries that is subject to mandatory international social conditions. ISCs apply to: (1) generic procurement (53% of all procurement by ministries); (2) regarding product categories with category management (leaving 21% of all procurement if combined with the first condition); and more precisely regarding; (3) the 10 selected product categories (leaving 7%), and limited to; and (4) tenders above the EU thresholds (leaving 2.5%).[168]

Information and tools on responsible public procurement struggle with the patchwork of policies

The government has funded the development of various websites that provide information and tools regarding responsible public procurement, targeting procurement professionals at all government levels as well as tendering companies. These websites and tools contribute to RBC awareness among relevant stakeholders. The main source of information on responsible procurement is the portal of PIANOo, funded by the Ministry of Economic Affairs and Climate Policy. This website refers to many guidance documents and tools, including the SPP criteria tool,[169] launched in November 2018 by the Ministry of the Interior and Kingdom Relations and the Ministry of Infrastructure and Water Management. Another tool, managed by PIANOo, is TenderNed (www.tenderned.nl) which provides information on applicable conditions for individual tenders.

The SPP criteria tool targets procurement professionals at various levels of government and provides them an overview of relevant – in most cases optional – requirements, award criteria and contract clauses for the 45 product categories that are subject to environmental criteria (see Figure 5-2). As the scope of the tool is limited to these 45 'environmental' categories,[170] three categories that are subject to mandatory ISCs are not covered: resource management & waste disposal, laboratories, and office & computer suppliers. This limitation is not only illustrative of the patchwork of responsible procurement policies, which is also evident on the PIANOo website, but also of the relative lack of attention to value chain risks.

[167] Within the natural stone sector agreement (initially under development and concluded in 2019).

[168] This estimation is based on two assumptions. First, it assumes that the total budget spent on the 10 selected product categories is proportional to the number of product categories: 10 out of 31. Second, it assumes that 36% of the tenders in the 10 product categories involves transactions above the EU thresholds, in line with estimations by Significant and PwC dating from 2007 (cited by Significant, 2016). Also see ABD (2018).

[169] See www.mvicriteria.nl

[170] They also include health-related criteria.

The PIANOo portal – which offers a wealth of information – is structured along seven government policies (themes and priorities) that partly overlap: social conditions in global value chains (international social conditions), social return on investment, green public procurement (environmental conditions), procurement of bio-based products, circular procurement, public procurement of innovation, and opportunities for SMEs (PIANOo, undated-b). For example, bio-based procurement and circular procurement can both be seen as specific examples of green public procurement, to which environmental conditions also apply. The patchwork of policies makes it difficult for procurement professionals to find the information they need, although the SPP criteria tool, launched relatively late in the evaluation period, partly resolves this issue.

Limited adoption of international social conditions; no insight into compliance and effectiveness, in contrast with environmental criteria

In 2018, the National Institute for Public Health and the Environment (RIVM) released a report on *The effect of responsible public procurement*, which provided insight into the adoption of responsible procurement practices by various levels of government for eight product groups: electricity, gas, solar panels, service vehicles, transport services, contract transport, (international) business travel and workwear (RIVM, 2018). The research confirmed that responsible procurement criteria were applied in all product eight groups. In two product groups (contract transport and transport services) sustainability criteria were included in all tenders; in the other six groups application varied between 70% and 90% of the tenders (based on samples). While most tenders used environmental criteria as minimum criteria, 39% of the tenders (also) introduced stricter requirements or award criteria. It has been estimated that the use of environmental (and climate) criteria contributed to environmental goals such as reduced CO_2 emissions (by at least 4.9 million tonnes in 2015 and 2016, for the selected product categories; RIVM, 2018). The analysis, however, also shows that environmental criteria are not yet applied in all cases and that there are large differences in the ambitions of the various tendering processes. Furthermore, the authors state that ‘applying [sustainable procurement] does not guarantee impact because minimum demands are not always more stringent than what is available on average on the market. Furthermore, these demands and criteria are not always included in the final contracts’ (p. 5).

The RIVM also analysed references to (international) social conditions, although in less detail. In the product categories workwear, electricity and gas – which became subject to mandatory ISCs only in 2017/2018, i.e. after the research period – the conditions were mentioned in 20%–50% of the tenders (again based on a sample). Of the eight analysed product groups, workwear has the highest incidence of ISCs (50%). RIVM was not able to quantify the effects of including ISCs due to limited insight in whether the delivered services and products actually complied with the conditions. Procurement officers and contract managers indicated that they have a limited view on compliance: they do not check compliance.

The application of international social conditions as award criteria is limited, with some notable exceptions

Category and contract managers in the 10 product categories for which ISCs are mandatory above the EU threshold are still struggling to implement the policy (EcoValue, 2019). Tender documents frequently refer to ISCs, but follow-up in the contract phase is considered challenging if not lacking altogether. Several interviewees refer to the lack of value chain risk expertise and the ISCs in particular among contract managers and civil servants (their clients within government) as a possible explanation. In November 2018, PIANOo started organising training courses[171] that will potentially solve (a part of) this issue.

Delving deeper into a limited number of category plans and tenders, EcoValue (2019) conducted case studies in four high-risk sectors. Two of these studies related to product groups that are subject to ISCs: workwear and data centres. One example is the procurement of ambulance workwear by the Institute for Physical Safety (IFV) (see Box 5-5). The third study looked at natural stone, a product group with many municipal buyers in a sector that has piloted the application of ISC conditions as part of an RBC sector agreement (in development). The Fund against Child Labour has funded various pilots to apply ISCs that may result in lessons to be applied in other sectors as well. The fourth study reviewed an interesting legal case related to certified wood as minimum requirement in the product category ‘office furniture’.

[171] ISC Academy, in Dutch: *ISV Academie*.

In the product categories 'workwear' and 'data centres', EcoValue identified some exceptional examples of procurement teams that applied ISCs not just as contract requirement, but also as award criteria. The procurement teams engaged with the potential bidders in an aim to incentivise both suppliers and the broader sector to address value chain risks. In three of the four case studies, procurement teams could make use of (emerging) sector agreements (i.e. garments & textile, forestry and natural stone). For 'data centres', the absence of a sector agreement or initiative was seen as a hurdle to move the sector at large. Still, the procurement team for this product group did manage to apply ISCs as award criteria in four consecutive large-scale tenders, with relevant lessons learned.

Box 5-5 *The application of international social conditions in the procurement of workwear*

In 2018, the Ministry of Defence published the second version of the category plan for workwear (MinDef, 2018), to replace the first version of the plan drafted in 2015. The plan was updated in consultation with relevant stakeholders such as branch organisations. Considering the title and the list of (short-, medium- and long-term) objectives, the plan focused on promoting the transition to a circular textile sector. International social conditions are mentioned, but only briefly: the government wanted to stimulate the application of, and compliance with international social conditions via (value) chain initiatives (p. 40). The plan identified the Business Social Compliance Initiative, the Fair Wear Foundation, Textile 2.0 and the Dutch Circular Workwear Association as relevant initiatives. It also referred to the sector agreement for garments & textile (as discussed in Chapter 3). Furthermore, the category plan clearly promoted the application of minimum standards on environmental and social aspects. The ambition was to ensure that responsible procurement criteria (covering all themes) should have a weight of at least 50% in the award criteria. This implies that the weight of price in the price-quality ratio should not exceed 50%.[172] The focus on the transition to a circular textile sector can also be observed in the list of criteria that appear on the SPP criteria website. The only social criterion concerns the option to include ISCs as a contract clause. This option is mandatory for the procurement of workwear by ministries.

A quick scan of workwear-related tenders published on TenderNed makes clear that ISCs are indeed mentioned as contract condition (although most workwear tenders on TenderNed date from before April 2017, when the newest ISC framework entered into force). Interviewees referred to one exceptional example of a tender in which ISCs were also used as selection and award criteria: the procurement of ambulance workwear by the Institute for Physical Safety. In this case, international social conditions had a weight of 20% in the award phase. Tenderers were invited to: (1) make a risk analysis of their value chain, addressing relevant RBC risks; (2) include a risk mitigation plan (including priorities and attention for monitoring); and (3) indicate how many tiers they could map in their value chain. Interviewees indicated that this tender raised RBC awareness among the six applicants, most of whom were already part of the RBC sector agreement (garments & textile), or were inspired to join the agreement following this tender.

Tenderers were asked how they identify the risks of products procured, how they mitigate those risks and how they monitor mitigating measures. In natural stone, local governments applied ISCs voluntarily as award criteria, as for example in the procurement of granite (natural stone) for the World Forum in The Hague. Also in this case, tenderers were asked to provide insight into their value chain. Traceability and demonstrated willingness and ability to comply with RBC principles were important award criteria.

[172] The plan, however, also refers to the importance of quality (of products and services) and security of supply. It is not entirely clear what weight should be given to these criteria vis-à-vis indicators of sustainable/responsible procurement.

Category management facilitates a sector-specific approach

Procurement officials and other stakeholders indicated that the development and application of more ambitious responsible procurement frameworks – including environmental and social criteria – took additional efforts and time, of both tendering authorities and tenderers. Moreover, they noted that capacity to monitor implementation of mitigating measures effectively during the contract phase was often lacking. Interviewees were, in general, positive about the use of category management, as it facilitates the development of a product- or sector-specific approach that anticipates developments (including RBC risks) in relevant markets and value chains. Sector initiatives (including sector agreements and international certification schemes) were generally considered very useful for involving stakeholders in category plans and supporting procurement teams with expertise and experiences of value chain realities in high-risk sectors. They can help define feasible procurement criteria that reward frontrunners and first movers in particular, thus contributing to the achievement of sector-wide goals.

5.5 Conclusions and recommendations

This section formulates the main conclusions regarding the development of responsible public procurement policy, reflecting on the evaluation questions and criteria as defined in Chapter 1 and the theory of change developed in Chapter 2. It ends with recommendations to the government.

Conclusions

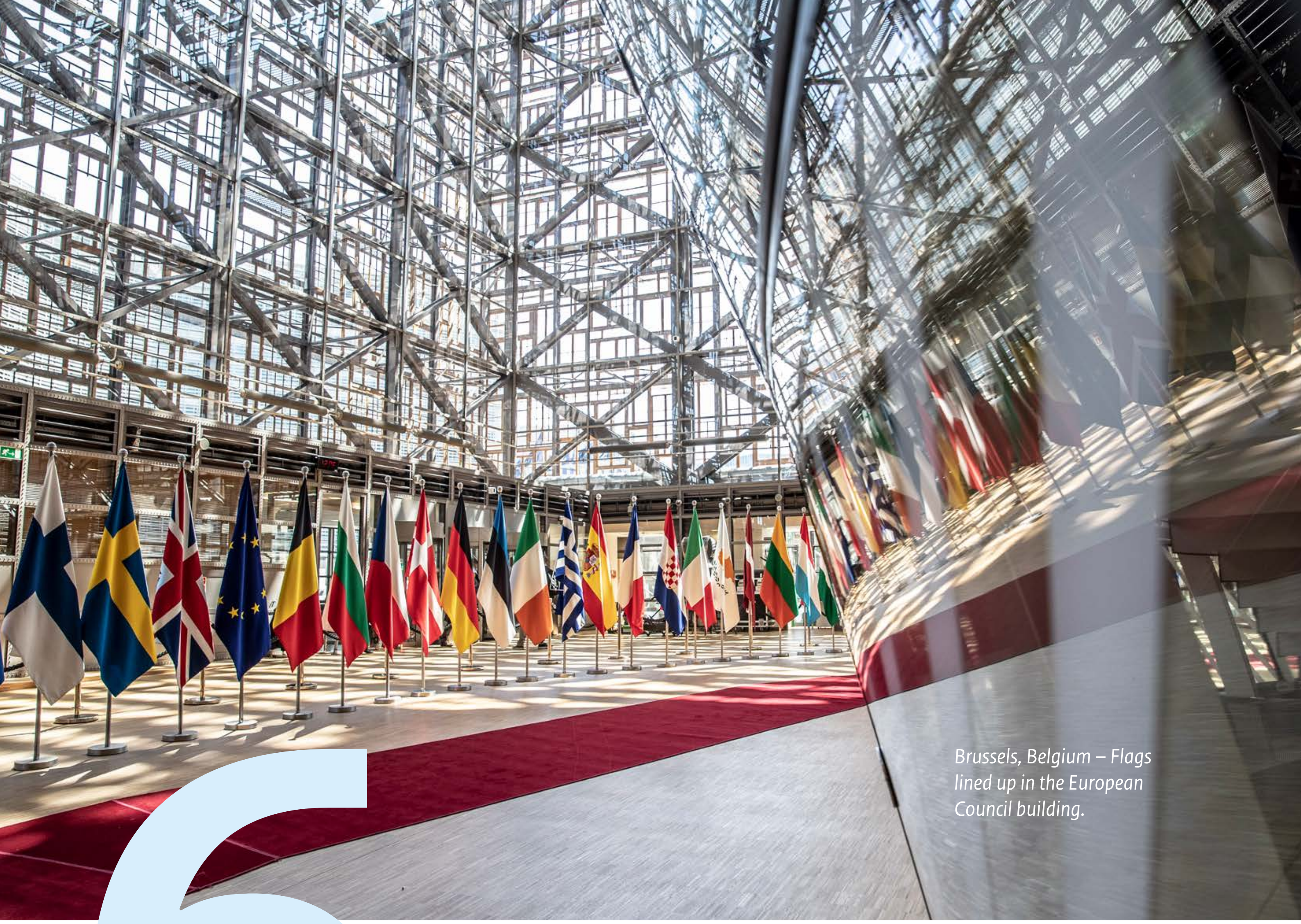
1. The integration of RBC criteria and conditions into public procurement is highly relevant for attaining the objectives of the Dutch IRBC policy. In view of the large amounts spent on public procurement, the government is a very important economic player with substantial influence (leverage) on sectors and value chains with high RBC risks. This influence further increases if the expenses of lower-level governments (which in total are more than double those of central government) are included.
2. While the government raised its ambition on *responsible public procurement* and introduced stricter policies on the use of environmental criteria in tenders, it took a relatively long time before it effectively improved the alignment of its policy on *international social conditions* (ISCs) with the OECD Guidelines.
3. The renewed ISC policy – which became operational in 2017 – is likely to raise RBC awareness, commitment and behaviour of tendering companies, notably by introducing contractual due diligence requirements for the winning tenderers in 10 product categories with high RBC risks, and to increase the substantial leverage of the government (in view of the government budgets spent on these products).
4. The 10 ISC product categories cover most, but not all sectors with high RBC risks in which the central government has a substantial stake. Construction is insufficiently covered by the 10 categories: various construction-related product categories are not subject to mandatory ISCs (while environmental criteria do apply).
5. The mandatory application of ISCs is still limited: the due diligence requirement only applies to tenders by central government ministries above the EU thresholds in the 10 product categories, which is approximately 2.5% of the value of total procurement by all public authorities. This excludes large product groups such as government buildings, municipal plazas and large infrastructural works.
6. Category management facilitates the development of product-specific procurement strategies (category plans) that are to some extent compatible with sector approaches such as the RBC sector agreements and (international) sector initiatives, enabling the identification of product- or sector-specific RBC risks and mitigation measures, to be included as minimum or award criteria in tenders.
7. The Dutch government's policy on responsible public procurement (RPP) – which includes (international) social and environmental criteria – is a complex patchwork of (thematic sub-) policies and priorities that has evolved gradually with the introduction of new policies and priorities. This makes the procurement policy difficult to comprehend, for procurement professionals as well as other stakeholders such as tendering companies. More important, internal cohesion and alignment with the OECD Guidelines are not sufficiently guaranteed.
8. The government has effectively raised attention to responsible public procurement within central government, but also among lower levels of government, which has resulted in a manifesto on responsible public procurement and the publication of RPP action plans.

Recommendations

1. Improve the coverage of the policy on ISCs by making them mandatory for more product categories with high RBC risks, and prescribing the use of ISCs as minimum requirements and/or award criteria (e.g. as part of the price-quality ratio), thus reaching all tendering companies in high-risk sectors and giving them more incentives to adopt RBC principles.
2. Make sure that product-specific procurement policies and plans are aligned with (international) sector initiatives such as the RBC sector agreements. Explore possibilities to reward participation in such initiatives.
3. Continue the use of category management including the development of category plans. Make sure that category plans are updated regularly and pay sufficient attention to social and environmental conditions (as well as other aspects of RBC) in global value chains.
4. Make it mandatory for all central government bodies to develop and publish a responsible public procurement action plan, and define what themes or aspects should be addressed, such as ISCs.
5. Improve the monitoring and evaluation of responsible public procurement policies, including the application of environmental criteria and ISCs.
6. Develop an overarching government vision on responsible public procurement that ensures the internal coherence of procurement policies and alignment with the OECD Guidelines. Define more clearly how public procurement can contribute to reductions in RBC risks and to the Sustainable Development Goals (SDGs).
7. Use the term 'international value chain conditions'[173]: add the international value chain perspective to the responsible public procurement conditions[174] where applicable.
8. Work with the European Commission and like-minded EU member states to align the intentions and approaches of public procurement, notably towards high-risk sectors. Reopen the debate within the EU about the procurement directives, in order to create opportunities for more mandatory RBC requirements and pre-competitive or pro-competitive cooperation between tendering companies, in view of its potential leverage on and scaling up of due diligence practices and sector transformation at the EU level.

173 In Dutch: *Internationale ketenvoorwaarden* (IKV).

174 In Dutch: *MVI-criteria*.



Brussels, Belgium – Flags lined up in the European Council building.

6 International initiatives

6.1 Introduction

This chapter reviews the role of the Netherlands in setting agendas and participating in initiatives at the international and EU level, identifying laws and regulations, international standards and common frameworks for responsible business conduct (RBC) as possible results. It reviews the relevance, coherence and effectiveness of these so-called 'international initiatives' and in particular looks at the contribution of the Netherlands to these initiatives.

The theory of change: leverage and a level playing field

International initiatives are primarily aimed at encouraging responsible business conduct at the international level, and at creating an enabling environment for RBC worldwide (as discussed in Chapter 2). Activities are motivated by the interplay of two arguments. On the one hand, the Dutch government is looking for ways to raise the leverage of its efforts at the national level (e.g. the sector agreements). By convincing other governments, international organisations and business platforms, the government can strengthen its influence on global value chains and policy environments, thus increasing the likelihood that Dutch investments (by the government, companies and other actors) in responsible business conduct actually benefit society (reduced risks and improved access to remedy). On the other hand, activities are also motivated by the wish to establish a level playing field: a fair environment for competition at the European or global level, which does not imply that all conditions have to be exactly the same.

Methodology and limitations

The analysis in this chapter is based on a review of 49 international initiatives to which the Netherlands contributed between 2012 and 2018. These initiatives have been listed and validated by various departments within the Ministry of Foreign Affairs (IMH, DDE, IGG, etc.). More specifically, this chapter analyses contributions geared towards the promotion of the OECD Guidelines and the UN Guiding Principles on Business and Human Rights (UNGPs), and to initiatives in the garments & textile sector and extractive sector. These sectors have been purposefully selected in view of their relevance for Dutch IRBC policy and the activities of Dutch companies. An overview of these initiatives and an explanation of the selection procedure can be found in Section 6.7. The analysis builds mainly on desk research and interviews conducted by Change in Context (2019).

Structure of this chapter

This chapter continues in Section 6.2 with an overview and categorisation of initiatives that were analysed, demonstrating the variety of initiatives supported by the Netherlands. Next, Section 6.3 describes the contributions of the Netherlands to these initiatives, and discusses their additionality (e.g. the extent to which the contributions have been critical for the realisation of outputs and outcomes). The relevance, effectiveness and impact of initiatives are assessed together in Section 6.4, mindful of the limited availability of data on the effectiveness and impact of most initiatives. It also addresses the question of whether the initiatives created any leverage or contributed to a level playing field. Section 6.5 reviews the coherence of the initiatives by discussing the interaction between and within initiatives and identifying inconsistencies, if any. Section 6.6 formulates conclusions and recommendations. Finally, Section 6.7 explains the methodology and the selection of initiatives.

6.2 Activities: international initiatives

This section presents an overview of the Dutch government's involvement in international activities on responsible business conduct. The intention is not to present a complete overview, but to gain some understanding of the types of activity supported or initiated by the Netherlands, and to illustrate the variety of initiatives.

Attention to both sector-specific and cross-sector initiatives

The Netherlands has contributed to initiatives that promote RBC in specific sectors, but also to so-called cross-sector initiatives. Various initiatives in the sample of 49 initiatives can be classified as sector-specific or commodity-specific. Examples of sector-specific initiatives are the European Partnership for Responsible Minerals (EPRM), the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, the Roundtable for Responsible Soy and the EU Timber Regulation. Examples of cross-sector initiatives are the OECD Due Diligence Guidance for Responsible Business Conduct, the Global Living Wage Coalition and the EU Non-financial Reporting Directive.

Most initiatives promote RBC with attention for all relevant risks

The initiatives can also be classified according to whether they target specific risks (single risk) or promote due diligence on all relevant risks (multiple risks), e.g. by following the OECD Guidelines. Examples of single-risk initiatives are the conferences on living wages in the garments sector organised by the Dutch government in cooperation with Germany and Pakistan in 2013 and 2016, the EU Timber Regulation (in view of its focus on illegal timber exports from unsustainably managed forests) and the international buyer-driven Bangladesh Accord (in view of its focus on safety and health in the Bangladesh garment industry). Most initiatives supported by the Netherlands, however, have a broad approach and address several risks: this applies in general to activities of the OECD and the UN Working Group on Business and Human Rights, but also to the EU Non-financial Reporting Directive.

Various examples of initiatives with a (potential) influence on regulation, in the EU or elsewhere

The Netherlands has played a role in several initiatives that can be described as 'regulatory'. The most obvious examples are EU regulations and directives that were adopted during the evaluation period: the EU Timber Regulation, the EU Conflict Minerals Regulation, the EU Non-financial Reporting Directive and the EU Country-by-Country Reporting Directive. The Dutch government, however, has also taken a position in other initiatives that aim to change national regulations resulting from obligations in international agreements, strategies or treaties, but without any result so far:

- The **UN Binding Treaty on Business and Human Rights** in response to a resolution by Ecuador and South Africa in 2014. This treaty is still under negotiation in a UN Working Group.
- The **EU Flagship Initiative on the Garment Sector**: an initiative of the European Parliament to encourage the European Commission to develop a legislative proposal for binding value chain due diligence obligations in the garment sector. A proposal has not been tabled yet.
- Update on the **EU Strategy/Policy on CSR**: various actors (government and non-government) have urged the European Commission to update its 2011–2014 strategy on CSR, which could include proposals for regulatory measures.

The Netherlands has supported many multi-stakeholder initiatives but also participates in bilateral and multilateral initiatives

Another characteristic of the initiatives is the degree to which they involve non-government actors such as businesses, NGOs, trade unions and other stakeholders, with bilateral/multilateral initiatives at one end of the spectrum (involving only governments negotiating or collaborating within existing international organisations) and multi-stakeholder initiatives at the other (involving other stakeholders). Many initiatives can be classified as multi-stakeholder or having a multi-stakeholder approach. Good examples are the OECD Due Diligence Guidance Documents (based on stakeholder consultations), the ILO's Initiative to improve working conditions in the ILO Bangladesh Ready Made Garment Programme, the Partnership for Cleaner Textile (PaCT), the European Partnership for Responsible Minerals (EPRM), the Voluntary Principles on Security and Human Rights (the Voluntary Principles or VPs), and the cooperation between the Netherlands and Belgium/Germany in sector agreements (see below). Some initiatives can actually be labelled as private initiatives, with governments playing a very limited, mainly supportive role, such as the Bangladesh Accord (signed by global brands, retailers and trade unions) and the UN Global Compact. Examples of activities that mainly involve governments and international organisations are all regulatory initiatives discussed above.[175] Also the dialogues and informal collaboration between the Netherlands and like-minded countries such as Canada, France, Norway, Poland, Switzerland, the United Kingdom and the United States – mostly prior to OECD meetings[176] – fit in this category since they aim to influence the regulatory outcomes of broader deliberations.

Two examples of upscaling the Dutch sector agreements

Two initiatives deserve special attention in this overview of international RBC initiatives supported by the Dutch government. They both concern attempts to expand the geographic scope of sector agreements, with bilateral cooperation as potential stepping stones towards broader international initiatives, in line with the strategy explained in Chapter 3:

- The cooperation agreement signed between the Dutch Agreement on Sustainable Garment and Textile ('the **garments & textile** agreement' as discussed in Chapter 3) and its German equivalent: the German Partnership for Sustainable Textiles.[177]
- The ambition to conclude an agreement for responsible business conduct in the **natural stone** sector involving (local) governments, businesses and other stakeholders from the Netherlands and Belgium.

[175] Obviously, other stakeholders also play a role in these regulatory initiatives: they are often consulted and use their lobbying power to influence national negotiating positions and the resulting regulations.

[176] Change in Context (2019) refers to the Friends of Responsible Business Conduct, an informal group of countries that meet to determine a joint strategy within the OECD.

[177] For more information, see: https://en.textilbuendnis.com/en/.

From long-term programmes to single events

Initiatives also differ in their intensity and duration, which obviously affects their impact. Several activities of the Dutch government during the evaluation period (2012–2018) can be linked to long-term programmes or initiatives with substantial impact on business and society expected. For example, the activities of the OECD Working Party on Responsible Business Conduct (created in 2013) have built on the most recent version of the OECD Guidelines (2011), more than 40 years of history of the Guidelines (since 1976) and 35 years of experience with National Contact Points (since 1984). The sample of international initiatives also includes activities that were initiated by others before 2011, such as the Voluntary Principles (2000), the UN Global Compact (2000), the Extractive Industries Transparency Initiative (2002) and the ILO Better Work programme (2006). Other initiatives can be categorised as agenda-setting events, such as the living wage conferences organised in 2013 and 2016, a conference on responsible sourcing in 2016, a conference on sustainability in global value chains in 2015, and one on business and human rights in 2016. The Dutch EU presidency in 2016 was also used as an opportunity to raise the profile of responsible business conduct on the EU agenda and push several ongoing negotiations forward (e.g. on Conflict Minerals) or to launch new initiatives (e.g. the Amsterdam Declaration on Sustainable Palm Oil).

More non-regulatory multi-stakeholder initiatives than regulatory initiatives

Acknowledging that more dimensions can be used to categorise initiatives, Figure 6-1 presents a typology using only two dimensions: sector-specific versus cross-sector and regulatory versus non-regulatory (multi-stakeholder). The figure suggests that the Dutch government was involved in more non-regulatory initiatives than regulatory initiatives. Admittedly, the figure does not provide a complete overview (for example, events are not displayed here), but the left part of the figure could be easily filled with additional initiatives, while this is clearly less the case for the right part. Furthermore, two regulatory initiatives have not yet been concluded (indicated in italics), and it is uncertain if they ever will be. Another observation is that there are many sector-specific initiatives, presumably more than cross-sector initiatives. Both findings are in line with expectations: the OECD Guidelines and Dutch IRBC policy promote the involvement of stakeholders and emphasise that due diligence on RBC risks is – at least partly – sector-specific. They reason that a sector-specific approach makes it is easier to find common ground and/or mobilise coalitions of frontrunners.

Figure 6-1 *Typology of international initiatives supported by the Netherlands*

	Non-regulatory (multi-stakeholder)	Regulatory
Sector-specific	OECD Due Diligence Guidance for specific sectors; Partnership for Cleaner Textile; Voluntary Principles; Bangladesh Accord; European Partnership for Responsible Minerals; Extractive Industries Transparency Initiative; Sector agreements; ILO Bangladesh RMG Programme	EU Conflict Minerals Regulation; *EU Flagship Initiative on the Garment Sector*; EU Timber Regulation
Cross-sector	UN Global Compact; OECD Working Group on RBC; Global living wage coalition; OECD Due Diligence Guidance for RBC; UN Working Group on Business & Human Rights	EU Non-financial Reporting Directive; *UN Binding Treaty on Business & Human Rights*

** Two initiatives not yet concluded are indicated in italics*

6.3 Inputs and additionality: contributions of the Netherlands

The Netherlands has contributed to international RBC initiatives in various ways, financially and otherwise. In some cases, the Dutch government was one of the initiators or leading actors, whereas in other cases it played a relatively modest role. This section analyses to what extent initiatives – and their results, to be discussed in Section 6.4 – can be attributed to the efforts or investments of the Netherlands.

The Netherlands initiated various international RBC activities

A number of non-regulatory activities introduced in the previous section were in fact initiated by the Dutch government, sometimes as joint initiatives with other (government or non-government) actors, partly because of the degree of policy freedom for an EU member state in this area. This applies, for example, to the European Partnership for Responsible Minerals and the Partnership for Cleaner Textile. The Dutch government has also played a leading role in the cross-border sector agreement for natural stone, the cooperation with Germany in the sector agreement on garments & textile, and the organisation of various conferences on RBC and related themes such as living wages. In all these initiatives, it is reasonable to claim that the Dutch contribution has been decisive and hence highly additional.

The Dutch government funded many international RBC activities

In the absence of a complete overview of all financial and non-financial contributions to RBC-related international activities, it is fair to state that the Netherlands has been a relatively important funder of these activities. In general, the level of funding partly expresses policy priorities, either from central funds in The Hague or from delegated budgets of Dutch embassies in high-risk countries. One characteristic of Dutch funding has been that it is often untied or unspecified in nature. For some activities, it was possible to determine the financial contribution of the Netherlands and put this in perspective by comparing it with the contributions of other actors:

- The Netherlands is an important funder of the **European Partnership for Responsible Minerals** with subsidies amounting to EUR 3.75 million for projects between 2016 and 2019. No information is available about contributions by other participating governments (UK and Germany).
- Between 2011 and 2014, the Dutch government provided EUR 1 million support to the **Extractive Industries Transparency Initiative** (EITI) and for 2017–2020 it supported the Extractives Global Programmatic Support programme, which is related to EITI. The Netherlands is one of the 10 donors supporting this USD 35.5 million programme (World Bank, 2019).
- The Netherlands is one of the main funders of the **ILO Bangladesh Ready Made Garment Programme**, with contributions from the delegated embassy budget of USD 11 million for 2013–2017 (first phase) and USD 8 million for 2017–2023 (second phase). Other funders are Canada (USD 7.5 million in the first phase), the UK (USD 11 million) and the ILO (USD 1.7 million) (ILO, 2015). Furthermore, the Dutch government co-funded the ILO's Better Work programme (USD 17.5 million; 2012–2018) from central funds and the Partnership for Cleaner Textile (USD 5.5 million), again from the delegated embassy budget.
- The Dutch government supported the development of **OECD Due Diligence Guidance documents** for the Garment and Footwear Sector (EUR 400,000) and Responsible Mineral Supply Chains (EUR 250,000). The contribution to the cross-sector OECD Due Diligence Guidance for RBC is unknown.

Substantial investments in terms of staff time, mostly in setting agendas internationally

In addition to financial investments, the Dutch government has also supported international initiatives by making staff available and spending time on lobbying, setting agendas and promoting responsible business conduct in general. Between 2013 and 2018, for example, the Ministry of Foreign Affairs made Roel Nieuwenkamp available to chair the OECD's Working Party on Responsible Business Conduct (WPRBC), including a generous budget for travelling. Moreover, staff members of Dutch ministries (notably the Ministry of Foreign Affairs) participated in the development of the OECD Due Diligence Guidance documents, building on their experience gained in developing the sector agreements. To ensure the establishment of the EU Conflict Minerals Regulation, staff of the Ministry of Foreign Affairs toured various European capitals to gain the support of other member states, some of which initially preferred a voluntary approach. Dutch embassies also invested substantial amounts of time in international initiatives (see Chapters 7 and 8).

Various sources laud the valuable personal contributions of the two Ministers of Foreign Trade and Development Cooperation (BHOS), Ms Ploumen and Ms Kaag, in terms of promoting responsible business conduct internationally and lobbying the governments of high-risk countries. In general, the two Ministers and their staff at the Ministry of Foreign Affairs spent much energy on setting agendas internationally, e.g. by organising conferences, raising attention to RBC during the Dutch EU presidency in 2016 and lobbying for changes in EU policies and regulations such as the EU Conflict Minerals Regulation (successful) and an update of the EU Strategy on CSR (without results as yet).

Examples of relatively modest contributions

In some cases, the contributions of the Netherlands can be described as modest or average. This applies, for example, to the EU Non-financial Reporting Directive, to which the Dutch government's contribution has been comparable with those of most other member states: participating in negotiations and transposing the directive into national law. Most regulatory initiatives were not initiated by the Netherlands, but by the European Commission, simply because of its right of initiative: member states are often not in the position to take regulatory initiatives. The role of the Dutch government has also been relatively modest in international organisations such as the OECD, the UN and the ILO, as EU member states are more or less obliged to strive towards a common EU position. The Dutch contribution to the UN Working Group on Business and Human Rights,[178] for example, has been relatively modest compared with the contribution to the OECD WPRBC, although it has been significant compared with the contributions of other OECD countries. The Netherlands contributed to its work by providing inputs to consultations for reports that serve as further guidance on the implementation of the UNGPs or endeavouring to develop a common EU position in the case of the UN Binding Treaty. Furthermore, the Ministry of Foreign Affairs has actively participated in various other annual meetings and stakeholder conferences.

Stakeholders greatly appreciate the contributions by the Netherlands

Interviews with stakeholders (Change in Context, 2019) provide insight into the perceived role of the Netherlands in promoting responsible business conduct. Many interviewees – representing other governments, international organisations, business platforms and NGOs – greatly appreciate the contributions of the Netherlands in terms of funding, lobbying and providing expertise:[179]

- 'Funding a full-time chair for this working party for five years is seen by many as an exceptional contribution. Also, all people interviewed credited the strategic insight, commitment and network of the chair of the working party...' (conclusion, p. 7).
- 'It shows very strong commitment from the Dutch government that the chair could dedicate his full attention to this role. He was fully funded by The Netherlands, including an extensive travel budget to promote responsible business conduct and the OECD MNE Guidelines around the world' (conclusion, p. 15).
- 'Lilianne Ploumen's personal conviction and commitment allowed the Dutch Ministry of Foreign Affairs to lead on responsible business conduct' (quote, p. 12).
- 'The Netherlands is very visible in extractive sector initiatives. It has diplomats specialised in extractive issues working on initiatives like EITI and EPRM' (quote, p. 23).
- 'The Dutch government has shown clear leadership on responsible minerals. During its EU presidency, it put responsible mineral sourcing on the agenda and laid the foundation for the EU Conflict Mineral Regulation. The Netherlands actively looked for partners and opportunities to align best practices. It helped spearhead the European Partnership for Responsible Minerals, to which it brought other governments and it hosts the secretariat' (quote, p. 27).
- 'Most stakeholders in and near the textile sector appreciate the voluntary initiatives supported by the Dutch Ministry of Foreign Affairs' (p. 40).

[178] Its full name is the Working Group on the Issue of Human Rights and Transnational Corporations and other Business Enterprises (see OHCHR, 2019a).

[179] This list includes quotes from interviewees and conclusions by Change in Context based on various interviews.

- 'As a donor, the Dutch Ministry of Foreign Affairs is agile. It does not just provide funding. It also really gets involved, bringing expertise into the programme design' (quote, p. 41, referring to the contribution to the ILO Better Work programme).
- 'The Dutch Ministry of Foreign Affairs is active in different areas of CSR, Business and Human Rights or responsible business conduct, with an international outlook. This is visible in the EU, UN and OECD context' (quote, p. 49).
- 'The Netherlands has taken a lot of initiatives. It has made good use of the convening power generated through its EU presidency, thereby creating momentum that still continues today' (quote, p. 50).
- 'The Netherlands has a strong, unequivocal voice that trade must incorporate responsible business conduct. Even though it is not part of the G7, or even the G20, it is able to influence other governments by forming partnerships' (quote, p. 50).
- 'The Netherlands is appreciated for its leadership, its convening power and its continuous drive for international collaboration and the use of international, harmonised frameworks and tools' (conclusion, p. 52).

6.4 Relevance, effectiveness and impact

Most international initiatives supported by the Dutch government are relevant in view of their objectives to promote and enable responsible business conduct. In general, activities contribute to the Dutch IRBC policy by their intention to raise leverage and to level the playing field. This section, however, not only discusses the relevance of activities, but also reviews their (perceived) effectiveness and impact, using interviews and existing evaluations as sources of information. What are the intended and actual contributions of international initiatives to changes in the enabling environment, improvements in business conduct and reductions in RBC risks?

OECD Guidelines raised attention to RBC in international and national policy

In 2018, the OECD concluded in its 2017 annual report on the Guidelines for Multinational Enterprises that 'expectations of due diligence for responsible business conduct are increasingly being reflected in international and national policy, as well as in some cases regulation' (OECD, 2018b, p. 35). Apart from the Netherlands (explicitly mentioned, with attention to the sector agreements), various other countries have responded to the Guidelines by introducing or exploring new laws (e.g. France and Switzerland) or announcing legal measures if voluntary initiatives turn out to be insufficient (e.g. Germany). In 2017, Leaders of the G20 highlighted the importance of adequate policy frameworks for RBC and the responsibility of enterprises in general, in a joint declaration, which originated in an initiative of the Dutch chair of the OECD Working Party for RBC. Unsurprisingly, stakeholders interviewed by Change in Context (2019) consider the OECD Guidelines, the OECD Working Party on RBC and related initiatives to be highly relevant for the Dutch IRBC policy.

The OECD annual report also highlights the relevance and importance of the cross-sector and sector-specific Due Diligence Guidance documents, to which the Netherlands made a substantial contribution. They provide a common understanding of due diligence 'for business subject to various domestic obligations and international instruments and avoid the potential for conflicting expectations' and as such contribute to a global level playing field for RBC (p. 36). Stakeholders interviewed by Change in Context (2019) acknowledge the relevance and usefulness of the guidance documents: they make 'due diligence more concrete and actionable for companies in these specific sectors' (p. 17), arguing that the OECD Guidelines (2011) are the result of complex negotiations among governments that have produced rather general texts that companies sometimes find difficult to comprehend.

National Contact Points for OECD Guidelines as direct results of the OECD Guidelines

The OECD also supported the development of a level playing field for RBC by obliging adhering countries that are not (yet) an OECD member to set up a National Contact Point (NCP). This implies that (nearly) all adhering countries (47) have an NCP in place.[180] NCPs are expected to further the effectiveness of the OECD Guidelines by promoting awareness among companies and stakeholders, handling enquiries and contributing to solutions for specific instances: notifications of alleged violations of the Guidelines (e.g. by NGOs, trade unions or other civil society organisations/groups). During the evaluation period, the OECD Working Party on RBC successfully urged (new) OECD member countries to set up NCPs and assisted them by (further) improving the quality of NCPs (e.g. by peer reviews), thus contributing to their effectiveness. The effectiveness of NCPs can to some extent be confirmed by analysing the handling of specific instances:

- Between 2000 and 2015, the NCPs handled a total of 360 instances, which corresponds to an average of 20–25 per year. Of all specific instances that were investigated between 2011 and 2015, 36% resulted in internal policy changes by the companies in question. This change in behaviour contributed to the prevention of adverse impacts in the future (OECD, 2015).
- In 2017, 34 specific instances were closed and 28 new ones were submitted. In 10 of the 12 specific instances where mediation occurred, agreement was reached between parties (83%). Of all concluded specific instances in 2017, 40% resulted in some changes to company policy or operations to better meet recommendations of the Guidelines (OECD, 2018b).

The effectiveness of NCPs regarding their task to promote awareness is less clear. Roel Nieuwenkamp, the Chair of the Working Party on RBC, states in an annex to the OECD MNE annual report (2018b) that 'several NCPs have started measuring this,'[181] with two emerging key performance indicators: the percentage of companies that are aware of the OECD Guidelines and the percentage of companies that committed to following the Guidelines. He encourages 'all NCPs to start measuring this', which confirms that at the time of writing (2018b) there was very limited insight into the adoption of the Guidelines globally.[182] This observation is in line with the limitations of this evaluation mentioned in Chapter 1.

Increasing the number of National Action Plans on Business and Human Rights

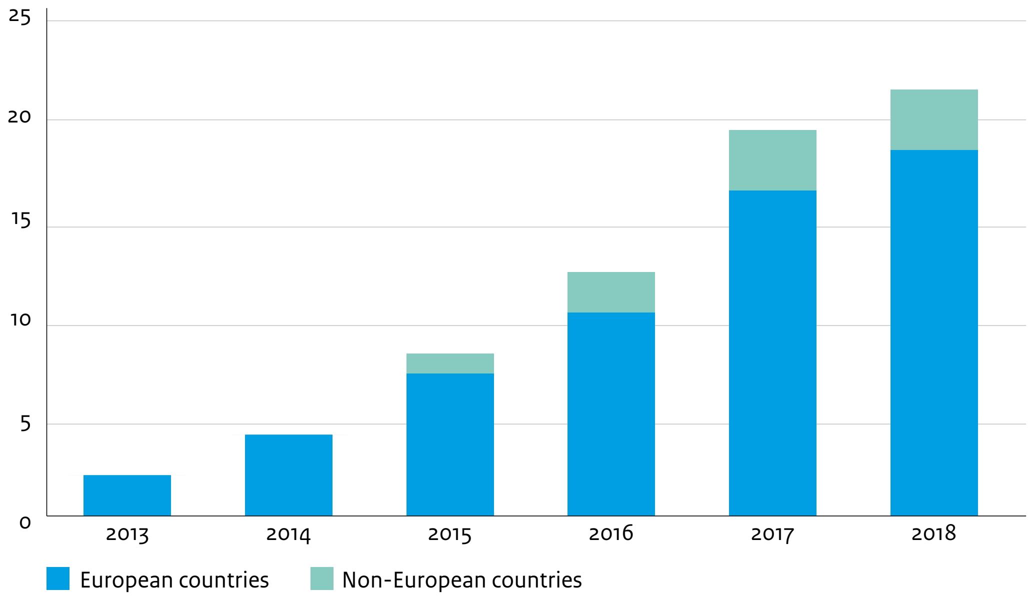
Another objective indicator of success in the development of an enabling environment and a level playing field for RBC is the number of National Action Plans (NAPs) on Business and Human Rights. In 2011, the European Commission urged EU member states to develop such a plan in response to the UN Guiding Principles on Business and Human Rights, released in the same year. The Netherlands was the second country to draft such a plan (in 2013), just after the UK. Figure 6-2 shows that the number of countries with an NAP increased from two at the end of 2013 to 21 at end of 2018. Most plans were drafted by European countries: Colombia, Chile and the United States are the only three non-European countries with NAPs. It is worth mentioning here that 31 countries (including 28 non-European countries) are in the process of developing an NAP (OHCHR, 2019b), potentially enabling increasing effectiveness and impact of the UNGPs in the near future and measuring progress in future evaluations beyond anecdotal evidence and perceptions. Stakeholders that were interviewed by Change in Context (2019) confirm the relevance and (perceived) effectiveness of the UNGPs, regarding the promotion of responsible business conduct. They indicate that the UNGPs and the related activities have raised awareness on 'business and human rights' among EU member states and business. Arguably, the distinction between the OECD Guidelines and the UNGPs is somewhat artificial, taking into account that the UNGPs were fully integrated into the 2011 Guidelines, indicating coherence between the two frameworks.

[180] Tunisia is mentioned as an exception in the OECD Annual Report (2018).

[181] The OECD MNE 2017 annual report (2018b) refers to surveys on the awareness of the OECD Guidelines and NCPs conducted by the NCPs of Austria, Costa Rica, Denmark, Italy, the Netherlands, Switzerland, and Ukraine. The Dutch NCP conducted a survey among large stock-exchange listed companies, in cooperation with the Dutch Association of Investors for Sustainable Development (VBDO, see Chapter 1).

[182] See also the evaluation of the Dutch National Contact Point for the OECD Guidelines (IOB, 2019).

Figure 6-2 *National Action Plans on Business and Human Rights in European and non-European countries*



Effectiveness of the EU Non-financial Reporting Directive

The EU Non-financial Reporting Directive (2014) effectively changed the laws of all EU member states, introducing reporting requirements for public interest entities and large companies on non-financial topics from 2017 onwards (see Chapter 2).[183] As a consequence, external auditors will also have to verify the presence or also validate the content of the non-financial information in annual reports, e.g. by confirming the existence of RBC policies. The directive refers to the OECD Guidelines as one of the frameworks that enterprises 'may rely on' (EUR-Lex, 2014). The EU allowed member states to include 'state-specific requirements' in view of policy coherence at a national level and a certain degree of freedom in enforcement. The Netherlands, for example, decided only not to specify non-compliance penalties in the decree, in contrast with most other member states.[184] Other countries including France, for example, chose not to adopt the 'safe harbour principle', which allows companies to omit highly sensitive commercial information regarding impending developments (e.g. negotiations), only in exceptional cases.[185]

There is no information available yet about the effectiveness of the directive – and its transposition into the national laws of EU member states – regarding the adoption of improved reporting and due diligence practices. While it is very likely that the directive will affect the number of companies reporting on responsible business conduct (see Box 6-1), it is unclear to what extent the reporting requirements will also lead to changes in actual behaviour and impact in global value chains.

[183] For the Netherlands, see Ministry of Justice and Security (2017).

[184] Estonia and Spain are the only two EU member states that made the same decision.

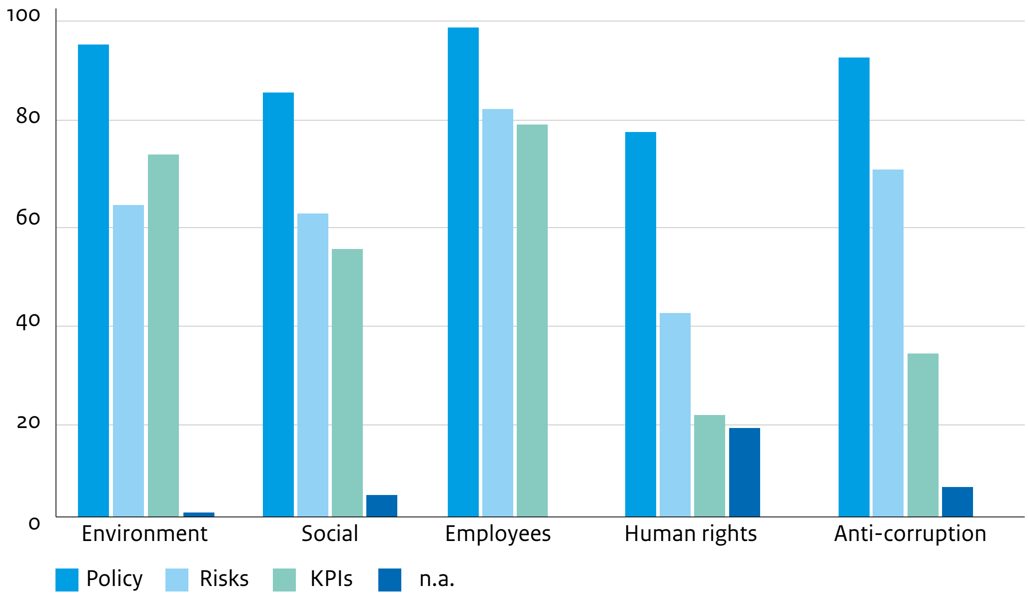
[185] For a summary of how countries have transposed the directive into national law see the joint publication of CSR Europe and Global Reporting Initiative (2017). The Netherlands Environmental Assessment Agency (PBL, 2018) reviewed the expected impact of the instrument and also discusses the differences between EU member states.

Box 6-1 *Increasing numbers of large companies reporting on responsible business conduct*

KPMG publishes biannual reports on corporate responsibility (CR) reporting by the largest multinational companies based on worldwide surveys and desk research. According to these reports, in 2013, 93% of the largest companies in 41 countries published CR reports or included CR information in their annual reports, compared with just 64% in 2005 (KPMG, 2013, p. 9). Regulation is seen as an important driver of growth in CR reporting (p. 21). Within Europe, France and Denmark are mentioned as frontrunners in introducing such regulations, which explains the very high coverage rates (up to 99%) in these countries. The Netherlands was among the top four European countries, with a CR reporting rate of 82%. The 2017 report showed that the number of companies reporting on responsible business conduct also increased slightly in countries outside Europe. Although the rate in the Netherlands did not increase, it was still considerably higher than in most other countries. The EU Non-financial Reporting Directive is explicitly mentioned as 'the most significant EU-wide legislative initiative to promote corporate responsibility reporting' that will very likely affect reporting rates, and may have already done so (KPMG, 2017, p. 12).

In the Netherlands, the Dutch Authority for Financial Markets (AFM) monitors the implementation of the directive among stock-market listed companies. In 2017, the AFM concluded that most companies (around 90%) had developed policies on relevant RBC issues such as the environment, human resources, social aspects, human rights and anti-corruption (AFM, 2017) (see Figure 6-3). The percentage of companies that proactively identifies RBC risks is significantly lower, however, and this also applies to the share of companies using and publishing relevant key performance indicators (KPIs). These results were confirmed by the results of a survey conducted by AFM in 2018, leading to the conclusion that an increasing number of companies are having their non-financial information separately audited, but also that they are not yet complying with the directive in all respects (AFM, 2017). As the AFM only monitors listed companies, their surveys do not cover large public interest organisations, even though they are also expected to comply with the EU Non-financial Reporting Directive.

Figure 6-3 *Status of the implementation of the EU Non-financial Reporting Directive in the Netherlands*



Source: AFM, 2017

The EU Timber Regulation contributed to the fight against illegal logging and the associated trade in illegal timber

While the EU Non-financial Reporting Directive promotes one specific element of due diligence (disclosure), the EU Timber Regulation clearly goes 'beyond reporting' (Change in Context, 2017). It requires companies to exercise due diligence in their international value chains, regarding one specific risk: importing illegal timber, i.e. timber that is regarded illegal according to the national legislation of the sourcing countries. The regulation came into force in 2013. Various organisations were officially approved as monitoring organisations, for one, several or all member states (see NVWA, 2016). The UN Environment World Conservation Monitoring Centre (WCMC) produced some country overviews to support the EU Timber Regulation, containing information on the development of forests and the risk of illegality. According to a first evaluation (EC, 2016a), the EU Timber Regulation contributed to improved due diligence among EU operators and increased awareness of illegal logging among consumers. The regulation is considered relevant in view of international efforts aimed at stopping deforestation and forest degradation, improving biodiversity, thus also addressing climate change. The EC evaluators concluded that 'the EU is on track to achieve its objectives to combat illegal logging and associated trade in illegal timber' (EC, 2019).

Broad scope and reach of the EU Conflict Minerals Regulation, to enter into force in 2021

The Netherlands played an important role in progressing the adoption of the EU Conflict Minerals Regulation, notably by raising awareness and seeking consensus during its presidency of the EU from January to June 2016.[186] The regulation was adopted in 2017 and will become effective in 2021, obliging an estimated 600–1,000 importers of tin, tantalum, tungsten and gold (3TG) in the EU to exercise due diligence in line with the OECD's Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas (2016b).[187] Member states will designate one or more competent authorities responsible for implementing the regulation and monitoring its effectiveness. The regulation focuses on the risk of financing conflicts with illegal revenues from the extractive sector, as does the US Dodd–Frank Act Section 1502, but has a much broader (geographic) scope than the US Act, which only focuses on minerals from Congo and surrounding countries and only targets downstream stock-exchange listed companies. Indirectly, the regulation will affect around 500 smelters and refiners of 3TG located in the EU or elsewhere (EC, 2017). Various sources indicate that up to 900,000 companies will be affected by the regulation somehow (e.g. MSCI, 2016).

The EU Conflict Minerals Regulation uses volume thresholds for different types of minerals and metals (EUR-Lex, 2017). The Dutch Ministry of Foreign Affairs contributed to these thresholds by showing that to cover 95% of the imported volumes, far fewer than 95% of the imports (transactions) need to be included. Interviewees argue that these thresholds will make the regulation more efficient and effective, respecting the principle of proportionality. It is too early to assess the actual efficiency, effectiveness and impact of the regulation, but it is likely to affect due diligence even before its implementation.

The European Commission has not updated its 2011–2014 CSR strategy, but monitors the results of existing initiatives at various levels

In 2011, the European Commission published a renewed CSR Strategy for 2011–2014 (EC, 2011), which explicitly built on the OECD Guidelines and the UNGPs. This is reflected in a new definition of CSR – 'the responsibility of enterprises for their impacts on society' (p. 6) – and the ambition to 'promote social and environmental responsibility through the supply chain' (p. 7). It emphasised the shared responsibility of governments and businesses by stating that 'the development of CSR should be led by enterprises themselves' and that public authorities could support this development by employing 'a smart mix of voluntary policy measures, and, where necessary, complementary regulation' (EC, 2011).

[186] The consensus-seeking process involved talks with representatives of various national governments, the European Parliament and the EU Trade Commissioner, as well as with NGOs and the private sector.

[187] The OECD's Due Diligence Guidance requires companies to: (1) establish strong company management systems; (2) identify and assess risk in the value chain; (3) design and implement a strategy to respond to identified risks; (4) carry out an independent third-party audit of value chain due diligence; and (5) report annually on value chain due diligence. This in line with the framework for due diligence discussed in Chapter 1.

The renewed strategy introduced an agenda for action, formulating (among others) the following objectives for the period 2011–2014:

- Creating multi-stakeholder platforms in relevant sectors;
- Improving compliance of government procurement with agreed social and environmental criteria;
- Introducing legislation to regulate transparency on the social and environmental impacts of enterprises;
- Inviting enterprises to commit themselves to international CSR standards such as the OECD Guidelines and the UN Global Compact;
- Inviting member states to develop national plans for the implementation of the UN Guiding Principles.

By formulating this agenda, the European Commission contributed to the creation of a level playing field for responsible business conduct, adding to the realisation of various other initiatives discussed above (and in other parts of this evaluation, such as the Dutch sector agreements). This probably explains why many interviewees regret that the Commission has never updated its strategy nor presented a report on the progress of its agenda. Member states including the Netherlands and the European Council repeatedly asked the Commission to present such an update, but so far without any result due to a lack of political will within the Commission.

The European Commission supported various initiatives to promote and enable responsible business conduct, but has been reluctant to adopt more binding due diligence legislation

Various countries, including the Netherlands, have raised the question of whether the EU could play a stronger role in developing a level playing field for responsible business conduct. The Netherlands was also one of the eight countries to launch a green card initiative[188] in 2016, proposing the introduction of EU-wide due diligence legislation. The Commission responded to this green card initiative that it had no plans to adopt further legislation, but would continue to monitor the evolution and implementation of policies by member states and international organisations (Change in Context, 2018). In its 2016 action plan for sustainability – 'Next steps for a sustainable European future' – the Commission did however confirm its attention to 'corporate social responsibility and responsible business conduct'[189] (EC, 2016b p. 8) in view of the shared responsibility of governments, businesses and other stakeholders for accomplishing the Sustainable Development Goals (SDGs). Furthermore, the Commission stated it would intensify its work on responsible business conduct, building on its 2011 CSR strategy (p. 11). Apart from the two regulations and reporting directive discussed above, the European Commission has been reluctant to table proposals for additional binding due diligence regulations as requested in the European Parliament's EU Flagship Garment Initiative. After the Netherlands raised some attention for this initiative during its EU presidency in 2016, the European Commission hosted a conference on responsible value chain management in the garment sector in April 2017 to discuss the initiative, though without any concrete result so far.

European Partnership for Responsible Minerals has a clear theory of change, but it is too early to assess the impact of the projects it supports

The European Partnership for Responsible Minerals (EPRM) is one of the few international initiatives discussed in this chapter with a clear theory of change that explains how and under what conditions the programme should lead to impact. It identifies outcome indicators such as increased demand by downstream companies for responsibly sourced minerals, the introduction and application of harmonised standards and mechanisms for a transparent supply line from mines to smelters (midstream), and improved technical and financial ability of mines to produce responsibly (upstream).

[188] The 'green card' is a form of enhanced political dialogue through which EU national parliaments can jointly propose to the European Commission new legislative or non-legislative initiatives, or changes to existing legislation (ECCJ, 2016).

[189] *Next steps for a Sustainable European Future* (EC, 2016b). This is one of the few publications in which these two terms appear next to each other as if they are not referring to the same concept.

Ultimately, these outcomes should lead to improved conditions for mining workers and communities, and reduced (risks of) conflicts. This ToC seems compatible and coherent with the ToC of the Dutch IRBC policy (see Chapter 2). The EPRM was initiated by the Netherlands as a complementary and supporting programme for the EU Conflict Minerals, explaining its initial focus on the same 3TG minerals. The idea of this multi-stakeholder partnership is to create a 'community of practice', bringing together different actors with complementary skills.

The partnership involves 29 actors, including enterprises, civil society actors and governments/ institutions (EPRM, undated). Apart from the Dutch government, which hosts the programme's secretariat at RVO, the UK and Germany also support the partnership. The OECD, the UN Environment Programme (UNEP) and the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) are involved as observers, which raises the potential leverage of the partnership. The Partnership has funded various projects, including the CAPAZ Passports to Market project in Colombia (see Chapter 8). Since most projects have a three-year timeline, which has not gone full cycle, it is too early to assess the outcomes and impact of the EPRM.

The Netherlands was one of the first supporters of the Extractive Industries Transparency Initiative, but it took relatively long before the Netherlands became an implementing member

Since 2005, the Netherlands has provided (financial) support to the Extractive Industries Transparency Initiative (EITI, initiated by the UK in 2002), including the secondment of a staff member of the Ministry of Foreign Affairs to the EITI Secretariat between 2012 and 2015. The EITI has become a global reporting standard for countries regarding the management of their extractive resources and transparency of generated revenues. Governments are expected to publish timely and accurate data on how they allocate licences and how much tax, royalties and social contributions they collect at the national and local levels. A meta-study of 50 evaluations suggests that EITI has indeed been effective in diffusing norms and standards, and in changing reporting practices, thus contributing to increased transparency (Lujala et al., 2017).

Interviewees indicate that the secondment of a staff member of the Ministry of Foreign Affairs raised the visibility of the Dutch investment in EITI, though without the expected strategic influence, due to limited interactions with the ministry in The Hague. The Netherlands also contributed by actively stimulating resource-rich developing countries to become members of EITI. During the evaluation period, the number of implementing (member) countries increased from 35 in 2012 (OECD, 2012) to 51 in 2018. The Netherlands contributed to this increase by becoming an implementing member itself in 2017 – following the example of other OECD countries such as Norway (2009), the UK (2014) and Germany (2016) – and hence subjecting itself to the reporting standards. The Dutch Ministry of Economic Affairs and Climate Policy is responsible for gathering and supplying the data requested by EITI. Interviewees expressed the view that the Dutch government could have become an implementing member earlier, suggesting that there is some resistance in the government against increased transparency for this sector. The EITI, for example, demands full accountability on gas exploration, fracking plans and profit-sharing arrangements derived from the exploitation and sale of natural resources such as oil and gas.

Voluntary Principles on Security and Human Rights: a good example of multi-stakeholder dialogue at the international level

The Netherlands was an active supporter of the Voluntary Principles on Security and Human Rights (VPs) during the evaluation period, being the chair twice (in 2012–2013 and 2017–2018) and contributing financially by paying a membership fee and supporting various projects. Moreover, several Dutch embassies played active roles in promoting the initiative, such as the embassy in Colombia (see Chapter 8).

The VPs offer human rights due diligence guidance for companies in the extractive industries, introducing a set of sector-specific principles. It is a true multi-stakeholder initiative, involving three types of participant: governments, companies and NGOs. Participating companies – 30 in total, including Shell – use the VPs to 'align corporate policies and procedures with internationally recognised human rights principles in the provision of security for their operations' (Voluntary Principles, 2019). With 10 participating governments, the initiative has a substantial impact on national policies, reaching also emerging countries such as Colombia and Ghana.[190]

The Dutch government regards the VPs as a good example of promoting multi-stakeholder dialogue, taking into consideration that the level of trust between companies and NGOs in the extractive industries is generally low. Interviewees indicate that the VPs are effective in promoting dialogue and raising mutual trust to some degree. The Netherlands has contributed to this result in various ways, for example by organising a field trip for companies and NGOs to Nigeria, enabling them to meet local representatives of the government, businesses and other stakeholder groups. Interviewees state that this field visit 'created a stronger sense of shared goals and commitment' (Change in Context, 2019). During its most recent chairmanship (2017–2018), the Dutch government urged non-government participants to provide stronger (financial and non-financial) support to the governance of the initiative, thus promoting its long-term sustainability. Interviewees argue that this call was at least partly successful: participating companies raised their contributions to the initiative's general costs by organising various events.

Important contributions to effective programmes of the ILO

Between 2013 and 2017, the Netherlands Embassy in Bangladesh provided financial support to the first phase of ILO's 'Improving Working Conditions in the Ready-Made Garment Sector Programme', which focuses exclusively on Bangladesh. Important achievements, according to the ILO, are the harmonisation of inspection and reporting standards, enhanced collaboration between regulators, strengthened regulatory capacity to follow up safety inspections and the launch of a remediation coordination cell. As a result of the programme (at the output level), more than 1,500 factories falling under the national initiative were inspected for structural, fire and electrical safety (ILO, 2017). An important result is that the programme strengthened the functioning of the National Tripartite Committee (NTC), which oversees the implementation of a national action plan to improve safety conditions (ILO, 2015). The Dutch government's contribution to the ILO programme fits in a much broader strategy to raise attention to responsible business conduct (including also the issue of living wages) in Bangladesh's garment industry, as discussed in Chapter 8. In 2014, for example, the Netherlands and six other EU countries called on European garment companies to compensate victims of the Rana Plaza collapse at the OECD Global Forum on Responsible Business Conduct (Butler, 2014). Both the Dutch embassy in Bangladesh and the Ministry of Foreign Affairs in The Hague made efforts to promote (support for) relevant RBC initiatives such as the EU's Bangladesh Sustainability Compact and the private Bangladesh Accord on Fire and Building Safety (which was updated and extended in December 2018).

The Netherlands also made a substantial contribution (EUR 17.5 million) from central funds to the ILO's Better Work programme, which aims to improve working conditions in the garment industry, by implementing activities in nine countries (including Bangladesh and Ethiopia, two of the four selected countries that are reviewed in Chapter 8). Other donors are the US, Australia and Switzerland. The programme's strategy builds on two pillars: (1) encouraging factories to improve working conditions; and (2) helping national stakeholders play a stronger role in governing the labour market (Better Work, 2019). An independent evaluation confirms the programme's impact on the prevention of abusive practices (such as forced labour, verbal abuse and sexual harassment) and closing the gender pay gap. Interestingly, according to the evaluators, the programme also contributes to improved productivity and profitability, suggesting that responsible business conduct pays off financially (Better Work, 2016).

[190] Other countries supporting the VPs are: Argentina, Australia, Canada, Norway, Switzerland, the United Kingdom and the United States.

6.5 Coherence

This section assesses policy coherence, which can be defined as the consistency between different international activities, the consistency of international activities with other instruments of Dutch IRBC policy and the consistency of international activities with other Dutch policies. As stated in Chapter 1, coherence also refers to the alignment of policy objectives.

International activities are based on a coherent framework that could be further enhanced by connecting it to the Sustainable Development Goals (SDGs)

International activities of the Dutch government are coherent as they all relate to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Several interviewees suggested that coherence could be further increased by linking the Dutch IRBC policy to the SDGs more explicitly. The Dutch government made a first step in this direction by convincing the European Commission to include a reference to RBC policies in its agenda for a sustainable European future. Various interviewees also observed that the current minister (Sigrid Kaag, since 2017) pays more attention to the SDGs than her predecessor (Lilianne Ploumen, 2012–2017), which is understandable as the SDGs were only adopted in 2015. In October 2018, the SER was invited by the government to present a vision on the relation between the SDGs, international responsible business conduct, improved sustainability of global value chains and public–private cooperation. It is expected that this advice will formulate recommendations to the government on how to improve policy coherence by connecting the OECD Guidelines and the UNGPs to the SDGs (SER, 2018e).

Coherence can be observed in the promotion of responsible business conduct in two selected sectors: garments & textile and the extractive industries

In the two sectors selected for further review, the Dutch government has supported a coherent set of complementary international initiatives. The initiatives complement each other by targeting different types of company (leaders, laggards and learners) and using different incentives (penalties, benefits of cooperation and increased productivity) though it is not always clear to what extent this coherence was reached 'by design':

- In the **extractive industries**, the European Partnership for Responsible Minerals and the Voluntary Principles on Security and Human Rights clearly target leaders by design, while the EU Conflict Minerals Regulation explicitly intends to regulate the due diligence behaviour of laggards. The OECD Due Diligence Guidance documents and sector agreements also attempt to reach the group in between. The Extractive Industries Transparency Initiative targets governments and aims to improve the enabling environment by increasing transparency.
- In the **garments & textile sector**, initiatives that target Dutch or European brands (e.g. the sector agreements and the attempt to introduce EU legislation) complement initiatives that focus on improving the behaviour of local suppliers and the enabling environment in production countries (such as the initiatives of ILO and the Bangladesh Accord). In addition, an interesting step towards better coordination and alignment of central and decentral activities is an informal Textile Task Force within the Ministry of Foreign Affairs and relevant embassies.

Increasing need for a theory of change on international RBC activities

Various interviewees observe an increasing need to define more clearly what the international RBC activities in various sectors aim to achieve, and how. While it was relatively easy to reconstruct the ToC for other policy instruments (sector agreements, frameworks for procurement, etc.), the ToC for international activities is in many cases unclear, at least not to most stakeholders. Many interviewees are convinced that the Dutch government focuses on multi-stakeholder initiatives, while it actually also promoted the development of improved legislation, both in the EU and in producing countries (via embassies). As an intermediate result of the current evaluation and in response to research by PwC (2018),[191] relevant departments in the Ministry of Foreign Affairs (IMH and DDE) have already become more keen on developing ToCs for new RBC policy instruments, such as the Fund for Responsible Business. Stakeholder and value chain maps – often developed as inputs for, or outputs of sector agreements – may also be useful for developing sector-specific ToCs.

[191] PwC (2018) recommended to define clear ToCs for new instruments and strategies, as it concluded that ToCs could often not be found for most strategies that aim to promote responsible business conduct in its international comparison.

Linguistic debates and the coherence between foreign and national policies

Change in Context (2019) noted during interviews that the term international corporate social responsibility causes confusion outside the Netherlands, for two reasons: (1) the use of CSR; and (2) the use of *international*. Discussion partners stated that the Dutch policy is linguistically incoherent with the OECD Guidelines as it uses corporate social responsibility instead of responsible business conduct. Moreover, they noted that no other country (or company) in the world makes a distinction between international and national CSR (or RBC) policy, raising questions about the coherence between these two types of policy (see Section 1.7). They feared that without a national vision on responsible business conduct, coherence between policies of different ministries is not sufficiently guaranteed, although they did not provide examples of actual inconsistencies.

6.6 Conclusions and recommendations

This final section formulates conclusions on the results of international RBC activities by reflecting on the evaluation questions raised in Chapter 1, and presents some recommendations to the government.

Conclusions

1. The contributions of the Netherlands to international initiatives can be regarded as highly relevant in terms of promoting the OECD Guidelines and the UNGPs internationally, enhancing leverage with other governments to reduce risks in global value chains and developing a level playing field for responsible business conduct for multinational companies. As such, international initiatives are coherent with the reconstructed theory of change of Dutch IRBC policy.
2. The Dutch government has made important and very substantial contributions to several key initiatives, such as the OECD Working Party on Responsible Business Conduct, the EU Conflict Minerals Regulation and programmes of the ILO, all of which are indicators of high additionality. To other initiatives (such as the EU Non-financial Reporting Directive and the UN Working Group on Business and Human Rights), the Netherlands has made an 'average' contribution, suggesting lower additionality.
3. Many perceive the Dutch government as an advocate of the 'voluntary' multi-stakeholder approach, while it has also supported some regulatory initiatives such as the EU Conflict Minerals Regulation. This perception gap may be explained by the lack of a clear theory of change, for IRBC policy in general and international activities in particular. Most international initiatives are non-regulatory and multi-stakeholder, but some of them could encourage regulatory changes as well.
4. International initiatives supported by the Netherlands have resulted in various outputs that contribute to the aims of IRBC policy: due diligence guidance documents (OECD, VPs), directives and regulations that promote or enforce due diligence (reporting), European and national action plans (e.g. on business and human rights), projects to stimulate due diligence (e.g. EPRM, ILO), etc. Only a limited number of initiatives have not resulted in the desired output, such as the Dutch government's call on the EU – together with some other member states – to update its CSR agenda.
5. The EU Timber Regulation is the only RBC-related EU regulation or directive that has been evaluated so far: the regulation on improved due diligence among EU operators, suggesting that regulation can indeed be effective, particularly if it targets a specific risk (in this case illegal logging and trade in illegal timber) among a specific target group of timber importers, and if compliance is well monitored.
6. Some multi-stakeholder initiatives supported by the Netherlands have had demonstrable effects on the (reporting) behaviour of governments and businesses, and in some cases an impact on the reduction of RBC risks and improved access to remedy. Good examples are the Extractive Industries Transparency Initiative (EITI), ILO's programmes to improve working conditions in the garments & textile sector and the efforts of the OECD's Working Party on RBC regarding the development of National Contact Points for the OECD Guidelines.
7. The Dutch government has initiated or supported a coherent set of complementary initiatives in the two sectors selected in this evaluation: the garments & textile and extractive industries. These initiatives targeted different stakeholders and used different mechanisms in line with the typologies of RBC policies discussed in Chapter 2. Coordination and consistent follow-up of activities through an informal task force, such as in the case of textiles, have been key to avoiding proliferation and ensuring continuity and success in the longer term.

Recommendations

1. Improve policy coherence by developing a cross-departmental vision on and/or theory of change for international RBC activities. Make more explicit how the Netherlands aims to contribute to an enabling environment for RBC, e.g. by increasing leverage and creating a level playing field. Identify regulatory and non-regulatory initiatives as complementary and mutually reinforcing pathways to desired policy outcomes.
2. Refer consistently to the Dutch policy on responsible business conduct (RBC) instead of the Dutch policy on international corporate social responsibility (ICSR). This would ensure linguistic coherence with the OECD Guidelines on which it builds, and would avoid confusion about the scope of the policy. Moreover, it would pave the way for improved coherence between international and national activities (e.g. procurement by the government and the use of RBC criteria in the private-sector policy instruments of all departments).
3. Continue investments in relevant and (potentially) effective multi-stakeholder initiatives such as the OECD Working Party on Responsible Business Conduct and programmes of the ILO. Also invest in the secondment of staff of the Ministry of Foreign Affairs to strategic positions at relevant international organisations on the condition they maintain regular contact with The Hague. Strengthen synergy at the sector level, by creating and maintaining informal mechanisms within the Ministry of Foreign Affairs, embassies and other involved ministries and the SER for the coordination and alignment of activities.
4. Collaborate with international organisations, civil society organisations, like-minded countries and business platforms to improve the monitoring and evaluation of regulatory and non-regulatory RBC instruments and to facilitate the exchange of knowledge on how to make instruments more effective. The OECD Working Party on Responsible Business Conduct could take the lead in this.
5. Connect international RBC activities more explicitly to the realisation of the Sustainable Development Goals (SDGs). Do not exchange the OECD Guidelines for the SDGs, but combine the two frameworks in an integrated policy vision.

6.7 Methodology

Selection of initiatives

After a (desk research) quick scan of a long list of international initiatives in which the Netherlands has played a relevant role, a selection of key instruments and themes was made in an interactive workshop. Workshop participants included representatives from the Sustainable Economic Development Department (DDE), the Department of International Trade Policy and Economic Governance (IMH), the Multilateral Organisations and Human Rights Department (DMM), and the Inclusive Green Growth Department (IGG) as well as the Policy and Operations Evaluation Department (IOB).

The list of 49 international initiatives is based on desk research (a quick scan) and has been validated by asking staff of relevant departments within the Ministry of Foreign Affairs (IMH, DDE, IGG, DIO and DMM) to verify and complete overviews of relevant activities. Three departments (IMH, DDE and DMM) responded to this request. They were also asked to give an indication of how much attention the initiative received by the government in general, and their department in particular. For some initiatives, respondents indicated that other departments (also outside the MFA) were in the lead. To be included in the long list, initiatives had to meet the following criteria:
1. An international scope;
2. An active stake of the Ministry of Foreign Affairs in the initiative;
3. The objective to promote, enable or regulate responsible business conduct;
4. Developed and/or implemented between 2012 and 2018 (the evaluation period).

In a workshop organised by Change in Context and IOB, participants representing the departments within the Ministry of Foreign Affairs drew up a shortlist of approximately 20 activities to be analysed in detail. These initiatives were purposefully selected in view of the contributions by the Dutch government, making a distinction between three groups of activities:
1. Contributions to the dissemination of the OECD Guidelines (and the UNGPs), e.g. via the Working Party on Responsible Business Conduct and the UN Working Group on Business and Human Rights.
2. Contributions to the promotion of responsible business conduct in the extractive industries.
3. Contributions to the promotion of responsible business conduct in the garments & textile sector.

Delhi, India, 24 May 2018 – Dutch minister for Foreign Trade and Development Cooperation Sigrid Kaag addresses delegates, wearing a dress made from handwoven 100% recycled fabric.

7 Activities of embassies

7.1 Introduction

This chapter reviews the role of embassies in implementing the Dutch policy on international responsible business conduct (IRBC) between 2012 and 2018. In 2012, the Ministry of Economic Affairs, Agriculture and Innovation (EL&I) formulated CSR guidelines for embassies[192] (EL&I, 2012),[193] in the expectation that embassies would play an important role in promoting responsible business conduct of Dutch companies that operate across borders. As explained in Chapter 2, Dutch policy on international responsible business conduct (IRBC) assumes that embassies are well placed to identify country-specific RBC risks and to inform Dutch companies about the application of the OECD Guidelines. Embassies are considered to be important channels for the implementation of the IRBC policy.

[192] Henceforth these are referred to as the embassy guidelines.

[193] "Bijlage bij EL&I Richtlijnen voor de posten: MVO" (EL&I, 2012). The 2012 document is not publically available. An update of the document was formulated in 2016 by the Ministry of Foreign Affairs: 'International CSR Guidelines for Embassies' (MFA, 2016 – in Dutch only)

Scope and methodology

This chapter provides insight into the degree to which embassies have developed and implemented RBC strategies and activities, and how they interact with the Ministry of Foreign Affairs and Dutch government agencies such as RVO in The Hague as well as other relevant (local and international) stakeholders. It reviews the implementation of the embassy guidelines in countries with 'different RBC standards'. This implies that the current evaluation mainly focuses on activities of embassies in countries with relatively high RBC risks. The review builds on the results of a survey conducted by IOB in 2018, which included both closed and open questions about the perception of RBC risks, the (policy) attention to RBC and the development of RBC-related activities. The survey refers to CSR and ICSR policy, as (quasi-)synonyms of RBC and IRBC policy.[194]

In total, 64 embassies responded to the survey, a response rate of 60%. For the current evaluation, 49 embassies in countries with relatively high RBC risks were investigated in detail. This sample is likely to be representative of the embassies in such countries. The survey can be seen as a baseline for the implementation of Dutch IRBC policy by embassies in high-risk countries. Regrettably, it was not possible to compare the answers to closed questions (e.g. on a Likert scale) with earlier surveys carried out by the Ministry of Foreign Affairs in 2012 (KST 26.485-152, 2013) and 2014[195], as these previous surveys only consisted of open questions. Another limitation is that the current chapter looks mainly at the development of activities by embassies and their expected outcomes (e.g. improvements in the conduct of Dutch and domestic companies and the enabling environment for RBC), without actually measuring these effects. The embassies participating in the survey were asked to provide information (evidence) on effectiveness, but overall their responses rarely included such information.

Structure of this chapter

This chapter continues in Section 7.2 with a brief analysis of the differences between the 49 countries in the sample, particularly in terms of the RBC risks and trade relations with the Netherlands. This context is needed for interpreting the results discussed in the remaining sections. Section 7.3 reviews how much attention Dutch embassies have spent overall on promoting and enabling responsible business conduct, considering the integration of RBC into embassy strategies and policies. This section also discusses potential (capacity) constraints, and provides a general introduction to Sections 7.4 and 7.5, which discuss activities, outputs and outcomes in more detail. Section 7.4 focuses on activities, outputs and outcomes that relate to the promotion of responsible business conduct targeting Dutch and domestic companies directly. Section 7.5 reviews activities, outputs and outcomes that concern dialogue with relevant stakeholders and attempts to improve the enabling environment. Next, Section 7.6 formulates the main conclusions and recommendations to the Dutch government. The final section (7.7) provides background to the classification of countries used for this evaluation.

7.2 Context: the sample of 49 countries

This section briefly introduces the sample of 49 countries covered by staff members at the Dutch embassies who responded to the survey.

RBC indicators confirm 'different CSR standards' and a governance gap

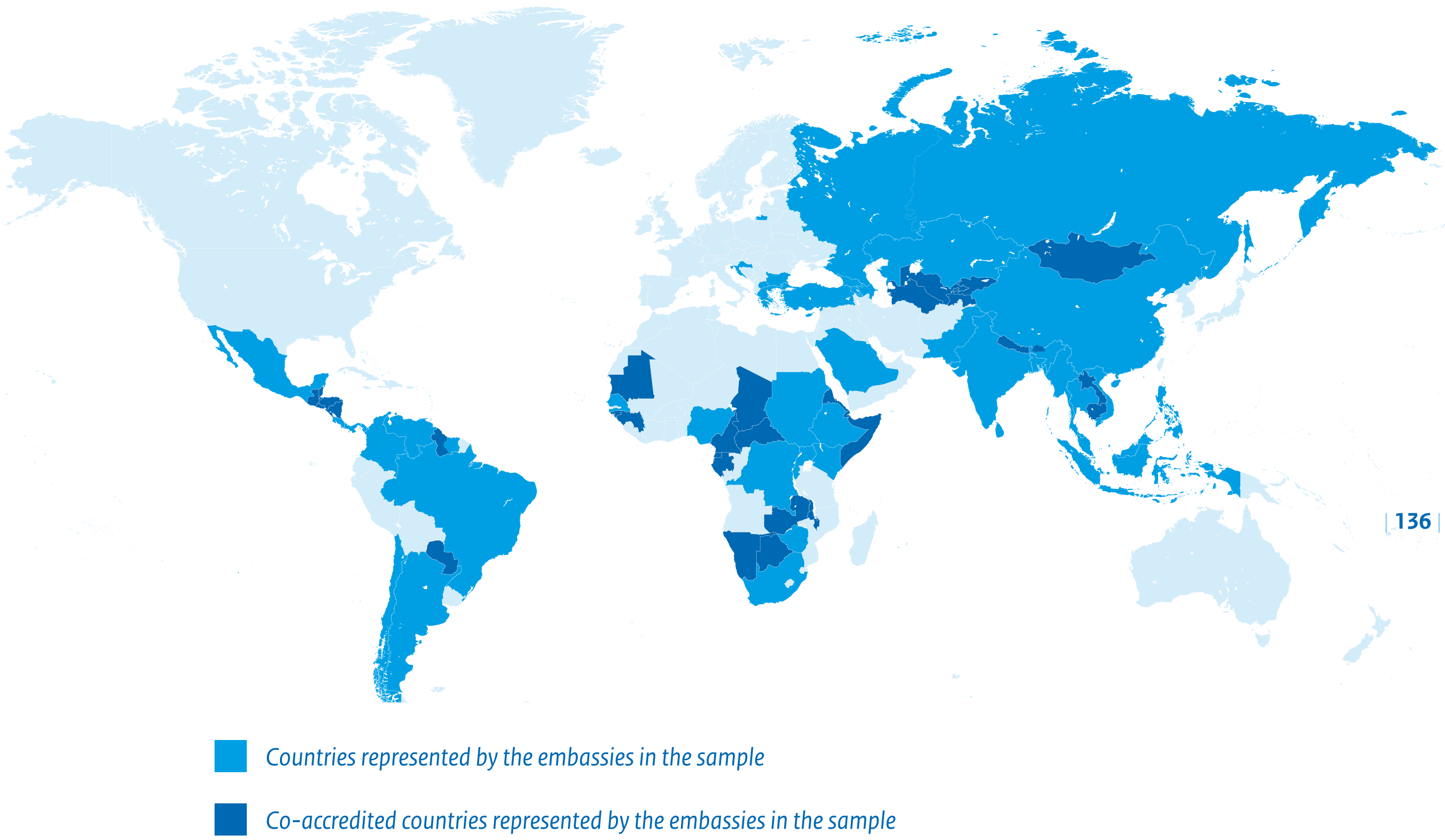
The embassies/countries were selected by analysing RBC risks, and thus represent the category of countries with 'different CSR standards' as referred to in the CSR guidelines for embassies (EL&I, 2012; MFA, 2016). The countries can be described by means of various RBC indicators such as: (1) the perceived corruption; (2) the ease of doing business; (3) performance on labour rights and (4) environmental performance (see Section 7.7). On average, the performance of these countries is significantly weaker on these indices than the Netherlands and the 15 countries that were not included in the sample.

[194] After the survey was conducted, it was decided to use the terms RBC and IRBC in this report.

[195] Unpublished.

The data confirm the existence of a governance gap (see also Section 7.7): the regulatory environment in these countries is not as mature as in the Netherlands. Figure 7-1 shows the location of the 49 (selected) countries in Africa, Latin America and Asia.

Figure 7-1 *Countries with 'different CSR standards' included in the sample of 49 embassies, including co-accreditations*



Embassies recognise and acknowledge RBC risks

In general, Dutch embassies in the 49 countries recognise and acknowledge different RBC risks, when asked to rate the severity of these risks on a Likert scale from very low to very high. Overall, they observe higher risks than their colleagues in the 15 countries with 'similar CSR standards'. As many embassies in the sample of 49 rate relevant RBC risks as 'medium', 'high' or even 'very high' (see Table 7-1). The percentage of embassies that categorise a risk as 'medium' to 'very high' varies from 49% for the risks of 'child labour', 'forced labour' and 'support to violence', to 96% for the risk of 'unfair competition'.[196] The percentages need to be interpreted with some care, as they may reflect not only the incidence but also the severity of risks. Economic risks such as corruption, tax evasion and unfair competition are observed in nearly all countries, in contrast with severe violations of labour and human rights. Occupational health and safety issues, the living wage, environmental harm and animal welfare are relevant RBC issues in almost all countries under review. Furthermore, some respondents indicated that 'gender discrimination' should have been included in the list of RBC risks, as they observed this in their country.[197]

[196] Although the sample size is relatively small (n = 49), this chapter uses percentages for the analysis of closed questions in the survey.

[197] Several respondents referred to 'gender discrimination' in response to the question 'Are there other ICSR risks in your country that are not listed in Q2?'

Table 7-1 *RBC risks for Dutch companies as perceived by embassies in countries with 'different CSR standards' (n = 49)*[198]

Types of risk	Not present	Very low	Low	Medium	High	Very high	Percentage medium – (very) high
Occupational health and safety issues[199]	0	0	8	18	18	4	82%
Underpayment (low wages)	1	0	7	15	20	6	84%
Child labour	7	6	12	12	11	1	49%
Forced labour	8	8	9	19	5	0	49%
Violations of land/property rights	1	1	10	15	13	9	76%
Support to violence	1	12	12	18	4	2	49%
Environmental harm	0	0	5	14	26	4	90%
Adverse effects on animal welfare	1	4	12	17	14	1	65%
Corruption	0	0	5	4	22	18	90%
Tax evasion	0	1	4	11	26	7	90%
Unfair competition	0	0	2	13	30	4	96%

Aid, trade and investment relations with the Netherlands

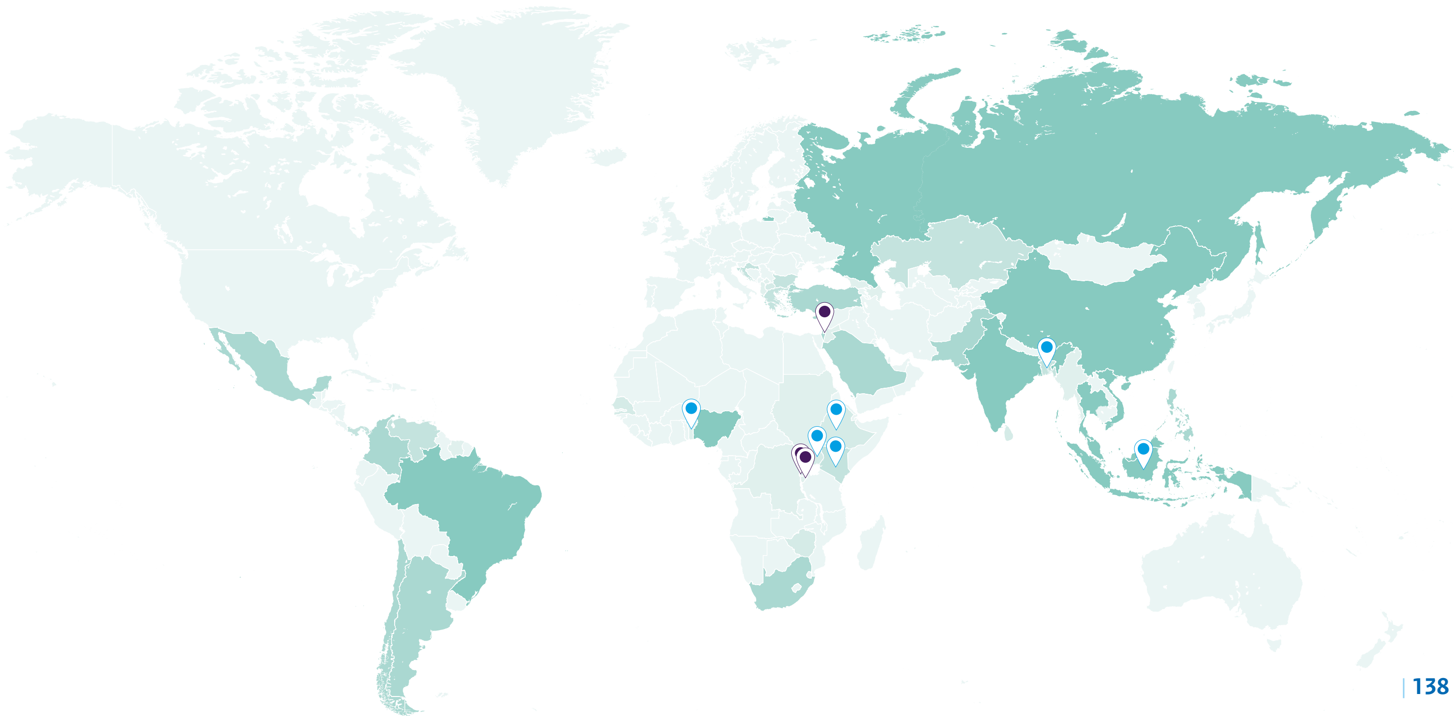
The 49 countries can also be described from an aid, trade and investment point of view. As visualised in Figure 7-2, some embassies are located in countries that are important trade partners for the Netherlands as measured and ranked by the value of their exports to the Netherlands. This obviously applies to countries located nearby and those that are relatively large in size and/or population. One would expect Dutch embassies in these countries to spend relatively large amounts of time promoting RBC among Dutch firms and investors. In addition, the map highlights countries that were labelled by the Ministry of Foreign Affairs as countries with which the Netherlands held a bilateral aid and transition relation between 2012 and 2017.[200] The relations between the Netherlands and these countries involve not only trade, but also aid and other development assistance through ODA-funded programmes. It may be assumed that Dutch embassies in these countries are also active in promoting RBC, notably via the strategy of multi-stakeholder dialogue with the aim of improving the enabling environment.

[198] In answer to the survey question: 'How high or low are the ICSR risks in your country that Dutch companies are confronted with?'

[199] This question was answered by 48 of the 49 embassies in countries with different RBC standards.

[200] A typology for countries under the Rutte II Administration. The Rutte III administration (2017-present) introduces a different typology.

Figure 7-2 *Country rankings, based on value of exports to the Netherlands by the 49 countries, 2012–2018*



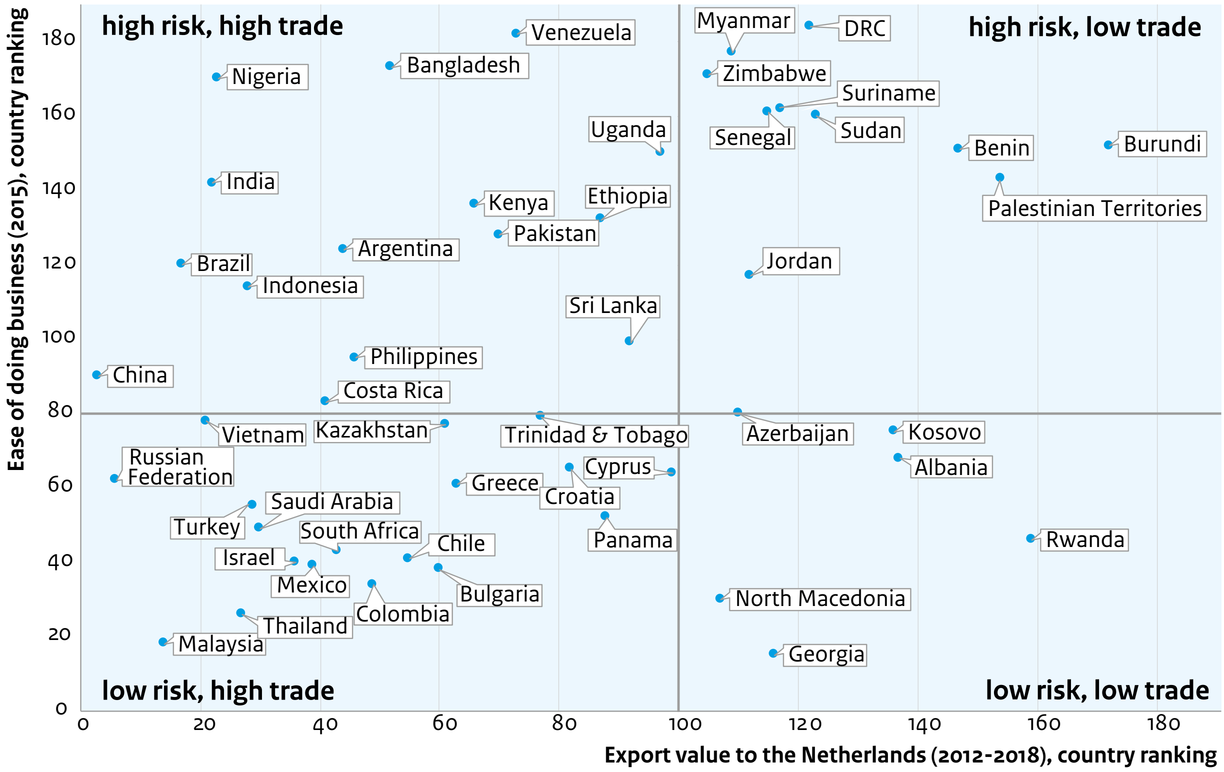
Source: constructed based on CBS data

Relevance as a combination of RBC risks and trade

The importance of promoting and enabling RBC for a specific Dutch embassy can be defined as a function of two variables: (1) the incidence and severity of RBC risks; and (2) the intensity of the trade relation with the Netherlands. Figure 7-3 presents a typology of countries using these two variables. On the vertical axis, it shows the ranking of countries in terms of 'ease of doing business' (WB, 2015): an inverted indicator of RBC risks. The horizontal axis shows the ranking of countries in terms of 'export to the Netherlands' (based on data from the CBS (2019)): an indicator of trade. By applying the two indicators, it is possible to define four groups of countries, using – arbitrary – boundaries between low-risk and high-risk countries on the one hand and low-trade and high-trade countries on the other. Note that this typology is only made for the purpose of the current evaluation, allowing us to analyse whether the development and implementation of RBC-related policies or activities are related to higher risks or higher trade values.[201]

[201] The term low-risk is relative by definition. The RBC risks in the 49 selected countries with 'different CSR standards' are higher overall than those in the 15 countries with 'similar CSR standards'.

Figure 7-3 *Typology of the 49 countries by RBC risk and trade profile*



Note 1: In absence of country data for all countries for all years (2012-2018) in the Ease of Doing Business index, country rankings are presented for the median year (2015).
Note 2: Data of import value, country rankings constructed on CBS data (retrieved: 5 June 2019).

7.3 Inputs, activities and outputs: how much effort do embassies spend on promoting and enabling RBC and what are they doing?

This section presents an overview of how much effort embassies spend on promoting and enabling responsible business conduct. Moreover, it provides an introduction to two different types of activity that will be further elaborated in Sections 7.4 and 7.5. The section begins, however, with a discussion of two limitations of the current evaluation.

Limitation: the Achilles registration system could not be used for the evaluation

The current evaluation was confronted with an important limitation: the Achilles registration system of the Netherlands Enterprise Agency (RVO) – which registers and monitors activities related to economic trade by embassies[202] – could not be used to estimate the RBC workload of embassies in the evaluation period (2012–2018). While Achilles allows embassies to report on RBC activities, including trade inquiries, matchmaking and events, there is no requirement for them to do so. Although reporting improved during the evaluation period, Achilles is still incomplete and therefore likely to underestimate the actual work done by embassies. This is partly because the system has not always provided the option to indicate whether activities involve RBC aspects, for instance in the case of trade inquiries.[203] An additional problem is that activities promoting RBC can hardly be isolated from other embassy activities and services (being an integral part), making it difficult to report on RBC activities now, and also in the future.

[202] The system is used by the Dutch global economic network, which includes, besides embassies, other commercial offices abroad and various departments of RVO.

[203] This option became available in January 2019.

Limitation: Difficult to interpret survey responses on inputs without a baseline or control group

Another limitation concerns the difficulty in estimating the embassies' efforts to promote and enable RBC without a baseline or control group. In the country studies (see Chapter 8), embassy staff indicated that RBC activities could not be isolated from other activities. This implies that indicators from the survey need to be interpreted carefully. For example, when respondents were asked, 'what is the importance of ICSR activities in the overall workload of your embassy?' most respondents answered 'somewhat important' or 'important' (see Table 7-2); more than 85% indicated that RBC (= ICSR) activities are at least somewhat important. Without a baseline, however, it is difficult to draw conclusions: while one person may conclude that the government has effectively made most embassies aware of RBC, another could argue that many embassies find it only 'somewhat important'. A comparison in time or with embassies of other donors would put the results in perspective. As indicated in Section 7.1, it was not possible to compare the results of the current survey with previous surveys conducted by the Ministry of Foreign Affairs. The survey also does not reveal why seven embassies find RBC activities hardly important or not important at all. The countries in which these seven embassies are located combine high trade with low risks (3), low trade with low risks (3) and low trade with high risks (1). It can only be concluded that a combination of high trade and high risks makes RBC activities at least 'somewhat important'.

Table 7-2 *Importance of RBC activities in the workload of the 49 embassies*

What is the importance of ICSR (= RBC) activities in the overall workload of your embassy?		
Answer	**Count**	**Percentage**
Not at all important	1	2.04%
Hardly important	6	12.24%
Somewhat important	19	38.78%
Important	16	32.65%
Very important	7	14.29%

Increasing share of RBC activities in the workload of embassies

The respondents were also asked to indicate if 'activities in the overall workload between 2012 and 2018 [had] decreased, increased or stayed the same'. The answer to this question is more straightforward: almost 60% of respondents observed an increasing share of RBC activities in the workload, while less than 15% observed a declining share. Most ambassadors spend only limited time on RBC activities, although some also spend 'substantial time' or even 'most of the time' promoting and enabling RBC (see Table 7-3). Across all 49 embassies, on average, three to four staff members spend at least part of their time on RBC activities.[204]

Table 7-3 *Time ambassadors spend on RBC activities*

How much time does the Chef de Poste/ambassador spend on ICSR (= RBC) activities?		
Answer	**Count**	**Percentage**
No time at all	1	2.04%
Limited time	32	65.31%
Substantial time	14	28.57%
Most of the time	2	4.08%

[204] Survey question: 'How many people currently working at the embassy spend (part of) their time on ICSR activities?'

Insufficient staff capacity rather than funding constrains RBC promotion activities

Almost half of the embassies (20) claim to have insufficient capacity to be able to engage in RBC promotion activities.[205] Capacity constraints are most often experienced as a lack of human resources, e.g. regarding the staff's level of knowledge and expertise on RBC issues. Among the embassies that did report having sufficient knowledge and expertise, some mentioned this to be the coincidental and fortunate result of having staff members who had gained RBC experience in previous positions. This underscores the need to allocate embassy staff with adequate RBC-related knowledge and expertise in countries with high RBC risks (and high trade), but also to invest in developing the required competences through training. Financial constraints were less pronounced by respondents as a limiting factor for RBC promotion. Several embassies demonstrated creativity in financing activities to promote RBC, by tapping various sources, from both central funds in The Hague and their delegated budgets. Other embassies would welcome more information from The Hague on what central funding resources are available to engage in RBC activities. Embassies also expressed their concern on whether they would be able to continue their current level of engagement against the backdrop of recent cuts in funding resources or central funds no longer being available for RBC purposes, such as the Human Rights Fund.

Some attention to RBC in embassies' annual plans but few formal strategies developed; reporting on RBC is not yet common

The survey results demonstrate that IRBC (= ICSR) policy has not yet evolved into a standard ingredient of embassy plans and strategies. Embassies are not required to develop an RBC promotion strategy, and are also not obliged to pay attention to RBC risks in their strategies. This also applies to the multi-annual country strategy approach introduced in 2018 (see Box 7-1). Fewer than half of the respondents indicated that 'CSR or ICSR [is] explicitly mentioned in the Multi-Annual Strategic Plan (MASP) or the Multi-Annual Policy Framework (MIB)' and only one out of four embassies had 'formulated a strategy on (I)CSR'. In line with expectations, strategies on RBC/CSR were more common at embassies located in countries with a high-trade/high-risk profile, but also in countries with a combination of high trade and low risk. In other words, trade relations with the Netherlands better explain the development of RBC strategies at Dutch embassies than the incidence of RBC risks. The 12 embassies that had 'formulated a strategy on (I)CSR' are all located in high-trade countries. A similar pattern emerged when respondents were asked to indicate if their embassies report on RBC activities in their annual reports or economic work plans (if applicable). While 68% of the embassies report on RBC in their economic work plans,[206] 55% refers to RBC results in their annual reports.

Box 7-1 *Multi-annual country strategies*

In 2018, the Ministry of Foreign Affairs introduced a new approach to policy development on the bilateral relationship between the Netherlands and partner countries in the form of a multi-annual country strategy[207] for a selected group of countries, beyond the Multi-Annual Strategic Plans (MASPs) that were essentially embassy strategies. The new strategy format explicitly mentions the need to take into account conflict sensitivity and political power relations when dealing with private-sector development and trade and investment promotion. It provides an opportunity to link the local political economy context to a country strategy on dealing with these challenges and also to promote more responsible business conduct of (Dutch) companies. However, also in the new format, embassies are not required to develop an RBC promotion strategy and few of the first strategy documents incorporate RBC aspects, let alone outline a strategy.

[205] Open survey question: 'Does your embassy have sufficient capacity and knowledge/expertise to organise and implement ICSR activities? Explain your answer.'

[206] 21 of the 31 embassies to which the economic work plans apply.

[207] In Dutch: *meerjarenlandenstrategie* (MLS).

Respondents were also asked to explain what their strategy on RBC entails.[208] The answers to this question provided some insight into the types of strategy developed, the interpretation of RBC (or CSR) and the (formal or informal) status of the strategy. The embassy in Bogota (Colombia), for example, reported on the development of a three-pillar CSR strategy.[209] The embassy in Manilla (Philippines) has developed a strategy to enhance sustainable and inclusive business. Both strategies are relatively detailed, and include well-substantiated approaches towards different stakeholders, and align with other Dutch aid and trade policies and instruments. The strategies of other embassies, however, are less well formalised and more implicit. It appears that some embassies mainly understand RBC in terms of promoting sustainability, with a focus on 'do good', while other embassies (also) define it in terms of 'do no harm' and due diligence, in accordance with the OECD Guidelines. Although few embassies indicated to have a formal RBC promotion strategy, a considerable number seem to have developed some sort of 'vision', and discuss ideas on RBC promotion internally, but without an explicit agenda.

Few embassies have conducted or commissioned research on RBC risks

Conducting or commissioning research on local RBC risks can provide inputs for the development of a strategy on RBC and/or a strategic plan or policy framework that pays attention to RBC (risks). Moreover, research may be needed to advise Dutch government agencies on RBC risks in project applications. The survey shows, however, that only 29% of the embassies (14 out of 49) have conducted or commissioned research on local risks (see Table 7-4), and most of them are located in countries with a high-trade and high-risk profile. Respondents were also asked to explain what research they had conducted or commissioned,[210] which made clear that several embassies hired external parties – including local and international NGOs – to conduct research on local RBC risks. One embassy commissioned a consultant via the PUM Netherlands Senior Experts programme – funded by the Ministry of Foreign Affairs – to develop an RBC strategy and work plan. Embassies, however, also conduct research in a more informal, less structured way, e.g. by collecting data from the embassy's network, engaging in dialogue with local stakeholders (e.g. during organised events) and doing ad-hoc desk research.

Table 7-4 *Engagement of embassies in the 49 countries in conducting or commissioning research on RBC risks and providing advice to government agencies*

			Mentioned as most prevalent (1–3)			
Activity	**Engaged**	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
Conducting or commissioning research on ICSR risks	14	29%	0	1	2	6%
Advising the Netherlands Enterprise Agency (RVO), the Ministry of Foreign Affairs and other government agencies on ICSR risks, for instance in project applications	31	63%	5	0	6	22%

[208] Open survey question: 'What does the (I)CSR strategy of your embassy entail?'

[209] This CSR strategy was still in development, also at the time of the country study of Colombia. This explains why the country study (see chapter 8) does not discuss this strategy.

[210] Open survey question 'What research on ICSR risks has been conducted or commissioned by your embassy?'

About 63% of the embassies (31 out of 49) indicated that they advised government agencies on local RBC risks, for example, in response to applications for private-sector or multi-stakeholder projects (co-)funded by the Dutch government (as discussed in Chapter 4). Of all embassies, more than 20% rank this activity in their top three, indicating that this activity is (much) more prevalent than conducting or commissioning research on RBC risks. A possible explanation is that most embassies do not conduct or commission 'official' research to estimate RBC risks, but build on their own knowledge and experience, as suggested by various respondents. Providing advice on RBC issues to Dutch government agencies is more often mentioned by embassies located in high-risk countries, while high-trade is – in contrast to many other RBC activities – not an important predictor. This can be explained by the fact that (ODA-funded) private-sector and multi-stakeholder projects generally respond to identified governance gaps, development constraints and trade opportunities, rather than existing trade relations.

Embassies sometimes receive complaints about the RBC behaviour of Dutch companies but rarely refer complainants to the NCP

The current evaluation focuses on activities that embassies actively *undertake* to promote RBC and improve the enabling environment for RBC. The guidelines for embassies suggest, however, that they could also contribute to these goals by *reacting* to complaints about Dutch companies, for example by referring complainants to the Dutch National Contact Point (NCP) for the OECD Guidelines, or to another country's NCP. While 41% of the embassies indicated that they have been engaged in handling complaints of stakeholders regarding the behaviour of Dutch companies, only 10% stated to refer stakeholders to an NCP. When asked about the kind of complaints embassies receive,[211] it appears that many complaints are not really RBC-related as they involve non-payment or non-delivery of products by Dutch companies.

Other complaints, however, do concern RBC risks and behaviour, such as environmental pollution and poor labour conditions. When asked about how embassies handled these complaints, respondents indicated that their embassies had conducted research to check the facts, started a dialogue with the company in question and asked the stakeholders involved what had happened. None of the survey respondents indicated that the embassy had involved the NCP or referred complainants to the NCP as a follow-up action.[212] Only one embassy mentioned that it had made efforts to raise the awareness of the Dutch NCP among local labour unions.[213] The questionnaire did not ask whether the embassies had provided support to the Dutch NCP; the 2019 IOB evaluation of the Dutch NCP suggests that several embassies have indeed supported the NCP by using their good offices to assist investigations or mediations by the NCP (IOB, 2019).
Yet, it is recommended that embassies follow a more structured approach to raising awareness of the OECD Guidelines and the NCP's activities and, in order to do so, enhance collaboration with Dutch NGOs with an international scope.

7.4 Activities, outputs and outcomes: raising RBC awareness of Dutch and domestic companies

This section discusses the activities of embassies aimed at raising RBC awareness among Dutch and domestic companies and improving their business conduct, with the ultimate objective to reduce RBC risks and enhance access to remediation. It analyses the outputs and (expected) outcomes of activities directly targeting Dutch and domestic companies, such as providing advice, organising events, paying attention to RBC during trade missions and matching between Dutch and domestic companies.

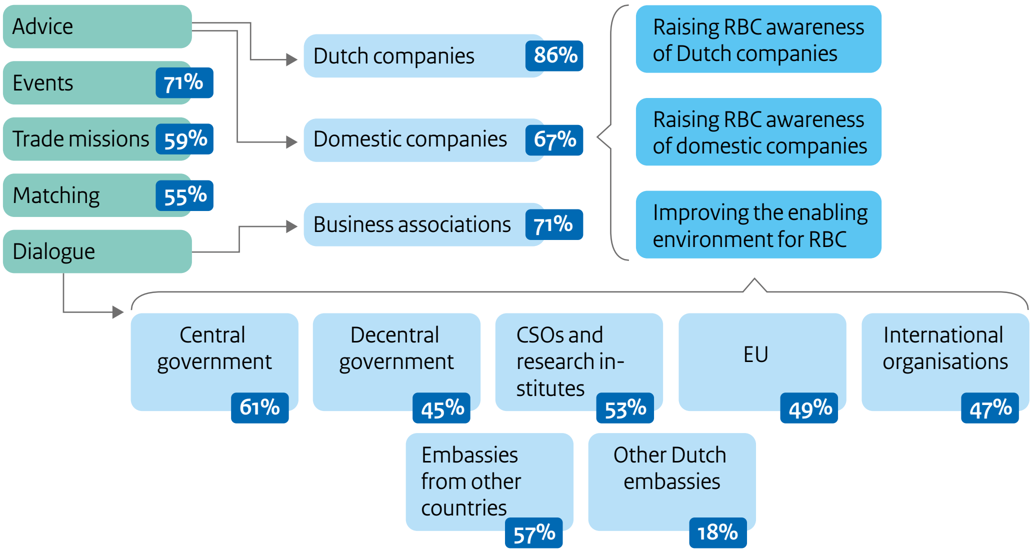
[211] Open survey question: 'What complaints have been received regarding the behaviour of Dutch companies and from whom?'

[212] In answer to the open question: 'How has your embassy handled these complaints?' Remarkably, this also applies to embassies that indicated to be engaged in 'Referring stakeholders (e.g. local actors or Dutch or international NGOs) to the National Contact Point (NCP) for OECD Guidelines' in answer to a closed question.

[213] Open survey question: 'Please give examples of situations in which your embassy referred stakeholders to the NCP.'

In the survey, respondents were asked to indicate what activities their embassy had engaged in to address RBC risks and promote responsible business conduct.[214] They could select up to 17 activities, including some of those discussed in the present section. Other activities will be discussed in Section 7.4. Respondents were also asked to identify the 'most prevalent' RBC activities of their embassy, ranking the first, second and third most prevalent activities. In the second part of the survey, respondents were invited to explain and justify their answers, using open questions.

Figure 7-4 *Share of embassies that have engaged in various RBC activities*



Many embassies engage in providing knowledge, information and advice on RBC to Dutch companies

Around 86% of the embassies are engaged in providing knowledge, information and advice to Dutch companies, making this the most common activity. Its importance is confirmed by the answers to the ranking question: 19 embassies consider it their most important RBC activity, while seven embassies rank it as the second and three as the third most prevalent activity (see Table 7-5). In total, 59% of the embassies mention it among the top three activities. The activity is most often reported by embassies in high-trade and high-risk countries, with high trade being a stronger predictor for engagement in such activities than high risks.[215] Embassies also provide knowledge, information and advice to local (= domestic) companies, but this activity is clearly less prevalent: only 14% consider it a top three activity. Providing knowledge, information and advice to local companies was most frequently identified by embassies in countries with a high-trade profile, regardless of the RBC risk profile (low and high). This also applies to the provision of 'support to Dutch companies in finding local partners that meet RBC standards' (matching), an activity that is less common (with an engagement rate of 55%), but scores relatively high on prevalence (20% rate it as a top three activity).

[214] Survey question: 'What activities has your embassy engaged in to address ICSR risks and promote responsible business conduct?'

[215] The difference between engagement in countries with a low-risk profile and those with high-risk profile is (statistically) insignificant.

Table 7-5 *Engagement of embassies in the 49 countries in activities aimed at promoting RBC and ranking of most prevalent RBC activities*

			Mentioned as most prevalent (1–3)			
Activity	**Engaged**	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
Providing knowledge, information and advice to Dutch companies	42	86%	19	7	3	59%
Providing knowledge, information and advice to local companies	33	67%	1	4	2	14%
Support Dutch companies in finding local partners that meet RBC standards	27	55%	2	4	4	20%

Embassies provide information on local RBC risks, but do not always refer to the OECD Guidelines or to relevant policy tools/instruments

The survey provided respondents the opportunity to answer some additional questions and justify and explain their answers to these questions about 'providing knowledge, information and advice to Dutch companies'.[216] Table 7-6 gives an overview of the types of relevant knowledge, information and advice provided to Dutch companies to raise RBC awareness. Most respondents indicated that they provide information on local CSR risks, with qualifications ranging from 'sometimes' to 'always'. References to the OECD Guidelines are also made regularly, but not by all: 39% (19 embassies) indicated that this rarely or never happens. The majority of respondents indicated that their embassies never or rarely refer to policy tools and instruments such as the CSR Risk Check, the CSR Passport and the RBC sector agreements (= ICSR sector covenants).

Table 7-6 *The types of knowledge, information and advice provided by embassies in the 49 countries to Dutch companies*

	Never	**Rarely**	**Sometimes**	**Often**	**Always**
Does your embassy provide information on local ICSR risks?	0%	12%	37%	37%	14%
Does your embassy refer to the OECD Guidelines for Multinational Enterprises?	17%	22%	39%	16%	6%
Does your embassy refer to the CSR Risk Check?	31%	33%	28%	2%	6%
Does your embassy refer to the ICSR sector covenants?	33%	29%	26%	10%	2%
Does your embassy refer to the CSR Passport?	43%	29%	22%	4%	2%

[216] The survey indicated: 'The following questions concern all contacts with Dutch businesses, including inquiries and events.'

Embassies sometimes inform Dutch businesses on local RBC risks, but mainly as part of a demand-driven approach to trade promotion

Respondents were also asked to indicate how frequently Dutch businesses approach embassies for advice on how to deal with local RBC risks (see Table 7-7). Most embassies (24 out of 49) report that this happens 'sometimes', but there are also many who state that businesses 'never' or 'rarely' ask for such advice, particularly in countries with a low trade profile. In interviews and in response to an open question as part of the survey,[217] respondents explained that 'providing information, knowledge and advice to Dutch companies on local RBC risks' occurs mainly as an integral part of trade inquiries, from companies that approach the embassy with a commercial question. It is often up to the embassy to raise the issue of RBC. Trade promotion by embassies is in most cases demand-driven, which implies that they promote responsible business conduct as a 'package deal' with other services. Consequently, knowledge about RBC is mainly disseminated to companies with questions about trade. Embassies rarely make an effort to promote RBC among Dutch companies that do not approach them, as has been confirmed by the country studies (see Chapter 8). Whereas the demand-driven approach is understandable in terms of efficiency, it limits the effectiveness and additionality of RBC promotion activities. The demand-driven character of trade and RBC promotion may also explain why embassies in high-trade countries are more engaged in providing 'knowledge, information and advice' to both Dutch and domestic companies.

Table 7-7 *How frequently do companies ask embassies for advice on how to deal with local RBC risks? (n=49)*

How often do businesses ask for advice on how to deal with local ICSR risks?		
Answer	**Count**	**Percentage**
Never	3	6.12%
Rarely	16	32.65%
Sometimes	24	48.98%
Often	6	12.24%

Embassies use their networks to match Dutch companies to local business partners that meet RBC standards

Several embassies that supported 'Dutch companies in finding local partners that meet RBC standards' (also referred to as matching) explained how they had given substance to this activity:[218] mainly by matching Dutch companies to domestic companies that the embassy knows to have a proven track record, or at least no reputational problems on RBC matters. Embassies also refer Dutch companies to contacts in their networks, such as local RBC experts, international organisations and (international) NGOs, which may be able to assist them in finding business partners with proven track records. For instance, the embassy in Rwanda mentioned that it refers companies that have received support through RVO instruments, as these companies have already been checked and proven to have good track records. The embassy in Panama commented that it has put Dutch companies in contact with other Dutch companies that already have a local presence.

[217] Open survey question: 'Comments: please use this space in case there is anything else to mention on contacts with Dutch businesses.'

[218] Open survey question: 'Comments: please use this space in case there is anything else to mention on contacts with Dutch businesses.'

Many embassies also mention supporting Dutch companies by doing market research or carrying out a Business Partner Scan (BPS)[219] using information from local chambers of commerce and available (online) publications. A few embassies indicated that they have established platforms or organised matching events to assist Dutch companies in finding local partners that meet RBC standards. Some examples from the survey include: (1) the Indian-Dutch Sustainability Forum (INDUS) established by the embassy in India,[220] matching Dutch companies with RBC challenges to local companies with innovative solutions; (2) the Global Compact Local Network, supported by the embassy in the Democratic Republic of Congo (DRC), creating opportunities for Dutch companies to find partners; and (3) a network event organised by embassy in Panama, introducing Dutch companies to the Panamanian RBC organisation.

Events and trade missions are frequently used to address RBC risks and promote RBC; they involve both companies and other stakeholders

Over 70% of the embassies (35 out of 49) are engaged in organising events to address RBC risks and promote RBC, while 41% mentioned 'organising events' as a top three activity (see Table 7-8). Embassies in high-trade countries are more inclined to organise events than those in low-trade countries, while the difference between high-risk and low-risk countries is insignificant. The share of embassies that pays attention to RBC (risks) during trade missions is somewhat lower: nearly 60%. Several respondents indicated that this attention often does not go beyond mentioning RBC issues during the introductory briefing for participants,[221] which raises RBC awareness but does not guarantee the adoption of RBC principles. Some embassies, however, refer to examples of trade missions that have paid more explicit attention to RBC issues, including missions to Colombia and India.[222]

Table 7-8 *Engagement of embassies in the 49 countries in organising events and trade missions that address RBC (risks)*

			Mentioned as most prevalent (1–3)			
Activity	**Engaged**	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
Organising events to address RBC risks and promote RBC	35	71%	7	6	7	41%
Addressing RBC during trade missions	29	59%	1	4	2	14%

Embassies regularly raised attention to RBC (risks) during trade missions and events such as dialogues, conferences and workshops. Many events[223] mentioned by the respondents target not only Dutch or domestic companies, but also other (local and international) stakeholders such as governments, NGOs, trade unions, community groups and business associations. Most of these multi-stakeholder events share the objectives to stimulate dialogue on RBC, exchange relevant knowledge and promote multi-stakeholder cooperation (e.g. in joint projects). Three examples from the survey illustrate this point: (1) the Dutch embassy in Skopje (North Macedonia), set up the 'Companies Doing Good Forum', which facilitates and promotes cooperation on RBC-related issues between the private sector and civil society; (2) the embassy in Manila (the Philippines) organised a workshop on RBC for companies and knowledge institutions from the Netherlands and the Philippines; and (3) the embassy in Lagos (Nigeria) organised a roundtable, to which it invited Dutch companies and the Nigerian Human Rights Commission. The multi-stakeholder approach can also be observed in instruments of Dutch IRBC policy, such as the RBC sector agreements (Chapter 3) and international initiatives (Chapter 6).

219 A Business Partner Scan (BPS) is a tailored service provided by embassies at the request of Dutch companies. As part of the BPS, potential partners will be contacted to identify if they are interested in cooperation with the Dutch company. The Dutch company will receive a report with profiles and contact details from the contacted partners and their reactions.

220 See the country study of India for more information on the INDUS platform.

221 Answering the open survey question: 'How has your embassy addressed ICSR risks during trade missions?'

222 More specifically, they referred to the visit of Ms Ploumen to Colombia in 2014 and presentations by CSR Netherlands and the INDUS platform at trade missions to India.

223 In answer to the open survey question 'What events (e.g. conferences, roundtables and seminars) has your embassy organised to address ICSR risks and promote responsible business?'

Embassies report improved awareness of RBC risks and integration of RBC into business practices, but quantitative data to support these claims are lacking

Various questions in the survey invited respondents at the embassies to describe the results of their activities.[224] In response to these questions, embassies indicate that Dutch and domestic companies have become more aware of RBC risks and more knowledgeable about how to cope with them. In some cases, they explicitly refer to changes in business strategies and practices as results. Most embassies, however, do not support their reported results with data on changes in corporate behaviour (using indicators at the outcome level), as could also be observed in the country studies (Chapter 8). Only a few embassies describe how they monitor their RBC promotion activities, but they mainly use indicators at the activity and output levels.

7.5 Activities, outputs and outcomes: improving the enabling environment for responsible business conduct

While the previous section discussed activities of embassies targeted at Dutch and local companies with the aim of making them aware of RBC risks and principles, the current section focuses on those activities that aim to improve the enabling environment for RBC. It reviews the extent to which embassies are engaged in RBC-related dialogues with different stakeholders: central governments, lower-levels governments, business associations, NGOs, labour unions, research institutes and international organisations. Furthermore, it analyses whether and how embassies collaborate with these and other stakeholders, including the EU, (embassies of) other countries and Dutch embassies located in other (neighbouring) countries.

Most embassies engage in dialogue with national governments; some also acknowledge the importance of dialogue with governments at sub-national level

Embassies frequently engage in dialogue with governmental actors to discuss the development of an enabling environment for responsible business conduct. More than 60% of the embassies (30 out of 49) discuss RBC issues with counterparts at a central level, and 22% rank it as a top three activity (see Table 7-9). Dialogue with governments at sub-national level is less common; 45% of embassies are engaged in this activity. High trade and high (RBC) risks are good predictors of whether an embassy engages in dialogue with governments, specifically with national government.

Table 7-9 *Embassies engaging in dialogue with governments at national and sub-national levels*

			Mentioned as most prevalent (1–3)			
Engaging in dialogue with…	**Engaged**	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
…national government	30	61%	4	4	3	22%
…governments at sub-national level	22	45%	0	0	0	0%

[224] For example: 'What have been results of the organised events?' and 'What have been results of the dialogue/cooperation with local businesses/business organisations?'

Respondents were also asked to describe the results of dialogue with specific stakeholder groups.[225] Regarding the national government, open discussions about RBC issues are, according to the respondents, sometimes regarded as meddling in domestic affairs where the government juxtaposes the priority of economic growth and job creation against addressing RBC risks in the short term, such as unsafe working conditions or labour rights. In some cases, government counterparts also lack the political willingness to develop meaningful RBC policies and enforce national laws due to implicit or explicit concerns about their competitive position in attracting foreign investment or because of conflicts of interest. Pushing forward on RBC issues in those circumstances could then be counterproductive and could trigger a backlash that affects negotiations on other topics and the overall relationship with the country. Several embassies suggested that engaging with authorities at the sub-national level may provide a valuable alternative in those circumstances, arguing that they can be often more receptive to discuss RBC challenges and changing policy if there are shared interests in reducing local RBC risks. The country studies (Chapter 8) underscore these survey findings.

Activities to improve the enabling environment for RBC range from informal meetings to formal Memoranda of Understanding

The survey provides some insights into the results of dialogue and cooperation with the national government and government representatives at the sub-national level, though mostly at the output level.[226] Embassies have tried to influence the decisions of these actors through various channels and instruments, targeting them with various degrees of formality, such as: (1) signing (RBC-related) Memoranda of Understanding (MoU) to integrate RBC issues into partner governments' national agendas (as happened in India, Colombia and South Africa); (2) Dutch ambassadors paying courtesy calls to (newly installed) ministers and officials to raise RBC issues informally (as in Georgia); and (3) organising roundtables to facilitate multi-stakeholder dialogue processes (as in the Philippines, Bangladesh and Sri Lanka). Other activities commonly employed by embassies to open conversation and enhance RBC awareness include the (joint) organisation of RBC activities, inviting government officials to attend events organised by the embassy, providing technical assistance and establishing joint working groups. More formal instruments of cooperation or a very visible public profile do not necessarily guarantee better results, as mentioned by the respondent in India, who stated that sensitivity and controversy about the concept of RBC appear to have resulted in an impasse and the exploration of other avenues.

Multilateral cooperation recognised as a strategy to raise leverage

The survey also provided insights into the importance of multilateral cooperation within the EU and with like-minded countries (see Table 7-10). Almost half of the embassies (49%) raised RBC topics via regular EU dialogue with the national government, mostly in countries with high trade and high risk profiles, in which the bilateral trade relations with the Netherlands could be further leveraged through the EU. Only a few embassies (8%) ranked it as a top three activity, suggesting that embassies consider EU dialogue to be less important and to offer fewer opportunities for improving the enabling environment for RBC than direct bilateral contact with government officials at the national level, notwithstanding the increased leverage of the EU on national policy. More than half of the embassies (57%) had engaged in multilateral cooperation via embassies of (like-minded) countries, particularly in high-trade countries, though few respondents ranked it among the top three activities. Several embassies referred to the importance of cooperation with the EU and like-minded countries as a strategy to raise leverage vis-à-vis local stakeholders including the government.[227] They also indicated that RBC requirements in bilateral EU free-trade agreements or requirements in preferential trade arrangements can offer additional trade leverage, to influence and monitor developments on the enabling environment for RBC. The country studies (Chapter 8) confirm the relevance of multilateral collaboration in enhancing leverage.

[225] In this subsection, open questions include: 'What have been results of the dialogue/cooperation with the national government?' and 'What have been results of the dialogue/cooperation with government representatives at sub-national level?'

[226] Open survey questions include: 'What have been results of the dialogue/cooperation with the national government?' and 'What have been results of the dialogue/cooperation with government representatives at sub-national level?'

[227] In answer to the open question: 'How has your embassy cooperated with embassies of other countries to address ICSR risks and promote responsible business conduct?'

Table 7-10 *Engagement of embassies in the 49 countries in bilateral and multilateral dialogue with third countries*

			Mentioned as most prevalent (1–3)			
	Engaged	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
Engaging in dialogue with embassies of other countries	28	57%	1	1	1	6%
Raising ICSR topics in dialogue between the EU and the national government	24	49%	1	2	1	8%

Embassies engage local and international stakeholders to raise RBC matters; they refer to knowledge exchange, access to relevant networks and pooling of resources as results

Embassies also engaged a variety of non-governmental local and international stakeholders to influence the enabling environment for RBC. Dialogue and cooperation with local businesses and business organisations, including bilateral chambers of commerce, were most common: 71% of the embassies engaged in this activity, usually as part of their regular economic diplomacy, and 18% ranked it as a top three activity (see Table 7-11). Fewer embassies engaged in dialogue and cooperation with two other stakeholder groups: NGOs, labour unions and research institutions (53%) and international organisations (47%). Overall, embassies in high-risk countries – where the governance gap is relatively large – are more inclined to engage in dialogue with these three stakeholder groups than those in low-risk countries.

Table 7-11 *Engagement of embassies in the 49 countries in dialogue and cooperation with local businesses and NGOs*

			Mentioned as most prevalent (1–3)			
Engaging in dialogue and cooperation with...	**Engaged**	**Share**	**Ranked 1**	**Ranked 2**	**Ranked 3**	**Share (1–3)**
NGOs, labour unions and research institutes	26	53%	2	6	3	22%
Local businesses/business organisations	35	71%	2	3	4	18%
International organisations	23	47%	1	2	2	10%

When asked about the results of these (multi-stakeholder) dialogues,[228] the respondents referred to the exchange of knowledge and improved access to networks on the ground as results, and to the pooling of (financial) resources as a motive for cooperation. Some illustrative examples of collaborations with stakeholders are: (1) the cooperation of the embassy in Dhaka (Bangladesh) with the Netherlands Development Organisation (SNV) in a project on women's sexual and reproductive health and rights in the textile sector; (2) the support of the embassy in Islamabad (Pakistan) to ILO's Decent Work Country Programme; and (3) the cooperation of the embassy in Ankara (Turkey) with the employers' association and workers' union in an occupational safety and health project in the metal sector. Several embassies also reported on their collaboration with NGOs in lobbying and advocacy projects under the Strategic Partnerships such as Dialogue and Dissent. Embassies mention knowledge exchange (including sharing of best practices) and access to privileged information as results of this collaboration.

[228] Open survey question: 'What have been results of the dialogue/cooperation with (local, international) NGOs, labour unions and research institutes?'

Knowledge exchange and cooperation between Dutch embassies still not common despite internal facility to share knowledge and best practices

Leverage may also be increased by (regional) cooperation and knowledge exchange between Dutch embassies. In practice, however, this is not very common: only 18% of the embassies cooperated with another Dutch embassy with a view to improving the enabling environment for RBC. The lack of interaction and cooperation between Dutch embassies on RBC matters also manifests itself in the limited use of an intranet facility named 'RBC in missions'. This online facility was set up by the Ministry of Foreign Affairs to share knowledge and best practices on promoting RBC and enhancing the enabling environment.[229] The survey, however, revealed that no more than 18% of the embassies have made use of this facility, and most of them only occasionally.[230] Two respondents even indicated they were unaware of its existence. Additionally, embassies perceive a lack of coordination between centralised and decentralised activities, with embassies not always being fully informed or aware of the centrally funded activities of the Dutch government: this is confirmed by the country studies (Chapter 8). As a consequence, the added value of the embassies' local presence is not always fully utilised. Knowledge exchange is further complicated by the absence of a complete and up-to-date list of RBC focal points at embassies, the Ministry of Foreign Affairs and RVO.[231]

Embassies report improved RBC awareness of local counterparts as a result of their efforts, but present limited evidence

Several questions in the survey invited respondents to describe the results of embassy activities aimed at improving the enabling environment for RBC.[232] In answer to these open questions, embassies reported enhanced RBC awareness among the stakeholders they engage with, which has possibly contributed to improvements in the enabling environment for RBC. They referred to intermediate outcomes such as an increased awareness of prevailing RBC risks among representatives of government and local stakeholders, and increased recognition of the need to address these risks in government policy. Governments also regularly showed interest in the Dutch multi-stakeholder approach and the sector agreements in particular. Moreover, embassies reported that they have contributed to increased RBC awareness and knowledge of other stakeholders such as local businesses/business organisations, international organisations and CSOs. Whether these reported results of enhanced RBC awareness and knowledge have actually been achieved could not be validated: the survey was not designed to collect (reliable) data on indicators at the outcome level and embassies could not be expected to provide these data. Some embassies, however, do monitor their RBC activities and results beyond the output level.

[229] An additional goal was to disseminate information on the Dutch IRBC policy internally.

[230] Answering the open survey question: 'Does your embassy use the cooperation space (SharePointPlaza) "RBC in missions"?'

[231] Based on answers to the open survey question: 'How do you rate the support from departments in The Hague regarding the implementation of ICSR policy (including projects and programmes, instruments and tools)? What works well and what could be improved?'

[232] Open survey questions: 'What have been results of the dialogue/cooperation with the national government?', 'What have been results of the dialogue/cooperation with government representatives at sub-national level?', 'What have been results of the dialogue/cooperation with (local, international) NGOs, labour unions and research institutes?' and 'What have been results of the dialogue/cooperation with local businesses/business organisations?'

7.6 Conclusions and recommendations

This section summarises the main conclusions and formulates recommendations, reflecting on the evaluation questions and criteria introduced in Chapter 1, as well as on the reconstructed theory of change presented in Chapter 2.

Conclusions

1. Embassies are relevant channels for implementing the Dutch IRBC policy in countries with 'different RBC standards', with relevance being dependent on the incidence and severity of RBC risks (the magnitude of the governance gap) and the intensity of trade relations with the Netherlands.
2. Most embassies in countries with 'different RBC standards' have effectively contributed to increased RBC awareness among Dutch and domestic companies, for example via events, trade missions, projects and (multi-stakeholder) dialogue, and as an integral part of trade inquiries.
3. Most embassies in these countries have also effectively contributed to increased RBC awareness among other local stakeholders such as governments, trade unions, NGOs and business associations, by means of activities such as (multi-stakeholder) dialogue and cooperation, joint projects or programmes and events.
4. The additionality and effectiveness of providing knowledge, information and advice on RBC to Dutch companies has been found to be limited because embassies generally only engage with companies that approach them, e.g. in view of a trade enquiry, matching request or government-funded private-sector instrument.
5. The Ministry of Foreign Affairs has only been partly effective in providing guidance to embassies on how to develop RBC activities: the 2012 guidelines – developed in cooperation with the Ministry of Economic Affairs – were communicated and received as a menu with voluntary options, which explains the variety in approaches and interpretations of RBC (and CSR), while none of the suggested RBC activities reached 100% coverage.
6. The Ministry of Foreign Affairs has not been effective in ensuring that Dutch embassies in countries with high RBC risks and substantial trade relations with the Netherlands develop coherent strategies on RBC, or at least pay integrated attention to RBC in their strategies and plans.
7. The Ministry of Foreign Affairs has not been effective in promoting the exchange of knowledge and best practices on RBC between embassies. The intranet site 'RBC in missions' is rarely used by embassies and cooperation on (regional) RBC issues between embassies is not yet common.
8. The activities of the embassies are to some extent coherent with other Dutch IRBC policies: the embassies play an important role in the implementation of RBC frameworks for private-sector instruments and also support the National Contact Point (NCP) for the OECD Guidelines in case of investigations or mediation. The coherence with the RBC sector agreements is not yet entirely clear, however, and most embassies do not yet recognise their potential role in providing access to remediation in the case of complaints. Embassies play a very limited role in promoting the awareness of the NCP among local stakeholders. They do not refer complainants to the NCP.
9. Embassies have effectively managed to create leverage in their efforts to promote RBC and improve the enabling environment. They have identified multi-stakeholder and multilateral cooperation as potentially effective instruments for putting pressure on companies and governments, e.g. by sharing knowledge, pooling resources and developing networks on the ground.
10. The monitoring of RBC activities developed and implemented by embassies is weak overall. The survey respondents could not provide accurate overviews of RBC-related activities undertaken by embassies, notably due to the suboptimal use of monitoring instruments such as the Achilles reporting system.

Recommendations

The government, in particular the Ministry of Foreign Affairs, is recommended to consider the following changes in its IRBC policy:

1. Identify and categorise target countries for IRBC policy and prioritise the allocation of human and other resources for embassies based on (i) the prevalence of RBC risks and (ii) the existence of levers for influencing responsible business conduct of Dutch companies and the domestic enabling environment, such as the intensity of bilateral trade and investment relations, a (preferential) trading relation with the EU and bilateral aid instruments.
2. Encourage embassies to commission and use research on local RBC risks as the basis for developing RBC strategies, to enhance the additionality and alignment of RBC activities to local needs, and to better determine the need of embassies for staff specialised in RBC issues.
3. Introduce a requirement for embassies in high-priority countries to develop an RBC promotion strategy in which other departments and RBC stakeholders in The Hague are involved, preferably focusing on relevant sectors or thematic priorities. The allocation of additional staff and resources should be dependent on the presence and quality of such a strategy.
4. Define more clearly what is required of embassies in terms of RBC activities and what is optional. Communicate these expectations more widely and invest in staff training. Integrate the use of private-sector development (PSD) instruments into these strategies, and define how they can contribute to achieving RBC goals.
5. Make better use of the embassies to promote awareness of the Dutch NCP among local stakeholders, and ensure that the embassies refer to the NCP in the case of RBC-related complaints.
6. Encourage embassies to be more proactive in reaching out to Dutch companies and investors that do not seek contact themselves, and make better use of company information in existing databases.
7. Encourage embassies to explore collaboration with stakeholders that show least resistance to discussing and integrating RBC into their practices and into the RBC promotion strategy. PSD instruments that stimulate collaboration with local companies and NGOs, such as the Centre for the Promotion of Imports from Developing Countries (CBI), Strategic Partnerships and the PUM Netherlands Senior Experts programme, could be instrumental in this approach.
8. Enhance the coordination of central and decentralised interventions and assist embassies to connect with relevant stakeholders working on RBC challenges. Establish dedicated taskforces, as has already been done for the textiles sector, to enhance coordination and knowledge sharing among embassies and between the embassies, the department and stakeholders in The Hague. Encourage and allow RBC sector agreements to involve embassies in the identification of local RBC risks and in the implementation of collective projects.
9. Require better monitoring and reporting of RBC activities in high-priority countries. Promote mutual learning of best practices in the development of outcome indicators and reporting, and stimulate knowledge exchange.

7.7 Methodology

Sampling and classification of countries

For the purpose of the current evaluation, 49 of the 64 countries[233] have been classified as 'countries with different CSR standards', leaving 15 countries that are labelled as 'countries with similar CSR standards' (see Figure 7-1 and Table 7-12). The classification is based on four indices: (1) the Corruption Perception Index; (2) the Ease of Doing Business Index; (3) the Global Rights Index; and (4) the Environment Performance Index (see Table 7-13).

Table 7-12 *Classification of countries for the purpose of the current evaluation*

Description	Countries	Number
Countries with different CSR standards	Albania, Argentina, Azerbaijan, Bangladesh, Benin, Brazil, Bulgaria, Burundi, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, DRC, Ethiopia, Georgia, Greece, India, Indonesia, Israel, Jordan, Kazakhstan, Kenya, Kosovo, North Macedonia, Malaysia, Mexico, Myanmar, Nigeria, Pakistan, Panama, Philippines, Russian Federation, Rwanda, Saudi Arabia, Senegal, South Africa, Sri Lanka, Palestinian Territories, Sudan, Suriname, Thailand, Trinidad and Tobago, Turkey, Uganda, Venezuela, Vietnam, Zimbabwe.	49
Countries with similar CSR standards	Australia, Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Ireland, Japan, Spain, Sweden, UK, US.	15

Table 7-13 *Indices used in the current evaluation for the classification of countries as 'countries with different CSR standards' and 'countries with similar CSR standards' (2018 rankings)*

The Corruption Perception Index	Published by Transparency International. The index provides insight into the perceived levels of public sector corruption for a wide array of countries and territories. Results are scored from zero (high corruption) to 100 (very clean) (see www.transparency.org/cpi2018).
Ease of Doing Business Index	Published by the World Bank Group. The index measures the performance of 190 countries, with the country score made up of scorings on 11 topics. High scores imply a 'regulatory environment that is more conducive to the starting and operation of a local firm' (see https://www.doingbusiness.org/en/rankings).
Global Rights Index	Published by the International Trade Union Confederation. The index measures the performance of countries on aspects pertaining to workers' rights. Scorings range from 1, 'sporadic violations of rights' to 5 and 5+, 'no guarantee of rights' and even 'no guarantee of rights due to the breakdown of the law' (see https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf).
Environmental Performance Index	Developed by Yale University, in collaboration with the World Economic Forum and the Joint Research Centre of the European Commission. The index ranks 180 countries on 24 metrics of the country's performance on environmental policy goals (see https://epi.envirocenter.yale.edu).

233 Co-accreditations of embassies are not included.

The survey questionnaire

Embassies were asked to complete the survey questionnaire, with questions (Q1, Q2, etc.) and the available answer options as presented below.

ICSR Risks

1. How high or low are the ICSR risks in your country that Dutch companies are confronted with? Please specify per ICSR risk.

	Not present	Very low	Low	Medium	High	Very high
Child labour	☐	☐	☐	☐	☐	☐
Forced labour	☐	☐	☐	☐	☐	☐
Occupational health and safety issues	☐	☐	☐	☐	☐	☐
Underpayment (low wages)	☐	☐	☐	☐	☐	☐
Corruption	☐	☐	☐	☐	☐	☐
Tax evasion	☐	☐	☐	☐	☐	☐
Unfair competition	☐	☐	☐	☐	☐	☐
Violation of land/property rights	☐	☐	☐	☐	☐	☐
Support to violence	☐	☐	☐	☐	☐	☐
Environmental harm	☐	☐	☐	☐	☐	☐
Adverse effects on animal welfare	☐	☐	☐	☐	☐	☐

2. What are the most prevalent ICSR risks in your country? (Rank your top 3)
3. Are there other ICSR risks in your country that are not listed in Q2? (Yes/No)
4. Please identify any other risks (not listed in Q2), if any, that exist in your country and whether these risks are high or low. (Use the term very low, low, medium, high or very high to define the extent of the risk)

ICSR activities

5. What activities has your embassy engaged in to address ICSR risks and promote responsible business conduct? Select the activities engaged in.

☐ Providing knowledge, information and advice to Dutch companies
☐ Providing knowledge, information and advice to local companies
☐ Supporting Dutch companies in finding local partners that meet ICSR standards
☐ Handling complaints of stakeholders (e.g. local actors or Dutch or international NGOs) regarding the behaviour of Dutch companies
☐ Referring stakeholders (e.g. local actors or Dutch or international NGOs) to the NCP for OECD Guidelines
☐ Organising events (e.g. conferences, roundtables and seminars)
☐ Paying attention to ICSR risks during trade missions
☐ Engaging in dialogue/cooperating with the national government of your country
☐ Engaging in dialogue/cooperating with government representatives at sub-national level

- ☐ Raising ICSR topics in dialogue between the EU and the national government of your country
- ☐ Engaging in dialogue/cooperating with (local, international) NGOs, labour unions and research institutes
- ☐ Engaging in dialogue/cooperating with local businesses/business organisations
- ☐ Conducting or commissioning research on ICSR risks
- ☐ Engaging in dialogue/cooperating with embassies of other countries
- ☐ Engaging in dialogue/cooperating with international organisations (e.g. ILO, IFC, WB and ITC)
- ☐ Cooperating with Dutch embassies in other countries (e.g. of neighbouring countries)
- ☐ Advising the Netherlands Enterprise Agency (RVO), the Ministry of Foreign Affairs and other government agencies on ICSR risks, for instance in project applications

6. What are the most prevalent ICSR activities of your embassy? (rank your top 3)
7. Has your embassy engaged in ICSR activities other than those listed in Q6? (Yes/No)
8. If yes, please provide some information on the other activities. (Free text)

Workload

9. What is the importance of ICSR activities in the overall workload of your embassy? (Not at all important/hardly important/somewhat important/important/very important)
10. Has the importance of ICSR activities in the overall workload between 2012 and 2018 decreased, increased or stayed the same? (Decreased greatly/decreased slightly/stayed the same/increased slightly/increased greatly)
11. How many people currently working at the embassy spend (part of) their time on ICSR activities? (Numerical value)
12. How much time does the CDP/ambassador spend on ICSR activities? (No time at all/limited time/ substantial time/most of the time/all of the time)
13. Does your embassy have sufficient capacity and knowledge/expertise to organise and implement ICSR activities? Explain your answer. (Free text)

Reporting

14. Does your embassy report on results of ICSR activities in the annual report? (Yes/No)
15. Does your embassy report on results of ICSR activities in the economic workplan? (Yes/No/Not applicable)
16. Is CSR or ICSR explicitly mentioned in the Multi-Annual Strategic Plan (MASP) or the Multi-Annual Policy Framework (MIB)? (Yes/No)
17. Has the embassy formulated a strategy on (I)CSR? (Yes/No)
18. If so, what does the (I)CSR strategy of your embassy entail? (free text + upload option)
19. Comments: please use this space in case there is anything else to mention on the embassy's reporting on (I)CSR. (free text)

Contacts with Dutch businesses[234]

The following questions concern all contacts with Dutch businesses, including inquiries and events.

20. Does your embassy provide information on local ICSR risks? (Never/rarely/sometimes/often/always)
21. Does your embassy refer to the OECD Guidelines for Multinational Enterprises? (Never/rarely/ sometimes/often/always)
22. Does your embassy refer to the CSR Risk Check? (Never/rarely/sometimes/often/always)
23. Does your embassy refer to the ICSR sector covenants? (Never/rarely/sometimes/often/always)
24. Does your embassy refer to the CSR Passport? (Never/rarely/sometimes/often/always)
25. How often do businesses ask advice on how to deal with local ICSR risks? (Never/rarely/sometimes/ often/always)
26. Comments: please use this space in case there is anything else to mention on contacts with businesses (free text)

[234] Questions 20–51 are dependent on the respondents' answers of to Q5.

Complaints and Dutch business performance

27. How many complaints has your embassy received regarding the behaviour of Dutch companies? (numerical value)
28. What complaints have been received regarding the behaviour of Dutch companies and from whom? (free text)
29. How has your embassy handled these complaints? (free text)

Referring to the National Contact Point (NCP) for OECD Guidelines

30. Please give examples of situations in which your embassy referred stakeholders (e.g. local actors or Dutch or international NGOs) to the NCP. Identify in your answer what type of stakeholders was referred to the NCP and for what reason. (free text)

Organising events

31. What events (e.g. conferences, roundtables, seminars) has your embassy organised to address ICSR risks and promote responsible business conduct? (free text)
32. What audiences have been targeted and reached with the organised events? (free text)
33. What have been results of the organised events? (free text)

Trade missions

34. How has your embassy addressed ICSR risks during trade missions? (free text)

Dialogue and cooperation

35. What have been results of the dialogue/cooperation with the national government? (free text)
36. What have been results of the dialogue/cooperation with government representatives at sub-national level? (free text)
37. What have been results of the engagement in raising ICSR topics in the dialogue between the EU and the national government of your country? (free text)
38. What problems, if any, do you encounter in the dialogue/cooperation with the government of your country? Please specify in your answer whether this concerns the dialogue/cooperation with the government at the national or sub-national level, and whether this concerns bilateral dialogue/cooperation with the government or dialogue/cooperation with the government via the EU. (free text)
39. What have been results of the dialogue/cooperation with (local, international) NGOs, labour unions and research institutes? (free text)
40. What problems, if any, do you encounter in the dialogue/cooperation with (local, international) NGOs, labour unions and research institutes? (free text)
41. What have been results of the dialogue/cooperation with local businesses/business organisations? (free text)
42. What problems, if any, do you encounter in the dialogue/cooperation with local businesses/business organisations? (free text)

Knowledge and research

43. What research on ICSR risks has been conducted or commissioned by your embassy? (free text + upload option allowing to share the research)
44. What kind of advice does your embassy give to Dutch companies in response to inquiries? Can you provide some examples? (free text)
45. How does your embassy assess ICSR risks in your country? What tools or sources are used? (free text)
46. How does your embassy assist Dutch companies in finding local partners that meet CSR standards? Can you provide some examples? (free text)
47. What is your experience with advising the Netherlands Enterprise Agency (RVO), the Ministry of Foreign Affairs and other government agencies on ICSR risks, for instance in project applications? Is your advice being followed? (free text)

Cooperation with other embassies and missions of international organisations

48. How has your embassy cooperated with embassies of other countries to address ICSR risks and promote responsible business conduct? (free text)
49. How has your embassy cooperated with international organisations to address ICSR risks and promote responsible business conduct? (free text)
50. How has your embassy cooperated with other Dutch embassies to address ICSR risks and promote responsible business conduct? (free text)
51. What have been results of the cooperation with international organisations and/or (Dutch, non-Dutch) embassies? (free text)

Other activities[235]

52. What have been results of the other ICSR activities your embassy has engaged in? (free text)

Support, implementation and funding

53. Does your embassy use the cooperation space (SharePointPlaza) 'RBC in missions'? (free text)
54. How do you rate the support from departments in The Hague regarding the implementation of ICSR policy (including projects and programmes, instruments and tools)? What works well and what could be improved? (free text)
55. What funding sources does your embassy use for the implementation of ICSR activities? (free text)
56. What problems, challenges or obstacles does your embassy encounter in the funding and implementation of ICSR activities? (free text)
57. What would you recommend for the implementation and funding of the Dutch ICSR policy and the role of embassies in particular? (free text)

Contact details

58. What is your name and email address? (free text + email format)

[235] Depending on the answer to Q7.

Hatillo, Colombia – Dutch minister for Foreign Trade and Development Cooperation, Lilianne Ploumen, is informed on the mining process of coal in the Drummond mine in Colombia.

8

Results of Dutch RBC policy in four countries: Bangladesh, Colombia, Ethiopia and India

8.1 Introduction

This chapter reviews the results of Dutch RBC policy in four selected countries:[236] Bangladesh, Colombia, Ethiopia and India. It builds on four country studies conducted by KIT Royal Tropical Institute (see Table 8-1) that focus on interventions in selected high-risk sectors that are considered relevant for the policy and its instruments: the garments & textile sector of Bangladesh, mining and agriculture in Colombia, horticulture/floriculture in Ethiopia and garments & textile and natural stone in India.

[236] The selection of country studies was driven by the desire to maximise the utility of information (purposeful sampling), rather than to ensure representativeness. It was expected that the country studies would present information-rich examples of Dutch IRBC policy and its (presumed) impact on the ground.

Table 8-1 *Country studies and their respective authors*

Country study	Authors of KIT
Evaluation of Dutch ICSR policy: Bangladesh report	Newton et al. (2019)
Evaluation of Dutch ICSR policy: Colombia report	Quintero et al. (2019)
Evaluation of Dutch ICSR policy: Ethiopia report	Bitzer (2019)
Evaluation of Dutch ICSR policy: India report	Danielsen and Bitzer (2019)
Evaluation of Dutch ICSR policy: Cross-country synthesis	Bitzer et al. (2019)

With all four countries, the Netherlands maintains comprehensive and increasingly mature economic relationships. Colombia and India are characterised as 'trade partners', which implies that the emphasis lies on activities that benefit Dutch companies and employment. Bangladesh and Ethiopia fall under the category of 'development cooperation partner countries' with 'transitional relationships' towards trade and investment. This entails that the Netherlands also runs bilateral development programmes aimed at reducing poverty and promoting the priority themes of Dutch development cooperation policy.

The theory of change and limitations of this evaluation

These country studies provide insight into the extent to which and how various interventions under the heading of Dutch IRBC policy have influenced the behaviour of Dutch and non-Dutch companies and the enabling environment in which they operate, and if these intended outcomes have resulted (or may result) in reduced RBC risks and improved access to remedy (impact and relevance). Also this part of the evaluation builds on contribution analysis: it tests the validity of the policy's theory of change – including its assumptions – which was reconstructed in Chapter 2. The country studies involved desk research and field research in the form of semi-structured interviews and (group) discussions with beneficiaries and key stakeholders. Field visits were undertaken by joint teams of KIT and IOB between April and September 2018. Desk research on the results in the four countries ended in September 2018.

Structure of this chapter

The four countries have been selected in view of their relevance for the implementation of agreements, frameworks or other policy outputs discussed in previous chapters (see the notes on methodology at the end of this chapter), explaining the current chapter's structure:

- Section 8.2 discusses the relevance of Dutch RBC policy by identifying RBC risks and reviewing the role of Dutch companies in coping with these risks.
- Section 8.3 provides an overview of how embassies dealt with RBC risks and what strategies and actions they developed and implemented (results at the output level).
- Section 8.4 analyses the RBC results (at the outcome level) of relevant private-sector projects in Bangladesh, Colombia and Ethiopia, reflecting on the contribution of RBC frameworks to these results and the influence of other policies or external factors.
- Section 8.5 reviews the (expected) relevance and (potential) impact of three responsible business conduct sector agreements, based on interviews and desk research in Bangladesh, Colombia and India.
- Section 8.6 looks at the results of multilateral and bilateral cooperation efforts with the aim of promoting responsible business conduct and improving the enabling environment in the four selected countries.
- Section 8.7 formulates overall conclusions and recommendations to the government.

8.2 Relevance of RBC policy

This section discusses the relevance of the Dutch RBC policy in the selected combinations of countries and sectors. The country studies confirm the relevance of Dutch RBC policy, as it has unfolded in countries characterised by an array of serious RBC risks, which have also affected and have been affected by, directly or indirectly, companies from the Netherlands. These countries struggle with weak or inadequate governance and legislation or, in other cases, have few incentives, leverage or desire by themselves to enforce legislation and restrain the behaviour of multinational companies and their domestic suppliers. Grounded in difficult market conditions, international competitive pressure and unequal trade relations, countries may even condone RBC risks at the expense of the labour force and the environment for the sake of fostering short-term economic growth, competitive advantage and private-sector development.

RBC risks are present in all four countries but are higher in Bangladesh and Ethiopia than in Colombia and India

Various indicators of RBC risks confirm the relevance of Dutch IRBC policies regarding the four selected countries (see Table 8-2).

Table 8-2 *Indicators of RBC risks*

	Netherlands	Bangladesh	Colombia	Ethiopia	India
Ease of Doing Business Index: regulatory environment for business (2018), ranking 190 countries	36	177	59	161	100
Corruption Perceptions Index (2017), Transparency International, ranking 190 countries by their perceived levels of public sector corruption	8	143	96	107	81
ITUC Global Rights Index (2017), scoring 139 countries on their workers' rights violations, from 1 (best) to 5+ (worst)	1	5	5	4	5
Freedom in the World (2018), scoring political rights and civil liberties in 196 countries (0 = worst, 100 = best)	99	47	65	12	77
Rule of Law Index (2017–2018), ranking 113 countries on their respect for the rule of law	5	102	72	107	62
Environmental Performance Index (2018), ranking 180 countries on their environmental performance across a range of pollution control and natural resource targets	18	179	42	141	177
Global Gender Gap Index (2017), benchmarking 144 countries on their progress towards gender parity	32	47	36	115	108

Their regulatory environment and enforcement are not as mature as in the Netherlands, which explains the high (perceived) levels of corruption, systematic violations of workers' rights and damage to the environment. Overall, Colombia and India can be characterised as countries with more advanced regulatory environments and more (political) freedom compared with Bangladesh and Ethiopia. The environmental performance of Bangladesh, India and Ethiopia is very low compared with the Netherlands; Colombia performs significantly better than the three other selected countries on this indicator. All four countries can be described as 'countries with lower RBC standards'. Gender discrimination is a prominent issue in Ethiopia and India, and to a lesser degree in Bangladesh. Colombia is the only country in the sample that adheres to the OECD Guidelines (since 2011), has an NCP (since 2012) and has been invited to become a member of the OECD (in 2018).

Specific risks identified: poor working conditions, limited freedom of association, low wages, support to violence, neglected land rights, environmental damage, bonded and child labour.

The four country studies demonstrate that actors in the specific sectors have had to address RBC risks, and have urged the Dutch government and the embassy in particular to respond. Various sources confirm the presence of these risks, including academic peer-reviewed articles, reports by NGOs, interviews with embassy staff and survey results (see Chapter 7). Events such as the disaster with Rana Plaza in Bangladesh and social unrest in Ethiopia have created additional societal pressure on national governments and foreign as well as domestic companies, while significant Dutch trade and investment have provided leverage for RBC policies to be developed.

- In **Bangladesh,** the Rana Plaza disaster in 2013 raised attention to occupational health and safety in the ready-made garments and textile sector, including in many suppliers to Dutch companies. More generally, the sector has struggled with poor working conditions, violations of labour rights (including freedom of association and collective bargaining), low wages and environmental pollution.
- In **Colombia**, local and international mining companies that supply coal to the Netherlands have been accused of supporting violence (severe violations of human rights) in the past, raising questions about remediation and compensation for victims. In addition, pressure has been put on companies to improve their RBC performance, in terms of labour rights and environmental protection (including the allocation of land).
- In **Ethiopia**, companies in the horticulture/floriculture sector that export cut flowers to the Netherlands have to deal with many RBC risks such as low wages, poor working conditions and environmental damage. Furthermore foreign (including Dutch) investors have played an important role in the reallocation of (fertile) land by the government, which has more or less forced farmers to leave the land without prior and informed consent or compensation. Combined with domestic political struggles, in 2015 and 2016 this resulted in unrest and violence, with several (Dutch) companies in the sector being attacked.
- In **India**, companies in the garments & textile sector – including suppliers to Dutch firms – face similar issues as in Bangladesh: labour rights (including low wages) and environmental pollution are the main concerns. This also applies to another relevant sector: natural stone. Specific issues in this sector are modern slavery (bonded labour), gender and caste discrimination, unsafe working conditions and child labour.

Targeted sectors in the four countries are relevant from various policy vantage points: the country, the Netherlands/the EU and global trade.

The country studies demonstrate that the sectors targeted by the Dutch IRBC policy are generally relevant for the four countries. This can be illustrated by their share in exports and employment or the presence of significant Dutch foreign direct investment. Furthermore, the studies provide insight into the relevance of the countries in global trade and investment and the relations with the Netherlands/the EU, for the selected sectors.

- **Bangladesh** and **India** are important exporters of ready-made garments, with shares of around 5% in global trade[237] (WTO, 2018) and the sector employs millions of people in both countries.[238] The EU is an important importer of ready-made garments, with a significant share for the Netherlands. India is also highly relevant as an exporter of natural stone (10% of global trade) such as granite.
- **Ethiopia**'s cut-flower sector takes a share of 9% in global trade, provides thousands of jobs (183,000 in 2017), and generates 11% of the country's exports. Most cut flowers (80%) are imported by the Netherlands and Dutch companies are by far the biggest foreign investors in this sector.
- **Colombia**'s mining sector generates thousands of jobs (around 54,000 in 2015), but more importantly it generates 21.6% of the country's exports. Coal is the most exported mineral, and energy companies which are also active on the Dutch market buy this coal.

8.3 Embassy activities: promoting RBC in relevant sectors

This section discusses the degree to which the Dutch embassies in the four countries have been successful in promoting responsible business conduct in the relevant sectors and in improving the enabling context for RBC. It describes the embassies as 'active promoters of RBC' and relative frontrunners in the development and implementation of Dutch IRBC policies. Furthermore, it explains why some embassies have been more effective than others, and what factors could have hampered or enabled the effective implementation of policies.

Embassies have actively promoted RBC in high-risk sectors

The country studies show that the four Dutch embassies have been active promoters of responsible business conduct, particularly in sectors with significant RBC risks and important linkages with Dutch traders and/or investors. This was most evident in Bangladesh (garments & textile) and Colombia (mining) where the Dutch embassies have managed to implement coherent packages of different, but highly interrelated activities. Both embassies were described as 'frontrunners' in the promotion of responsible business conduct. It must be noted, however, that also the embassies in Ethiopia (horticulture) and India have paid relatively greater attention to RBC than other Dutch embassies,[239] although in the case of India it has been less clearly focused on one specific sector.

All four embassies are appreciated for their RBC engagement by relevant stakeholders, including national governments, international organisations, other donors and sector organisations. While none of the embassies had, at the time of research, a fully developed or formalised RBC strategy, all of them had engaged in a range of RBC activities, using linkages with various stakeholder groups to their advantage. The specific activities vary per embassy and include lobbying and advocacy, capacity building, facilitating discussions, (co-)funding projects and (co-)funding sector organisations. Most of these activities aim to increase awareness of RBC risks and to strengthen the institutional capacity to recognise and address these risks. They are targeted at (Dutch) companies and regulatory and inspection agencies, at the sector level, and at stakeholders at the national or international level. The four embassies also recognise RBC as a cross-cutting theme to be promoted across thematic or sectoral focus areas within delegated programmes.

[237] Bangladesh is the third most important exporter with a share of 6.5% of global exports (after China and the EU), while India ranks fifth with a share of 4.1% (2017).

[238] 4.2 million people in Bangladesh and 45 million in India.

[239] As confirmed by the survey among embassies (see Chapter 7).

In **Bangladesh**, the embassy has been particularly active in promoting responsible business conduct in the ready-made garment (RMG) sector by adopting a strategic three-legged approach: (i) co-funding flagship projects by key international organisations (in particular the ILO and IFC) and the Bangladesh government aimed at improving the enabling environment for RBC, particularly around worker safety; (ii) organising agenda-setting events to reach stakeholders and initiate discussions on RBC risks and controversial issues such as living wages and fair prices; and (iii) integrating RBC across the embassy's sectoral activities in aid and economic diplomacy activities. These activities have been described as effective in strengthening the institutional capacity of the Bangladeshi agencies responsible for industrial safety and working conditions, improving companies' behaviour and contributing to an enabling environment for companies' due diligence on relevant risks. The Bangladesh country study identified various success factors for the implementation of IRBC policy, which are potentially valuable for all embassies in countries with high RBC risks (see Box 8-1).

Box 8-1 *Seven success factors for the implementation of IRBC policy*

1. Prioritisation of RBC through a dedicated budget and team within the embassy and the active use of central funds such as PSD-Apps;
2. Strategic analysis of where the embassy can add value in RBC in selected niches not addressed by other donors;
3. A holistic approach to RBC combining development, economic and political considerations, also in the activities funded by the delegated aid budget;
4. A combination of strategic investments in relevant bilateral and multilateral projects together with 'quiet diplomacy' behind the scenes;
5. The embassy's ability to convene different stakeholders around sensitive issues such as living wages and fair pricing in a non-confrontational manner;
6. A high degree of contextual alignment and recognition by the embassy of when and where to put pressure on in order to tackle particular RBC issues;
7. Cooperation with international actors such as the EU, ILO and IFC as well as donors and multinational companies for coherence and increased leverage.

In **Colombia**, the embassy has played an important role in the implementation of the coal agreement,[240] in particular through its participation in and funding of multi-stakeholder dialogues in support of the peace efforts, which include addressing human rights violations in mining. It engaged, for example, in active dialogue with mining companies in the Cesar region to highlight the importance of their participation in the transitional justice process.[241] Furthermore, the embassy has also been a driving force behind bilateral memoranda of understanding on mining and on environment, the establishment of a bilateral coal working group and support for the Colombian National Action Plan on Business and Human Rights.

240 Also known as the coal covenant; see Chapter 3.

241 Transitional justice involves the judicial and non-judicial measures implemented in order to redress legacies of human rights abuses. In 2016, Colombia set up a so-called Truth Commission as part of a peace deal between the government and the FARC.

In **India**, the embassy's RBC flagship activity is the Indian-Dutch Sustainability Forum (INDUS),[242] which is aimed at business-to-business matchmaking on sustainable business opportunities. With its clear emphasis on the 'business case' of resolving sustainability and inclusivity challenges, INDUS promotes responsible business conduct by focusing on opportunities ('do good') rather than risks ('do no harm'). It pays limited attention to prevention, compliance and auditing. This focus on the business case primarily emerged primarily because the risk approach to RBC – or in this specific case: corporate social responsibility – was met with political resistance and was often confused with corporate charity.[243] The embassy's activities aimed at enhancing awareness and knowledge of Dutch companies on how to address RBC risks complement the focus of the INDUS Forum.

In **Ethiopia**, the Dutch embassy has implemented a basket of activities that address RBC in various ways, such as funding various sector/business organisations, lobbying with the Ethiopian government, and serving as a point of contact for Dutch companies. Important outcomes can be observed as a result of the embassy's support to the Ethiopian Horticulture Producer Exporters Association (EHPEA), which reached both domestic and foreign companies (mainly Dutch). This support contributed to building sector-wide capacity on RBC, promoting a voluntary code of conduct for horticulture companies and bringing attention to land rights issues.

Embassies experience limitations in the promotion of RBC: capacity constraints, the lack of guidelines and coordination, and conflicting demands

The analysis of the four countries reveals a number of limitations of Dutch embassy activities with regard to promoting responsible business conduct. First, embassies struggle with internal capacity constraints, which limit both the scope and scale of RBC-related activities. These constraints were particularly severe in Colombia, Ethiopia and India where embassy staff commented on the low or even dwindling financial and staff resources for RBC. In view of the planned staff cuts, the embassy in Dhaka (Bangladesh) also stated this was a concern for the implementation of RBC-related activities in the near future.

Second, the embassies lack concrete guidelines on how to conceptualise and operationalise RBC and on how to implement policy instruments developed in The Hague, leaving it up to individual embassy staff to interpret the 'what', 'how', 'why' and sequencing of RBC in their (multi-annual) strategies and actions. Embassies also report a lack of involvement in the development and implementation of centrally developed and funded activities, such as the sector agreements and strategic Dialogue and Dissent partnerships. This lack of guidance and involvement hinders a more strategic and coherent approach to RBC. The country studies revealed considerable confusion on the concept of (international) corporate social responsibility among various stakeholders, including Dutch embassy staff. This confusion has hampered coordination between actors and reduced the effectiveness of policy instruments.[244]

Third, the embassies are confronted with conflicting demands, which sometimes complicates the effective implementation of RBC strategies, notably in the relations with governments of partner countries. Tensions were observed between serving the priority of bilateral trade and economic growth, on the one hand, and addressing RBC risks in these countries, on the other, making it difficult to put RBC on the agenda and gain the support of national actors. RBC and human rights are sensitive issues in all four countries, and governments regard low wages as a competitive advantage to be secured. In Ethiopia and India, the embassies were unable to identify a government department willing and able to discuss RBC in general or specific risks in particular. As a consequence, they had to be creative and careful in their diplomacy, taking the economic interests of the Netherlands into consideration as well.

[242] The Indian-Dutch Sustainability Forum, previously known as the Indo-Dutch CSR and Sustainability Forum.

[243] Since 2014, large companies in India have been obliged by law – the Indian Companies Act – to spend a percentage of their net profits on CSR, which is defined as corporate charity, partly explaining the confusion.

[244] Initially the government referred to the policy on (international) corporate social responsibility, as explained in Chapter 2.

Policy coherence as an opportunity to increase impact

The country studies suggest that embassies can improve the effectiveness of their RBC policies by ensuring coherence between different types of policy. Responsible business conduct can be identified as a cross-cutting theme, for example, in multi-annual strategies (as in the case of Ethiopia) or economic work plans (Colombia). The embassies in Dhaka (Bangladesh) and Bogota (Colombia) in particular have been successful in combining various complementary instruments in view of an overarching set of objectives. In Bangladesh, the embassy's RBC activities in the RMG sector have been closely tied to the aid programme and lobbying activities falling under international cooperation and legislation. Leverage was created by linking activities to the Bangladesh Accord of brands and buyers and through valuable contributions to various conferences and the ILO's Better Work programme, thus trying to improve the treatment of labour unions and workers. The EU's threat to withhold the preferential tariff treatment for RMG exports under the Everything-But-Arms initiative was an integral part of this strategy. In Colombia, the embassy developed and implemented a coherent set of actions that can all be related to the coal agreement.

8.4 Private-sector instruments

This section takes a closer look at how the Netherlands has promoted RBC in three of the four selected countries – Bangladesh, Colombia and Ethiopia – by means of private-sector (PS) instruments. The findings are based on interviews with beneficiaries and their stakeholders in these three countries, interviews with project officers/programme administrators of RVO and limited desk research. In the cross-country synthesis, KIT identified two types of PS instrument that can be classified as both private-sector development (PSD) and official development assistance (ODA) instruments (see Table 8-3):

1. Subsidy and loan instruments involving Dutch companies (whether or not in multi-stakeholder initiatives) such as PSI, FDOV and DGGF-1 (first window);
2. Multi-stakeholder approaches and technical assistance instruments such as the export promotion programme CBI, which involves mainly private-sector partners in developing countries.

Table 8-3 *Private-sector projects analysed in the country studies*

	Type 1: Subsidy and loan instruments (Dutch companies)			**Type 2: Multi-stakeholder approaches and technical assistance (local companies)**		**Total**
	PSI	DGGF-1	FDOV	CBI	Other	
Bangladesh	2 (textile)			3 (textile)		5
Colombia	2 (agriculture)				2 (mining)	4
Ethiopia	2 (floriculture)	1 (floriculture)	1 (horticulture/ agro-industry	3 (floriculture)		7
Total	**6**	**1**	**1**	**6**	**2**	**16**

As discussed in Chapter 4, RBC frameworks particularly apply to the first type of instruments, requiring that recipient companies from the Netherlands comply with the OECD Guidelines in the project. Projects and programmes of the second type involving local businesses and stakeholders do not include such requirements (RBC as a condition), but rather aim to promote responsible business conduct as part of private-sector development (RBC as an objective). Two sector-wide private-sector development projects in Colombia's mining sector were included in the analysis as examples of multi-stakeholder instruments (the second type). The main findings of the analysis are discussed below.

RBC frameworks applied to selected projects: companies rely on market-based standards and industry certification to show compliance with due diligence requirements

The country studies confirm the application of RBC frameworks to the selected projects that target Dutch companies as applicants. The three instruments of this type (PSI and its successor DGGF-1 and FDOV) address RBC as an ex-ante eligibility criterion and through ex-durante and ex-post reporting requirements for participating companies, in line with international standards such as the OECD Guidelines (2011). Interviewees confirmed that, once the projects have started, companies mostly rely on different types of market-based standards and industry certification to show their compliance with due diligence requirements to the programme administrators (RVO) in the Netherlands. They stated that certification of products for export to private standards often also serves to respond to international market demands regarding value chain transparency. This could be observed, for example, in the Ethiopian cut-flower sector and in the ready-made garments sector in Bangladesh, where companies use private fair trade standards of the Business Social Compliance Initiative (BSCI) and factory safety requirements within the Bangladesh Accord to buy only from certified local suppliers.

RBC frameworks and eligibility criteria are experienced as 'ticking the box' and burdensome

Several discussion partners representing local companies complained about RBC eligibility criteria being reduced to a 'ticking-the-box' exercise, referring not specifically to the government's RBC frameworks for PS instruments but to RBC frameworks, standards and certificates in general. They suggest that due diligence is sometimes limited to (self-) reporting requirements, raising the question of whether such requirements actually result in more responsible business conduct. Some local entrepreneurs indicated they experience RBC frameworks in general as administratively burdensome, duplicative, taking their time and raising their costs without compensation in terms of higher prices.

Frameworks check compliance through self-reporting, but improved business practices could not be identified, with a few exceptions

While interviewees at local companies confirmed that RBC frameworks for PS instruments regularly check compliance with international standards through self-reporting, they could not identify many contributions to changes in the behaviour of supported firms. One of the few examples in the sample is the FDOV project in Ethiopia: a partnership for potato chips processing and value chain development. Interviewees indicated that the RBC framework of FDOV facilitated a more comprehensive approach to responsible business conduct. The project was geared from the start towards integrating business and development objectives into the core business model of the supported company and its value chain partners. In some other projects, local companies were encouraged to put in place certain formal structures (e.g. worker committees), but they were not queried if these structures are actually functional and effective (e.g. in terms of participation and voice to influence working conditions).

Contribution of RBC frameworks to changes in corporate behaviour is questioned: local and international context factors are key drivers of change

Most Dutch and local companies interviewed indicated that the integration of RBC principles is primarily motivated by the political context and the threat of export market exclusion, rather than by an RBC framework of the Dutch government or any other specific Dutch policy instrument. This came out particularly strongly in Bangladesh, where the Rana Plaza collapse led to an international outcry, but also in Ethiopia, where recent political unrest and attacks on foreign farms have contributed to increased RBC activities by local and Dutch companies. In the Ethiopian context, community engagement has become part and parcel of the Dutch investors' approach to being perceived as 'good neighbours' and providers of employment in order to receive community protection in the event of future conflict. Also some domestic companies have adopted this approach. International market demands are equally important as a source of key influence and pressure. For instance, the majority of Ethiopian flower producers export to the European market, where they have to meet strict mandatory requirements on pesticide residues. In addition, consumers are concerned with the health and safety of workers and labour rights that they want retailers and suppliers to promote. Companies producing for those export markets have little choice but to conform to those consumer demands. Indeed, these companies had already adopted RBC principles, in accordance with mandatory phytosanitary regulations and voluntary fair trade standards, without the stimulus of Dutch policy instruments.

Limited ability of RBC frameworks for PS instruments to pursue a sector-wide approach

The country studies revealed that RBC frameworks for PS instruments are largely unable to pursue a sector-wide approach in the promotion of responsible business conduct, due to their limited budgets for this purpose, and their focus on individual applicant companies that are requested to a meet a set of (minimum) conditions. In most cases, the frameworks did not generate 'RBC role models' nor spillovers to domestic suppliers, buyers and competitors, as companies benefiting from the instruments are inclined to do only what is required ('ticking the boxes') when faced with an uneven playing field. This begs the question of whether and how RBC frameworks of private-sector loan and subsidy instruments can be scaled up in order to achieve outcomes (changes in behaviour) beyond the direct beneficiary companies.

CBI enabled local companies to develop RBC awareness and RBC policies, and improved their bargaining power as suppliers in the case of Bangladesh.

Contrary to the three subsidy and loan instruments targeting Dutch companies, CBI focuses on reaching domestic export-oriented companies with little prior exposure to the RBC demands of the EU market. The country studies of Bangladesh and Ethiopia confirm the effectiveness of this capacity-building instrument, in view of its aim to promote RBC. In both countries, CBI has effectively enabled participating local companies to develop RBC awareness and policies. In Bangladesh in particular, this was done successfully by linking RBC to improved product quality, higher productivity and moving up the value chain, which in turn increased local suppliers' competitiveness and bargaining power with buyers and brands. One note of caution: this outcome did not materialize overnight and required a longer-term engagement and use of other financial instruments for beneficiary domestic companies to become successful.

SWIA and CAPAZ promoted sector-wide dialogue to identify risks and promote due diligence compliance in the mining sector (Colombia)

In Colombia, two PS instruments were used by the Dutch government to promote sector-wide improvements at a pre-competitive level, where multi-stakeholder engagement was considered both as a means and an end. In the Sector-Wide Integrated Assessment (SWIA) project, a multi-stakeholder dialogue was initiated to jointly identify RBC risks in mining and develop policy recommendations to address them. In the CAPAZ project, small-scale mining operations, often part of the informal sector, were assisted with formalised due diligence processes to make them compliant with international standards. It should be noted, however, that the funding mechanisms of these two projects were different from those of other private-sector instruments, relying on joint funding from other donor countries, which make them difficult to compare.

8.5 Sector agreements

The country studies paid attention to three sector agreements: the garment & textile agreement (Bangladesh and India), the coal agreement (Colombia) and the natural stone agreement under negotiation (India). A general conclusion is that all of these agreements are relevant, as they each address sectors in which the Netherlands and Dutch companies hold an important position as importers and where significant RBC risks are prevalent. However, it is uncertain whether this translates into actual outcomes in terms of changes in the behaviour of Dutch companies and their suppliers in value chains, particularly for the agreements that have just been concluded or are still to be developed. Thus far, concrete results can be observed only for the coal agreement in Colombia, which has improved due diligence on the ground. For the garments & textile and natural stone agreements, it is too early to assess outcomes. Both initiatives have RBC risk mapping projects along the value chains underway or planned in India and Bangladesh with funding from the Fund against Child Labour, but these had not yet entered the implementation phase at the time of the research.

Positive outcomes of the coal agreement in Colombia

In Colombia, coal mining companies confirmed that they have implemented stricter due diligence and site assessments in response to requests by Dutch coal buying companies that participate in the sector agreement. Moreover, the Dutch government has performed various activities, organised both centrally and through the embassy in Bogota, to respond to its commitments under the agreement, including supporting the Colombian government in implementing the Voluntary Principles on Security and Human Rights. Thus, the coal agreement has responded closely to the needs of the sector and the country, and has positively influenced the coal buyers' and suppliers' behaviour around RBC. The agreement's activities are also coherent vis-à-vis other policy instruments, especially with Dutch embassy activities. This makes the coal agreement a relevant IRBC policy instrument in Colombia.

Suppliers in India and Bangladesh demand coherence of garments & textile agreement with existing RBC initiatives

In both India and Bangladesh, interviewed suppliers to some Dutch brands were not aware of the existence of the Dutch garments & textile sector agreement. Yet, when queried, the suppliers stated that they already implement many of its principles in the context of other (global) RBC initiatives, such as the Ethical Trade Initiative and the BSCI standard. Suppliers expressed concerns about costly duplication of RBC standards, demanding coherence of the agreement's requirements with existing RBC initiatives and private-sector standards. Domestic suppliers were especially wary of potential extra requirements that may add costly certification procedures without providing more security, particularly if the costs are not compensated by higher prices or adapted buying practices.

Lack of coordination between the garments & textile agreement with embassy activities

The country studies of India and Bangladesh both suggest a lack of coordination between the garments & textile agreement and (the activities of) embassies. In Bangladesh, the embassy indicated that the approach of the agreement with regard to living wages is partly at odds with the embassy's careful and balanced approach. The agreement's approach risks destabilising the existing rapport and relationships built by the embassy with the government of Bangladesh and employers in the ready-made garment sector. Both government and employers consider the issue of living wages to be highly controversial if its introduction is not combined with fair export prices and decent ordering practices by international brands and importers. They fear further pressure on already small profit margins and working conditions (excessive overtime, subcontracting to non-certified suppliers, etc.).

The natural stone agreement is not yet on the radar, but its contribution to intended outcomes is potentially high

In the case of the natural stone agreement, the India country study suggests that its contribution to intended outcomes (changes in behaviour) is potentially greater than that of the garments & textile agreement, as companies' RBC practices and awareness of international standards, e.g. the OECD Guidelines, are still in their infancy in the natural stone sector, including among local governments and consumers in the Netherlands. This also indicates the potential for impact on the ground. However, it should also be noted that neither the agreement nor the natural stone sector itself were on the radar of the Dutch embassy in Delhi. This is not unexpected since the agreement is still under negotiation, but it also hinders potential efforts to improve coherence with other Dutch IRBC instruments in India.

8.6 Multilateral and bilateral activities promoting changes in law and enforcement

The country studies provide insights into how the Netherlands – through multilateral and bilateral activities of its embassies – has promoted changes in the enabling environment for responsible business conduct in developing countries, and has tried to establish a level playing field for multinational companies from other OECD countries. A general observation is that results of these activities are often not clear and if there are any results, it is difficult to determine the contribution of Dutch interventions. There are some notable exceptions, however, in which most stakeholders recognise the leading role of the Netherlands and the Dutch embassy.

Mixed results on multilateral cooperation

In general, the country studies documented highly mixed results from multilateral cooperation. The Ethiopia country study, for example, did not observe any concrete results from efforts in this area, whereas in Bangladesh, much of the embassy's successful engagement with and promotion of RBC in the ready-made garment sector is grounded in coordination and cooperation with the EU, other donors, development partners and international initiatives in the areas of sustainable trade and workers' rights. In India and Colombia, some positive outcomes of multilateral cooperation were documented, but also a number of activities, which have not (yet) yielded significant results. In particular, the scope of multilateral engagement and multilateral–bilateral cooperation and available delegated funds seems to be crucial in explaining the observed differences in the results of efforts in this IRBC policy instrument. The ability of embassies to enter fruitful dialogue with local counterparts and to influence their policy agendas in favour of RBC is limited and strongly dependent on the relevance and leverage of the Dutch trade and investment position and the EU trading relationship with a country. Particularly in India, the role of the Netherlands is too limited to allow lobbying for changes in the enabling environment without the support of other like-minded countries or if the EU lacks preferential trade leverage.

Bangladesh as an example of successful coordination and cooperation with other donors, development partners and international initiatives

The example of Bangladesh illustrates very well the outcomes that can be achieved in building multilateral coalitions of interest for leverage and thereby influencing sector-level progress if opportunities as a result of a crisis are taken. After the Rana Plaza disaster, Minister Ploumen and the Dutch embassy actively participated in and facilitated in initiatives and agenda-setting events, while the embassy also successfully practiced quiet diplomacy behind the scenes. An illustrative case was the engagement of the government and local stakeholders in the context of the negotiations on the country paragraphs during the annual ILO conferences in 2016 and 2017, when Bangladesh was singled out for lack of progress in implementing its obligations under the ILO conventions on freedom of association and collective bargaining. The embassy also initiated and co-funded strategic projects to be implemented within the EU's Sustainability Compact and with international partners. Examples are the ILO's RMG and Better Work projects, the IFC PACT programme for cleaner textiles, efforts to set up an occupational health insurance programme with Germany, and the Bangladesh Accord with international brands and buyers. Together, these efforts have created a complementary approach to advancing RBC in the ready-made garment sector, allowing the Dutch embassy and other stakeholders to grasp the opportunities created by the Rana Plaza tragedy and the perhaps unique leverage of this export-oriented sector on which Bangladesh is so dependent. The embassy's role as a RBC facilitator and broker behind the scenes has also enhanced the Netherlands' legitimacy to raise broader, more sensitive RBC-related discussions, such as on fair wages, with the government of Bangladesh, RMG employers and labour unions.

Some multilateral engagement and upscaling in Colombia

Multilateral engagement can also be observed in the case of Colombia, although there is still scope for further upscaling the level of engagement, notably to ensure that both the Colombian government and private companies meet RBC standards. The Dutch embassy has supported the national government in implementing the Voluntary Principles on Security and Human Rights together with other embassies. This was noted as a positive development, with the Mining and Energy Committee the most tangible result. Upscaling can also be observed in the coal agreement, not only because it involves companies based in various European countries, but also in view of its cooperation with numerous other companies involved in Bettercoal.[245] Relevant projects in the mining sector that aim to promote responsible business conduct such as CAPAZ (EPRM) and SWIA were co-funded by other (EU) donors.

Less extensive multilateral engagement in India and Ethiopia

In the other two countries, the Netherlands' engagement of multilateral and EU actors was found to be less extensive. In India, the embassy has established contacts with international organisations such as ILO and UNIDO, as well as with embassies from like-minded countries, such as Sweden. The network is used to discuss RBC activities and approaches, and to identify new joint opportunities. This is considered helpful in expanding the scope of the embassy's current focus on business-to-business-based RBC engagement through the INDUS Forum, although contacts with these stakeholders are still marginal and often informal. Opportunities lie in investing in deepening collaboration with these stakeholders in the near future. In Ethiopia, the country study could find no significant cooperation in RBC areas of the Netherlands and the Dutch embassy, specifically, or with European and other donors or development partners, although it identified potential to do so, particularly around the topic of living wages.

Disappointing results of bilateral memoranda of understanding on RBC

Formalised bilateral engagement at government level can be an entry point but does not seem to have yielded many concrete outcomes on RBC thus far. In Colombia, Ethiopia and India, the Netherlands has signed bilateral memoranda of understanding (MoUs) that deal with RBC promotion, sometimes very prominently (in India and Colombia) and at other times more indirectly (Ethiopia). The country studies, however, demonstrate that these MoUs are not followed up, often because of the lack of engagement by the partner governments. This can be observed in Ethiopia, where the MoU on economic cooperation included a reference to RBC but official government bodies seem to have taken little interest in the topic. Quiet lobbying activities of the Netherlands' embassy towards the Ethiopian government have also had few consequential outcomes thus far.

In India, the initial results of the MoU on RBC were more promising in that a bilateral working group within the Indian Ministry of Corporate Affairs was established to facilitate knowledge sharing. In recent years, however, the political space for a RBC dialogue with the Indian government has decreased, primarily a consequence of the Indian government's aversion to foreign interference in what they consider to be internal affairs. Sensitive RBC risks constitute 'no-go' areas, but more generally Indian parties have a different understanding of RBC. As a result, the MoU can be characterised as dormant. Similarly, the MoU signed with Colombia is supposed to advance the implementation of RBC in mining, but its further implementation hinges on action by the working group on responsible mining established by the MoU.

[245] Bettercoal is a private-sector initiative (https://www.bettercoal.org). It is not funded by the Dutch government but recognises the Ministry of Foreign Affairs as an important partner via the coal agreement.

8.7 Conclusions and recommendations

This section summarises the main conclusions and recommendations resulting from the country studies, providing answers to the evaluation questions formulated in Chapter 1 and validating the assumptions in the theory of change (ToC) reconstructed in Chapter 2.

Conclusions

1. The activities in the four countries under the heading of RBC policy are clearly relevant in view of the prevalent RBC risks and the continued presence of a governance gap. The country studies also confirm the need for a broad and balanced RBC approach.
2. The embassies are recognised as adequate channels for implementing Dutch RBC policy on the ground (confirming the ToC), notably by promoting responsible business conduct of Dutch and domestic companies, and by helping to improve the domestic enabling environment. Embassies are well positioned to pursue a variety of activities that directly and indirectly influence Dutch companies and the suppliers in their value chains.
3. Country-level impact is enhanced by improving the coherence between different policy instruments. This was most evident in Bangladesh and Colombia where different RBC instruments were closely interwoven and thereby reinforced each other, resulting in greater leverage and improvements at various levels: within individual companies (improvements in due diligence), at the sector level (creation and consolidation of spaces for multi-stakeholder dialogue) and at the national government level (increased awareness and policy responses).
4. Alignment and coordination with European and international partners (multilateral cooperation) holds considerable potential for leveraging/enhancing impact, e.g. by improving responsible business conduct of other multinational companies and government policy at sector level. This was particularly noticeable in the RMG sector in Bangladesh.
5. The ability of the Netherlands to influence the policies and agendas of partner country governments is limited. Counterparts in developing countries do not seem to be convinced of the policy slogan that 'RBC pays off'. Political, economic or diplomatic persuasion is often not sufficient to overcome the perceived trade-off between the imperatives of short-term economic growth and longer-term benefits of reducing the RBC governance gaps, unless there are direct gains from reduced costs or unique leverage points.
6. RBC policy instruments of the Dutch government are not the primary motivators for responsible business conduct: companies indicated that their RBC activities are primarily driven by global market demands and concerns related to local embeddedness and stable long-term relations with suppliers or joint-venture partners. However, government policy can be an important enabler of responsible business conduct, as private-sector programmes and long-term engagement with domestic companies in Ethiopia, Bangladesh and Colombia have shown.
7. The business case for RBC for suppliers in developing countries remains unclear and is strongly dependent on the competitive position of the sector. Especially in Bangladesh and India, (textile) supplier companies bemoaned being singled out, referring to the lack of support from international buyers/brands to cover the costs of RBC and the lack of change in buying practices, which are major sources of pressure on working conditions.

Recommendations to the government

1. Strengthen the involvement and engagement of embassies as channels for the implementation of IRBC policy in partner countries with large RBC governance gaps and intensive relations with the Netherlands. Make sure that those embassies are sufficiently equipped in terms of staff capacity and (flexible) funds, with either a delegated budget or central funds to draw upon.
2. Ensure a bottom-up approach by inviting and supporting embassies in high-risk/priority countries to develop RBC strategies – based on a comprehensive theory of change with specified objectives, activities and assumptions – to be integrated into multi-annual country strategies in which other relevant thematic policy divisions at the Ministry of Foreign Affairs and MFA-funded programmes are engaged and committed. Seize the opportunities to engage in domestic stakeholders' priorities.
3. Increase the involvement of embassies in high-risk priority countries in the development of central IRBC policies in The Hague and implementation at the sector level such as the good practice of the informal Textile Task Force.
4. Put more efforts into increasing the alignment between the Netherlands and the EU and other donors, notably to create enhanced leverage vis-à-vis governments of producing countries, with a view to enhancing the local enabling environment and creating a level playing field for companies.
5. Continue to enhance the application of IRBC frameworks for private-sector instruments targeting Dutch companies (see Chapter 4), but also support projects and programmes that aim to improve the responsible business conduct of their local joint-venture partners and suppliers directly.

Appendices

Appendix 1 References

- ABD (2018). *Transitie te koop? Beleid, opdrachtgever en inkoper samen aan de slag*. Office for the Senior Civil Service, The Hague. Retrieved via: https://www.rijksoverheid.nl/documenten/rapporten/2018/10/01/transitie-te-koop-beleid-opdrachtgeven-en-inkoper-samen-aan-de-slag

- AFM (2018). *In Balance 2018 – part A: Thematic review of non-financial information in management reports 2017*. Retrieved via: https://www.afm.nl/~/profmedia/files/onderwerpen/financiele-verslaggeving/non-financial-information-2017.pdf

- AH-KST 2017/2018-645 (2017/2018). *Vragen gesteld door de leden der Kamer, met de daarop door de regering gegeven antwoorden*. Aanhangsel van de Handelingen. 11 December 2017.

- Arya, B. and Salk, J. E. (2006). *Cross-Sector Alliance Learning and Effectiveness of Voluntary Codes of Corporate Social Responsibility*. Business Ethics Quarterly, 16(02), 211-234. doi:10.5840/beq200616223

- Berenschot (2007). *Grenzeloos én verantwoord: Onderzoek naar MVO in het financieel buitenland instrumentarium*. Retrieved via: https://zoek.officielebekendmakingen.nl/kst-26485-53-b2.pdf

- Berenschot (2014). *Evaluatie Sociale Voorwaarden Rijksinkoopbeleid*. Retrieved via: https://www.pianoo.nl/sites/default/files/documents/documents/eindrapportevaluatiesocialevoorwaarden.pdf

- Better Work (2016). *Highlights: progress and potential – Findings from an independent impact assessment*. ILO/IFC. Retrieved via: https://betterwork.org/dev/wp-content/uploads/2016/09/BW-ProgressAndPotential-Highlights.pdf

- Better Work (2019). *Our approach*. ILO/IFC. Retrieved via: https://betterwork.org/our-work/our-approach

- Bewust met Hout (2017). *Convenant Bevorderen Duurzaam Bosbeheer*. Retrieved via: https://bewustmethout.nl/wp-content/uploads/2018/05/Origineel_Ondertekend_Convenant-Bevorderen-Duurzaam-Bosbeheer.pdf

- Bitzer, V. (2019). *Evaluation of Dutch IRBC Policy: Ethiopia Report*. Amsterdam, the Netherlands: KIT Royal Tropical Institute. Available via www.iob-evaluatie.nl.

- Bitzer, V., de Steenhuijsen Piters, B., Danielsen, K., Newton, J. and Quintero, S. (2019). *Evaluation of Dutch IRBC Policy: Cross-country synthesis*. Amsterdam, the Netherlands: KIT Royal Tropical Institute. Available via www.iob-evaluatie.nl.

- Butler, S. (2014). European ministers urge companies to compensate Rana Plaza victims. *The Guardian*. 26 June 2014. Retrieved via: https://www.theguardian.com/world/2014/jun/26/rana-plaza-factory-victims-uk-ministers-compensation

- CBS Statline (2019). *Internationale handel; in- en uitvoerwaarde, SITC (3 digits), landen*. Retrieved 05 June 2019, via: https://statline.cbs.nl/Statweb/selection/?DM=SLNL&PA=83926NED&VW=T

- CE Delft and Arcadis (2018). *Compliance of the Dutch oil and gas sector to OECD Guidelines*. Delft, the Netherlands: CE Delft.

- Change in Context (2018). *Government policy to stimulate international responsible business conduct*. Retrieved via: https://www.rijksoverheid.nl/documenten/rapporten/2018/01/01/government-policy-to-stimulate-international-responsible-business-conduct

- Change in Context (2019). *The role of The Netherlands in international platforms and supranational bodies on international CSR matters.* Available via www.iob-evaluatie.nl.

- CSR Europe and Global Reporting Initiative (2017). *Member State Implementation of Directive 2014/95/EU – A comprehensive overview of how Member States are implementing the EU Directive on Non-financial and Diversity Information*. Retrieved via: https://www.globalreporting.org/resourcelibrary/NFRpublication%20online_version.pdf

- CSR Netherlands (2016). *De IMVO-Thermometer* (ed. IV). Inaccessibel online.

- CSR Netherlands (2017). *IMVO Convenant Plantaardige Eiwitten*. Retrieved via: htps://www.iucn.nl/files/publicaties/overig/imvo_convenant_plantaardige_eiwitten.pdf

- Danielsen, K. and Bitzer, V. (2019). *Evaluation of Dutch IRBC Policy: India Report*. Amsterdam, the Netherlands: KIT Royal Tropical Institute.

- Dentchev, N. A., van Balen, M. and Haezendonck, E. (2015). *On voluntarism and the role of governments in CSR: towards a contingency approach*. Business Ethics: A European Review, 24(4), 378-397. doi: 10.1111/beer.12088.

- Van Dijk, R. and Wong, A. (2017). *Duurzaam ondernemen economisch zinvol. Economisch Statistische Berichten* (ESB), 488-490. 24 August 2017.

- Dubbink, W., Graafland, J. and van Liedekerke, L. (2008). CSR, *Transparency and the Role of Intermediate Organisations*. Journal of Business Ethics, 82(2), 391-406. doi: 10.1007/s10551-008-9893-y

- EC (Undated). *Internal Market, Industry, Entrepreneurship and SMEs*. Retrieved via: https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/thresholds_is

- EC (2011). A *renewed EU strategy 2011–14 for Corporate Social Responsibility*. Brussels, Belgium: European Commission. Retrieved via: http://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com(2011)0681_/com_com(2011)0681_en.pdf

- EC (2016a). *The EU Timber Regulation*, EU/995/2010. European Commission Report to the European Parliament and Council. COM(2016) 74 final, 18 February 2016. Retrieved via: https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-74-EN-F1-1.PDF

- EC (2016b). *Next steps for a Sustainable European Future: European Action for Sustainability*. Communication from the European Commission, Strasbourg. COM(2016) 739 final. 22 November 2016. Retrieved via: https://ec.europa.eu/europeaid/sites/devco/files/communication-next-steps-sustainable-europe-20161122_en.pdf

- EC (2017). *The Conflict Minerals Regulation: The regulation explained*. Retrieved via: http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/

- EC (2019). *Forests – EUTR Reports*. Retrieved via: https://ec.europa.eu/environment/forests/eutr_report.htm

- European Coalition for Corporate Justice (2016). *Members of 8 European Parliaments support duty of care legislation for EU corporations*. 31 May 2016. Retrieved via: http://corporatejustice.org/news/132-members-of-8-european-parliaments-support-duty-of-care-legislation-for-eu-corporations

- EcoValue (2019). *Dutch connections: A review of sustainable procurement by the Dutch government, with a focus on procurement with potential impact on other countries through the supply chain*. Available via www.iob-evaluatie.nl.

- Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Oxford, UK: Capstone.

- Enneking, L., Kristen, F., Pijl, K., Waterbolk. T., Emaus, J., Hiel, M., Schaap, A. and Giesen, I. (2015). *Zorgplichten van Nederlandse Ondernemingen inzake Internationaal Maatschappelijk Verantwoord Ondernemen*. The Hague, the Netherlands: WODC.

- EPRM (undated). *About EPRM*. Retrieved via: https://europeanpartnership-responsibleminerals.eu/member

- EUR-Lex (2014). Disclosure of non-financial and diversity information by certain large undertakings and groups. Directive 2014/95/EU of the European Parliament and of the Council. *Official Journal of the European Union*, L330, 1-9. 11 November 2014. Retrieved via: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095&from=EN

- EUR-Lex (2017). Supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas. Regulation (EU) 2017/821 of the European Parliament and of the Council. *Official Journal of the European Union*, L 130, 1-20. 19 May 2017. Retrieved via: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0821&from=EN

- FMO (2017). *General Investment Criteria*. Retrieved via: https://www.fmo.nl/policies-and-position-statements

- FMO (Undated). *How we invest: policies and position statements: Implementing FMO's Sustainability Policy – Considerations for FMO, guidance for FMO employees*. Retrieved via: https://www.fmo.nl/policies-and-position-statements

- FMO-IM (Undated). *Our investment approach*. FMO Investment Management. Retrieved via: https://www.fmo-im.nl/en/exclusion-list

- Good company (2010). *Verslag Evaluatie van de promotionele taak van het NCP 2007-2010*. Retrieved via: https://zoek.officielebekendmakingen.nl/blg-95524.pdf

- Heemskerk, F. (2007). *Kabinetsvisie Maatschappelijk Verantwoord Ondernemen 2008-2011, 'Inspireren, innoveren, integreren'*. Retrieved via: http://www.indianet.nl/pdf/kabinetsvisie_mvo.pdf

- Heijden, T. van der (2018). *De banken zijn klaar met de Eerlijke Bankwijzer*. NRC, 3 September 2018. Retrieved via: https://www.nrc.nl/nieuws/2018/09/03/de-banken-zijn-klaar-met-de-eerlijke-bankwijzer-a1615134

- ILO (2015). *Improving working conditions in the ready-made garment sector in Bangladesh – Midterms evaluation summary*). Retrieved via: https://www.ilo.org/eval/Evaluationreports/WCMS_435469/lang--en/index.htm

- ILO (2017). Towards safer working conditions in the Bangladesh ready-made garment sector. Retrieved via: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-dhaka/documents/publication/wcms_614088.pdf

- ILT (2018). *Stookolie voor Zeeschepen – Autobrandstoffen voor West-Afrika*. Addendum to KST 31.409-197, 2018.

- IOB (2013). *Corporate social responsibility: the role of public policy. A systematic review*. The Hague, the Netherlands: Ministry of Foreign Affairs.

- IOB (2019). *Evaluation Dutch NCP*. The Hague, the Netherlands: Ministry of Foreign Affairs.

- IOO (2009). *Het totale inkoopvolume van Nederlandse overheden*. Dutch Public Procurement Expertise Centre, The Hague. Retrieved via: https://www.pianoo.nl/nl/document/3025/rapport-inkoopvolume-nederlandse-overheden

- ITUC (2018). *2018 ITUC Global Rights Index – The World's Worst Countries for Workers*. Retrieved via: https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf

- KPMG (2014). *MVO Sector Risico Analyse: Aandachtspunten voor dialoog*. Retrieved via: https://www.rijksoverheid.nl/documenten/rapporten/2014/09/01/mvo-sector-risico-analyse.

- KPMG (2013). The KPMG Survey of Corporate Responsibility Reporting 2013. Retrieved via: https://assets.kpmg/content/dam/kpmg/pdf/2015/08/kpmg-survey-of-corporate-responsibility-reporting-2013.pdf

- KPMG (2017). *The road ahead: The KPMG Survey for Corporate Responsibility Reporting 2017*. Retrieved via: https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf

- KST 26.485-106 (2011). *Maatschappelijk verantwoord ondernemen*. 27 April 2011.

- KST 26.485-152 *Maatschappelijk verantwoord ondernemen*. 5 March 2013.

- KST 26.485-164 (2013). *Corporate social responsibility pays off*. 28 June 2013.

- KST 26.485-166 (2013). *Maatschappelijk verantwoord ondernemen*. 4 July 2013.

- KST 26.485-174 (2013a). *Maatschappelijk verantwoord ondernemen*. 20 December 2013

- KST 26.485-174 (2013b). *Nationaal actieplan bedrijfsleven en mensenrechten*. 20 December 2013.

- KST 26.485-197 (2014). *Aanbieding van het eindrapport MVO Sector Risico Analyse en reactie op het SER-advies 'IMVO-convenanten'*. 19 November 2014.

- KST 26.485-198 (2015). *Maatschappelijk verantwoord ondernemen*. 30 January 2015.

- KST 26.485-219 (2016). *Maatschappelijk verantwoord ondernemen*. 21 April 2016.

- KST 26.485-220 (2016). *Maatschappelijk verantwoord ondernemen*. 17 June 2016.

- KST 26.485-241 (2017). *Maatschappelijk Verantwoord Ondernemen*. 16 February 2017.

- KST 26.485-255 blg-831781 (2018). *Exportkredietverzekering mvo-beleidsdocument*. 6 February 2018.

- KST 26.485-306 (2019). *Maatschappelijk Verantwoord Ondernemen*. 18 April 2019.

- KST 29.800 XI-130 (2005). *Vaststelling van de begrotingsstaten van het Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer (XI) voor het jaar 2005*. 30 June 2005.

- KST 30.196-82 (2009). *Duurzame ontwikkeling en beleid*. 16 October 2009.

- KST 30.196-129. (2011). *Duurzame ontwikkeling en beleid*. 17 February 2011.

- KST 30.196-358 (2015). *Duurzame ontwikkeling en beleid*. 11 September 2015.

- KST 30.196-487 (2016). *Duurzame ontwikkeling en beleid*. 8 December 2016.

- KST 30.196-621 (2019). *Duurzame ontwikkeling en beleid*. 7 March 2019.
- KST 30.300 XI-134 (2006). *Vaststelling van de begrotingsstaten van het Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer (XI) voor het jaar 2006*. 14 July 2006.
- KST 31.250-97 (2012). *Beleidsbrief Ontwikkelingssamenwerking*. 1 May 2012.
- KST 31.250-102 (2013). *Beleidsbrief Ontwikkelingssamenwerking*. 6 March 2013
- Lujala, P., Rustad, S.A. and Le Billion, P. (2017). Has the EITI been successful? Reviewing evaluations of the Extractive Industries Transparency Initiative. *U4Brief* (5), 1-6. Retrieved via: https://www.cmi.no/publications/6300-has-the-eiti-been-successful
- Ministry of Defence (2018) *Op weg naar circulair textiel: Nederland koploper*. Retrieved via: https://www.pianoo.nl/sites/default/files/media/documents/Categorieplan%20bedrijfskleding%20Rijk-mei2018.pdf
- Ministry of Economic Affairs, Agriculture and Innovation (2012). *Bijlage bij EL&I Richtlijnen voor de posten: MVO*. No longer publicly available.
- Ministry of Foreign Affairs (Undated). *Suggesties en klachten*. Retrieved via: https://www.dggf.nl/contact/suggesties-en-klachten
- Ministry of Foreign Affairs (2013a). *A World to Gain: A New Agenda for Aid, Trade and Investment*. Policy note on Dutch Development Cooperation. The Hague, the Netherlands: Ministry of Foreign Affairs. https://www.government.nl/documents/letters/2013/04/05/global-dividends-a-new-agenda-for-aid-trade-and-investment
- Ministry of Foreign Affairs (2013b). *Ondernemen voor ontwikkeling: investeren in duurzame en inclusieve groei*. Retrieved via: https://www.rijksoverheid.nl/documenten/brieven/2013/09/30/ondernemen-voor-ontwikkeling-investeren-in-duurzame-en-inclusieve-groei
- Ministry of Foreign Affairs (2014). *Convenant ten aanzien van verbeteringen in de steenkoolketen*. Retrieved via: https://zoek.officielebekendmakingen.nl/blg-410799.pdf
- Ministry of Foreign Affairs (2016). *Richtlijnen internationaal maatschappelijk ondernemen voor Nederlandse ambassades*. Retrieved via: https://www.rijksoverheid.nl/documenten/publicaties/2016/02/22/internationale-mvo-richtlijnen-voor-nederlandse-ambassades
- Ministry of Foreign Affairs (2017a). *Coal supply chain responsibility: Progress report on the voluntary agreement, improving corporate responsibility in the coal supply chain*. 12 October 2017. Retrieved via: https://www.government.nl/documents/reports/2017/10/12/progress-report-on-corporate-responsibility-in-the-coal-supply-chain-2017.
- Ministry of Foreign Affairs (2017b). *Implementatie Convenant Bevorderen Duurzaam Bosbeheer* [Activity proposal document]. 3 November 2017. Retrieved via: https://www.static.rijksoverheid.nl/bz/bestanden/activity-appraisal-document-4000001384.pdf
- Ministry of Foreign Affairs (2018a). *Actieplan Maatschappelijk Verantwoord Inkopen*. Retrieved via: https://www.pianoo.nl/sites/default/files/media/documents/Manifest-MVI-Actieplan-ministerie-van-Buitenlandse-Zaken.pdf
- Ministry of Foreign Affairs (2018b). *Investing in Global Prospects: For the World, For the Netherlands*. Policy note on Dutch Development Cooperation. The Hague, the Netherlands: Ministry of Foreign Affairs.

- Ministry of Justice and Security (2017). *Staatsblad 100 – 2017 Besluit bekendmaking niet-financiële informatie*. Retrieved via: https://www.rijksoverheid.nl/documenten/besluiten/2017/03/23/staatsblad-100-2017-besluit-bekendmaking-niet-financiele-informatie

- MSCI (2016). *EU 'close to' formally adopting conflict minerals rules*. Metals Service Sector Institute, 20 June 20. https://www.msci.org/eu-close-to-formally-adopting-conflict-minerals-rules/

- Mvicriteria.nl (undated). *About MVI criteria*. Retrieved via: https://www.mvicriteria.nl/en/How%20this%20tool%20works

- Nauta, H. (2018). Supermarkten tekenen niet voor duurzaam voedselconvenant. *Trouw*, 29 June 2018. Retrieved via: https://www.trouw.nl/es-b75fd907h

- Netwerk (2010). 'Kamermeerderheid: import "bloedkolen" moet transparent'. TV show, 8 July 2010. Griffioen, J. (producent), Floot, H. (producent), van Genabeth, M. (producent) and Sommer, M. (producent). Hilversum, the Netherlands: Netwerk.

- Newton, J., Sultana, N. and Bitzer, V. (2019). *Evaluation of Dutch IRBC Policy: Bangladesh Report*. Amsterdam, the Netherlands: KIT Royal Tropical Institute. Available via www.iob-evaluatie.nl.

- NVWA (2016). *Contactgegevens van goedgekeurde toezichthoudende organisaties Europese houtverordening*. Netherlands Food and Consumer Product Safety Authority. Retrieved via: https://www.nvwa.nl/onderwerpen/import-van-hout-en-houtproducten-flegt/europese-houtverordening

- Nyenrode Business University (2019). Supporting the Dutch private sector in implementing responsible business conduct in its international activities: Evaluation of RBC frameworks for private sector instruments. Available via www.iob-evaluatie.nl.

- OECD (2011). *OECD Guidelines for Multinational Enterprises*. Paris, France: OECD Publishing. Retrieved via: https://www.oecd.org/corporate/mne/oecdguidelinesformultinationalenterprises.htm

- OECD (2012). *Recent Developments in Revenue Transparency: Extractive Industries Transparency Initiative. OECD Task Force on Tax and Development Sub- Group Meeting on Transparency in Financial Reporting*. 29 March 2012. Retrieved via: https://www.oecd.org/ctp/50049502.pdf

- OECD (2015). *Implementing the OECD Guidelines for Multinational Enterprises: The National Contact Points from 2000 to 2015*. Retrieved via: https://mneguidelines.oecd.org/OECD-report-15-years-National-Contact-Points.pdf

- OECD (2016a). *Annual Report on the OECD Guidelines for Multinational Enterprises 2015*. Retrieved via: http://mneguidelines.oecd.org/2015-Annual-Report-MNE-Guidelines-EN.pdf

- OECD (2016b). *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas*. Retrieved via: https://mneguidelines.oecd.org/OECD-report-15-years-National-Contact-Points.pdf

- OECD (2017a). OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. Retrieved via: https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf

- OECD (2017b). *Responsible business conduct for institutional investors; key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*. Retrieved via: https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf

- OECD (2018a). *OECD Guidance for Responsible Business Conduct*. Retrieved via: http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf

- OECD (2018b). *Annual Report OECD Guidelines for Multinational Enterprises 2017*. Retrieved via: http://mneguidelines.oecd.org/2017-Annual-Report-MNE-Guidelines-EN.pdf

- OECD-FAO (2014). *OECD-FAO Guidance for Responsible Agricultural Supply Chains*. Retrieved via: https://mneguidelines.oecd.org/OECD-FAO-Guidance.pdf

- OHCHR (2019a). *Working Group on the issue of human rights and transnational corporations and other business enterprises*. Office of the High Commissioner for Human Rights. Retrieved via: https://www.ohchr.org/EN/Issues/Business/Pages/WGHRandtransnationalcorporationsandotherbusiness.aspx

- OHCHR (2019b). *State national action plans on Business and Human Rights*. Office of the High Commissioner for Human Rights. Retrieved via: https://www.ohchr.org/en/Issues/Business/Pages/NationalActionPlans.aspx.

- Overheid.nl (2016). Beleidsregel mededinging en duurzaamheid 2016. Retrieved via: https://wetten.overheid.nl/BWBR0038583/2016-10-06

- PAX (2014). The Dark Side of Coal. Utrecht, the Netherlands: PAX Netherlands. Retrieved via: https://www.paxforpeace.nl/publications/all-publications/the-dark-side-of-coal

- PBL (2018). *Transparantie verplicht – Verwachtingen over het instrument transparantie om maatschappelijk verantwoord ondernemen te stimuleren*. The Hague, the Netherlands: Planbureau voor de Leefomgeving. Retrieved via: https://www.pbl.nl/publicaties/transparantie-verplicht-verwachtingen-over-het-instrument-transparantie-om-maatschappelijk-verantwoord-ondernemen-te

- PWC (2018). *Strategies for Responsible Business Conduct*. Retrieved via: https://www.rijksoverheid.nl/documenten/kamerstukken/2019/02/22/aanbieding-onderzoeksrapport-strategieen-voor-imvo

- PIANOo (undated-b). *SPP themes*. The Hague, the Netherlands: Dutch Public Procurement Expertise Centre. Retrieved via: https://www.pianoo.nl/en/sustainable-public-procurement/spp-themes

- Quintero, S., Sánchez, C. and Bitzer, V. (2019). *Evaluation of Dutch IRBC Policy: Colombia Repor*t. Amsterdam, the Netherlands: KIT Royal Tropical Institute. Available via www.iob-evaluatie.nl.

- RIVM (2018). *Het effect van Maatschappelijk Verantwoord Inkopen*. Bilthoven, the Netherlands: Rijksinstituut voor Volksgezondheid en Milieu. DOI 10.21945/RIVM-2018-0002. Retrieved via: https://www.rivm.nl/publicaties/effect-van-maatschappelijk-verantwoord-inkopen

- RVO (undated-a). *Fund for Responsible Business (FVO)*. The Hague, the Netherlands: Rijksdienst voor Ondernemend Nederland. Retrieved via: https://english.rvo.nl/subsidies-programmes/fund-responsible-business-fvo

- RVO (Undated-b). *IMVO-kader handelsmissie met bewindspersoon*. The Hague, the Netherlands: Rijksdienst voor Ondernemend Nederland. Retrieved via: https://www.rvo.nl/onderwerpen/internationaal-ondernemen/wegwijzer-internationaal-zakendoen/handelsmissie/soorten-handelsmissies/uitgaande-handelsmissies/voorwaarden-0

- RVO (2012). *IMVO kader Transitie Faciliteit 2012*. The Hague, the Netherlands: Rijksdienst voor Ondernemend Nederland. Retrieved via: https://www.rvo.nl/file/imvo-kader-transitie-faciliteit-2012doc

- RVO (2013). *IMVO-kader Subsidieregeling voor demonstratieprojecten, haalbaarheidsstudies en kennisverwerving (DHK)*. The Hague, the Netherlands: Rijksdienst voor Ondernemend Nederland. Retrieved via: https://www.rvo.nl/sites/default/files/2013/09/IMVO%20kader%20DHK%20def2_20130919.pdf

- SER (Undated) *What is the SER?*. The Hague, the Netherlands: Social Economic Council. Retrieved via: https://www.ser.nl/en/SER/About-the-SER/What-is-the-SER
- SER (2000). *De winst van waarden* (11). Retrieved via: http://www.ser.nl/-/media/ser/downloads/adviezen/2000/maatschappelijk-ondernemen.pdf
- SER (2001). *Corporate Social responsibility: A Dutch Approach*. Assen, the Netherlands: Van Gorcum Ltd. ISBN 90-232-3717-X.
- SER (2008). *Duurzame globalisering: een wereld te winnen* (6). Retrieved via: https://www.ser.nl/-/media/ser/downloads/adviezen/2008/duurzame-globalisering.pdf
- SER (2011). *Ontwikkeling door duurzaam ondernemen* (10). Retrieved via: https://www.ser.nl/-/media/ser/downloads/adviezen/2011/ontwikkeling-duurzaam-ondernemen.pdf?la=nl&hash=34B809B6CE1289800A3BBB4EE146B690
- SER (2014). *IMVO-convenanten* (04). Retrieved via: https://www.ser.nl/-/media/ser/downloads/adviezen/2014/imvo-convenanten.pdf
- SER (2016a). *Agreement on Sustainable Garment and Textile* [Sector agreement]. Retrieved via: https://www.ser.nl/-/media/ser/downloads/engels/2016/agreement-sustainable-garment-textile.pdf
- SER (2016b). *Dutch Banking Sector Agreement on international responsible business conduct regarding human rights* [Sector agreement]. Retrieved via: https://www.ser.nl/-/media/ser/downloads/overige-publicaties/2016/dutch-banking-sector-agreement.pdf
- SER (2017a). *Dutch Gold Sector IRBC Agreement on international responsible business conduct of companies in the Netherlands with gold or gold bearing materials in their value chains* [Sector agreement]. Retrieved via: https://www.imvoconvenanten.nl/gold/over-dit-convenant/pers-en-publicaties?sc_lang=en
- SER (2017b). *Annual report 2016-2017 Agreement on Sustainable Garments and Textile*. Retrieved via: http://garments-textile-annual-report.internationalrbc.org/nl_NL/overview.html
- SER (2018a). *Agreement on International Responsible Investment in the Insurance Sector* [Sector agreement]. Retrieved via: https://www.imvoconvenanten.nl/insurance/convenant?sc_lang=en
- SER (2018b). *IRBC Agreement for the Food Products Sector* [Sector agreement]. Retrieved via: https://www.imvoconvenanten.nl/foodproducts?sc_lang=en
- SER (2018c). *Voortgangsrapportage IMVO convenanten: Samen op weg naar verantwoorde ketens*. Retrieved via: https://www.ser.nl/-/media/ser/downloads/overige-publicaties/2018/voortgangsrapportage-imvo-convenanten.pdf
- SER (2018d). *Dutch Pension Funds Agreement on Responsible Investment* [Sector agreement]. Retrieved via: https://www.imvoconvenanten.nl/pensioenfondsen/convenant?sc_lang=en
- SER (October 10, 2018e). *Kabinet vraagt SER om advies over duurzaam ondernemen, SDG's en IMVO* [Online news item]. Retrieved via: https://www.ser.nl/nl/actueel/Nieuws/ontwikkeling-duurzaam-ondernemen. Also see: https://www.ser.nl/-/media/ser/downloads/adviesaanvragen/adviesaanvraag-ontwikkeling-door-duurzaam-ondernemen.pdf?la=nl&hash=0B9B65701FA2EF4C8485CBCCE3B3B4E8
- Significant (2016). *Inkoopvolume van de Nederlandse overheid*. Retrieved via: https://www.pianoo.nl/sites/default/files/documents/documents/inkoopvolume-van-nederlandse-overheid-september2016.pdf

- SKC (2016). *Uitgekleed – aangekleed; Nederlandse merken, hoge werkdruk en lage lonen in Indiase kledingfabrieken*. Retrieved via: https://www.schonekleren.nl/wp-content/uploads/2019/03/Uitgekleed-Aangekleed-SKC.pdf

- SOMO (2017). *Branded Childhood: How garment brands contribute to low wages, long working hours, school dropout and child labour in Bangladesh*. Retrieved via: https://www.somo.nl/wp-content/uploads/2017/01/Branded-childhood-web.pdf

- Steurer (2010). *The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe*. Policy Sciences, 43(1), 49-72.

- Transparency Benchmark (Undated). *Scores*. Retrieved via: https://www.transparantiebenchmark.nl/en/scores-0#/survey/4

- Transparency Benchmark (2017). *Transparency Benchmark 2017. The Crystal 2017*. Retrieved via: https://www.transparantiebenchmark.nl/sites/transparantiebenchmark.nl/files/afbeeldingen/transparancy-benchmark-report_eng.pdf

- Transparency International (2018). *Corruption Perception Index 2018*. Retrieved via: https://www.transparency.org/cpi2018

- UN (2011). *Guiding principles on business and human rights*. New York, NY and Geneva, Switzerland: United Nations. Retrieved via: https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

- UNGP Reporting (2019). UN Guiding Principles. *Salient Human Right Issues*. Retrieved via: https://www.ungpreporting.org/resources/salient-human-rights-issues/

- VBDO (2016). *Commitment to OECD Guidelines for Multinational Enterprises by Dutch stock listed companies*. The Hague, the Netherlands: Dutch Association of Investors for Sustainable Development. Retrieved via: https://www.vbdo.nl/wp-content/uploads/2018/07/VBDOReportOECDGuidelinesresearch-1.pdf

- VvV (2018). *Statuten*. Verbond van Verzekeraars. Retrieved via: https://www.verzekeraars.nl/media/4447/statuten-verbond-van-verzekeraars-1-1-2018.pdf

- Voluntary Principles (2019). *For companies: Companies and The Voluntary Principles on Security and Human Rights*. Retrieved via: https://www.voluntaryprinciples.org/for-companies

- World Bank (2018). *Ranking & Ease of Doing Business Score*. Washington, DC: World Bank. Retrieved via: http://www.doingbusiness.org/en/rankings.

- World Bank (2019). *Extractives Global Programmatic Support (EGPS) Multi-Donor Trust Fund*. Washington, DC: World Bank. Retrieved via: http://www.worldbank.org/en/programs/egps#4

- WTO (2018). *World Trade Statistical Review* (2018). Washington, DC: World Trade Organization. Retrieved via: https://www.wto.org/english/res_e/statis_e/wts2018_e/wts2018_e.pdf

- Yale Center for Environmental Law & Policy (2018). *2018 Environmental Performance Index*. Retrieved via: https://epi.envirocenter.yale.edu/downloads/epi2018policymakerssummaryv01.pdf

Appendix 2 List of interviewees

Dutch government			
Name	**Function**	**Ministry**	**Interview related to**
Aline van Veen	Coordinating policy officer RBC and trade	MFA	Sector agreements, international initiatives, private-sector instruments
Annelies Drost	Policy officer	MFA	Private-sector instruments
Dirk-Jan Koch	Chief science officer, previously special envoy natural resources	MFA	International initiatives, initiatives in the extractive industry sector
Elsbeth Akkermans	CdP EKN in Vietnam, previously head of economic division at the PM of the Netherlands to the WTO	MFA	International initiatives
Eva Oskam	Policy officer sustainable production & trade	MFA	Various sector agreements
Gilles Goedhart	Sr. human rights policy officer	MFA	RBC policy
Hannah Tijmes	Head of unit RBC	MFA	Sector agreements, international initiatives
Iona Ebben	Sr. policy officer business and human rights	MFA	International initiatives
Jan Pieter Barendse	Focal point raw materials	MFA	International initiatives
Jennifer Meerding	Policy advisor RBC	MFA	Sector agreements, country study
Joost Vos	Policy officer	MFA	Sector agreements, international agreements
Joris Pinkster	Sr. tax policy officer	MFA	Private-sector instruments
Jos Huber	Sr. policy advisor	MFA	International initiatives, sector agreement on garments & textile
Kirsten Kossen	Sr. policy officer RBC	MFA	Sector agreements, public procurement
Marianne Oomen	Policy officer	MFA	Embassy activities
Marianne Phernambucq	RBC coordinator	MFA	Public procurement
Marinka Wijngaard	Policy officer	MFA	Sector agreements, strategic partnerships
Marjan Schippers	Strategic policy advisor	MFA	Sector agreements, private-sector instruments, international initiatives
Marjoleine Hennis	Counsellor social affairs and employment, RBC and gender issues at the Permanent Representation (PR) of the Netherlands to the OECD	MFA	International initiatives
Marthe Harkema	Sr. policy advisor on RBC	MFA	International initiatives
Mirte Ruesen	Policy officer	MFA	Embassy activities
Peter Stoffelen	Coordinating policy officer	MFA	Private-sector instruments

Dutch government			
Name	**Function**	**Ministry**	**Interview related to**
Reinoud Linschoten	Policy officer	MFA	Private-sector instruments
Robert-Jan van Welsenes	Change manager	MFA	Public procurement
Roel Nieuwenkamp	Ambassador EKN Argentina, previously chair of OECD WPRBC	MFA	International initiatives, specifically to the OECD Working Party
Ronald Roosdorp	Director IMH	MFA	International initiatives
Rutger Schouwink	Sr. advisor corporate finance	MFA	Private-sector instruments
Sita Djelantik	Policy officer sustainable production & trade	MFA	Sector agreement on garments & textile, strategic partnerships
Tanja Gonggrijp	Sr. policy officer	MFA	Various sector agreements
Tessel van Westen	Sr. policy advisor RBC	MFA	Sector agreements, international initiatives
Tjalling Dijkstra	Strategic trade policy advisor	MFA	International initiatives
Ton Boon van Ochssée	Former programme lead on sector agreements	MFA	Sector agreements, international initiatives
Wouter Biesterbos	First secretary economic division PM Geneva, previously regional director at EITI	MFA	International initiatives
Leonie van der Stijl	Sr. policy officer	MFA – (formerly) EKN New Delhi	India country study, embassy activities
Marten van den Berg	Chef de Poste	MFA – EKN New Delh	India country study, embassy activities
Michiel Bierkens	Trade council member	MFA – EKN New Delh	India country study, embassy activities
Petra Smulders	Sr. policy officer political department	MFA – EKN New Delhi	India country study, embassy activities
Priya Dagar	Sr. policy officer economic department	MFA – EKN New Delh	India country study, embassy activities
Akanksha Sharma	Policy officer	MFA – Consulate Bangalore	India country study, consulate/ NBSO activities
Gert Heijkoop	Consul-General	MFA – Consulate Bangalore	India country study, consulate activities
P.R. Meenakshi	Policy officer	MFA – Consulate Bangalore	India country study, consulate/ NBSO activities
Floris van Eijk	Head of Political Department	MFA – EKN Bogota	India country study, embassy activities
Jeroen Roodenburg	Chef de Poste	MFA – EKN Bogota	Colombia country study, embassy activities
Patricia de Vries	Policy officer agricultural attaché	MFA – Bogota	Colombia country study, embassy activities
Pauline Blom	Sr. policy officer economic department	MFA – EKN Bogota	Colombia country study, embassy activities
Bengt van Loosdrecht	Ambassador	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities
Betselot Admassu	Policy officer agriculture	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities

Dutch government			
Name	**Function**	**Ministry**	**Interview related to**
Jan Willem Nibbering	First Secretary Food Security	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities
Frerik Kampman	Policy officer Aid & Trade	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities
Marco Gerritsen	First Secretary Health	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities
Niek Bosmans	Agricultural councellor	MFA – EKN Addis Ababa	Ethiopia country study, embassy activities
Timothy Kos	First Secretary Political Affairs	MFA- EKN Addis Ababa	Ethiopia country study, embassy activities
Annie Vestjens	First embassy secretary SRHR and Gender	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Durk Adema	First embassy secretary food security	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Jeroen Steeghs	Deputy Ambassador	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Osman Haruni	Senior adviser food security	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Lisette Blum	First embassy secretary economic affairs	MFA – EKN Dhaka	Country study, embassy activities
Mahjabeen Quader	Senior adviser RMG	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Monnujan Khanam	Senior adviser commercial affairs	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Peter de Vries	First embassy secretary water	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Pieter de Vries	First embassy secretary, economic affairs and garments & textile	MFA – EKN Dhaka	Bangladesh country study, embassy activities
Elske van Efferink	Sr. policy advisor	EZK	International initiatives
Judith Mentink – de Pijper	Coordinating lawyer	EZK	Legislative proposal Ruimte voor Duurzaamheidsinitiatieven
May-Ly Pham	Sr. policy advisor	EZK	Legislative proposal Ruimte voor Duurzaamheidsinitiatieven
Saskia van den Brink	Manager top sectors and industrial conduct	EZK	Transparency Benchmark
Rob Overkleeft	Project leader	Transparency Benchmark	Transparency Benchmark
Corina Kerkmans	Programme manager	RVO	Private-sector instruments
Eva Smulders	RBC manager	RVO	Private-sector instruments
Liesbeth Hofs	Policy officer	RVO	Private-sector instruments
Marjolein Vink	Project officer PSI programme	RVO	Private-sector instruments, international initiatives
Maurits Berger	Project manager	RVO	Private-sector instruments
Michel Ridder	Sr. advisor RBC	RVO	Private-sector instruments
Niels van Leeuwen	Sr. advisor	RVO	Private-sector instruments

Dutch government			
Name	**Function**	**Ministry**	**Interview related to**
Pieter Jelle Fijlstra	Business coordinator Achilles	RVO	Achilles registration system
Renate Kersten	M&E officer	RVO	Private-sector instruments
Rosanne van Vianen	Advisor RBC and M&E	RVO	Private-sector instruments
Susi Huisman	Policy officer	RVO, EPRM	EPRM
Thomas Vintges	Project advisor	RVO	Private-sector instruments
Dirk-Jan Zegelaar	Sr. programme manager	CBI	CBI interventions
Bernard Cino	Sr. policy officer	IenW	Public procurement
Imke Haenen	Sr. policy officer	IenW	Public procurement
Wytske van der Mei	Head of department	IenW	Public procurement
Sven van Riet	Coordinator strategic procurement	RWS	Public procurement
Ivo Bonajo	RBC manager	BZK	Public procurement
Diederik Heij	Account manager corporate sustainable procurement	PIANOo	Public procurement
Milan Bijl	Advisor SPP	PIANOo	Public procurement
Myrthe Vogel	Sr. legal policy officer procurement	PIANOo	Public procurement
Rob van Arnhem	Category manager workwear	DEF	Public procurement
Albert Geuchies	Contract manager data centres	OCW	Public procurement
Jeroen de Jong	Second deputy major	City of Harderwijk	Public procurement
Frank van Sloun	Strategic purchasing advisor	City of Amsterdam	Public procurement
Sara Rademaker	Advisor sustainable & circular procurement	City of Utrecht	Public procurement
Maarten Rauws	Sr. administrative legal advisor	Province of Utrecht	Public procurement

Other stakeholders			
Name	**Function**	**Organisation**	**Interview related to**
Alexandra van der Selm	Program director IRBC	SER	Sector agreements
Geert Klein Wolterink	Policy advisor IRBC	SER	Various sector agreements
Jan van Wijngaarden	Sr. policy advisor CSR	SER	International initiatives, sector agreements
Jef Wintermans	Coordinator CSR	SER	Sector agreement on garments & textile
Josine Wiskerke	Sr. policy advisor CSR	SER	Sector agreements
Nikolai Bloemen	Sr. policy advisor	SER	Sector agreements
Olga van Leeuwen	Policy advisor	SER	Sector agreement on gold
Peter Veenhoven	Sr. policy advisor CSR	SER	Sector agreements
Marieke Weerdesteijn	Sr. policy officer Dutch agreement sustainable garments & textile	SER	Sector agreement on garments & textile
Nadia Cicek	Coordinator RBC agreements in the financial sector	SER	Various sector agreements
Thelma Brenes Munoz	Evaluation officer	FMO	Private-sector instruments
Anna Jellema	Sr. environmental and social advisor	Atradius DSB	Private-sector instruments
Arjen Walbroek	Sr. environmental and social advisor	Atradius DSB	Private-sector instruments
David Sogge	Researcher/Writer	Transnational Institute Amsterdam	International initiatives
Herman Mulder	Fellow	Nyenrode Business University	RBC (policy) in general
Rob van Tulder	Professor of International Business	Rotterdam School of Management, Erasmus University	RBC (policy) in general
Teresa Fogelberg	Deputy chief executive	GRI	International initiatives, RBC (policy) in general
Paul van den Heuvel	Chair steering committee forestry	Federatieve Vereniging Centrum Hout	Sector agreement on forestry
Pierre Hupperts	Chair of the RBC agreement for the garments & textile sector	The Terrace	Sector agreements, international initiatives
Bernedine Bos	Director business transformation	CSR Netherlands/ CSR Europe	International initiatives
David de Leth	Jr. project officer	MVO Platform	RBC (policy) in general
Suzan van der Meij	Coordinator	MVO Platform	RBC (policy) in general
Trude Vreedeveld	Project officer	MVO Platform	RBC (policy) in general
Donna Stolwijk	Project manager international CSR	CSR Netherlands	Embassy activities India (INDUS)
Gerdien Dijkstra	Project manager international CSR	CSR Netherlands	Embassy activities India (INDUS)

Other stakeholders			
Name	**Function**	**Organisation**	**Interview related to**
Pieter Goudswaard	Coordinator covenant vegetable proteins	CSR Netherlands	Sector agreement on vegetable proteins
Dhyana van der Pols	COO	Nash International/ HAVEP Workwear	Sector agreement on garments & textile, country study
Jacqueline Cramer	Independent chair sector agreement on banking	Consultant	Sector agreement on banking
Mathijs Romme	Policy advisor/Health economist	Zorgverzekeraars Nederland	Sector agreement on insurance
Berdien van Overeem	Secretary construction and timber covenant	*Bewust met Hout*	Sector agreement on forestry
Lotte Amelink	Consultant	TheRockGroup	Sector agreements on gold and food
Marieke Van der Mijn	Assessment programme manager	Better Coal	Sector agreement on coal
Bas Dobbelstein	Manager public and reputation Aegon Nederland	ENGIE	Sector agreement on coal
Adriaan van der Maarel	Sr. advisor public affairs	Essent/RWE	Sector agreement on coal
Edwin Kotylak	Manager public & regulatory affairs	Uniper	Sector agreement on coal
Joel Frijhoff	Responsible sourcing and trading manager	Nuon/Vattenfall	Sector agreement on coal
Marhijn Visser	Secretary international economic affairs	VNO-NCW/ MKB Nederland	Sector agreements
Marian Geluk	Director	NFLI	Sector agreement on food
Nelleke Hijmans	Public affairs manager	NFLI	Sector agreement on food
Marieke Doolaard	CSR/sustainability manager	CBL	Sector agreement on food
Boukje Theeuwes	Sr. policy advisor gold and cacao	Solidaridad	Sector agreement on gold
Tamar Hoek	Sr. programme manager sustainable textiles	Solidaridad	Sector agreement on garments & textile
Steven Collet	Executive director	IDH	Dutch IRBC policy
Thijs van Brussel	Programme leader	PAX	Various sector agreements
Diewertje Heyl	Programme officer CSR	Arisa	Various sector agreements , country study
Gerard Oonk	Director	Arisa	Various sector agreements, country study
Lizette Vosman	Programme officer human rights and business	Arisa	Various sector agreements, country study
Lonneke Bakker	Consultant/representative to Four Paws	Four Paws	Sector agreement on garments & textile
Robin de Man	Purchasing director	Michel Oprey & Beisterveld	Natural stone sector
Toon Huijps	Commercial director	Michel Oprey & Beisterveld	Natural stone sector
Niels van de Beucken	Director	ARTE	Natural stone sector

Other stakeholders			
Name	**Function**	**Organisation**	**Interview related to**
Arnoud van Vliet	Manager CSR & quality	Zeeman	Garments & textile initiative
Pauline Overeem	Sr. researcher	SOMO	Dutch IRBC policy
Mohamed el Harchaoui	Sr. financial executive	AFM	Sector agreement on banking
Dennis Heijnen	Sr. policy advisor	VvV	Sector agreement on insurance
Arnaud Cohen Stuart	Head of business ethics	ING	Sector agreement on banking
Richard Kooloos	Director sustainable banking	ABN AMRO	Sector agreement on banking
Carl Köningel	Public affairs	IUCN	Various sector agreements
Heleen van den Hombergh	Sr. expert agro-commodities	IUCN	Various sector agreements
Mark van der Wal	Sr. ecologist extractives	IUCN	Various sector agreements
Maarten de Vuyst	Private-sector lead	Oxfam Novib	Sector agreement on forestry
Peter Ras	Sr. policy advisor development cooperation and transparent & accountable finance	Oxfam Novib	Sector agreement on banking
Patrick Thio	Director	Federatie Goud en Zilver	Sector agreement on gold
Jeroen van Dijken	Secretary	Vereniging van Grootwinkel - bedrijven in Textiel	Sector agreement on garments & textile
Arend van Wijngaarden	Board member CNV	CNV	Various sector agreements
Karen Bouwsma	CNV International	CNV	Sector agreement on garments & textile
Marie José Alting van Geusau	Manager	CNV	Various sector agreements
Nicole Engmann-van Eijbergen	CNV international	CNV	Sector agreement on garments & textile
Catelene Passchier	Member of the Dutch NCP, chair of the workers' group at ILO, FWF board member, special advisor to the President at FNV	FNV	International initiatives
Fred Polhout	Union official FNV Finance	FNV	Sector agreement on forestry
Jacob Plat	Union official textile and garment industry	FNV	Sector agreement on garments & textile
Lucia van Westerlaak	Policy advisor	FNV	Various sector agreements
Tuur Elzinga	Vice-president, International secretary	FNV	Various sector agreements
Vivian Vaessen	Policy advisor	FNV	Various sector agreements
Johan van den Gronden	Director	PUM	Private-sector instruments
Marja van Schie	Capacity builder 'Verbindend Onderhandelen SER-IMVO'	INCLUSIEF (Commissioned by SER)	IRBC sector agreements

Other stakeholders			
Name	**Function**	**Organisation**	**Interview related to**
Winand Quaedvlieg	Head Brussels office, permanent delegate at Business Europe, chair of International Investment and RBC Committee at BIAC	VNO-NCW	International initiatives
Guus Houttuin	Sr. adviser trade issues, global issues and counter-terrorism, MSG chair	EU External Action Service	International initiatives
Judith Sargentini	(Former) Member of the European Parliament	European Parliament	International initiatives
Maayke Cramers	Parliamentary assistant at the European Parliament	European Parliament	International initiatives
Genevieve Jean van Rossum	Special Representative for bioethics and CSR	French Ministry of Foreign Affairs	International initiatives
Holger Dreiseitl	Deputy head of division business and human rights	Germany Federal Foreign Office	International initiatives
Alette van Leur	Director sectoral policies department	ILO	International initiatives
Dan Rees	Director Better Work	ILO	International initiatives, Better Work programme
Cristina Tebar-Less	Head RBC unit	OECD	International initiatives
Joseph Wilde	Senior researcher	OECD Watch	International initiatives
Baptiste Carriere-Pradal	Vice-president, Europe	Sustainable Apparel Coalition	International initiatives, garments & textile sector
Karin Lonaeus	National sustainability strategist at secretariat for SPP	Swedish Government	Public procurement
Ed de Rochemont	Manager network	NEVI	Public procurement
Michiel Soeters		Op Maat	Public procurement
Corien Beks	Branch manager (corporate) fashion	Modint	Public procurement
Marien Groenendijk	Owner	Groenendijk Workwear	Public procurement
Johan Peters	Purchaser	Heigo Nederland	Public procurement

Appendix 3 Hoofdbevindingen en aanbevelingen

De voorliggende evaluatie gaat over het IMVO-beleid van de Nederlandse overheid tussen 2012 en 2018. De evaluatie vormt een bouwsteen voor de beleidsdoorlichting van artikel 1 (duurzame economische ontwikkeling, handel en investeringen) van de begroting voor Buitenlandse Handel en Ontwikkelingssamenwerking (BHOS), voorzien in 2020. Doel van het IMVO-beleid is om bedrijven te stimuleren maatschappelijk verantwoord te ondernemen (MVO) in internationale waardeketens. De overheid verwacht van bedrijven dat ze zich inzetten om hun negatieve effecten op de samenleving te voorkomen, ook wanneer het gaat om hun activiteiten buiten de landsgrenzen. Deze verwachtingen zijn vastgelegd in de OESO-richtlijnen voor multinationale bedrijven. Uiteindelijk moet het beleid bijdragen aan het terugdringen van MVO-risico's zoals schendingen van mensen- en arbeidsrechten, milieuschade en corruptie.

De veronderstelling luidt dat de overheid dit doel kan bereiken via een 'slimme mix' van beleidsinstrumenten. Deze mix omvat naast regulerende ook niet-regulerende instrumenten, ter overbrugging van de zogeheten *governance gap*: het beperkte vermogen van de overheid om het gedrag van Nederlandse bedrijven buiten de landsgrenzen (extraterritoriaal) via wetgeving te reguleren en te handhaven. Dit probleem speelt vooral wanneer bedrijven en hun leveranciers actief zijn in landen met andere (lees: lagere) MVO-standaarden. Niet-wetgevende instrumenten zetten veelal in op samenwerking tussen bedrijven en andere belanghebbenden, en veronderstellen dat bedrijven 'vrijwillig, maar niet vrijblijvend' maatschappelijk verantwoord ondernemen in hun internationale ketens.

De evaluatie kijkt naar vijf onderdelen van het Nederlandse IMVO-beleid:
1. IMVO-convenanten in sectoren met hoge MVO-risico's
2. Voorwaarden bij bedrijfsleveninstrumenten van de overheid, op het gebied van internationale hulp en handel
3. Voorwaarden ten aanzien van MVO bij inkoop door de overheid
4. Bijdragen aan internationale initiatieven om de toepassing van MVO op te schalen en waar mogelijk in wetgeving te verankeren
5. Activiteiten van ambassades gericht op het stimuleren van MVO en het realiseren van (lokale) voorwaarden om maatschappelijk verantwoord te kunnen ondernemen

Hier volgen de belangrijkste bevindingen en aanbevelingen, met aandacht voor deze vijf onderdelen en hun onderlinge samenhang (coherentie).

Naleving van de OESO-richtlijnen

In 2013 formuleerde het Kabinet de volgende doelstellingen: (1) 90 procent van de 600 grootste Nederlandse bedrijven (500 werknemers of meer) moet de OESO-richtlijnen expliciet onderschrijven; en (2) grote bedrijven (250 werknemers of meer) in sectoren met hoge MVO-risico's moeten minstens bekend zijn met de richtlijnen. Destijds werd echter niet vastgelegd wanneer deze doelen bereikt moesten worden. Sindsdien heeft de overheid veel werk verzet om de bekendheid en naleving van de richtlijnen te vergroten. Dit gebeurde echter zonder een nulmeting vast te stellen, waardoor de effectiviteit van het beleid niet goed gemeten kon worden. Pas in 2018 begon de overheid de voortgang op de 90-procent-doelstelling te meten: door vragen op te nemen in de Transparantiebenchmark en door een steekproefsgewijze controle van jaarverslagen van bedrijven. Het gebrek aan nulmetingen werd ook vastgesteld bij de analyse van convenanten die zich richten op sectoren met hoge MVO-risico's. Als gevolg hiervan zal het ook bij nog geplande evaluaties van de sectorconvenanten niet eenvoudig zijn om conclusies te trekken over het effect op de toepassing van de OESO-richtlijnen.

Aanbevelingen
- Verbeter de monitoring van de naleving van de OESO-richtlijnen, vooral waar het gaat om relatief grote bedrijven in sectoren met hoge MVO-risico's.

- Doe een nulmeting op de naleving van de OESO-richtlijnen bij het afsluiten van nieuwe sectorconvenanten alsmede bij andere MVO-instrumenten, mits de kosten van monitoring proportioneel zijn ten opzichte van de uitgaven voor het instrument.

Verankering in wetgeving

Er zijn diverse initiatieven genomen om MVO te verankeren in wet- en regelgeving. Sinds 2017 zijn grote bedrijven en organisaties van algemeen belang verplicht niet-financiële gegevens te publiceren in hun jaarverslag conform de richtlijn niet-financiële informatie (2014/94/EU), ter aanvulling op reeds bestaande verplichtingen. In 2021 zal de Europese verordening conflictmaterialen in werking treden, en naar verwachting zal dan ook de Nederlandse Wet zorgplicht kinderarbeid van kracht zijn. Deze wetten verplichten bedrijven tot gepaste zorgvuldigheid (*due diligence*) in hun waardeketens, maar zijn beperkt tot een bepaalde sector (conflictmaterialen) dan wel een bepaald MVO-risico (kinderarbeid). Andere landen, zoals de VS, Frankrijk en het Verenigd Koninkrijk, hebben soortgelijke wetten ingevoerd. Meest in het oog springend is een Franse wet die alle bedrijven in Frankrijk met een bepaalde omvang vanaf 2017 verplicht om gepaste zorgvuldigheid ten aanzien van alle MVO-risico's in hun waardeketens toe te passen. Over de effectiviteit en doelmatigheid van dit soort wetgeving is nog weinig bekend. Het is onduidelijk hoeveel capaciteit er nodig is om duidelijke normen te stellen en de toepassing van de OESO-richtlijnen daadwerkelijk te handhaven. Rapportageverplichtingen zijn relatief eenvoudig te effectueren, maar of ze ook leiden tot aanpassing in bedrijfsgedrag en effecten in internationale waardeketens, moet nog blijken. Deze beperkingen gelden ook voor veel niet-regulerende instrumenten: er is in algemene zin weinig zicht op de effectiviteit en doelmatigheid van overheidsinstrumenten met een MVO-motief. Dit bemoeilijkt uiteraard ook een vergelijking tussen de twee soorten instrumenten.

Aanbevelingen

- Zorg voor goede monitoring van nieuwe regulerende MVO-initiatieven zoals de verordening conflictmaterialen en de Wet zorgplicht kinderarbeid.
- Blijf op de hoogte van regulerende initiatieven in andere landen, niet noodzakelijkerwijs ter vervanging van bestaande niet-regulerende initiatieven, maar als additionele, complementaire onderdelen van een slimme beleidsmix.

Sectorconvenanten

De overheid heeft zich, samen met andere partijen, ingespannen om IMVO-convenanten af te sluiten in sectoren met hoge MVO-risico's. Eind 2018 stond de teller op negen gerealiseerde convenanten en vier in ontwikkeling. Deze dertien convenanten bereiken Nederlandse bedrijven in relevante sectoren met hoge MVO-risico's, maar ze zijn niet toereikend om alle bedrijven en sectoren met hoge MVO-risico's te bereiken. Sommige convenanten, zoals voor goud en plantaardige eiwitten, dekken slechts een klein segment van een relevante sector, kijkend naar de sector-risicoanalyse van KPMG (2014). Andere convenanten, zoals die voor kleding en textiel, bereiken (nog) niet alle bedrijven in hun sector. Alle gerealiseerde convenanten stimuleren bedrijven om gepaste zorgvuldigheid inzake MVO-risico's te betrachten, maar sommige gaan daarbij verder dan andere. Twee convenanten – die voor plantaardige eiwitten en duurzaam bosbeheer – hebben (nog) geen aanvullende eisen gesteld ten aanzien van gepaste zorgvuldigheid. Ze lijken zich meer te richten op de ontwikkeling van markten voor duurzame producten. Politieke druk om tien convenanten af te sluiten (voor eind 2016) verklaart deels waarom sommige convenanten minder relevant zijn voor het terugdringen van MVO-risico's in wereldwijde waardeketens. Sommige, zeer relevante sectoren met hoge MVO-risico's, zoals olie en gas, bouw en chemie, hebben besloten af te zien van convenantvorming omdat ze de meerwaarde ervan in twijfel trekken. Ze verwijzen daarbij naar bestaande standaarden en andere (internationale of Europese) sectorinitiatieven. Het doel om convenanten internationaal op te schalen is slechts ten dele bereikt, met twee concrete resultaten: (1) de samenwerking tussen het Nederlandse convenant voor Duurzame Kleding en Textiel en het Duitse *Bündnis für nachhaltige Textilien*; en 2) het gezamenlijke initiatief van Nederlandse en Vlaamse partijen om te komen tot een convenant voor natuursteen (TruStone).

Aanbevelingen

- Formuleer duidelijker wat de overheid van deelnemende partijen verwacht en aan welke criteria ze moeten voldoen in verschillende fasen van de ontwikkeling én uitvoering van convenanten. Erken dat de overheid de belangrijkste financier is van de convenanten, met substantiële bijdragen aan secretariaten en projecten.
- Houd zicht op de mate waarin convenanten en andere sectorinitiatieven sectoren met hoge MVO-risico's dekken, en zorg dat deze afspraken en initiatieven voldoen aan minimale eisen of in ieder geval voldoende voortgang maken in die richting.
- Zorg ervoor dat sectorconvenanten in lijn zijn met:
  - het VN-verdrag mensenrechten en bedrijven,
  - de OESO-richtlijnen voor multinationale bedrijven,
  - algemene en sectorspecifieke leidraden voor gepaste zorgvuldigheid (OESO *guidance*)
- en het advies van de SER voor sectorconvenanten (2014);
  - ...en zich duidelijk richten op:
  - het stimuleren en mogelijk maken van MVO door gepaste zorgvuldigheid in internationale waardeketens
- en het verbeteren van "toegang tot herstel" bij schendingen van de OESO-richtlijnen.
- Bekijk kritisch of alternatieve standaarden en initiatieven voor sectoren mét hoge MVO-risico's maar zónder convenant voldoende toereikend zijn om gepaste zorgvuldigheid ten aanzien van MVO-risico's in wereldwijde waardeketens te stimuleren. Het onderzoek naar de olie- en gassector (CE Delft en Arcadis, 2018) en de Kabinetsreactie daarop is een goed voorbeeld.
- Introduceer sterkere prikkels voor bedrijven om deel te nemen aan sectorconvenanten door koplopers te belonen en/of achterblijvers aan te pakken. Breid de slimme beleidsmix uit met extra maatregelen en schroom daarbij niet de wetgevende en economische macht van de overheid te gebruiken, bijvoorbeeld bij overheidsaankopen.
- Besteed meer aandacht aan internationale opschaling bij de ontwikkeling en uitvoering van sectorconvenanten. Identificeer de mogelijkheden en benut ze, bijvoorbeeld bij de convenanten voor banken en goud.

Bedrijfsleveninstrumenten

De strategie van de overheid om MVO-kaders te ontwikkelen voor alle bedrijfsleveninstrumenten is effectief gebleken. De drie belangrijkste uitvoerende organisaties – FMO, Atradius DSB en RVO – hanteren inderdaad (beleids-)kaders die MVO stimuleren of reguleren. Ze verhogen de bewustwording over MVO-risico's door aanvragers een verklaring te laten tekenen waarin ze beloven te handelen volgens de OESO-richtlijnen. Bovendien verwachten ze veelal van hun medewerkers en/of de aanvragers van projecten dat ze MVO-risico's identificeren, mitigerende maatregelen benoemen en voortgang monitoren. Kaders die dergelijke aanvullende eisen stellen, hebben effectief bijgedragen aan de toepassing van MVO-principes, vooral in de gefinancierde projecten. Ze beïnvloeden het beleid en gedrag, niet alleen van de aanvragers, maar ook – in sommige gevallen – hun leveranciers. De hefboomwerking van MVO-kaders – hun vermogen om ook het gedrag van niet-aanvragers te beïnvloeden – varieert en is afhankelijk van het soort instrument. Programma's die investeringsfondsen en banken in ontwikkelingslanden steunen, hebben over het algemeen meer invloed dan instrumenten die specifieke projecten financieren. Overloopeffecten – effecten waarbij de aanvragers functioneren als MVO-rolmodellen voor andere bedrijven – konden niet worden vastgesteld. Verder blijkt dat de drie uitvoerende organisaties de principes van geleidelijke verbetering en proportionaliteit toepassen. Hiermee houden ze hun kaders doelmatig, bezien vanuit zowel de programmamanagers als de aanvragers.

Aanbevelingen
- Stimuleer de uitvoerende organisaties om kennis, ervaringen en goede voorbeelden uit te wisselen, over hoe op het instrument afgestemde MVO-kaders te ontwerpen en te implementeren.
- Verwacht van uitvoerende organisaties dat ze zichzelf intern beoordelen op de toepassing van MVO-kaders.
- Besteed bij ex-post evaluaties van bedrijfsleveninstrumenten meer aandacht aan de effectiviteit en impact van MVO-kaders: hun vermogen om gedrag in waardeketens te beïnvloeden, risico's te verminderen en toegang tot herstel te verbeteren. Vraag de uitvoerende organisaties om de benodigde data te verzamelen, maar laat de kosten ervan wel in verhouding staan tot de omvang van de investering en de ernst en waarschijnlijkheid van mogelijke MVO-risico's.
- Introduceer de verplichting dat MVO-kaders toegang tot herstel moeten faciliteren, bijvoorbeeld via een klachtenmechanisme op bedrijfsniveau en/of projectniveau; dit laatste met name voor grotere projecten (met het oog op proportionaliteit).
- Combineer bij MVO-kaders de risicobenadering ('do no harm') met een benadering gericht op kansen en het toevoegen van waarde ('do good') door een koppeling te maken met zowel de OESO-richtlijnen als de SDG's. Dit geldt vooral voor instrumenten die gefinancierd worden uit budget voor ontwikkelingshulp (ODA), waarvan immers verwacht mag worden dat ze bijdragen aan duurzame en inclusieve groei.
- Zorg dat alle uitvoerende organisaties hun MVO-kaders transparant en online beschikbaar maken.

Inkoop door de overheid

De overheid heeft haar ambitie op het gebied van maatschappelijk verantwoord inkopen (MVI) de afgelopen jaren verhoogd. Het beleid is aangescherpt en er zijn tal van initiatieven genomen om MVI te stimuleren, waarbij de Rijksoverheid ook lagere overheden heeft betrokken. Dit heeft geresulteerd in een gezamenlijk manifest en het opstellen van actieplannen. De Rijksoverheid heeft het inkoopbeleid meer in lijn gebracht met de OESO-richtlijnen, vooral door de toepassing van internationale sociale voorwaarden (ISV) te verbeteren. Door gepaste zorgvuldigheid op te nemen in inkoopcontracten draagt inkoopbeleid bij aan het verhogen van de bewustwording rond MVO-risico's en aan het toepassen van MVO-principes door leveranciers. Dergelijke effecten konden echter nog niet worden vastgesteld in deze evaluatie, aangezien de aanscherping van het beleid relatief laat in de evaluatieperiode werd doorgevoerd. Daarbij moet gezegd worden dat de verplichte toepassing van ISV nog steeds beperkt is: de verplichting geldt alleen voor (1) aankopen door ministeries binnen de Rijksoverheid; 2) boven de EU-drempelwaarden; 3) in tien productcategorieën; en 4) alleen voor generieke (dus niet ministerie-specifieke) aankopen. Het gaat hier om ongeveer 2,5 procent van de totale waarde van goederen, diensten en werken die door publieke autoriteiten in Nederland jaarlijks worden afgenomen. De tien productcategorieën hebben betrekking op sectoren met hoge MVO-risico's waar de overheid een aanzienlijke marktpartij is. Het is echter opmerkelijk dat bouw-gerelateerde categorieën (waaronder vastgoed en infrastructuur) niet vallen onder de ISV-verplichting.

Aanbevelingen
- Verbeter de toepassing van internationale sociale voorwaarden (ISV) door ze verplicht te stellen voor meer productcategorieën met hoge MVO-risico's en ze ook voor te schrijven als gunningscriteria bij aanbestedingen.
- Zorg dat product-specifieke inkoopbeleidskaders en plannen coherent zijn met (internationale) sectorinitiatieven zoals de IMVO-sectorconvenanten. Ga na of het mogelijk is om deelname aan dergelijke initiatieven te belonen.
- Verplicht alle onderdelen van de centrale overheid om een MVI-actieplan te ontwikkelen en te publiceren, met daarbij aandacht voor de toepassing van ISV.

- Heropen het debat in de EU over de inkooprichtlijnen met als doel om meer mogelijkheden te creëren voor verplichte MVO-criteria. Zet in op de potentiële hefboomwerking en opschaling van gepaste zorgvuldigheid, waarmee een transformatie van sectoren op EU-niveau bevorderd kan worden.

Internationale initiatieven

Nederland heeft substantiële bijdragen geleverd aan zowel niet-regulerende als regulerende internationale initiatieven gericht op het stimuleren en afdwingen van (internationaal) MVO. Hierbij gaat het vooral om de toepassing van de OESO-richtlijnen en het VN-verdrag mensenrechten en bedrijven door overheden, internationale organisaties en bedrijven. Zo droeg de Nederlandse overheid in belangrijke mate bij aan de OESO-werkgroep voor MVO, de EU-verordening conflictmaterialen, het *European Partnership for Responsible Minerals*, en programma's van de ILO gericht op het verbeteren van werkomstandigheden (zoals *Better Work*). Deze initiatieven hebben geleid tot tastbare resultaten zoals leidraden voor gepaste zorgvuldigheid, veranderingen in nationale wetgeving, actieplannen en projecten om de toepassing van gepaste zorgvuldigheid te stimuleren. Sommige initiatieven hebben aantoonbaar het (rapportage-)gedrag van overheden en bedrijven verbeterd. Voorbeelden zijn de EU-houtverordening, het *Extractives Industries Transparency Initiative* en het netwerk van Nationale Contactpunten voor de OESO-richtlijnen.

Aanbevelingen

- Blijf investeren in relevante en (mogelijk) effectieve multi-stakeholder initiatieven zoals de OESO-werkgroep voor MVO en programma's van de ILO. Bijvoorbeeld door de detachering van BZ-medewerkers naar strategische posities bij relevante internationale organisaties, op voorwaarde dat ze regelmatig contact met Den Haag houden.
- Zorg voor (informeel) overleg en afstemming op sectorniveau en betrek daarbij relevante partijen zoals ambassades, andere ministeries en de SER.
- Verbeter de monitoring en evaluatie van regulerende en niet-regulerende MVO-instrumenten door samen te werken met internationale organisaties, maatschappelijke organisaties, bedrijvenplatforms en overheden van gelijkgestemde landen. Wissel kennis uit over hoe instrumenten effectiever gemaakt kunnen worden.

Ambassades

Nederlandse ambassades hebben een bijdrage geleverd aan toegenomen bewustwording van MVO-risico's bij (Nederlandse en lokale) bedrijven, maar ook bij andere partijen zoals (lokale) overheden, vakbonden, ngo's en bedrijvenplatforms. Dit hebben ze gedaan door aandacht aan MVO te schenken tijdens evenementen, projecten, handelsmissies en dialoog met (meerdere) stakeholders. Vooral ambassades in landen die een intensieve handelsrelatie met Nederland onderhouden en te maken hebben met aanzienlijke MVO-risico's, blijken zich actief in te zetten om MVO te stimuleren en mogelijk te maken. Tegelijkertijd moet echter vastgesteld worden dat het Ministerie van Buitenlandse Zaken slechts ten dele effectief is geweest bij het verschaffen van richtlijnen voor ambassades inzake het ontwikkelen en uitvoeren van MVO-activiteiten. Geen enkele activiteit op de lijst van de in 2012 verspreide richtlijnen werd door alle onderzochte ambassades uitgevoerd. Slechts een paar ambassades ontwikkelde een expliciete MVO-strategie. De monitoring van MVO-gerelateerde ambassade-activiteiten is over het algemeen zwak, onder meer vanwege het suboptimale gebruik van het rapportagesysteem Achilles voor economische diplomatie. Omdat ambassades niet verplicht worden een MVO-strategie te ontwikkelen, is de coherentie onvoldoende gewaarborgd: het betreft hier zowel de samenhang tussen activiteiten van één ambassade als de samenhang van die activiteiten met centraal (vanuit Den Haag) gefinancierde en ontwikkelde programma's. Ook wordt vastgesteld dat de uitwisseling van kennis en ervaringen over MVO-beleid tussen ambassades tekortschiet.

Aanbevelingen
- Verplicht ambassades in landen met hoge MVO-risico's en intensieve handelsrelaties met Nederland een MVO-strategie te ontwikkelen.
- Definieer in de richtlijnen voor ambassades duidelijker welke activiteiten verplicht zijn en welke optioneel.
- Verbeter de afstemming tussen centraal en decentraal ontwikkelde, gefinancierde en uitgevoerde interventies zodat het voor ambassades eenvoudiger wordt de dialoog aan te gaan met lokale overheden en andere relevante partijen.
- Stimuleer ambassades om proactief contact op te nemen met Nederlandse bedrijven en investeerders die zelf geen toenadering zoeken, en maak daarbij beter gebruik van beschikbare informatie over bedrijven.
- Zorg dat ambassades voldoende toegang houden tot flexibele budgetten voor communicatie-activiteiten met een MVO-thema.

Beleidscoherentie en impact

De impact van het Nederlandse IMVO-beleid op het terugdringen van MVO-risico's en het verbeteren van toegang tot herstel op landenniveau hangen sterk samen met de coherentie tussen beleidsinstrumenten. Vooral in Bangladesh en Colombia heeft de Nederlandse overheid relatief veel bereikt door verschillende, maar onderling nauw gerelateerde instrumenten gelijktijdig in te zetten met als gevolg dat ze elkaar versterkten. Deze strategie zorgde lokaal voor een groter hefboomeffect, en daardoor meer impact, mede dankzij afstemming met andere Europese en internationale partners. De landenstudies rapporteren resultaten op diverse niveaus: bij individuele bedrijven (betere toepassing van gepaste zorgvuldigheid), op sectorniveau (meer ruimte voor multi-stakeholderdialoog) en bij nationale overheden (toegenomen bewustwording soms met veranderingen in beleid als gevolg).

Aanbevelingen
- Zorg voor betere afstemming tussen Nederland, de EU en andere donoren zodat de invloed op overheden van productielanden toeneemt (verbeterde hefboomwerking). Zet in op verbeteringen van de lokale omstandigheden voor MVO en een gelijker speelveld voor bedrijven.

Beleidstheorie en terminologie

Doelstellingen van het MVO-beleid conflicteren soms met andere beleidsdoelen, zoals het stimuleren van handel en het genereren van belastinginkomsten. Bovendien vragen veel partijen, zowel in Nederland als elders, zich af of MVO daadwerkelijk loont, zoals de beleidsslogan uit 2013 suggereert: het is voor hen niet evident dat MVO bijdraagt aan de concurrentiekracht van individuele bedrijven of het bedrijfsleven in algemene zin. Partijen in productielanden voorzien vooral fricties tussen MVO en concurrentiekracht wanneer hogere productiekosten niet gepaard gaan met aanpassingen in het inkoopgedrag van multinationals en een eerlijkere verdeling van toegevoegde waarde over de keten. Ook wordt vastgesteld dat de term 'internationaal maatschappelijk verantwoord ondernemen' verwarring zaait, aangezien geen enkel bedrijf of ander land ter wereld het onderscheid tussen nationaal en internationaal MVO maakt. Ook het onderscheid binnen MVO tussen *do no harm* en *do good* kan rekenen op weinig bijval: het onderscheid wordt kunstmatig genoemd.

Aanbevelingen
- Ontwikkel een overkoepelende beleidstheorie voor het Nederlandse MVO-beleid en aparte beleidstheorieën voor onderdelen van het beleid. Besteed daarbij aandacht aan resultaatindicatoren, veronderstellingen ten aanzien van veranderingen in het gedrag van bedrijven, en de synergie/wisselwerking tussen verschillende beleidsgebieden (bijvoorbeeld

economische diplomatie en MVO). Zorg dat resultaten en geleerde lessen regelmatig gedeeld worden, ook met het parlement.

- Beschouw regulerende en niet-regulerende initiatieven als complementaire en elkaar versterkende paden naar gewenste beleidsdoelen.
- Maak niet langer onderscheid tussen internationaal en nationaal MVO, en integreer de SDG's in de beleidstheorieën.
- Gebruik bij internationale communicatie de term *responsible business conduct* (RBC)
- Vervang de internationale sociale voorwaarden (ISV) door internationale ketenvoorwaarden (IKV) en zorg voor een consistente toepassing van het ketenperspectief in het bredere MVI-beleid.
- Handhaaf proportionaliteit als leidend beginsel voor gepaste zorgvuldigheid (*due diligence*) door (sectoren met) de hoogste risico's aan te pakken en door te streven naar meer betrokkenheid en continue verbetering. Voorkom een aanpak waarbij slechts één risico centraal staat.
- Ontwikkel een slimme beleidsmix met positieve en negatieve prikkels (*carrots* en *sticks*) die zich richten op verschillende typen bedrijven (koplopers, peloton, achterblijvers). Besteed ook aandacht aan handhaving van wet- en regelgeving ten aanzien van corruptie, belastingontwijking en grensoverschrijdende milieucriminaliteit.
- Doe meer onderzoek naar de motieven van bedrijven voor maatschappelijk verantwoord ondernemen en de factoren die daarbij een rol spelen. Stel zodoende vast wat dat de overheid kan bijdragen, ter aanvulling op vrijwillige particuliere initiatieven.
- Creëer een interdepartementaal coördinatiemechanisme of -orgaan dat de ontwikkeling en implementatie van het MVO-beleid aanstuurt en regelmatig het parlement informeert.

Published by:

Ministry of Foreign Affairs of the Netherlands
Policy and Operations Evaluation Department (IOB)
P.O. Box 20061 | 2500 EB The Hague | The Netherlands

www.government.nl/foreign-policy-evaluations
www.iob-evaluatie.nl/en
www.twitter.com/IOBevaluatie
www.oec.org/derec

Photo front: Jharkhand, India – Little girl mining mica minerals from mines in the mica belt in India
(photo: Terre des Hommes)

Layout: Optima Forma bv commissioned by Xerox/OBT | The Hague
Print: Xerox/OBT | The Hague
ISBN: 978-90-5146-057-5

Published by:

Ministry of Foreign Affairs of the Netherlands
Policy and Operations Evaluation Department (IOB)
P.O. Box 20061 | 2500 EB The Hague

english.iob-evaluatie.nl
www.government.nl/foreign-policy-evaluations
www.twitter.com/IOBevaluatie
www.oecd.org/derec