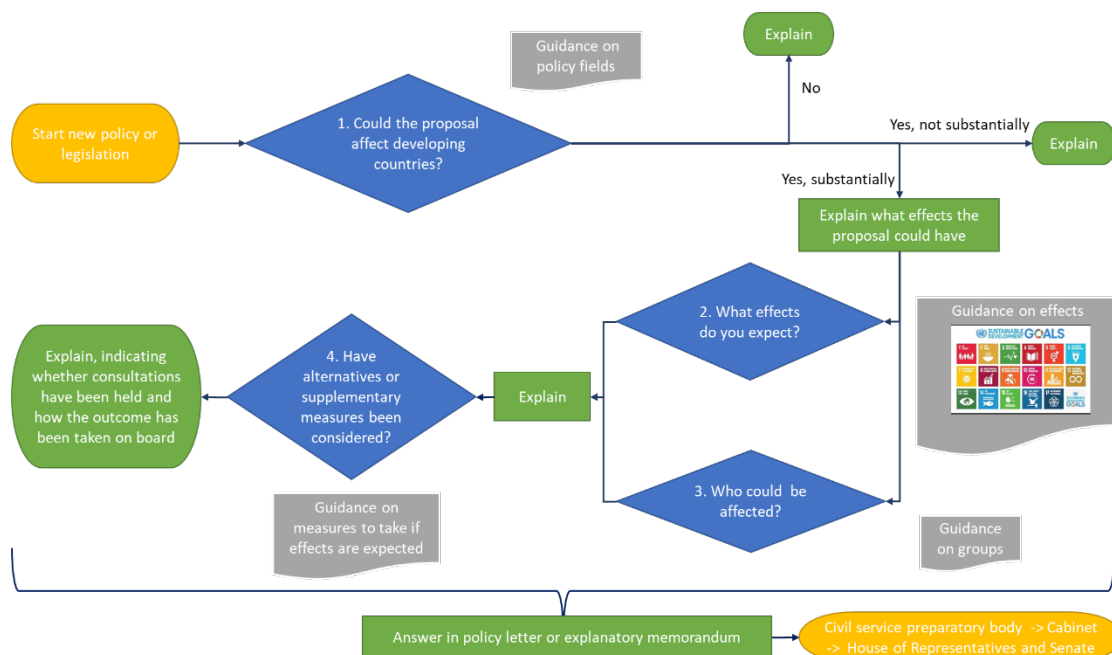


# Effects on developing countries

This is a translation of the [quality requirement 'effects on developing countries'](#) in the Dutch government's Integrated Assessment Framework (IAK).

## Description

The compulsory quality requirement 'effects on developing countries' contains guidelines for policymakers and legislative drafters on what to look out for in introducing new policy or legislation and on what to do if this policy or legislation is likely to affect developing countries. The Minister for Foreign Trade and Development Cooperation communicated her decision to introduce the quality requirement in her letter to the House of Representatives of 18 May 2018 ([Parliamentary Papers, House of Representatives, 2017/18, 26458, no. 288](#)). The Integrated Assessment Framework (IAK) has been extended to include 'effects on developing countries', to which the Netherlands has a best efforts obligation arising from the Dutch tradition of policy coherence for development (see the [letter of 13 July 2018 from the Minister for Foreign Trade and Development Cooperation to the House of Representatives setting out the action plan](#)). Policy coherence for development means the government is committed to minimising the negative effects of non-development policy on developing countries and maximising the positive effects, leading to a more effective development effort. This benefits both the world and the Netherlands (see the [policy document 'Investing in Global Prospects'](#)). While the effects on developing countries will have to be determined on a case-by-case basis, this quality requirement follows [the same principle as the EU](#), i.e. that the focus should be on the least developed countries and other countries most in need (see the [OECD-DAC list](#) for country categories). This does not mean that possible effects on developing countries should necessarily be decisive, but that they should be taken into consideration. This will enhance the quality of and support for policy and legislation. Given that the decision on the quality requirement was taken as part of the Dutch effort to achieve the SDGs, the SDG framework will play a central role in its further elaboration (see the [Sustainable Development Goals, SDGs](#)).



## Summary of the quality requirement

## **Applying the quality requirement**

The yellow fields are the first and final stages in the process of applying the quality requirement. To satisfy this requirement you need to answer four questions, presented here in the blue fields. You can use the documentation presented in the grey fields (included below), for guidance in answering these questions. The green fields show the actions/answers of the policymaker or legislative drafter applying the quality requirement.

### **Question 1: Can the proposal affect developing countries?**

Answer: yes/no. If necessary, provide further information on the policy fields where effects may occur, explaining any possible effects and assessing their extent (substantial or not).

### **Question 2: What effects (positive or negative, intended or unintended) is the proposal expected to have on developing countries?**

Answer: explain possible effects on developing countries.

### **Question 3: Who could be affected?**

Answer: explain which groups could be affected.

### **Question 4: Have policy alternatives or supplementary measures been considered to prevent negative effects and enhance positive effects?**

Answer: explain. State whether consultations have been held and how the outcome has been taken on board. Go to Guidance on measures to take if effects are expected on developing countries.

Ideally, you should start to apply the quality requirement at the earliest possible stage, i.e. as soon as plans for new policy or legislation begin to take definite shape. This presents the best opportunity for taking serious account of the results in policy deliberations, and for considering alternatives. If you expect no or only a minor impact on developing countries, you will only need to answer the first question. However, if you expect substantial effects, you will need to give more detailed answers to all the questions. In doing so, you should not only consider policy on aid, trade and investment but also policy with an indirect impact on developing countries, such as policy on taxation and climate change. For more information on policy fields in which Dutch policy may influence developing countries, see the Guidance on policy fields. You may also seek help from third parties in identifying and, where possible, quantifying effects (see Guidance on measures to take in the event of possible effects on developing countries).

The results of applying the quality requirement, i.e. the answers to the questions, should be included in the policy letter or the explanatory memorandum to legislation, after which the proposed policy or bill is passed on successively to the civil service preparatory body, the cabinet subcommittee or the Cabinet, the House of Representatives and the Senate. In the letter submitting the bill to the civil service preparatory body and the Cabinet, you may use the Guidance on effects to indicate, where applicable, how you have taken account of the effects on developing countries (and, where relevant and possible, what you have done to mitigate them).

Feature	Further information
For	Policymakers and legislative drafters
Owner	Ministry of Foreign Affairs

Appropriate assessment bodies	Further information
<a href="#">Central government-wide legislation assessment</a>	Including feasibility and enforceability (U&H)

**Relevant IAK questions**

[4 What is the aim?](#)

[7 What are the consequences?](#)

[To an overview of compulsory quality requirements](#)

**Last amended on: 29/01/2019**

# Guidance on policy fields

## Introduction

This document helps you identify fields in which new policy could affect developing countries. Use it to answer question 1: Can the proposal affect developing countries (for better or worse)? It guides you through the following four steps to answer this question: (1) identifying cross-border policy fields; (2) priority issues for the Netherlands according to objective assessments; (3) examples from the action plan for policy coherence for development and (4) other examples. The list of policy fields and examples is not exhaustive, but gives a general overview.

## 1. Identifying cross-border policy fields

Generally speaking, policy fields that can affect developing countries transcend borders and thus call for a worldwide approach (global public goods). The table below gives a general overview.<sup>1</sup>

### Policy fields with an impact on developing countries

Finance	<ul style="list-style-type: none"><li>• Official Development Aid, loans and innovative finance</li><li>• Foreign direct investment and portfolio investment</li><li>• Remittances</li><li>• Taxes</li></ul>
Trade	<ul style="list-style-type: none"><li>• Trade in goods (agricultural and industrial) and services</li><li>• Economic diplomacy</li><li>• Sustainable production and trade</li></ul>
Agriculture	<ul style="list-style-type: none"><li>• Agriculture policy</li><li>• Fisheries policy</li></ul>
Climate action	<ul style="list-style-type: none"><li>• Tackling climate change</li><li>• Energy transition</li></ul>
Security and the rule of law	<ul style="list-style-type: none"><li>• Conflict prevention and management</li><li>• International legal order and human rights</li></ul>
Migration	<ul style="list-style-type: none"><li>• Asylum and migration policy (including return)</li></ul>
Knowledge and technology	<ul style="list-style-type: none"><li>• Development of and access to knowledge and innovation (including IT)</li></ul>

Besides the traditional fields of aid, trade and investment, the table also includes other policy fields that affect developing countries. Their importance is underscored in the 2030 Agenda for Sustainable Development (the SDG framework), in particular in [Sustainable Development Goal \(SDG\) 17](#) under the heading ‘means of implementation’ to ensure achievement of the SDGs by 2030. However, given the close links between the goals, these policy fields are also to be found elsewhere in the Agenda.<sup>2</sup>

## 2. Priority issues for the Netherlands according to objective assessments

Each year, various agencies assess countries’ policy contributions to the prosperity and/or welfare of developing countries. These assessments vary considerably in method, data, scope (themes) and results orientation (focus on policy efforts or outcomes), and are therefore difficult to compare, while the most recent policy developments cannot always be taken on board. Nonetheless, the main

<sup>1</sup> This categorisation largely corresponds to those used by the EU and the OECD (see e.g. [European Commission tools \(pp. 1-2\)](#) and the [OECD Report on Policy Coherence](#), chapter 2, under the heading ‘Policy effects’). The topics are by no means carved in stone and the table gives a general overview only. Other categorisations could also be used.

<sup>2</sup> The SDG framework contains separate goals on climate, energy, sustainable production and consumption and security ([SDG 13](#), [SDG 7](#), [SDG 12](#) and [SDG 16](#) respectively). Migration falls chiefly under [SDG 10](#) on inequality.

studies<sup>3</sup> come to the same conclusion: there are two fields in which the Netherlands could be playing a more positive role, environment/climate and finance/taxes. In respect of environment and climate, the Netherlands, as a leading trading nation, has a relatively large footprint compared to the rest of the EU. The footprint measures the negative effects of consumption in the Netherlands on people and the environment elsewhere, in particular in developing countries. Reducing greenhouse gas emissions is also a major challenge for the Netherlands. To make progress in the field of finance, measures could be taken to prevent the Netherlands being used to erode other countries' tax base. The country could also do more to improve financial transparency and share information. These two policy fields are priorities of this government, and are reflected in the action plan for policy coherence for development under the headings sustainable production and trade, tackling climate change and tackling tax avoidance and evasion.

### 3. Examples from the action plan for policy coherence for development

In 2016, the government drafted an action plan to promote more systematic coherence between policy components other than development cooperation that have an impact on development. The [action plan](#) was revised in 2018 to focus on subjects that help developing countries achieve the SDGs and where the Netherlands can make a difference. The table below gives an overview, with examples of themes to which this quality requirement applies.

#### Policy coherence for development themes: examples

Tackling tax avoidance/evasion	<ul style="list-style-type: none"> <li>Measures to promote financial transparency and sharing of information</li> <li>Measures to prevent the Netherlands being used to erode other countries' tax base (incl. policy on treaties)</li> </ul>
Development-friendly trade agreements	<ul style="list-style-type: none"> <li>New trade policy</li> <li>Ratification and approval of EU trade agreements/Economic Partnership Agreements</li> </ul>
Development-friendly investment regimes	<ul style="list-style-type: none"> <li>Conclusion of new bilateral investment protection agreements and renegotiation of existing agreements</li> </ul>
Sustainable production and trade	<ul style="list-style-type: none"> <li>New ICSR policy and policy on sustainable value chains</li> <li>New policy for promoting Dutch trade and investment</li> </ul>
Tackling climate change	<ul style="list-style-type: none"> <li>Climate Act and National Climate Agreement (e.g. sustainable biomass)</li> <li>Greening of public finance flows</li> </ul>

### 4. Other examples

Other examples from the Ministry of Foreign Affairs' policy fields include proposals on exporting arms, imposing sanctions and issuing visas. Examples relating to other ministries include:

- Proposals that could influence remittances from migrants in the Netherlands to their countries of origin (e.g. introduction of the Payment Services Directive (PSD2) in the Netherlands);
- Proposals relating to protection of intellectual property rights (patents and supplementary protection mechanisms) that affect the availability of and access to medicines in developing countries;

<sup>3</sup> The most important studies are: the Center for Global Development's [Commitment to Development Index](#) (CDI), Statistics Netherlands' [SDG report](#) (comparable to the [Monitor Brede Welvaart](#) (Monitor of Well-being)), and the [SDG Index](#) published by the Bertelsmann Stiftung and the Sustainable Development Solutions Network (SDSN). The CDI mainly focuses on policy efforts in various fields affecting developing countries. The SDG reports focus on achievement of goals, in the Netherlands in particular. The Netherlands' influence on other countries, especially developing countries, is taken on board through a number of overarching indicators, including its footprint.

- Proposals relating to the circular economy that could affect developing countries, e.g. in terms of recycling raw materials, norms and standards, relocation of business activities and new opportunities for local enterprise;
- Proposals in the field of education affecting scholarships for students from developing countries;
- Proposals in the field of knowledge and technology, e.g. innovation policy, that may lead to changes in future employment patterns in developing countries.

# Guidance on effects

## Introduction

This document helps you identify possible effects on developing countries. Use it to answer question 2: What effects (positive or negative, intended or unintended) is the proposal expected to have on developing countries? The guidelines contained in this document discuss: (1) the types of effect; (2) the SDG framework, and the 17 goals to which effects may be related; and (3) the dimensions of sustainable development which help to structure the goals. This will result in (4) a checklist that you can use to answer question 2.

## 1. Types of effect

Effects may be positive or negative, and may sometimes conflict with each other. It is important to assess in advance what these effects are likely to be and, if possible, their magnitude. You should consider not only the envisaged effects of a proposal, but also any unintended side effects. For example, proposals in the field of development cooperation usually envisage effects on developing countries, but this is not necessarily the case for proposals in other fields that mainly serve Dutch interests. In describing effects, it may be important to distinguish between effects in the short (one to two years), medium (three to seven years) and long (eight years or longer) term. A proposal may have negative short-term effects on developing countries, but positive effects in the long term. For example, proposals that support the transition from fossil fuels to sustainable energy sources in developing countries require these countries to make investments in the short term, but they deliver benefits in the long term, including reduced dependence on increasingly scarce and expensive fossil fuels, avoidance of negative environmental and health impacts from extraction and emissions, and fewer economic losses as a result of climate change. The reverse is also possible. For example, a proposal to provide more young people in developing countries with secondary education in the short term may, in the long term, lead to more unemployment if the schooling they receive does not meet labour market needs. Since sustainable development is geared to creating future prospects, the long term is decisive, i.e. the period up to 2030 – the SDGs' target year – and after.

## 2. The SDG framework

In describing the effects on developing countries, we use the UN's SDG framework, the 2030 Agenda for Sustainable Development. This framework, which is used worldwide and in Dutch foreign trade and development cooperation policy ([BHOS](#)), provides the main guidance underpinning efforts to work together to tackle major social problems and challenges. It is a 'to do' list for the world, expressed in 17 goals (the Sustainable Development Goals, SDGs), 169 targets and 244 indicators for monitoring progress up to 2030, the SDGs' target year. 194 of these indicators, of which 184 are unique, concern the results to be achieved with the goals, and may be of use in describing effects.<sup>4</sup> Click [here](#) for the complete list of SDG goals, targets and indicators. Click [here](#) for more information on the UN's 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals, the SDGs).

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<sup>4</sup> Effects do not generally need to be described at this level of detail, as effects at this level are often not possible to gauge. The indicators are not exhaustive, and other side-effects may be missed by confining oneself to them. In general, in using the SDG framework to describe effects on developing countries you should focus on the 17 goals and, *where possible*, the associated targets and indicators.

## The 17 Sustainable Development Goals



### 3. The dimensions of sustainable development

The 17 goals are structured around the social, environmental and economic dimensions of sustainable development, also known as people, planet and prosperity. Development can only be sustainable if there is economic progress from which as many people as possible benefit and which is not at the expense of the environment and thus of future generations. The social dimension corresponds roughly with SDGs 1 to 5, the environmental dimension with SDGs 6 and 12 to 15, and the economic dimension with SDGs 7 to 11.<sup>5</sup> The UN added the elements of peace (SDG 16) and partnerships (SDG 17) to these dimensions: peace because sustainable development is not possible without it, while sustainable development is a necessary condition for peace; and partnerships because the goals will not be achieved unless we work together. The SDG on partnerships centres on how to achieve the goals – by working together, through coherent policies and by ensuring means of implementation specifically for the SDGs – and is linked to the guidance on question 1 on policy fields with possible effects on developing countries. This [video](#) provides more information on the dimensions of the SDG framework.

### 4. Checklist for possible effects

By ticking the boxes in the table below, you can indicate whether and which social, environmental and/or economic effects can be expected, on the basis of the SDGs. Effects on peace, security and justice – as a separate dimension of the SDG agenda and with a separate goal (SDG 16) – are placed at the bottom of the table. The same applies to partnerships and means of implementation (SDG 17). For more information on the goal, you can go to the corresponding SDG page by clicking on the [full list of SDGs](#). You can use this checklist to amplify your answer to question 2 and describe expected effects in greater detail.

<sup>5</sup> Source: [OECD](#). Other categorisations are also possible. The Stockholm Resilience Centre distinguishes between effects on the biosphere, society and the economy, taking the ecological perspective as its departure point ([Rockström et al., 2016](#)). The categorisation devised by [Waage et al. \(2015\)](#) distinguishes between effects on the natural environment and on infrastructure and wellbeing, and was drafted from a sociological and governance viewpoint. This guidance document keeps to the SDG framework's categorisation by dimension of sustainable development.



**Checklist: does the proposal affect:**

Social dimension	Environmental dimension	Economic dimension
<ul style="list-style-type: none"> <li>• <u>Poverty?</u></li> <li>• <u>Hunger and food security?</u></li> <li>• <u>Health and wellbeing?</u></li> <li>• <u>Education?</u></li> <li>• <u>Gender equality?</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Water and sanitation?</u></li> <li>• <u>Climate change?</u></li> <li>• <u>Seas and oceans?</u></li> <li>• <u>Ecosystems and biodiversity?</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Energy?</u></li> <li>• <u>Economic growth and employment?</u></li> <li>• <u>Industry, innovation and infrastructure?</u></li> <li>• <u>Inequality?</u></li> <li>• <u>Cities and communities?</u></li> <li>• <u>Responsible production and consumption?</u></li> </ul>
<b><u>Peace, security and justice</u></b>		
<b><u>Means of implementation and partnerships for sustainable development</u></b> (finance, technology, capacity building, trade, systemic issues)		

# Guidance on groups

## Introduction

This document helps you identify the groups to focus on if policy is expected to affect developing countries. Use it to answer question 3: Who could be affected? There are three aspects to consider: (1) the pledge at the core of the SDG framework to leave no one behind, with a focus on the poorest and most vulnerable groups, including (2) women and girls, and (3) young people.

### 1. The pledge to leave no one behind: focus on the poorest and most vulnerable

The preamble to the [UN's 2030 Agenda for Sustainable Development](#) pledges to leave no one behind in working towards sustainable development and the achievement of the 17 Sustainable Development Goals (SDGs), the SDG framework. The Agenda's aim is in fact to reach out first and foremost to the most deprived. That is not only a moral obligation, but also in our own interests. If too many people are left too far behind, social inequality will increase and with it the risk of instability and conflict, threatening worldwide prosperity and wellbeing. It is with good reason that ending poverty in all its forms ([SDG 1](#)), reducing inequality ([SDG 10](#)) and ensuring sustainable and inclusive development ([SDG 8](#)) are the main goals of the SDG framework. They are also the main goals of the [revised foreign trade and development cooperation policy](#) (BHOS).

Leaving no one behind implies that new policy or legislation should ideally have the maximum positive impact, especially on the most deprived groups, and that negative effects should be kept to a minimum. The most deprived groups are, logically, the poorest. But attention is also needed for vulnerable groups, like children, the elderly and people with disabilities, who do not necessarily find it easy to participate in society. Depending on the situation in a country, ethnic and religious minorities and LGBTI communities may also be disadvantaged. Women and girls and young people – who are usually systematically disadvantaged – run a serious risk of being left behind. You will find more information on these groups below.

### 2. Women and girls

If policy or legislation is expected to affect developing countries, it is important to determine how great its impact will be on women and young girls. Women and girls are systematically disadvantaged in every dimension of society. In relation to men, women have unequal rights, unequal opportunities and outcomes, and unequal participation in economic processes and political decision-making. They are also more frequently the victims of physical and sexual violence. Inequality not only affects women's position, but also costs society money and obstructs development. Working for gender equality and empowerment of women and girls is good for the world.

Apart from [SDG 5](#) on gender equality, several other SDGs focus attention on the position of women and girls (including [SDG 3](#) on health, [SDG 4](#) on education, [SDG 6](#) on water and sanitation, and [SDG 8](#) on decent jobs and economic growth).

Increasing gender equality and the empowerment of women and girls is a cross-cutting goal of the revised [BHOS](#) policy (pp. 26-27). However, Dutch policy and legislation in other fields may also impact on gender equality and the position of women and girls in developing countries – for example, proposals that impact on women's rights, women's entrepreneurship and access to knowledge and technology, exploitation of and violence against women migrants and refugees, and women's participation in climate negotiations and the energy transition in developing countries.

More information on the IAK quality requirement 'effects on gender equality' can be found [here](#).

### **3. Young people**

If developing countries are likely to be affected, it is important to determine how great the impact will be on young people. The new [BHOS](#) policy document (p. 19) explains why. In Africa in particular, the population is growing rapidly – from one billion people now to around four billion in 2100. There is a great shortage of decent sources of income for young people in both rural and urban areas. In many countries, economic growth generates few or no jobs. In Africa an estimated three million jobs are created per year, while at the same time between 10 and 12 million young people enter the labour market. Moreover, too little attention is given to equal access to and the quality of education, and whether it meets labour market needs. This is also the case in countries in North Africa and the Middle East, where instability is growing due to war, other armed conflicts and escalating ethnic tensions. In these countries, climate change is making it even harder to build a decent livelihood. The general lack of prospects leads many young people to consider migrating.

The SDG framework is explicitly geared to generating prospects for a decent livelihood now and in the future. In the case of young people, it mainly targets interventions in the field of education ([SDG 4](#)) and jobs ([SDG 8](#)).

The revised BHOS policy makes a stronger commitment to vocational education, in particular for women and girls, and to generating work and income for young people and women, as part of policy on social development, private sector development and addressing the root causes of poverty, migration, terrorism and climate change ([BHOS](#) policy document, pp. 30-32). Policy and legislation in other fields may also affect young people's prospects – for example, migration and asylum policy often affects young migrants and refugees in particular, and conflict prevention and security policy often impacts on young people in unstable regions and regions in conflict.

# Guidance on measures to take

## Introduction

This document helps you to determine what measures to take if policy or legislation is expected to affect developing countries. Use it to answer question 4: Have policy alternatives or supplementary measures been considered to prevent negative effects and enhance positive effects? The guidelines contained in this document provide more detail on (1) how to assess the effects; (2) how to identifying possible policy alternatives or supplementary measures; (3) the importance of consultations with civil society and (4) where you can go for expertise and sources of information.

### 1. Assessing the effects

If policy or legislation is expected to have substantial effects, you will need to describe them in more detail. The principle of proportionality applies: the costs and benefits of assessing the effects need to be in balance. This means that you will need to weigh the benefits of more information against the effort it will take to dig up the necessary data.

You can assess the effects in various ways. A quantitative analysis is important if the effects are likely to be substantial, since it can avoid varying interpretations of benefits and efforts in the assessment. However, a quantitative analysis depends on the necessary data being available or easy to access. Otherwise, a qualitative, descriptive analysis can be made, for example on the basis of a thorough study of the literature. A combination of the two types of analysis is often used. Regardless of type of analysis, it is important to take account of any country-specific circumstances and of the role played by other actors like the EU, international financial institutions or new donors like China, since they may also have a bearing on the effects of policy/legislation. It is also important to clearly identify the assumptions on which your assessment is based, and to refer to the sources used for the analyses to enable replication.

### 2. Identifying possible policy alternatives and supplementary measures

Once you have surveyed the possible effects of new policy or legislation, the next step is to examine to what extent the proposal can be adapted to prevent or mitigate negative effects and enhance positive effects. For example, a clause could be added to the proposal making an exception for the least developed countries, to ensure that they experience no negative impact. If it is not feasible or not possible to formulate the proposal differently, it is advisable to explain why this is the case to ensure that the considerations underpinning policy are clear. In this case, it might be possible to take supplementary measures to mitigate negative effects and enhance positive effects. For example, a policy proposal may be supplemented by a financial allocation to wholly or partially compensate the affected countries or groups for the negative effects they experience. If this is not possible, it is also important to explain why.

### 3. Consulting civil society

Consultation with civil society helps generate public support for new policy or legislation and allay opposition to it, particularly if major negative effects are anticipated. It also leads to better analysis and thus to better policy deliberations, given that civil society organisations often have specialist and/or local knowledge at their disposal. For this quality requirement, Dutch organisations working for development may be consulted. [Partos](#) brings together more than 100 Dutch development organisations. It is also important to consult organisations in developing countries defending the interests of specific disadvantaged and vulnerable groups. Which organisations you consult depends on the country or groups affected (see expertise and sources of information, below).

#### **4. Finding expertise and sources of information**

Depending on the complexity of the issue and thus of the analysis, it may be sensible to call in an external agency to help with assessing the effects.

A number of organisations in the Netherlands specialise in examining the effects of policy. Various ministries' international affairs departments are especially well informed about the specialist organisations that can help you identify effects in specific policy fields. The government provides [general information \(in Dutch\)](#) on how Dutch knowledge institutions work with us on research into aid, trade and investment in developing countries. Click on the links for pages on knowledge platforms and top knowledge and innovation consortia. These pages contain links to knowledge institutions, databanks and studies by sector and theme.

If policy or legislation mainly affects one or more specific countries, it is useful to contact the [Dutch embassy, consulate or business support office there](#). The missions are familiar with the local situation and can put you in touch with local experts and organisations.

The European Commission's tool for assessing the effects of policy proposals on developing countries ([tool 34](#) of the Better Regulation Toolbox) contains useful European and/or international background information and data sources. The European Commission's tool on analytical models and methods ([tool 62](#)) contains a useful overview of the various instruments that can be used to assess effects.