



# DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

## In practice

# THE NETHERLANDS' MULTI-STAKEHOLDER SECTORAL AGREEMENTS PROMOTE RESPONSIBLE BUSINESS CONDUCT

### Key messages

The Netherlands has stepped up efforts to promote Responsible Business Conduct through voluntary agreements with business, trade unions, and civil society stakeholders. In over a dozen sectors, the agreements have raised awareness of standards, and encouraged dialogue and exchange on better business practice. To drive change, it is important to formulate clear expectations for participants. As the agreements have not reached all businesses, the Netherlands is also working on due diligence legislation.

### Keywords

Policy coherence | Private sector | Partnerships

### Key partner

Netherlands

### Challenge

Responsible Business Conduct (RBC) is essential to ensuring that private sector actors contribute to sustainable development and that their operations do not harm human rights, governance and the environment. Key international standards include the [OECD Guidelines for Multinational Enterprises](#) (MNE Guidelines), the [OECD Due Diligence Guidance for Responsible Business Conduct](#) (RBC Guidance) and the [UN Guiding Principles on Business and Human Rights](#). However, the application of due diligence standards is often challenging. Companies do not always have sufficient capacity to assess and address risks and worry that costs for better practice will weaken their position vis-à-vis competitors. Recognising the importance of these standards for an economy highly active in global trade, the Netherlands has stepped up efforts to promote RBC since the early 2000s. In 2014, the government launched an initiative specifically targeting high-risk sectors.

## Approach

The Ministry of Foreign Affairs (MFA) set a target of 90% for the number of large companies that would implement the OECD MNE Guidelines. To achieve this, it tasked the Social and Economic Council of the Netherlands (SER) to establish agreements that promote RBC in at least ten sectors. Key features of the agreements include:

- **Multi-stakeholder participation:** The agreements bring together government, business, trade unions, and civil society stakeholders (the agreement parties).
- **Voluntary standards:** For each sector, the agreements articulate specific business practices, which participating companies commit to respect.
- **Accountability:** Progress reports by companies are regularly reviewed and parties communicate publicly on overall progress via the SER. Some agreements also include a grievance mechanism.
- **Support to businesses:** A platform connects companies with experts and the SER, and trainings advise companies on how to follow standards and adapt to risks.
- **Learning and experience sharing:** Parties exchange on challenges and conduct joint projects to develop better business practice.
- **Inclusion of climate change:** While international standards do not currently pay specific attention to climate change, some of the more recent Dutch agreements such as on food value chains and pension funds have included this aspect.

## Results

In 2019, an independent evaluation assessed the results of the full range of Dutch efforts to promote RBC, followed in 2020 by a dedicated evaluation of the multi-sectoral agreements.

**The Netherlands is the only OECD member that has promoted RBC agreements across such a broad range of key sectors.** By 2022, a total of 13 agreements had been concluded, with many still ongoing and some having ended after several years.

**Some agreements cover important market shares (up to 90%) but only a small number of relevant companies participated directly (1.6% in 13 high risk sectors).** The government's long-term target of 90% of large companies applying due diligence standards was not reached.

**There is greater awareness of standards and company reporting has improved.** Several companies reported on RBC for the first time thanks to the agreements. In the garment and textile sector, a dedicated evaluation found greater sourcing of sustainable raw materials, but less effects in other areas such as a living wage.

**The level of expectations, alignment with OECD standards and monitoring across the agreements was uneven.** A 2020 OECD assessment of the garments and textile agreement found it to have many strengths. For some other agreements though, an evaluation highlighted limitations in scope and compliance checks.

**The agreements have improved dialogue between stakeholders** within the different sectors and have generated learning. However, not all relevant ministries have participated.

**Two agreements also led to cross-border partnerships**, thus increasing their market reach. These were with Belgium (natural stone) and Germany (garments and textiles).

## Lessons learnt

□ **A smart policy mix is necessary to promote RBC.** As voluntary agreements did not reach enough companies, the Netherlands is now working on due diligence legislation to set standards that all businesses must adhere to. Multi-stakeholder co-operation in sectors nonetheless remains valuable to support businesses, share learning and give visibility to frontrunners. The evaluation also encouraged the government to use public procurement to reward better business practice.

□ **Voluntary agreements need to formulate clear standards and expectations for participants.** These should align with international standards such as the OECD MNE guidelines and due diligence guidance. Monitoring and oversight systems need to be adequate to ensure that participating companies meet agreed expectations and standards, and that reporting is transparent.

□ **Working beyond the national level is also essential.** In many sectors, the market power of domestic players within global value chains is limited. International standards and joint initiatives can ensure a level playing field for all companies. The Netherlands, therefore, engages actively in EU legislative procedures and promotes RBC at the OECD and the United Nations.

## Further information

Social and Economic Council of the Netherlands, *International RBC Agreements*, <https://www.imvoconvenant.nl/en>.

KIT Royal Tropical Institute (2020), Evaluation of the Dutch RBC Agreements 2014-2020, <https://www.kit.nl/publication/evaluation-of-the-dutch-rbc-agreements-2014-2020/>

KIT Royal Tropical Institute (2021), Final evaluation of the Dutch Agreement on Sustainable Garment and Textiles, <https://www.kit.nl/wp-content/uploads/2022/02/Final-evaluation-of-the-Dutch-Agreement-on-Sustainable-Garments-and-Textile.pdf>

Ministry of Foreign Affairs, Policy and Operations Evaluation Department (IOB; 2019), *Mind the governance gap, map the chain: Evaluation of the Dutch government's policy on international responsible business conduct*, <https://english.iob-evaluatie.nl/publications/evaluations/2019/09/01/433-%E2%80%93-iob-%E2%80%93-evaluation-of-the-dutch-governments-policy-on-international-responsible-business-conduct-2012-2018-%E2%80%93-mind-the-governance-gap-map-the-chain>

## OECD resources

OECD (2023), *OECD-DAC Development Co-operation Peer Reviews: Netherlands 2023*, [upcoming]

Responsible Business Conduct: OECD Guidelines for Multinational Enterprises, <https://mneguidelines.oecd.org/>

OECD (2020), *Assessment of the Dutch Agreement on Sustainable Garment and Textile (AGT)*, <https://mneguidelines.oecd.org/alignment-assessment-garment-footwear.htm>

OECD, "Policy coherence for development", Development Co-operation Fundamentals, [https://read.oecd-ilibrary.org/view/?ref=1099\\_1099378-okrtlygchv&title=Policy-coherence-for-development](https://read.oecd-ilibrary.org/view/?ref=1099_1099378-okrtlygchv&title=Policy-coherence-for-development)

## To learn more about the Netherlands' development co-operation see:

OECD, "Netherlands", in *Development Co-operation Profiles*, <https://doi.org/10.1787/2faea623-en>

See more *In Practice* examples from the Netherlands here: <https://www.oecd.org/development-cooperation-learning?tag-key+partner=netherlands>

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