

**NEW PATHS TO INTERNATIONAL ENVIRONMENTAL
COOPERATION**

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A I V

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Executive Secretary	T.D.J. Oostenbrink

P.O. Box 20061
2500 EB The Hague
The Netherlands

telephone + 31 70 348 5108/6060
fax + 31 70 348 6256
aiv@minbuza.nl
www.aiv-advice.nl

Members of the Global Environmental Public Goods Committee

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Member Professor J.B. Opschoor

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Foreword

On 16 March 2012, the government asked the Advisory Council on International Affairs (AIV) to produce an advisory report on global environmental public goods (see annexe I). The request was prompted by the observation in the Advisory Council on Government Policy's report 'Attached to the World' that the Netherlands is increasingly affected by complex global issues such as climate change, energy and security, and by the interrelations between these issues. The government notes that global environmental public goods are particularly important for global stability and security, as well as sustainable economic growth and prosperity. An improved 'supply' and regulation of environmental goods – a stable climate, access to energy and resources, an adequate water supply and preservation of biodiversity and ecosystems – are essential for growth and stability in rich countries, emerging middle-income countries and poor countries.

A committee was established in preparation for this advisory report, consisting of the following persons: Professor J. Gupta (AIV/COS, chair) and Professor J.B. Opschoor (COS). M.T.J. Kok (PBL Netherlands Environmental Assessment Agency) contributed to the report as an external expert. The executive secretary was M.W.M. Waanders, who was assisted by trainee Ms E.C.H. Wielders. The report was discussed with the AIV's Development Cooperation Committee (COS) on two occasions. A.G. Verbeek (Environment, Water, Climate and Energy Department, DME) and J.J.D. Wiers (Strategic Advice Unit, Directorate-General for European Cooperation) were involved as Ministry of Foreign Affairs liaisons in the drafting of the report.

The AIV interviewed a number of experts for the purposes of this report. A list of the individuals consulted is given in annexe V. The AIV is very grateful for their input. Thanks also to Filip de Blois of PBL Netherlands Environmental Assessment Agency for designing the figures.

The AIV adopted this report at its meeting on 21 March 2013.

Introduction

The Netherlands is a small, prosperous country with a sizeable ecological footprint. We are closely connected to the world around us, in an ecological, economic and political sense. The Netherlands' foreign policy has to take account of the strategic significance of these close connections. Certain global trends and events pose major potential risks, including stagnating economic development in a number of regions, growing social inequality, climate change and the need to adapt, threats to food security and water supply, loss of biodiversity, fluctuations in the price of raw materials and terrorism.¹ The response to these challenges requires an effective, and therefore renewed, form of international cooperation.

Progressive globalisation and the growth of the global economy and population have increased global environmental problems and competition for scarce resources. These problems affect us all, whether we live in low- and middle-income countries or in high-income countries, albeit in different ways. They relate to issues of global concern, also known as 'global public goods' (GPGs), which the market does not generally respond to or supply adequately, and which require collective international action. Problems may, for example, arise as a result of sea-level rise due to climate change, and in relation to access to scarce goods such as fresh water, agricultural land and resources. The supply and regulation of these 'goods' through international environmental cooperation needs to be improved. A better environment and access to water, farmland, fossil fuels and other scarce resources are matters of socioeconomic, developmental and strategic importance.

Global environmental problems should be viewed in connection with each other and with socioeconomic development. Some environmental problems are the sum of local problems (cumulative) with global repercussions, and others (such as climate change) cause changes in the global system. They each have different policy implications.² These problems have not gone unnoticed in the Netherlands, and require us to take measures for prevention, mitigation and adaptation.

The government asked the AIV to advise it on the following questions:

- What specific agenda and input is needed from Dutch and European foreign policy to contribute to effective delivery and regulation of global environmental public goods? *The basic principles are security of supply, security and stability, strengthening Europe's geostrategic role, respecting the planet's capacity, and economic development and innovation both in Western countries and elsewhere (i.e. in the emerging economies and those that are still poor).*
- How does our international cooperation policy fit in, particularly with regard to the Dutch and European objectives on climate, energy and raw materials, security of

1 World Economic Forum, 'Global Risks 2012: An initiative of the Risk Response Network', 7th edition. Geneva, 2012.

2 Lee B., 'Scarcity and international cooperation', in: Scientific Council for Government Policy (WRR), the Advisory Council on International Affairs (AIV) and the Netherlands Institute of International Relations Clingendael, *Report on the Conference 'Power shifts in a changing world order'*, The Hague, 4 February 2011. See: <http://www.clingendael.nl/publications/2011/20110512_reportconferencepowershifts4february%202011.pdf>. Accessed on 12 December 2012.

supply and security generally? *To some extent, the report requested will constitute a follow-up to AIV advisory report 54 (of April 2011) on the post-2015 development agenda, which needs to be linked to global public goods.*

- Which governance structures are desirable for a better delivery of global environmental public goods, particularly since private actors are stepping up their work on sustainability – notably through supply chain management?

Chapter I, The environment and global public goods, examines current and future environmental problems in a global perspective. These problems can be resolved only through international environmental cooperation. The Netherlands' track record in this area is then considered. The first chapter closes with a brief discussion of the term 'global public goods' and how it relates to environmental policy.

Chapter II, Foreign policy and international environmental cooperation, first roughly outlines Dutch foreign policy. It then explores the relationships between environmental cooperation, development cooperation, economic cooperation, human rights policy and security policy, culminating in an integrated vision of international cooperation.

Chapter III, Strategic building blocks for an international environmental agenda, presents details of a number of conceptual principles for sustainable development based on this integrated vision. It then looks at the policy instruments and funding of international environmental cooperation. Finally, further details of selected priority environmental issues are presented.

Chapter IV, Governance and partnerships, explores the pros and cons of taking a multilateral approach to global environmental issues. It also looks at the role and significance of the EU in international environmental cooperation, as well as considering the importance of working with the private sector and the rise of corporate social responsibility. Finally, this chapter explores the opportunities for using existing and adapted governance structures to improve implementation in relation to five priority environmental issues.

In chapter V, Conclusions and recommendations, the AIV sets out policy recommendations for an integrated approach to international environmental cooperation. These recommendations are explained in greater detail in the answers to the questions posed in the government's request for advice.

I The environment and global public goods

I.1 Current and future environmental problems

The burden on the biosphere caused by a growing and increasingly prosperous global population has for several decades now been viewed with concern. There are major concerns about climate change, pollution and the absorptive capacity of the atmosphere, oceans and other ecosystems, and about the decline in biodiversity.³ Furthermore, shortages of fresh water, overfishing, large-scale deforestation and exhaustion of rare metals and mineral resources are commonplace.⁴ Even with environmentally-friendly technological development, *homo sapiens*' ecological footprint is bound to grow considerably over the next few decades, giving rise to a further decline in environmental conditions and shortages of natural resources and materials (or at least concern about such shortages).⁵ The problems have been caused mainly by high-income countries and, increasingly, by the emerging middle classes around the world. However, the negative impact of these changes is felt above all in low-income countries and by the world's poorest people. They are the most vulnerable because they live in countries where the impact is greatest and the capacity for adaptation generally smaller. Natural resources are vital to the very poorest for their daily subsistence and development ('natural capital').

In this advisory report the AIV focuses on changes to the natural environment that are internationally regarded as problematic and which are the result of interaction between humanity and the biosphere (also known as the 'Earth System'). Two aspects of current and future environmental problems are examined in this report: quality and the security of supply:

- deterioration in environmental conditions and its implications for humans, ecosystems and ecosystem services; and
- scarce environmental goods (such as fresh water, land, energy and resources) and the implications for security of supply.

The terms 'environment' and 'environmental goods' are interpreted broadly in this report, and refer to issues that encompass both environmental qualities and the availability of natural resources.

The literature and relevant policy documents, such as the final declaration of the recent UN conference Rio+20, discuss a wide range of issues that could be incorporated into

3 United Nations Environment Programme (UNEP), *Global Environment Outlook (GEO) 5: Environment for the future we want*, Malta: Malta Progress Press Ltd, 2012; Intergovernmental Panel on Climate Change, *Climate Change 2007: The Physical Science Basis. Working Group I Contribution to the Fourth Assessment Report of the IPCC*, Cambridge: Cambridge University Press, 2007; Intergovernmental Panel on Climate Change, *Climate Change 2007: Impacts, Adaptation and Vulnerability. Working Group II Contribution to the Fourth Assessment Report of the IPCC*, Cambridge: Cambridge University Press, 2007.

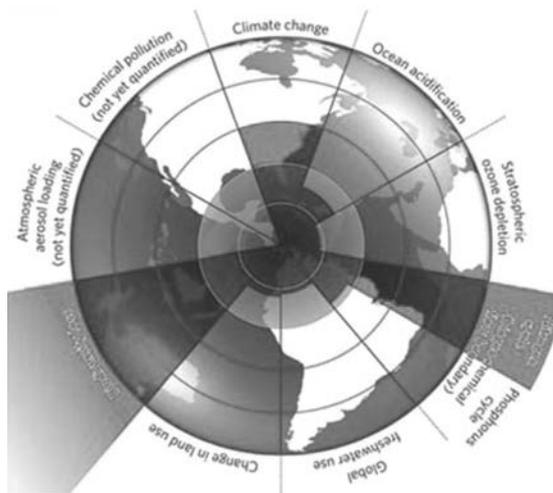
4 Ministry of Housing, Spatial Planning and the Environment, 'Schaarste & Transitie, kennisvragen voor toekomstig beleid' ['Scarcity & Transition, knowledge requirements for future policy'], The Hague, March 2010; PBL Netherlands Environmental Assessment Agency, 'Scarcity in a sea of plenty? Global resource scarcities and policies in the European Union and the Netherlands', The Hague, 2011.

5 European Commission, Directorate for Research and Innovation, 'Global Europe 2050', Brussels, 2012.

an environmental agenda: sustainable agriculture, food security and nutrition, water and wastewater purification, sustainable energy, climate change, ecotourism, sustainable transport, sustainable cities, public health, oceans and seas, forests, biodiversity, desertification and land degradation, chemicals and waste, sustainable consumption and production, resources and mining, and protection of the ozone layer.⁶

Recent analyses have attempted to define the limits to the Earth's resilience, known as the 'environmental ceiling' or 'planetary boundaries'. These are the limits to the global environmental space, expressed in terms of 'safe' environmental load.⁷ Analysis suggests that these limits have already been exceeded in a number of areas, notably climate, biodiversity and nitrates (see figure 1.1). The risks associated with exceeding these boundaries can be determined by scientific research. What is regarded as 'dangerous' to society is ultimately a political and social choice.⁸

Figure 1.1 Planetary boundaries



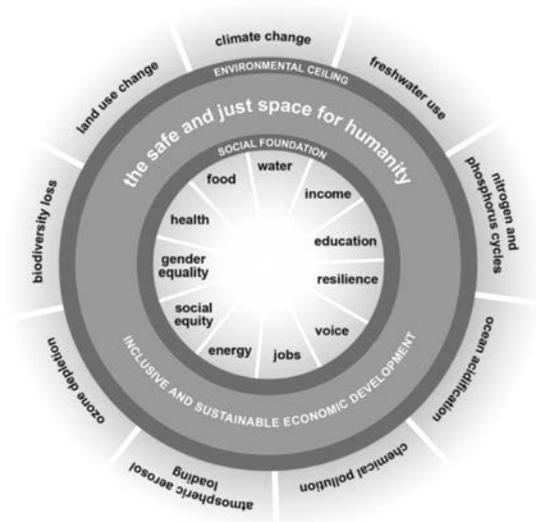
Source: Rockström et al., 2009

6 Rio+20, UN Conference on Sustainable Development 2012: 'The Future We Want', 19 June 2012. See: <https://rio20.un.org/sites/rio20.un.org/files/a-conf.216l-1_english.pdf>. Accessed on 18 October 2012; Rockström J., W. Steffen, K. Noone, Å. Persson, F. Stuart Chapin et al., 'A safe operating space for humanity', *Nature*, 461, 24 September 2009, pp. 472-475.

7 Ibid.; Opschoor J.B., 'Sustainable Development and a Dwindling Carbon Space', *ISS Public Lecture Series*, 1, The Hague: Institute of Social Studies, 2009.

8 Gupta J. and H. van Asselt, 'Helping Operationalise Article 2: A Transdisciplinary methodological tool for evaluating when climate change is dangerous', *Global Environmental Change*, 16, 2006, pp. 83-94.

Figure 1.2 *The safe and just space for humanity*



Source: Raworth, 2011

The analysis of planetary boundaries (the environmental thresholds) can also be linked to development goals, such as access to food, water and an adequate income (social foundation).⁹ This leaves a degree of room to manoeuvre, known as the ‘safe and just space for humanity’, in which we must strike the right balance between various environmental and developmental goals, and explore alternative paths to development (see figure 1.2).

Environmental problems do not in fact lend themselves to individual analysis, as they are almost always interrelated. There will, for example, be an impact on climate change, energy, food and biodiversity if biofuels are used on a large scale to curb climate change. Another set of interrelated issues is climate change, water and biodiversity. Climate change causes temperatures to rise, which leads to changes in water cycles and in the spread of pathogens. Environmental degradation can damage ecosystems to the extent that the supply of food and other ecosystem services is jeopardised, which can have a dramatic impact on social and economic development. Environmental problems also play out at different levels – from local to global – and can have repercussions far from the places where they originate. Climate change and loss of biodiversity are classic global problems, but inadequate management of an international river can cause regional environmental problems with interregional, and sometimes global, repercussions. Finally, it is also necessary to mention the time factor. The impact of many environmental problems does not become manifest until years later. It is difficult for both the market and politicians to take sufficient account of such long-term effects.

1.2 The need for international environmental cooperation

Over the past decade the Netherlands’ international environmental policy has lost momentum as it has come under increasing pressure. The country has exchanged its pioneering role for a more passive one. In this context, we shall argue why, as the AIV

⁹ Raworth K., ‘A Safe and Just Space for Humanity: can we live within the doughnut?’, *Oxfam Discussion Papers*, Oxfam International, 2011.

believes, a turnaround in Dutch policy on international environmental cooperation is needed.

First, the Netherlands must again begin to devote more attention to environmental problems, because environmental pollution has transboundary effects. Global changes in the environment and growing shortages of natural resources will inevitably have an impact on welfare, prosperity and poverty. Environmental pollution is associated directly with production and consumption, particularly in high- and middle-income countries.

Second, the market is not capable of independently solving environmental problems. Clear policy frameworks and regulations will be essential.¹⁰ Effective international governance is needed if we are to tackle global environmental problems, and global agreements will be needed to curb free-rider behaviour.¹¹ New geopolitical relationships, particularly the turbulent growth of emerging economies, mean we must adapt the system of international organisations. This will require international leadership.¹²

Thirdly, a proactive Dutch and European strategy on the environment would enhance the Netherlands' and the EU's soft power in the world. Using a mix of legal authority (normative approach), scientific understanding (cognitive approach) and financial advantage (incentives), the Netherlands and the EU could regain their status as pioneers of international environmental cooperation and might also play a significant geostrategic role in a changing world.¹³

The Netherlands' environmental policy: from local to global

The Brundtland report, 'Our Common Future', published in 1987, defined sustainable development as: 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. The subsequent UN Conference on Environment and Development (Rio de Janeiro, 1992) called upon governments to pursue a coherent foreign policy on the environment and sustainable development.¹⁴ This marked a qualitative leap forward from the Stockholm Conference on the Human Environment (1972).¹⁵

10 Kaul I., 'Global Public Goods and AID: A Dual Agenda', in: Berendsen, Bernard, ed., *Common Goods in a Divided World*. Amsterdam: KIT Publishers, 2011, pp. 43-58; Kaul I., P. Conceicao, K. le Goulven, R. Mendoza (Eds.), *Providing Global Public Goods*, New York: Oxford University Press, 2003.

11 Walker B., S. Barrett, S. Polasky, V. Galaz, G. Engström et al., 'Looming Global-Scale Failures and Missing Institutions', *Science*, 325, 2009, pp. 1345-1346.

12 Grubb M., J. Gupta, 'Towards a Theoretical Analysis of Leadership', 2000, in: Gupta J., M. Grubb (Eds.), *Climate Change and European Leadership: A Sustainable Role for Europe*, Dordrecht: Kluwer Academic Publishers, 2000, pp. 15-24.

13 Nye J., *Soft Power: The Means to Success in World Politics*, New York: Public Affairs, 2004.

14 World Commission on Environment and Development, *Our Common Future: Brundtland Report of the World Commission on Environment and Development*, Oxford: Oxford University Press, 1987; UN General Assembly, Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992.

15 United Nations Conference on the Human Environment, Declaration of the United Nations Conference on the Human Environment, 5-16 June 1972. See: <<http://www.un-documents.net/unche.htm>>. Accessed on 12 December 2012.

Many countries heeded the call. In the 1990s the Netherlands played a prominent role at international conferences on sustainable development, and in international debates on specific environmental issues, such as acid rain, the transport of hazardous waste, the depletion of the ozone layer and climate change. Early this century the Netherlands hosted international conferences on water (World Water Forum, The Hague, 2000), climate (COP6 of the Climate Change Convention in 2000) and biodiversity (COP6 of the Biodiversity Convention in 2002).

The National Environmental Policy Plan (NEPP), based partly on studies by the National Institute of Public Health and the Environment (RIVM), was published in the late 1980s.¹⁶ This was the first time that the Netherlands had developed an integrated environmental policy that encompassed the entire range from local to global policy. The Netherlands was the first country to commit itself to a voluntary target for reduction of greenhouse gas emissions; it also managed to persuade neighbouring countries to follow its example. Furthermore, the Dutch decided to reserve 0.1% of GNP for international environmental policy, over and above the 0.7% GNP norm for development cooperation, in response to the international call for new and additional funding for environmental policy. However, the Netherlands found that in the international political arena a small country can exercise only limited influence, and therefore increasingly concentrated on environmental diplomacy through EU channels and the appointment of Dutch environmental experts to important UN posts. In this way, the Netherlands managed to ensure its voice was heard in the UN Commission on Sustainable Development and the secretariat of the Climate Change Convention.

Priorities for the Netherlands

The final declaration of the UN Rio+20 conference held in June 2012 lists the following environmental (or environment-related) themes that require effective international cooperation and national implementation: a stable climate, biodiversity, oceans and seas, a stable ozone layer, sustainable agriculture, land management, food security, drinking water supply, sustainable energy generation, forests, mountains, resource management and mining.¹⁷

In order to determine which environmental and environment-related themes are high-priority for the Netherlands, it is important to consider the following questions:

- What Dutch interests are affected by access to scarce environmental goods?
- What is the impact of environmental problems on the Dutch economy and society?
- What is the impact of environmental problems and limited access to scarce environmental goods on sustainable development and poverty reduction?
- What responsibility does the Netherlands have for global environmental management and the distribution of resources?
- What influence can Dutch companies, NGOs and the Dutch government exercise over international initiatives and regulations to reduce the scarcity of environmental goods and services?¹⁸

¹⁶ National Institute of Public Health and the Environment, 'Zorgen voor Morgen. Nationale Milieuverkenning 1985-2010' ['Concern for Tomorrow'. National Environmental Outlook 1985-2010'], Bilthoven, 1988.

¹⁷ Rio+20, see footnote 6.

¹⁸ PBL Netherlands Environmental Assessment Agency, 'Scarcity in a sea of plenty? Global resource scarcities and policies in the European Union and the Netherlands', The Hague, 2011.

The Sustainability Monitor for the Netherlands 2011 describes what the Netherlands has achieved in terms of sustainable development at national and international level.¹⁹ It shows that there is cause for concern as regards resources and biodiversity. The Netherlands makes a relatively large claim on natural resources elsewhere in the world; per capita imports of energy and minerals have risen particularly sharply since 2000. The Netherlands has also seen a sharp decline in biodiversity at home.

Having considered the questions listed above, and having analysed recent national and global environmental reports and the previous summary of international environmental issues, the AIV has arrived at the following selection of themes with high priority for the Netherlands: climate change and energy,²⁰ water,²¹ land and food,²² biodiversity²³ and resources.²⁴

It must be noted here that these themes are tightly interwoven, and that some have been foreign policy priorities for some time. The AIV endorses the focus on priorities and points out that the Netherlands can profile itself more clearly with these themes.²⁵

19 Statistics Netherlands, CPB Netherlands Bureau for Economic Policy Analysis, PBL Netherlands Environmental Assessment Agency, The Netherlands Institute for Social Research, 'Monitor Duurzaam Nederland 2011' ['Sustainability Monitor for the Netherlands 2011'], The Hague, 2011.

20 Ministry of Infrastructure and the Environment, 'Werk maken van klimaat: Klimaatagenda 2011-2014' ['Action on Climate: Climate Agenda 2011-2014'], The Hague, November 2011; Ministry of Economic Affairs, Agriculture and Innovation, Ministry of Infrastructure and the Environment, 'Klimaatbrief 2050: Uitdagingen voor Nederland bij het streven naar concurrerend, klimaatneutraal Europa' (Letter to the House of Representatives on climate policy up to 2050), The Hague, 18 November 2011.

21 See also: Ministry of Agriculture, Nature and Food Quality, Ministry of Transport, Public Works and Water Management, Ministry of Housing, Spatial Planning and the Environment, 'National Water Plan 2009-2015' ['National Water Plan 2009-2015'], The Hague, 22 December 2009; Ministry of Foreign Affairs, Letter to the House of Representatives on water for development, The Hague, 9 January 2012; Ministry of Foreign Affairs, Letter to the House of Representatives presenting the spearheads of development cooperation policy, The Hague, 18 March 2012.

22 Ministry of Foreign Affairs, Letter to the House of Representatives presenting the spearheads of development cooperation policy, The Hague, 18 March 2012.

23 Task Force on Biodiversity and Natural Resources, 'Eindrapportage Taskforce Biodiversiteit en Natuurlijke Hulpbronnen: Groene Groei, investeren in biodiversiteit en natuurlijke hulpbronnen' ['Final report of Task Force on Biodiversity and Natural Resources: Green growth, investing in biodiversity and natural resources'], December 2011. See central Dutch web portal on biological diversity: <<http://www.biodiversiteit.nl/samenwerking-voor-biodiversiteit/taskforce-biodiversiteit-natuurlijke-hulpbronnen/rapport>>. Accessed on 6 December 2012.

24 Ministry of Foreign Affairs, Ministry of Economic Affairs, Agriculture and Innovation, 'Raw Materials Memorandum', The Hague, 15 July 2011.

25 Ministry of Foreign Affairs, 'De Ontwikkelingsdimensie van prioritaire internationale publieke goederen' [Policy memorandum 'The development dimension of priority global public goods'], The Hague, 4 November 2011; Ministry of Foreign Affairs, 'A practical GPG agenda and coherence reports', The Hague, 4 November 2011; House of Representatives of the States-General, 'Beleid ten aanzien van ontwikkelingssamenwerking' ['Policy on development cooperation'], 2011-2012 session, 32 605, no. 57, 4 November 2011.

Biodiversity warrants greater priority because, apart from its intrinsic value, it also makes an important contribution to sustainable food and water supplies and to carbon storage in forests and soil (climate mitigation), and can play an important role in climate adaptation. Finally, the Netherlands should draw more attention to the theme of oceans at EU level, focusing particularly on fisheries.

1.3 Global public goods and environmental policy

This advisory report identifies building blocks for Dutch and European policy on the supply and regulation of environmental goods from a global public goods (GPG) perspective. The GPG concept is first examined in more detail below.

According to the original definition, GPGs are international goods and services to which no one can be denied access ('non-excludable') and whose use by one group does not go at the expense of use by another ('non-rivalrous').²⁶ World peace and financial stability are examples of GPGs, as is a stable ozone layer. GPGs are important for sustainable economic growth, prosperity and wellbeing, as well as for global stability and security. The supply of GPGs, and of public or collective goods in general, cannot be left exclusively to market forces, because they do not reflect all the relevant public interests. This is a case of imperfect market functioning, or 'market failure', and price mechanisms that are inadequate. Extra policy is therefore needed to safeguard public interests. This applies to public environmental goods that are both non-excludable and non-rivalrous, and to environmental goods and natural resources that fulfil only one of these criteria. The latter are termed 'quasi-public goods'. In this report, the AIV employs a broad definition of the concept of public goods, which also encompasses quasi-public environmental goods and services.²⁷

Market failure is commonplace when it comes to the environment. It happens, for example, because the value of natural goods is difficult to quantify. Environmental pollution is often not included in the price (also known as external effects, such as the warming of the atmosphere as a result of greenhouse gas emissions) and scarcity is not easy to value (not only in terms of materials, but also water, land and biodiversity). Future environmental degradation and future scarcity, in particular, are not adequately expressed in prices. Resource prices only partially reflect long-term scarcity, for example,

26 Went R., 'Internationale publieke goederen: karakteristieken en typologie' ['Global public goods: characteristics and typology'], WRR web publication no. 41, The Hague, January 2010; Advisory Council for Science and Technology Policy (WRR), 'Kennis zonder grenzen: Kennis en innovatie in mondiaal perspectief' ['Knowledge without Borders: Knowledge and innovation in a global perspective'], publication no. 74, The Hague, January 2010; PBL Netherlands Environmental Assessment Agency, 'A global public-goods perspective on environment and poverty reduction: implications for Dutch foreign policy', The Hague, 2011-b.

27 The AIV has previously recommended adding a normative element to the concept of global public goods (GPGs) by considering goods from which no one *may* be excluded, alongside the traditional collective goods. GPGs are then goods whose consumption and/or distribution of profits, and concerning which decision-making processes (participatory) are public matters (AIV, 'The Post-2015 Development Agenda: the Millennium Development Goals in Perspective', advisory report no. 74, The Hague, April 2011; AIV, 'Interaction between Actors in International Cooperation: Towards Flexibility and Trust', advisory report no. 82, The Hague, February 2013.

and often do not cover the costs of sustainable use. The costs of non-sustainable development are not adequately factored into prices, and are thus passed on to others.

Policy that focuses on correcting market failure can take various forms, including legislation, taxation to reflect the costs of a new scarcity or declining environmental quality, or new funds from which measures to enforce or improve environmental conditions can be funded (see section III.4). Another example of how policy can correct market failure is measures to strengthen the position of certain parties (such as smallholders) or weaken others (like those with a monopoly on exploiting forest resources). Sometimes new markets can be created where they did not previously exist, such as markets for environmental services in low-income countries or for emission permits in high-income countries. Private companies can take their own responsibility or be encouraged to produce sustainably and to comply with the principles of corporate social responsibility; targets set by governments play an important role in this.

One radical method of policy correction is to alter rights of ownership and control, such as the articulation and implementation of the 'right to water', land rights, the right to a healthy living environment (including the polluter pays principle) and the rights of indigenous peoples. International problems in the supply or security of supply of environmental goods generally require government action, sometimes in consultation with commercial parties and/or civil society organisations.

Finally, policy corrections might be needed when access to environmental goods and services is at stake. Both enhanced security of supply and fair access to these goods and services can be pursued through international cooperation. This is examined more closely in the following chapters.

II Foreign policy and international environmental cooperation

Today's global environmental problems are occurring in a changing geopolitical and social context with, on the one hand, the growing influence of emerging economies (Brazil, China, India) and non-state actors (companies, NGOs, influential philanthropists and faith-based organisations) and, on the other, a multilateral system insufficiently equipped to tackle the environmental problems. This not only requires a re-evaluation of the importance of the environment in Dutch foreign policy, as argued in the previous chapter, it also requires a new, integrated approach to international cooperation. First and foremost, this must link the environment with other forms of international cooperation and ensure coherence between the tasks and activities of a diverse range of actors, both state and non-state, at all levels, from the global to the local. It is important for the government to be able to call upon the expertise and potential of non-state actors.²⁸ This chapter starts with a brief outline of current foreign policy. It will then examine the relationship between environmental cooperation and development cooperation, economic cooperation, human rights policy and security policy. This chapter closes with an integrated vision of international cooperation.

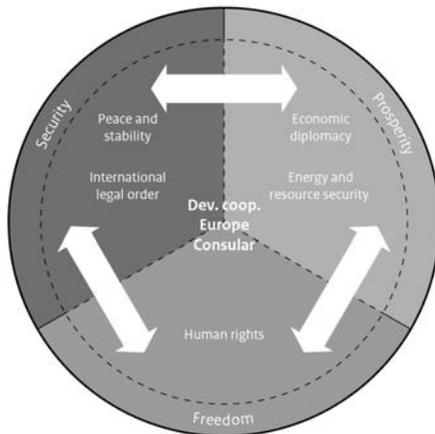
II.1 Dutch foreign policy

The second Rutte government's coalition agreement outlines current Dutch foreign policy, which focuses on representing and protecting Dutch interests abroad, promoting the international rule of law and human rights, and improving the lives of the world's poorest people. According to the coalition agreement, the Netherlands' development cooperation priorities are water management, food security, security and the rule of law, and sexual and reproductive health and rights (SRHR), plus the cross-cutting themes of gender, environment (including the Copenhagen international climate targets) and good governance. Sustainability and energy and resource security also enjoy particular attention in foreign policy. A basic precondition for sustainable development in countries in conflict and post-conflict situations is an integrated approach to security, stability and development.²⁹ The figure below shows a schematic representation produced by the Ministry of Foreign Affairs of how the various themes are related.

28 Wijffels H., R. van der Hoeven, J. van Gennip, F. van den Boom, G. Spitz, *Naar een nieuwe invulling van internationale samenwerking: drievoudig hervormen voor driedubbele winst en coördineren als basis voor beter buitenlandbeleid* [Towards a new kind of international cooperation: triple reforms for triple benefits and coordination as a basis for better foreign policy], NCDO: Amsterdam, 30 November 2012.

29 'Building Bridges', coalition agreement of the second Rutte government, 29 October 2012.

Figure 2.1 Dutch foreign policy



Source: Ministry of Foreign Affairs budget 2013

II.2 International environmental cooperation

International environmental cooperation has gradually evolved over the past 60 years. Many international policy documents and political declarations have been drafted, targets set and measures taken to address environmental problems. Numerous bilateral and multilateral agreements exist concerning water, land and air, as well as a number of global environmental conventions. These conventions are usually the result of intensive negotiations and close collaboration between the countries concerned. At the same time, however, it is clear that all these efforts have not achieved enough in terms of solving global environmental problems.

Environmental cooperation is closely related to other areas of international cooperation, such as development cooperation, economic cooperation, human rights policy and security policy. The table below shows how the five priority environmental themes relate to other areas of international cooperation. These relationships are explored in further detail in the following sections.

Table 2.1 Relationship between environmental cooperation and other forms of international cooperation

	Themes				
International cooperation policy area	Climate change and energy	Water (quality and availability)	Land and food	Biodiversity and ecosystem services	Resource security
Relationships between environmental themes	<ul style="list-style-type: none"> Impact of climate change on land, water, energy and ecosystems, and on relationships between them Possibilities for mitigation and adaptation via other environmental themes 	<ul style="list-style-type: none"> Agriculture -biggest water consumer Energy consuming more and more Implications of climate change for availability 	Opportunities and risks attendant on competition for land use (food production, biofuels and protection of biodiversity)	Cross-cutting theme; intrinsic value of biodiversity is a separate theme	<ul style="list-style-type: none"> Efficient use and recycling of raw materials Circular economy Stocks (scarcity) an issue for climate, water and land
Relationship with development cooperation	Climate change hits poorest countries and poor people hardest	<ul style="list-style-type: none"> Access to clean drinking water Availability of water for agriculture, domestic use and industrial development 	<ul style="list-style-type: none"> Access to land Food production 	Ecosystem goods and services important for development	<ul style="list-style-type: none"> Risk that powerful countries will override developing countries' interests in raw materials policy Opportunities for resource-rich developing countries
Relationship with economic cooperation	<ul style="list-style-type: none"> Key pillar of green economy Export credits sometimes used to promote greenhouse gas-intensive industry Relationship between WTO and Climate Change Convention 	<ul style="list-style-type: none"> Privatisation International investment 	<ul style="list-style-type: none"> European agricultural subsidies Unilateral arrangements 	Economic cooperation may impact on biodiversity	Strategic cooperation (bilateral and as part of EU) with raw materials suppliers
Relationship with human rights	Important to strengthen adaptation of most vulnerable	<ul style="list-style-type: none"> Right to clean drinking water Sanitation 	<ul style="list-style-type: none"> Land ownership rights Large-scale land acquisition Rights of indigenous and local populations 	Rights of ownership for indigenous and local population, similar to IPR	Rights of indigenous and local population
Relationship with security policy	Environmental refugees	Management of transboundary waters	<ul style="list-style-type: none"> Land grabbing Impact on population Impact on food prices 	Lack of ecosystem services can undermine human security	Geostrategic interests vital

II.3 The environment and development cooperation

Environmental issues are closely interwoven with development issues in the broadest sense.³⁰ This is manifested in a number of ways:

- Limited access to scarce environmental goods (e.g. fresh water and agricultural land) hits the world's poorest people hardest because they are directly dependent on these goods for their subsistence and health.
- Environmental issues partly determine the effectiveness of development cooperation (climate change can impact on water supplies, for example).
- Poverty reduction marginally increases the burden on the environment (e.g. higher energy consumption). In the future, it will be mainly a matter of finding more sustainable paths to development.
- Development cooperation that fails to take account of the consequences of climate change might make the very poorest people more vulnerable to its impact (e.g. development projects that subsequently prove to be vulnerable to sea-level rise).
- Some environmental measures focused on adaptation directly benefit poverty reduction (e.g. measures to increase the resilience of vulnerable groups of people).

It is possible to take a coherent approach to environmental cooperation and development cooperation, but this cannot be taken for granted. Conflicting interests can arise, and must be recognised and addressed in time. Examples can be found in the UN REDD programme (Reducing Emissions from Deforestation and Forest Degradation), which gives forest users economic incentives to protect and sustainably use forests in developing countries. This might entail restricted access to those forests, which has an immediate negative impact on the socioeconomic security of groups not included in the system. Another example is the EU scheme to increase the use of biofuels; in developing countries this can lead to deforestation and land being taken out of food production, which has a negative impact on local food security and food production in general.

International environmental cooperation is closely related to two of the four spearheads of development cooperation: water and food security. Sexual health combined with poverty reduction is also relevant here, as women who have more economic and sexual rights are more likely to practise birth control, which may reduce future pressure on the environment.

Although international environmental cooperation and development cooperation can reinforce each other, there are also clear differences in terms of objectives, selection of partner countries, approach and accountability. The principles and instruments of

³⁰ The Advisory Council on Government Policy (WRR) concluded: 'As a consequence, development objectives are becoming more interwoven with other policy areas, and development policy is more frequently expected not only to contribute to 'pure' development goals, but also to be a partner in international cooperation in pursuit of other aims, and therefore to work with non-traditional development actors in the North and the South. Ideally, this can mean that the leverage of development aid can be used more effectively to find solutions to global issues in other policy areas which are positive for development, but that is by no means self-evident.' In: WRR, 'Less Pretension, More Ambition: development policy in times of globalization', The Hague, 2010, p. 244. See also: Ministry of Foreign Affairs, 'De ontwikkelingsdimensie van prioritaire internationale publieke goederen (GPG's): Een praktische agenda' [The development dimension of priority global public goods: a practical agenda], The Hague, 4 November 2011, p. 5; PBL Netherlands Environmental Assessment Agency, 'A global public goods perspective on environment and poverty reduction. Implications for Dutch foreign policy', The Hague, 2011.

development cooperation are based on, among other things, the Paris Declaration on Aid Effectiveness (2005) and the subsequent declarations of Accra (2008) and Busan (2011), while the principles and policy instruments of international environmental cooperation build on the Rio Declaration on Environment and Development (1992). Development cooperation is based on a mix of altruism, solidarity between rich and poor countries, the right to development and enlightened self-interest.³¹ International environmental cooperation is based on the principle that everyone shares responsibility for global environmental problems, that the resilience of the Earth is limited and that no country should cause environmental damage to another. There are also major differences in how development cooperation and environmental policy are funded (see section III.4).

II.4 The environment and economic cooperation

The term economic cooperation can encompass many things. Importantly, though industry is partly responsible for the loss of environmental quality and habitat, it also has the expertise and resources to bring about a greening of the economy. International agreements on sustainable development (Rio+20 Declaration 2012) emphasise the need for international trade relations and investment to facilitate the transition to sustainable green economies. This section briefly considers the relationship between environment, trade and investment.

The AIV noted in a previous advisory report that development cooperation and economic cooperation are closely related via trade, and that the Netherlands should seek to achieve free trade and fair access to Western markets for developing countries.³² This is based on the idea that trade helps increase prosperity. Whether this is indeed the case and whether any increase in prosperity is fairly distributed depends on existing trade regimes. One pressing problem is the subsidies paid to farmers in Europe, the United States and Japan, which restrict the potential for development elsewhere, particularly in low-income countries. Unfortunately, the new EU budget agreed for 2014-2020 did not signify any breakthrough in terms of a structural reduction in European agricultural subsidies.

Environmental issues are also connected with foreign trade, in terms of whether the relevant elements of prosperity are properly considered in decisions on and regulation of trade. It is doubtful whether prices reflect the environmental and social costs associated with production, consumption and trade, which means more trade can exacerbate pressure on the environment in producing countries, with negative consequences for the local population and the environment. Some high-income countries respond by introducing trade restrictions. For instance, under the Lacey Act, the United States has banned trade in illegally obtained plants and products,³³ and the EU has passed a biofuels directive which bans the use of products from crops grown in areas of great biodiversity.³⁴ Another example is import duties against unfair competition

31 Riddell R., *Does Foreign Aid Really Work?*, Oxford: Oxford University Press, 2007.

32 AIV, 'Interaction between Actors in International Cooperation: Towards Flexibility and Trust', advisory report no. 82, The Hague, February 2013.

33 Lacey Act, United States, 1900 (16 U.S.C. §3371-3378), amended in 2008.

34 European Commission, 'An EU Strategy for Biofuels', Brussels, 8 February 2006.

from countries that show little regard for environmental policy. It is not always clear, incidentally, how such trade restrictions relate to World Trade Organization (WTO) rules.

Alternative – possibly better – measures are now being developed to prevent unfair competition, like sustainable trade agreements on timber.³⁵ The removal of trade barriers for environmental goods and services (an issue in the WTO Doha round and some free-trade agreements) and for goods and services related to renewable energy (such as the Sustainable Energy Trade Agreement), as well as emissions trading, could help achieve environmental objectives. The Climate Change Convention also acknowledges the importance of striking the right balance between the environment and trade, and includes provisions designed to prevent environmental policy from having a negative impact on international trade. More generally, the relationship between multilateral environmental agreements and the WTO is a key issue of debate, with impacts both on environmental interests and on economic development in low-income countries.³⁶

Foreign direct investment (FDI) is vital for low-income countries; total FDI far exceeds the amount of official development aid (ODA) provided. In 2010 Dutch businesses invested €140 billion in low- and middle-income countries, out of a total FDI of €720 billion.³⁷ This investment has without doubt contributed to economic growth in these countries. Over 3,000 bilateral and plurilateral investment treaties have been concluded with the aim of promoting foreign investment.³⁸ Although there is no global agreement on foreign investment, there are international agreements on the settlement of disputes.³⁹

Foreign investment can conflict with environmental and sustainability concerns, as has been shown in the case of resource extraction in Africa. Problems can also occur when public environmental goods are privatised, for example when a government deregulates the water sector and new private investors subsequently seek to protect their interests by invoking rules that exist under private international law and/or international investment law. This can make it difficult for a country to implement and enforce its environmental policy.⁴⁰ If countries develop environmental policies that have implications for existing mining, water and forestry contracts, they run the risk that foreign investors will use

35 The United States – Peru Trade Promotion Agreement, 12 April 2006. See: <<http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-tpa/final-text>>. Accessed on 9 January 2013.

36 See for example: <http://www.wto.org/english/tratop_e/envir_e/envir_neg_mea_e.htm>. Accessed on 23 January 2013.

37 Statistics Netherlands, 'Internationalisation Monitor 2012', The Hague/Heerlen, 2012.

38 See the World Bank website for over a thousand examples of Bilateral Investment Treaties – BITS, <<https://icsid.worldbank.org/ICSID/FrontServlet?requestType=ICSIDPublicationsRH&actionVal=ViewBilateral&reqFrom=Main>> accessed on 15 January 2013; North American Free Trade Agreement (NAFTA), 1992; Energy Charter Treaty, 1995; Treaty on Free Trade between Colombia, Mexico and Venezuela, 1994.

39 Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention), 1965. See: <<https://icsid.worldbank.org/ICSID/StaticFiles/basicdoc/partA.htm>>. Accessed on 9 January 2013.

40 Sourgens F.G., 'ICSID Arbitration and the Importance of Public Accountability of a Private Judicature: A Roman Law Perspective', *International Community Law Review*, 9, pp. 59-102, 2007.

confidential international arbitration to challenge the regulations, and then demand compensation.⁴¹ Problems can also occur with climate-related Clean Development Mechanism contracts.⁴² The way to address these problems is to take an integrated approach and to apply the principles of good governance.

Investment in low- and middle-income countries certainly needs to be made more sustainable, in particular in terms of its ecological and social implications. But this will require changes to regulatory systems, and sometimes even to investment regimes, as part of an integrated international cooperation policy.

The AIV believes that environmental cooperation and economic cooperation are inextricably linked. If we are to take steps towards sustainable trade and investment, we need transparency, we need to remove trade barriers and we need to agree on reciprocal arrangements. This is examined further in chapter IV.

II.5 The environment and human rights policy

Environmental problems are having an increasingly negative impact on the lives of the world's poorest people. Strengthening the relationship between human rights and the environment would be one way of making these people less vulnerable. Environmental issues and human rights were first linked at the UN Conference on the Human Environment in Stockholm (1972).⁴³

Over the past six decades many human rights instruments have been introduced at both international⁴⁴ and regional level.⁴⁵ These documents enshrine civil and political rights, economic, social and cultural rights, and collective rights, such as the rights of vulnerable groups like indigenous peoples and the right of states and individuals to develop. Increasingly, a clean, healthy environment is being designated a human right in regional human rights agreements, national constitutions and in political declarations

41 Tienhaara K., *The Expropriation of Environmental Governance: Protecting Foreign Investors at the Expense of Public Policy*, Amsterdam: Vrije Universiteit, 2008.

42 Clean Development Mechanism contracts are agreements between an investor in a rich country and an investor in a poor country to reduce greenhouse gas emissions from projects in exchange for emission 'credits'. Klijn A., J. Gupta, A. Nijboer, 'Privatising Environmental Resources: The Need for Supervision', *Review of European Community and International Environmental Law*, 18, pp. 172-184, 2009.

43 Declaration on the Human Environment, Stockholm, 1972, 'Man has the fundamental right to freedom, equality and adequate conditions of life, in an environment of a quality that permits a life of dignity and well-being.' See: <<http://www.unep.org/Documents.Multilingual/Default.asp?documentid=97&articleid=1503>>. Accessed on 9 January 2013.

44 International Convention on Civil and Political Rights, 1966; International Covenant on Economic, Social and Cultural Rights, 1966; Convention on the Elimination of All Forms of Discrimination Against Women, 1979; Convention on the Rights of the Child, 1989.

45 European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950; American Convention on Human Rights, 1969, and its Protocols; the European Convention on Human Rights, 1950 and its Protocols, and the European Social Charter, 1961, and its Protocols; African Charter on Human and Peoples' Rights, 1981; African Charter on the Rights and Welfare of the Child, 1990.

like the Earth Charter.⁴⁶ As part of this process, for some time now there has been an international debate on the human right to clean drinking water. The UN Human Rights Council and the UN General Assembly adopted a resolution on the right to water and sanitation in 2010.⁴⁷ However, this right could easily come under pressure as climate change affects rainfall patterns and thus also the water cycle.

Recently, particular attention has been focused on the human rights dimension of climate change, as evidenced by the large number of publications on the subject.⁴⁸ Sea-level rise and extreme weather are already impacting on the lives of millions of people worldwide.⁴⁹ Indeed, back in 1989, the Hague Declaration on Climate Change pointed out that climate change posed a threat to the 'very conditions of life'.⁵⁰ The debate on human rights and climate heated up with the adoption of UN Human Rights Council resolution 7/23 of 2008.

A number of legal cases have been filed on environmental and human rights. They include a case in Nigeria, over the issue of gas flaring,⁵¹ a case brought before the Inter-American Commission on Human Rights against the United States,⁵² as well as a number of cases brought before the European Court of Human Rights. The European Convention for the Protection of Human Rights and Fundamental Freedoms protects environmental rights, albeit indirectly, when rights protected under the Convention are affected by environmental problems. The European Court has also ruled that procedural rights apply in environmental cases, such as the right to environment-related information, participation in decision-making processes and access to the courts. Finally, in certain cases, interference with individual human rights can be justified on the grounds of protection of the human environment.

A human rights approach raises a number of questions concerning international efforts to tackle environmental problems, including:

- Are rich countries obliged to help poor and vulnerable groups of people – including women, children and indigenous peoples – to adapt to the consequences of climate change?

46 Schrijver N., *The Evolution of Sustainable Development in International Law: Inception, Meaning and Status*, Leiden: Martinus Nijhoff Publishers, 2008.

47 Human Rights Council Resolution A/HRC/RES/15/9.

48 See, for example: Sinden A., 'Climate Change and Human Rights', *Journal of Land, Resources and Environmental Law*, 27, pp. 255-272, 2007; Sachs W., 'Climate Change and Human Rights', *Development*, 51, pp. 332-337, 2008; Rathgeber T., *Climate Change Violates Human Rights*, Berlin: Heinrich Böll Foundation, 2009; Limon M., 'Human Rights and Climate Change: Constructing a Case for Political Action', *Harvard Environmental Law Review*, 33, pp. 439-476, 2009.

49 IPCC 2007.

50 The Hague Declaration on Climate Change, 1989.

51 Suit No. FHC/CS/B/126/2005; filed in the Federal High Court of Nigeria, in the Benin Judicial Division, Holden at Benin City.

52 See: <<http://www.climatelaw.org/media/inuit>>; <<http://www.inuit.org/index.asp?lang=eng&num=244>> and <<http://winnipeg.indymedia.org/item.php?id=752&type=S>>. Accessed on 1 March 2013.

- Do rich countries have a responsibility to reduce greenhouse gas emissions at home in order to curb atmospheric pollution?
- Do countries have a shared obligation to achieve a proportional distribution of total greenhouse gas emissions?
- Do countries have a responsibility to offer shelter to ‘environmental refugees’?
- Do mitigation measures sometimes contribute to violations of human rights (e.g. can the creation of national parks to curb deforestation violate the rights of indigenous peoples)?
- What effects does the market for certain environmental services, such as water management, have on poor and vulnerable people (farmers, indigenous peoples, forest dwellers)?

A human rights approach to environmental issues is in keeping with an approach which emphasises economic, social and cultural rights alongside civil and political rights. This can help enhance the resilience of vulnerable groups – generally the world’s poorest people. The AIV therefore recommends that the government explore how human rights impact assessment can be introduced as a mandatory element of impact evaluation for large-scale environmental and development projects in low- and middle-income countries.

II.6 The environment and security policy

In recent years there has been a great deal of debate about the relationship between environmental problems and security issues. Many environmental problems have a security dimension. Increasing scarcity of fossil fuels and rare earth metals may lead to rivalry between countries over access to these goods. It is also possible that differences of opinion between or within countries over access to fresh water might escalate, thus entailing a security risk. Fortunately, water issues are more often a reason for cooperation than for conflict. Furthermore, climate change can have a major impact on local water systems and threaten the safety of the population. Those affected may have to be housed elsewhere, as they become environmental refugees. A report by the European Commission and the EU High Representative for Foreign Affairs and Security Policy stated that climate change is in fact a ‘threat multiplier’ for existing security risks. This applies in particular to states and regions that are already vulnerable. Climate change might give rise not only to humanitarian need, but also to political and security risks.⁵³ According to this line of thinking, disruptions to ecosystem services (such as fresh water and clean air) can lead to conflict.⁵⁴

Conversely, some security issues have an environmental dimension. Energy and resource security is part of the national security strategy of a growing number of countries. Countries may, in the worst case, resort to military action to secure their access to energy and raw materials. For example, when the Iranian government threatened to block the Straits of Hormuz, effectively bringing oil exports from the Gulf to a halt, the United States responded by warning of an imminent military response.

53 High Representative Solana and the European Commission, ‘Climate Change and International Security’, S113/08, 14 March 2008; WRR, ‘Uncertain Safety: allocating responsibilities for safety’, report no. 82, The Hague, 1 October 2008; AIV, ‘Climate change and security’, advisory letter no. 14, The Hague, January 2009.

54 Lipschutz R.D., J.P. Holdren, ‘Crossing Borders: Resources Flows, the Global Environment, and International Security’, *Bulletin of Peace Proposals*, 21, pp. 121-133, 1990.

However, the key concerns, as described in the report by the European Commission and the EU High Representative for Foreign Affairs and Security Policy, refer to ‘human security’, or the security risks to vulnerable groups as a result of climate change, disruptions to ecosystems, exhaustion of agricultural land and declining food security. In Sudan, for example, rivalry between farmers growing crops on the land and herdsmen who let their animals graze the same land has escalated into armed confrontation that has destabilised entire areas, both in Darfur and on the border with South Sudan.

Various approaches can be taken to stop environmental problems from becoming ‘conflict multipliers’. First, prevention of environmental problems or, if this is no longer possible, the mitigation of problems or adaptation to their consequences. Second, political or diplomatic initiatives geared to settling disputes or mediating between conflicting parties. Third, disaster management based on the joint deployment of civilian emergency services and, if necessary, military support. Finally, international cooperation will be required to support countries and regions that offer a safe haven to ‘climate refugees’.

II.7 An integrated vision of international cooperation

In this section, the connections between international environmental policy and other foreign policy are made into an integrated vision of international cooperation and the environment that should provide the basis for a coherent approach to climate change, water, energy and resource security, food and agriculture, and biodiversity. The AIV believes that, given the environment’s relevance to development and the importance of protecting the environment worldwide, current efforts must be redoubled and an integrated approach taken to environment and development within the various pillars of international cooperation. This will mean integrating the environment not only into the development agenda, but also into economic cooperation, human rights policy and security policy. More attention must be focused on mainstreaming the environment in other international policy areas, and on policy coherence, for a number of reasons:

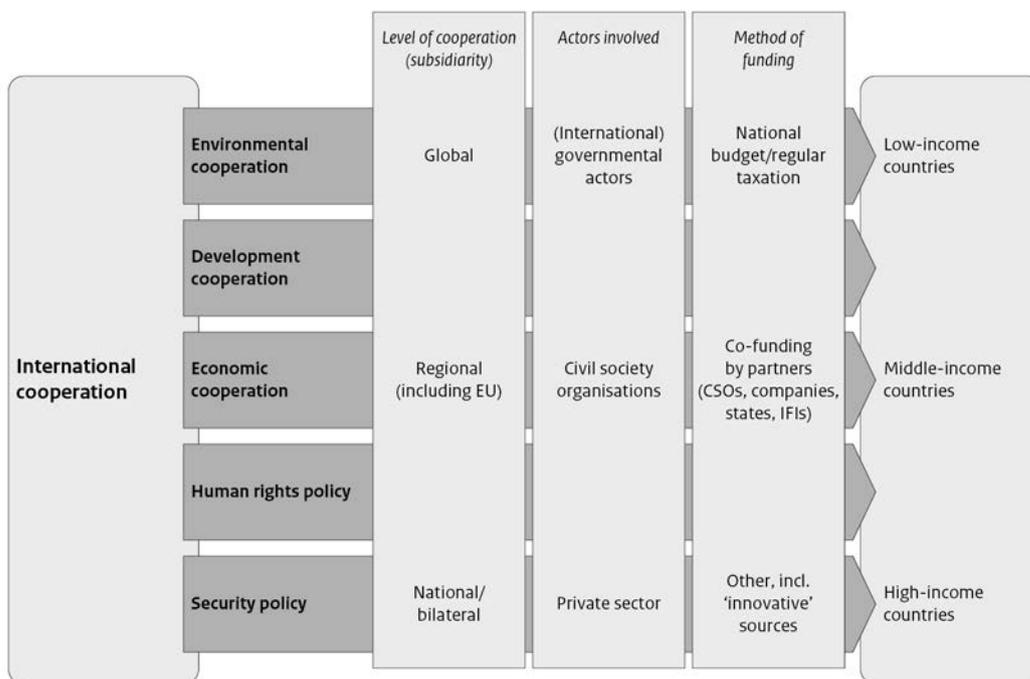
- Development cooperation that fails to take account of the effects of climate change and the risks of a growing environmental burden may unintentionally leave the world’s poorest people even more vulnerable.
- Economic cooperation, particularly international trade and investment can, under certain conditions, contribute to sustainable or green growth and to efforts to curb environmental degradation.
- Human rights policy strengthens the resilience of vulnerable groups – usually the world’s poorest people.
- Security policy can help prevent environmental and scarcity issues from escalating into security risks.

In practice, this means that responsibility for the international cooperation agenda, including global public goods, should be placed in the hands of a single body. The Ministry of Foreign Affairs, whose remit includes foreign trade and development cooperation, would appear to be best equipped to play this role. At the same time, expert input from the specialist ministries will be essential for policy on the five priority environmental themes: climate change and energy, water, land and food, biodiversity and resources. The Ministry of Foreign Affairs must oversee interministerial coordination and the incorporation of policy on these themes into a broad-based policy agenda for international cooperation. To achieve this, the existing divisions between the policy areas of environmental cooperation, economic cooperation, development cooperation, human rights policy and security policy will have to be removed step by step. Furthermore, growing civic involvement in

international cooperation will increase the importance of good coordination with non-state actors.

Figure 2.2 illustrates and explores the concept of international cooperation, distinguishing between the level of cooperation, the actors involved and the method of funding. These aspects are discussed further in the following chapters.

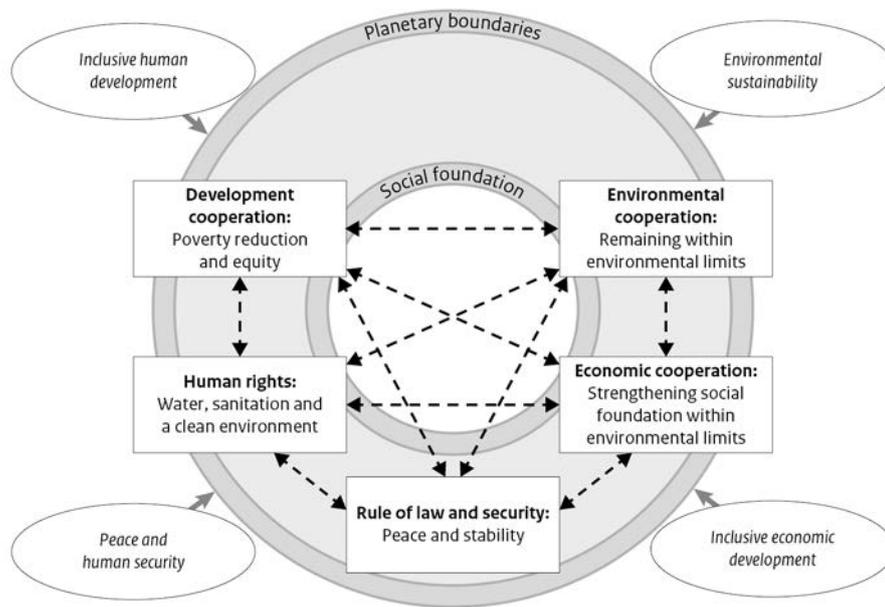
Figure 2.2 *Broad-based international cooperation*



Building on the analysis in the previous chapter, figure 2.3 shows how the different policy areas might contribute to international cooperation on the environment, and how these contributions relate to each other. This is in line with the themes being addressed in the framework of the post-2015 development agenda (post-2015 MDGs) and the Rio+20 sustainable development goals (SDGs). The outer ring represents the planetary boundaries (environmental sustainability). This reflects recent proposals concerning the definition of an environmental ceiling for the global environmental space, relating to the most important processes in the Earth System (see figure 1.1). The inner ring encompasses the social foundation, on which Dutch development policy focuses (including human development, see also figures 1.2 and 2.1).

The middle ring in figure 2.3 (shaded grey) reflects the room for action to achieve sustainable development. International cooperation (development cooperation, economic cooperation, human rights, security policy and environmental cooperation) is intended to help identify paths to development which allow the social foundation to be raised and which enable economic development within environmental limits (including human development). Linking the environmental ceiling to development cooperation objectives creates a 'safe and just space for humanity' (peace and human security). This will remain 'safe' as long as the planetary boundaries are not exceeded and it will be 'just' if the conditions in which the poorest and most vulnerable people live are improved and their rights are protected. In this regard, we might refer to this as the 'environmental space' that must be accessible to all, and is therefore the shared responsibility of all states and actors.

Figure 2.3 *International cooperation*



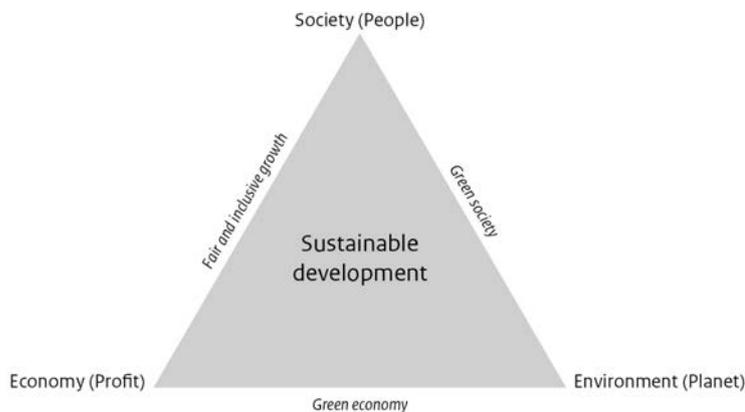
III Strategic building blocks for an international environmental agenda

In the previous chapter we presented an integrated vision of international cooperation. That vision is explained in more detail in this chapter. First, we shall describe a number of conceptual principles for sustainable development. Then, we shall turn our attention to the policy instruments and funding of international environmental cooperation. Finally, we shall give specific details of international cooperation on five priority environmental themes.

III.1 Sustainable development: people, planet and profit

Since the UN Conference on Environment and Development in Rio de Janeiro in 1992, sustainable development has been a guiding concept in international debate on environment and development policy. It calls for our society to be reorganised on a sustainable basis, without an excessively negative impact on our prosperity and our prospects for economic growth. Sustainable development must neutralise the inherent tension between economic growth, preservation of a healthy living environment and prosperity, and open new paths to development. The three 'pillars' of sustainable development – people, planet, profit – are also referred to as the triple bottom line (see figure 3.1).

Figure 3.1 *Three pillars of sustainable development*



Twenty years on from the first Rio conference, we are forced to conclude that the paradigm of sustainable development is still not common currency in the international community. New concepts are also emerging. The concept of the green economy has for example gained in significance since it was included in the final document of last year's UN Conference on Sustainable Development (Rio+20). However, the document also emphasises countries' primary responsibility to flesh out this concept themselves, possibly in collaboration with other countries.⁵⁵ This provides a basis for like-minded countries, working closely with the private sector and civil society, to produce an action plan for a greener, more sustainable economy.

⁵⁵ It should be noted that, from the outset, the concept of a green economy was controversial among low-income countries, and also a few Western countries. It was therefore unfeasible to attempt to agree on an integrated action plan with specific arrangements for the greening of the global economy.

In its coalition agreement the second Rutte government, considering the economic crisis, set out the following ambition for the Netherlands:⁵⁶

‘Businesses, academic and research institutions, and government will focus their innovative energies on making the transition to a sustainable economy and green growth, partly with a view to strengthening the competitiveness of the Dutch economy [...] At international level, the involvement of as many countries as possible will be sought, in order to increase opportunities for Dutch businesses.’

Many low- and middle-income countries are concerned that the concept of a green economy, with its emphasis on environmental issues, will actually entail huge costs and therefore contribute too little to economic development. These countries prefer to use the term ‘inclusive growth’. This concept was also included in the Rio+20 final document, at their request.

Principles for sustainable development: a normative framework

A good balance between people, planet and profit can be achieved by observing principles relating to responsible sovereignty, good governance and the environment as a public good, and by taking account of the links with development cooperation and human rights. Every country is sovereign but at the same time every country has a responsibility to others, according to the Stockholm Declaration on the Human Environment (1972)⁵⁷ and the Rio Declaration on Environment and Development (1992).⁵⁸ Forms of ‘responsible sovereignty’ where states take account of the transboundary effects of their policies need to be developed. The principle here is that others should not suffer any damage, referred to as the ‘do no harm’ principle.⁵⁹ This means that policy on sustainable development must not only be based on interests, but also on responsibilities. In other words, such a policy must be geared towards economic growth (profit) that takes account of the social context (people) and the environmental effects at home and abroad (planet).

Another element of the normative framework is environmental principles as set out in the 1992 Rio Declaration, particularly the precautionary principle, the ‘polluter pays’ principle, the principle of environmental impact assessment, the principle of common but differentiated responsibilities, the principle of liability and compensation, and the subsidiarity principle.

The third element of the normative framework is the principles of sustainable development drawn from the Paris Declaration on Aid Effectiveness (2005) and the subsequent declarations of Accra (2008) and Busan (2011), viz.:

- Aid is effective only if the partner country government is responsible for its own development policy (ownership).
- Donors must coordinate their procedures (harmonisation).
- Donors must use local systems and harmonise their efforts with national development plans (alignment).

⁵⁶ ‘Building Bridges’, coalition agreement of the second Rutte government, 29 October 2012.

⁵⁷ Principle 21 of the Declaration of the United Nations Conference on the Human Environment.

⁵⁸ Principle 2 of the Rio Declaration on Environment and Development, June 1992. See: <<http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>>. Accessed on 18 December 2012.

⁵⁹ AIV, ‘The Post-2015 Development Agenda: the Millennium Development Goals in Perspective’, advisory report no. 74, The Hague, April 2011.

- Both donors and partner countries must focus on results (result-based management) and be accountable to each other (mutual accountability).
- Donors must increasingly use new aid instruments such as budget support, basket funding, sectoral aid, delegated cooperation and common aid strategies.

The fourth element consists of human rights principles, including the right to water and sanitation, the rights of women, children and indigenous peoples, and the principles of good governance and social participation, including the requirements of transparency and accountability.

Green economy

The concept of a green economy proposes an alternative to the conventional 'brown economy', which is too dependent on fossil fuels and the non-sustainable exploitation of resources and is associated with severe environmental degradation and declining biodiversity. It is important that a broad section of the public, civil society and the private sector are involved in decision-making on the transition to a green economy. This transition can succeed only if major investments are made in innovation and technological cooperation. The UN Department of Economic and Social Affairs (UN-DESA) refers to this as the 'great green technological transformation'.⁶⁰

Industrialised countries and emerging economies will not be able to avoid radical measures to reduce the burden they impose on the planetary boundaries in favour of low-income countries. High-income countries will have to reduce their ecological footprint, while at the same time they will wish to retain their current level of prosperity as far as possible. However, it seems that consumption patterns will inevitably have to change. Middle-income countries will have to focus on raising their standard of living without any further increase in their ecological footprint, for instance by stepping up resource efficiency and making the transition to renewable resources. Low-income countries will be focused primarily on raising their living standard, and will be less concerned about the ecological impact of their own development efforts. It is up to high- and middle-income countries to provide them with information and practical support in this process.

III.2 Sustainable development goals

It is important for consistent international environmental cooperation that we have a point on the horizon – long-term goals that further operationalise the vision and principles set out above.

The current goals for sustainable development as set out in international environmental agreements are relatively unbalanced; they are not linked, they have different time horizons, they differ in terms of their specificity, are difficult to measure or simply do not exist in the case of some important themes.⁶¹ Some international environmental treaties do define long-term goals (like the two-degree goal in the Climate Change Convention,

60 UN DESA, 'The Great Green Technological Transformation. World Economic and Social Survey 2011', New York, 2011.

61 UN DESA, 'Rio+20 working papers – Issue 1: Development cooperation in the light of sustainable development and the SDGs: Preliminary exploration of the issues', November 2012; Netherlands Environmental Assessment Agency (PBL), 'Roads from Rio+20. Pathways to achieve global sustainability goals by 2050', The Hague, 2012.

or the vision on biodiversity protection in 2050 in the Biodiversity Convention⁶²) – with differing degrees of ‘stringency’ – but by no means for all relevant environmental themes and certainly not in conjunction with development goals and poverty reduction.

In the Rio+20 outcome document member states undertook to agree sustainable development goals (SDGs) in 2015, since it proved impossible to reach agreement on specific SDG themes during the conference. It is to be expected that the themes prioritised by the AIV – climate change and energy, water, land and food, biodiversity and resources – will be included in the SDG agenda, which should also integrate the three dimensions of sustainable development – poverty reduction, the environment, and sustainable production and consumption (see also figures 2.1 and 2.2).

Countries, stakeholder organisations and other actors must be closely involved in drawing up an SDG agenda.⁶³ It has been agreed that an intergovernmental process should result in a report to the UN General Assembly on the SDG themes by 2015. The definition of SDGs must be coordinated with the post-2015 development agenda process, the successor to the Millennium Development Goals, and should result in a coherent set of goals. The Dutch government is prepared to take an active role in the process of defining the SDGs, along with a number of other European countries.

In its advisory report on the post-2015 development agenda the AIV recommended that the Millennium Development Goals be regarded as a ‘dashboard’ of indicators of sustainability, given the fact that environment and development are closely interwoven and a single indicator will not suffice. The AIV also recommended that the current clusters of Millennium Development Goals be redefined, albeit closely based on the original clusters, to retain their communication value. For the environment, this means that MDG 7, ensuring environmental stability should be expanded.

The AIV also recommends that the post-2015 development agenda be set out, if possible, in the form of sustainable development goals (SDGs) that are relevant in both high-income countries and low- and middle-income countries, but which can be adapted to national circumstances. Reducing the environmental pressure caused by high-income countries and the emerging global middle class is vital if we are to stay within environmental boundaries while, at the same time, creating room for low-income countries to develop. Like the MDGs, the SDGs will have to be formulated as targets, and gradually gain in authority. It is a matter of measuring progress, rather than merely emphasising the goal. The AIV has previously underlined the fact that this is a process, a rolling agenda. It is necessary, therefore, to define long-term goals (e.g. for 2050), with strict underlying medium-term goals (e.g. for 2030) and a consistent set of indicators. These could draw on experience gained in connection with the Sustainability Monitor for the Netherlands.

62 ‘By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.’ See: <<http://www.cbd.int/doc/strategic-plan/2011-2020/Aichi-Targets-en.pdf>>. Accessed on 13 January 2013.

63 Lingán J., J. Cornforth, R. Pollard, ‘Sustainable Development Goals: Building the Foundation for an Inclusive Process’, Stakeholder Forum for a Sustainable Future for BOND-DEG, 3 May 2012. See: <<http://portal.eesc.europa.eu/rioplus20/news/Documents/Bond.pdf>>. Accessed on 18 October 2012.

One consequence of allowing an SDG agenda to guide the process of making production and consumption more sustainable and, in particular, to encourage high- and middle-income countries to stay within certain environmental limits, will be to focus once more on the issue of equity – the fair distribution of responsibilities, rights and risks, including the equitable distribution of the environmental space. In line with the principle of common but differentiated responsibilities, it is clear that an SDG agenda will also have implications for Dutch production and consumption patterns. The Netherlands and Europe will have to lead by example in order to overcome traditional differences encountered in international environmental diplomacy.

Setting out a development agenda is fundamentally different from setting out an environment agenda, and this entails risks. It will be easier to reach agreement on poverty reduction than on integrating environmental targets into an economic agenda. Nevertheless, the AIV is in favour of the idea of integrating SDGs and the post-2015 development agenda.

III.3 Policy instruments

International cooperation as part of foreign policy encompasses cooperation between multilateral, state and non-state actors (private sector and NGOs), using an appropriate set of policy instruments. These instruments include regulatory elements (regulations and treaties), economic incentives (grants and levies) and persuasion (information campaigns) to guide or influence the behaviour of relevant actors. Coercion may be needed if one actor has the power to direct or decide for others. States have a certain power to direct or decide for non-state actors. In a context of Westphalian sovereignty, states seeking to cooperate with each other do not have this power over other states; they can however sign contracts or agreements with other actors (trade-off of interests) or adopt a strategy of persuasion in order to convince those actors of their common interests.⁶⁴ The network of diplomatic missions – embassies, consulates and permanent representations – exists for the purpose of reaching agreement with relevant actors in other countries, which can be formalised in agreements or treaties, or lead to the formation of coalitions, alliances, partnerships and ad hoc collaborations. The Netherlands can also use funds from its Homogeneous Budget for International Cooperation (HGIS) to co-finance programmes with other partners in selected countries.⁶⁵

International cooperation on environmental goods and services might involve the development of instruments such as an international climate treaty or an international carbon tax. Such cooperation might also result in the establishment of international bodies to monitor compliance with environmental treaties and other multilateral environmental agreements. At regional level, instruments relating to national emissions can be developed and applied if transboundary effects are involved (e.g. river management). This section examines the potential for directing and influencing the behaviour of actors (particularly market parties) vis-à-vis the supply and distribution of environmental goods. The aim would be to improve security of supply and achieve a more equitable distribution of environmental goods, especially where the market fails.

64 WRR, 'Attached to the World', report no. 85, Amsterdam University Press, 2010.

65 Homogeneous budget for international cooperation.

Operational instruments for environmental policy focus on correcting or preventing market failure. A distinction is drawn between:

- (i) direct regulation (standards and mandatory targets, certification, zoning);
- (ii) stimulation by means of economic incentives (grants, levies, pricing of services);
- (iii) persuasion (voluntary changes in behaviour, codes of conduct without penalties, voluntary agreements).⁶⁶

Together, these operational instruments constitute a 'toolkit' for building environmental policy. For example, it is possible to promote the development of clean technology or renewable energy through multilateral, bilateral or national innovation programmes. The funding for these programmes could be generated by environmental taxes. There are also examples of the application of combinations of operational instruments, or hybrid instruments, such as the system of emissions trading that combines elements of coercion (regulation) and stimulation by means of economic incentives (pricing of services).

It is certainly no simple matter to arrive at an appropriate common set of policy instruments at international level, as evidenced by, among other things, the debate in climate policy over whether to introduce an emissions trading system with an agreed emissions ceiling, or an international carbon tax. Other considerations play a role, such as whether market mechanisms are socioculturally appropriate, the impact on the income of the poorest members of the population, and countries' freedom to follow their own preferences when choosing policy instruments versus the desirability of a level playing field for all. At both the international climate talks and the Rio+20 conference, it became clear that views differ markedly between countries and regions when it comes to the application of the policy instruments described above.

III.4 Funding of international environmental cooperation

A financial architecture for international environmental cooperation includes the following elements:

- (i) need for financial resources;
- (ii) potential sources of funding; and
- (iii) budgetary structures.

Need for financial resources

In many cases, environmental policy requires resources to facilitate international and other action programmes on issues such as climate change, biodiversity and environmentally-friendly technological innovation. The possible repercussions for the Netherlands are estimated below.

A recent study by UN DESA estimates the total extra annual expenditure on sustainable development at global level – including energy, water, biodiversity, land and food security – at USD 1900 billion, or 2.7% of gross world product. UNEP arrived at a lower estimate of USD 1300 billion, or 1.9% of gross world product. The transition to sustainable

66 See Opschoor J.B. and H.B. Vos, 'Economic Instruments for Environmental Protection', OECD, Paris, 1989; WRR, 'Milieubeleid. Strategie, instrumenten en handhaafbaarheid' [Environmental Policy. Strategy, instruments and enforceability], report no. 41, The Hague, 1992; Opschoor J.B. and R.K. Turner (eds.), *Economic Incentives and Environmental Policies: Principles and Practice*, Dordrecht: Kluwer Academic Publishers, 1994.

development in low- and middle-income countries alone will cost some USD 800 billion.⁶⁷ A substantial proportion of this is expected to require international financing. If we estimate that proportion to be 50% (assuming that the other half would be funded from countries' own resources), the international financing needed would be in the order of USD 400 billion a year. These are very large sums, but they are in fact modest compared with the potential damage from environmental degradation. It is estimated that a reduction in greenhouse gas emissions equivalent in value to 1% of gross world product would prevent cumulative damage due to climate change valued at five to twenty times this amount.⁶⁸ The current ambitions in terms of international funding are considerably lower than the above estimates. For the UNFCCC, for example, the goal is to have an annual fund, for climate measures alone, of USD 30 billion, increasing to USD 100 billion in 2020 (and thereafter). Such funds will have to stimulate investment in a global economy that respects the planetary boundaries.

The Dutch share of the total financial resources required can be estimated at 1%, based on the Dutch share of the global ecological footprint.⁶⁹ This amounts to a Dutch contribution to international environmental cooperation of USD 4 billion (€3 billion) a year. It is likely that a substantial proportion of this sum will have to be obtained from private sources. Incidentally, as far as the costs of climate change are concerned, this rough estimate is based largely on cooperation with middle-income countries; low-income countries would play a much smaller role. Things might be different when it comes to other themes, such as biodiversity. At the recent climate conference (Doha, December 2012) the Netherlands pledged an initial contribution of €200 million to an international climate fund, to be paid for from ODA. The Netherlands Court of Audit has estimated that Dutch expenditure on international climate policy from public and private sources will rise to some € 1.25 billion by 2020.⁷⁰

Potential sources of funding

International treaties on climate and biodiversity refer to various methods of funding for the envisaged activities, including 'new and additional' financial resources. These are resources over and above ODA. Though these treaties do not formally rule out the possibility of paying for climate activities, in particular, from existing flows of funding, the European Council in December 2009 determined that any efforts on behalf of the climate may not be at the expense of poverty reduction.

In the Netherlands, funding from existing sources would come first and foremost from the national budget and the HGIS funds for international environmental policy, including

67 UN DESA, 'The Great Green Technological Transformation. World Economic and Social Survey 2011', New York, 2011; UNEP 'Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication', Nairobi, 2011.

68 Stern, N. et al., *The Stern Review on the Economics of Climate Change*, London: HM Treasury, 2006.

69 PBL Netherlands Environmental Assessment Agency, 'De voetafdruk van Nederland: hoe groot en hoe diep?' [The Netherlands' footprint: how big, how deep?], The Hague, 2012. See: <<http://www.pbl.nl/publicaties/2012/de-voetafdruk-van-nederland-hoe-groot-en-hoe-diep>>. Accessed on 15 January 2013.

70 Netherlands Court of Audit, 'Onderzoek naar de budgettaire gevolgen van beleidsvoornemens over internationaal klimaatbeleid en internationale veiligheid voor ontwikkelingssamenwerking' [Study into the implications for the development budget of the policy intentions on international climate policy and international security], 11 December 2012, p. 5.

food security. A total of €800 million has been earmarked in the HGIS budget for international environmental policy, including food security, for 2013, over €700 million of which will come from ODA. Total HGIS expenditure was almost €5.9 billion in 2012, over €4.3 billion of which was ODA.⁷¹ Environmental policy is also funded privately to some extent. The Dutch private sector's contribution by way of investment in low-income countries in 2010 has been estimated at €6 billion. The extent to which these investments actually contribute to the achievement of environmental goals is not clear, however.⁷²

Many innovative instruments have been proposed for the funding of international environmental policy. A UN report on the funding of international climate policy lists instruments such as auctioning emission allowances, carbon taxes, scrapping harmful subsidies, royalties from fossil fuel extraction and taxes on financial transactions.⁷³ A range of innovative instruments already exists for the funding of development-related aspects of global environmental policy.⁷⁴ Many of these new instruments broaden or shift the tax base, and are designed to mobilise non-public funding. Allocations by international financial institutions like the International Monetary Fund (IMF), the World Bank and regional development banks (including the European Investment Bank) must be targeted more at social and ecological sustainability in low-income countries.

The earmarking of environmental levies and taxes to fund international environmental cooperation is incompatible with current budget rules in the Netherlands, but arrangements for hypothecated taxes could be put in place at an international – particularly European – level.

In the opinion of the AIV, until international agreements on new ODA modalities are in place, ODA funds can be used to fund activities related to international environmental cooperation only if they also benefit poverty reduction efforts in low- and middle-income countries. New and additional sources of funding are needed to fund other forms of international environmental cooperation. The Netherlands can actively contribute to the development of the knowledge and skills needed in relation to new financial instruments for international environmental goods and to the international debate on the issue.

Budgetary structures

It is possible to distinguish several forms of international environmental cooperation with a range of financial implications:

- environmental cooperation that is not linked to poverty reduction will require new and additional funding;

71 HGIS memorandum 2013. Parliamentary Papers, House of Representatives, 2012-2013 session, 33 401, no. 2; Wijffels H., R. v.d. Hoeven, J. van Gennip, F. v.d. Boom, G. Spitz, 'Naar een nieuwe invulling van Internationale Samenwerking' [Towards a new kind of international cooperation], NCDO, Amsterdam, 30 November 2012.

72 Van Heukelom J. et al. 'Reporting on Development: ODA and Financing for Development, Final Report', ECDPM, Maastricht, April 2012, p. 42.

73 UN, 'Report of the Secretary-General's High Level Advisory Group on Climate Change Financing', New York, 5 November 2010.

74 UN DESA, 'World Economic and Social Survey 2009: Promoting Development, Saving the Planet', New York, 2009.

- environmental cooperation that is linked to poverty reduction, such as some forms of adaptation, could be financed from ODA funds but co-financing from non-ODA funds would be appropriate for the achievement of the environmental goals;
- development cooperation projects with significant environmental effects could be partially funded from ODA, but new and additional funding from non-ODA resources would be desirable to compensate for or prevent negative environmental impacts;
- economic cooperation, investment and trade relations that contribute to economic growth, but not necessarily to sustainable development would have to be funded from non-ODA resources. Negative impacts on low-income countries must be avoided.

The AIV considers that international environmental cooperation must occupy a separate and recognisable place in the HGIS budget. It must also be consistent with other forms of international cooperation. The AIV would recommend keeping ODA expenditure and spending on international environmental cooperation separate in the HGIS budget.

A number of years ago, the Netherlands was an outspoken supporter of additional funding for international environmental policy over and above the 0.7% of GDP norm for development cooperation, but the government has now decided to reduce the budget for development cooperation because of the need for public spending cutbacks. The Netherlands has not however abandoned the 0.7% of GDP norm for development cooperation. This could be examined in a separate AIV report.⁷⁵

The government has also decided to fund international climate policy from the development cooperation budget in future. This decision appears to have been prompted by the current economic and financial crisis. The AIV would call upon the government to reverse this measure as soon as the Netherlands is sufficiently recovered from the crisis.

III.5 International cooperation on priority environmental issues

The AIV recommends that the Netherlands press for integrated international cooperation on climate change and energy, water, agriculture and food, biodiversity and resource security. An integrated approach from an environmental perspective would, in the opinion of the AIV, ensure that the connections between the different themes are taken into consideration. Oceans are often overlooked on the international environmental agenda, and also receive little attention in Dutch policy. The Netherlands might consider which other EU member states would be willing to take up this theme, as part of task allocation in Europe.

Below, we set out the principles, objectives and instruments of the five priority environmental themes, taking account of the international status quo, and of relevant Dutch and European policy (see also table 3.1).

A. Climate and energy

Greenhouse gas emissions are rising rapidly. The Intergovernmental Panel on Climate Change (IPCC) has warned that an average temperature rise of 2° Celsius or more above pre-industrial levels will significantly increase the risks to humans and the natural environment worldwide. Many countries have therefore adopted the 2° C figure as the

⁷⁵ See also AIV, 'Interaction between Actors in International Cooperation: Towards Flexibility and Trust', advisory report no. 82, The Hague, February 2013.

political goal in their long-term climate policy. Climate change jeopardises access to water, land and food, particularly for vulnerable populations. Sea-level rise and more frequent extreme weather events are having a major impact all over the world. A climate strategy must take account of both short- and long-term effects and the needs of the planet's most vulnerable inhabitants.

The development of new drilling techniques for fossil fuels has given rise to renewed competition between fossil fuel extraction and renewable energy. Sustainable energy is still more expensive than fossil fuels. An energy strategy for the long term should be based on security of supply (including for the world's one to two billion poorest people), energy conservation and an increase in renewable energy. The rise of new emerging economies and the financial and economic crisis that has hit many high-income countries have however hampered more radical measures to reduce greenhouse gas emissions.

The goal of restricting the average temperature rise to 2° Celsius must be translated into specific regional objectives. The EU accounts for approximately 10% of global emissions of greenhouse gases and has set itself the goal of reducing its emissions by 20% (relative to 1990 levels) by 2020 and by 80 to 95% by 2050 (relative to 1990). There is already an EU roadmap for moving to a low-carbon economy; the '20-20-20 targets' aim for a 20% reduction in greenhouse gases, 20% renewable energy and 20% increase in energy efficiency by 2020. This policy is supported by improvements in the emissions trading system, legally binding targets for renewable energy at national level and a legal framework for carbon capture and storage (CCS). The EU is also initiating a policy on adaptation to climate change.⁷⁶ If the Netherlands is unable to play a leading role in EU climate policy, it must at least do its share. The Netherlands can also contribute to climate adaptation measures in low-income countries, both financially and in terms of technology transfer and capacity-building. Climate-related development projects can be supported from ODA. Other climate measures should preferably be financed using new and additional funding from non-ODA sources.

Dutch ambitions must be compatible with those of the EU. A three-track policy is currently on the agenda on climate. The first focuses on the current Kyoto Protocol negotiations for post-2012 targets involving all the world's rich nations except the US, Russia, Canada and Japan. The second track focuses on legally binding emissions targets for *all* countries from 2020; the US, Russia, Canada and Japan are participating in this track. Given the difficulty of making progress in the multilateral climate talks, it is advisable to pursue a complementary national and European policy that prompts various non-state actors – companies, cities, sector-wide coalitions and regions – into action worldwide. This third track, with its bottom-up approach, could achieve significant progress.⁷⁷

An integrated approach to climate and energy also means that a strategy based on the Climate Change Convention alone will not suffice. Quite apart from the problems of reaching intergovernmental agreement, there are substantive reasons for making climate change the subject of international cooperation, as an important pillar of a green and inclusive economy. The UN Sustainable Energy for All initiative could play a key role in

76 Peeters M., M. Stallworthy and J. de C. de Larragan (eds.), *Climate Law in EU Member States: Towards National Legislation for Climate Protection*, Cheltenham: Edward Elgar, 2012, pp. 312-330.

77 Blok, K. et al, 'Bridging the greenhouse-gas emissions gap', *Nature Climate Change*, 2, 2012, pp. 471-474.

the creation of a post-2015 development agenda. In low-income countries, energy is important for development, and thus climate, energy and development must be viewed in conjunction with each other. Funding must also be found for adaptation in developing countries, as agreed at international level.

Given the fact that a low-carbon economy must be an important pillar of the green economy, it would be only logical to take an integrated approach to climate and economic cooperation. Although only 4% of our energy currently comes from renewable sources, the government has undertaken to increase this to 16% by 2020. Our use of renewable energy is currently behind that of Germany and Denmark. We invest less per capita in renewable energy than China or Brazil. In other words, the Netherlands will have to invest much more in order to achieve a green economy in the long term.

B. Water

Water (fresh water, wastewater, groundwater, oceans) is a global issue, given the fact that all the water above, on and beneath the Earth's surface makes up a single hydrological system. Water management is generally presented as a local problem, but it is subject to global influences, such as climate change. The cumulative effects of local water management problems can also have alarming regional and global impacts on humans and ecosystems.⁷⁸ The five main water-related problems worldwide are:

- lack of access to water and sanitation;
- inefficient consumption coupled with large-scale water abstraction from groundwater resources;
- water pollution;
- the need to reserve water to protect biodiversity;
- droughts, floods and sea-level rise, which require measures to make water policy climate-proof.

Better water institutions are needed to solve these problems.⁷⁹

The main objectives of water management are to protect water quality (e.g. the European Water Framework Directive), reduce water pollution, protect aquatic ecosystems and meet the demand for water. Water is distributed locally and regionally by means of integrated water management and flexible management, and can be regulated via market forces where necessary and possible. The main principles underlying water management are the fair distribution of transboundary water sources (including groundwater), the 'polluter pays' principle and the right to water and sanitation (including the rights of indigenous peoples).

The EU Water Initiative (EUWI) was launched in 2002 to provide the Union's partner countries with knowledge and financial support for their efforts to achieve water-related MDGs. In 2012 Integrated Water Resource Management (IWRM) was incorporated into EUWI, with an emphasis on good governance, institutions for transboundary water management and access to water and sanitation services.⁸⁰ Since 2004, the EU's efforts have resulted in 32 million people gaining access to drinking water and eight

78 Pahl-Wostl C., J. Gupta, and D. Petry 'Governance and the Global Water System: A Theoretical Exploration', *Global Governance*, 14(4), 2008, pp. 419-435.

79 UNEP, 'Global Environmental Outlook 2012'.

80 See: <<http://www.euwi.net/about-euwi>>. Accessed on 29 January 2013.

million to sanitation services. The EU also wants to address the role of water in the green economy, with a focus on the synergy between water, energy and food security.

The Netherlands has a great deal of knowledge and expertise on water, which it is keen to deploy at international level in the interests of efficient water use (including in agriculture), improved river basin management and safe deltas, and improved access to drinking water and sanitation.⁸¹ The leading sectors policy highlights the quality of Dutch technology, particularly delta technology.⁸² The Netherlands also has a lot of expertise in IWRM, water diplomacy and water institutions (water authorities and national and international water companies), and can thus help low-income countries with water retention and storage.

Drinking water and sanitation, energy-efficient technologies for agriculture and water management are often grouped under development cooperation. Other water-related themes, like delta technology and water diplomacy are part of environmental cooperation, however. This requires new and additional funding, given the fact that these technologies are equally important to both rich and poor countries. Recent examples are the new flood defence system in New Orleans and the construction of a storm surge barrier in St. Petersburg.

C. Land and food

The growing competition between different land uses – food production, nature conservation, housing, biofuels production – is good reason to regard food and land as a global environmental public good. The goal is to meet the growing demand for food in a sustainable way. Food security and efforts to eradicate hunger are part of the development agenda, whose goals are set out in the MDGs and the Biodiversity Convention. In the debate on the post-2015 development agenda it has been proposed that the Zero Hunger Challenge be introduced as a long-term goal. This new UN initiative was launched at the Rio+20 conference.

From an economic perspective the Netherlands could use its leading position in terms of agricultural and spatial planning expertise. The Netherlands is a major importer and exporter of food crops by land and sea and, through companies in the supply chain, is in a position to make a specific contribution towards more sustainable agriculture and fisheries, and stepping up food production worldwide in a sustainable manner. This will require the government to monitor and evaluate the impact of control via various market networks. Attention will also have to be given to the effects on local markets and regional development, possible violations of land rights and the potential negative environmental effects of Dutch agricultural enterprises operating in low-income countries. Examples of fair trade (the 'Max Havelaar' brand) and initiatives aimed at more sustainable supply chains (for palm oil, soya, cocoa, prawns and tuna) could be supported. Some 500 million smallholders in low-income countries supply food to two billion people. It is therefore important to invest in fair access to land and means of production, and to ensure that women are equal to men in this respect. This is a key issue for policy coherence for development at EU level, as it is also related to EU agricultural policy and subsidies and policy on biofuels.

81 Minister for European Affairs and International Cooperation, Letter to the House of Representatives on water for development, The Hague, 9 January 2012.

82 Ministry of Economic Affairs' leading sectors policy.

Land grabbing is increasingly recognised as a potential threat to the food security of poor and vulnerable groups of people. A shift in behaviour to responsible exploitation of land, fishing grounds and forests is a vital first step towards a coherent policy combining food security (universal access to food), improved land use and forest management, and protection of the rights of farmers and indigenous peoples.

In the past few decades European agricultural policy has been key in raising food quality at a reasonable price and ensuring farmers' incomes. However, this same policy does not support the sustainable production of food, because income support does not reflect environmental emissions from farming and subsidies are even available for environmentally harmful activities, such as land drainage or the felling of old olive groves.

D. Biodiversity

Reducing loss of biodiversity is one of the objectives of MDG7. Efforts to achieve this goal are not on schedule. The number of species threatened with extinction is still rising, especially in low-income countries. Essential habitats are not being adequately protected. To curb this loss of biodiversity, the parties to the Biodiversity Convention (CBD), including the Netherlands, have agreed that biodiversity must be valued, conserved, restored and wisely used by 2050. The CBD seeks to preserve biodiversity, and ensure that the natural environment is exploited sustainably and the benefits of the use of genetic diversity are equitably shared. As in other environmental agreements, several general principles such as the precautionary principle and CBDR (common but differentiated responsibilities) apply under the Convention. The role of local groups and indigenous peoples, the recognition of their local knowledge and of their land and water rights are also regarded as important.

The parties to the CBD have agreed to a set of objectives known as the Aichi targets for the period 2015 to 2020, which specify that 17% of terrestrial ecosystems and 12% of marine ecosystems must be protected by 2020.⁸³ In this context, the underlying causes of loss of biodiversity must therefore be identified and awareness of the integration of biodiversity values increased in national and local development and poverty reduction programmes. It is very important that biodiversity policy identify the driving forces (economic or otherwise) behind loss of biodiversity; this is another example of why environmental issues – in this case biodiversity – must be mainstreamed in economic cooperation.

The EU has its own policy on the protection of biodiversity in the Union, known as the EU Biodiversity Strategy to 2020. As well as the above targets, this strategy also focuses on the following CBD themes:

- habitat conservation and remediation;
- preservation and improvement of ecosystems and ecosystem services;
- sustainability of agriculture and fisheries;
- combating invasive species in Europe; and
- the global biodiversity crisis.⁸⁴

⁸³ The Strategic Plan for Biodiversity 2011–2020, including the Aichi Biodiversity Targets, was adopted by the Parties to the Convention on Biological Diversity (CBD) in October 2010.

⁸⁴ European Commission, 'Our life insurance, our natural capital: an EU biodiversity strategy to 2020', Brussels, 2011.

In addition, under the European Consensus on Development, the Union seeks to provide support for activities in low-income countries in the fields of biodiversity and sustainable production of commodities such as wood, palm oil and soya. For instance, the EU Forest Law Enforcement, Governance and Trade programme (FLEGT) is designed to promote sustainable forest management by ensuring that only sustainably produced wood is imported into participating countries in the EU. The EU also supports protected marine reserves, sustainable fisheries and integrated coastal management in relation to poverty reduction in sensitive coastal regions.

Dutch policy on biodiversity focuses on supporting the 1992 Biodiversity Convention and other relevant agreements. The Netherlands has actively supported the Aichi targets. The 2011 Sustainability Monitor for the Netherlands revealed that national biodiversity policy needs tightening up.

In 2011 the Dutch Biodiversity and Natural Resources Task Force published a report that looked at efforts to preserve biodiversity from the perspective of the green economy and sustainable development.⁸⁵ The report highlighted the potential for the Netherlands and Dutch industry to contribute to international efforts on habitat remediation and sustainable use of ecosystem services. It also called upon the Dutch government to allow its policy on international cooperation, climate and trade to be guided by the need to preserve biodiversity and use natural resources sustainably. Development cooperation should focus more on good governance, an integrated approach to land and water use, agriculture and biodiversity, and human rights, the Task Force argued. At the same time, developed countries and regions must reduce their biodiversity footprint and use of natural resources. The government plans to present a vision and policy agenda for biodiversity policy to the House of Representatives by summer 2013.

E. Natural resources

The Netherlands would do well to work towards an international strategy to secure the supply of raw materials, which constitutes both an economic and a security interest. The attitude of some large countries and international companies with a one-sided focus on meeting their own need for raw materials (resource nationalism) without any regard for the repercussions for others entails potential risks. In view of the growing international competition for natural resources, access to them can be regarded as a global environmental public good. Attention is increasingly also being given to the political, social and economic circumstances in low-income countries where resources are extracted. There is no international target for access to resources and this issue should be raised in the debate on the post-2015 development agenda. Targets should be introduced aimed at an affordable, sustainable and fair supply of resources, and at management and partnership structures and mechanisms.

A robust European policy on these issues is also important. The Netherlands can press for such a policy by more explicitly raising the raw materials issue as part of the EU's Policy Coherence for Development. The EU has decided to pursue a policy geared to

⁸⁵ Biodiversity and Natural Resources Task Force, 'Groene Groei: investeren in biodiversiteit en natuurlijke hulpbronnen' ('Green Growth: investing in biodiversity and natural resources'), 2011. The Task Force was established in 2009 by the Ministry of Agriculture, Nature and Food Quality, the Ministry of Housing, Spatial Planning and the Environment and the Ministry of Foreign Affairs (Directorate-General for International Cooperation).

resource efficiency in production and consumption in response to scarcity of resources such as rare earth metals. This policy aims to promote economic growth and innovation while at the same time reducing the use of natural resources. It is also designed to strengthen competitiveness and reduce environmental damage and the EU's ecological footprint. In fact, EU policy on resource efficiency is closely related to climate policy, energy policy, biodiversity policy and agricultural policy.⁸⁶

Current Dutch policy on raw materials is integrated with policies on energy, water and food security.⁸⁷ It also ties in with European policy where possible, and calls for additional national policy where necessary and desirable. The AIV would note that simply calling for an expansion of free trade in cases where it has a negative environmental impact is also likely to have a negative impact on prosperity. The Netherlands must therefore campaign at international level for prices to reflect such environmental effects more adequately than they do at present. It will have to lobby for the relevant EU and WTO regulations to be amended to this effect. The AIV would also recommend that policy be targeted at making production processes and supply chains more sustainable, perhaps by promoting systems of corporate social responsibility at home and abroad (see chapter IV).

The table below shows the specific contribution that the building blocks described above might make to an international cooperation agenda on priority environmental themes.

86 European Commission, 'Communication from the Commission, A resource-efficient Europe – Flagship initiative under the Europe 2020 Strategy', Brussels, 26 January 2011, (COM(2011) 21).

87 Minister of Foreign Affairs, Minister of Economic Affairs, Agriculture and Innovation, State Secretary for Infrastructure and the Environment, Minister for European Affairs and International Cooperation, 'Raw Materials Memorandum', The Hague, 15 July 2011; Minister for European Affairs and International Cooperation, 'VN Conferentie Rio+20 over duurzame ontwikkeling' (Letter to the House of Representatives on the UN Rio+20 Conference on Sustainable Development), The Hague, 11 May 2012; State Secretary for Infrastructure and the Environment, 'Agenda duurzaamheid: een groene groeistrategie voor Nederland' (Letter to the House of Representatives on a green growth strategy for the Netherlands), The Hague, 3 October 2011.

Table 3.1 *International cooperation on priority environmental themes (not exhaustive)*

	Themes				
Building blocks	Climate change and energy	Water (quality and availability)	Land and food	Biodiversity	Resources (security of supply)
Environmental target	Do not exceed planetary boundaries, basic needs met				
	Climate-friendly, low-carbon and climate-proof society.	Sustainable and optimum use of water.	Eradication of hunger, sustainable food supply and distribution, and sustainable management of natural resources; link with biodiversity goals; climate change resilience.	By 2050 biodiversity must be valued, conserved, restored and wisely used.	Reliable, affordable, safe and clean extraction of resources.
Principles	Rio principles, good governance, responsible sovereignty, human rights, CSR, Paris Declaration on Aid Effectiveness (2005) and subsequent declarations of Accra (2008) and Busan (2011).				
	Equitable distribution of environmental space and responsibilities (CBDR), human rights in the context of climate adaptation and mitigation, and CSR.	IWRM, equitable distribution of water, polluter pays principle, right to water and sanitation (incl. rights of indigenous peoples), prior and informed consent.	Land use, land and water rights of farmers and indigenous peoples, universal access to food, forestry policy and reduction of deforestation, public- and private-sector agreements (possibly voluntary) on large-scale land acquisition, free prior informed consent.	CBDR, shared access and benefits, precautionary principle, human rights and land and water rights of farmers and indigenous peoples, prior and informed consent.	Polluter/user pays. public- and private-sector agreements (possibly voluntary), transparency, monitoring and evaluation.
International goals (environment and development)	2°C target, 80-95% reduction in greenhouse gas emissions by 2050 relative to 1990; 20% reduction by 2020 (for EU); equitable distribution of available environmental space (rights, responsibilities and risks), universal access to modern sources of energy.	Dublin principles, universal access to clean water and sanitation, sustainable and equitable distribution of transboundary water supplies (including groundwater), improved water quality.	Universal access to food, improved land use and forestry.	Bring loss of biodiversity to a halt by 2020 ('No net loss'), Aichi targets.	CPR, environmental conditions, social conditions.

Building blocks	Climate change and energy	Water (quality and availability)	Land and food	Biodiversity	Resources (security of supply)
Instruments	Emissions trading/ CDM/JI/REDD, technology transfer, capacity-building.	Adaptive governance and integrated water management on the basis of the nexus approach, public-private partnerships, integration of water footprint (sustainability assessment) into decision-making, payment for ecosystem services, river basin management, water diplomacy.	Abolition of harmful agricultural subsidies in rich countries, market access (local and international), credit, infrastructure, technical assistance, land rights, research and capacity-building with special focus on smallholdings and women, payment for ecosystem services, spatial planning, debt for nature swaps, FLEGT. Public- and private-sector agreements (possibly voluntary) on large-scale land acquisition.	Public awareness, reserves, payment for ecosystem services, spatial planning.	Public awareness, reserves, payment for ecosystem services, spatial planning.
Financial framework	ODA only used to fund activities in field of international environmental cooperation if that also contributes to poverty reduction in low- and middle-income countries. New and additional funding needed to pay for other forms of international environmental cooperation.	HGIS funds and new and additional funding for climate-related water problems and biodiversity protection.	ODA for relevant MDGs and national/regional/ international food security.		Contributions needed from private sector, state only responsible for level playing field, greater transparency in trade in futures.

IV Governance structures and partnerships

This chapter examines the implications of the previous chapters for governance in respect of international cooperation and environment. First, the advantages and disadvantages of the multilateral approach to global environmental issues are discussed. Attention then turns to the role and significance of the EU in international environmental cooperation. The importance of cooperation with the private sector and the rise of corporate social responsibility are also considered. Finally, the potential for improving implementation concerning the five priority environmental themes through existing and adapted governance structures is assessed.

IV.1 Environmental cooperation, multilateral approach and governance at various levels

Since the end of the Second World War, multilateralism has become the common framework for international relations. However, there is some criticism of the effectiveness of multilateral cooperation. Two trends can be identified, featuring differing views on the future of multilateralism. In the United States, the assertion that multilateralism has had its day is heard increasingly, followed by calls for a unilateral or plurilateral approach centred on American interests. In Europe, the dominant trend is still in favour of multilateral cooperation, because it gives legitimacy to international decision-making, and ensures fragile and low-income countries are also represented. A majority of low-income countries themselves tend to be in favour of multilateral cooperation.

A multilateral approach to global environmental public goods is desirable because climate change and loss of biodiversity are issues that affect all countries. None will be able to escape the consequences. In addition, a multilateral approach can help to create the required support and legitimacy in the largest possible number of states for far-reaching international agreements and regulations on climate policy. At the same time, multilateral decision-making can be time-consuming and sometimes requires a large measure of compromise. A consensus achieved with difficulty is not always terribly ambitious. Multilateral action and coordination at UN level is not only difficult to achieve, in some cases it is not in fact necessary. Regional cooperation (EU, ASEAN), or action by groups of like-minded countries (G8, G20), are increasingly opted for instead. This generally involves a group of relatively powerful and influential countries agreeing on an ambitious programme of action; low-income countries are rarely found in such pioneering groups. This need not necessarily be a problem, as long as regional organisations or groups of like-minded countries continue to attempt to broaden international support via multilateral forums. The AIV acknowledges the value of ad hoc coalitions of like-minded countries on specific environmental themes, though this does not detract from the primary importance of multilateral action in a UN context. Genuine concerns about the quality and mandate of multilateral institutions must be recognised, and international action is needed to strengthen governance at these institutions.⁸⁸

88 See AIV, 'Cohesion in International Cooperation: Response to the WRR (Advisory Council on Government Policy) Report 'Less Pretension, More Ambition'', advisory report no. 69, The Hague, May 2010; and AIV, 'The Post-2015 Development Agenda: the Millennium Development Goals in Perspective', advisory report no. 74, April 2011.

This provides the background for a review of the outcomes of the UN Conference on Sustainable Development (Rio+20) in 2012, which produced the following recommendations concerning governance:

- strengthen intergovernmental arrangements for sustainable development, including coherence and coordination between UN agencies and stronger cooperation with international financial institutions and the World Trade Organization;
- strengthen the mandate of the Economic and Social Council (ECOSOC) in the follow-up to outcomes of UN conferences on economic, social and environmental issues;
- the UN Environment Programme (UNEP) should help member states implement national environmental policy and encourage the sharing of lessons learned in the implementation of sustainable development; and
- strengthen the system of multilateral environmental agreements.⁸⁹

However, despite the intentions of multilateral agreements and intergovernmental arrangements, policy generally turns out differently in practice. If UNEP is to be tasked with implementing the agreements, as set out in the outcome document of Rio+20, its mandate will have to be broadened and its capacity strengthened. In December 2012 the UN General Assembly adopted a resolution to this effect, endorsing the outcomes of Rio+20.

Regional cooperation can also prompt improved multilateral cooperation in a UN context. Regional partnerships can agree on more radical environmental action, which would not receive the required level of support in the UN. The EU, for example, has agreed more far-reaching targets for energy and climate policy. The AIV believes the EU can play a pioneering role with regard to other environmental goods, too, so that EU action may set a benchmark for new global agreements (see section IV.2).

It can be concluded on the basis of the above that a top-down approach and bottom-up measures for international environmental cooperation need not be mutually exclusive. On the contrary, environmental policy and its implementation at various levels – local, national, regional and global – should pursue maximum complementarity and synergy. This is also referred to as ‘multi-level governance’.

IV.2 Role of the EU

History

The Maastricht Treaty (1992) enshrined respect for the environment in the pursuit of sustainable economic growth as one of the key objectives of the EU. It also formalised the principle that environmental objectives should be integrated into other EU policy. The principle of environmental integration was given a more prominent role in the Treaty of Amsterdam (1997), in the general provisions of the Treaty of the European Union, and the term ‘sustainable growth’ was replaced by ‘sustainable development’.⁹⁰

The Lisbon Treaty, which entered into force on 1 December 2009, describes how the EU ‘in its relations with the wider world’ will contribute to ‘the sustainable development

89 Rio+20, UN Conference on Sustainable Development 2012, ‘The Future We Want’, 19 June 2012. See: <https://rio20.un.org/sites/rio20.un.org/files/a-conf.216f-1_english.pdf.pdf>. Accessed on 18 October 2012.

90 Handboek Implementatie milieubeleid EU in Nederland [Guide to the implementation of EU environmental policy in the Netherlands]. See: <<http://www.eu-milieubeleid.nl/ch03.html>>. Accessed on 26 October 2012.

of the Earth'. More particularly, the Treaty states that the Union must foster economic, social and ecological development in developing countries; this is generally referred to as policy coherence for development (PCD). Combating climate change has been added to the environmental objectives as a particular focus of attention, particularly as regards external and international measures. To this end, the mandate of the European Commission to play a role (leading or otherwise) on behalf of the Union in global climate negotiations has been strengthened. The Union has also integrated environmental protection and climate change policy into EU development policy, considering that climate change can have a negative impact on economic growth in developing countries, underscoring the need for climate adaptation measures.⁹¹

The Lisbon Treaty provides that environmental policy is a shared competence of the Union and the member states. The scope of EU intervention is restricted by the principle of 'subsidiarity'. As a result, in areas that do not fall under its exclusive competence, the Union can act only if and in so far as the objectives of this action cannot be adequately achieved by the member states themselves. Subsidiarity includes both a negative criterion (necessity) and a positive criterion (effectiveness).⁹²

Current policy

The strategy document 'Europe 2020: a strategy for smart, sustainable and inclusive growth' was adopted in 2010, setting out five targets for employment, research and innovation, greenhouse gas emissions and energy supply, education and poverty reduction. It also introduced the 20-20-20 targets for energy and climate.⁹³

One of the focal points of the Europe 2020 strategy is an energy-efficient Europe. The EU will have to collaborate closely at international level on access to, and the distribution of, a range of scarce goods, including rare earth metals, energy, agricultural land, fishing grounds and water. Economic growth in emerging economies like Brazil, China and India is rapidly increasing demand for these goods. The strategic importance of the security of supply of these scarce goods is widely acknowledged, and requires international cooperation between producers and consumers.⁹⁴

Another part of the Europe 2020 strategy is the biodiversity strategy adopted in 2011. Biodiversity is the natural capital and 'life insurance policy' of our society, and its decline is harmful both to the natural environment and its biological species, and to the prosperity and wellbeing of humankind. The EU biodiversity strategy argues that the

91 European Commission, 'Environment and Natural Resources Thematic Programme: 2011-2013 Strategy Paper & Multiannual Indicative Programme', 29 October 2010; Van der Grijp N., T. Etty, 'Incorporating climate change into EU development cooperation policy', in J. Gupta, N. van der Grijp (Eds.), *Mainstreaming climate change in development cooperation: Theory, Practice and Implications for the European Union*, Cambridge: Cambridge University Press, 2010.

92 Handboek Implementatie milieubeleid EU in Nederland [Guide to the implementation of EU environmental policy in the Netherlands]. See: <<http://www.eu-milieubeleid.nl/ch03.html>>. Accessed on 26 October 2012.

93 European Commission, 'Communication from the Commission: Europe 2020, A strategy for smart, sustainable and inclusive growth', Brussels, 3 March 2010, pp. 8-9.

94 European Commission, 'Communication from the Commission: A resource-efficient Europe – flagship initiative under the Europe 2020 Strategy', Brussels, 26 January 2011.

decline in biodiversity and climate change are the two most important global threats to the environment.⁹⁵

The EU has various instruments for achieving coherence between environmental problems and international cooperation. Examples include regional strategic studies, regional and national environmental profiles, environmental impact assessments and advisory reports on climate change. The credibility of the EU as a pioneer of international environmental cooperation will depend entirely on the actual implementation of European policy intentions.

The AIV recommends that the Dutch government campaign at EU level for more cooperation with neighbouring states on global environmental goods and for well-functioning systems concerning global public goods developed at EU level to be scaled up to global level. The Netherlands might also seek to effect a broadening of the policy dialogue on sustainable business in the EU, including the development of standards and targets for sustainable business. This would help ensure that the import criteria for wood, for example, are not only based on legal requirements, but also on compliance with rules on sustainable forestry.

IV.3 Cooperation with the private sector

Dutch industry provides jobs, prosperity and development, at home and abroad, and plays a major role in the supply of a number of environmental goods and services. At the same time, it also causes environmental pressure, exploiting natural resources (fossil fuels, rare earth metals, forests, large-scale plantations) and generating pollution and waste. Industry bears partial responsibility for the cause of environmental problems, but also has the expertise and resources to prevent or reduce these problems (such as through innovation in products and technology). Given the international examples of market failure, however, policy on the supply of environmental goods and efforts to curb adverse environmental effects are both desirable and necessary.

This section looks at the various ways in which the private sector can contribute to sustainability. First and foremost, companies can voluntarily decide to reduce their environmental burden, usually in the name of corporate social responsibility (CSR). In addition, producers and stakeholders sometimes engage in voluntary initiatives to improve social, economic and environmental conditions in the production process. In various forms of public-private partnership, companies work with government to make their economic activities more sustainable.

Corporate social responsibility

Multinationals – partly in response to shareholders concerned with the growing pressure of public opinion in industrialised countries – are increasingly interested in CSR in the context of sustainable development, addressing economic factors (profit) as well as social (people) and environmental factors (planet).⁹⁶ An international comparison has

95 European Commission, 'Communication from the Commission: Our life insurance, our natural capital: an EU biodiversity strategy to 2020', Brussels, 3 May 2011.

96 See, for example, the Dutch Sustainable Growth Coalition, 'Towards Sustainable Growth Business Models', September 2012. See: <<http://ey.turnpages.nl/publicaties/DSGC/201209/pdf/compleet.pdf>>. Accessed on 28 November 2012.

shown that large Dutch companies tend to lead the field in CSR, but the same does not apply to Dutch SMEs.⁹⁷ CSR is primarily aimed at local and national environmental goals, though global environmental goods like climate and water are also addressed.

When it comes to international CSR, both the OECD guidelines and the Social and Economic Council of the Netherlands' (SER) normative CSR framework for multinational enterprises are important.⁹⁸ These guidelines state that multinational enterprises should contribute to economic, ecological and social progress in the countries where they operate, as well as build local capacity in relevant supply chains.⁹⁹ Another important point is compliance with the principles of corporate social responsibility by local suppliers and producers. The SER refers to this as 'responsible supply chain management'.

Compliance with the OECD and SER guidelines is not mandatory, though it is a precondition for Ministry of Foreign Affairs support for international commercial activities in low-income countries. Observance of CSR guidelines needs to be monitored strictly, for instance through periodic reports on CSR and international activities, which must satisfy formal transparency criteria. The AIV believes that a single CSR policy framework applying both to trade and investment and to development cooperation should be the goal.

Besides environmental guidelines, companies that operate internationally are also subject to human rights guidelines, particularly the Voluntary Principles on Security and Human Rights and the UN Guiding Principles on Business and Human Rights (known as the Ruggie Principles). Other guidelines are the Extractive Industries Transparency Initiative and the Equator Principles for project financing (see below). International cooperation could help further develop such guidelines and ensure they are applied more widely.

Towards a level playing field

The private sector needs the most level international playing field possible. This can be achieved in large part by the development and harmonisation of standards as well as labelling and certification. Standardisation can range from informal social standards upheld by the private sector, to mandatory standards enforced by the authorities; between these two poles lies an area where work on standards and harmonisation is left

97 TNS, 'Internationaal Maatschappelijk Verantwoord Ondernemen: De Kansen en Belemmeringen' (International Corporate Social Responsibility: Opportunities and Obstacles), 2012. See: <<http://www.icco.nl/nl/linkservid/86E34B70-BCB1-0C3B-EFF7D65D75E617D2/showMeta/0/>>. Accessed on 14 December 2012.

98 OECD, 'OECD Guidelines for Multinational Enterprises', Paris, 2011. See: <<http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises/48004323.pdf>>. Accessed on 28 November 2012; SER, 'Statement on International Corporate Social Responsibility', The Hague, December 2008. See: <http://www.ser.nl/~media/Files/Internet/Publicaties/Overige/2000_2009/2008/b27428/b27428.ashx>. Accessed on 28 November 2012; SER, 'International Corporate Social Responsibility: Final Evaluation', The Hague, June 2012.

99 Supply chains, or value chains, link end users with the original natural resource via several intermediate links; they are production and distribution processes linked by markets, in which each link has a certain configuration of stakeholders (workers, local population, unions and civil society organisations active in fields like the environment and human rights, research sector, public authorities).

to the private sector itself (e.g. the Global Social Compliance Programme in which Dutch multinationals Ahold and Unilever are participants) and to ad hoc coalitions (e.g. multi-stakeholder initiatives on soy and palm oil, in which development and environmental NGOs work alongside companies).¹⁰⁰

Such efforts also include initiatives like the Equator Principles for project financing, supported by 77 banks, which targets environmental risks, among other things, based partly on compliance with international codes of conduct like the International Finance Corporation standards on sustainability and the World Bank standards on the environment, health and security. Another example which enjoys the support of the Netherlands is the multi-stakeholder Extractive Industries Transparency Initiative which involves 70 major international mining and energy companies and is aimed at financial transparency in relation to natural resources. Implementation of this kind of initiative could be fostered through international cooperation.

Some initiatives and partnerships aim to develop production standards for specific products or supply chains. Examples include the international roundtables on soy, palm oil, tin and biofuels. The roundtable on palm oil involves palm oil producers, traders, processors, retailers, banks/investors, environmental NGOs and development NGOs. Voluntary agreements are generally concluded to prevent or delay the introduction of binding regulations.

Voluntary systems are often preferred over top-down regulation, because they enjoy the support of the sectors concerned. It is important to take account of the results of effectiveness studies, some of which have suggested that, in the development of voluntary systems, it is important to secure input from civil society organisations. However, these systems are often limited in scope to social or environmental factors, without any broader vision on sustainability. The instruments used must generally be tightened up in small steps (as with emission standards) or the scope of the instrument needs to be broadened to encompass sustainability (e.g. the certification of wood, taking account of factors like forest management, land use and the claims of indigenous peoples).

Often, frameworks, standards and targets are not based (or not entirely) on voluntary initiatives, but were prompted partly by government intervention in the interests of sustainability. International cooperation should focus more on effective regulation for priority public environmental goods. Such regulation often originates at EU level. It is important to aim for regimes that, as far as possible (and taking account of differences in ecological and economic circumstances), place the same demands on companies in different countries. One positive example is the requisite sustainability certification for the production or extraction of certain environmental goods, like timber.

Supply chain management and sustainable development

Companies operate in markets and in supply chains. A key concept in responsible supply chain management is the aim, set out in CSR guidelines, of creating value throughout entire chains, particularly in low-income countries. Donor countries can also contribute to this through private sector development programmes in low-income countries.

One potential major dilemma lies in the wish to promote commercial activity among small and medium-sized enterprises in low-income countries, and at the same time

100 See: <<http://www.gscpnet.com>> and <<http://www.bs-ci-intl.org>>.

to increase sustainability and improve working conditions in those same companies. It is quite possible that the countries in question take a different view of sustainable development, and that corporate social responsibility will therefore take a different form there. Full application of sustainability standards in emerging economies can have a social cost and hamper development. It is therefore possible that these countries will turn their attention to other, less demanding markets. Excessive ambition in terms of harmonising sustainability standards can thus lead to the marginalisation of farmers and SMEs in low-income countries.

Capacity development in the entire chain is useful only if it is combined with sales and income guarantees and if efforts to make production more sustainable can count on sufficient support from the local community. The Ministry of Foreign Affairs has bilateral programmes for private sector development in low-income countries which focus on improving legislation and infrastructure, developing the financial sector and capacity building. This allows corporate responsibility for the supply chain to be complemented by the authorities' efforts. Another example is the promotion of responsible supply chain management through the Global Producer Support Initiative (for the palm oil, soy, sugar cane, cotton and beef supply chains). The AIV believes that capacity building should be provided to authorities in low-income (and possibly middle-income) countries concerning the application and enforcement of environmental standards and legislation vis-à-vis foreign and domestic companies. The Netherlands could advocate such an approach at EU level.

Civil society

Sustainable economic development is possible only if the public and private sectors, the knowledge sector and civil society organisations work closely on the issue of public environmental goods. At national level, the government must foster such initiatives through 'green deals' with companies and NGOs.¹⁰¹ This is often referred to as the golden triangle – involving the public sector, the private sector and the knowledge sector – but in fact it would be more appropriate to call it a 'golden square', encompassing civil society organisations too. At national level NGOs are also closely involved with civic initiatives that call for a reduction in our ecological footprint through environmentally-friendly consumption and lifestyles ('simple living').

At international level, too, it is important that NGOs and lower levels of government are closely involved in sustainable development. They are important agents of change in fragile and low-income countries, partly because they are able to call local and international business to account on matters of CSR, transparency and compliance with other international codes of conduct. Compared with other European countries, the Netherlands has a large number of internationally-oriented NGOs that together channel some €900 million annually through local partners for development cooperation. A substantial proportion of these funds comes from private donations. The full scale of support that Dutch NGOs provide for sustainability initiatives in fragile and low-income countries is not known, however. Local NGOs in middle-income countries play an important role in closely monitoring and influencing their government's policy.

101. State Secretary for Infrastructure and the Environment, 'Agenda duurzaamheid: een groene groeistrategie voor Nederland' (Letter to the House of Representatives on a green growth strategy for the Netherlands), The Hague, 3 October 2011.

Finally, in a promising development, cities are entering into sustainable development partnerships with each other at national, regional and global level. Cities are a good breeding ground for local experiments that use spatial planning as a means of achieving environment and development targets. Some city partnerships work on the development and implementation of climate adaptation measures, for example.

The AIV would underscore the importance of non-state actors in efforts to enhance the effectiveness of international environmental cooperation. The private sector, NGOs and local and regional authorities have close local, national, regional and global ties with important actors – producers and consumers – whose cooperation is vital if international environmental cooperation is to get off the ground.

IV.4 Governance for priority environmental issues

A. Climate and energy

Multilateral

A multilateral climate policy with mitigation and adaptation measures under the umbrella of the UN Framework Convention on Climate Change (UNFCCC) must remain a focal point of Dutch and EU policy. Though the United States, Russia and Canada have chosen to opt out of any post-Kyoto climate regime, 190 of the 193 UN member states, including China, remain committed to the UNFCCC regime for international climate agreements. New talks should result in the conclusion in 2015 of a climate agreement with obligations for all committed countries; the commitments will come into effect in 2020.¹⁰² In the United States, too, there are growing calls for climate action, partly in response to the devastation caused by Hurricane Sandy in autumn 2012.

The AIV believes that the Netherlands should play a prominent role in the EU by complying with its own climate obligations up to 2020, and by proposing building blocks for a post-2020 climate regime. It notes that climate policy depends on the latest scientific insights and therefore advises the government to continue Dutch efforts in support of the Intergovernmental Panel on Climate Change (IPCC) and the Technology and Assessment Panel (TEAP) under the Montreal Protocol.

Bilateral and plurilateral

The International Energy Agency (IEA) plays a key role in energy policy at regional level. It also increasingly offers scope for participation by low- and middle-income countries. At bilateral level the Netherlands can offer its environmental expertise to low-income countries that are introducing mitigation and adaptation measures. ODA can thus be used to contribute to the implementation of climate policy in a number of partner countries. At the same time, ongoing bilateral Dutch development programmes must be assessed for their impact on the climate and the environment and adjusted where necessary.

Private sector and civil society

The private sector is closely involved in the international climate debate and has helped introduce market-related mechanisms into climate agreements. NGOs are also actively involved in the climate debate and make themselves heard through advocacy and awareness-raising activities, legal actions and protests. Cities, too, are developing and

¹⁰² Statement of the G77, 2012.

implementing new climate policy, for instance, through the International Coalition of Local Environmental Initiatives (ICLEI). The importance of these bottom-up initiatives for the debate on the level of ambition of international climate policy cannot be overstated (see table 4.1).

B. Water

Multilateral

Fresh water has long been regarded mainly as a local and regional policy concern, while oceans are a prime example of a global issue. Nowadays, however, freshwater issues are increasingly being seen as a global problem, as local water issues are in fact aggravated by global climate change. At the same time, we should note that a multilateral approach to water issues is very complex, given the fact that it involves over thirty UN and other agencies, and there are a number of bilateral, regional and international agreements on water. The UN Convention on the Non-Navigational Uses of International Watercourses (the UN Watercourses Convention) has still not entered into force more than twenty years after it was signed.

Global water issues will remain an important item on the international UN agenda. Not only do the MDGs include targets for access to water and sanitation, the UN General Assembly and the Human Rights Council adopted two resolutions in 2010 designating access to water and sanitation a human right. The Netherlands can use its international reputation in the field of water to influence future policy in multilateral forums. It is also desirable that the Netherlands support scientific research and advice by the Group of Experts on Scientific Aspects of Marine Environmental Pollution (GESAMP) and the World Water Development Report (WWDR).

EU level

Though the Netherlands could seek support for its views on international water policy from a group of like-minded countries, it would do better to campaign for the implementation of the EU Water Framework Directive of 2000. This directive proposes an integrated approach to EU water policy, focused on achieving good status for all waters in the EU by 2015. The Netherlands could also advocate an EU policy on oceans, focusing particularly on marine pollution in the form of plastic debris.

Bilateral and plurilateral

A national and regional approach to freshwater issues would be likely to achieve better, quicker results (e.g. water management of the Mekong and the Nile). International attention must also be focused on declining fish stocks in the oceans caused by bilateral fisheries treaties and agreements. Certification of fish by the Marine Stewardship Council (MSC) could help ensure better protection of fish stocks, but the problem also requires a global approach.

Private sector and civil society

A great deal has been done to make the private sector partially responsible for water management and sanitation. However, public-private partnership has produced very variable results; there have been some successes but there have also been examples of privatised water companies breaching their contract and introducing sharp price hikes for water, so that poor people are no longer able to pay their water bill. The private and civic sector – both companies and consumer groups in local communities – must be constructively involved in local water management (see table 4.1).

C. Land and food

Multilateral

The globalisation of the food industry and growing international competition for land for food, fuel, forestry and nature conservation mean a coherent multilateral policy is needed that integrates targets for food security, sustainable development, foreign trade, biodiversity and water management. The Food and Agriculture Organization and the WTO should take the lead on this.

EU level

The following dilemmas will have to be confronted in discussions on the reform of the Common Agricultural Policy:

- the balance between global competitiveness and local support via agricultural subsidies and income support;
- the opening of the European market to agricultural produce from low- and middle-income countries; and
- the balance between agricultural production, rural development, poverty reduction and the environment.

The EU Forest Law Enforcement, Governance and Trade (FLEGT) programme, whose results have included a ban on sales of furniture and products made from uncertified wood, deserves imitation.

Private sector and civil society

The food and timber industries play a leading role in the field of corporate social responsibility. The Dutch government should closely monitor compliance with CSR guidelines by Dutch companies, banks and pension funds that invest abroad. Civil society organisations could also help increase support for corporate social responsibility at international level; the Netherlands has a large number of internationally-oriented NGOs that support initiatives for sustainable agriculture and fisheries in low-income countries (see table 4.1).

D. Biodiversity

Multilateral

Biodiversity protection is closely related to climate policy, trade policy and the sustainable use of natural resources. It is therefore important to carefully consider the links between these policy areas at multilateral level and assess how biodiversity can be incorporated into sector-specific policy. The funding of the biodiversity agenda also requires attention. The Netherlands should campaign for more policy coherence at UN level by consistently drawing attention to and using cross-cutting links between biodiversity, climate, international trade and natural resources. The recently established Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) could play a highly significant role in this.

EU level

The Netherlands would do best to channel its international efforts for biodiversity protection through the EU. The 2020 Biodiversity Strategy and the European Consensus on Development provide good openings. The Netherlands could, for example, urge the integration of sustainability criteria into European investment and export credit policy, and the development of an innovative set of economic instruments for biodiversity.

Private sector and civil society

Protection of biodiversity requires public support and participation by local communities, including indigenous peoples. It is also important that companies help protect biodiversity, gearing their production processes to this goal. Corporate social responsibility and biodiversity criteria should be incorporated into existing CSR guidelines (see table 4.1).

E. Natural resources

Multilateral

There is no organisation at multilateral level that specialises in resource security issues. Specialised international organisations for energy do exist, namely the International Atomic Energy Agency and the International Energy Agency. Given the great uncertainty and the gaps in knowledge about resources, an international research institute should be established to perform prospective studies and other research that can be combined to produce a World Resources Outlook.¹⁰³

EU level

In 2008 the European Commission launched the Raw Materials Initiative which aims to secure the supply of essential resources and materials for European industry.¹⁰⁴ At the same time, the EU is focused on improving resource efficiency in both production and consumption in order to reduce dependence on scarce resources and materials.

European Policy Coherence for Development efforts should explicitly include the raw materials issue (see table 4.1). The AIV will publish a separate report on this matter later this year.

103 Minister of Housing, Spatial Planning and the Environment, 'Schaarste & Transitie, kennisvragen voor toekomstig beleid' [Scarcity & Transition, knowledge requirements for future policy], The Hague, March 2010, p. 52.

104 European Commission, 'Communication from the Commission to the European Parliament and the Council: The raw materials initiative - meeting our critical needs for growth and jobs in Europe', 4 November 2008.

Table 4.1 Governance for priority environmental themes

Building blocks	Themes				
	Climate and energy	Water (quality and availability)	Land and food	Biodiversity	Natural resources
Multilateral cooperation	Climate Change Convention, Kyoto Protocol and post-Kyoto, legally binding agreement for all, the Montreal Protocol, IPCC; energy debates at IAEA, IRENA and IEA (non-UN), UN Energy, UNCSD, Energy Charter Treaty and Protocol, World Bank, UNDP. Bilateral agreements on adaptation as part of development policy; G8 and G20 summits.	UNCLOS 1984, MARPOL 1973, OPRC 1990, LDC 1972, Ballast Water Management Convention 2004, Watercourses Convention 1997, UNECE Water Treaty 1992. Bilateral fishing treaties.	UNCCD 1994, FAO, MDG debates, UNEP for environmental aspects, UNFF, World Bank.	RAMSAR 1971, WHC 1972, CITES 1973, CMS 1979, CBD 1992, Cartagena Protocol 2000, ITPGRFA 2001, UNEP, IPBES.	–
Multilateral science	IPCC, TEAP	GESAMP, WWDR	GEO, MA	IPBES, GEO, MA	
Role of EU	The Netherlands should primarily strive for climate policy via the EU. Participate in and support EU 20-20-20 strategy and the negotiating strategy at the UNFCCC.	The Netherlands can continue existing bilateral and regional water agreements. For internal consistency, it should participate in and support EU internal good water strategy by 2015 and internal targets for 2020.	For agriculture and forests: EU FLEGT programme.	Participate in and support EU internal strategy to restore 15% of degraded ecosystems and have forest management plans.	Address through EU policy.
Cooperation with or initiatives from private sector and civil society actors	Emissions trading, CDM, REDD. Renewable energy and energy efficiency partnerships. Cooperation between cities (ICLEI), countries (Global Methane Project), NGOs (CAN) and launch of social learning processes.	PPPs for water services, RBOs and CBOs, MSC certification.	EU FLEGT programme.	Local communities, NGOs, indigenous peoples, interest groups.	

V Conclusions and recommendations

The need for environmental problems to be tackled multilaterally is greater than ever. A study of future scenarios has shown that, in a business-as-usual scenario, the next few decades will see a sharp escalation in global environmental problems, such as climate change and loss of biodiversity, and shortages of fresh water, agricultural land and natural resources. Many environmental issues cannot be solved by market forces alone and are therefore described as *public* goods or services; in these cases, regulation and governance are needed to correct market failures.

In many cases, environmental problems have a transboundary element and can be resolved only through multilateral cooperation or cooperation between like-minded countries. At the same time, we are forced to conclude that inadequate progress has been achieved on these issues since the Rio conference of 1992. The growing complexity of environmental and scarcity issues and their connections with other international issues go a long way towards explaining the current stagnation in multilateral environmental and climate talks. Coherence between international environmental policy and development cooperation, economic cooperation, human rights policy and security policy is also still in its infancy. More attention must be given to mainstreaming the environment into other international issues, and on policy coherence, for a number of reasons:

- Development cooperation that fails to take account of the effects of climate change and the risks of a growing environmental burden may unintentionally leave the world's poorest people even more vulnerable.
- Economic cooperation, particularly international trade and investment can, under certain conditions, contribute to sustainable or green growth and to efforts to curb environmental degradation.
- Human rights policy strengthens the resilience of vulnerable groups – usually the world's poorest people.
- Security policy can help prevent environmental and scarcity issues from escalating into security risks.

In the opinion of the AIV, mainstreaming and coherence would constitute a significant step forward, but in themselves will not suffice. Like gender and good governance, international environmental issues are currently a cross-cutting theme in development policy. An integrated vision of international cooperation should form the foundation of a new approach to transboundary environmental issues. This means that environmental cooperation will need to be upgraded to a priority or focal point of international cooperation policy, with its own budget.

In practice, therefore, responsibility for the international cooperation agenda, including global public goods, should ideally be placed in the hands of a single body. The Ministry of Foreign Affairs, whose remit includes foreign trade and development cooperation, would be the best equipped to take on this role. At the same time, the expert knowledge of the specialist ministries will be vital for the elaboration of policy on the five priority environmental themes: climate change and energy, water, land and food, biodiversity and resource security, so they too will have an important role to play in the international cooperation agenda. The current divisions between the policy areas of environmental cooperation, economic cooperation, development cooperation, human rights policy and security policy must therefore be removed step by step. More than institutional changes, this will require a radical change in culture.

Against this background, the AIV advises the government as follows on the questions set out in its request for advice.

A. *What specific agenda and input is needed from Dutch and European foreign policy to contribute to effective delivery and regulation of global environmental public goods?*

The AIV agrees with the WRR that global public goods are becoming an increasingly important point of reference in foreign policy. The AIV has interpreted the concept of global environmental public goods broadly, to encompass the deterioration in environmental conditions due to pollution, the impact of this degradation on ecosystems, and future regional or global shortages of natural resources such as fresh water, agricultural land, energy and raw materials, and the associated consequences for security of supply. Given the international examples of market failure, it is both desirable and necessary to have policy aimed at the security of supply of environmental goods and at curbing adverse environmental effects. Reducing the environmental pressure caused by high-income countries and the emerging global middle classes is vital if we are to stay within 'safe' environmental limits while at the same time creating scope for low-income countries to develop, with the environmental burden that that entails. This will have implications for the Netherlands, too, in regard to the principle of 'responsible sovereignty', whereby states take account of the transboundary effects of their own policies. The Netherlands will therefore inevitably have to adjust its patterns of production and consumption. The Netherlands and Europe will have to lead by example in order to overcome traditional differences in international environmental diplomacy.

The AIV would make the following specific recommendations for Dutch policy on the delivery and regulation of global environmental public goods:

- The Netherlands should advocate integrated international cooperation on climate change and energy, water, land and food, biodiversity and resource security.
- A good balance can be struck between environmental and development goals by linking the concept of the planetary boundaries (environmental ceiling) with development goals such as access to food, water and an adequate income (social foundation).
- The need to reduce environmental pressure in high-income countries demands that the Netherlands take measures too.
- The Netherlands should strengthen cooperation with neighbouring countries on transboundary environmental issues, and raise environmental issues at international forums, where possible through the EU or in ad hoc coalitions of like-minded countries.
- The Dutch share of global funding for international environmental cooperation could rise to an estimated €3 billion a year by 2020. This will require new and additional funding.
- A proportion of the additional funding can be acquired by expanding private-sector contributions and investments from industry and wealthy private individuals.
- Another way of increasing the financial resources available for international environmental cooperation would be to introduce additional fiscal and economic instruments such as the auctioning of emission allowances, carbon taxes and royalties for fossil fuel extraction.
- Until there is international agreement on new modalities of ODA, these funds may be used only for international environmental policy that also contributes to poverty reduction in low- and middle-income countries.

- At EU level the Netherlands should advocate public-sector capacity-building in low-income (and possibly middle-income) countries to enable them to enforce compliance with environmental rules and legislation by both foreign and domestic companies.
- New financial frameworks must be devised at EU level for future expenditure on climate and transboundary environmental policy. The Netherlands could foster the development of knowledge concerning financial instruments for global environmental public goods.
- Better use should be made of the scientific knowledge available on global environmental public goods in support of innovative environmental policy.

B. How does our international cooperation policy fit in, particularly with regard to the Dutch and European objectives on climate, energy and raw materials, security of supply and security generally?

Globalisation and the growth of the global economy not only place a huge burden on our environment, they also cause new social problems for the world's poorest people. Given the relevance of the environment to development and the importance of protecting the environment worldwide, the agendas of these two policy areas must be further integrated. However, we cannot take it for granted that this will happen. Development policy is based on principles like solidarity between rich and poor countries, the right to development, altruism and enlightened self-interest. International environmental policy assumes that everyone shares responsibility for global environmental problems, that the planet's resilience is limited and that one country should not cause environmental damage in another. As a result, emerging economies that cause a growing proportion of greenhouse gas emissions should also assume growing responsibilities.

Sustainable development can take away the inherent conflict between economic growth, preservation of a healthy living environment and prosperity, and open up new paths to development. Twenty years on from the UN Conference on Environment and Development in Rio de Janeiro in 1992, we are forced to conclude that the paradigm of sustainable development is still not common currency in international forums. Many countries are concerned that the emphasis on environmental issues will in fact entail huge costs for them and have a negative impact on their economic development.

Whereas, just a few years ago, the Netherlands was an outspoken supporter of additional funding for international environmental policy over and above the 0.7% of GDP norm for development cooperation, the Dutch government has now decided to reduce the development budget because of the need for public spending cutbacks. It has also been decided that international climate policy will henceforth be paid for from the development budget. The AIV believes it is important, in the debate on ODA criteria, to adhere for the time being to the principle that ODA should contribute to reducing poverty and inequality and enhancing self-sufficiency. The AIV would recommend that ODA spending and spending on international environmental cooperation be kept as separate as possible in the HGIS development budget.

As regards the post-2015 development agenda, the AIV would recommend that the successors to the MDGs be couched in terms of sustainable development goals (SDGs) that apply equally to high-income countries and middle- and low-income countries. Within the EU the Netherlands should advocate incorporating the priority environmental themes (climate change and energy, water, land and food, biodiversity and resources) into the SDG agenda. Like the MDGs, the SDGs could be formulated as targets, and gradually

gain in authority. This will require long-term goals (for 2050, for example) with strict underlying medium-term goals (for 2030, for example) and a consistent set of indicators.

C. *Which governance structures are desirable for a better delivery of global environmental public goods, particularly since private actors are stepping up their work on sustainability – notably through supply chain management?*

Multilateral cooperation on global environmental issues is increasingly coming under fire because of the apparent impossibility of achieving international consensus on a common climate policy or on a strategy for preservation of biodiversity. At the same time, most countries are aware that cooperation on transboundary environmental issues via the UN will remain necessary. Genuine concerns about the quality and mandate of multilateral institutions must be recognised, and international action will be required to strengthen governance at these institutions. Since multilateral action and coordination are sometimes difficult to achieve within the UN, it may be strategic for ad hoc coalitions of like-minded countries to take the lead in developing new international environmental agreements on various issues. Regional partnerships could also agree on more far-reaching environmental action where there is still insufficient support at UN level. The EU, for example, has agreed more stringent targets for energy and climate policy. The AIV believes that the EU should take a pioneering role on other global environmental public goods, too, so that EU action will set a benchmark for new multilateral environmental agreements.

The entry into force of the EU's Maastricht Treaty (1992) enshrined the principle that environmental objectives should be integrated into other EU policy. Mindful of the principle of 'responsible sovereignty', the EU agreed in the Lisbon Treaty (2009) that it would contribute to the sustainable development of the Earth and, more particularly, that it should stimulate sustainable economic, social and ecological development in developing countries. Since climate change may have a negative impact on the economic growth in developing countries, they will need to take climate adaptation measures. Europe has thus far not done enough to put its intentions regarding climate adaptation in developing countries into practice. The AIV believes this has damaged the EU's credibility and negotiating position at the UN.

The AIV recommends that the Dutch government campaign at EU level for more cooperation on global environmental goods and for practices and systems concerning global public goods developed at EU level to be scaled up to global level. The Netherlands might also seek to effect a broadening of the policy dialogue on sustainable business in the EU, including the development of standards and targets for sustainable business. Finally, sustainable development partnerships between cities are a promising development.

Multi-level governance enhances policy coherence by providing a legally binding framework that guides the activities of all social actors and public authorities in the Netherlands in cooperation with other actors and authorities in other countries. It can be concluded that a top-down approach (via the UN) and bottom-up measures (via city partnerships, ad hoc coalitions of like-minded countries or via the EU) need not be mutually exclusive. Complementarity and synergy should be actively pursued in environmental policy at local, national, regional and global level.

The private sector is playing an increasingly significant role in devising and implementing sustainable development strategies. While state actors derive their power to act from

agreements in treaties and other international agreements, multinational companies are often encouraged by their shareholders – under pressure from public opinion – to pursue corporate social responsibility in a sustainable development context. The OECD and the Social and Economic Council of the Netherlands (SER) have drawn up guidelines for multinational enterprises. The government could aim for further development and application of these voluntary standards. The private sector also needs long-term objectives, set by government, and a level international playing field. The development and harmonisation of standards is key in this respect. Civil society organisations can also help broaden international support for corporate social responsibility, since the Netherlands has a large number of internationally-oriented NGOs. Broader application of existing guidelines and systems of standardisation and certification is desirable from an environmental point of view. Some systems may need to be tightened in the interests of improving effectiveness. Sustainable development in low- and middle-income countries requires the balanced, step-by-step application of these instruments. Support will also be needed to build the capacity required for their implementation.

Request for advice

Mr F. Korthals Altes
Chairman of the Advisory Council
on International Affairs
P.O. Box 20061
2500 EB The Hague

Date: March 2012

Re: Request for advice on global environmental public goods

Dear Mr Korthals Altes,

The foreign policy of the Netherlands is increasingly concerned with complex global issues. This complexity is described in the report *Attached to the World* by the Advisory Council on Government Policy (WRR), which deals with global issues such as climate, energy and security. The report states that:

- National problems are increasingly interwoven with global issues.
- Global issues increasingly overlap in terms of content.
- These issues are no longer only dealt with in the interstate arena but also in intrastate and non-state arenas.

Global environmental public goods, in particular, are fraught with complexity and uncertainty. These goods – a stable climate, access to energy, access to raw materials, sufficient water and the preservation of biodiversity and ecosystems – are crucially important for global stability and security, sustainable economic growth and prosperity. Improved ‘delivery’ and regulation of these goods is essential for the growth and stability of wealthy nations, emerging middle-income countries and poor countries alike. The WRR’s report *Less Pretension, More Ambition*, about development cooperation, advocates a Dutch globalisation agenda that takes international cooperation on global public goods as an important reference point. In its policy responses to both WRR reports, the government acknowledges the importance of global public goods and the need for targeted and coherent foreign policy.

In the years ahead, countries all over the world will be confronted with extra expenditure for tackling global challenges in the areas of food, energy, water and climate policy. They will also face rising costs for their energy and raw material supplies. Some emerging economies are now seeking market dominance for geopolitical aims. Many developing countries are seeing their potential for economic growth marred by environmental degradation, increasing water scarcity and climate change. Moreover, their energy and mineral resources are not being deployed effectively enough for sustainable growth, and they are suffering from loss of biodiversity and depletion of soil and water resources.

Yet developing countries also have potential for economic development, poverty reduction and self-reliance. They possess abundant natural wealth and therefore opportunities to create more prosperity for a substantial proportion of the world’s poor, who currently number around one billion. This calls for a combination of effective management of natural resources, international market forces and global environmental conditions (such as a stable climate), innovative technologies and technology transfer, regulation and cooperation. The absence of any one of these elements imperils not only natural resources but also sustainable economic development.

Local development, coupled with national self-interest, is increasingly bound up with international opportunities and threats. For this reason, links should be sought between the global public goods approach and the current agenda for the Millennium Development Goals (MDGs). The simultaneous climate, food and financial crises have sharply highlighted the inadequacy of existing international arrangements (the agreements on regulation, institutions and finance). In the years ahead, various interconnected scarcity issues (energy, raw materials, water and biodiversity) will further underline the urgent need for effective international cooperation. It is currently bilateral, regional and multilateral in nature, with the European Union able to function as an important channel for pooling resources and exerting influence on responses to global challenges by strengthening its own geostrategic role. Any form of cooperation needs to take account of the diversity of views and interests with regard to the sustainability issue, such as exist between rich countries, developing countries and emerging economies, as well as between population groups (indigenous and other peoples, for example) within individual countries. Given this situation, achieving the desired cooperation is anything but simple.

This request for advice may be seen in relation to earlier policy documents such as the study by the Netherlands Environmental Assessment Agency ('A global public goods perspective on environment and poverty reduction', March 2011), the Raw Materials Memorandum (letter to parliament of 15 July 2011), the policy memorandum 'The Development Dimension of Priority International Public Goods' (letter to parliament of 4 November 2011) and the Sustainability Agenda of October 2011.

Against this background, the AIV is requested to address the following questions:

What specific agenda and input is needed from Dutch and European foreign policy to contribute to effective delivery and regulation of global environmental public goods? The basic principles are security of supply, security and stability, strengthening Europe's geostrategic role, respecting the planet's capacity, and economic development and innovation both in Western countries and elsewhere (i.e. in the emerging economies and those that are still poor). How does our international cooperation policy fit in, particularly with regard to the Dutch and European objectives on climate, energy and raw materials, security of supply and security generally? To some extent, the report requested will constitute follow-up to AIV advisory report 54 (of April 2011) on the post-2015 development agenda, which needs to be linked to international public goods. Which governance structures are desirable for a better delivery of global environmental public goods, particularly since private actors are stepping up their work on sustainability – notably through supply chain management?

The report should tie in with the outcomes of the Rio+20 agenda and the debate about linking the Sustainable Development Goals and MDGs.

This request for advice has been included in the AIV's work programme for 2012. We look forward to receiving your report.

Yours sincerely,

[signed]

Uri Rosenthal
Minister of Foreign Affairs

[signed]

Ben Knapen
Minister for European Affairs
and International Cooperation

Prioritisation of international environmental issues

	Self-interest	Economic interest	Enlightened self-interest	Responsibility	Resilience	Development: poverty	International: leverage	Total
Sustainable agriculture	-	++	+	+	+	++	+	6
Integrated water resource management	0	++	+	+	+	++	++	9
Stable climate	+	0	++	+	+	++	+	8
Sustainable use of oceans	-	0	0	+	++	+	0	3
Sustainable use of forests	-	--	-	?	++	+	--	-3
Biodiversity protection	-	-	+	++	++	+	-	3
Sustainable land management	-	-	-	-	++	-	-	-4
Sustainable mountain systems	-	-	-	-	?	-	-	-6
Resource, energy and mineral supply security	++	0	++	+	0	+	+	7
Protection of the ozone layer	+	?	+	?	+	+	?	4

Glossary

Adaptation	Adjusting to the consequences of a problem.
Ecological footprint	A measure of the amount of land and water used by individuals or groups of people for the production of all resources needed for their activities and for the absorption of all the waste products they produce. Ecological footprints are measured in hectares. Also known as ‘footprint’ for short.
Ecosystem services	Examples include fresh water and clean air.
Emissions	Waste or other substances discharged to the environment.
Environmental ceiling	Limits to the carrying capacity of the Earth, expressed in terms of ‘safe’ environmental load.
Environmental cooperation	Today’s global environmental problems require a comprehensive vision of international cooperation that connects the environment with other subjects of international cooperation, such as development cooperation, economic cooperation, human rights policy and security policy.
Environmental goods	Examples of scarce environmental goods include fresh water, land, forests, energy and natural resources.
Global public goods	International goods and services to which no one may be denied access (‘non-excludability’), the use of which by one group may not be at the expense of use by others (non-rivalry). The supply of GPGs cannot be left solely to market forces, because they do not reflect all interests in society.
Human security	Curbing risks to vulnerable population groups resulting from climate change, disruptions to ecosystems, exhaustion of agricultural land and decline in food security.

Inclusive human development	Development that benefits all groups in society, including the most vulnerable.
Land grabbing	Purchase of agricultural land in developing countries by multinational companies. This may be detrimental to the land rights of the local population and threaten their income and food security.
Mitigation	Reducing or curbing a problem.
Multi-level governance	Complementarity and synergy in policy and its implementation at various levels: local, national, regional and global.
Natural resources	Stocks of raw materials. Can be divided into non-renewable resources (fossil fuels and mineral ores) and renewable resources (timber, fresh water and clean air).
Non-excludability	Used in reference to goods and services to which no one may be denied access.
Non-rivalry	Used in reference to goods and services whose use by one group may not be at the expense of use by another.
Planetary boundaries	Limits to the Earth's resilience, expressed in terms of 'safe' environmental load
Quasi-public goods	Public goods to which one of the criteria for 'non-excludability' or 'non-rivalry' applies.
Resource security	The availability of sufficient resources to meet demand over a certain period with a sufficient degree of probability.
Soft power	A country's ability to influence events by means of persuasion, attraction and economic assistance, rather than military might or financial coercion (hard power). The term was coined by Joseph Nye in 1990.
Subsidiarity	The principle of subsidiarity means that a central or higher authority must desist from activities that are better left to a lower authority, smaller communities or individual citizens.

List of abbreviations

CBD	Convention on Biological Diversity
CBDR	Common but Differentiated Responsibilities
CCS	Carbon Capture and Storage
COP	Conference of the Parties (decision-making body under UNFCCC and some other conventions)
CSR	Corporate Social Responsibility
ECOSOC	Economic and Social Council
EU	European Union
EUWI	EU Water Initiative
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FLEGT	Forest Law Enforcement, Governance and Trade
G8	Intergovernmental forum of eight leading industrialised countries
G20	Group of 20: 19 leading industrialised countries plus the EU
GEO	Global Environmental Outlook
GPG	Global Public Good
HGIS	Homogeneous budget for international cooperation
IAEA	International Atomic Energy Agency
ICLEI	International Coalition of Local Environmental Initiatives
IMF	International Monetary Fund
IPBES	Intergovernmental Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency
IWRM	Integrated Water Resource Management
MDG	Millennium Development Goal
MSC	Marine Stewardship Council
NEPP	National Environmental Policy Plan
NGO	Non-governmental organisation
OECD	Organization for Economic Co-operation and Development
PBL	Netherlands Environmental Assessment Agency
PCD	Policy Coherence for Development
PPP	Public-private partnership
REDD	Reducing Emissions from Deforestation and Forest Degradation
RIVM	National Institute of Public Health and the Environment

SDG	Sustainable Development Goals
SER	Social and Economic Council of the Netherlands
SME	Small and medium-sized enterprises
SRHR	Sexual and reproductive health and rights
TEAP	Technology and Economic Assessment Panel
UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WRR	Advisory Council on Government Policy
WTO	World Trade Organization

List of persons interviewed

Professor E.J. Bulte	Professor of environmental economics, Tilburg University
K. van der Heijden	Director, Environment, Water, Climate and Energy Department and Sustainable Development Ambassador, Ministry of Foreign Affairs
D. Hirsch	Director, Both ENDS
Professor P. Knorringa	Professor of Private Sector and Development, Institute of Social Studies/Erasmus University Rotterdam
T.A. de Man	Special Representative of CEO for Africa, Heineken International
A. Passenier	Phosphate Value Chain Coordinator, Ministry of Infrastructure and the Environment
Professor H.A. Udo de Haes	Professor of environmental science, Leiden University
A. van der Velden	Chair of the supervisory board, Vitens

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