

'Business development opportunities in developing countries and emerging economies: the role of government, business and education'

Speech by the Minister for European Affairs and International Cooperation, Ben Knapen, at the Maastricht School of Management, 7 November 2011, Maastricht

Ladies and gentlemen,

It is a pleasure to be here in Maastricht. Not least because it gives me the opportunity to set the record straight. According to some people, our new development policy denies the importance of education for economic growth.

I beg to differ.

My government feels that Dutch development efforts should be more effective and more efficient. To be efficient and effective, we need to focus on those areas where our country can make a real difference. First: food security. Second: water. Third: security and the rule of law in fragile states. And fourth: sexual and reproductive health and gender. Because in these areas one can say: if it ain't Dutch, it ain't much.

In our opinion, education in general is not a unique selling point for Dutch development cooperation. So yes, in that sense education is not a priority. But this does not imply that education is being hung out to dry. Allow me to explain.

The main tool for making progress in our four priority areas is economic growth. Only growth can help people to help themselves. The private sector is key to growth, provided that it works in a sustainable way. Naturally, my government is well aware that without a skilled labour force, progress will be slow. For that exact reason we persist in supporting vocational training. Three examples. We participate in public-private partnerships like Learn4Work, to provide good and accessible vocational training. We support vocational training programmes through Dutch cofinancing agencies. And more than 50% of Dutch embassies in developing countries invest in vocational training.

There is another reason why I feel uncomfortable with the suggestion that we are selling education short. It's true that education in general is not a Dutch priority anymore. But for bringing food security or water management to the next level, the art of teaching is crucial. If

educational institutions focused on the priorities of Dutch development cooperation, they could be invaluable in bringing about improvement in these areas. I look forward to discussing the opportunities and challenges with educational institutions in the near future.

Ladies and gentlemen,

I recently made a speech about development cooperation in the new era. One of the topics I discussed was the changing role of governments. Governments are no longer in the driver's seat of development; they have lost their monopoly.

Why? Because today's issues – for example: migration, capital flows and climate change – cannot be handled by governments alone. These issues transcend borders and state-oriented frameworks. So NGOs, citizens, companies and educational institutions must be part of the solution as well.

Every actor has its own role to play. The Dutch government, for example, should in my view play a coordinating role in development cooperation. Or, to put it differently, it should be a broker in international responsibility. Not only by bringing different players together, but also by using the aid budget to leverage private capital for development. For these reasons, we are placing our bets on public-private partnerships. A good example is the Amsterdam Initiative on Malnutrition, in which Fokko Wientjes' DSM is participating.

Ladies and gentlemen, the new kid on the development block – namely: business – has an important role to play as well. Companies' knowledge and money are crucial in the fight against the root causes of poverty. Without piggybacking on their core business, it is almost impossible for development projects to reach a sufficient scale and have a major impact.

Some people are cynical about the corporate contribution to poverty reduction. I call that short-sighted. As I said earlier, economic growth is crucial for development. And companies are crucial for economic growth. They create jobs, they pay taxes. So if we can support corporate efforts to reduce poverty, we should not hesitate to do so. Provided of course that these companies produce in a sustainable way.

But one might ask, should companies be allowed to profit from their investments in developing countries? Of course, is my honest answer, provided again that they operate in a sustainable manner. For I believe in reciprocity. If we can do good and at the same time serve our own enlightened self-interest, our development efforts will be more effective.

Let me make one more argument for private sector involvement. In the past, it seemed natural to regard development cooperation as a tax transfer from rich to poor countries. But the share of nation-states in international investments and capital flows is diminishing. At the same time, the share of companies – no surprise here – is increasing. Failing to respond to this obvious trend would be irresponsible.

But ladies and gentlemen, what about the third element of what the Maastricht School of Management calls the 'golden triangle' of government, business and education? First of all, education is crucial for civil servants. It won't come as a surprise to you that Foreign Affairs has a hard time getting knowledge and research to work for development.

Sometimes we lack time for reflection, sometimes we make insufficient use of research, and sometimes we are motivated more by our desires than by the facts. Cooperation with knowledge institutions is crucial to improving this situation. Together we should be able to raise our game – especially when research focuses on the four priorities of Dutch development cooperation.

The grass often looks greener on the other side. But this time it doesn't. I feel that Dutch development research needs new energy as well. Of course our country cannot produce a Jan Tinbergen every decade. Nevertheless: this should be our ambition.

To keep Dutch development research relevant, it needs to break loose from its own constraints. Let me give you an inspiring example. Under supervision of Foreign Affairs and Wageningen University, a research group has developed national sustainability criteria for biofuel production in Mozambique. They worked together with local policymakers and backed up their work with evidence they gathered about what is actually happening on the biofuel farms. Now, this is the type of research we need.

Another leading example is the Partnerships Resource Centre, in which our host – the Maastricht School of Management – joins forces with Wageningen University, Amsterdam Business School and the Rotterdam School of Management. This Resource Centre brings science and practice together. Foreign Affairs can benefit from this valuable approach, and gladly supports this initiative.

Ladies and gentlemen, raising the level of knowledge in developing countries is of course the chief aim of education in this context. That is why this goal is getting more attention in our

new development policy. Teachers, educators and researchers must leave their ivory tower. They should innovate and cooperate, especially in the field of vocational training.

Research shows that in the fifteen focus countries of Dutch development cooperation, development goals are often not attained because too little has been done for the development of the people themselves. We are trying to tackle this problem with the NICHE programme, the current scholarship programme NFP, and other programmes.

Another important initiative is the Base-of-the-Pyramid and the Benelux-Base-of-the-Pyramid Learning Lab. They provide a platform to mobilise available innovation and technology for the fight against poverty. Their approach is demand-driven, market-driven and enterprise-driven. Potentially, large groups of poor people can be reached. Therefore we encourage businesses to play a proactive role in developing Base-of-the-Pyramid ventures. I urge all Dutch knowledge institutions and NGOs to get involved and to mobilise their capabilities in the Benelux-Base-of-the-Pyramid Learning Lab.

Unfortunately, the fifteen focus countries of Dutch development cooperation still have serious backlogs in vocational training. Investments are low, qualified teachers and trainers are in short supply, and methodologies are poor. In short: their training does not meet the standards that business demands. As a result, vocational training has a miserable image. To turn this around, donor country intervention is not enough. The private sector in developing countries needs to participate in setting the standards and doing the training – for example by offering internships and by posting professionals.

Companies profit from a more skilled labour force, obviously. Productivity goes up, product quality improves, and profits grow. In my opinion, part of these profits should be re-invested in vocational training. Because I believe in reciprocity.

Ladies and gentlemen,

Let me sum up. Government, business and education all have a specific role to play in the fight against poverty. But they cannot act in isolation. To tackle today's issues, cooperation is essential. The Dutch government seeks to be a broker in international responsibility, not least in the field of education – whatever our critics are saying. I sincerely hope that we will join hands and make a difference in the years to come.

I especially hope to join hands with the alumni of Dutch institutions for higher education in for example Wageningen, Delft, Enschede, Rotterdam, Amsterdam and – of course – Maastricht. Alumni often serve as unpaid ambassadors of our country. And alumni networks frequently facilitate bilateral contacts with a number of other countries.

Networks of relationship, networks of knowledge are key to a constructive role of our country as a broker in international responsibility. In Rwanda, for example, I met with alumni of the Maastricht School of Management. It was not only inspiring, I can also assure you one thing: none of us here in this room, being a administrator or a politician, will ever be as good as an ambassador for MSM and for my country, as those two dedicated ladies in Rwanda.

Thank you.