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ANNEX

to the Commission Implementing Decision on the financing of the annual action plan in favour of Bonaire for 2023

Action Document for Sector Budget Support to Water and Sanitation Sector in Bonaire

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of NDICI-Global Europe Regulation and as referred to in Article 82 of DOAG.

1 SYNOPSIS

1.1 Action Summary Table

1. Title OPSYS Basic Act	Sector Budget Support to Water and Sanitation Sector in Bonaire OPSYS reference: ACT-61860 Financed under the Decision on the Overseas Association, including Greenland with the EU (DOAG)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The Action shall be carried out in the Overseas Country and Territory (OCT) Bonaire
4. Programming document	Bonaire Territorial Multiannual Indicative Programme (MIP) - Annex I to the Commission Implementing Decision on the adoption of multiannual indicative programmes for Caribbean Overseas Countries and Territories (Bonaire and Curaçao) for the period 2021-2027.
5. Link with relevant MIP(s) objectives / expected results	<p>The Action will contribute to the specific objectives (SO) and expected results of the MIP:</p> <p>Specific Objective 1: Bonaire integrates the circular economy in water resources management to decrease marine and terrestrial pollution, increase public hygiene and build resilience</p> <ul style="list-style-type: none">• Expected result 1: Increased levels of wastewater collected for treatment according to regulatory norms of the Caribbean Netherlands.• Expected result 2: Increased capacity of wastewater treatment plant(s) – according to regulatory norms of the Caribbean Netherlands.• Expected result 3: Improved valuation of wastewater as a resource – with expanded application of circular economy practices in the water cycle for increased water and food security. <p>Specific objective 2: Bonaire develops an integrated water governance for sustainable conservation of vital ecosystems and its biodiversity.</p> <ul style="list-style-type: none">• Expected result 1: Wastewater Tariff Plan is implemented to chart timeline for application of the IWRM ‘polluter pays’ principle.• Expected result 2: Wastewater Ordinance specifies responsibilities of customers and utility to achieve the IWRM ‘polluter pays’ principle.• Expected result 3: Marine and ground water quality is monitored and evaluated (to assess viability for coral rehabilitation) – according to best practices.

PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Priority Area: Water management and sanitation (effective wastewater management) Sector: Water supply and sanitation			
7. Sustainable Development Goals (SDGs)	Main SDG: <ul style="list-style-type: none"> SDG 6: 'Ensure access to water and sanitation for all'. Other significant SDGs: <ul style="list-style-type: none"> SDG 3: 'Ensure healthy lives and promote well-being'. SDG 5: 'Achieve gender equality and empower all women and girls'. SDG 10: 'Reduced inequalities' SDG 12: 'Ensure sustainable consumption and production patterns'. SDG 13: 'Take urgent action to combat climate change and its impacts'. SDG 14: 'Conserve and sustainably use the oceans, seas and marine resources for sustainable development'. SDG 15: 'Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss'. SDG 16: 'Peace, Justice, and Strong Institutions'. 			
8 a) DAC code(s)	14000 - Water supply and sanitation 14010 Water sector policy and administrative management 14015 Water resources conservation (including data collection) 14020 Water supply and sanitation 14081 Education and training in water supply and sanitation			
8 b) Main Delivery Channel	12000 Recipient Government			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.050200.01 - Territorial Programme Total estimated cost: EUR 4 600 000 Total amount of EU budget contribution EUR 4 600 000 of which, • EUR 4 100 000 for budget support, and • EUR 500 000 for complementary support.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: Budget Support Sector Reform Performance Contract Procurement			

1.2 Summary of the Action

Bonaire's Multiannual Indicative Programme (MIP) 2021-2027¹ on water management and sanitation (effective sewage management) will be implemented through one single Action of EUR 4 600 000 (with EUR 4 100 000 earmarked for budget support and EUR 500 000 for complementary support) over the period 2024-2026. The Directorate of Spatial Planning and Development of the Public Entity Bonaire will implement the Action².

By identifying water management and sanitation as the main priority area, the Action is fully in line with the framework of cooperation established by the Decision on the Overseas Association, including Greenland (DOAG).³

Population growth and an expanded tourism industry have increased both wastewater and solid waste. Building on the achievements of the 8th, 9th and 10th EDFs, this Action intends to safeguard and restore both marine and terrestrial

¹ https://international-partnerships.ec.europa.eu/system/files/2022-11/mip-2022-c2022-8320-caribbean-oct-annex-1-bonaire_en.pdf

² [Openbaar Lichaam Bonaire \(OLB\)](#)

³ [Council Decision \(EU\) 2021/1764 of 5 October 2021 on the Association of the Overseas Countries and Territories with the EU including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other](#) (OJ of 7.10.2021; L355,6).

biodiversity by addressing their drivers and pressures. As a result, the Action will contribute to the implementation of Bonaire water and sanitation policy, embodied in the Nature and Environmental Policy Plan Caribbean Netherlands 2020-2030 (NEPP)⁴.

The objective of the Action is to contribute to the NEPP priority area “effective waste and wastewater management and sanitation,” in particular to increase the protection of marine and terrestrial biodiversity against pollution and safeguard the public health in Bonaire. Its specific objectives are (1) to lower marine and terrestrial pollution and to increase public sanitation and build resilience and (2) to establish an integrated water governance system, including gender perspective and if possible disability inclusion for sustainable conservation of vital ecosystems and its biodiversity. More concretely, the Action will address sustainable sewage collection and treatment for the protection of biodiversity against pollution, safeguarding public health by increasing access to sanitation and will promote circular economy by recycling wastewater resources for agricultural irrigation. These intended results are aligned to Bonaire’s priority to enhance its Blue Economy policy, while promoting sustainable and inclusive economic growth.

This Action will also contribute to achieving EU priorities, namely the Green Deal⁵ and Global Gateway⁶ through investments in Green and Clean Infrastructure. It will also contribute to its international commitments to support actions aligned with the Paris Agreement on Climate Change⁷ and the Kunming-Montreal Global Biodiversity Framework. In addition, this Action will contribute to the achievement of Agenda 2030, mainly to the Sustainable Development Goals 6 on clean water and sanitation and 14 on the conservation and sustainable use of the oceans, seas and marine resources for sustainable development.

The complementary support will be used to support the limited administrative capacity of Bonaire, explore the potential of InvestEU and also provide technical assistance for gender mainstreaming.

2 RATIONALE

2.1 Context

2.1.1 General context

Bonaire has been a public entity of the Kingdom of the Netherlands since the dissolution of the Dutch Antilles in October 2010. Together with the public entities of Sint Eustatius and Saba, it forms the Caribbean Netherlands, also known as BES islands, supported by Dutch line ministries, coming together through the *Rijksdienst Caribisch Nederland* (RCN).

EU cooperation with Overseas Countries and Territories (OCTs) is framed by Part IV of the Treaty on the Functioning of the European Union (TFEU) and the Decision on the Overseas Association including Greenland (DOAG). OCTs are constitutionally linked to a Member State, in the case of Bonaire to the Netherlands, but are not part of the EU territory, and therefore not bound by EU *acquis*. The Public Entity Bonaire and the European Commission jointly identified improved water management and sanitation (effective wastewater treatment) as the priority area of the territorial Multiannual Indicative Programme (MIP) 2021-2027, adopted in 2022. This MIP will be implemented through a single Action for the entire period, building on previous achievements of the past relevant territorial cooperation programmes.

2.1.2 Territorial context

Bonaire is an island situated in the Leeward Islands of the Caribbean, some 80 km north off the coast of Venezuela, and counts 22 500 (2022) permanent residents. On average 170 000 stay-over tourists (2022) and over 250 000 cruise ship

⁴ <https://www.dcbd.nl/document/plan-land-and-water-nature-and-environment-plan-caribbean-netherlands-2020-2030>

⁵ [Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal, COM\(2019\)640 final.](#)

⁶ [Joint Communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, The Global Gateway, JOIN/2021/30 final.](#)

⁷ [Dutch OCTs did not sign the Paris Agreement](#), however, its objectives and role are relevant in the framework of international action on climate change.

passengers visit the island (457 000 in 2019)⁸ each year. The number of lodging (2182 hotel rooms in 2021) is increasing steadily, with more planned. Bonaire is rated among the best diving locations in the world.

The island's economy relies largely on tourism, but the main contributor to the Gross Domestic Product (GDP) is the construction sector (addressing the need for accommodation for both the growing population and tourism alike). The island's single export article is salt (Cargill). Among Bonaire's challenges are the need to safeguard the environment and to foster resilience related to climate change effects, the trade deficit and the dominance of a single economic activity. Bonaire hosts international biodiversity hotspots (i.e. RAMSAR sites) and rich marine ecosystems; but these ecosystems, especially the coral reefs, are under increasing human pressure in part due to nutrients that flow into the sea as a result of deficient pit-latrines and septic tanks. Additionally, there is a need for both rainwater drainage and retention during the dry seasons for irrigation and maintaining groundwater levels.

2.1.3 Strategic framework

The Action is fully aligned with the objectives of the Green Deal, namely the protection of biodiversity and ecosystems and the improvement of wastewater management. The Green Deal is the EU strategy to attain climate neutrality by 2050 and to further cut greenhouse gas emissions by 55% below 1990 levels by 2030. Restoring nature and biodiversity ecosystems contributes to absorbing and storing carbon. In addition, circular and sustainable management of water resources will be key to the resilience to the effects of climate change.

Building on the achievements of previous EDF territorial programmes on the island, this Action will strengthen the long-term partnership between Bonaire and the EU in Green and Clean Infrastructures. As part of the Global Gateway, investments will ensure quality infrastructure respecting the highest social and environmental standards contributing to the mitigation and adaptation to climate change. The Global Gateway is the EU's approach to connect countries and territories, people and economies through investments that help them in speeding up their green transition and move to a circular economy.

It will also contribute to the 2030 Agenda for Sustainable Development, mainly the Sustainable Development Goals 6 'Ensure access to water and sanitation for all' and 14 'Life below water'.

Additionally, the Action will be informed by the EU Gender Action Plan (GAPIII 2021-2025)⁹, especially its key area of engagement 'Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation'.

Besides, Bonaire will be eligible for the InvestEU Programme¹⁰ on a competitive basis, which aims to stimulate the European economy through the provision of crucial support, notably guarantees, to the Union's medium- and long-term policy priorities. It will be needed to further reflect, notably through the technical assistance, on how InvestEU could complement this Action on water and sanitation, which will reinforce the enabling conditions for investments in these sectors. It should be noted, however, that Dutch OCTs require approval from the central Dutch government to enter into loan agreements.

2.2 Problem Analysis

The overarching challenge is the continuous deterioration of marine and terrestrial biodiversity, which also threatens the main economic activity of the island, which is sustainable tourism. Causal contributors to this deterioration are climate change (increasing seawater temperature) and the inflow of nutrients into the ocean water, resulting from both waste and stormwater. This inflow is increased by the rapidly growing population and the expanding tourism industry.

Pollution caused by stormwater is related to climate change (heavy rainfall) and to the expansion of built environment (less natural run-off to catchment areas). The coral reef surrounding the island is extremely sensitive to even low levels of nutrients in the marine environment. Coral bleaching and algae growth cause a rapid erosion of reefs, and the loss of shallow water stands of elkhorn corals may reduce protection from wave action, leading to beach erosion.

⁸ Source: CBS Caribbean Netherlands. Statline.

⁹ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2184

The GAP III is, however, not directly applicable to OCTs.

¹⁰ https://investeu.europa.eu/index_en

Prior to 2012, sewage ended up in pit latrines, septic tanks and -in part- finally into a small treatment plant. The Dutch Ministry of Infrastructure and Water Management and the EU collaborated in the construction of a central sewerage system for the houses and hotels located in a 200-meter distance from the shoreline and the construction of a treatment plant for the sewage collected. The treated water is fed partly to a piped system and sold back to hotels mainly for drip irrigation. Although the Department for Agriculture (LVV) is conducting trials and pilots with the use of treated water for agricultural production, previously existing tank transport to clients discontinued and no new (potential) users have been identified so far, with the sales of treated water remaining modest. The operation and maintenance of the system has been assigned to the Water and Electricity company of Bonaire (WEB). The costs for maintenance of the vacuum system are currently subsidized by central government for EUR 1 500 000 annually¹¹. With EU support, Bonaire started reforming its water and sanitation sector in 2014 to establish a tariff system that would cover part of the operational costs. To that end, the Law VROM BES was amended in 2022. In 2011, VROM was the Ministry for Housing, Spatial Planning/ Organisation and the Environment. At that time, none of the BES islands had central wastewater systems, while up to 2022, Public Entity Bonaire was not the legal owner of the existing infrastructures that were built later. As a side-effect of the transfer in legal ownership of those infrastructures to Bonaire, the law had to be amended to enable the local government to charge a tariff for the wastewater treatment services. The decision on the implementation of a tariff is expected to be taken by the end of 2023, or otherwise alternative ways to create revenue will be discussed. There is also a need for further data analysis and exploration of ways to increase the consumption of treated water.

An improved wastewater and sanitation programme will benefit all inhabitants and visitors of the island, including the most vulnerable groups. The central system replaces less hygienic pit-latrine and reduces health risks by avoiding that households empty their septic tanks in an unsafe manner. This output assists poorer strata of the population by replacing pit-latrine or deficient septic tanks with central sewerage. Replacement of pit-latrine has a health effect, in particular reducing risks for women.

Achieving gender equality in the water domain is crucial for the accomplishment of standing international gender and water-related commitments, including those enshrined in the 2030 Agenda on Sustainable Development – in particular, SDG 5 (gender equality) and 6 (water and sanitation for all)¹².

Positive policies need to be adopted not only to address the specific needs of women with regard to water but also to empower them to participate “at all levels in water resources programmes, including decision-making and implementation.”¹³

Stakeholders: The main stakeholders identified to be covered by the Action are:

- The Public Entity Bonaire, in particular the Directorate of Spatial Planning and Development that is responsible for the implementation of the Action. The Executive Council of the public entity acts as a supervisor of the implementation of the NEPP.
- The Water and Energy Company of Bonaire (WEB) is responsible for all operations of the water treatment plant, the maintenance of the sewerage system and the generation and processing of data related to the sewerage system and water quality management.
- The *Rijksdienst Caribisch Nederland* (RCN) coordinates programmes funded by the Dutch ministries. The NEPP involves the Ministry for Interior and Kingdom Relations; the Ministry for Infrastructure and Water Management; and the Ministry of Agriculture, Nature, and Food Quality.
- The Committee Land and Water of the NEPP is the official monitoring body of the implementation. The Island Governor holds the chair, with the NEPP Programme Manager as secretariate (see section 4.7 Organisational Set-up and Responsibilities).
- The private sector interests are mainly represented by the hotel association BONHATA. The Natural Park Foundation STINAPA is responsible for the main national parks and RAMSAR sites. The Nature Alliance of Bonaire ALIANSA represents an array of civil society organisations concerned with biodiversity.

¹¹ Source: Parliament of the Netherlands. Tweede Kamer, vergaderjaar 2022-2023, 36200 IV, nr.6, 17th October 2022.

¹² [Addressing gender inequality in the water sector](#). UNESCO, 2023.

¹³ [The role of women in water governance](#), IUCN, 2021

- The **beneficiaries** of the Action are the connected households, hotels and office premises; directly or indirectly the community-neighbourhood organisations, the tourism sector and conservation groups. Other stakeholders such as women organisations, people with disabilities organisations. In the end, this Action will benefit all inhabitants of Bonaire.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

The Nature and Environmental Policy Plan Caribbean Netherlands 2020-2030 (NEPP) provides the policy framework for the Action. Formulated in 2019 for the three public entities forming the Caribbean Netherlands (Bonaire, Sint Eustatius and Saba), this policy sets a specific target for “Effective Waste and Wastewater Management” as part of the strategic goal aiming to “Reverse Coral Reef Degradation to Enhance Wellbeing”. Activities specific to Bonaire are further elaborated in the Implementation Agenda for Nature and Environment Policy on Bonaire 2020-2030¹⁴ of the NEPP on Bonaire (First phase 2020-2025).¹⁵ As part of the reform and as of the second phase of the implementation of the NEPP (2025-2030), Bonaire will develop its policy through an “Integrated Vision for Wastewater in Bonaire”.¹⁶ The Vision document stipulates that all infrastructural works will be subjected to appropriate Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (both are requisites in the Bonaire NEPP implementation programme).

The policy is aligned with Bonaire’s priority to develop a Blue Economy, promoting sustainable and inclusive economic growth as described in Bonaire’s Tourism Recovery Plan (2021), which sought to reduce the pressure on natural resources and public infrastructure and services by decelerating the flow of tourists and aiming to be a high-end “blue destination” niche.

The NEPP counts with its own monitoring framework since implementation has been progressing since 2021/2022. The NEPP/Programme Monitor keeps track of the progress of all activities approved by the Committee Land and Water. The first year of implementation faced delays due to COVID-19, but in 2022 substantial progress was registered.¹⁷ NEPP reports are issued on a quarterly basis (mostly for internal use), and there is also an annual progress report submitted to the Dutch Parliament.

The NEPP’s funding comes from:

- The annual Free Allowance and top ups coming from the Dutch Ministry of the Interior and Kingdom Relations¹⁸.
- The total envelope for Caribbean Netherlands for NEPP (Phase 1 2020-2025) sums EUR 35 000 000¹⁹, of which EUR 3 900 000 were earmarked for Bonaire for the first phase.
- Individual activities may receive complementary funding from non-governmental organisations.

The quality of data produced by the Water and Energy Company of Bonaire (WEB) is sufficient. Data for sewage collection and treatment is produced by the automated systems of WEB. Data on water quality measurement is also coming from WEB from permanent measurement systems²⁰.

¹⁴ Openbaar Lichaam Bonaire. Implementation Agenda for Nature and Environment Policy on Bonaire 2020-2030. March 2021. The Agenda consists of four ‘strategic targets’, 12 goals and 95 activities. The Action supports one of the four targets.

¹⁵ The NEPP funds coming from the Dutch central government amount EUR 35 000 000 for three islands for the period 2020-2025. A mid-term evaluation is envisaged for 2024. Based on its results, a decision will be made about further funding. Source: Parliament of the Netherlands. Tweede Kamer, vergaderjaar 2022-2023, 36200 IV, nr.6, 17th October 2022.

¹⁶ The final version of the draft Integrated Wastewater Management is expected for Q3 2023.

¹⁷ NMBP Programma Monitor V8, Dec.2022. A draft Vision for Integrated Water Management (Jan 2023) has been elaborated. Studies to come to a Sea Water quality monitoring system and protocol are expected (Q1, 2024).

¹⁸ The structural ‘additional’ envelop for the Caribbean Netherlands amounts EUR 30 000 000 annually, starting 2023. Source: Parliament of the Netherlands. Tweede Kamer, vergaderjaar 2022-2023, 36200 IV, nr.6, 17th October 2022.

¹⁹ A budget allocation for the CN (no budget per island; it covers the costs for international staff).Source: interview Ministry of Infrastructure and Water Management.

²⁰ The Dutch Wageningen University conducts longitudinal water quality surveillance. The consultancy company Haskoning supports on-line the WEB laboratory tests. Regarding the activities of WEBB, there is permanent (automated) registration of main functions, such as wastewater inflow, and quality measuring in the treatment process. Reports are made on a daily basis.

Bonaire recognises the importance of producing good quality progress reports and data and may need to be supported by external expertise. In this respect, complementary measures may support to ensure that the policy is strengthened with a quality monitoring and evaluation framework and a reporting system.

A current weakness and key recommendation to follow-up is that there are currently no policy implementation progress reports done. The relevant policy documents related to the water are still under preparation.

As evidenced by the successful implementation of the 10th EDF budget support programme in the same sector, the policy is assessed as credible in terms of the track record in implementation, financing, institutional capacity, ownership and the quality of data and analysis underlying the sector strategy.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support programme.

2.3.2 Macroeconomic Policy

The Government of Bonaire pursues policies oriented to maintain macroeconomic stability, in coordination with the Dutch Ministry of Interior and Kingdom Relations. Monetary policies are limited (Bonaire uses the United States dollar) so securing fiscal stability is the main instrument. Another stability-oriented policy is the monitoring of Bonaire's competitive position among the neighbouring Caribbean islands in terms of attractiveness, investment climate and environmental protection.

The key economic sectors in Bonaire are the public sector, real estate, tourism and financial services, with tourism as the driver of the economy. Of all private businesses on Bonaire, 77% serve the tourist industry.²¹ Tourism consists of two segments: the stay-over tourists; and the day-tourists disembarking cruise ships.

Due to its heavy reliance on tourism, Bonaire's economy is vulnerable to external shocks, as evidenced by the COVID-19 pandemic that made tourism grind to a halt in March 2020. Between 2012 and 2019, the GDP per capita had increased from USD 21 700 (approx. EUR 16 439)²² to USD 25 400 (approx. EUR 22 883), but it dropped in 2020 by 8%, before recovering again in 2021 to USD 23 700²³ (EUR 20 881). A World Bank Study²⁴ calculated that the Bonaire economy lost USD 58 000 000 (EUR 47 000 000) in income from tourism over the year 2020. The economy is also vulnerable due to the goods it has to import. The consumer price index showed an average increase of 1.8% per year between 2010 and 2019, but prices increased by 9.2% in 2022, in particular fuel, gas and food products.²⁵

The financial support provided by the Dutch central government during the COVID-19 period (approx. USD 67 400 000 [approx. EUR 59 500 000], or 12.9% of GDP) has proven to be effective at counteracting a deeper recession. Approximately 1,100 businesses (37% of the total) made use of the support measures. Apart from such a sudden shock, the island's economy is sensitive to a variety of external threats, such as the world economic situation, especially tourism and prices of imports, the economic and political situation in Venezuela and climate change consequences. Changing rainfall patterns and seawater temperatures degrade coral reefs and indirectly impact the tourism sector.

Bonaire's trade deficit (USD 282 000 000 [approx. EUR 249 100 000] in 2021) is increasing, due to limited exports (mainly salt for USD 10 000 000 – 12 000 000 [approx. EUR 8 800 000 – 10 600 000] annually). In 2020, Bonaire experienced larger trade deficits for most categories of goods, including goods for dealing with the crisis. The trade deficit rose by 40% over a period of five years.

With regards to water quality: analysis is done on a daily basis by the WEBB itself. Currently there are no norms regarding quality of (treated) wastewater; these norms form part of the Wastewater Vision and the subsequent Wastewater Plan (to be elaborated). Water quality of surface and seawater is done at regular intervals. Improvement of equipment and facilities to that end form part of the budget support programme.

²¹ Source: World Bank Business Survey 2020. In: World Bank (2021). COVID-19. Post-Disaster Needs Assessment Bonaire. Socioeconomic Assessment, March–December 2020. P.15.

²² Exchange rate: end of year European Central Bank.

²³ Source: CBS Caribbean Netherlands. Statline.

²⁴ Source: World Bank (2021). COVID-19. Post-Disaster Needs Assessment Bonaire. Socioeconomic Assessment, March–December 2020. P.28.

²⁵ Source: CBS Caribbean Netherlands. Statline

The income inequality is the most stable among the islands of the Caribbean Netherlands. The Gini coefficient had a value of 0.40 in 2018, similar to the index in 2011²⁶, but poverty is persistent in the island. The unemployment rate (3% in 2019, down from 6% in 2016) increased modestly (4.3% in 2020) but remains low and unaltered in absolute numbers (370-400 persons actively looking for work).

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.3 Public Financial Management

Public financial management (PFM) of Bonaire is organised according to the rules of the Financial Law for the Public Entities, the General Law on the Public Entities and the Special Administrative Regulation. The Board of Financial Supervision, the *College Financieel Toezicht* (Cft), monitors and recommends on the financial management to the Dutch Ministry of Internal Affairs and Kingdom Relations.

The identification of strengths and weaknesses of the PFM system are based on comments made by the external accountant auditor related to the Statement of Financial Operations; recommendations by the Cft ; and the Governance Agreement 2019-2023 between central Dutch government and the Public Entity Bonaire. Strengths of the system are its strict fiscal discipline and the permanent monitoring.

The 2019 Improvement Plan and Action list (June 2021) focuses the reform actions on organisational administration and internal control; the assessment of liabilities and risks; the registration of assets and the further development of local tax assessment and collection, as well as digitalisation and simplification of the procurement system.

The Dutch Ministry of Finance determines the national tax policy, adapted to the Caribbean Netherlands, while the Island Council is responsible for local taxes. The modernization and digitalization of the Tourist Tax, replacing three previously existing local taxes strengthened domestic resource mobilization. The Island Taxes yield on average USD 15 000 000 - 18 000 000 (approx. EUR 13 300 000 – 15 900 000) per year. Over the past years, the local tax revenue administration was reformed, resulting in an increased revenue of USD 29 000 000 (approx. EUR 26 400 000) in 2023. The Central Bank of the Netherlands and the Authority Financial Markets control adherence to international tax principles (including control over illegal international transfers and money laundering).

A gap in the reforms is the lack of a consolidated (investments and operational) budget at the start of the Financial Year. The budget preparation is limited to a medium-term forward projection. The budget is presented using the administrative budget classification. The classification would rate at “C” according to the PEFA Pillar 1, PI 4. The end-of-year Financial Statements are usually elaborated in time for submission to the external auditor. The 2010 Constitution envisaged that the public entities of the Caribbean Netherlands would establish a joint Court of Auditors. Since no agreement was reached, the Island Council created a local court for special audits; the members were appointed recently (February 2023).

The Public Entity Bonaire has demonstrated strong political willingness to continuously reform its public finance management. This commitment is illustrated by the PFM Reform being among the six priorities listed in the Budget Proposal 2023.²⁷ It is envisaged that further progress will be made in the reform of the island tax system (car and road taxes), the procurement system will be revised and digitalised and further improvements in ICT will be implemented (protocols, back-up, emergency control and cyber-security). Budget reports published quarterly provide information on progress. These are reviewed by the Cft, which issues recommendations and monitors their implementation. The track record of the reforms is positive. Over the years 2021 and 2022, Cft mainly monitored the progress over the 12-point Letter issued by the ministry of the Interior and Kingdom Relations. By late 2022, 11 of the 12 points had been resolved.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

²⁶ Source: CBS Caribbean Netherlands. Statline.

²⁷ Source: Budget Proposal 2023, section 3.1, p.10 and section 3.3.4.11, p.48,49.

2.3.4 Transparency and Oversight of the Budget

The Government of Bonaire publishes all relevant budget information on its official website. There is no PEFA nor Open Budget Initiative.²⁸

The budget documentation is made public in accordance with the regulations and guidelines set in the Law FinBES. The budget information (Budget Proposals, Enacted Budgets, Approval Letters by BZK and Financial Statements) for the years 2021, 2022 and 2023 is made available to the public and sufficiently documented and transparent. The FinBES does require that in-year financial reports are being elaborated, but not that these are published. The Cft confirmed the timely submittal of the Budget Proposals (2022, 2023) and Financial Statements 2021. The Financial Statements are audited and the accountant / auditors opinion and recommendations are published on Government's website. Cft publishes all monitoring reports and advise on its website.²⁹ The public access to fiscal information would be rated at 'C' according to PEFA indicators (Pillar II, PI-9).

Over the years 2021 and 2022 Cft made no particular observation concerning the quality, integrity and accuracy of budget documentation apart from short delays.

The entry point is met as the 2023 budget was approved and published in September 2022.

On the basis of this assessment, it can be concluded that there are no major weaknesses for budget preparation, publishing, execution or review, that all key budget documents are produced and timely available, and that the transparency and oversight of the budget are at a sufficient level for the sector reform programme objectives to be largely achieved. In summary, the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this Action is to increase the protection of marine and terrestrial biodiversity against pollution and safeguard the public health in Bonaire.

The Specific Objectives (Outcomes) of this Action are:

1. To lower marine and terrestrial pollution and to increase public sanitation and build resilience.
2. To establish an integrated water governance system, including gender perspective and if possible disability inclusion.

The induced outputs to be delivered by this Action, contributing to the corresponding Specific Objectives (Outcomes) are:

IO 1.1. Contributing to Outcome 1 (or SO1): Increased processing of wastewater according to regulatory norms of the Caribbean Netherlands.

IO 1.2. Contributing to Outcome 1 (or SO1): Increased sales of treated wastewater.

IO 2.1. Contributing to Outcome 2 (or SO2): Enhanced marine, ground water and treated water quality monitoring.

The direct output to be delivered by this Action contributing to the Specific Objectives (Outcomes) is to enhance the capacity of Bonaire to sustainably manage its wastewater collection and treatment for the protection of biodiversity, using circular economy methods, while safeguarding public health and promoting gender equality and disability inclusion. It will be done through enhanced policy dialogue and coordination between the EU and Bonaire on water and sanitation as well as additional fiscal space provided for wastewater reforms.

²⁸ To be noted that Cft provides external assessment, but not in a comprehensive, theory-based manner, like PEFA, TADAT and other diagnostic tools. Cft instead monitors the conformity to Dutch laws and budget regulations, and its recommendations can feed to but are -unlike PEFA- not per se aimed at an integral and sequenced improvement of the PFM system.

²⁹ Source: www.cft.cw

3.2 Indicative Activities

Activities relating to Output 1.1:

- Expansion of the existing central or a decentralised sewerage system to capture sewage from existing and new buildings (houses and hotels) with a special focus on women and people with disabilities needs.
- Improvement of the quality of treatment and expansion of the physical capacity of the existing RWZI-BSSS wastewater treatment plant (through an additional sequencing batch reactor – SBR unit, upgrading/replacing Fats-Oil-Grease unit, and/or through upgrading the UV unit from 1 to 4 light systems), or realisation of a new treatment facility to meet needs of unconnected neighbourhoods located beyond the existing or planned/centralised vacuum wastewater network (with a special attention on gender and if possible on people with disabilities).

Activities relating to Output 1.2:

- Publication of a Marketing study on opportunities for safe and commercially viable sales of treated/irrigation water.
- Development of active communication and awareness campaigns directed at small private sector producers (including women), in order to increase irrigation water agricultural customers (the topic can include the illegal practice of using untreated wastewater for irrigation purposes).

Activities relating to Output 2.1:

- Procure water quality measurement equipment and install a laboratory certified to assess marine and ground water compliance with the regulatory norms of the Caribbean Netherlands laboratory.
- Train personnel (with a special focus on women and people with disabilities) in the application of water quality measurement and in equipment operation and laboratory analysis.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening : The Strategic Environmental Assessment (SEA) screening concluded that no further action was required. The NEPP Implementation Agenda encompasses SEA.

Outcomes of the Environmental Impact Assessment screening: The EIA (Environment Impact Assessment) screening classified the action as Category B (project does not require full EIA, but for which some environmental aspects, e.g. air, sewage-marine quality, land, biodiversity and ecosystems' protection will be addressed during further design and implementation). The NEPP Implementation Agenda encompasses EIA.

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project). The proposed action has no or low risk on the climate (no need for further assessment).

The Climate Risk Assessment (CRA) screening concluded that this action is vulnerable to climate variability and climate change, especially extreme weather conditions. The NEPP Implementation Agenda envisages plans for improved climate resilience and protection. The climate risk will be addressed as part of the EIA if needed.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This means that gender equality is a significant objective of the Action and, thus, implies that the Public Entity Bonaire will promote equal opportunities to all. Gender equality will be addressed during the programme. A technical assistance part of the complementary support measures (including in the budget of the Action) will further support gender mainstreaming in the sanitation and wastewater sector, with a gender sector analysis which will include the recommendations on promoting gender equality. This will feed to and contribute to the direct output of the Action (see 3.6 in the Logical Framework).

The CBS Monitor Welfare and Sustainable Development Goals (November 2022)³⁰ reports on SDG 3 (health) that less women than men describe their health as good. Noteworthy is that (SDG 5) the female participation in management levels on Bonaire is just 2.5%, while the average educational level of women is higher than for men.

The Action provides opportunities to advance the EU commitment to gender equality, by:

- Increasing general health conditions by equal access to improved sanitation, considered sensitive to women, as well as avoiding the use of untreated wastewater for irrigation purposes;
- Equal participation in training and capacity building, e.g. training in water quality monitoring and surveillance.

The Action will also be in line with the EU Gender Action Plan 2021-2025 (GAP III).³¹

Human Rights

Human rights are not a specific target of the proposed Action, and there are no human rights issues related to the proposed Action. Human rights are respected on Bonaire in line with the policy framework of the Netherlands. The universal access to safe drinking water and sanitation applies to all people of Bonaire, without distinction of any kind since access to safe drinking water and sanitation is indeed an internationally³² and EU³³ recognised human right, derived from the right to an adequate standard of living. The implementation of the Action will be informed by the Human Rights Based Approach (HRBA) principles: respect for all rights, non-discrimination, transparency, participation and accountability. The activities will be tailored to ‘leave no one behind’³⁴.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that inclusion of people with disabilities is not specifically targeted (although improved sanitation does reduce health threats). Policies related to disability, access to health, education, labour and social services, are all areas under responsibility of the Netherlands, and respond to the general norms of the policy framework of the Netherlands.

The Action seeks to include in the design of relevant activities, to the extent possible, the gathering of data on needs of persons with disabilities and help to mainstream inclusiveness and special needs across all activities, appropriate infrastructure and materials.

Reduction of inequalities

Inequality and poverty alleviation was the main political theme of the March 2023 Council elections. This Action is labelled as I-1 since the central sewage system may replace pit-latrines mainly in use by lower income households. The use of treated water for productive purposes (i.e. by small-scale farmers or for kitchen gardening) may have a (small) income effect to the bottom 40% bracket.

The Welfare and Sustainable Development Goals Monitor qualifies poverty as persistent over time, with an increase of the ‘grey pressure’ (65+ age group dependency on 20-64 age group). Some geographical areas are characterised by high poverty levels (i.e. the second city of the island, Rincon).

Democracy

The Constitution and laws of the Netherlands and the Law WOLBES secure democracy and good governance, specifying roles and functions of the legislative (Island Council) and executive (Executive Council) powers.

Conflict sensitivity, peace and resilience

Not applicable.

³⁰ The Monitor Welfare and Sustainable Development Goals is a national instrument, implemented by CBS. It contains 72 indicators. In 2022 it was applied for the first time in Caribbean Netherlands with 30 indicators. CBS. Welfare and Sustainable Development Goals Monitor. November 2022.

³¹ https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf

³² Under Article 11(1) of the International Covenant on Economic, Social and Cultural Rights.

³³ [Council conclusions on the EU human rights guidelines on safe drinking water and sanitation](#)
& [EU human rights guidelines on safe drinking water and sanitation](#)

³⁴ The Action will ensure to the extent possible that groups with specific needs (women, persons with disabilities, youth, among other groups) will take an active part and participate in decision-making processes. To this end, a consultation with all stakeholders about their needs and aspirations is foreseen to be carried out along the different stages of the programme’s cycle. An accountability mechanism will also be sought for people and communities who believe that they have been, or are likely to be, harmed by the Action, and access to information will be ensured.

Disaster Risk Reduction

Excessive rainfall in November 2022 with subsequent flooding paralysed three quarters of the central sewerage system. Subsequent rehabilitation triggered lessons for its technical design. The lessons-learned have been incorporated in the (technical design of) the proposed Action, making the system more disaster resilient. Climate change resilience is enhanced by the actions related to strengthened water resources management: capture, retention, storage and management of rainwater that form part of the NEPP Implementation Agenda Bonaire. Bonaire has been identified as the first part of the Netherlands being affected by rising sea water levels.

Other considerations if relevant

In addition to all activities foreseen (section 3.2), specific EU visibility activities would be further determined and implemented as part of the Action.³⁵

The proposed Action applies -and is illustrative for- the Rio Principle 4 “In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it”.

3.4 Risks and Lessons Learnt

The 2023 Risk Management Framework (RMF) for Bonaire represents an overall low risk.

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
external environment	Risk 1: Vulnerability to extreme weather due to climate change (rainfall, flooding)	high	high	The envisaged improved sewerage system is a mitigating measure; it contributes to a separate discharge (not mixed with rainwater) during rainstorms. -1 (Support to) implementation of other NEPP components ref. water retention, rainwater drainage system. Bonaire counts with ‘climate tables’ supported by international universities.
planning, processes and systems;	Risk 2: Coordination weaknesses and management in silos in the local government of Bonaire Risk 3: Delays in planning / design of physical infrastructure	medium	medium	-1 Timely provision of complementary support earmarked in this Action (i.e. on awareness and market studies of treated water). - 2 Annual work plan and budget to be approved and monitored by NEPP Steering Committee for Land and Water. - 3 Monitoring system to be strengthened. - 4 Active coordination and dialogue Delegation with the Public Entity Bonaire In part (and temporarily) mitigated by the external workforce supplied by central government (2023).
people and the organisation	Risk 4: Absence of necessary workforce and skills to upgrade the wastewater and sanitation sector	medium	medium	In part (and temporarily mitigated) by the external workforce supplied by central government (2023). -1 Timely provision of complementary support earmarked in this Action (i.e. on awareness and market studies of treated water as well as on timely testing and analysis of raw, leached and treated sewage regarding its impact on the marine environment).

³⁵ Complying with the instructions given in the [2022 guidance document Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

				-2 Establish continuous and regular communication between EU, the Public Entity Bonaire and the NEPP Steering Committee
communication and information	Risk 5: Lack of EU visibility	high	high	The EU Delegation in Guyana will pay a particular attention on the EU visibility during the implementation of the programme.
Planning, processes and systems	Risk 6: Insufficient or inadequate gender mainstreaming could reinforce gender inequalities in the sector and hinder the efficiency and sustainability of the Action. Insufficient disability inclusion.	medium	high	Knowledge and tools of gender mainstreaming and disability inclusion are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators and whenever possible disability. Gender mainstreaming is applied in all phases of the programme cycle. Consultation with all stakeholders about their needs and aspirations is foreseen to be carried out along the different stages of the programme's cycle.

Lessons Learnt:

The Public Entity Bonaire benefited from the European Development Fund allocations (8th, 9th, 10th EDFs) for the initial start of, and subsequent extension of, the central sewerage system and wastewater treatment plant. The 11th EDF was focused on youth and education. After having used the project modality, administrative and implementation complexities triggered a shift in 2017 to the budget support modality.

However two main lesson-learnt from past cooperation is that coordination issues delayed the implementation and there was a lack of knowledge/capacity on EU budget support. Capacities were therefore strengthened during the design phase of this Action, as budget support trainings were provided to staff of the Public Entity Bonaire. The proposed Action further foresees to support Bonaire's capacity through technical assistance for studies and strategy development related to the sector reform, and for the budget support process.

Policy dialogue is a key ingredient of budget support and will be continued until completion of the agreed Action. This implies intensified coordination between the EU Delegation and the Public Entity Bonaire, as well as with the Steering Committee for Land and Water of the NEPP. In order to stimulate this dialogue until completion of the activities, this budget support programme incorporates a variable component in the last tranche.

Strong attention on EU visibility and communication of the impact of the Action by Bonaire will have to be ensured, as it is also a lesson-learnt from past cooperation. It is foreseen to further enhance the understanding of the EU and the promotion of the EU-OCT partnership (please refer to the section 6).

3.5 The Intervention Logic

The intervention logic for this Action focuses on safeguarding ecological processes and functions in both the marine and terrestrial environment by addressing the drivers of contamination and mitigating existing pressures on the environment. At the same time it safeguards public health conditions and enables to reuse wastewater resources in agriculture. The support to the Nature and Environmental Policy Plan Caribbean Netherlands 2020-2030 will improve the financial and technical capability of Bonaire to enhance the service delivery capacity of the sector and to strengthen its financial sustainability and regulatory framework (induced output).

The Action will support the marine and terrestrial biodiversity in Bonaire by addressing: the management of the sewerage and wastewater system by extension of both the central system and the treatment plant capacity; the water quality monitoring system of seawater, surface water, groundwater and treated wastewater; the promotion of the circular use of treated wastewater.

The underlying intervention logic for this Action is that by providing fiscal space and having regular policy dialogue with the Government of Bonaire on water and sanitation policies, the Government of Bonaire will be empowered with reinforced human, technical and financial capacities for water monitoring and decision-making to design and start construction works for the expansion of the wastewater treatment facilities; sewerage system and, further,

irrigation system; as well as incentivised to finalise the Wastewater System Cost-Recovery Plan and Schedule, in line with the stated performance targets and in line with EU priorities such as the Green Deal and the promotion of gender equality.

The extension of the sewage system enables an improvement in the sanitation situation for more connected households and hotels, moving as many households as possible away from pit-latrines and poorly constructed septic tanks. In addition to those improvements, an enhanced sewerage collection (output 1.1) also means lower levels of nutrients discharged into the ocean, therefore contributing to lower growth of algae and sea weeds, and to a healthy coral growth. Sustainable coral growth is key to maintaining and restoring marine and related terrestrial ecological processes (outcome 2) and to mitigating the impacts of climate change by natural coastal protection.

Moreover, Bonaire opts to establish regular and appropriate nutrient levels monitoring by acquiring water monitoring equipment and laboratory facilities (output 2.1) and training its staff.

With a sewerage system which is collecting more wastewater, the additional sewage needs to be treated, which is enabled by the extension of the capacity of the treatment facility (output 1.1). Once the quality of treatment is improved, the facilities will produce more and higher quality treated wastewater (output 2.1). Through the piped system for treated wastewater, the higher quantity of treated wastewater is made available for circular use and enables its productive use, for example in irrigation for agriculture (outcome 1). Applied research into the opportunities for safe and viable production of vegetables with marketing opportunities (output 1.2) is accompanied by active and awareness campaigns around the illegal use of untreated wastewater.

The EU will engage in a strong policy dialogue with the stakeholders as part of the budget support programme. The policy dialogue will be an essential tool to reinforce the impact of the policy and to ensure that an integrated water management governance and gender sensitive framework is developed. With the implementation and the enforcement of the Wastewater Tariff plan (Bonaire indicated a decision/implementation starts in October 2023-other options to create revenue will also be explored³⁶), the revenues of the tariff could be used to cover (part of) the operational and maintenance costs. By drafting the Integrated Water Resources Management Plan (outcome 2) and applying the water management regulatory framework (output 1.1), and by establishing a water quality monitoring system (output 2.1), the monitoring and surveillance system of the marine and groundwater quality will be enhanced and will further support the efforts for coral rehabilitation and restoration.

Synergies will be sought with the current 11th EDF Caribbean OCT's Resilience, Sustainable Energy and Marine Biodiversity Programme (RESEMBID)³⁷, the thematic programme "Green Overseas", as well as the regional programme for the seven Caribbean OCTs for 2021-2027 which will have a component on water³⁸. Further synergies would be sought with the LIFE programme 2021- 2027³⁹, dedicated to environmental and climate objectives and InvestEU. Besides, the 'Interreg Caribbean Cooperation Programme for 2021-2027'⁴⁰ will also fund actions between the Outermost Regions and their neighbours in the Caribbean region, notably Overseas Countries and Territories, on environment and climate change. Furthermore, the DOAG aims to enhance the cooperation between OCTs and their neighbours (African Caribbean Pacific states and third countries as well as Outermost Regions and regional organisations), an envelope of EUR 15 000 000 for intra-regional cooperation for all 13 OCTs is therefore dedicated for this purpose. This would steer the reflection on how the cooperation between OCTs and Outermost Regions in the Caribbean region could be reinforced.

Complementary to this Action, where appropriate, the TAIEX facility could also be envisaged to promote expertise in the water and sanitation sectors.

³⁶ There is currently no political agreement on the exact application of the Tariff. Therefore, this element was adapted in the section 3.6 Logframe hereafter.

³⁷ <https://resembid.org/>

³⁸ https://international-partnerships.ec.europa.eu/document/4b3b0484-d25a-45d8-8bda-e1efb75cee4a_en?filename=mip-2022-c2022-8303-caribbean-oct-annex_en.pdf

³⁹ https://cinea.ec.europa.eu/programmes/life_en

⁴⁰ <https://www.interreg-caribbes.com/program-interreg-caribbean2021-2027>

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention. On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Caveat: the indicators used in the LFM refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country/OCT policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country/OCT, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results Chain	Indicators	Baselines	Targets By The End Of The Budget Support Contract (Year)	Sources Of Data (1 Per Indicator)
Indicative Impact Of The Policy	Marine and terrestrial biodiversity is protected against pollution; the public health is safeguarded by increased access to sanitation; circular economy practices applied by recycling wastewater for agricultural irrigation	1. Percentage of coral reef sustained and protected 2. Level of pollution of seashores and ground water in Bonaire	1. 2023: To be determined by 2024 2. 2023: to be determined by 2024	1. 2027: To be determined by 2025 2. 2027: To be determined by 2025	1. Scientific research and publications by Wageningen University
Expected Outcomes Of The Policy	1. The water resources management has integrated circular economy for lower marine and terrestrial pollution,	1.1. Percentage of households with unsafe sanitation facilities ⁴¹ , disaggregated by sex of person who heads the household	1.1. 2023: to be determined by 2025	1.1. 2027: To be determined by 2025	1.1. Public Entity Bonaire Progress Reports on NEPP

⁴¹ Such as pit latrines and deficient septic tanks; this concerns mainly households with no connection to the sewerage system.

	enhanced public sanitation and resilience				
	2. An integrated water governance (gender responsive and disability inclusion) has been developed for sustainable conservation of vital ecosystems and biodiversity	2.1. Status of the Integrated Water Resources Management (Master) Plan, including gender responsiveness and if possible disability inclusion)	2.1. 2023: Consultancy (draft) study and advisory work completed	2.1. 2027: First draft of the Integrated Water Resources Management Plan ready and discussed and reviewed by the Council	2.1.Draft IWRMP and its discussion minutes, review report; NEPP Implementation Progress Reports, Public Entity Bonaire
		2.2. Wastewater System Cost-Recovery Plan and Schedule (as a IWRMP chapter and appendices) to assess revenue generation options so as to cover operations costs, first phase, and capital investments, second phase	2.2 2025: <i>Cost Recovery Plan and Schedule</i> , first draft reviewed	2.2. 2027: <i>Cost Recovery Plan and Schedule</i> , final, disseminated and presented to Bonaire stakeholders	2.2 Draft Cost Recovery Plan and Schedule; NEPP Implementation Progress Reports
Induced Outputs	1.1. Increased processing of wastewater according to regulatory norms of the Caribbean Netherlands	1.1.1. Number of people with access to sanitation facility with EU support (**GERF 2.38), disaggregated by sex and location	1.1.1. 2021: 6200 pe ⁴² (annual average) connected to WWTP service area	1.1.1. 2027: 7200 of which 1000 new pe connected to the central (WWTP service area) or decentral systems, annual average	1.1.1.NEPP implementation progress reports, WEB
		1.1.2. Number of people reached with the EU visibility plaques as per 2022 guidance document and knowledgeable on the gender responsive water governance reform ⁴³	1.1.2. 2023: 0	1.1.2 2027: To be determine by 2025	1.1.2. Baseline and final surveys Disbursement files
		1.1.3. Wastewater treatment capacity (in m ³ /day)*	1.1.3. 2023: existing capacity at 1386 m ³ /day	1.1.3. 2027: Upgraded the capacity at 2086 m ³	1.1.3. Public Entity Bonaire, Directorate Spatial Organisation (DRO), WEB,

⁴² Pe' is the population equivalent; numbers are based on annual average for a specific defined period.

⁴³ https://international-partnerships.ec.europa.eu/system/files/2023-04/communicating-and-raising-eu-visibility-guidance-for-external-actions-july-2022_en_0.pdf

				day, including the baseline	implementation progress reports
		1.1.4 *Status of wastewater capacity expansion infrastructure works	1.1.4. 2023: no enhanced capacity	1.1.4. 2025: Procurement of the infrastructure works to increase access to sanitation and wastewater treatment capacity is completed and works have started	1.1.4. Public Entity Bonaire, Directorate Spatial Organisation (DRO), WEB, implementation progress reports
	1.2. Increased sales of treated wastewater	1.2.1. Status of the Marketing study on sales of treated wastewater	1.2.1. 2023: no study	1.2.1. 2026: Marketing study concluded and published with identification of new potential clients	1.2.1. Published Marketing study, WEB Implementation progress reports
		1.2.2. Number of stakeholders receiving irrigation-grade treated wastewater (disaggregated by commercial status and by sex of the leader) * (**GERF 2.1.)	1.2.2. 2021: 40 (2 agricultural and 38 hotel customers for irrigation water)	1.2.2 2027: 52 (including 10 agricultural and 42 hotel customers for irrigation water)	1.2.2. WEB Contracts with the irrigation water users?
		1.2.3. Number of small producers informed on the opportunity of using treated wastewater for irrigation purposes, disaggregated by sex and location	1.2.3. 2023: 0	1.2.3. 2027 to be determined by 2025	1.2.3. WEB public awareness lists of dissemination and workshops' lists of participants
	2.1. Water quality monitoring (sea water, groundwater, treated water) enhanced with equipment and laboratory and operational according to best practices	2.1.1. Status of technical upgrade of Laboratory	2.1.1.2023:Not upgraded	2.1.1. 2027: Laboratory facilities procured and installed ⁴⁴	2.1.1. NEPP Implementation Progress Reports, Public Entity Bonaire, WEB.
		2.1.2 Number of WEB laboratory personnel are capable of monitoring and regular data	2.1.2. 2023: 0	2.1.2 2027: To be determined by 2025	2.1.2. Pre- and post-training assessments; attendance lists

⁴⁴ Both indicators under output 2.1 are subject to change, depending on further decision making –with an alternative proposal from the Dutch under discussion for water quality monitoring to be incorporated in a centralised form for all 3 BES islands.

		collection on the sea, ground and treated water pollution as per the standards and criteria to be established by the Government of Bonaire, disaggregated into sex			
		2.1.3. Status of a water quality monitoring programme for Bonaire	2.1.3. 2022: Preparations undertaken by sampling of historic data	2.1.3. 2027: A draft water quality monitoring programme for ground and seawater is prepared, based on the method for a Framework for a water quality monitoring programme for the Caribbean Netherlands (Wageningen University & Research) ⁴⁵ .	2.1.3. Draft programme and minutes of its discussion with the stakeholders in Bonaire
		2.1.4. Number of WEB laboratory workers who are capable of monitoring and regular data collection on the sea, ground and treated water pollution as per the standards and criteria to be established by the Government of Bonaire, disaggregated by sex	2.1.4. 2023:0	2.1.4. 2027: To be determined by 2025	2.1.4. Pre- and post-training assessments; attendance lists
Direct Outputs	3.1. Capacity to implement inclusive, gender-sensitive and integrated water and sanitation policies is enhanced	3.1.1. Percentage of recommendations resulting from policy dialogues implemented	3.1.1. 2023:0	3.1.1. 2027: At least 75%	3.1.1. Disbursement files

⁴⁵ This target and corresponding indicator is subject to change, depending on further decision making –with an alternative proposal from the Dutch under discussion for water quality monitoring to be incorporated in a centralised form for all 3 BES islands.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this Action, it is envisaged to conclude a financing agreement with the OCT Bonaire, public entity of the Netherlands⁴⁶.

4.2 Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section three will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the Financing Agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

Budget Support is particularly suited for Bonaire, since the Public Entity Bonaire is familiar with this modality (10th and 11th EDFs) and has demonstrated good capacity to absorb financial support. Financial risks which could advise against continued budget support (e.g. fiduciary risks or low absorption rate) have not been identified.

The amount allocated for the budget support component is EUR 4 100 000 and for complementary support is EUR 500 000. The amount for budget support is based on the assumption that most of the budget support will be used for complementing Dutch funding. The implementation of the sanitation component of the NEPP (2020-2030) is financially supporting by Dutch funding (estimated at EUR 3 900 000) earmarked for it. Additionally, the Dutch Ministry of Infrastructure and Water Management allocated EUR 7 000 000 to cover operating cost of the wastewater treatment plant for the period 2021-2024. The Action will be therefore implemented in the spirit of a Team Europe approach.

The complementary support for EUR 500 000 is based on the need for support in the implementation of the budget support programme and for exploring how InvestEU could complement this programme. Specific EU visibility activities could also be funded by this complementary support. (see also 4.4.1 Direct Management (procurement)).

The following disbursement calendar and profile proposed for the Action is indicative. The actual disbursement calendar and profile will be set out in the Financing Agreement and may remain subject to change.

	2024	2025	2026	2027	Total
Fixed tranches in million EUR	2.5		1.1		3.6
Variable tranches in million EUR				0.5	0.5
Total	2.5		1.1	0.5	4.1

⁴⁶ The signing of the Financing Agreement will be done by the Acting Governor, Mr Reynolds Oleana. This will be communicated by the Government of Bonaire to the Delegation.

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Nature and Environmental Policy Plan Caribbean Netherlands (NEPP) 2020-2030, continued credibility and relevance thereof or of the subsequent policy (Integrated Water Management Plan).
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities:

(1) Status of wastewater capacity expansion infrastructure works: target -the procurement is completed and works have started by 2025.

(2) Status of the Marketing study on sales of treated wastewater: target – the Marketing study is performed and published, including forecast on sales, overall valuation of the treated water, and identification of new potential clients by 2026.

The relevant indicators have been marked in bold text in the Logical Framework in Section 3.6.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the Action. However, in duly justified cases, the partner country/OCT and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country/OCT and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the OCT's treasury. The crediting of the euro transfers disbursed into American dollars (USD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.⁴⁷

4.4.1 Direct Management (Procurement)

One or more short-term assignments providing technical assistance to the Government of Bonaire will be arranged as to provide complementary support to the limited institutional and human resource capacity of the local government on sanitation and wastewater treatment. This technical assistance will be implemented under direct management by the EU Delegation in Guyana, in close cooperation with the Government of Bonaire.

The technical assistance will support Bonaire in improving its capacity for gender-sensitive sanitation, wastewater policy and management (including a gender analysis) and in assessing the potential use of InvestEU; in addition, the technical assistance may support activities such as specific EU visibility activities and other studies as determined.

The technical assistance, which could also be completed from another decision if needed and justified, will also support Bonaire in the implementation of the budget support programme.

4.4.2 Changes from direct to indirect management mode due to exceptional circumstances

In case that the general eligibility criteria of budget support are not met anymore or following the agreement of the Commission to a duly justified request from the beneficiary in the event of important challenges encountered in the implementation, the Action could be transformed to indirect management mode with a pillar-assessed entity in last resort.

In such cases this Action may be implemented in indirect management; the envisaged entity will be selected using the following criteria: 1) A strong field presence in the beneficiary OCT and Caribbean region and 2) A long-term experience in the field of sanitation and wastewater treatment and corresponding governance and with EU policies.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria as above. If the entity is replaced, the decision to replace it needs to be duly justified.

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation, which applies to OCTs according to the DOAG).

⁴⁷ [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support Sector Reform Performance Contract cf section 4.3	4 100 000
Procurement – cf. section 4.4.1	500 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be covered by another Decision
Strategic communication and Public diplomacy – cf section 6	Will be covered by another Decision
Totals	4 600 000

4.7. Organisational Set-up and Responsibilities

The NEPP Implementation and Bonaire Implementation Agenda are under the responsibility of the Executive Council of the Public Entity Bonaire. The Council runs the daily business of the government and is appointed by the Island Council, the elected legislative body of Bonaire. After March 2023 elections, a new Island Council was installed in May 2023. The Island Governor leads the Bonaire government and is appointed by the King of the Netherlands.

The implementation of the Action related to water and sanitation is the responsibility of the specific Directorate Spatial Organisation (DRO).

The governance structure of the NEPP encompasses three distinct levels of governance, namely:

- Political: Island Council of the Public Entity Bonaire, Directorial College of the Public Entity Bonaire and Ministries of Agriculture, Natural Environment and Fisheries (LNV); Infrastructure and Water Management (I&W); and Internal and Kingdom Affairs (BZK);
- Steering: Steering Committee Environment and Steering committee Land and Water, Programme Management teams (Contract management);
- Executive: Core teams on Environment, Land and Water ; Project leaders and partners; Governmental agencies (*Rijksdienst Caribbean Netherlands* (RCN); Department of Waterways and Public Works).

In addition, there are local civil society organisations (CSO) in the area of nature conservation.

Sewage and sanitation are managed by the Steering Committee for Land and Water. It counts seven members and is chaired by the Island Governor, while the NEPP Programme Manager pertains to the RCN. The Programme Manager is permanent Secretary of this Steering Committee that meets every 6 weeks. The Committee invites stakeholders involved in the NEPP activities according to the subject(s). These stakeholders are semi-public foundations), non-governmental organisations and civil society organisations.

Practical implementation of activities within the sanitation reform and wastewater treatment correspond to the Water and Electricity company WEB. Most of the technical implementation (designs, tenders, etc) is accompanied by the central government Ministry of Infrastructure and Water Management.

The policy dialogue between Bonaire and the EU will involve the stakeholders mentioned above, as well as the Head of Finance, who reports in accordance with applicable financial laws and reforms. Close policy dialogues on budget support and monitoring of the Action will be ensured in order to react in time if problems occur.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of

the Action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this Action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the partner's strategy, policy or reform action plan list. Progress reports must be published and available to the public. Efforts will be made to get sex-disaggregated data from users or beneficiaries of this Action to feed the assessment of indicators.

The Commission may undertake additional project monitoring visits through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The responsibility for data collection, analysis, monitoring and reporting on the Action will be an integral part of the responsibilities of the director of the Directorate Spatial Organisation (DRO).

Progress reporting and monitoring of the Nature and Environment Policy Plan for the Caribbean Netherlands is done on a regular basis and reflects the 'state of affairs' in both physical and financial terms. These progress reports give clear accounts of the progress achieved against the objectives and targets of activities approved by the Committee Land and Water. The NEPP Steering Committee produces progress reports as input to the Annual Report by BZK to the Dutch Parliament.

Data records required for the indicators referring to wastewater collection and wastewater treatment as well as treated wastewater will be collected on a regular base by the Water and Electricity company Bonaire (WEB). WEB records all data on number of connected households, volume of treated wastewater, volume of treated water for irrigation (daily, monthly and annually) as part of its operative information.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the Action as follows: data informing the results indicators is expected to be measured and recorded by WEB at least on a semester basis. Data should be available not later than two months after the semester has passed.

Within the framework of supporting the enhancement of its marine and ground water quality monitoring and evaluation (SO2), Bonaire will review and update standards/norms for ground seawater and treated wastewater quality, as well as define a monitoring and reporting system with responsibilities. This may take the form of a joint action with one centralised system incorporated for all three BES islands (decision on the two alternative options is pending).

All monitoring and reporting need to assess how the Action is considering the principle of gender equality and human rights-based approach. It is sought to have indicators disaggregated at least by sex.

5.2 Evaluation

Having regard to the nature of the Action, a final or an ex-post evaluation may be carried out for this Action or its components through either a joint mission or independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Commissioning schedule (including design, construction, testing and adjustments) of the infrastructural works may be delayed by shortages of material and equipment. Another consideration for the evaluation process is that changes may occur as product of the mid-term evaluation of the NEPP (2025) as envisaged by the central Dutch government.

The evaluation of this Action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country/OCT, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least two months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

As appropriate, all evaluations should assess to what extent the Action is taking into account gender equality, women's empowerment and disability inclusion. Such expertise would be sought in the evaluation teams.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

The financing of the audit may be covered by another measure constituting a Financing Decision.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “Communicating and Raising EU Visibility: Guidance for External Actions”⁴⁸, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries/OCTs, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned⁴⁹. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

⁴⁸ https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en

⁴⁹ In the specific case of this budget support programme on water and sanitation, EU visibility actions related to reforms and achieved results have been included.