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ANNEX III

to the Commission Implementing Decision on the financing of the annual action plan in favour of three Caribbean Overseas Countries and Territories (Saba, Saint-Barthélemy and Sint Eustatius) for 2022.

Action Document for Sustainable Agriculture in the OCT Sint Eustatius

ANNUAL ACTION PLAN

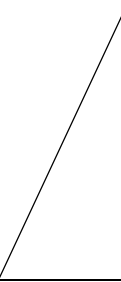

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans in the sense of Article 23 of NDICI-Global Europe Regulation and as referred to in Article 82 of DOAG.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Sector Budget Support Programme for Sustainable Agriculture in Sint Eustatius OPSYS reference: ACT-61412 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) Sint Eustatius.
4. Programming document	Sint Eustatius Territorial Multiannual Indicative Programme (MIP) - Annex VIII of Commission Implementing Decision adopting 9 multiannual indicative programmes for Overseas Countries and Territories for the period 2021-2027.
5. Link with relevant MIP(s) objectives / expected results	The Action will contribute to the specific objectives (SO) of the MIP: <ul style="list-style-type: none"> • Specific objective 1: Increase sustainable production and productivity of agriculture, husbandry and fisheries <ul style="list-style-type: none"> ○ Expected result 1: Rural infrastructure (re)constructed/delivered ○ Expected result 2: Increased access to productive tools/equipment ○ Expected result 3: Strengthened agricultural services and rural services available • Specific objective 2: Improve preparedness and resilience against food and climate crises <ul style="list-style-type: none"> ○ Expected result 1: Improved food stock management systems ○ Expected result 2: Policies, legislation, regulations and action plans developed ○ Expected result 3: Up-to-date information, data and statistics available
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority area: Sustainable Agriculture Sector: 310 - Agriculture, forestry and fishing
7. Sustainable Development Goals (SDGs)	Main SDG:

	<ul style="list-style-type: none"> • SDG2 ‘End hunger: Achieve food security, end hunger and improved nutrition, and promote sustainable agriculture’ <ul style="list-style-type: none"> ○ Specific target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. <p>Other significant SDGs :</p> <ul style="list-style-type: none"> • SDG1 ‘End poverty in all its forms everywhere’ <ul style="list-style-type: none"> ○ Specific target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance; ○ Specific target 1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters. • SDG 5: Gender Equality: <ul style="list-style-type: none"> ○ Specific target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life • SDG14 ‘Conserve and sustainably use the oceans, seas and marine resources for sustainable development’ <ul style="list-style-type: none"> ○ Specific target 14.b: Provide access for small-scale artisanal fishers to marine resources and markets • 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’ <ul style="list-style-type: none"> ○ Specific target 19.4: By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts • SDG16 ‘Promote peaceful and inclusive societies for sustainable development’ <ul style="list-style-type: none"> ○ Specific target 16.6: Develop effective, accountable and transparent institutions at all levels.
8 a) DAC code(s)	310 – Agriculture, forestry and fishing 311 – Agriculture 31110 – Agricultural policy and administrative management 31140 – Agricultural water resources 31161 – Food crop production 31163 – Livestock 31166 – Agricultural extension 31194 – Agricultural co-operatives
8 b) Main Delivery Channel	12000: Recipient Government

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input 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
	Participatory development/good governance	<input checked="" type="checkbox"/>	<input 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"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born, child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation		<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
Connectivity		<input type="checkbox"/>	<input checked="" 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"/> <input checked="" type="checkbox"/>	

	Migration (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.050200.01 - Territorial Programme Total estimated cost: EUR 2.9 million Total amount of EU budget contribution: EUR 2.9 million for budget support, of which, <ul style="list-style-type: none"> • EUR 2.6 million for budget support and, • EUR 300 000 for complementary support in form of technical assistance (TA). 			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: <ul style="list-style-type: none"> - Budget support: Sector Reform Performance Contract - Procurement 			

1.2 Summary of the Action

The Sint Eustatius Multiannual Indicative Programme (MIP)¹ on sustainable agriculture will be implemented through one single Action of EUR 2.9 million with the public entity of Sint Eustatius (with EUR 2.6 million earmarked for budget support and EUR 300 000 for complementary support) over the period 2023-2026. The implementation will be carried by the Directorate of Economy, Nature and Infrastructure.

By identifying sustainable agriculture 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)².

The policy framework lies in the ‘Nature and Environment Policy Plan for the Caribbean Netherlands 2020-2030’ (NEPP)³. Its Implementation Agenda for Sint Eustatius⁴ constitutes the formal policy guiding the Action, aiming at achieving the sustainable use of land and water for the development of the local economy, including investing in sustainable local food production. Protection of biodiversity is also emphasised through actions addressing land degradation, water resources and restoration of coral reefs.

The NEPP is complemented by the ‘Vision for Sustainable Agriculture on Sint Eustatius’, adopted by the Executive Council in February 2022. The Vision promotes a circular, nature-inclusive and regenerative approach to sustainable agriculture that is fully compatible with the preservation of biodiversity.

The Action will support the development of a sustainable agriculture that contributes to a healthy natural environment, ensures basic food security and creates economic opportunities. The relevance of pursuing an agricultural policy to strengthen food security and the social and economic resilience of Sint Eustatius is heightened by its vulnerability to external threats such as extreme weather events or as seen during the COVID-19 pandemic. This volatility exacerbated by climate change therefore reinforces the argument to support a strong agriculture policy and food security. Furthermore, biodiversity is another concern that will be tackled through agriculture thanks to a sustainable management of natural resources.

¹ https://international-partnerships.ec.europa.eu/system/files/2021-12/mip-2021-c2021-9164-oct-annex-8-st-eustatius_en.pdf

² [Council Decision \(EU\) 2021/1764 of 5 October 2021 on the Association of the Overseas Countries and Territories with the European Union 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).

³ <https://english.rijksdienstcn.com/agriculture-nature-and-food-quality/documents/leaflets/agriculture-horticulture-and-livestock/nature-policy-plan/nature-policy-plan/nature-and-environment-policy-plan-caribbean-netherlands-2020-2030>

⁴ <https://www.statiagovernment.com/documents/reports/2022/02/08/implementation-agenda-for-nature--environment-policy>

Since the current situation of the agricultural sector on the island is largely characterised by very small scale informal, subsistence oriented farming (weak sector infrastructure, lack of agricultural extension services, hardly any commercial use of the sector to generate income and unregulated with many farmers who are neither registered nor officially employed), there is the need to strengthen the regulatory framework, the governance, resilience, productivity and infrastructure of the sector.

The Action will mostly be directed to:

1. Strengthen agriculture sector governance;
2. Create a conducive environment for sustainable agriculture.

This Action will contribute to achieving the EU priorities, namely the Green Deal⁵, but also its international commitments to support actions aligned with the Paris Agreement on Climate Change⁶ and the Sendai Framework for Disaster Risk Reduction 2015-2030. In addition, this Action will contribute to the achievement of the 2030 Agenda for Sustainable Development, mainly to the Sustainable Development Goals (SDGs) 2 ‘End hunger: Achieve food security, end hunger and improved nutrition, and promote sustainable agriculture’; 14 ‘Conserve and sustainably use the oceans, seas and marine resources for sustainable development’; and 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’.

The complementary support will notably be used to strengthen the agriculture sector governance, in particular by supporting the development of a ‘Strategic Action Plan for Sustainable Agriculture’. With a horizon of 2030, the document will set clear targets for increasing production and productivity of food crops, animal husbandry and fisheries, and prioritised infrastructure needs (upgrade/new) through a community based and gender sensitive process.

2 RATIONALE

2.1 Context

2.1.1 General context

Sint Eustatius is a public entity/special municipality of the Kingdom of the Netherlands, having gained this status upon the dissolution of the Dutch Antilles in October 2010. Together with the public entities of Saba and Bonaire, it forms the Caribbean Netherlands. They are supported by Dutch line ministries, coming together through the *Rijksdienst Caribisch Nederland* (RCN).

EU cooperation with the Overseas Countries and Territories (OCT) 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 Sint Eustatius to the Netherlands, but are not part of the EU territory, and therefore are not bound by the EU *acquis*.

Sustainable Agriculture, as part of the island’s resilience, was jointly identified by Sint Eustatius and the European Commission as the priority area of Sint Eustatius’ Multiannual Indicative Programme (MIP) 2021-2027⁷ adopted in December 2021. This MIP will be implemented through one single Action. Given the small size of the population and the relatively small size of agricultural production, Sint Eustatius aims to produce enough for its own population to ensure food security of this currently largely food import dependent OCT. Nonetheless, there is a potential to develop small-scale exports to neighbouring islands as income generating activity.

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 [Dutch OCTs, including Sint Eustatius, did not sign up to the Paris Agreement.](#) However, its objectives and role are very relevant in the broader framework of international action on climate change.

⁷ https://international-partnerships.ec.europa.eu/system/files/2021-12/mip-2021-c2021-9164-oct-annex-8-st-eustatius_en.pdf

This Action will also build on the results achieved by the 11th EDF territorial programme in the energy sector, which enabled the development of renewable energy and provided a more enabling environment to support agriculture and the manufacturing and packaging industry.

2.1.2 Territorial context

Sint Eustatius, known locally as Statia, is an island situated in the northern Leeward Islands of the Caribbean. The island has a land area of 21 km² and a population of 3,139 (2020). The island's economy relies predominantly on tourism, trade, oil storage and bunkering as well as international financial services as the most important sectors. Although the socio-economic situation of Sint Eustatius is characterised by a high per capita gross domestic product (USD 39 500 (2020), approximately EUR 35 300), a considerable degree of poverty still exists. This is due to a substantial inequality in the distribution of income, as well as a general lack of economic diversification. Sint Eustatius had a Gini coefficient of 0.43 in 2019.

In February 2018, the island council was dissolved and relieved of its duties. As a result, a government commissioner was appointed by the central Dutch government and has been governing the administration since. With a view to gradually return its original duties to the island council, the executive council and the governor, the Restoration Act of July 2020 proposed a reform and transition plan divided into four phases leading to end the administrative intervention in September 2024.

Sint Eustatius faces challenges that are common to the Caribbean islands. These include an over-dependency on imports compounded by a lack of adequate competitiveness, weak economic integration with neighbouring islands, needs to safeguard the environment and foster resilience and, vulnerability to climate change and extreme weather events. In addition, as a biodiversity hotspot, the Caribbean Netherlands are characterised by rich ecosystems that are under pressure, especially coral reefs. Erosion and invasive species are also among the main concerns of Sint Eustatius.

Despite its small size and dry climate, Sint Eustatius used to be a land of agriculture. In the past, the island was a major regional commercial hub because it produced and processed cotton, sugarcane and tobacco. Other crops were grown as well, and fisheries and husbandry were also profitable sectors. Before declining, agriculture was a sustainable source of income for the inhabitants and important in terms of livelihoods. Today, the agriculture sector is mainly informal and lacks attractiveness. It is often associated with difficult working conditions, gender imbalance, low revenues and the colonial past. The neighbouring island of Saint Kitts and Nevis showcases that it is possible for a small island to increase and diversify its agricultural production.

2.1.3 Strategic context

The Action is fully aligned with the Green Deal and its Farm to Fork Strategy. Sustainable Agriculture in Sint Eustatius will ensure food security in the face of climate change and biodiversity loss, reduce the island's environmental and climate footprint and provide opportunities for local operators in the different segments of the food value chain. It will also contribute to the 2030 Agenda for Sustainable Development, mainly the Sustainable Development Goal 2 'End hunger, achieve food security and improved nutrition and promote sustainable agriculture'. The Action will contribute to the extent possible to the Gender Action Plan of the EU (GAPIII 2021-2025)⁸, especially its key area of engagement 'Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation'.

By improving the connectivity and sustainable growth of Sint Eustatius, the Action on sustainable agriculture will increase its potential as gateway towards its neighbours. There is the potential for Sint Eustatius to export some of the agricultural production as well as sharing its experience on sustainable agriculture to its neighbours. Ultimately, the Action will have an impact on people, women and men, especially those in vulnerable situations, by improving their living conditions.

From a biodiversity perspective, nature-inclusiveness is key in the approach taken by the Vision on Sustainable Agriculture. Nature inclusive agriculture aims to maintain, strengthen, make use of functional agrobiodiversity

⁸ https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf

(natural disease and pest control, natural soil fertility, good soil structure); limit the impact on soil, water, air and other natural resources by the closing of cycles; landscape elements are maintained or created to provide habitats and green infrastructure for species of flora and fauna.

Besides, Sint Eustatius will be eligible for the InvestEU Programme⁹ on a competitive basis, which aims to kick-start 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 on how InvestEU could complement this Action on sustainable agriculture, which will reinforce the enabling conditions for investments in the agriculture sector, notably by creating a conducive environment for investments. It should be noted, however, that Dutch OCTs require approval from the Dutch central government to enter into loan agreements.

2.2 Problem Analysis

The overriding problem is that the low volume of food crops produced locally is insufficient to meet market demand and this is at the base of the heavy dependency on expensive imports of food. The specific problems this Action seeks to address are summarised as follows:

- Weak institutional capacity of local government for agriculture sector development: weak policy and regulatory framework; weaknesses in enforcement and lack of expertise. Furthermore, weak capacity for the provision of knowledge and services to the farming sector. Weak mainstreaming of gender approaches in policies.
- Poorly developed market for local food products: absence of effective communication between market operators (retailers and hospitality industry) and producers; poor matching of supply and demand.
- Weak private sector capacities for sustainable food production: negative mind-set and low esteem for working in agriculture, based on the colonial experience; poor knowledge of and skills for innovative farming methods; poor awareness of possibilities and opportunities; weak participation of women and youths; weak market information and access; non-availability of funds for financing investment opportunities in agriculture.
- Inadequate and inconsistent water availability for agriculture: climate change induced changes in rainfall patterns; longer periods of drought, despite adequate overall rainfall, result in temporary water deficits for agriculture; weak water resources management;
- Lack of centralised market, storage and production infrastructure for the agricultural sector;
- Biodiversity loss: large numbers of free-roaming animals that cause land degradation, soil erosion and rainwater runoff, with negative impact on biodiversity, both in terrestrial and marine environments. Coral reefs are particularly threatened. Beyond their essential role in the ecosystem, they provide a key contribution to the income generated from the tourism industry on the islands. It is estimated that 60% of Sint Eustatius' tourists come for diving. Investing in a professional livestock industry (including functioning slaughterhouses), fencing-in livestock, and removing all feral and free roaming grazers will allow for the vegetation to be restored, thereby stabilizing the soil and increasing its water retention capacity. These activities are currently being addressed through various projects. It is foreseen in the NEPP that by 2024 the slaughterhouses will have sufficient capacity and that all active livestock farms are fenced.

Stakeholders:

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the Action:

- Main implementing partner: Directorate Economy, Nature and Infrastructure of the Public Entity of Sint Eustatius (Agriculture Desk; Public works/spatial planning; and Permits/Domains); mandated to plan and manage implementation of actions for environmental and natural resource management, sustainable agriculture and managing water supply shortfalls; highly motivated leadership, but serious institutional and human resource capacity constraints. The Public Affairs and Management Support Directorate (including finance) and the Society and Welfare Directorate (gender and youths) have implementation support and monitoring roles.
- Non-resident government stakeholders: Ministry of Agriculture, Nature & Food Quality; Ministry of Infrastructure and Water Management, part of Bonaire-based Rijksdienst Caribbean Netherlands (RCN); 'owners' of the Nature and Environment Policy Plan Caribbean Netherlands; coordination, implementation support and finance for the implementation of the NEPP, including for sustainable use of land and water and development of sustainable local food production.
- Civil society stakeholders:

⁹ https://investeu.europa.eu/index_en

- (1) Farmers' and Fishermen's Cooperative: limited operational capacity; potential to grow into producers' organisation with a key role in improving market access;
 - (2) Made In Statia Agriculture Centre Foundation; supported by the Government of Sint Eustatius; promotion of horticulture; production of seedlings, gardening supplies; enthusiasm and entrepreneurial spirit, but focus and capacity constraints;
 - (3) Sint Eustatius Foundation; small enterprise stimulation program; claims capacity for nurturing entrepreneurs from concept to viable business.
 - (4) New Challenges Foundation : capacity for education and training for professional development; youth employment opportunity project operated now defunct hydroponics operation;
 - (5) Sint Eustatius National Parks Foundation: key implementing partner of NEPP; focus on reversing environmental and bio-diversity degradation/re-greening; capacity to contribute to technical and environmental issues and ongoing policy dialogue;
 - (6) Caribbean Netherlands Science Institute: research organisation; capacity to contribute to knowledge management, innovation and to ongoing policy dialogue.
 - (7) Sint Eustatius Tourism Development Foundation: mandated to promote sustainable tourism incl. agro-tourism.
- Final beneficiaries: Small number of registered agricultural farmers (W/M; most also member of the Farmers' and Fishermen's Cooperative). Potential beneficiaries are the numerous households (including women headed households) informally engaged in small-scale food crop production, ranging from purely home consumption purposes to –in the perspective- generating additional income by marketing produce as well as the (registered) owners of free-roaming livestock, some of whom may be interested to move into formal, professional production.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

The Nature and Environment Policy Plan Caribbean Netherlands (NEPP) 2020-2030 is an integrated framework jointly prepared by three Dutch ministries: the Ministry of Agriculture, Nature and Food Quality, the Ministry of Infrastructure and Water Management, and the Ministry of Interior and Kingdom Relations. It was ratified by the Dutch Parliament in March 2020.

The NEPP's implementation is foreseen for a period of 8 years, with a first phase running from 2022-2025. Commitment of funds for the second phase 2026-2030 will be subject to a mid-term evaluation in 2025. The first phase is funded by the Netherlands to the amount of USD 35 million (approx. EUR 32.5 million), of which USD 7 million (approx. EUR 6.5 million) are for Sint Eustatius and USD 10.5 million (approx. EUR 9.75 million) regionally for the Caribbean Netherlands.

The Implementation Agenda of the NEPP in Sint Eustatius is the formal public policy that has been assessed to determine the eligibility to sector budget support. It is a more detailed plan that has been prepared by the Government of Sint Eustatius setting out the necessary activities to achieve the goals set in the NEPP. The Implementation Agenda was approved by the Executive Council on 30 November 2021.

Sint Eustatius' policy approach for agriculture is further detailed in a complementary document, the 'Vision for sustainable agriculture on Sint Eustatius', which was ratified by the Executive Council on 28 February 2022.

Given the island's heavy dependence of food imports, the relevance of pursuing an agricultural policy in order to increase food security through food production is being further highlighted by the serious impact on global food supplies and food prices as a result of the COVID-19 pandemic. Threats to food supply had existed prior to these occurrences - the passage of the 2017 hurricane Irma resulting in an extended food supply interruption, had been a warning - but the latest external threats strongly reinforce the argument to support a sustainable and more secure food system in Sint Eustatius. Special emphasis is given to protection and restoration of biodiversity, including to reverse the impact of erosion on coral reefs and to enhance Sint Eustatius' resilience in the face of climate change.

At the core of the Implementation Agenda is the strengthening of the institutional capacity of the agriculture sector governance. The proposed measures aim to create a conducive environment for entrepreneurial development and private sector investments in sustainable agriculture, whilst improving the island's resilience to the effects of climate change. In particular, the enhancement of water resources management should lead to an increased productivity.

Another emphasis is on the promotion of circular and regenerative agriculture which will contribute to create a low carbon economy, with new opportunities and green jobs for women and youths.

To ensure the policy's credibility and to allow results-based decision making, Sint Eustatius is in the process of establishing an integrated monitoring framework for the NEPP 2020-2030, which will also cover the agricultural sector reform. The framework will allow the sequential tracking of inputs, and the progress toward the achievement of output and outcome targets, which are to contribute to long-term NEPP strategic goals.

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

2.3.2 Macroeconomic Policy

The economy of Sint Eustatius depends heavily on the oil terminal, owned and operated by the private company Prostar's GTI. The terminal is the largest private sector employer on the island and a driver of the economy of Sint Eustatius (private consumption, business travel, contracts for local construction firms and other services suppliers etc.). If operations at the terminal were to end, this would have a big negative impact on the local economy. The latest value of Sint Eustatius gross domestic product (GDP) published by the Dutch Central Bureau for Statistics was for 2018 at USD 128 million (approx. EUR 110 million). The GDP per capita was USD 39 500 in 2018 (approx. EUR 33 950).¹⁰

In 2020, the size of the working-age population (15 to 74 years) in Sint Eustatius was slightly over 2000 people. Women's wages were 26% lower than men's wages. In jobs earning less than USD 20 000 (approx. EUR 17 724), women occupied a share of 39% in total employment. In 2019, the median disposable household income in Sint Eustatius stood at USD 31 800 (approx. EUR 28 000). The labour participation rate in 2020 was 73.4% and the unemployment rate was just over 3.2%. The median annual wage of employees in Sint Eustatius was USD 36 400 (approx. EUR 32 000) in 2019, 9% more than in 2018. Sint Eustatius had a Gini coefficient of 0.43 in 2019, slightly higher than for Bonaire and Saba, as well as the one of the European Netherlands which is 0.27.¹¹

Sint Eustatius receives around 90% of its annual budget directly from the central Dutch government. Like Dutch municipalities, public entities can only levy a limited number of taxes stipulated in the law, of which land tax and tourist tax generate the principal returns (10% to 15% of total revenue). The rest of its budget comes through an annual structural allowance, also called free allowance from the Dutch Ministry of the Interior and Kingdom Affairs and special-purpose grants from different line ministries. The free allowance amounted USD 11.5 million in 2022 (approx. EUR 10.1 million) and will be increased in 2023. In addition, further support will come through ad hoc allowances, namely EUR 1 million earmarked to help eliminating backlogs and EUR 600.000 to strengthen the administration.

As of March 2020, a package of emergency measures has been in place in the Caribbean Netherlands to tackle the economic consequences of the coronavirus crisis. In Sint Eustatius, 47% of businesses availed of a financial contribution towards their wage costs and/or fixed charges, with a total of USD 2.7 million (approx. EUR 2.46 million) being paid out for wage costs and USD 0.7 million (approx. EUR 0.64 million) for fixed charges. Of all contributions, 19% were intended for the accommodation and food services sector.¹²

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

2.3.3 Public Financial Management

Sint Eustatius' Public Financial Management falls within the framework outlined in the Financial Law for the Public Entities, as well as in the General Law on the Public Entities and the Special Administrative Regulation. Since 10 October 2010, the relations between the European Netherlands and Sint Eustatius are coordinated through the Dutch Ministry of Interior and Kingdom Relations.

Sint Eustatius' income and expenditure is controlled by a supervisory board, the Colleges Financieel Toezicht (CFT) for Dutch Overseas Countries and Territories. Funds from the income account are placed on a clearing

¹⁰ [Trends in the Caribbean Netherlands 2021 – Statistics Netherlands/Centraal Bureau voor de Statistiek \(CBS\)](#)

¹¹ *Ibid.*

¹² *Ibid.*

account and are used to replenish the expenditure account so that it meets a standard requirement of USD 300 000 daily (this sum is only increased upon request by the Island Government and the supervisory board's formal approval). The supervisory board also performs the task of scrutiny and internal audit, whereas external audit on the financial year report is done by a private audit firm. There has never been an unqualified opinion on the annual report and financial statement of Sint Eustatius given by the auditors.

There is an Improvement Plan (Verbeterplan) and the finance department in Sint Eustatius gets guidance by the Government Commissioner, appointed by the central government of the Netherlands in 2018. The Restoration Act of 2020 foresees the return to normal rule after meeting a number of criteria, including the consolidation of public financial management.

Clear commitment to the continued implementation of the improvement plan is maintained by Sint Eustatius. There are quarterly execution reports of the finance department to the supervisory board, which thoroughly review them. As such, there are continued reviews to reassess priorities in the plan and develop new initiatives. There is an eager commitment to reform the public financial management system.

Efforts to define the tasks and responsibilities of civil servants with a view of enhancing the managerial and regulatory framework were made in 2017 by appointing a controller to help in the preparation of a Manual on Administrative Organisations. In 2018 these tasks were reassessed and are included in the Public Finance Management 2018-2022 Action Plan.

Further efforts to enhance budgetary oversight include the creation of a maintenance plan for capital goods. In 2017, though Sint Eustatius acknowledged the importance of a maintenance plan for capital goods, it did not possess a budget to implement it. However, in 2018, the Ministry of Interior and Kingdom Relations structurally increased the maintenance budget for capital goods by USD 1 million (approx. EUR 0.86 million). As a result, an inventory was included in the Budget 2019, and followed up by financial plan during the budget year.

The enhancement of public finance management also involved initiatives such as reassessing the payment system for airport and port fees in 2018 and including recommendations in the Public Finance Management Action Plan 2018-2022. Medium-term actions focus on setting up a more robust registration system for the management of special allowances. A special account for this purpose was set-up and the entire process was successfully established.

Notable initiatives to improve public financial management including on domestic revenue mobilisation have been taken. The issuance of annual reports, accounts and audits, along with quarterly reports is done in time. Actions to increase accountability and transparency are taking effect. Digitalisation of procedures, thanks to the upgrade of IT equipment and software, have taken place as well as monitoring payroll and administrative operations.

Stakeholders also became more involved in the reporting and procedural aspects of public financial management. Institutional strengthening through a more rigorous regulatory framework forms part of the improvement plan, which targets the reduction of risks related to corruption and non-compliance. The Restoration Act supplements the plan by its objective to increase the quality, credibility and integrity of budget documents.

Despite being affected by vulnerabilities of exogenous shocks such as climate change and extreme weather events, as well as its dependence on foreign investments from Prostar's GTI, it can be concluded that the government's efforts to reform public financial management are effective, increase its resilience and are sustained by the Restoration Act.

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

2.3.4 Transparency and Oversight of the Budget

The Government of Sint Eustatius has published its budget for the year 2022 well before the end of 2021. The budget is drafted according to the rules set by the Financial Law for the Public Entities and applicable to Sint Eustatius under the Provision Restoration Act. The Dutch Ministry of Interior and Kingdom Relations approved the budget in November 2021. The Government of Sint Eustatius had the adoption of the budget published by public notice in November 2021. The comprehensiveness and quality of the budget is sufficient. In terms of budget execution and review, it has been found that the development of quarterly, half-year and annual reports are in good order. The budget is presented in a format that reflects the most important classifications. This classification is

embedded in the government's chart of accounts to ensure that all transactions can be reported in accordance with any of the classifications used.

Compared to the PEFA indicators¹³ for the comprehensiveness of the budget information, the following can be concluded:

- The budget gives a forecast of the operating result and the accrual.
- Previous year's budget outturn is given, presented in the same format as the budget proposal.
- Current year's budget is presented in the same format as the budget proposal.
- Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used are given, including data for the current and previous year and in addition to the detailed breakdown of revenue and expenditure estimates.

The comprehensiveness of the budget information would be rated at 'A' according to PEFA indicators (PI-6). Public access to key fiscal information is secured by the Dutch Law. The Government of Sint Eustatius makes available to the public in accordance with the specified time frames all basic documents and additional documents of the budget cycle (PI-10). Legislative scrutiny of the annual budget law is under the responsibility of the central Dutch government. (i) The legislature's review covers fiscal policies, medium-term fiscal framework and medium-term priorities as well as details of expenditure and revenue. (ii) The legislature's procedures for budget review are firmly established, comprehensive and respected. (iii) The legislature has approved the annual budget before the start of the fiscal year in each of the last three years. (iv) Clear rules to exist for in-year budget amendments by the executive, set strict limits on the extent and nature of amendments and are consistently respected (PI-27).

In conclusion, the relevant budget documentation has been published and 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 contribute to the development of a sustainable food system for enhanced food security, food safety and food quality, whilst strengthening social, economic and climate resilience and biodiversity of Sint Eustatius.

The Specific objectives (Outcomes) of this Action are:

1. Strengthen agriculture sector governance;
2. Create a conducive environment for sustainable agriculture.

The Induced Outputs to be delivered by this Action contributing to the corresponding Specific Objectives (Outcomes) are:

Contributing to Outcome 1 (or Specific Objective 1):

- 1.1 Agriculture sector policy framework strengthened and gender sensitive;
- 1.2 Agriculture sector regulatory framework strengthened.

Contributing to Outcome 2 (or Specific Objective 2):

- 2.1 Enhanced capacity to provide agricultural services for female and male farmers;
- 2.2 Private sector operators' capacities for sustainable food production strengthened, with emphasis on women and youths;
- 2.3. Centralised market, storage and production infrastructure delivered;
- 2.4 Enhanced water management infrastructure delivered.

The Direct Output to be delivered by the Action contributing to the corresponding Specific Objectives (Outcomes) is to have the capacity to develop agricultural sector policy reform enhanced.

¹³ No PEFA has been carried out for Sint Eustatius, this is an assessment made by the consultants contracted for the technical assistance set up to design/formulate this Action.

3.2 Indicative Activities

Activities related to Output 1.1:

- 1.1.1 Develop the Strategic Action Plan for Sustainable Agriculture (2023-2030) with a clearly defined budget, outputs and targets, and through a community-based and gender sensitive approach;
- 1.1.2 Restructure the organisation and strengthen human resource capacity dedicated to agriculture in the public administration;
- 1.1.3 Contribute to the development of a statistical and monitoring system as integral part of the framework of the Nature and Environment Policy Plan (NEPP), which for Sint Eustatius is focussed on water management, erosion and sediment control, and protection and restoration of coral reefs;
- 1.1.4 Undertake a feasibility study on expanding the existing facilities for seawater desalination to produce water for agriculture purposes, including an environmental impact assessment;
- 1.1.5 Develop a water resources management plan, with particular attention to the treatment of water affecting coastal areas and coral reefs.

Activities related to Output 1.2:

- 1.2.1 Review regulatory provisions for the agriculture sector in the legislation of the Caribbean Netherlands and define a consolidated regulatory framework for sustainable agriculture in Sint Eustatius;
- 1.2.2 Support the Office of Disaster Management of Sint Eustatius' in elaborating a disaster risk reduction and management plan for matters related to agriculture.

Activities related to Output 2.1:

- 2.1.1 Provide capacity strengthening to organisations supporting agricultural producers and agri-businesses with attention to provide equal opportunities to men and women.

Activities related to Output 2.2:

- 2.2.1 Promote careers in agriculture and agri-business through public awareness, education and training for women and men;
- 2.2.2 Establish a funding scheme to facilitate private sector investments.

Activities related to Output 2.3:

- 2.3.1 Identify types of needed agricultural infrastructure and undertake a scoping and design study for a centralised market, storage and production infrastructure, including an environmental impact assessment;
- 2.3.2 Undertake procurement for selected agricultural infrastructure.

Activities related to Output 2.4:

- 2.4.1 Based on agreed targets in the Water Resources Management Plan identify types and undertake a scoping and design study for selected infrastructure, including an environmental impact assessment;
- 2.4.2 Undertake procurement for selected infrastructure.

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.

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA screening classified the Action as Category B (for which an EIA will be undertaken).

Outcome of the CRA (Climate Risk Assessment) screening

The CRA screening concluded that this Action is at risk (climate risk will be addressed as part of an EIA).

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 implies that gender equality is an important and deliberate objective, but not the principal reason for undertaking the programme; gender equality will be mainstreamed in the programme.

The selected priority area of sustainable agriculture also provides great opportunities to advance the EU commitment to gender equality, where EU supported actions should contribute to:

- supporting women's entrepreneurship and employment in the green, blue and circular economy, especially in sustainable agriculture and fisheries;
- capacity-building, financing and support for investment in gender-sensitive climate, environment and disaster risk reduction strategies and action plans;
- improving data collection on the gender-differentiated impacts of climate change and environmental degradation to inform policies and actions.

Human Rights

Human rights are not a specific target of the proposed Action. However, human rights are respected in Sint Eustatius in line with the human rights policy framework of the Netherlands.

Disability

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D0. This implies that inclusion of people with disabilities is not specifically targeted.

Democracy

Democracy and good governance is secured by the Constitution and laws of the Netherlands.

Conflict sensitivity, peace and resilience

The island's resilience will be enhanced with particular reference to food security, food safety and food quality. Climate change resilience is enhanced by the specific actions related to strengthened water resources management: capture, retention, storage and management of rainwater.

Disaster Risk Reduction

The Action will support the Office of Disaster Management of Sint Eustatius in elaborating a disaster risk reduction and management plan for matters related to agriculture and all infrastructures will be designed to withstand a category 3 hurricane. The island's resilience will be enhanced with particular references to food security, food safety and food quality. Climate change resilience is enhanced by the specific actions related to strengthened water resources management: capture, retention, storage and management of rainwater.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/Low)	Impact (High/ Medium/Low)	Mitigating measures
1 (External Environment)	Risk 1: Natural hazards/ hurricanes, including sea swells.	High	High	<ul style="list-style-type: none"> - Climate risk will be addressed as part of an EIA. - Infrastructures will include hurricane cat. 3 specifications.
2 (Planning, processes and systems)	<p>Risk 2: Delays in drafting of the Strategic Action Plan.</p> <p>Risk 3: Activities are not properly planned to allow effective utilisation of available funds.</p>	<p>Medium</p> <p>Medium</p>	<p>Medium</p> <p>Medium</p>	<ul style="list-style-type: none"> - Extension of the implementation period to 4 years (48 months), instead of 3 years (36 months) as for the 11th EDF budget support. - Timely provision of complementary support (in the form of technical assistance earmarked in this Action). - Annual work plan and budget to be approved and monitored by Steering Committee. - Monitoring system to be established.
3 (People and the organisation)	Risk 4: Delays in structural strengthening staffing and organisation of the Agriculture Desk (LVV).	Medium	Medium	<ul style="list-style-type: none"> - Technical assistance through either central Dutch government funding or through the technical assistance earmarked in this Action could be engaged to support adequate implementation capacity as well as market studies/baseline assessments as needed/relevant.
3 (People and the organisation)	Risk 5: Positive mentality shift in the local community to commit to engagement in sustainable agriculture are slow to come.	Low	Low	<ul style="list-style-type: none"> - Technical assistance to facilitate awareness, education and training could be provided through either central Dutch government funding or through the technical assistance earmarked in this Action. - Regular policy dialogues with authorities are in place to position the EU as a partner of reference for Sint Eustatius. - Communication and visibility to promote cooperation and raise

				awareness on the benefits of sustainable agriculture could be reinforced through the mobilisation of another decision.
4 (Legality and regularity aspects)	Risk 6: Difficulties integrating a gender approach into the implementation of the programme.	Medium	Medium	<ul style="list-style-type: none"> - Gender expertise will be brought in to conduct a sectoral gender analysis during the formulation of the Strategic Action Plan for Sustainable Agriculture that will be supported by Technical Assistance. - Relevant stakeholders acting in favour of gender equality, as well as women's organisations will be involved in the process.

Lessons Learnt:

The most relevant lesson learnt from the past cooperation is the continued need for additional capacity within the Government of Sint Eustatius for the implementation of policies and programmes in general. In addition to structurally strengthening the capacity of the implementing partner, ensuring additional capacity through technical assistance is essential for an effective sector reform. As a first step in strengthening local capacities in the management of EU budget support, Sint Eustatius benefited from training sessions (from the technical assistance provided on the formulation phase of its territorial programme 2021-2027).

Secondly, learning from the implementation of the energy sector reform supported under the 11th EDF, the envisaged policy dialogue is a key ingredient of policy reform. Policy dialogue events need to be specifically included in the Action's logical framework.

Thirdly, whilst previous support programmes were ultimately concluded successfully, budget support implementation experienced severe delays in the technical implementation. The final fixed tranches for both 10th and 11th EDF budget support were approved and disbursed before all planned activities were fully completed. A mitigating measure for this budget support programme will be to introduce variable tranches to reinforce its performance. Furthermore, the extension of the implementation and the execution period was due to the delays in the finalisation of the terms of reference for communication and visibility. Strong attention on visibility and communication of the impact of the Action by Sint Eustatius will have to be ensured, as it is also a lesson-learnt from our 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).

Lastly, to achieve sustainable agriculture production, the Action will promote the use of sustainable and renewable energy sources, building on the results of the 11th EDF budget support programme. Sustainable energy also continues to be supported through the 11th EDF regional OCT programme, Resilience, Sustainable Energy and Marine Biodiversity (RESEMBID)¹⁴, as well as the OCT thematic programme Green Overseas (GO). Lessons-learnt from these programmes will be taken into account in the implementation of this Action.

¹⁴ <https://resembid.org/>

3.5 The Intervention Logic

The intervention logic of the Action is to support sustainable agriculture in Sint Eustatius through the development of a sustainable food system for enhanced food security, food safety and food quality, whilst strengthening social, economic and climate resilience and biodiversity (Impact).

The delivery of this budget support programme with the technical assistance, complemented by the central Dutch government support, will allow the organisational restructuring of the sector and strengthen local capacities, which in turn will enable the Government of Sint Eustatius to provide improved agricultural services (Outputs). In addition, it will allow the deployment of additional capacity to develop a water resources management plan and to set up an effective regulatory framework (Outputs). These outputs will result in a strengthened governance of Sint Eustatius's agriculture sector (Outcome 1).

The organisational and financial support will promote sustainable agriculture practices resulting in enhanced capacities and new opportunities in the sustainable agriculture sector, especially for women and youths, thereby holistically addressing biodiversity, climate change and gender equality (Outputs). These outputs will result in the creation of a conducive environment for sustainable agriculture in Sint Eustatius (Outcome 2).

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 exchange information on the progress of the implementation and to strengthen coordination. Regular exchanges will allow to anticipate and foster a common understanding of difficulties in order to adjust expectations accordingly.

Finally, further synergies would be sought with the on-going thematic and regional programmes, with the future DOAG regional programme on biodiversity as well as with the grant scheme for OCTs of the LIFE programme 2021-2027,¹⁵ dedicated to environmental and climate objectives. Further synergies would also be sought with the 'Interreg Caribbean Cooperation Programme for 2021-2027',¹⁶ which will fund actions between the Outermost Regions and their neighbours in the Caribbean region, notably Overseas Countries and Territories, dedicated to renewable energy and disaster risk management objectives.

Complementary to this Action, where appropriate, the TAIEX facility could also be envisaged to promote public sector expertise in the sustainable agriculture sector.

¹⁵ https://cinea.ec.europa.eu/programmes/life_en

¹⁶ https://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/cooperation-outermost/

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 (LFM), 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 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, although some indicators may be used for both purposes and will be marked accordingly. These indicators are marked in bold text.

Corporate indicators from the Global Europe Result Framework (GERF) and programming document must be included where possible. GERF indicators should be identified in brackets and indicators coming from the relevant MIP marked with *.

Results	Results chain	Indicators	Baselines (2022)	Targets by the end of the budget support contract (year)	Sources of data
Indicative Impact of the policy	To contribute to development of a sustainable food system for enhanced food security, food safety and food quality, whilst strengthening social, economic and climate resilience and biodiversity	Percentage of total fresh food (crops, meat, fish) produced locally in climate smart/climate resilient systems (value in US\$)	0	TBD – 2030 ¹⁷	Published statistics/Annual NEPP Implementation Report
		Proportion of land and coral reef under sustainable management and/or protection	TBD	TBD	Published statistics/Annual NEPP Implementation Report
Expected Outcomes of the policy	1. Agriculture Sector Governance strengthened	1.1 Number of adopted policies, strategies and regulations incorporating inputs and recommendations from multi-stakeholder platforms ¹⁸	1.1 - 0	1.1 – 2026: 3	1.1 Periodic/Annual NEPP implementation report
	2. Conducive environment for sustainable agriculture created	2.1 Number of registered food producers on island engaging in sustainable production practices, disaggregated by sex 2.2 Number of individuals holding full or part-time jobs/green jobs in the formal agriculture sector supported/sustained by the EU, disaggregated by sex	2.1 - 3 2.2 - 0	2.1 - 2026:12 2.2 – 2026: 10– it could be reassessed in the first year of implementation of the Action.	2.1 Registry at Chamber of Commerce (CoC) 2.2 Periodic/Annual NEPP implementation reports
Induced Outputs	1.1 Agriculture sector policy framework strengthened and gender sensitive	1.1.1 Strategic Action Plan for Sustainable Agriculture (2023-2030) with clearly defined budget and output targets, including a gender analysis and biodiversity targets adopted	1.1.1 - 0	1.1.1 – 2023:1	1.1.1 Ratified strategy document
		1.1.2 Water resources management plan adopted	1.1.2 - 0	1.1.2 – 2024:1	1.1.2 Ratified management plan document
	1.2 Agriculture sector regulatory framework established	1.2.1 Updated and finalised overall agriculture sector regulatory framework enacted	1.2.1 - 0	1.2.1 – 2024:1	1.2.1 Published decree

¹⁷ Via the complementary support, the Technical Assistance will assist in the definition of a monitoring framework that will be integrated to the formulation of the Strategic Action Plan.

¹⁸ It will be strongly encourage to develop gender sensitive policies, strategies and regulations in the agricultural sector. Via the complementary support, the Technical Assistance will carry out a gender sector analysis that may be integrated to the formulation of the Strategic Action Plan.

	2.1 Agricultural and rural services capacity strengthened for women and men farmers	2.1.1 Private sector operators receiving agricultural and rural advisory services - (data to be disaggregated by sex/age) 2.1.1.1 Farmers' and fishermen's cooperative (formally constituted, registered, representative membership, including sex-disaggregated data on members) 2.1.1.2 Accredited island agri-business support organisation 2.1.1.3 Registered farmers, SMEs	2.1.1.1 - 0 2.1.1.2 - 0 2.1.1.3 - 0	2.1.1.1 – 2026: 1 2.1.1.2 – 2026: 1 2.1.1.3 – 2026: To be defined in the Strategic Action Plan	2.1.1.1 Periodic/Annual NEPP implementation reports 2.1.1.2 Periodic/Annual NEPP implementation reports 2.1.1.3 Periodic/Annual NEPP implementation reports
	2.2 Private sector operators' capacities for sustainable food production strengthened with priority for women and youth	2.2.1 Number of awareness, training and peer visit events (including number of participants disaggregated by sex) 2.2.1.1 Public awareness and training events on agriculture/agri-business focusing on youth and women 2.2.1.2 Agriculture in schools (4) curriculum trainings 2.2.1.3 Peer exchanges/study tours (participants, disaggregated by sex) 2.2.2 Funding scheme private sector investment opportunities, including minimum gender targets, operational (grants, loan guarantees)	2.2.1.1 - 0 2.2.1.2 - 0 2.2.1.3 - 0 2.2.2 - 0	2.2.1.1 – 2026: 9 2.2.1.2 – 2026: 6 2.2.1.3 – 2026: 15 2.2.2 – 2026: 1	2.2.1.1 Periodic/Annual NEPP implementation reports 2.2.1.2 Periodic/Annual NEPP implementation reports 2.2.1.3 Periodic/Annual NEPP implementation reports 2.2.2 Published establishment decree
	2.3 Centralised market, storage and production infrastructure delivered	2.3.1 Numbers and type of infrastructure constructed	2.3.1 - 0	2.3.1 – 2026: To be defined in the Strategic Action Plan	2.3.1 Periodic/Annual NEPP implementation reports
	2.4 Water management infrastructure delivered	2.4.1 Numbers and type of infrastructure constructed ¹⁹	2.4.1 - 0	2.4.1 – 2026: To be defined in the Water Resources Management Plan	2.4.1 Periodic/Annual NEPP implementation reports
Direct Outputs	3.1 Capacity to develop agricultural sector policy reform enhanced	3.1.1 Number of policy dialogue events held	3.1.1 - 0	3.1.1 - = or <3 (Q1/2026)	3.1.1 - Periodic/Annual NEPP implementation reports

¹⁹ It is needed that decisions on infrastructures are also based on gender considerations (e.g. gender expertise in feasibility studies and impact assessment studies as well as gender sensitive criteria and standards will be sought).

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of the 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

The amount allocated for the budget support component is EUR 2.6 million. This amount is based on the consideration that, given the capacity constraint of Government of Sint Eustatius EUR 300 000 is required for complementary support out of the total allocation of EUR 2.9 million.

The amount for budget support will be used to complement the central Dutch government funding by the Ministry of Agriculture, Nature and Food Quality in the frame of the implementation of the Nature and Environment Policy Plan Caribbean Netherlands (NEPP) 2020-2030. The Action therefore is actively implemented in the spirit of a Team Europe approach. For the first phase of implementation of the NEPP between 2022 and 2025, Sint Eustatius will receive USD 7 million (approx. EUR 6.5 million in 2022) from the Netherlands²⁰.

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.

	2023	2024	2025	Total
Fixed Tranches (in million EUR)	0.95	1.2		2.15
Variable Tranches (in million EUR)			0.45	0.45
Total	0.95	1.2	0.45	2.6

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 Agenda of the Nature and Environment Policy Plan in Sint Eustatius and continued credibility and relevance thereof or of the subsequent policy;
- 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.

²⁰ For example, on the issue of roaming goats, one staff position is foreseen to be funded through the Dutch's allocation.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities: the formal adoption of the water resources management plan and the enactment of a consolidated agriculture sector regulatory framework. 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 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 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 national 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.

4.4.1 Direct Management (Procurement)

The limited institutional and human resource capacity of the local government for sustainable agriculture sector development and the lack of expertise is to be addressed through the provision of technical assistance under complementary support.

The support may be realised under one or more technical assistance assignments. This Technical Assistance will be implemented under direct management by the EU Delegation for Sint Eustatius in Guyana in close cooperation with the Government of Sint Eustatius.

The technical assistance will support the development of the Strategic Action Plan for Sustainable Agriculture, through a community-based process and a gender sensitive approach. It is also foreseen to carry out a proper gender sector analysis to be integrated to the formulation of this Strategic Action Plan. This document will complement the Implementation Agenda of the NEPP in Sint Eustatius by establishing clear targets for production and productivity of food crops, animal husbandry and fisheries and prioritising the needed infrastructures. The development and formal ratification of this plan will be key in strengthening the agriculture sector governance.

The technical assistance, which could also be completed from another decision if needed and justified, will also support Sint Eustatius in the implementation of their 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 operation could be transformed to indirect management mode 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) To be pillar-assessed, 2) A strong field presence in the beneficiary OCT and Caribbean region and 3) A long-term experience in the field of sustainable agriculture 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).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support: Sector Reform Performance Contract	2 600 000
Procurement – total envelope under section 4.4.1	300 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be funded through another Decision
Totals	2 900 000

4.7 Organisational Set-up and Responsibilities

The implementation of the Action is the responsibility of the Government of Sint Eustatius, more specifically of the Directorate of Economy, Nature and Infrastructure.

In addition to the EU territorial allocation, the agriculture policy is mainly funded by the central Dutch government under the Nature and Environment Policy Plan for the Caribbean Netherlands (NEPP). Therefore, the implementation is overseen by the Ministry of Agriculture, Nature and Food Quality, the Ministry of Infrastructure and Water Management and Ministry of the Interior and Kingdom Relations. The daily monitoring of the implementation is supported by the Rijksdienst Caribbean Netherlands (RCN) Bonaire based liaison office of the Ministry of Agriculture, Nature and Food Quality.

The policy dialogue between Sint Eustatius 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. It will take the form of a steering committee under the chairmanship of the Deputy Government Commissioner responsible for agriculture. The steering committee will meet at least once a year and will be complemented by regular technical exchanges and field visits.²¹

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.

²¹ The EU Delegation in Guyana may also attend progress meetings taking place under governance of the NEPP such as the annual review assessing the progress of the implementation agenda. Coordination will also be ensured through close contact with the RCN.

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 logical framework matrix and the partner's strategy, policy or reform action plan list.

The Commission may undertake additional project monitoring visits both 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).

Roles and responsibilities for data collection, analysis and monitoring: The Nature and Environment Policy Plan for the Caribbean Netherlands (NEPP) states that monitoring and reporting of the impact is crucial for its success and requires that the level of progress of the implementation agenda is reported to the NEPP Steering Committee several times a year. This will be done on a regular basis, but at minimum once a year to allow the preparation of an annual report by which the Dutch Parliament will be informed about the progress on the strategic goals set in the NEPP. The responsibility for monitoring and reporting on the Action will be undertaken as integral part of the responsibilities of the NEPP project manager of the Directorate of Economy, Nature and Infrastructure of Sint Eustatius. The EU Delegation for Sint Eustatius in Guyana may attend the Steering Committee of the NEPP when relevant.

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: Sint Eustatius is in the process of establishing an integrated monitoring framework for the NEPP 2020-2030, which is to be based on the criteria and principles defined by the OECD for results-based decision making. This monitoring framework will allow to sequentially track inputs (expenditures), progress toward the achievement of output targets (process/activities) and the progress towards the achievement of outcome targets, which are to contribute to long-term NEPP strategic goals.

The indicators are gender-sensitive as much as possible, and efforts will be made to get sex-disaggregated data from the various users or beneficiaries from this project. Gender expertise will be involved in the establishment of indicators, data collection and monitoring and evaluation. In addition, gender considerations would be sought for the monitoring set-up.

5.2 Evaluation

Having regard to the importance of the Action, a final or an ex-post evaluation may be carried out for this Action or its components through a joint mission 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 sector reform support will include the elaboration of a fully-fledged action plan.

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

As appropriate evaluations shall assess to what extent the Action is contributing to gender equality and women's empowerment. Expertise on gender equality will be sought in the evaluation teams.

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.

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.

Evaluation services may be contracted under a framework contract. 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.

Audit services may be contracted under a framework contract. 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 document ‘Communicating and Raising EU Visibility: Guidance for External Actions’²², 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, 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 concerned. 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.

²² https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en