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ANNEX I

to the Commission Implementing Decision on 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 and Resilient Energy in the OCT Saba

ANNUAL 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 and Resilient Energy in Saba OPSYS reference: ACT-61411 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) Saba.
4. Programming document	Saba Territorial Multiannual Indicative Programme (MIP) - Annex VI 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) and expected results of the MIP: <ul style="list-style-type: none"> • SO1: Increase the share of renewable energy in the global energy mix <ul style="list-style-type: none"> ○ Expected result 1: Expanded infrastructure and for supplying modern, renewable energy services • SO2: Increase resilience and efficiency of energy sources <ul style="list-style-type: none"> ○ Expected result 1: Increased security, efficiency, sustainability and climate resilience in the energy
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority area: Sustainable and Resilient Energy Sectors: 232 – Energy Generation, Renewable Sources and 236 – Energy Distribution
7. Sustainable Development Goals (SDGs)	Main SDG: <ul style="list-style-type: none"> • SDG 7 ‘Ensure access to affordable, reliable, sustainable and modern energy for all’. Other significant SDGs: <ul style="list-style-type: none"> • SDG 5 ‘Achieve gender equality and empower all women and girls’; • SDG 9 ‘Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation’;

	<ul style="list-style-type: none"> SDG 13 ‘Take urgent action to combat climate change and its impacts’. 			
8 a) DAC code(s)	23210: Energy Generation, Renewable Sources – Multiple Technologies 80% 23630: Electric power transmission and distribution (centralised grids) 20%			
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 type="checkbox"/> Gender <input 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 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 checked="" type="checkbox"/>	<input 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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
Digitalisation		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- digital connectivity		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	/
- digital governance		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- digital entrepreneurship		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- digital skills/literacy		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Connectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

	<ul style="list-style-type: none"> - digital connectivity - energy - transport - health - education and research 	YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input 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 4.1 million Total amount of EU budget contribution: EUR 4.1 million for budget support, of which, <ul style="list-style-type: none"> • EUR 3.91 million for budget support and, • EUR 190 000 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

<p>The Saba Multiannual Indicative Programme (MIP) 2021-2027¹ on sustainable and resilient energy will be implemented through one single Action of EUR 4.1 million with the public entity of Saba (with EUR 3.91 million earmarked for budget support and EUR 190 000 for complementary support) over the period 2023-2026. The implementation will be carried by the Saba Electric Company (SEC).</p> <p>By identifying sustainable and resilient energy 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.</p> <p>Building on important earlier joint achievements, Saba decided to continue to reinforce its renewable energy sector in the light of its increased vulnerability to climate change and volatile global energy prices. The Action builds on the 11th European Development Fund (EDF) territorial programme, which updated Saba's Energy Sector Strategy for the period 2020-2025 and contributed to the funding of new solar parks, achieving a 40% renewable energy share of total production³.</p>
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¹ https://international-partnerships.ec.europa.eu/system/files/2021-12/mip-2021-c2021-9164-oct-annex-6-saba_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 Consequently, it was estimated that between 2018 and 2021 the use of diesel decreased from 41% to 37%.

The Action will contribute to the implementation of the ‘Saba’s Energy Sector Strategy 2020-2025’. The energy strategy reflects the island’s focus on transition towards sustainable, affordable and reliable energy supply. It sets out the goal and steps to achieve a 60% renewable energy share in the production mix by 2025, while the ultimate target is to achieve 100% renewable energy in a near future. Furthermore, the policy foresees measures in favour of energy efficiency and modernisation of the management of the grid.

More concretely, the Action will result in:

1. The installation of at least 1 MW additional renewable energy generation and energy storage infrastructure;
2. The upgrade and modernisation of the power system controls and the electricity grid.

This Action will also contribute to achieving EU priorities, namely the Green Deal⁴, but also its international commitments to support actions aligned with the Paris Agreement on Climate Change⁵ and the Sendai Framework for Disaster Risk Reduction 2015-2030. In addition, this Action will contribute to the achievement of 2030 Agenda for Sustainable Development, mainly to the Sustainable Development Goal 7 ‘Ensure access to affordable, reliable, sustainable and modern energy for all’.

The complementary support will be used to reinforce Saba’s energy reforms, in particular by updating its Energy Sector Strategy for the period 2025-2030.

2 RATIONALE

2.1 Context

2.1.1 General context

Saba 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 Sint Eustatius 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 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 Saba to the Netherlands, but are not part of the EU territory, and therefore are not bound by the EU *acquis*.

Sustainable Energy, as key part of the island’s resilience, was jointly identified by Saba and the European Commission as the priority area of Saba’s Multiannual Indicative Programme (MIP) 2021-2027⁶ adopted in December 2021. This MIP will be implemented through one single Action, building on previous achievements.

2.1.2 Territorial context

Saba is an island situated in the northern Leeward Islands of the Caribbean, 45 km southwest of Sint Maarten. Saba has a surface area of 13 km and a population of 1,918 inhabitants (2021). The island is a dormant volcano dotted with a rocky shoreline whose slopes rise sharply from the sea to the summit of Mount Scenery (887 m), the highest point of the Netherlands.

Saba’s main infrastructures are the Fort Bay Harbour and the Juancho Yrausquin International Airport. The harbour is used as the main entry for imported goods, while the airport allows for small aircraft. There is one main road linking the harbour and the airport and, at the same time, providing access to different micro villages.

⁴ [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.](#)

⁵ [Dutch OCTs, including Saba, 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.

⁶ https://international-partnerships.ec.europa.eu/system/files/2021-12/mip-2021-c2021-9164-oct-annex-6-saba_en.pdf

Saba faces challenges that are common to the Caribbean islands. These include an over-dependency on food and fuel imports and insecurity of energy supply further compounded by a lack of adequate competitiveness, weak economic integration with neighbouring islands and needs to safeguard the environment and foster resilience. The COVID-19 crisis led to an unprecedented strain on Saba's socio-economic development. Measures were taken by Saba to mitigate the impacts of the pandemic. Due to its location in the Caribbean, climate change and extreme weather events are important threats.

2.1.3 Strategic framework

The Action is fully aligned with the objectives of the Green Deal. 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. The priority area is in line with its objective of decarbonising the economy, notably to secure sustainable and affordable energy through developing energy renewable sources. It will also contribute to the 2030 Agenda for Sustainable Development, mainly the Sustainable Development Goal 7 'Ensure access to affordable, reliable, sustainable and modern energy for all'. The Action will also contribute to the extent possible to the Gender Action Plan of the EU (GAPIII 2021-2025)⁷, 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 Saba, the Action on sustainable and resilient energy could increase its potential as gateway towards its neighbours.

Besides, Saba will be eligible for the InvestEU Programme⁸ 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 energy, which will reinforce the enabling conditions for investments in the energy sector, notably by modernising the electricity grid. It should be noted, however, that Dutch OCTs require approval from the central Dutch government to enter into loan agreements.

2.2 Problem Analysis

Saba has favourable natural endowments that are assets for the development of renewable energy such as: abundance of sunlight, constant warm temperatures and easy access to wind. However, the island faces fundamental challenges common to the Caribbean region. In the context of the energy sector reform, three main challenges are at stake: energy security, resilience to climate change and limited local capacities.

Energy independence is vital to Saba's economic stability. In a context of more volatile and higher energy prices, the less dependent Saba's energy system is on imported fossil fuels, the less vulnerable its energy system is to serious disruptions. For instance, the new solar parks allowed a reduction of 41 % of use of diesel for electricity generation in 2021. Furthermore, the cost of living is high in all the Caribbean Netherlands and electricity is an important factor that contributes to it. By investing in renewable energy, the cost of electricity production will be reduced, which can free government subsidies for more targeted social welfare, and can eventually lower the cost of living on the island. The reduction of the costs of electric production can also be beneficial for enterprises and, will create new investment opportunities and green jobs, especially for women and youth.

Caribbean islands are particularly vulnerable to the impact of climate change, especially as they are often affected by extreme weather events. In 2017, Saba suffered important damages after the category 5 hurricanes Irma and Maria, although not as devastating as in other islands. Since it is one of the major risks that could affect the execution of the Action, future infrastructures will be designed to be resilient to category 3 hurricanes and the last 5% of the distribution cables will be put underground.

Finally, the small size of the population and of the local administration, including Saba Electric Company, need to be considered. Saba faces the challenges that are specific to small islands and overseas countries and territories. A strong policy dialogue and regular technical exchanges will play a key role in following progresses and anticipating difficulties. In addition, complementary support is allocated to support Saba in the implementation of the budget support.

⁷ https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf

⁸ https://investeu.europa.eu/index_en

Stakeholders:

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

- The main actors having an impact in the energy sector to date are the Government of Saba, Saba Electric Company (SEC), the Dutch Ministry of Economic Affairs and Climate Policy, and the Dutch Ministry of Interior and Kingdom Relations.
- SEC is the stakeholder that will carry out most of the actions foreseen for the sector reform. SEC was founded on 1st January 2014 as a result of the division of the former company for electricity that had competencies in Sint Maarten, Sint Eustatius and Saba. SEC is the owner of all assets of the electrical system in Saba, including the current and diesel power plant. Although independent, all SEC shares belong to the public entity of Saba.
- The beneficiaries of the Action proposed sector reform are all inhabitants of Saba, the private and public sectors as well as visitors. SEC has around 1 200 household customers on the island. They will all benefit from a more affordable, sustainable and reliable energy supply, important also to foster gender equality. Some relevant institutional stakeholders are the Saba University School of Medicine, Saba Chamber of Commerce, Saba Business Association and Saba Merchants Association. The Government of Saba consulted with all relevant stakeholders for the formulation of its Energy Sector Strategy 2020-2025.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

Saba's Energy Sector Strategy 2020-2025 was officially adopted by the Executive Council of Saba through its Decision No. 752/2019 on 11 October 2019. It updates the Energy Strategy 2014-2020, which was supported by technical assistance funded by the EU under 11th EDF. In 2024, the Energy Sector Strategy will be reviewed for the 2025-2030 period in view of further increasing renewable energy in the total energy mix as close as possible to 100%. The update will be facilitated by the complementary support envelope.

A solid technical analysis has informed the formulation of the Energy Sector Strategy 2020-2025. Saba bases its policy on several feasibility research studies, which clarified the needs for the sector reform. The policy further benefitted from three studies commissioned by the Dutch Ministry of Economic Affairs and Climate Policy (no.1 and no.3) and by SEC (no.2):

1. Renewable energy future for Saba, Sint Eustatius and Bonaire, in 2016;
2. Feasibility study of wind energy on Saba, by Pondera in 2021;
3. Options for climate-neutral energy supply to the Dutch Caribbean, by TNO in 2022.

While the Energy Sector Strategy 2020-2025 mainly focuses on energy production and supply, Saba will also modernise the electricity grid (energy distribution) and the energy management system, increase energy storage capacity, bring the last 5% of the distribution cables underground and incentivise behavioural change on the demand side as well as energy efficiency. Saba will launch an Energy Efficiency Programme promoting the use of LED technologies in the public and residential sector, as well as the use of solar water heaters. Furthermore, equal opportunities in technical education will be promoted for youth and special incentives to enhance career prospects for women in technical sectors are foreseen.

The renewable energy technology and the exact capacities for the power generation and energy storage will be determined in the final design studies during the preparation of the procurement phase. This decision will depend on the resources made available by the central Dutch government (up to EUR 13.5 million) and the EU (up to EUR 4.1 million). Appropriate cost estimates have been considered in the different studies supporting and further developing the activities proposed by the Energy Sector Strategy. The recurrent cost implications of investments in the specific context of Saba (small island with limited connectivity and no local specialised workforce in the energy and related sectors) have been taken into account. Potential savings related to civil works and electric grid installations that can be sourced locally will have to be explored.

As evidenced by the successful implementation of the 11th 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.

The quality of data produced in the background research studies and, analysis by the SEC, are robust and sufficient. SEC is in charge of electricity production for the island and permanently collects and records all needed

information and data required for monitoring the annual progress report of the implementation of the Energy Sector Strategy.

All energy sector related information is included in SEC's annual operative reports are sent bi-annually to the Dutch Central Bureau for Statistics and published. Monitoring and evaluation of public policy implementation and socio-economic development of Saba is overseen by the Dutch Ministry of the Interior and Kingdom Relations and the Ministry of Economic Affairs and Climate Policy.

In conclusion, the policy is sufficiently relevant and credible for the 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

Aware of its small and poorly diversified economy, Saba established a development strategy to become more sustainable and self-sufficient. Economic development is one of the four priorities of the 'Multiannual agreement 2022-2025' between Saba and the central Dutch government. Also known as 'Saba Package 2.0', the strategy aims at enhancing the business climate and investments based on a model of a high-quality of life and ecotourism. The implementation of the agreement will contribute to reduce business costs, improve infrastructures, and explore new markets while protecting the environment. In addition, the construction of the new harbour will accelerate the overall economic development of Saba.

Saba's economy is highly dependent on tourism and the services sectors, largely revolving around the Saba University School of Medicine. The latest value of Saba's gross domestic product published by the Dutch Central Bureau for Statistics was for 2018 at USD 48 million (approx. EUR 42.15 million). The gross domestic product per capita rose slightly from USD 22 900 in 2017, (approx. EUR 19 362), to USD 23 500 in 2018, (approx. EUR 20 637).⁹

In 2020, the size of the working-age population (15 to 74 years) in Saba was slightly over 1,500 people. Women's wages were 14% lower than men's wages. In jobs earning less than USD 20 000 (approx. EUR 16 776), women occupied a share of 39%. In 2019, the median disposable household income in Saba stood at USD 26 800 (approx. EUR 24 353). The labour participation rate in 2020 was 73.4% and the unemployment rate was just over 3%. The median annual wage of employee jobs in Saba was USD 30 400 in 2019 (approx. EUR 27 624), 5% more than in 2018. Since 2012, Saba has had the lowest income inequality in the Caribbean Netherlands with a Gini coefficient of 0.38 in 2019.¹⁰

As of March 2020, a package of emergency measures has been in place in the Caribbean Netherlands to tackle the economic consequences of the COVID-19 crisis. In Saba, 55% of businesses availed of a financial contribution towards their wage costs and fixed charges, with a total of USD 1.7 million (approx. EUR 1.55 million) being paid out for wage costs and USD 0.7 million (approx. EUR 0.64 million) for fixed charges. Of all contributions, 27% went to the hospitality sector.¹¹

Saba 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 10.2 million in 2021 (approx. EUR 8.3 million). However, since 2021, it has become increasingly difficult to cover government's structural and operational costs. An increased of the amount will be negotiated with the central Dutch government in the future.

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

⁹ [Trends in the Caribbean Netherlands 2021 – Statistics Netherlands/Centraal Bureau voor de Statistiek \(CBS\)](#)

¹⁰ *Ibid.*

¹¹ *Ibid.*

2.3.3 Public Financial Management

Public financial management of Saba is organised according to the rules of 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 Saba are coordinated through the Dutch Ministry of Internal Affairs and Kingdom Relations.

A supervisory board, the Colleges Financieel Toezicht (CFT) for Dutch Overseas Countries and Territories, controls the public financial management of Saba. The supervisory board actually controls the income and expenditure of Saba. Weaknesses in the financial or banking sectors (accumulation of bad loans, difficulties to refinance) are not expected to threaten the Saba economy because of the minimal role of the banking sector and the direct financial link to the Netherlands.

Because Saba is part of the Netherlands and Dutch rules and regulations stated in the Law on Finance apply, Saba has no external accounts. Without approval of the Dutch central authorities, Saba, as a public entity, cannot independently and directly obtain funding from external lenders such as the European Investment Bank, even for blending and guarantee purposes. It requires approval by the Central government according to This is not possible, based on the 2010 constitutional changes and the new fiscal framework.

The performance of public financial management in Saba is under constant review of the supervisory board. This guarantees solid public financial management and drives constant improvements. Funds from the income account are placed on a clearing account and are used to replenish the expenditure account so that it meets a standard requirement of USD 200 000 daily (this sum is only increased upon request by the island government and upon the supervisory board's formal approval). The supervisory board also performs the task of scrutiny and internal audit, while internal control is conducted by the controller's office staff of the island government. The creation of a local chamber of audit (Rekenkamer) in Saba is foreseen by 2025 and will increase transparency and accountability of the public finances.

External audit on the financial year report is done by a private audit firm. This audit firm has consistently declared the annual report to be an accurate representation of Saba's public financial system. Since 2014 the accountant has also given an unqualified opinion regarding compliance with laws and regulations.

Saba uses the 'Key to Finance' software system applied by a significant number of Dutch municipalities and includes salary administration.

The public financial management system, as well as the regulatory framework are fully functioning according to international standards. This is reflected in the External Accountant Reports of the audit firm for the financial years up to 2020 as well as in the reports of the supervisory board up to 2021.

The Government of Saba is committed to continuously enhance its public financial management system and maintain good standards. This assessment is supported by the evaluation of the external audit, the reports of the supervisory board and the findings of the controller's office.

In conclusion, the public financial 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 Saba 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. The Dutch Ministry of Interior and Kingdom Relations approved the budget in December 2021. The Government of Saba had the adoption of the budget published by public notice in November 2021. The comprehensiveness and quality of the budget is largely 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 indicators¹² 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 Saba 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. It is done every year in time by the Island Council of Saba. (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).

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 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 achieve energy independence, equitable access to and quality of energy delivery for all the inhabitants of Saba. The Action will support the implementation of the energy sector strategy of Saba.

The Specific objectives (Outcomes) are:

1. Increased production of local and reliable renewable energy.
2. Increased resilience in the energy sector

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

- 1.1 Contributing to outcome 1 (or Specific objective 1): Expanded infrastructure (power generation, energy storage, control systems, electricity grid) adequate for the supply of modern, renewable energy services.
- 2.1 Contributing to outcome 2 (or Specific objective 2): Adaptation of energy infrastructures to climate change.
- 2.2 Contributing to outcome 2 (or Specific objective 2): Improved efficiency of energy sources.
- 2.3 Contributing to outcome 2 (or Specific objective 2): Enhanced equal opportunities in the energy sector for the population, leaving no one behind.

The direct output to be delivered by this Action contributing to the corresponding Specific objectives (Outcomes) is to have the capacity of Saba to develop energy policy reform enhanced.

¹² No PEFA has been carried out for Saba, 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 relating to Output 1.1:

- Installation of additional 1 MW renewable energy generation capacity and corresponding energy storage capacity.
- Upgrade and modernisation of the power system controls and the electricity grid for the better integration of a larger share of intermittent renewable energy.
- Update of the Energy Sector Strategy for the period 2025-2030 to continue increasing the renewable energy capacity.

Activities relating to Output 2.1:

- Ensuring that the design of all new and modernised infrastructure (power generation, energy storage, control systems, electricity grid) follows specifications for resisting category 3 hurricanes.

Activities relating to Output 2.2:

- Implementation of one incentive-based programme for energy-efficiency addressed to the private sector and private housing.

Activities relating to Output 2.3:

- Promote equal opportunities in technical education for women and men through a campaign targeting youth in high school.

3.3 Mainstreaming

Environmental Protection and Climate Change

By replacing energy generation produced with fossil fuels with sustainable and affordable energy coming from local renewable resources, the Action can be classified as aid in support of the environment.

As for the Rio markers, the Action has as main objective climate change mitigation and, climate change adaptation as significant objective. The aim of this sector reform is to increase the share of renewable energies in the energy mix of the island and to enhance energy efficiency and resilience to external shocks. This means that all actions under this sector reform will contribute to limit greenhouse gas emissions. Attention will be given to the potential environmental impacts associated to the deployment of renewable energy infrastructure, such as the management of solar PV batteries waste.

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 (relevant for projects and/or specific interventions within a project)

The Environment Impact Assessment (EIA) screening classified the Action as Category B (EIA will be undertaken).

An EIA was carried out in the frame of the study of Pondera on wind power on the sites that were initially identified. Moreover, another EIA will be done when the sites will be officially selected for the placement of the additional power infrastructure and included in the procurement.

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that no or low risk (no need for further assessment). CRA elements will be integrated as part of the 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 the Government of Saba and Saba Electric Company will promote equal opportunities to youth in technical education, and better career prospects for women in the energy sector. Moreover, both entities will promote an increased share of women within their staff and within their managerial teams. The Action will promote the production of data disaggregated by sex and other categories.

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

- capacity-building, financing and support for investment in gender-responsive climate, energy, environment and disaster risk reduction strategies and action plans;
- supporting equal opportunities of education for women and men in the green, blue and circular economy, including sustainable energy.

Human Rights

Human rights are not a specific target of the proposed Action. However, human rights in Saba are respected 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. However, 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.

Democracy

Democracy and good governance is secured by the Constitution and laws of the Netherlands. Saba’s Energy Sector Strategy refers to the overall objectives of poverty reduction, sustainable and inclusive growth and democratic governance.

Conflict sensitivity, peace and resilience

Not applicable.

Disaster Risk Reduction

Saba is exposed to the permanent risks of extreme weather events. The Energy Sector Strategy aims at reducing greenhouse gases emissions and the impact of natural disasters on power infrastructure by making all designs hurricane proof (category 3), modernising the electric grid and controls, making them ‘smart’ and routing the distribution grid underground.

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	Medium	-Infrastructures are being designed and constructed as hurricane proof (category 3).
1 (External Environment)	Risk 2: Saba is a small open economy exposed to external risks of the global economy due to lack of diversification.	Medium	Low	-To mitigate these risks the Government of Saba tries to stimulate diversification of the economy as much as possible by becoming more efficient and self-reliant in the field of energy and other basic necessities. Saba is committed to enhance its business climate and investments and develop its

				attractiveness on a model based on high-quality of life and ecotourism.
1 (External Environment)	Risk 3: Decline in tourism activities, especially due to external factors, would hurt the Saban economy.	Medium	Medium	-The tourism sector in Saba was strongly affected by the COVID-19 measures with a decrease of visitors by 67% in 2020 as compared to 2019. Since 2020, the share of visitors from Aruba, Curaçao and Sint Maarten declined from 29% to 21%, whereas shares of visitors from the United States and the European Netherlands increased from 25% to 27% and from 17% to 19% respectively. The Government of Saba stimulates private investments within the tourist sector to diversify the traditional diving offer with other eco-tourism activities.
2 (Planning, processes and systems)	Risk 4: Delays in the implementation of budget support	Medium	Medium	-The implementation period has been designed with a prolonged implementation period of 4 years (48 months), instead of 3 years (36 months) as it was the case in the 11th EDF.
2 (Planning, processes and systems)	Risk 5: Reducing operations or closing down of the Medical University would hurt the Saban economy.	Medium	Medium	-The island saw a significant drop in external students during 2020 due to COVID-19. The main reason is that the School of Medicine only offered online tuition and significantly lower numbers of students arrived from the United States and Canada compared to previous years. -The Government of Saba maintains good relationship with the University and practices good cooperation. The University is a 'for profit' organisation owned and managed by the American educational institution R3 Education Inc. and accredited by the Dutch accreditation agency NVAO. The United States Department of Education has determined that accreditation standards of Saba University are comparable to those set by the Liaison Committee on Medical Education, which accredits medical schools in the United States and Canada. The University is attended by about 500 mostly international students and it keeps up with Dutch educational standards and rules and regulations.

3 (People and the organisation)	Risk 6: Absence of necessary skills and expertise to support the energy sector upgrade.	Medium	Low	-Technical assistance such as market studies and baseline assessments could be provided through either central Dutch government funding or through the technical assistance earmarked in this Action.
5 (Communication and information)	Risk 7: Positive mentality shift in the local population to accommodate the necessary environmental changes are slow to come.	Low	Low	-Regular policy dialogues with authorities are in place to position the EU as a partner of reference for Saba. -Communication and visibility to promote cooperation and raise awareness on the benefits of sustainable energy could be reinforced through the mobilisation of another decision.
4 (Legality and regularity aspects)	Risk 8: Difficulties integrating a gender approach into the implementation of the programme	Medium	Medium	Gender expertise will be brought in to conduct a sectoral gender analysis that will be supported by Technical Assistance. Awareness raising and capacity building of key actors may be organised.

Lessons Learnt:

Saba has benefited from European Development Fund (EDF) allocations, notably in the projects ‘Urban Infrastructures for socially deprived areas’ (9th EDF), ‘Regional Response to HIV/Aids’ and ‘Regional Risk Reduction Initiative, R3i’ (9th EDF) as well as in the budget support programmes ‘Social Housing Sector Reform’ (10th EDF) and ‘Energy Sector Reform’ (11th EDF).

The selection of the project modality in the past aimed at mitigating capacity constraints of the new administration of Saba as a public entity of the Netherlands, after the restructuring in 2010. These capacity constraints of the new administration decreased during 2014 and therefore, as conditions were met, the budget support modality was used since 2017. Despite delays at the beginning of the implementation, the 11th EDF budget support was successfully finalised, even exceeding some expectations. However, it was also observed that technical assistance complementing a budget support operation would enhance its impact.

Capacities were further strengthened during the formulation phase of this Action, as budget support training was provided prior to the start of the programme.

Sustainable energy also continues to be supported through the 11th EDF regional OCT programme, Resilience, Sustainable Energy and Marine Biodiversity (RESEMBID)¹³, 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.

Strong attention on visibility and communication of the impact of the Action by Saba 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).

¹³ <https://resembid.org/>

3.5 The Intervention Logic

The intervention logic for this Action focuses on improving the financial and technical capability of Saba to achieve the objectives and targets of its Energy Sector Strategy 2020-2025. The Energy Sector Strategy aims to reach energy independence, equitable access and quality of energy delivery for the entire population of Saba. The main objective is to increase the share of renewable and affordable energy production in the island's energy mix up to 60% by 2025. Complementary actions will enhance the resilience and efficiency of the sector.

The Action will support sustainable and resilient energy in Saba by addressing:

- Energy supply, by adding 1 MW renewable energy infrastructure up to total capacity of 2 MW;
- Energy efficiency, thanks to an incentive programme and the upgrade to advanced demand side management systems (smart metering);
- The resilience of the electricity grid, thanks the modernisation of power control and management systems and additional energy storage.

The logic of intervention is the following:

- Expand infrastructure for supplying modern, renewable energy services: if 1 MW of additional renewable energy power is successfully installed, together with additional energy storage infrastructure and modernised energy services; and the increased renewable energy generation capacity replaces the use of fossil fuels for the production of electricity; then corresponding greenhouse gases emissions will be avoided.
- Increase security, efficiency, sustainability and climate resilience in the energy sector: if the power system controls and the electricity grid are modernised, and energy efficiency incentives are promoted on the demand side; and if it facilitates a better integration of a larger share of intermittent renewable energy and reduces the hours of operation of the diesel power plant; then the energy sector will be more resilient, the use of fossil fuel will be reduced, the electricity production cost will decrease, and subsidies to tariffs for fossil fuel energy provided by the central Dutch government will in turn be reduced or even eliminated.

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 including with the Netherlands. 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 2021-2027¹⁴, dedicated to environmental and climate objectives. Further synergies would also be sought with the 'Interreg Caribbean Cooperation Programme for 2021-2027',¹⁵ 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 energy sector.

¹⁴ https://cinea.ec.europa.eu/programmes/life_en

¹⁵ 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 Action document, 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.

BUDGET SUPPORT MODALITY as reflected by the national/sector public policy supported (4 levels of results / indicators / Baselines / Targets / Source of Data - no activities)

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.

Corporate indicators from the General European 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 *. Please check that none is missing in the LFM below.

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	To achieve energy independence, equitable access to and quality of energy delivery for all the inhabitants of Saba	1. Renewable energy share in the total final energy consumption (GERF 1.3 SDG 7.2.1)	1. - 2020: 40%	1. - 2026: 60%	1. Rate of renewable electricity over total electricity produced. Measured by SEC.
Expected Outcomes of the policy	1. Increased production of local and reliable renewable energy 2. Increased resilience in the energy sector	1.1 Production of renewable energy (in MWh) 2.1 Number of disruptions in energy supply	1.1 - 2020: 3,300 2.1 - 2021: 7	1.1 - 2026: 4,800 2.1 - 2026: <7	1.1 Electricity produced from local renewable energy sources measured by SEC. 2.1 Number of unexpected energy disruptions longer than 60 minutes and according to NEN-EN 50160:2007 reported to SEC.
Induced Outputs	1.1 Expanded infrastructure (power generation, energy storage, control systems, electricity grid) adequate for the supply of modern, renewable energy services	1.1.1 Renewable energy generation capacity installed (MW) with EU support (GERF 2.4) 1.1.2 Additional energy storage capacity installed (kWh) 1.1.3 Number of projects modernising/upgrading power system and grids in period 2022-2025 1.1.4 Status of the Energy Sector Strategy for the period 2025-2030, including a gender sector analysis	1.1.1 - 2022: 0 1.1.2 - 2022: 0 1.1.3 - 2022: 0 1.1.4 - 2022: None	1.1.1-2026: 1 additional MW of additional renewable energy generation capacity installed 1.1.2 - 2026: 600 1.1.3 - 2026: 1 1.1.4 - 2025: Updated	1.1.1 Installed capacity of renewable energy by SEC 1.1.2 Installed capacity of storage by SEC 1.1.3 Report by SEC 1.1.4 Draft document

	2.1 Adaptation of energy infrastructures to climate change	2.1.1 Number of new infrastructure projects designed for cat 3 hurricanes	2.1.1 - 2022: 0	2.1.1 - 2026: 1	2.1.1 Report by SEC
	2.2 Improved efficiency of energy sources	2.2.1 Status of the incentive-based energy efficiency programme¹⁶ in private and residential sectors	2.2.1 - 2022: None	2.2.1 - 2024: Launched	2.2.1 Report by SEC
	2.3 Enhanced equal opportunities in the energy sector for the population, leaving no one behind	2.3.1 Status of the campaign promoting equal opportunities for women and men in technical education in high school	2.3.1 - 2022: None	2.3.1 - 2026: Launched	2.3.1 Report by the Government of Saba
Direct Outputs	3.1 Capacity to develop energy 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 Minutes of the Coordinated Dialogue Committee

¹⁶ If possible, gender sensitivity 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 OCT Saba, public entity of the Netherlands.

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 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 3.91 million and for complementary support is EUR 190 000.

The amount for budget support is based on the assumption that most of the budget support will be used for complementing the Dutch funding for the installation of the renewable energy, energy storage, and grid infrastructure. The implementation of the Energy Sector Strategy 2020-2025 is financially supported by the Dutch Ministries of Economic Affairs and Climate Policy and the Ministry of the Interior and Kingdom Relations with EUR 13.5 million. However, it is estimated that an additional EUR 4.1 million is needed for the successful implementation of the Energy Sector Strategy 2020-2025. The Action therefore is actively implemented in the spirit of a Team Europe approach.

The amount of complementary support is based on the need for support in the implementation of the budget support programme, such as the preparation of annual progress reports, as well as the update of the Energy Strategy for the period 2025-2030.

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)	2.5	0.705		3.205
Variable Tranches (in million EUR)			0.705	0.705
Total	2.5	0.705	0.705	3.91

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 Saba's Energy Sector Strategy 2020-2025 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.

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

1. Procurement process initiated for the new renewable energy capacities;
2. Launch of the Energy Efficiency Programme.

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)

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

The technical assistance will support the update of the Energy Strategy for the period 2025-2030 including a gender sector analysis and capacity building to mainstream gender in the energy sector.

The technical assistance, which could also be completed from another decision if needed and justified, will also support Saba 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 and resilient energy 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 - cf. section 4.3	3 910 000
Complementary support (Procurement – total envelope under section 4.4.1)	190 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be funded under another Decision
Totals	4 100 000

4.7. Organisational Set-up and Responsibilities

The formulation and approval of Saba’s Energy Sector Strategy, and more generally, of Saba’s energy sector reform, is the responsibility of the Executive Council of the public entity Saba (Government of Saba).

The organisational set-up and the institutional capacity of the Government of Saba is professional and considered adequate for taking full responsibility for leading the Energy Sector Reform. The Government of Saba is led by the island’s Governor, who is appointed by the King of the Netherlands. The Governor chairs the meetings of both the Island Council and of the Executive Council. The Island Council is the elected legislative body of Saba. The Executive Council runs the daily business of the government and it is appointed by the Island Council.

With respect to the energy sector, Saba is funded and overseen by the Dutch Ministry of Economic Affairs and Climate Policy. The only donors funding the energy sector reform are the Dutch Ministry of Economic Affairs and Climate Policy and the EU through its budget support territorial envelope. Coordination between the two donors will be ensured on a regular basis. The implementation of the most relevant activities within the energy sector reform has been delegated by the Government of Saba to Saba Electric Company (SEC).

A ‘Coordinated Dialogue Committee’, formed after the signature of the 11th EDF Financing Agreement, is in place and has been permanently monitoring the results of the sector reform since 2016. The Committee is composed of representatives of the Executive Council, the Territorial Authorising Officer, the policy advisor, and the management of SEC. The Committee will meet at least once a year for policy dialogues in order to ensure smooth coordination on the monitoring of the implementation of the energy sector reform. This will be complemented by regular exchanges with the main stakeholders at the technical level and monitoring visits when relevant.

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.

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.

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 Action. 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.

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: Saba Electric Company (SEC) records all needed data for these indicators on a regular basis (hourly, 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 SEC at least on a semester basis. Data should be available no later than two months after the semester has passed. The reference years for all measured indicators are 2020, 2021 and 2022.

Solid baselines have been established by SEC during the implementation of the previous strategy. The monitoring framework is aligned with domestic processes that collect data needed for its evaluation and subject to local accountability mechanisms from the Government of Saba. SEC records all needed data for these indicators on a regular basis (hourly, daily, monthly and annually) as part of its operative information. SEC publishes annually all its operative information and the Saba government produces policy progress reports that are submitted quarterly and annually to the Dutch Ministry of the Interior and Kingdom Relations. These progress reports give clear account of the progress achieved against objectives and target indicators since most of the budget for the Sector Strategy is provided by the Dutch government. The Ministry of the Interior and Kingdom Relation and the Ministry of Economic Affairs and Climate Policy review and approve all policy progress reports. Finally, the Dutch Central Bureau for Statistics collects and publishes all main indicators related to Saba's budget expenditure and economic activities, including energy.

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 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 commissioning schedule (including construction, testing, adjustments) for power generation infrastructure in the Caribbean may be delayed by unforeseen weather events (such as hurricanes).

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, other budget support providers and relevant stakeholders.

As appropriate all evaluations shall assess to what extent the Action is considering the human rights based approach as well as how it contributes 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’¹⁷, 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.

¹⁷ https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en