

**AANBIEDINGSFORMULIER VOOR Rijksministerraad**

Van: Gevolmachtigd Minister van de Nederlandse Antillen

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<b>Korte titel:</b> Sociaal Economisch Initiatief (SEI) Saba.	
<b>Inhoud en doelstelling van het voorstel:</b> Tijdens de Rijksministerraad van 05 oktober 2007 is de behandeling van het SEI Saba aangehouden. Het bestuurscollege van het eilandgebied Saba heeft een aangepaste versie aangenomen, dat wederom aan de Rijksministerraad ter behandeling wordt aangeboden.	
<b>Voorgesteld besluit:</b> Akkoord met het Sociaal Economisch Initiatief van Saba.	
<b>Interdepartementale afstemming</b>  <i>Gevolgen voor de Rijksbegroting:</i> Nee <i>Gevolgen voor administratieve lasten:</i> Nee <i>Overeenstemming met Justitie (wetgevingstoets en effecten analyse):</i> N.v.t. <i>Aan EU-notificatieverplichting voldaan:</i> N.v.t.  <i>Samenhang met int. Verplichtingen verdragen en / of Europese regelgeving:</i> N.v.t.	

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## **Social Economic Initiative (SEI)**

**Saba**

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## **1. Introduction**

### **Background**

In the "Hoofdlijnenakkoord" of November 2005, it was agreed that each entity of the Netherlands Antilles will establish a policy agenda for social and economic measures. This Social Economic Initiative (SEI) is to make sure that the proper financial and economic foundations are laid for a sustainable future when the different constitutional statuses become effective.

In the "Slotverklaring" of November 2, 2006, the SEI was given a crucial position regarding debt relief and acquiring the new status. Together with the "implementatieplan financieel beheer", which addresses the internal financial management of government, the SEI measures are subject to approval and monitoring by the Executive Council and the Kingdom Council of Ministers. The SEI sets the policy agenda for the next period, beginning with the transition phase toward achieving the new status. Preferably, implementation of these measures should therefore be feasible within this period.

### **The measures**

In this document, a list of reform measures and supporting measures have been prepared, based on the SEI document "Eerste bevindingen"<sup>1</sup>. The measures and projects on this list were scrutinized based on their effectiveness in providing the proper financial and economic foundations to come to a healthy starting position. This has resulted in the following specific areas of policy intervention:

1. Tourism development
2. Upgrading of infrastructure
3. Labor market and education
4. Public sector
5. Social issues
6. Government finance

For each policy area specific measures have been identified, although there is a substantial overlap in the mentioned areas of policy intervention. These measures entail both reform measures as well as supporting measures (investment impulse and social safety). Agreement on this policy agenda should be followed by the next phase, in which implementation plans for the specific measures will be worked out. For supporting measures, the amount of ANG 13 mln will be made available by the Dutch government during the transition phase. This amount is in addition to the regular development aid that Saba receives yearly.

Chapter 2 elucidates on the policy areas and the individual policy measures. Chapter 3 describes the implementation procedures for the SEI (formats, monitoring agreements etc). Chapter 4 describes the conclusions and pre-conditions for the implementation of the SEI.

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<sup>1</sup> For a more elaborate analysis of the policy areas mentioned here, see the SEI "Eerste bevindingen" report for Saba.

## **2. The policy measures**

### **2.1 Tourism development**

#### **Analysis**

Saba offers some 8 small hotels/guesthouses with an average occupancy rate is of 50% (2005).<sup>2</sup> An increase in (stay-over) tourists will result in economic development and should eventually lead to a shift in employment from the public to the private sector. This will also lead to an improvement in the public finance situation.

The Saba Tourism Bureau has insufficient financial means to promote the island adequately as a tourist destination. Furthermore, the overall tourist product Saba currently offers leaves room for improvement. In this light, there is a need for a comprehensive tourism development strategy.

#### **Policy objective**

- Increase in stay-over tourism
- Improve quality of tourist product

#### **Proposed measures**

1. Increase funds for the Saba Tourism Bureau for a period of 2 years, with the purpose to 'brand' Saba as an attractive tourist destination and which is in line with the yet to be developed tourism development strategy. This measure is already partly financed through the quick wins.
2. Change the strategy in tourism marketing by focusing on specific segments and target groups (high-end, eco-tourism, diving).
3. The Saba Tourism Bureau will develop a clear and comprehensive tourism development strategy that is supported by the public and business community.
4. Carry out a study for a safe recreation and break water spot at the Cove Bay Area.
5. Upgrade infrastructure on the island relating to the tourist sector (see measures 2.2.)

### **2.2 Infrastructure**

#### **Analysis**

An increasing number of tourists arrive by boat. The harbor, which is still in need of necessary repairs from hurricane damages, currently cannot facilitate an increase in calls of larger boats and is not suited as a marina for yachts. Furthermore, the road network is in need of upgrading to better facilitate the movement of tourists on the island. This will mean necessary reparations of roads.

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<sup>2</sup> Pies to the Roadmap, Sesna, 2006

**Policy objectives**

- Upgrade infrastructure related to the development of the tourist sector

**Proposed measures**

1. Repairs and expansion of the current harbor. This will mean repairs to the small pier, deepening the harbor and extension of the pier with wave breakers to make it better accessible to ships.
2. Repairing of the roads in The Bottom and on Windward side.

**2.3 Public sector**

**Analysis**

There is a need to review the various (Island and Central) government procedures in terms of their consistency, transparency, comprehensiveness and usefulness. Lengthy, complex and unclear administrative procedures are a large burden for the population and companies. Especially in the area of procedures for licenses, there is room for improvement. The service level provided by the (Island and Central) government must be improved. A special point of attention here is customer service. Saba has a vision on spatial planning on the island, but this is not yet worked out in a spatial development plan or zoning plan. Anchoring the spatial vision in a specific framework will ensure a balance between economic development and the environment.

**Policy objectives**

- Improve the investment climate by removing red tape and ensuring a transparent and predictable business environment.
- Strengthen the public sector.
- Protection of the natural environment through a spatial development plan

**Proposed measures**

1. Reduce red tape by carry out an assessment for the possibilities and necessity to increase the transparency of procedures. Follow up with streamline/simplification of procedures and abolish redundant procedures. It is desired that for this assessment the Netherlands will provide expertise through the relevant ministries. (This process has already been started up for the Saba department of Finance through a joint effort between the Island Government and the Dutch Finance Department).
2. Upgrade the public sector housing infrastructure and quality of personnel by training and a hiring policy. This will mean the expansion of the 'Bestuurskantoor' to provide adequate housing for all personnel in the Administration Building, providing training for the period of two years for all government personnel, and developing clear procedures for hiring government personnel to ensure that the employee possesses the capacities required for the function.

3. Develop, in close cooperation with stakeholders, a Spatial Development Plan. It is proposed that the Netherlands will provide the necessary expertise to develop the Spatial Development Plan.

## **2.4 Labor market and education**

### **Analysis**

Saba has low unemployment, but at the same time, for different reasons, a relatively large number of people are working for the government. For jobs in the private sector, some people from outside Saba are recruited because the local population cannot always provide the skills needed. There should therefore be a change in vocational education so that it is geared towards the needs of the private sector. This will at the same time facilitate a gradual transfer of labor from the public to the private sector for those with the potential to work in the private sector. For those not suited to be mediated a social workplace was established (see 2.5). The start up phase of the social workplace was financed by the one year program Armoede bestrijding. Education matters will be dealt with within the context of and in line with the education program with the Netherlands.

### **Policy objectives**

- A shift in employment from the public to the private sector in line with the findings of the 'Begrotingsdoorlichting' and 'Takenanalyse'.

### **Proposed measures**

1. Increase the quality of the educational system
2. Offer training, education and facilities in technical areas and entrepreneurship
3. Facilitate on-the-job training in the private sector

These measures will be dealt with in the education program.

## **2.5 Social issues**

### **Analysis**

Part of the people currently employed by the government does not have the proper skills to work in the private sector. The government cannot provide for the proper guidance and support for these employees to help them in their development.

Furthermore, there is a shortage of social housing on Saba, especially for the lower income category. The Own Your Own Home Foundation, has developed a project for the construction of 25 houses. These houses are intended exclusively for locals, as exogenous population growth should not increase the population to more than 2000 inhabitants.

Another social issue is the problem of inadequate waste collection and disposal, which is currently a major problem for the island and a threat to public health. It also puts a burden on the ecological

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environment of the island. In September 2007 the Council approved the comprehensive Saba waste disposal action plan which can be carried out as soon as funding is received.

**Policy objectives**

- Improve working environment for employees with insufficient skills currently in government service.
- Improve housing availability, especially for lower income category.
- Improve waste collection and disposal system

**Policy measures**

1. Setting up an outplacement program for civil servants to guide them towards employment in the private sector.
2. Look at the possibilities to provide a good working environment for the employees with insufficient skills currently in government service. It is proposed that the government of the Netherlands (BZK, EZ and SZW) will assist with the assessment of different options for these people, also in light of the additional possibilities in the new constitutional situation. Already the Saba Government started up a small-scale social workplace.
3. Increase availability of social housing by building 25 houses for the local population.
4. Development of a waste collection and disposal system based on the Saba waste disposal action plan. If possible Saba will make use of a regional waste collection system whereby the waste is shipped off the island and processed in the region. Also the collection on the island will be improved.

**2.6 Government finance**

The government finance of the islands that will have a direct tie with the Netherlands will be strongly linked with the Dutch fiscal system. Improvements in the state and management of the government finance will therefore be dealt with within this context.

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### 3. List of measures

Below, a list of measures/projects is provided based on the previous chapter. For each measure/project an indication is given when it will be realized and how the financing from the SEI funds of NAf 13 mln is to be divided.

#### Overview of policy measures

Topic	Policy measure	Realised	Indicative financing through SEI (xANG)
<i>Tourism development</i>	Increase funds for the Saba Tourism Bureau for the period of 2 years	4 <sup>th</sup> quarter 2009	250.000
	Change the strategy in tourism marketing by focusing on specific segments and target groups	2 <sup>nd</sup> quarter 2008	
	Develop a comprehensive tourism marketing strategy.	1 <sup>st</sup> quarter 2008	
	Carry out a study on safe recreation and break water Cove Bay Area	1 <sup>st</sup> quarter 2008	
<i>Infrastructure</i>	Repairs and expansion of the current harbor	2 <sup>nd</sup> quarter 2009	8.100.000
	Repairing of the roads in The Bottom and on Windward side	3 <sup>rd</sup> quarter 2008	
<i>Public sector</i>	Reduce red tape by carry out an assessment on increase the transparency of procedures. Follow up with streamline/simplification of procedures and abolish redundant procedures.	2 <sup>nd</sup> quarter 2008	1.500.000
	Upgrade the public sector infrastructure (by expanding the Bestuurskantoor) and quality of personnel through training	4 <sup>th</sup> quarter 2009	
	Develop a spatial development plan	2 <sup>nd</sup> quarter 2008	
<i>Labor market and education</i>	Increase the quality of the educational system	Education program	Education program
	Facilitate on-the-job training in the private sector		
	Offer training, education and facilities in technical areas and entrepreneurship	2008 and 2009	1.250.000
<i>Social issues</i>	Setting up an outplacement program for civil servants to guide them towards employment in the private sector.	2 <sup>nd</sup> quarter 2008	1.900.000
	Increase availability of social housing	4 <sup>th</sup> quarter 2008	
	Investments in waste collection and disposal services	4 <sup>th</sup> quarter 2008	

#### **4. Implementation**

The Saba Government already started implementing projects in the mentioned areas of policy intervention through funding received by the Program Armoedebestrijding, Quick Wins, Regular Development Aid and received assistance from the Dutch Department of Finance. Said delay required an update of the SEI in October 2007

The implementation phase of the measures will commence on the date of signing of the Social Economic Initiative by Saba and The Netherlands.. Because of the urgency to establish new relations in the Kingdom of the Netherlands, the timeframe for the execution of the measures is ambitious. The main indicators for monitoring the progress of the implementation of the measures will be the formal establishment of policy, regulations and legislation by the Island Territory of Saba and subsequent execution and enforcement. More specific monitoring indicators will be developed in separate implementation plans, which will be agreed upon between Saba and the Netherlands as soon as possible after political approval of the SEI agenda.

#### **Funding arrangements**

The Netherlands will make available an amount over a maximum of three years for the execution of the SEI. These funds will be managed by USONA according to the procedures for project funding. The Netherlands will instruct USONA accordingly. In the Implementation plan, in which also the arrangement of financing the SEI will be worked out, this will be elaborated on further.

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**5. Conclusions**

The package of policy measures presented here, if implemented fully and effectively, will result in a higher and more sustainable social-economic development of Saba in its new status.

Policy measures that require input or facilitation by the Central Government during the transition phase have a higher risk of delay, whereby the Island Government is limited in its authority to take the necessary measures, such as legislation, taxation and social security.