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**Ministry of the Interior and
Kingdom Relations**

Turfmarkt 147
The Hague
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Reference
2022-0000671154

Your reference

Annex(es)
0

Date 16 December 2022
Re 10de Voortgangsrapportage over de bestuurlijke ingreep Sint
Eustatius

Introduction

In this letter, I will inform the Senate of the progress of the St Eustatius Provisions Restoration Act (Wet herstel voorzieningen Sint Eustatius) and the start of the preliminary parliamentary scrutiny procedures. I will also review a few commitments and a motion. As announced in the ninth progress report¹, I will inform you of the target date for the implementation of Phase 2.1 and subsequent provisions contained in the Explanatory Memorandum to the St Eustatius Provisions Restoration Act. I have already informed the Senate about the agreements reached regarding Phase 2.2 on 15 December 2022.

Overview

Since the implementation of Phase 2.0, the commissioners appointed by and accountable to the Island Council are again in charge of administrative matters, with the exception of matters relating to 'personnel and organisation' and 'finance'. A different way of reporting on developments in St Eustatius has also resulted from this change. Whereas I previously reported to the Senate on various topics regarding St Eustatius, progress reporting will henceforth be limited to two areas. The administrative section will inform you about the progress of restoring democratic institutions in St Eustatius. Other topics that have recently received extra attention from The Hague will be discussed under the heading 'Miscellaneous'.

Restoring democratic relations

The full restoration of administrative relations on St Eustatius is becoming increasingly foreseeable. Democracy is an important resource, even on a small island like St Eustatius with major social imperatives such as the need to alleviate poverty and meet economic challenges. A full local government, representing the voice of residents, is key to addressing such issues.

Since the administrative intervention, the Dutch government has invested heavily in the development of the island and its Public Entity. Several projects have been implemented in the physical and social domains. In addition, efforts have been made to create a better, more efficient and robust Public Entity of Sint Eustatius (SME). Cooperation between St Eustatius and The Hague has improved since 2018, and this will be an ongoing focus of attention. St Eustatius has made great strides compared to the situation in 2018, advances that I also noted in my previous

¹Dutch House of Representatives Session Year 2021/22, Parliamentary Paper 35925-IV, No. 67.

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progress reports to the Senate. I therefore believe that St Eustatius is ready to increasingly chart its own course in service of the island's development and the well-being of its citizens. In this progress report, I therefore explain my intention to submit the Royal Decrees for Phases 2.1 and 2.2 to the House of Representatives and the Senate for preliminary parliamentary scrutiny.

Appointment of commissioners

St Eustatius took an important step towards the installation of a fully-fledged local government last October. Section 13 (better known as Phase 2.0) of the St Eustatius Provisions Restoration Act entered into force by Royal Decree on 3 October 2022. The Island Council was therefore able to appoint two commissioners on 4 October 2022. Annex 1 indicates the portfolio allocation to the commissioners. Conversations that I have since had with them revealed their enthusiasm and dedication to working for the development of St Eustatius. The commissioners and I both recognise the importance of honouring previous commitments on important matters, such as the issue involving stray livestock. I want to thank the people of St Eustatius, the Island Council and the Public Entity for working together to reach this point. It would not have been possible to initiate Phase 2.0 without their commitment.

The implementation of section 13 and the appointment of commissioners have changed administrative relations. St Eustatius again has an Executive Council, and the Island Council has the power to appoint and dismiss the commissioners constituting this body. The Executive Council will henceforth also regain responsibility for the day-to-day administration of St Eustatius, except with regard to legal status and financial decisions. In accordance with the St Eustatius Provisions Restoration Act, these matters are currently still under the authority of the government commissioner.

The focus of attention shall subsequently shift to the implementation of Sub-Phases 2.1 and 2.2 of the Explanatory Memorandum to the Saint Eustatius Provisions Restoration Act. Implementing these phases shall also transfer the powers relating to personnel and finance to local government. I have, in recent weeks, had constructive discussions with the Island Council, commissioners and government commissioners. These talks have resulted in agreements on the timing and terms of the transfer of powers. In my view, it is essential that the local government consolidates and continues to instigate improvements relating to the return of financial powers. In this report, I will outline the form that this will take in practice.

Mediation & dialogue

I provided the Senate with a report about the mediation process on 10 October 2022. As far as I am concerned, good mutual relations are the basis of effective cooperation. In my response to the report to the government commissioner, I indicated that St Eustatius can count on support from my Ministry in expediting the process of returning to full democracy.

The mediation process has revealed the need to establish a dialogue platform, among other elements. Such a platform will provide a forum in which the Island Council, commissioners and Executive Council continue to develop a working relationship. The National Institute for Multiparty Democracy (NIMD) will coordinate this development of dialogue in the new year. To my mind, it is important to invest in the mutual relationship so that, following the administrative intervention, the

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island government can continue to dialogue on other issues affecting the residents of St Eustatius.

Progress on the Saint Eustatius Provisions Restoration Act

This section will inform you about the progress on the criteria of sections 14 and 15 of the St Eustatius Provisions Restoration Act, also known as Phases 2.1 and 2.2. Based on this progress and the importance of St Eustatius quickly regaining full governance, I will explain in this chapter why I plan to launch Sub-Phases 2.1 and 2.2 next year. In doing so, I also look ahead to the work required for Phase 3.0 of the St Eustatius Provisions Restoration Act, the appointment of a new governor. I will also review the progress regarding the criteria to be met, as stated in the Explanatory Memorandum to the St Eustatius Provisions Restoration Act.

Progress on Phase 2.1

Implementation of section 14 (Phase 2.1) will repeal section 7 of the Act. This change means that the government commissioner shall transfer legal status authority concerning the clerk's office and civil service organisation back to the Island Council and Executive Council, respectively. As a result, these bodies can again make their own rules about the clerk's office and the civil service, and decide on the appointment, suspension and dismissal of civil servants and their legal status.

During the mediation process between the government commissioner and the Island Council in spring 2022, agreement was reached on a target date for this sub-phase of the Act to come into effect. It was agreed that the effective date shall coincide with the date of the Island Council elections on 15 March 2023. I received a letter from the government commissioner on 22 November 2022 (and more detailed information on 8 December). These letters detailed the progress and results obtained with regard to the criteria for proceeding to Sub-Phase 2.1 (see Annex 3). It can be concluded that most elements have been completed. A few elements are still in the finalisation phase, but a commitment has been made to complete them by 1 March 2023. The moment of judgement will be reached on 1 February 2023, when I will have to determine if their completion will actually occur. Based on the information then provided, I will determine if St Eustatius is ready for the implementation of Sub-Phase 2.1 of the Act on the day of the Island Council elections of 2023. I therefore aim to submit the draft Royal Decree for Phase 2.1 for preliminary parliamentary scrutiny of the House of Representatives and the Senate in early February. In the explanatory note of the relevant draft Royal Decree, I will explain, based on the above-mentioned letter, what has been done to finalise each of the criteria.

Progress on Phase 2.2

Implementation of section 15 will repeal section 8 and amend section 10. Its entry into force means that the government commissioner will transfer the financial tasks and powers back to the Island Council and the Executive Council. Financial management needs to be restored to a sustainable state for this purpose. Sub-section 10a has also been inserted to ensure that, after the restoration of financial management, all resolutions and island ordinances concerning finances, budget, quarterly implementation reports, annual financial statements, annual reports and tax regulations shall be approved by the Minister of the Interior and Kingdom Relations, who will be advised by the Board for Financial Supervisory. In addition to the grounds for withholding approval mentioned in the BES Special Municipality

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Finance Act (Wet Financiën openbare lichamen Bonaire, Sint Eustatius en Saba), the grounds previously mentioned in section 10 shall also be adopted, namely disproportionate burden on the interests of the people of St Eustatius, disproportionate administrative burden, financial impracticality and the continued proper functioning of the island government.

As I informed you in the ninth progress report, the mediation process did not result in an agreement between the government commissioner and the Island Council on a target date for implementing this sub-phase. In consultation with the Island Council of St Eustatius and the government commissioner, I have therefore asked Ernst & Young (EY) to conduct an independent audit of the SME's administrative organisation and internal governance (AO/IG). I promised the Senate that I would inform you about the findings of the audit and the aimed target date in this progress report.

EY notes in its final report that the SME has made great strides in recent years. Its efforts include completion of the large number of outstanding financial statements and further clarification of the process of preparing budgets and interim reports. These efforts constitutes an important step towards achieving adequate financial management. However, some important improvements still need to be made. The AO/IG has not yet been adequately analysed, developed and implemented. EY expects it will take until at least September 2023 to implement the necessary improvements. This is an ambitious schedule, requiring sufficient support from the organisation as well as external support.

It is important for the improvements proposed by EY to be implemented. They are necessary for the proper functioning of an SME that serves the island and its citizens. At the same time, I recognise the importance of restoring the Island Council's budget rights following the elections. In the discussions that I have had with the government commissioner, commissioners and Island Council, it has become clear that they too endorse the results of the EY study and want to work on the improvements that EY has proposed.

I am therefore willing to return the budget rights to the Island Council as soon as possible following the Island Council elections in 2023, providing substantial steps are taken by means of interim agreements. I have consequently agreed with the government commissioner, current commissioners and the Island Council on the improvements to be made in the SME's AO/IG. Some of the improvements can (and should) be completed prior to the elections under the government commissioner's direction. Other improvements will be completed after the elections under the direction of the Executive Council. I will support the SME in this regard wherever necessary both prior to and following the elections. In discussions with the newly appointed commissioners and elected Island Council to be held immediately after the elections, I will ask for their commitment regarding the implementation of the improvements to be made post-election. If a commitment is made by them, the Royal Decree for Phase 2.2 will be signed. I will provide you with more detail about the improvements and timeline in the Explanatory Note to the draft Royal Decree for Sub-Phase 2.2.

The effective dates of Phases 2.1 and 2.2 will follow in quick succession. The Royal Decree for Phase 2.2 will therefore also be submitted to you for preliminary parliamentary scrutiny separately from, but at the same time as the Royal Decree of Sub-Phase 2.1.

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Progress on Phase 3.0

The implementation of Phase 3.0 of the St Eustatius Provisions Restoration Act will officially commence the procedure for appointing the governor in accordance with section 73 of the BES Special Municipalities Act. The process leading to the appointment of a governor will take quite some time due to the various steps to be completed and the deadlines for them. In its entirety, such a process can take up to a year. I have therefore asked the Kingdom Representative to commence the process of preparing recruitment for this position. The first step in this process is to draw up a profile. The Kingdom Representative has requested the current Island Council to prepare this profile. The Island Council will involve the Executive Council in this task. The profile will then be discussed with and adopted by the newly elected Island Council following the elections in March 2023.

Elections 2023

The National Office for the Caribbean Netherlands (Rijksdienst Caribisch Nederland, RCN) is handling the information campaigns for the upcoming island elections. The Ministry of the Interior and Kingdom Relations has made a total of €400,000 available to RCN for these campaigns on Bonaire, Saba and Sint Eustatius. The information campaigns focus on the Island Council elections, the nomination of candidates for the Electoral College for the Senate and the Electoral College elections. Extra attention is also being paid to communications to voters about the legal framework for granting a proxy. As usual, the Ministry of the Interior and Kingdom Relations supports special municipalities in preparing for elections. Regular consultations and several meetings with relevant officials are being held for this purpose, such as a meeting on the New Procedure for Determining Election Results Act (Wet nieuwe procedure vaststelling verkiezingsuitslagen), which comes into effect on 1 January 2023. An annual amount of €3.3 million will be available for the European-Dutch municipalities and the special municipalities in order to help them implement the Act.

St Eustatius Accord 2022-2023

My letter of 1 July 2022 on the administrative arrangements² informed the Senate about the St Eustatius Accord 2022-2023. In it, agreements were reached with St Eustatius on key issues such as economic development, attention to local culture, historical inheritance and nature protection. It also reviews the criteria from the Explanatory Memorandum to the St Eustatius Provisions Restoration Act. The agreements made in this regard ensure that the SME shall receive sufficient support in meeting the criteria and implementing further improvements.

Using the CN envelope, the government has allocated €2.6 million to the SME to further strengthen local implementation capacity, also serving as an additional impetus to address backlogs on the island. The SME requested additional capacity to address these backlogs. It will be deployed in key areas such as economic diversification, digitisation and cultural inheritance. An incidental amount of €1 million and a structural amount of €667,000 from 2022 onwards have been made available for strengthening implementation capacity. In so doing, the government is providing a significant financial incentive for the future of St Eustatius. As

²Dutch House of Representatives, Session Year 2021/22, Parliamentary Paper 35925-IV, No. 69.

mentioned in the joint letter³ of 14 October 2022, I will inform the Senate about the progress of these agreements in early 2023.

Miscellaneous

The second part of this progress report will deal with a few developments relating to other social issues. I will first explain the activities undertaken by my Ministry in connection with the Ceder/Kuiken motion⁴ of 29 June 2021. As I promised you in the ninth progress report, I will also return below to the topics concerning the recommendations of the Statia Heritage Research Committee, notary services, approach to stray livestock, the water drainage project and anti-erosion measures in general. Finally, I will inform you about developments regarding GTI and the Central Government Building.

Ceder-Kuiken motion

As described above, a key issue involves strengthening governance and implementation capacity in the Caribbean Netherlands. The government has been investing in appropriate developments on St Eustatius for some time, partly due to administrative intervention. These investments were made to reduce backlogs, expand local capacity and bring in needed support. For instance, I mentioned in the previous progress report that €1,850,000 was made available to the SME in 2020 to set up a programme and project management office (PPMO).⁵ This office aims to clear the backlog of over 100 projects. Enabling additional coordination, expertise and capacity allowed the SME to start reducing the accumulated unprocessed work. SME procurement is now the responsibility of the PPMO, which means an important checks and balances function has been put in place.

After assuming office, I also intensified discussions with the SME to determine the necessary steps for a more rapid restoration of democracy on St Eustatius. As a result, investment has been made in the island's communication strategy and additional support for the government commissioner and deputy government commissioner. This support was needed both to implement the criteria set out in the Explanatory Memorandum to the St Eustatius Provisions Restoration Act and to communicate this clearly through various channels to the population. At the SME's request, I therefore made €570,000 available last March. The SME was therefore able to attract the necessary capacity and draw up a strategic communications plan. The required investments were also needed to achieve a robust civil service. Envisioned activities included the need to review working processes, bring in additional capacity to support the executive and evaluate the reorganisation. I recently allocated €746,610 to the SME for these organisational costs. Besides additional capacity and organisational development, the SME has also been provided with support to provide education and training for civil servants and political office holders. My Ministry contributed to the funding of the Statia Academy and the training programme for island councillors and commissioners.

I have also described the progress regarding the St Eustatius Accord 2022-2023 in the Administrative section above. The aims of administrative agreements and the accompanying CN envelopes for all islands include the strengthening of

³Dutch House of Representatives Session Year 2021/ 22, Parliamentary Paper 36200-IV, No. 8.

⁴ Dutch House of Representatives, Session Year 2020/21, Parliamentary Paper 35420, No. 338.

⁵Dutch House of Representatives Session Year 2021/ 22, Parliamentary Paper 35925-IV, No. 67.

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implementation capacity. With additional capacity and development of the organisation, work can be undertaken to perform tasks such as the reduction of island backlogs. The government has made €2.6 million available to the SME for implementation capacity and elimination of backlogs by 2022.

All the above are meant to ensure that St Eustatius can achieve the necessary results and invest in its future. The Ceder/Kuiken motion⁶ of 29 June 2021 is in line with the preceding. This motion requests the government to provide the requested capacity, assistance and training to expedite the return of regular democratic relations to St Eustatius. In view of the above, I therefore consider this motion to be settled.

Commitment: implementation status of SHRC report recommendations

The Public Entity of St Eustatius has held discussions with the Ministry of Education, Culture and Science on implementing the recommendations of the Statia Heritage Research Committee report. A committee has now been created to oversee the implementation of the recommendations. The committee has already started developing a strategy to implement them.

Commitment: state of notarial protocol

At the beginning of this year, it became clear that the last notary active on Saba and Sint Eustatius would cease professional practice, which meant that the continuity of notarial services for the two islands could no longer be guaranteed. A temporary acting notary for Saba and St Eustatius has been recruited and has been operating a professional practice since 8 July 2022. She has extensive working experience in the European Netherlands and the Caribbean region. The improvement of notarial services is an ongoing issue, as it is a precondition for economic and other developments.⁷ Improving notarial services is a component of the CN Bottlenecks Taskforce. I reached agreements with the representatives of the Special Municipalities of Saba and St Eustatius on 14 September 2022. I will continue to closely monitor developments in this regard with a view to finding a notary for the longer term. The Joint Court has already commenced the process leading to the appointment of a permanent notary.

Commitment: status of Water Drainage project and anti-erosion

The SME implemented the water drainage project near the airport. As described above, this measure should prevent further erosion of the "gullies" near the airport. Rainwater will be stored in a large infiltration basin, keeping it available for the island. In addition to stray livestock, rainwater running downhill into the sea also causes erosion problems. Therefore, a plan to combat erosion around Oranjestad is now underway. This plan will also ensure that erosion at the cliff is minimised.

Commitment: developments in dealing with stray livestock

An NEPP programme manager, a Roaming Animals project manager and a food safety and veterinary service project manager have now been recruited to deal with stray livestock. The SME has recently used (social) media campaigns to announce that it will actively start enforcing local animal husbandry regulations. Since June, almost 1200 head of stray livestock, including some 850 stray goats, have been culled as a result. Issues involving the entire chain for processing culled animals

⁶Dutch House of Representatives Session Year 2020/21, Parliamentary Paper 35420, No. 338.

⁷See Dutch House of Representatives, Session year 2022/23, Parliamentary Paper 36200-IV-8,

have also been addressed. They include increasing the capacity of the slaughterhouse. The SME has also started exporting some of its meat to neighbouring islands. Another portion of the meat remains on St Eustatius and is distributed through the SME as assistance to impoverished families. Structural reduction of the numbers of stray livestock on the island will, however, continue to require improvements throughout the chain.

GTI Statia developments

In the joint letter⁸ of 14 October 2022, I informed the Senate that the situation in which GTI finds itself remains unchanged. I am continuing discussions with the departments concerned and preparations are being made to support the SME where necessary, should the situation change. The SME has put together a working group consisting of local officials and an external coordinator, who are jointly considering the situation regarding GTI Statia (GTIS) and the scenarios that may arise. These scenarios include future prospects that are carefully discussed, considered and developed. They are then further discussed with ministries in The Hague so that both the SME and the ministries are prepared, should the situation concerning GTIS change.

Central Government Building

The fifth⁹, sixth¹⁰ and seventh¹¹ St Eustatius progress reports informed the Senate about the project relating to the Central Government Building on St Eustatius. The aim of this project is to construct a central government building to provide a single location for all services to citizens. In addition, this project aims to improve facilities for employees and jointly house the government departments and the 21 SME offices. As mentioned in replying to your questions following my trip as part of the Inter-Parliamentary Kingdom Consultation in May 2022¹², the project was adjusted this year based on current market prices. This reassessment of the project was signed this autumn by both the Minister for Housing and Spatial Planning and my Ministry. All preconditions have thereby been met and local decision-making on proceeding with the project can take place. Since the construction and use of the property will make a claim on the SME's budget in the coming years, the decision was taken to delay approval of the project until the newly elected Island Council and island commissioners are in place. The project will be reassessed just prior to the elections so that decisions can be taken based on that reassessment.

The State Secretary of the Ministry of the Interior and Kingdom Relations,
Digitisation and Kingdom Relations

⁸Dutch House of Representatives Session Year 2021/ 22, Parliamentary Paper 36200-IV, No. 8.

⁹Dutch House of Representatives Session Year 2019/20, Parliamentary Paper 35300-IV, No. 56.

¹⁰Dutch House of Representatives Session Year 2020/21, Parliamentary Paper 35570-IV, No. 35.

¹¹Dutch House of Representatives Session Year 2020/21, Parliamentary Paper 35570-IV, No. 42.

¹²Dutch House of Representatives Session Year 2021/22, Parliamentary Paper 33845, No. 46.

Alexandra C. van Huffelen

**Ministry of the Interior
and Kingdom Relations**

Date
16 December 2022
december 2022

Reference
2022-0000671154