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Economic Development Program 2004-2007

Bonaire



Island Territory of Bonaire

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Contents

SUMMARY	2
1. INTRODUCTION	4
2. BACKGROUND	5
2.1 CHARACTERISTICS OF THE BONAIRE ECONOMY	5
2.2 GOVERNMENT ECONOMIC POLICY	5
2.3 BOTTLENECKS AND CHALLENGES.....	6
2.4 TARGET GROUPS AND STAKEHOLDERS	7
2.5 BACKGROUND INFORMATION	8
2.6 OTHER RELEVANT ACTIVITIES	8
3. OBJECTIVES AND CONTENT OF THE PROGRAM.....	9
3.1 LONG TERM DEVELOPMENT OBJECTIVES	9
3.2 PROGRAM OBJECTIVES.....	9
3.3 GENERAL PROGRAM EFFECTS AND TARGETS	10
4. ACTIVITIES.....	11
4.1 ACTIVITIES AND OUTPUTS.....	11
4.2 CONCISE PROJECT DATABASE	16
5. IMPLEMENTATION	18
5.1 INPUTS.....	18
5.2 ORGANIZATION AND PROCEDURES	18
5.3 TIMEFRAME.....	19
5.4 ESTIMATED INVESTMENT COST AND FINANCING PLAN.....	19
6. ASSUMPTIONS AND RISKS	23
7. MONITORING AND EVALUATION	24
7.1 METHODOLOGY AND SELECTION OF INDICATORS	24
7.2 MONITORING INDICATORS AND PROGRAM EFFECTS	24
7.3 EVALUATIONS	26

Summary

Economic situation

Bonaire is one of the world's top scuba diving and snorkeling destinations, and is one of the Caribbean's up-and-coming vacation spots. It has a modern airport to support tourism and logistic activities; other economic activities include oil transshipment, transport and communication, and business services. The rapid economic development starting in the 1960's led to immigration and remigration and the population grew from less than 6.000 to more than 10.000 in 1990. The economic boom in the beginning of the 1990's can principally be attributed to stay-over tourism development. For various reasons tourism declined after 1996, and only recently tourism developments show growth again.

Challenges and bottlenecks

To further stimulate sustainable economic development some important issues have to be addressed. Financial shortages and difficulties of the Bonaire Government have lead to insufficient funds for public investments to support economic development. The challenge for the Bonaire Government is to balance the need for investing in the economic infrastructure and the necessity to stabilize the public finances.

To create a more enabling business environment, topics that have to be dealt with on the national level are regulations on competition, access to markets, the flexibilization of the capital market, and some of the existing bureaucracy. On the local level, improving the procedures and dynamics in acquiring investors are important challenges.

The improvement of the functioning of the labor market offers a further challenge, not just to facilitate the private sector in the supply of adequately trained people, but just as much in stimulating maximum participation of the local labor force.

Crucial for tourism development of Bonaire is maintaining the existing synergy with the development and preservation of the environment. For further tourism development, growth of the number of adequate hotel rooms is needed, the harbor facilities need to comply with international (safety) regulations, and sufficient funds for marketing and promotion need to be made available. Another challenge is the continuous improvement of productivity and client-orientation of personnel working in the tourism-related sectors. Transshipment and the development as a cargo-hub, offer opportunities for diversification, and modernization of the telecommunication infrastructure can stimulate e-commerce activities. For small business development the improvement of business skills and easier access to credit are the main challenges for growth of jobs and the increase in the number of entrepreneurs on the island.

Objectives of Economic Development Program

The Economic Development Program Bonaire 2004-2007 (to be seen as the concretization of the economic part of the Bonaire Integral Strategic Recovery Agenda, BONISHA) contains the objectives, activities and targets to address these bottlenecks and challenges. It focuses specifically on four areas:

- Infrastructure and investment climate;
- Tourism development;
- Small business development, local entrepreneurship, new economic activities;
- Labor market and employment.

The overall strategy is to stimulate a substantial higher level of investment and employment in the private sector (specifically in the hotel sector), and subsequently a

strong growth of tourism. Policy targets are based on the idea of a quick recovery towards the economic level and growth trends before the downturn in the second half of the 1990's.

Activities within the Economic Development Program

A number of concrete public investment-projects and activities are identified, among which investments in economic infrastructure facilities, promotion and training in the tourism sector, eco-tourism and environmentally related investments, small business facilities and training projects. Of crucial importance is the stimulation and facilitation of private investments in the expansion of hotel room capacity, where 600 extra hotel rooms are targeted for the coming years.

Implementation

Implementing these projects and activities will require a joint effort by the Island Government, various intermediate and business organizations, NGO's and government owned enterprises. Within the government, manpower will be assigned for the overall management of the program, and an additional budget for external expertise in preparing and managing projects will be reserved.

In the Economic Development Plan, specific attention is paid to the assumptions and risks related to external dependencies, the conditions for an optimal implementation, the sustainability of the effects of the program, and the financial aspects.

Budget and financing

Based on realistic estimations of available funds, projections were made of the financing of projects and activities for the coming four years. In these projections, some 35 million NAFL of public investments seem feasible, where it is anticipated that some 18 million NAFL will come from Dutch Development Cooperation Funds. In a more ambitious policy scenario, total estimated public investments costs add up to 69 million NAFL, where targeted private investments in tourism facilities are 151 million NAFL. These ambitions and its economic effects can be realized if additional funds become available.

Effects, monitoring and evaluation

The results of the Economic Development Program will be monitored and evaluated based on specific economic indicators. The targeted effects are calculated in economic policy scenarios, as deviations from reference values that reflect the projected economic development without the efforts of the Economic Development Program.

The effects of the Economic Development Program of Bonaire for the period 2004-2007 (in the more realistic scenario regarding available funds) is an increase of stay-over tourists of an estimated 23.000 (+36%), where a substantial growth is expected starting in 2005 when the expansion of the hotel room capacity is beginning to realize. An increase of cruise tourists by 6.200 (+15.5%) is targeted after modernization of the harbor. Mainly driven by these increases in tourist arrivals, an additional annual growth of real GDP of 5%, an annual increase of employment of 3% (in total some 500 extra jobs in 4 years), and a decrease of the unemployment rate after 4 years of more than 6 percentage points (350 less unemployed) is expected.

The economic effects in the scenario where all 600 extra hotel rooms are realized, including the investments in infrastructure, tourism development, small business development and the labor market are an increase of stay-over tourists of an estimated 35.000 (+55%), an additional annual growth of real GDP of almost 8%, an increase in employment of 4.4%, and a decrease of the unemployment with some 500 persons.

1. Introduction

Bonaire was 'discovered' in 1499 by America Vespucci and Alonso de Ojeda, but was inhabited for centuries by Arawak Indians. Vespucci named the island after the Arawak word "Bo-nah" for "low land". After being ruled by Spain, The Netherlands colonized the island and salt production, some agriculture and livestock breeding became economic activities on Bonaire. In the middle of the 20th century some tourism started to develop. When the Netherlands Antilles gained autonomy in 1954, Bonaire was allocated outside resources to further improve economic prospects. Determined to protect their natural resources, Bonaire was the first in the Caribbean to enact strict environmental legislation on land and sea, reserve a national park and safeguard flamingos in a wildlife sanctuary. Today, Bonaire is recognized as one of the world's top scuba diving and snorkeling destinations, and as one of the Caribbean's up-and-coming vacation spots, with windsurfing as a key target-area for tourism growth. It has a modern airport to support tourism and some logistic activities, and other economic activities include oil transshipment, transport and communication, and business services.

Against the background of lesser socio-economic developments in the Netherlands Antilles, which also affected the situation on Bonaire, an integral development plan was drawn up in 1998 for the period 1998-2002. Due to, amongst other things, liquidity problems of the Island Government, the implementation of the plan did not fully materialize. To revitalize the activities regarding integral development the current Government drafted the Bonaire Integral Strategic Recovery Agenda (BONISHA). The vision and objectives from the 1998 development plan are still valid and function as the basis for BONISHA, but actions are updated. BONISHA covers the policy areas: good governance, economic recovery, financial recovery and social recovery (including public safety, health care, social care, spatial planning, nature & environment and education).

This economic development program of Bonaire (EDPB), which contains policy objectives, strategies, investments and actions for the coming years, is to be seen as the concretization of the economic part of BONISHA, and is therefore also based upon the economic paragraph of the integral development plan of 1998. The EDPB will furthermore function as the basis for economic development cooperation with The Netherlands.

In contributing to the overall development objective of BONISHA "Growth with preservation of nature and culture", the main topics of the EDPB are tourism, small business development, airport- and seaport development, telecommunication, labor market and employment, and investment promotion.

The structure and content of the EDPB is as follows:

- Chapter 2: background information on the current economic situation and policies, as well as the main challenges to be addressed the coming years;
- Chapter 3: the objectives, general effects and targets of the EDPB;
- Chapter 4: the planned projects and activities to be executed;
- Chapter 5: the implementation of the EDPB in terms of necessary means, organization and timeframe;
- Chapter 6: the assumptions and risks related to the execution of the EDPB;
- Chapter 7: the monitoring and evaluation of progress and effects of the EDPB.

2. Background

2.1 Characteristics of the Bonaire economy

In the early 1960's the Bonaire economy started growing substantially for most of the four decades thereafter. Tourism started developing, facilitated by several infrastructure investments, large radio stations began transmitting from Bonaire, BOPEC started its operation in oil transshipment and salt production was restarted. This rapid development led to immigration and remigration and the population grew from less than 6.000 in 1960 to more than 10.000 in 1990. The economic boom in the beginning of the 1990's can principally be attributed to stay-over tourism development and the number of tourists peaked in 1996 with 65.000 visitors. It is estimated that more than 40% of the businesses and the labor force on Bonaire is directly or indirectly linked to tourism.

After 1996 tourism declined, partly as a consequence of the lesser international competitive position (shortages on the labor market drove up wages and the cost of doing business), but also due to the deterioration of air service, a decline in hotel room capacity, cut backs in promotional activities, and damages caused by wave actions following hurricane Lenny. Financial measures on the national level, in particular the introduction of new taxes, also dampened the economic development. Furthermore, the impact of the declining U.S. stock markets and a worldwide economic slowdown affected Caribbean tourism. Tourist arrivals to Bonaire went down to 50.000 in 2001 and only in 2002 a modest growth was realized.

The current tourism developments show substantial growth again, mainly due to more airlift (KLM, Air Jamaica, American Eagle), additional markets as Peru and Ecuador, and the high value of the Euro. The number of stay-over visitors in 2003 was approximately 64.000 and is therewith almost back to the level of 1996. The capacity of quality hotel rooms will however limit further growth, where the occupancy rates (including the airline crews) is said to be close to 100% for longer periods of time. Cruise tourism started growing in 2000 and currently brings in some 40.000 guests.

For recent trends of the main economic indicators it is referred to Chapter 7, Monitoring and Evaluation, where a reference scenario of the Bonaire economic development is included.

2.2 Government economic policy

The current Government socio-economic policy is reflected in the BONISHA document (the Recovery Agenda) and its objectives are based on the integral development plan Bonaire of 1998:

1. A high quality living standard;
2. Sustainable economic development with sufficient positive effects on employment, income level, public finances and the balance of payments;
3. An advanced degree of self-government within an effective democratic system;
4. A strong common identity and social cohesion.

The four distinguished policy areas in the Recovery Agenda are good governance, economic recovery, financial recovery and social recovery. The most urgent of all problems the Governments faces are the liquidity shortages and the public debt situation.

For economic recovery the Government has started a process of structural reform towards improving the investment climate and stimulating competitiveness, within the philosophy that the private sector is the engine of economic growth. The main areas are tourism, small business development, airport- and seaport development, telecommunication, labor market and employment, and investment promotion.

2.3 Bottlenecks and challenges

As a precondition to sustainable economic development, a certain degree of macro-economic stability needs to be preserved. In general this seems to be guaranteed in Bonaire, where for instance the inflation rate is relatively low and the exchange rate is fixed and not endangered. However the fiscal situation is and has been worrisome. Financial shortages and difficulties of the Bonaire Government lead to insufficient funds for public investments to support economic development and for promotion and marketing of the island as a tourist destination. Support from development cooperation funds has been scattered and not sufficiently focused in order to relief this situation. The challenge for the Bonaire Government, in close cooperation with its partners within the Kingdom, is to balance the need for investing in the economic infrastructure and the necessity to stabilize the public finances. In this, it is important to realize that tax increase measures have their economic repercussions and should not be considered a viable option.

The business environment, defined as the whole of government policy and behavior and the economic rules of the game, contains several bottlenecks. Partly, these are issues that have to be dealt with on the national level. Regulations on competition, access to markets, the flexibilization of the capital market, and some of the existing bureaucracy, are policy matters for the Central Government of the Netherlands Antilles that are important for Bonaire and facilitating investments and growth of the private sector. But also on the local level the investment climate offers some challenges, in particular the procedures and dynamics in acquiring and treating investors.

The improvement of the functioning of the labor market, offers a further challenge, not just to facilitate the private sector in the supply of adequately trained people, but just as much in stimulating maximum participation of the local labor force. Where in recent periods of time immigration (of which many are foreign workers) and population growth has put pressure on the social and physical infrastructure, a definite policy challenge is to find the right balance between the involvement of the local population in the economic process and the needed demand for of labor from investing and growing companies.

Crucial for tourism development of Bonaire is maintaining the existing synergy with the development and preservation of the nature and the environment. With the decrease of the hotel room capacity in the recent past, and the current increase of visitors, the occupancy rate is relatively high. For further tourism development, growth of the number of adequate hotel rooms is needed, be it through new projects or through

the expansion of existing hotels. For further growth of cruise-tourism, the harbor facilities need to comply with international (safety) regulations and some investments in the infrastructure are required.

In a dynamic market as tourism, with strong competition in the Caribbean region, promotion and marketing activities are of great importance. Current activities are partly based on free publicity. This is not a sustainable situation and to guarantee sufficient marketing and promotion of Bonaire as a tourist destination, funding is necessary. A last challenge regarding tourism development is the continuous improvement of productivity and client-orientation of personnel working in the tourism and tourism-related sectors.

It is also vital that Bonaire focuses its police force and security services on fighting crime against tourists and locals alike. There are frequent complaints from repeat visitors and residents about petty theft and more serious crimes, including the lack of a pro-active attitude of local authorities.

The economic development of Bonaire is closely linked to tourism. For a sustainable development, a certain degree of diversification is desirable. Transshipment and the development as a cargo-hub offer opportunities for which investments in the sea-harbor and development of areas as economic zones are important. Modernization of the telecommunication infrastructure can stimulate e-commerce activities. In relation with the environmental assets of Bonaire, ecological research and training as an opportunity for economic diversification appears to be feasible.

Small business development is one of the main challenges for sustainable economic growth. Stimulate the contribution of small business and entrepreneurs to the economic base of Bonaire, will generate employment within the private sector. The improvement of business skills and easier access to credit are the main challenges for growth of jobs and the increase in the number of entrepreneurs on the island.

2.4 Target groups and stakeholders

The main target groups for the EDPB are:

- Private sector for an enabling business environment and as investor and the main creator of employment
- Stay-over tourists from the USA, the Netherlands, Ecuador, Peru, and elsewhere
- Cruise tourists
- Small businesses for further professionalization and as creator for employment and entrepreneurs
- Bonaire community for benefiting from employment and a balanced economic development

The major stakeholders involved in the EDPB are:

- Government departments and intermediate organizations in implementing projects of the EDPB
- Government Owned Enterprises for investing in the infrastructure facilitating economic development
- Labor unions and business organizations as major partners in preparing and implementing economic policies

2.5 Background information

Available background information and reports:

- Ontwikkelingsplan Bonaire 1998-2002 "Groei met behoud van natuur en cultuur", May 1997;
- BONISHA, Bonaire Integrale Strategische Herstelagenda; Sociaal, economisch, bestuurlijk en financieel herstel van het Eilandgebied Bonaire, 2003-2007, September 2003;
- Bonaire Investment Guide 2003;
- Boneiru Bon pa TUR!; Capaciteit, Werk en Solidariteit: scheppen mogelijkheden voor elk van ons, October 2003;
- Financieringsverzoek van Stichting Centrum Kleinbedrijf Bonaire, September 2003;
- Jaarverslag 2002 Haven- en Loodswezen, Eilandgebied Bonaire Havenmeester
- Policies and Strategies for Promoting Sustainable Economic Growth and Development in the Netherlands Antilles, Inter-American development Bank, September 1997
- Netherlands Antilles, Elements of a Strategy for Economic recovery and Sustainable Growth, World Bank, April 2001.

2.6 Other relevant activities

In order to find short-term solutions for liquidity shortages and the public debt situation, the Island Government of Bonaire and the Central Government signed a protocol. Under certain strict conditions, the Central Government commits itself to help solving the acute shortages of liquidities of the Bonaire Government. The report "Approach of liquidity- and debt problems of the Island Territory of Bonaire" gives specific measures and propositions for structural solutions of the public finance situation. Balanced and sustainable solutions for the fiscal problems are necessary to create so-called macro-economic stability and sufficient funding for needed public investments. Straightening out of the long running difficulties and commitments regarding the Solidarity Fund are also crucial in this matter.

Conscious of the inequalities within the Bonaire community, the Island Government has chosen to give explicit policy priority to social development and poverty reduction. The policy framework is stated in the document "Boneiru Bon pa TUR!; Capacity, Work and Solidarity: creating opportunities for all of us, October 2003". Social disintegration, economic deprivation and cultural estrangement as a consequence of migration have to be dealt with. In addition to its own social policies and activities, the government, in close cooperation with the platform of non-governmental organizations, will support private initiatives for maximum participation in the civil society. Social improvement is sought through diminishing and preventing distresses of the most vulnerable in society, strengthening of family life, improvement of the socio-economic situation and social welfare, strengthening of social cohesion, and empowerment of social organizations.

4. Activities

4.1 Activities and outputs

All identified projects considered necessary to reach the objectives of the EDPB are listed in the following table, categorized by the main parts of the program, with a distinction in activities and output. After this, a short description of the specific background and objectives of these projects is given.

It is important to stress that the execution of the EDPB is to some degree flexible and that the list of projects is neither final nor exhaustive. During the course of the implementation of the program it might prove necessary to add or remove projects and also priorities may be subject to change due to, amongst other things, external developments and available funds.

Foreseen projects and activities in executing the EDPB 2004-2007:

PROJECT ACTIVITIES	PROJECT OUTPUT
Infrastructure and investment climate	
Investments in infrastructure of sea harbor	Modern infrastructure that facilitates harbor related activities, in particular cruise tourism
Investments in infrastructure telecommunications	Facilitative infrastructure for modern telecommunication services and e-commerce activities at competitive rates
Improve infrastructure water- and electricity production and distribution and examine alternative sources of energy production	Higher quality of provision of utilities at lower costs and less adverse effects on the environment, in particular the coral reefs
Investments in roads, sewerage and building sites	Modern infrastructure for business activities
Introduction of one-window-shop and better accommodation of investors; upgrading DEZA	More professionalism regarding investment promotion and acquisition and reduction of 'red tape'
Improve functioning of organizations that represent and advise private sector (Chamber of Commerce, business associations)	More professional advise and support for business activities, better registration of companies
Assess and improve efficiency of government owned companies and seek strategic partners	Improved efficiency, more knowledge and capital in government owned companies
Support or stimulate actions to improve business climate of the Netherlands Antilles	Recovered confidence of the private sector to invest and expand activities
Tourism development	
Seek and facilitate expansion hotel room capacity	Building of extra hotel room capacity by private sector
Training of personnel in tourism sector	Improved service level in tourism sector
Promotion activities in niche markets	Promotion material and media exposure

Economic Development Program Bonaire 2004-2007

Construct golf-course including infrastructure	Golf-course that will make tourist product more attractive
Execute Lac Baai improvement programs	Improved facilities and beaches to accommodate tourism
Empower Marine park management	Professional management and preservation of marine park
Upgrade Washington Slagbaai Park slopes	Better accessible roads in Washington Slagbaai Park
Restoration Karpata	Creation of conditions for an eco-tourism project in the Rincon area
Small business development, local entrepreneurship, new economic activities	
Execution of SESNA program: information	Provided information to the Bonaire business community
Execution of SESNA program: advise	Given advise to the Bonaire business community
Execution of SESNA program: training	Trained entrepreneurs and employees of Bonaire businesses
Execution of SESNA program: financing	Soft loans to new businesses in Bonaire
Feasibility study for opportunities in attracting ecological research and training activities	Clear picture of opportunities and development strategy
Development of E-zones	Economic zone for private sector logistic and e-commerce activities
Labor market and employment	
Draft long term labor market policy	Clear view on developments of supply and demand of labor in the future
Draft immigration and labor permit policy	Policy that balances economic growth and local labor force opportunities
Specific vocational courses on demand	Schooled local people for participation in business development
Mediation- and career management activities	Matching of supply and demand local labor
Continue Training Grant Scheme	Subsidy for specific training
Prepare and implement social employment program	Employment experience positions for unemployed

Infrastructure sea harbor

Bonaire currently has 5 harbors with 8 piers for seaworthy vessels and 40 buoys for visiting yachts. In addition there are 3 marinas. The harbors provide crucial infrastructure and services for tourism, logistic activities, the oil-transshipment, and the transport of salt, as well as for importing products for local consumption. In particular the Kralendijk harbor is in need for upgrading of its facilities. The south-pier needs to be renovated and widened, and in order to accommodate (larger) cruise-ships some additional investments are necessary. Furthermore, the entrances to this pier must be closable and secured (before July 2004) because of the new "International Ship and Port facility Security Code". As the south-pier needs to be destined as multi-purpose

(container/cargo and cruise-boats) and with the growing trend in cruise-tourism, an additional pier-facility at the WEB-harbor is considered necessary.

In general, funds for investments in the maintenance of the harbors have not become available in recent years. The Master Plan of 1994 contains an inventory of millions in needed investments. In that time, the intention was to make the harbor an 'independent' government owned enterprise, also to use the income from specific harbor fees for maintenance investments. The 'independent' harbor has not been realized as to today.

Infrastructure telecommunications

The government-owned company Telbo N.V. has the responsibility for the fixed infrastructure for telecommunication services and is the unique local telecommunication provider. It also offers services in mobile telecommunication, international telecommunications and broadband services, in competition with one or more players on these market segments.

On the short term, some 5.5 million NAFL will be invested in the GSM infrastructure, participation in the fiber-cable between Bonaire and Curaçao (with connection to South- and North-America), upgrading of the switch-facilities, and ADSL-infrastructure. For these investments (and the partial pay-off of loans/debts related to the transfer of assets from Antelecom) the local capital market will provide loans.

In order to be able to keep providing a modern infrastructure and up-to-date telecommunication services, an investment plan (physical infrastructure, further GSM-facilities, office-accommodation, cable network) for the coming 6 years of an estimated 20 million NAFL was drafted.

With the reality that high quality, affordable telecommunication infrastructure and services are imperative for supporting the economic development, considering the small scale of the island (where companies however demand the same service level as in larger countries), and operating in markets open for competition, also public funds will be sought to make the necessary investments.

In all this, the need for modern and independent regulation of the telecommunications markets is of a great importance, focused on high quality of services, international competitiveness of prices, including instruments to address the potential abuse of market power.

Infrastructure water- and electricity production and distribution

Execution of investments and maintenance will be based on a comparison of the existing master plan and the economic development strategy. Competitive prices for crucial business segments are sought. Research will be done into the use of alternative sources of energy production, where the compatibility with the environment and the Bonaire landscape is an important pre-condition.

Roads, sewerage and building sites

An integral long term investment- and maintenance plan will be set up based on the economic development program and a study into specific needs.

Investment promotion and acquisition

A so-called one-window-shop system for (potential) investors will be created, and a VIP-treatment for investors will be introduced. The government department DEZA will be upgraded in order to better facilitate and accommodate potential investors. The Bonaire Investment Guide 2003 will be updated frequently in the coming years.

Organizations representing private sector

A process of improving the services of organizations that represent or advice the private sector will be started. The local Chamber of Commerce can benefit from co-operation with the Curaçao Chamber of Commerce. The Asosashon Komersial Industria Boneiru (AKIB), based on a protocol with the Centrum Klein Bedrijf (CKB), seeks further improvement of its services (better registration, more members, et cetera) with support of the SESNA-program.

Improve government owned companies and seek strategic partners

Government Owned Enterprises that provide infrastructure and utility products will be assessed, and through co-operation and strategic partners efficient services to the community need to be guaranteed.

Business climate of the Netherlands Antilles

The Island Government of Bonaire will take initiative and support actions of the Central Government to improve the overall business climate of the Netherlands Antilles. Main issues to be addressed are:

- Macro-economic stability with special focus on the fiscal situation;
- Elimination of red tape, amongst other things by extensive decentralization;
- Elimination of protection of monopolies, improvement of competition, and the installation of an independent Regulatory Board;
- Support private investment plans with strategic public investments funded by the Development Fund;
- Foundation of a Recovery Bank for financing of economic projects;
- Stimulate companies to buy local products;
- Flexibilization of the capital market and banking sector.

Expansion hotel room capacity

The current occupancy rate – including the hosting of airline crews - is running close to 100% for longer periods of time. Taking into account the running initiatives (Sunset re-opening, Esmeralda project) and to be able to accommodate the targeted growth of tourism in the near future, it is calculated that some 600 additional quality hotel rooms are needed. Investment promotion will specifically focus on attracting this type of investments. If needed, public infrastructure investments will be given priority to facilitate these private investments.

Training of personnel in tourism sector

A training program will be started aimed at increasing the quality level of workers in the tourist sector. This is simultaneously focused on improving productivity, client-oriented service and the salary level of employment.

Promotion activities in niche markets

Current promotion activities are partly based on free publicity through the KLM publication Airwings, recordings of soap television series and fotoshoots of fashion magazines. This is not a sustainable situation and to guarantee sufficient marketing and promotion of Bonaire as a tourist destination, funding is necessary. With additional funds, the use of proactive on-line marketing and other modern promotion instruments can be expanded.

Construct golf course

The construction of a golf course will be an investment from the private sector. The government is currently analyzing how to facilitate and stimulate private investors. The compatibility with the eco-tourism features of Bonaire will require special attention. For example, the site that is a potential location possesses a function as a natural sewerage system, and specific investments to maintain this function might be needed.

Environmental and eco-tourism investments

From an ecological viewpoint the investment in a sewerage system and water purification plant has the highest priority. To prevent damage to the coral reefs – essential for Bonaire's diving and snorkeling tourism – it is important to control the wastewater situation, especially the contamination with nitrogens and phosphates. For investments in the plant, funding is requested at the European Union.

For Lac Baai, conservation- and management-plans have been drafted. Some investments in the beach area and other physical improvements (both on the land-side as for the bay itself) are foreseen. The needed empowerment of the management of the Marine Park can be financed by raising the entrance fee, where legal support to enforce regulations are of equal importance.

The road infrastructure of the Washington Slagbaai National Park has proven to be vulnerable for rain- and storm conditions. In recent years the dirt-roads were repaired, where the access to large parts of the park was not longer possible. Especially the slopes in the road-system can easily be damaged and eroded. For a more sustainable prevention of damage the slopes will need cement constructions for fortification.

It is planned to invest in restoration of the plantation house Karpata in order to accommodate an eco-tourism project in the Rincon area.

Stinapa has plans for a new office space/accommodation in Kralendijk in order to better execute their task in informing community members on nature issues and improving the awareness of the value of the environment.

SESNA

The overall objective of SESNA (Small Enterprise Stimulation Netherlands Antilles program, funded by the European Union) is "to strengthen the contribution of the small business sector to economic growth and to structural employment generation and consolidation".

The purpose of SESNA is to:

- Provide essential business skills training and business advisory services to selected small business entrepreneurs;
- Update the quality of small business support organizations;
- Facilitate better access to credit through the provision of a marginally lower interest rate revolving credit fund;
- Generate an improved small business policy framework.

Currently the SESNA-program is managed by CBK (small business center) and funded by the European Union. The Bonaire government supports the program by covering 100% of the fixed operational costs. For continuation of the activities additional funding is requested from the Dutch Government.

Ecological research and training

A feasibility study for opportunities in ecological training and research activities will be undertaken, and investment promotion and acquisition activities will be focused in attracting this type of businesses, based on the outcome of the feasibility study.

Development of E-zone

The legislation for creating and developing E-zones (economic zones for exports of goods and services) is in place and the TELBO-building area, the airport and Kaya Industria (strip with industrial activities) are designated as areas for E-zone activities. Further expansion of the e-zone opportunities will be sought. Specific expertise is required where e-commerce and technology issues are involved.

Draft labor market and immigration policy

An integral labor market policy will be drafted, also based on an inventory of future demand of labor in the various economic sectors.

Immigration and permit policy needs to be aimed at a qualitative and controllable socio-economic development. A policy plan and an action program will be drafted, including an inventory of running and expired labor permits. A professional and automated information- and control system for labor permits will be installed. Quality requirements (experience and education) and fiscal disincentives for labor permits (new ones and extensions) will be part of the policy, also to finance vocational training of local employees (counterparts). Policies need to be balanced, in the sense that the attraction of highly skilled workers or entrepreneurs (that are not available on the island and can also train the local labor force) will be beneficial for the economic development. Similarly, remigration of highly skilled Bonaireans needs to be stimulated.

Specific vocational courses on demand

On specific demand and focused on strategically selected economic developments, vocational training, courses to improve foreign language skills, formation and productivity training, and adult education will be organized. Hereby, extra attention will go out to the long-time unemployed and participation of women in the labor market.

Mediation- and career management activities

The currently undertaken activities of the Department of Economic and Labor Affairs in mediating and guiding will be continued.

Training Grant Scheme

The current incentives of the Training Grant Scheme will be continued. These incentives include subsidies for training and courses focused on export and innovation, as well as training of to be hired unemployed persons.

4.2 Concise project database

For an optimal implementation of the EDPB all identified projects and activities are gathered in a small database that gives relevant information of all projects, including the estimated costs and the timeframe. The following table gives a summary of this project database; individual projects are clustered and categorized over the four parts of the program; costs-indications are given in 2 scenario's: one 'prudent' taking into account realistic estimations of available funds for the coming four years, and one 'ambitious' reflecting the full ambitions of the government that can be realized if additional funds

Economic Development Program Bonaire 2004-2007

become available. The estimated costs (in thousands NAFL) are in some cases based on specific project information and in some cases estimates by stakeholders.

Projects / activities	Costs (x 1000 NAFL)	
	Prudent	Ambitious
Infrastructure and investment climate		
Infrastructure economic development	10.000	30.000
Basic infrastructure	6.000	16.000
Investment promotion & private sector support	1.000	2.000
Subtotal	17.000	48.000
Tourism development		
Room capacity & golf facility	100.000	150.000
Promotion & training	8.000	10.000
Eco-tourism and environmental investments	3.500	4.000
Subtotal	111.500	164.000
Small business development, new activities		
Small business development	3.000	3.000
Niche development; capital intensive activities	200	200
Subtotal	3.200	3.200
Labor market and employment		
Policies	100	100
Training & support	4.000	4.000
Subtotal	4.100	4.100
GRAND TOTAL	135.800	219.300

The total costs of all foreseen projects and activities are estimated to be approximately 219 million NAFL, where taking into consideration the estimated available funds for the coming four years, investments for some 136 million NAFL for sure seem feasible. These are to be funded from local government, donors and private investors. A major contribution will need to be the private investments in the expansion of hotel room capacity and the golf course.

In paragraph 5.4 estimates and assumptions of the various budgets and contributions are provided in the two scenarios.

5. Implementation

5.1 Inputs

The necessary means for implementing the EDPB mainly concern input of personnel and running costs of the Department of Economic and Labor Affairs, supported by various intermediate organizations, NGO's and government owned enterprises in executing individual projects and activities. It is estimated that for the overall implementation and managing of the program, as well as supporting the preparation and managing of the projects, a total of 0.5 full-time-equivalent (FTE) of manpower is needed.

For external expertise in preparing and managing projects, including support in frequent monitoring of results and effects (see Chapter 7), an additional budget, as part of the EDPB funding, of 80 NAFL per year will be reserved.

Annual implementation costs are estimated to be:		
0.5 FTE manpower (x 60.000 NAFL)	30.000	
External expertise	80.000	
Total annual implementation costs		110.000

5.2 Organization and procedures

The Executive Counsel and the Commissioner of Economic Affairs are ultimately responsible for the implementation of the EDPB. The Department of Economic and Labor Affairs will overall manage and monitor the progress of the EDPB.

Various stakeholders, inside and outside of the government, will compile project proposals and implement projects. Project owners report on a half yearly basis to the overall management of the EDPB with both financial and non-financial information.

The management of the program entails the updating of the program and the twice a year evaluation of the progress. Based upon the evaluations, monitoring reports will be submitted to the Executive Counsel and the Economic Department of the Central Government. If necessary, the program management will also advice project-owners and consult the Commissioner of Economic Affairs.

For the part of the EDPB that will be supported by development cooperation funds of The Netherlands, the soon to be installed Development Fund will deal with requests for financing of individual projects. The main criteria for approval will be the accordance with the objectives of the EDPB, efficiency, effectiveness and sustainability.

5.3 Timeframe

The EDPB has a duration of four years and will start as soon as there is a formal commitment of the Bonaire government. For the use of Dutch development cooperation funding, the EDPB has to be approved as a solid base for sustainable economic development by the Dutch government.

Within the EDPB the projects and activities are phased based on economic policy priorities, availability of funds, interdependency of projects and implementation capacity. The database of the projects and activities, as described in paragraph 4.2, also includes the timing of the projects and activities.

5.4 Estimated investment cost and financing plan

Total estimated costs of all identified projects and activities that reflect the full ambitions and policies of the Bonaire Government add up to almost 220 million NAFL (see paragraph 4.2). Taking into account the estimated available budgets, both of donor development cooperation funds and the Bonaire government, it will prove difficult to realize all identified investments, projects and activities in the coming four years. Therefore, prioritizing of projects and activities was necessary, and more prudent estimations were made of the financing of projects and activities for the coming four years. The estimated investments costs of the EDPB in this scenario are 136 million NAFL for the coming four years (including private investments and costs of implementation of the program), and their anticipated sources of finance are presented in the following table.

EDPB parts	Bonaire	Donors	Private	Total
Infrastructure & investment climate	8.000.000	9.000.000	-	17.000.000
Tourism development	4.000.000	7.500.000	100.000.000	111.500.000
Small business development	800.000	1.700.000	700.000	3.200.000
Labor market & employment	200.000	3.700.000	200.000	4.100.000
Implementation	120.000	320.000		440.000
Total	13.120.000	22.220.000	100.900.000	136.240.000

Own Government

The investments of the government for the economic development program in the coming four years – additional to other current activities of government that support and facilitate economic development – come from (reallocation within) the current budget or indirectly through government subsidized organizations or government owned companies (public utilities, harbor, airport, et cetera). Due to the program there will be higher economic growth, an increase in real incomes, an increase in profitability of enterprises (higher growth of labour productivity) and a decline in number of unemployed. The government can use these additional incomes or reduced expenditures to partly finance projects and activities of the economic development plan.

Donors

The funding that is anticipated from donor funds in the coming four years consists of two parts:

1. Dutch development cooperation funds

This entails the island's share of the available funds from the Dutch development funds. The amount of anticipated donor funds from The Netherlands Government are derived from:

- The total available funds for development cooperation (annual some 40 million euro);
- A 50% share for sustainable economic development;
- A division over the Island Territories and the Central Government as proposed in the Wijers-report;
- For Bonaire this share is 10%, which equals an estimated annual funds of 4.5 million NAFL a year, hence a total of 18 million for the coming four years; $4.5 \times 2 = 9$ → ??)
- It needs to be taken into account, that costs of projects (supported by development funds and not included in this program) that are already in execution will form a part of the determined donor budget; these projects in general already contribute to the policy targets and economic effects of the program, but however limit the budget for new activities and will make the setting of further priorities necessary.

2. Other donor funds and external financing

This amount of anticipated funds (estimated NAFL 4.2 million for four years) consist of the following sources:

- Other international donors as the European Union (average annual flow of European Development Fund to the Netherlands Antilles between 1986 and 1999 was 7.2 million NAFL), United Nations or (technical) assistance from more regional institutions;
- Dutch and international funds and charity foundations that support social, cultural, heritage and environmental projects, be it directly to the government or through the participating stakeholders in the program

Private sector

The private sector 'contributions' to reach the objectives and targets of the economic development plan consists of various elements:

- So-called spin-off investments that are triggered or facilitated by public investments in the infrastructure, eliminations of bottlenecks, and the introduction of instruments, incentives and policies;
- Public-private-partnerships in investments in the infrastructure or utilities, and the development of infrastructure-related sites or projects;
- Matching of, or contribution to tourism marketing and promotion activities and contributions to, or co-financing of training and advice activities (SESNA).

The budgets and financing components are based on the following assumptions:

- Investments in the infrastructure that directly facilitate economic development will be carried for 50% by donor funds and for 50% through own government investments; the Island Territory (with own means and Dutch development funds) has made substantial investments in the airport in recent years, but for the specific function as a 'hub' for cargo some additional investment might prove necessary;
- Where in total some 30 million NAFL of investments in the economic infrastructure are envisioned, priority in this prudent scenario are the necessary investments in the

- upgrading of the harbor infrastructure, but also some telecommunication- and airport-infrastructure can be included;
- As indicated in chapter 4, investments in the telecommunication infrastructure will for the most part be the responsibility of Telbo N.V.;
 - For investments in the basic infrastructure (roads, sewerage, building sites, utilities), that are needed to support the overall socio-economic development of the island, a 50-50 combination of donor contributions and means from the island budget is anticipated; it is a policy action of the current government to reintroduce the 'kapitaaldienst' on the government budget in order to finance these types of infrastructure projects;
 - The water purification plant is not included in the investment costs; the relevance for eco-tourism is definitely acknowledged, but the investment is considered to be primarily serving environmental objectives; also a financial proposal is already submitted to the EU and negotiations are taking place;
 - The upgrading of investment promotion and private sector support activities will be supported by donor funds, mainly by the supply of expertise; investment promotion and acquisition will have priority in the prudent scenario;
 - The expansion of the hotel room capacity and the construction of a golf-course are private investments; investment promotion activities of the government will pro-actively try to acquire investors regarding the hotel room expansion; in this more prudent scenario it is still anticipated that a substantial part (approximately two-thirds) of the investments in tourism facilities are feasible;
 - The promotion and marketing of Bonaire as a tourist destination, as well as the training of personnel in the hospitality sector, will need a combined effort of the Bonaire government and the Tourist Office, partially funded through the government budget and supported by donor funding where a 50/50 ratio is anticipated; considering the importance of these activities, the majority of the foreseen activities and funds (80%) are maintained in the prudent scenario;
 - Investments directly facilitating the environmental assets of Bonaire as a tourist destination and ecological projects will be financed by donor funds; where 4 million NAFL of necessary funds are calculated, some 3.5 million will be available in the prudent scenario for the coming four years;
 - Small business development will continue to be financed by the Bonaire government (fixed operational costs), donor funds (activity costs) and the private sector (own contributions for activities as training and advice);
 - Niche development, primarily focused on capital intensive economic activities, will be able to lean on investments in the infrastructure and the e-zone legislation; additional promotion, acquisition and incentives will be financed by the Bonaire government;
 - Policies for the overall improvement of the functioning of the labor market, as well specifically for the issues of immigration and labor permits, will be carried out by the various departments of the Bonaire government; a small supporting budget for advisory, training or technical assistance by donors is anticipated;
 - The government of Bonaire will carry out mediation and guidance activities (in particular for longtime unemployed); for vocational training and adult education donor funding and some smaller contributions of the private sector are anticipated.

In the ambitious scenario – applying similar assumptions on anticipated contributions as mentioned above in the more realistic scenario - preliminary estimations indicate that more funding will have to become available from donors like The Netherlands Government and the European Union (some 40 million NAFL), but also the Bonaire Government will have to contribute a substantial larger estimated amount (29 million

Economic Development Program Bonaire 2004-2007

NAFL). In this scenario the full realization of the private investments in tourism facilities of some 150 million NAFL is anticipated.

The following table gives an overview of the investment costs (in NAFL) in the ambitious scenario, and their anticipated sources of finance.

EDPB parts	Bonaire	Donors	Private	Total
Infrastructure & investment climate	23.000.000	25.000.000	-	48.000.000
Tourism development	5.000.000	9.000.000	150.000.000	164.000.000
Small business development	800.000	1.700.000	700.000	3.200.000
Labor market & employment	200.000	3.700.000	200.000	4.100.000
Implementation	120.000	320.000		440.000
Total	29.120.000	39.720.000	150.900.000	219.740.000

The consequences of the pace of the execution of the EDPB (based on the different scenarios of available funds and realized investments), in terms of the economic effects and the value of the indicators to monitor the success of the EDPB, will be presented in Chapter 7 "Monitoring and Evaluation".

The more realistic scenario in executing EDPB projects and activities does not mean the Bonaire Government will adjust its economic objectives and targets. If budgets from the Bonaire Government and donors allow financing of more projects and activities, other sources of financing investments will be found, or the private investments will be realized in a faster pace, targets can still be met in the coming four years. If the prudent scenario of available funds and investments proves to be realistic, it will mean economic targets will be realized over a longer period.

6. Assumptions and risks

Assumptions link the EDPB to the program environment, including those activities and developments that are important for the success of the plan, but cannot be directly controlled by it. The following table gives an overview of the most important assumptions, and a judgment of the risks that the assumptions do not hold and the mechanisms to react to situations where risks actually occur. Specific attention is paid to the assumptions and risks related to the conditions for an optimal implementation of the EDPB, and to the sustainability of the effects of the program.

ASSUMPTIONS	RISKS
External dependencies	
No major calamities will occur	Low-risk: a disaster emergency plan is in place
Activities improving the investment climate of the Netherlands Antilles will be executed by Central Government	Medium-risk: Commitment Central Government is high to work with OECD, but some differences in policy issues between Central and Bonaire Government may remain
Private investment extra hotel room capacity and golf course will materialize	Medium-risk: Bonaire tourism seems to be attractive to invest in, but foreseen investment amounts are substantial
The EDPB will have no substantial negative social- or environmental external effects	Low-risk: social partners and NGO's are involved to seek social-economic synergy; a Nature & Environment program will be simultaneously executed
Program level	
Methodological approach is adequate to reach overall program objectives	Low-risk: EDPB is based on logical framework and analyses by World Bank and other institutions
EDPB has full administrative support	Low-risk: EDPB is formally approved by Bonaire Government and has full commitment of Commissioner of Economic Affairs
There is sufficient institutional and management capacity to implement plan	Medium-risk: the staff of the Department of Economic and Labor Affairs is small; a budget is reserved for external support
The program has support of the social partners and other economic stakeholders	Low-risk: Feedback was guaranteed in a workshop on the draft EDPB; the relatively small size of the islands makes direct involvement of social partners and stakeholders easy
Funding, finance	
Government funding will be available	Medium-risk: Substantial amounts need to be reserved in the annual budget, and financial situation is delicate
Donor funding will be available	Medium-risk: Commitments on part of the Dutch Government are firm, but additional donor funding is needed

7. Monitoring and evaluation

7.1 Methodology and selection of indicators

The progress and the success of the EDPB will be monitored frequently. With the help of monitoring indicators the progress of the program and its activities, related to the development objectives, program targets and timeframe, will be measured objectively. It is important to realize that the measuring of economic development (and consequently the effects of an economic program) is an art in itself. For small islands with limited economic data this is even more difficult.

For the measurements in what degree targets for the coming years being met, it is necessary to realize that future developments depend much on externalities and for small-size economies 'individual' occurrences or developments can have a large influence on the outcome. In order to by-pass lengthy discussions on the validity or plausibility of economic forecasts, monitoring indicators will be presented as deviations of a so-called reference path.

This **reference scenario** pictures the economy in the coming years, based on the trends of the recent past and insights of local stakeholders, without having the pretension of closely predicting the future economic development. The targets and effects will be reflected in a **policy scenario** as deviations from the reference values. The trend plus the policy effects result in the target values¹.

The main criteria for the selection of the key monitoring indicators are:

- Close linkage to the program objectives and desired effects;
- Indicators are as SMART as possible (Specific, Measurable, Acceptable, Reasonable and Timely);
- Availability of (recent) data;
- Determinable by independent institutions.

7.2 Monitoring indicators and program effects

The following two tables give the reference- and policy values of the key monitoring indicators for measuring the effects of the EDPB for the years 2004-2007. The EDPB directly targets for more tourism arrivals and growth of private investment. As a consequence this will positively affect GDP, employment and unemployment, and other macro- and socio-economic indicators.

The first table is based on the more realistic scenario of available funds (see paragraph 5.4) in which not all investments, projects and activities can be realized within the 2004-2007 timeframe of the EDPB. The second table is based on the assumption that extra

¹ For more detailed information, see the explanation on the used methodology and the Antillyse model, including the economic model for Bonaire (Bonalyse) as shareware: www.micromacroconsultants.com

Economic Development Program Bonaire 2004-2007

funds will become available, all activities can be executed, and the economic targets of the Bonaire Government will be fully met at the end of the timeframe of the program.

In the reference scenario the basic assumption is that both stay-over tourism and cruise tourism will remain at the level of 2003, as the consequence of growth restrictions related to hotel room capacity and the current harbor infrastructure.

Program effects with realistic scenario available funds:

Absolute effects:	Reference values		Policy effects	Target value
	2004	2007	2004-2007	2007
Stay-over tourists	64,000	64,000	+ 22,900	86,900
Cruise tourists	40,000	40,000	+ 6,200	46,200
GDP (in mln. NAFL)	257	274	+ 56	330
Employment private sector	4,115	4,125	+ 508	4,633
Unemployed	634	683	-/ 327	356
Unemployment %	11.5%	12.3%	-/ 6.1%	6.2%
Income < 1000 NAFL/month ¹	3,715	3,806	-/ 208	3,598
Income < 1000 NAFL/month % ²	49.8%	50.3%	-/ 3.4%	46.9%

	Recent history	Reference scenario	Policy effects	Policy scenario
Average annual growth:	1989-2003	2004-2007	2004-2007	2004-2007
Real GDP	3.8	0.1	5.1	5.2
Employment private sector	2.5	0.1	3.0	3.1
Net real income		-/ 0.3	0.2	-/ 0.1

¹ Number of persons of 15 years and older with net income below 1000 NAFL per month, including persons with no income

² Percentage of persons of 15 years and older with net income below 1000 NAFL per month, including percentage of persons with no income (18.7% in 2004)

The effects of the economic development program of Bonaire for the period 2004-2007 (in this more prudent scenario) is an increase of stay-over tourists of an estimated 23.000 (+36%), where a substantial growth is expected starting in 2005 when the expansion of the hotel room capacity is beginning to realize. An increase of cruise tourists by 6.200 (+15.5%) is targeted after modernization of the harbor. Mainly driven by these substantial increases in tourist arrivals, an additional annual growth of real GDP of 5%, an annual increase of employment of 3% (in total some 500 extra jobs in 4 years), and a decrease of the unemployment rate after 4 years of more than 6 percentage points (350 less unemployed) is expected. The growth of the number of jobs will not lead to an equal decrease of the number of unemployed because the labor force will grow also, both from within the island as through immigration.

In the macro-economic scenario it is assumed that the extra growth of the production in the private sector will have some positive effects on the profitability of companies (and thus indirect on investments and employment) and will lead to a moderate growth of real income per employee (some 0.2% annually). If the real incomes show a higher increase, this will automatically lead to less growth of employment.

In the reference scenario it is calculated that the number of persons of 15 years and older that have a net income less than 1000 NAFL per month will increase from some

Economic Development Program Bonaire 2004-2007

3,700 in 2004 to 3,800 in 2007. This includes the relatively large group of people with no income (for example housewives and students). In the policy scenario more than 200 persons cross this income line, resulting in less than 3,600 persons with a net income below 1000 NAFL per month in 2007.

Program effects with ambitious scenario available funds:

	Reference values		Policy effects	Target value
	2004	2007	2004-2007	2007
Absolute effects:				
Stay-over tourists	64,000	64,000	+ 35,300	99,300
Cruise tourists	40,000	40,000	+ 6,200	46,200
GDP (in mln. NAFL)	257	274	+ 89	363
Employment private sector	4,115	4,125	+ 786	4,911
Unemployed	634	683	-/ 501	182
Unemployment %	11.5%	12.3%	-/ 9.2%	3.1%
Income < 1000 NAFL/month ¹	3,715	3,806	-/ 309	3,497
Income < 1000 NAFL/month % ²	49.8%	50.3%	-/ 5.1%	45.2%
	Recent history	Reference scenario	Policy effects	Policy scenario
Average annual growth:	1989-2003	2004-2007	2004-2007	2004-2007
Real GDP	3.8	0.1	7.6	7.7
Employment private sector	2.5	0.1	4.4	4.5
Net real income		-/ 0.3	0.2	-/ 0.1

¹ Number of persons of 15 years and older with net income below 1000 NAFL per month, including persons with no income

² Percentage of persons of 15 years and older with net income below 1000 NAFL per month, including percentage of persons with no income (18.7% in 2004)

In the ambitious scenario, all 600 extra hotel rooms are realized, including the investments in infrastructure, tourism development, small business development and the labor market. This facilitates the targeted growth of tourism, other exports and the efficiency. The effects of the economic development program of Bonaire for the period 2004-2007 - in this ambitious scenario - is an increase of stay-over tourists of an estimated 35.000 (+55%). As a result, an additional annual growth of real GDP of 7.6%, an annual increase of employment of 4.4% (in total almost 800 extra jobs in 4 years), and a decrease of the unemployment rate after 4 years of more than 9 percentage points (500 less unemployed) is expected. In this ambitious policy scenario more than 300 persons cross the income-line of 1000 NAFL per month, resulting in less than 3,500 persons below this net income level (including the persons with no income) in 2007.

7.3 Evaluations

The evaluation of the overall success of the EDPB will be based upon the actually realized values of the monitoring indicators as reflected in paragraph 7.2. As a starting point, the targets and calculated effects in the more realistic scenario will be used.

Economic Development Program Bonaire 2004-2007

The collection of the data and the determination of the indicator values will be conducted by an independent organization. All actually statistical information can be delivered by the Central Bureau of Statistics of the Netherlands Antilles (CBS), including information that CBS gets from other institutes like the Central Bank, Tourist Offices, et cetera. What is needed is an annual update of all figures as in the Antillyse model for each island (the sum gives the whole of the Netherlands Antilles). CBS already provides this information for Curaçao and the business-plan of CBS states that similar consistent databases will be made for all other islands. In the economic program for the Central Government a project is included to facilitate CBS in order to guarantee that the information will become available for each island already in the year 2004.

The Island Government and the main donors and contributors will use these measurements as the principle information for evaluation of the progress of the EDPB and, if necessary, this evaluation will lead to adjustments or adaptations of priorities.

Twice a year, the Department of Economic and Labor Affairs will make an internal evaluation of the EDPB in which the progress of the projects and activities will be the main focal point. Some external support for the frequent monitoring of the results and effects of the program is necessary. Where CBS will provide up-to-date figures in a consistent database that feed the economic model Bonalyse, government officials will need some training & support to use the model for monitoring and evaluation purposes. A small budget is included in the implementation cost.