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1961 EUROPEAN SOCIAL CHARTER

7th National Report on the implementation
of the European Social Charter
submitted by

**THE GOVERNMENT OF CURAÇAO
(Caribbean part of the Kingdom of the Netherlands)**

(Article 16 for the period 01/01/2014 -31/12/2017)

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R E P O R T S
THE EUROPEAN SOCIAL CHARTER

BY THE GOVERNMENT OF CURAÇAO ON REPORTING PERIOD 2017

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SHORT SUMMARY

This report on article 16 (family benefits) of the European Social Charter to the Council of Europe on the reporting year 2017 contains two sections.

In the first section of this report, the Introduction, the economic developments on the island of Curaçao is elaborated upon.

In the second section of this report information is provided on the article 16 of the Charter to give insights how Curaçao, as the Caribbean part of the Kingdom of the Netherlands, is implementing the article 16, in a gradual and international approved manner.

In Annexes I (SOAW Mobile for social fare and assistance), II, III and IV (Poverty and debt) information is supplied on how Curaçao is dealing with reaching out to the citizen in need and how is dealt with poverty and the increasing debt problem.

FIRST SECTION OF THE EUROPEAN SOCIAL CHARTER REPORT 2018 CURAÇAO

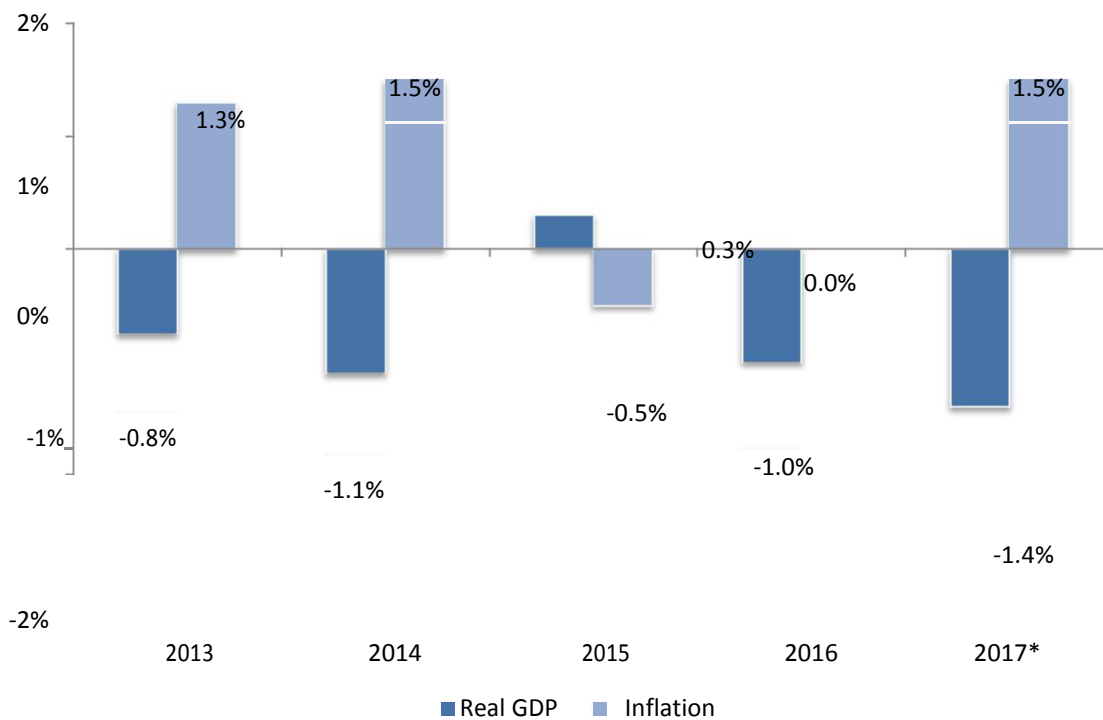
THE INTRODUCTION

THE ECONOMIC DEVELOPMENTS IN CURAÇAO

Developments in 2017

According to preliminary data and estimates of the Bank, Curacao's real GDP is expected to decrease further by 1.4% in 2017, following a decline of 1.0% in 2016. Meanwhile, consumer price inflation is projected to rise to 1.5% in 2017, reflecting mainly an increase in international oil and food prices.

Figure 1. Curaçao: economic growth and inflation



**2017 is projection of the CBCS.*

An analysis of GDP by expenditure shows that the economic contraction in 2017 was caused by a decrease in net foreign demand mitigated by an increase in domestic demand. Net foreign demand dropped reflecting a decline in exports combined with higher imports. Exports contracted on the account of lower foreign exchange earnings from stay-over tourism and air transportation services provided to abroad. In addition, re-exports by the free-zone companies and the refining fee earned by the Isla refinery declined. Imports increased because of more oil imports driven primarily by higher international

oil prices. Furthermore, imports of construction material for various investment projects went up. In contrast, domestic demand expanded as both private and public spending increased. The rise in private spending was attributable to an increase in private investment mitigated by a decrease in private consumption. The growth in private investment reflected large projects including the second mega-pier, the windmill park, the remodeling and expansion of the airport, and several hotel projects. Private consumption dropped as a result of, among other things, a decline in disposable income because of the higher inflationary pressures and the worsened labor market. Furthermore, public spending rose because of an increase in both government investment and consumption. The increase in public investment was largely driven by the construction of the new hospital while the increase in public consumption was caused by more spending on goods & services and wages & salaries.

An analysis of GDP by sector in the first half of 2017 shows that activities in the wholesale & retail trade, restaurants & hotels, transport, storage, & communication, and financial intermediation sectors contracted, while the construction and utilities sectors recorded a growth. Meanwhile, growth in the manufacturing sector remained flat as the refining activities remained practically stable compared to the first half of 2016. Real value added in the wholesale & retail trade sector dwindled due to fewer consumers and tourism spending, and fewer activities in the free-zone industry.

The decline in the restaurants & hotels sector reflects a drop in the number of stay-over visitors, mitigated by an increase in the number of visitor nights. The number of stay-over visitors decreased in the first six months of 2017, particularly because the strong decline in the number of visitors from Venezuela outpaced the increase of the European and North American markets. The increase in the number of European tourists, especially from the Netherlands and Germany, largely explains the rise in the number of visitor nights as European tourists tend to stay longer compared to tourists from other markets. In contrast, the number of cruise tourists increased, consistent with the rise in the number of cruise calls.

Real value added contracted in the transport, storage, & communication sector in the first half of 2017 as a result of declines in airport and harbor activities. Airport-related activities dropped, owing to the discontinuation of most flights by the domestic carrier, InselAir, since the third quarter of 2016 because of the financial headwinds the company has been facing. The decline in airport-related activities was reflected by a drop in total passenger traffic and in the

number of commercial landings. Moreover, the drop in harbor activities resulted from a decline in the number of ships piloted into the port of Curaçao, mitigated by an increase in cargo movements and oil storage.

The financial intermediation sector also recorded a decline in real value added during the first half of 2017. This decline occurred because the increase in net interest income and other fees & income earned by the domestic commercial banks was not enough to compensate for the inflation.

Contrary to the contractions in the above-mentioned sectors, the construction and utilities sectors contributed positively to GDP in the first half of 2017. The construction sector expanded mainly because of the construction of the second mega-pier and the new hospital. Furthermore, output in the utilities sector grew because of higher production of both water and electricity.

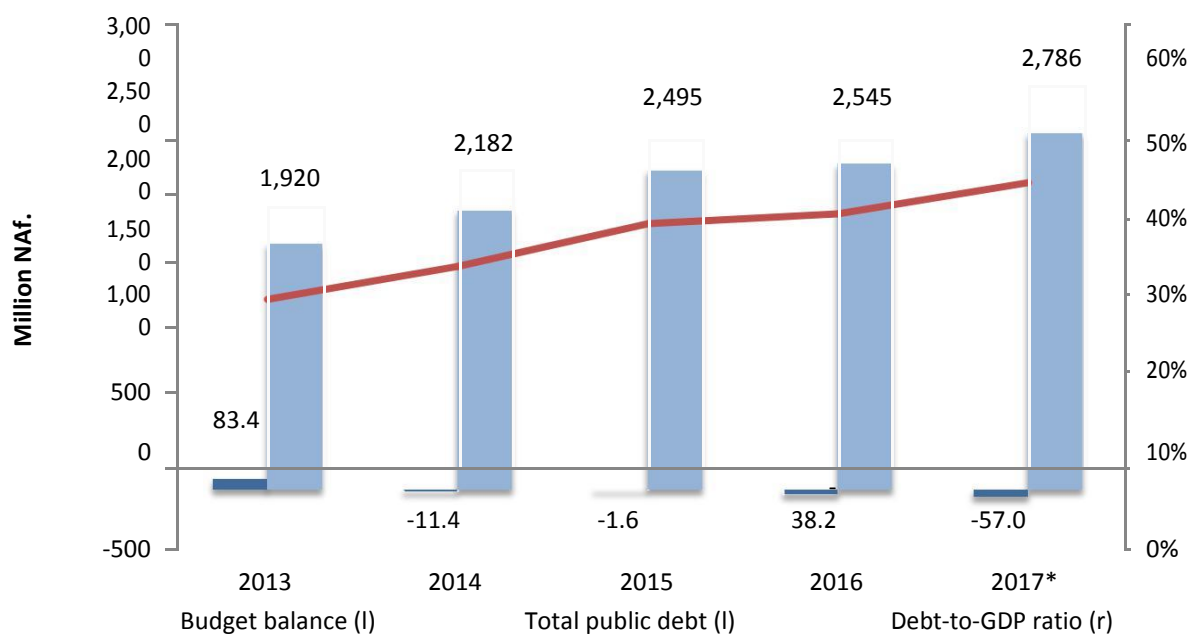
The fiscal position of the government of Curaçao deteriorated in the first nine months of 2017, reflected by a deficit of NAf.57.0 million on its current budget, up from the NAf.30.1 million deficit recorded during the first nine months of 2016. The higher deficit was largely the result of an increase in government expenditures of NAf.32.2 million, while revenues increased slightly by NAf.5.3 million. Expenditures went up due to a rise of NAf.29.8 million in other expenditures, primarily because of more additions to the buffer fund of the social security bank, SVB, combined with more outlays on goods & services, especially office costs. The increase in expenditures was mitigated by fewer expenses on transfers & subsidies and wages & salaries. On the revenues side, nontax revenues increased by NAf.16.6 million due mainly to NAf.17.8 million more in social security premiums. However, a decline in tax proceeds of NAf.11.3 million moderated the increase in government revenues. In particular, proceeds from wage tax (NAf.12.3 million) and import duties (NAf.4.8 million) dropped in the January – September period of 2017 compared to the corresponding period of 2016.

It should be noted, however, that the deficit does not yet include commitments of NAf.50.2 million incurred during the third quarter, which will result in a preliminary cumulative deficit of NAf.107.2 million at the end of the third quarter of 2017. Moreover, despite measures to reduce total expenditures and increase tax revenues through improved tax compliance, the government projects a deficit on its current budget for the year 2017.

The outstanding public debt of the government grew by NAf.187.1 million to NAf.2.733 billion at the end of September 2017 compared to the end of 2016. This increase was solely driven by a rise in the domestic debt component, as the foreign debt component dropped. The domestic debt component went up particularly because of increases of NAf.124.2 million and NAf.80.2 million in outstanding arrears towards the social security bank, SVB, and the public pension fund, APC, respectively. The foreign debt component dropped due to the yearly redemption (NAf.8.2 million) of the sinking bond issued in January 2015. However, the drop in the foreign debt was mitigated by an increase of NAf.6.2 million in arrears towards the Dutch government related to the coast guard. Consequently, the debt-to-GDP ratio rose to 49.1% at the end of September 2017, up from 45.6% at the end of 2016.

The deb-to-GDP ratio of the government is expected to reach 49.8% at the end of 2017, caused by an increase in both the foreign debt and the domestic debt component. The foreign debt component is projected to rise as a result of the issuance of a bond loan of NAf.60.0 million in November 2017 that was allocated entirely to the Dutch State Treasury Agency (DSTA). Furthermore, the domestic debt is expected to grow further during the fourth quarter of 2017 because of additional arrears towards the SVB and the APC.

Figure 2. Curaçao: development in the public finances



*Note: the 2017 budget balance refers to the period up till September 2017.
Source: FMR Curaçao, September 2017 and estimates of the CBCS.

Outlook 2018

Global economic activity is projected to accelerate in 2018 (3.7%) because of increased output growth in the advanced economies as well as the emerging & developing economies.¹ However, risks to the medium-term global economic outlook are tilted to the downside as reflected by, among other things, inward-looking policy plans including protectionism, tightening global financial conditions, and noneconomic factors such as geopolitical tensions. Economic output of both the United States and the Netherlands, two of the main trading partners of Curaçao, is projected to grow in 2018. Similar to the previous three years, Venezuela -Curaçao's third important trading partner- will remain in a deep economic crisis.

¹ IMF World Economic Outlook, October 2017.

Similar to the global economy, the economy of the island is estimated to grow in 2018 (0.3%), as both private and public demand is expected to expand. Private demand is expected to increase because of the growth in private investment, although mitigated by a decline in private consumption. Furthermore, public demand is projected to expand, as both public investment and consumption will grow. In contrast, net foreign demand is expected to contribute negatively to real output growth because the decline in exports will exceed the lower imports. Exports will decline due to lower foreign exchange earnings from bunkering activities caused by the lower international oil prices, lower re-exports by the free-zone companies, and lower refining fee earnings. However, foreign exchange receipts from stay-over tourism will rise in line with the projected real GDP expansion of the main tourism markets of Curaçao, in particular the United States and the Netherlands. In addition, foreign exchange revenues from cruise tourism are projected to go up. Imports are projected to drop on the back of, among other things, lower oil imports due to the expected decline in international oil prices. Furthermore, merchandise imports by the free-zone companies are projected to decline and the import of construction services will go down as the construction of the mega pier was completed in 2017 and the construction of the new hospital will reach its final stages in 2018.

Meanwhile, consumer price inflation is projected at 1.6% in 2018 caused primarily by the projected increase in international food prices, moderated by the decrease in international oil prices.

THE SECOND SECTION OF THE REPORT ON THE EUROPEAN SOCIAL CHARTER

2.1 General Intro

Firstly, the article 16 of the European Social Charter finds its foundation in one of our Constitution (Dutch: 'Staatsregeling van Curaçao, chapter 1, P.B. 2010, no 86 and 87).

In the following articles of the Constitution, a few economic and social rights are laid down:

Article 23 (right to livelihood and social welfare) which article is further specified in the Ordinance for Social Fare Curaçao (P.B. 2009 no 135 and P.B. 2011 no 49)

Article 26 (protection of the family and child);

Article 27 (protection of youngsters regarding their right to education, cultural formation, practising sports, leisure time)

Furthermore, these core rights laid down in the Constitution are further specified in several Ordinances and Regulations such as:

1. The Ordinance on Social Care Assistance Curaçao (A.B. 2008 no 71);
2. The General Ordinance for Widow and Orphans Pension (P.B. 2014 no 56 and 57)

In the light of the process to gradually decrease one form of poverty the government organized the 22nd and 23rd of August 2017 workshops to reduce poverty by demeaning the so-called problematic debts. The most outstanding topics were: (i) poverty and structural debt situation, (ii) poverty management and (iii) data collection and measurement of poverty.

These workshops were held in 2017 as a follow up to the kickoff in June 2016. In the workshops held in 2017, the amount and the character of the stakeholders who attended the meetings were broadened: NGO's, the Government Organizations and the private sector.

During the workshops stakeholders dialogued constructively on the elements which should be included in an improved ('new') policy line to the extent. New insights have to be accommodated in a way that serves the structural character the most but also maintaining flexibility to monitor and implement changes.

The keynote speaker, dr Jurenne Hooi (1), brought forward some innovative

1 Dr Jurenne Hooi, founder of the Foundation MaDi, Netherlands

methods dealing with poverty in the Netherlands, Amsterdam in the South East region. She brought the audience some 'best practice' obtained while assisting immigrants of Curaçao in the Netherlands. Her projects such as 'Pop up Your Life', 'Pop up your Future' helped clients in problematic debt situation work towards their dreams/life purpose.

Dr Hooi has been assigned by the government to coordinate and monitor the process, which started in Curaçao, and to train the trainers (social workers and other professionals) to obtain another mind set by handing out new skills to deal with matters differently.

Secondly, the first aspect to be properly highlighted in this report on the article 16 is, that in the past two years the Government primarily focused on children's rights by prioritize their overall wellbeing by holding community bases discussion on parenting and the information obtained was used at the Kingdom Conference on parenting support which was firstly held in Bonaire in March 2017.

In the following paragraphs, 2.2 and 2.3 the ongoing project Triple P and the Conference Kingdom Taskforce for Children's Right will be further explained.

2.2 The Triple P program

The Family & Youth Sector of the Ministry of Social Development, Labor and Welfare (SDLW) offers parents / caretakers the Triple P (Positive Pedagogical Program) Program through information session about the importance of a positive parenting situation and their own behavior. The project provides educators (= users) knowledge, skills, support and materials to create a positive parenting situation for the children (= beneficiaries). The project is important for the government because it contributes to poverty reduction, living conditions in the neighborhoods and a preventive approach to youth issues. The preventive care within Family & Youth plays an important role in the primary and secondary prevention of socio-emotional problems in the youth. Socio-emotional problems lead to, among other things, behavioral problems. During the past year (2017) through September 2018, a total of 284 parents / educators from different organizations successfully completed this program. In September 2018, 20 facilitators were trained in the Triple P Seminar section. After their accreditation in December, they will then be authorized to provide seminars throughout the island. As a consequence, larger groups of parents / educators can be reached and if necessary they can register for the courses, that last 8 weeks.

There is also cooperation between Fundashon Kas Popular (a local social housing association) and the SDLW, where the families who receive a subsidized home have to follow different training sessions. Triple P, Budgeting, How to live together in a neighborhood, Shopping consciously, theoretical and practical exercises (Supermarket Tour). At the beginning of September 2018, in cooperation with 'Nos ta Konekta' (We are connected) a cooperation agreement was entered into that allows the children of Ser'i Domi (52 young people between 6 and 18 years) to receive free computer lessons during 1 year, once per week during 3 hours; this includes laptop and WiFi. The precondition is that the parents (32 parents) must follow the Triple P program. This group will start in October 2018. (2)

2.3 Conference Kingdom Taskforce for Children's Rights

A.

In May 2013, UNICEF presented six reports, which showed that extra attention for children's rights within the Kingdom is needed and that cooperation between the countries of the Kingdom is essential. The Inter-Parliamentary Consultation of the Kingdom (IPKO) also called for attention for children's rights and the cooperation was discussed at Aruba, during the Kingdom Conference in 2014. It was then decided that a Kingdom Taskforce for Children's Rights should be created.

This taskforce organized the Safety-net conference in Aruba in 2016. The theme for the 2017 conference concerned positive parenting and took place on Bonaire. In 2018, Curaçao organized the taskforce's third consecutive yearly conference with the theme: 'Participation as shared responsibility'. The conference was visited by 120 local professionals (of the 200 total visitors) ranging from educators, social workers and youth Parliament members to judges, NGO representatives and policy makers. The absolute highlight of the conference was the fact that for the first time the administrators responsible for youth and or welfare of the Kingdom, formalized their intention to work together in a Letter of Intent, which has been translated into a Memorandum of Understanding, which will be signed in October 2018. Another highlight was the action plan that the Curaçao delegation worked on. This action plan, containing specific actions to safeguard the active participation of the youth in things that concern them- article 12 of the UN Convention on the Rights of the Child- is presently being executed by all stakeholders involved. (3)

2 Information provided by the Ministry of Social Development Labour and Welfare, sector Family and Youth, august 2018

3 Information supplied by the Ministry of Social Development Labor and Welfare, sector Family and Youth

B.

The government subsidizes foster care and homes for children in Curaçao. In 2016/2017 the Government commissioned an investigation into alleged (sexual) abuse of children in foster care (home for children, 'Brakkeput') and perpetrators were brought to justice. Furthermore, a screening of other homes for children is ongoing.⁴

2.4 The Mobile for social assistance in the neighbourhood

It is important to firstly state that the implementation of Free Education (all school costs of the primary and secondary schools are subsidized by the government) will remain in place to guarantee the accessibility of education for all. The government has also implemented, since 1989, the law of Compulsory Education Act (obligatory school attendance from 4-18 years) (5).

For the migrant children and youth, a program called 'Springplank' (Dutch for) is put in place to give crash courses in languages and mathematics to the school attending young migrant to facilitate their enrollment derived from the Law of Compulsory Education Act with the view to guarantee enrollment in the type of secondary education that matches their ability.⁽⁶⁾

Another facility granted by the government is the subsidy to the FDDK (a foundation responsible for providing facilities to practice different kinds of sports freely). All children and youngsters (local and migrants) enjoy the same rights. (7)

Beside the above mentioned, the government supplies to families in need or living on social welfare level, with water and electricity subsidies and housing subsidies, child allowance and free school transport.

More than 4000 families are currently receiving on a monthly basis one or more of the latter mentioned subsidies.

In order to broaden the reach out of the government to the citizen regarding social assistance, the SOAW Mobile service has been launched in order to reach more thoroughly, persons with physical or mental disabilities, elders or persons with other limitations in the especially 'rural areas'.

(Please see Annex I)

⁴ Information supplied in the Universal Periodic Review for Curaçao in May/June 2017

⁵ Local and migrant children and youngsters enjoy the same rights

⁶ Page 20 of the Universal Periodic Review for Curaçao, May/June 2017

⁷ Page 17 of the Universal Periodic Review for Curacao, May/June 2017

This Mobile staffed with personnel of the Ministry of Social Development Labor and Welfare provides information and social assistance services (8) to public which are categorized as the ones who are the most in need. The Mobile personnel exist mainly of skilled young professionals/social workers who are themselves given the opportunity to achieve necessary work experience in their work field. This project is an excellent form of gaining 'on-the floor-training' by an extended offer of social assistance and service to the community.

Furthermore, the personnel of the Mobile render the so-called personal or home visits to elder (lonely) persons and or persons with physical and mental disabilities.

In conclusion, the Mobile is thus accessible for all by the free line 0800-0017 or through a Facebook page.

2.5 Elder person

Within the framework (9) of the rights of elder persons, seminars are organized in community center to promote awareness and stimulate prevention of physical and emotional violence against older persons. Seminars bear the title of 'Elder does have rights' and 'Words or a punch hurt equally'. In cooperation with the UNESCO working group.

The government in a public-private endeavor to upgrade the buildings and interiors of some residential elder houses, signed an agreement where the government will restore the building of Huize Habaai at Welgelegen, the oldest residential elder care home on the island. This project aims at making the living conditions for the elder residents more comfortable and was completed successfully in January 2018.

In the mainly male residential elder care home, Richardus Home at Santa Catharina, too, the government in a public-private endeavor signed an agreement and began to implement the financing of the renovation of the whole interior of the residential house by providing medical beds, medical chairs and

8 The SOAW Mobile is to be compared with the Mobile on dental care, launched in 2013, with the aim to provide for dental care for elder, children, persons with physical or mental limitation and person of lesser resources in 'rural area'

9 Page 53 of the Report on Universal Periodic Review for Curaçao, May 2017

amplifying the cupboard spaces in the kitchen etc. Before the end of this year, 2018, the elder residential house with financial input of the government will begin the construction of extra sleep facilities.

2.6 The LGBTQ-community

Curaçao is undergoing a process of increased awareness on the subject and the government supports this process by putting forward the step to reach the ultimate goal of legal and practical acceptance of the same sex marriage. On this very moment Curaçao has already achieved a position of one of the most gay friendly islands within the Caribbean, mainly regarding the aspect of tourism.

The Prime Minister in 2017 and the Minister of Education, Science and Sports in 2018 opened and celebrated the Gay Pride Parade (Pride Week) and the island is voted a pink island. Films as 'One Kingdom, One Love' and magazine such as 'Pride Villager' (issued periodically) can be seen as expressions of increased tolerance. The Government in cooperation with UNESCO and other civil society organizations (NGO's) have organized ongoing community based workshops and trainings on human rights. In November 2017 on such workshop was with the LGBTQ community of Curaçao with the aim to further mainstream their legal claims and raise awareness on LGBTQ rights and plights.