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## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

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

Report registered by the Secretariat  
on 11 December 2023

**CYCLE 2023**

# European Social Charter reporting year 2023 by the government of Curaçao

Ad hoc report of Curaçao on the costs of living crisis  
& Answers to Questions posed by the European  
Committee on Social Rights (ECSR)

Willemstad, November 2023,  
Ministry of Social Development Labor & Welfare

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## **SHORT SUMMARY**

These ad hoc report 2023 on the cost of living crisis in Curaçao contains three sections.

In the first section of the Report, the Introduction, the economic developments in Curaçao are highlighted.

In the second section of the Report answers are provided to ten questions posed the European Committee on Social Rights (ECSR) on social assistance, social security and other benefits.

In the third section of the Reports the ECSR is supplied with an investigation made by the Central Bureau for Statistics on the price index level and the inflation rate in April 2023 compared to March 2023.

In the last section an addendum is submitted about a review on the inflation rates and the annual consumer price index, since 1970 to 2023.

# INTRODUCTION: FIRST SECTION OF THE AD HOC REPORT ON THE COST OF LIVING CRISIS SITUATION UNTIL 2022<sup>1</sup>

## Global Picture

On the global scene, the geopolitical stress around the Russia-Ukraine conflict has further exacerbated economic and social risks with spiking energy prices and supply chain disruptions, pushing inflation to its highest level in decades. In an effort to keep inflation well anchored, the U.S. Federal Reserve (Fed) gradually increased interest rates from almost 0 percent in the first quarter of 2022 to a level of 4 percent at the beginning of November. These attempts are the most rapid and aggressive interest rate increases since the 1980s. Whether this interest rate will further increase or decrease depends on price developments. Other central banks followed by using their monetary instruments to increase interest rates, hoping for soaring prices to calm down. While at the beginning of this year global growth was forecasted at +4.4 percent, the Russia-Ukraine conflict set back global recovery, leading to a lower forecast of 3.6 percent.

Despite the Russia-Ukraine conflict, trade will continue to grow, though slowly, in 2022 and 2023. Open trade and countries that work together will remain crucial drivers of prosperity in the future. Economists of the World Trade Organization (WTO) expect global merchandise trade volumes to grow by 3.5 percent in 2022, with the Middle East having the strongest trade volume growth of any region. In terms of energy, Europe had to deal with a year-on-year 350 percent increase in its natural gas prices, while the US saw gas prices going up by 120 percent. Next to energy, prices of other commodities such as food, grains, crude oil and fertilizers are impacting the social and economic situation of many people around the world.

A Global Risks Perception Survey (GPRS) showed that risks to economic growth are considerable, including risks from a potential resurgence of COVID-19 as new variants emerge. Commodity shocks, price instability and debt crises are considered critical medium-term concerns, while for the next decade, environmental risks such as climate action failure, extreme weather and loss of biodiversity top the list.

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<sup>1</sup> Curaçao Economic Outlook, 'Towards a Sustainable and Inclusive Development Approach in 2023 and Onward', Willemstad, January 2023, pages 4, 5, 6 and 7;

To get the economic activity going, countries around the globe are looking for a balance between curbing the inflation rate and keeping the real incomes at purchasing power strength. This balance comes with a financial burden, where choices need to be made between fiscal discipline (and debt position) on the one hand and economic growth—ideally supported by sustainable development—on the other.

### Local Picture

After a deep contraction of 18.4 percent in 2020, Curaçao recovered from major shocks with a 4.2 percent growth in 2021, and an expected real growth of 3.8 percent in 2022, while inflation is forecasted at 7.3 percent<sup>5</sup>. From a global point of view, increasing energy, transport and commodity prices, in particular costs of transport since the fall of 2020, have fueled anxiety for further rising inflation. In response to higher expected interest rates on the international financial market, particularly the Fed funds rate, the CBCS tightened its monetary policy stance by raising the pledging rate to a level of 4.75 percent by the end of November 2022.

As economic growth is very much needed, it is important to know that labor productivity, which has been dropping since the beginning of this century, has been above average in sectors like agriculture, fisheries and mining, manufacturing, utilities, transportation, storage and communication, financial intermediation and real estate. Many of these activities correspond to the six priority sectors (tourism, creative industries, financial services, port & maritime services, ICT services, education services), as identified in the National Export Strategy (NES) elaborated by the Ministry of Economic Development (MEO). These sectors have the potential to generate high economic returns, recognized by the TAC report on “Strategies for Sustainable Long-Term Economic Development in Curaçao, ‘as an incentive for high-efficiency investment. These are in a way connected to the issue of sustainability, with the National Development Plan putting emphasis on six Sustainable Development Goals (SDGs), i.e., no poverty, good health and well-being, quality education, affordable and clean energy, decent work and economic growth, and life below water.

During the exceptional COVID-19 year 2020, with its severe lockdown(s), the Curaçao government had no other option but to appeal for liquidity support to the Dutch government. As a result, public debt and the budget deficit increased significantly. The budget deficit skyrocketed at 16 percent of GDP, while the public debt ratio exceeded 85 percent of GDP.

Two years later, in 2022, the budget deficit has dropped and is expected to decline to a level of 1.4 percent of GDP, while the debt position, which peaked at 87 percent in 2021, is expected to decline to a level of 79 percent of GDP. To ensure long-term debt sustainability as urged by the IMF, the additional financing should be accompanied by a strong commitment to deep structural reforms that were urgently needed even before the shocks. Depending on financing, the pace of fiscal consolidation during the acute period of the crisis should be as gradual as feasible, so as to minimize its adverse impact on growth. A decision has been taken with the signing of the Landspakket<sup>2</sup>—a coherent reform program encompassing economic, financial, social and institutional reforms. To create that necessary economic growth, a strategy like the NES, built around technology and aiming at diversification, could be a catalyst to reduce the current account deficit.

Among the priority sectors, tourism picked up in 2022, with stayover arrivals and nights above the pre pandemic levels since the second quarter, and cruise tourism cautiously recovering from the two previous years. Real tourism exports increased by nearly 50 percent, showing a positive contribution to employment on the island. All priority sectors have been scrutinized through an update of the NES, with a specific 2022- 2027 priority sector update adding one extra sector to the portfolio, i.e., the “Blue-Bio economy sector.”

## OUTLOOK 2023<sup>3</sup>

### Global

The global economic outlook for 2023 looks gloomy, with recession, declining inflation and interest rate cuts as dominant factors. Shocks in geopolitics, energy and economics are clouding the world. A very moderate growth of the US economy (+0.5%) is expected, while economies in Europe and the U.K. are likely to contract and emerging market economies to recover modestly. Slowing growth and cooling inflation may make the Fed decide to announce a pause in future rate hikes, and in such a scenario, the US economy should experience a soft landing and a modest rebound. In Europe, inflation is expected to

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<sup>2</sup> On November 2020, the Curaçao and Dutch governments signed an agreement referred to as the ‘Landspakket’. The rationale behind this agreement is that without reforms and after the coronavirus crisis, Curaçao’s economy will at best return to the lowgrowth trajectory of recent decades. Back then, a lower path was considered more realistic because of the increased debt burden, higher unemployment and reduced international demand for tourism. The aim of this ‘package’ is to work towards a resilient economy and society. Economic, financial, social and institutional reforms are therefore required-but also investments, page 35 Curaçao Economic Outlook, ‘Towards a Sustainable and Inclusive Development Approach in 2023 and Onward’, January 2023, Ministry of Economic Development;

<sup>3</sup> Curaçao Economic Outlook, ‘Towards a Sustainable and Inclusive Development Approach in 2023 and Onward’ Willemstad, January 2023, pages 7 and 8;

remain well above target for the remainder of 2022 and 2023, and the ECB may increase rates to 2.5 percent in the first quarter of 2023, before starting to cut rates in early 2024, while the region's unemployment rate is at a record low level. In Asia, India seems to be the country with the highest growth perspectives, pushed forward by three main pillars, i.e., global offshoring, digitization and energy transition, while Latin-America's projection is down to only 1.4 percent, with the increasing cost of living as a major concern.

As for Africa, heightened geopolitical tensions, ongoing supply-chain disruption, business and consumer price pressures, and the rising cost of international and domestic finance are just some examples of risks that may jeopardize economic performance.

### Local

Curaçao's outlook and performance for 2023 depend on both external and internal risks, as well as policy measures and any initiatives taken. External risks are the war in Ukraine, tighter global financial conditions, fiscal consolidation without room for public investments, the emergence of new coronavirus variants, the appreciation of the dollar vis-à-vis the euro, and the decrease in airline seat capacity. Internal risks involve the mismatch between supply and demand on the labor market as well as delays in the resumption of the refining activities. To cope with the possible risks, and to further bolster economic recovery, an Economic Recovery Action Plan and a National Recovery Plan are being developed.

MEO's outlook for 2023 will depict a scenario without the resumption of refining activities. For 2023, MEO expects inflation to drop back to a level of 2.9 percent due to a stabilization in the international markets. In terms of real output, MEO expects the economy to grow by 1.2 percent compared to 2022.



## SECOND SECTION OF THE AD HOC REPORT ON THE COST OF LIVING CRISIS

In the following segment ten answers, where possible, is provided to the questions posed by the European Committee on Social Rights regarding the situation of Curaçao on social assistance, social security and other benefits.

### QUESTION 1

1. Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted/indexed since the end of 2021.

#### ANSWER:

The Ministry of Social Development, Labor and Welfare has announced that as per January 1, 2023 the gross minimum hourly wage in Curacao increased by 11.2 percent, as laid down and published in P.B 2022 no 134.

This implies that on January 1, 2023, the gross minimum hourly wage has increased from 9.62 to 10.70 guilders per hour, an increase of 1.08 guilders per hour for the workforce aged 21 and older. All employees, based on age, should receive at least the amounts listed above in gross wages. The minimum wage applies to all employees, including domestic workers.

Employees 21 years and older: Naf 10.70 gross per hour

Employees aged 20 years (90%): Naf 9.63 gross per hour

Employees aged 19 years (85%): Naf 9.10 gross per hour

Employees aged 18 years (75%): Naf 8.03 gross per hour

Employees aged 16/17 years (65%): Naf 6.96 gross per hour

Minimum wage and the poverty line: at risk poverty

The poverty line is set on NAf 2.148 (Antillean guilders) for a household of one adult and two minors. The Government fully acknowledges that the poverty line is not yet in accordance with does minimum wage, as of the 1<sup>st</sup> of January 2023.<sup>4</sup>

The Government, due to the Covid-19 pandemic, has been set back in its efforts to make the minimum wage level meet the poverty line. But efforts on this matter are still ongoing.

The Senso 2023 has begun on 1<sup>st</sup> September 2023 and is prolonged till the 27<sup>th</sup> of November 2023 (<https://senso2023.involve.me/senso-2023-1>) and the results will be made public in December 2023.

Results will include on the total amount of inhabitants, the work force (unemployment rate), the housing, level of education, means of transportation. The last Census was held in 2011 and the Government will use the obtained figures to stipulate policies to address poverty and increase welfare of the most vulnerable groups in society.

## QUESTION 2

2. Please provide information on any supplementary measures taken to preserve the purchasing of the minimum wage since the end of 2021.

### ANSWER:

One of the first supplementary measures taken to preserve the purchasing power of all, was the expansion in the products range in the so called Basic Food Basket, in Papiamentu the 'Makuto Básiko'. In connection with an commentary on the ministerial regulation of the Makutu Básiko, or Basic Food Basket, the Minister of Economic Development has informed that for the next six months it is necessary for a new task force to investigate the effectiveness of this.

The ministerial regulation was designed to establish temporary wholesale and retail prices. The 'old base basket' dated from 2012 needed to be eliminated before a new one could be put into effect. But the Curaçao Agents' Interest Association (BVCA) disagreed and successfully filed a case against the government.

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<sup>4</sup> Investigation on Poverty, a subjective approach, 2019. In this research respondents in the same income category were asked about their experience and perceptions about the degree of poverty ('do they feel poor or rich?') [www.cbs.cw](http://www.cbs.cw); document number ISBN 987-99904-5-203-7);

According to the BVCA president, the new basic basket would not increase the affordability of primary food products, what the basket is intended for. By adding "luxury" products it is no longer profitable for importers to purchase low-cost products. As a result, the new base basket was delayed and was there no protection for the group of consumers for whom the regulation was originally intended.

BVCA has indicated not to object to reuse of the old 2012 regulation for a limited six-month period. In doing so, the basic basket will no longer consists of basic products, but on a larger made assortment of consumer goods that are no longer "basic" but sometimes even luxurious.

In the new regulation there is no nuance towards the brands and sizes used by the more vulnerable.<sup>5</sup>

### QUESTION 3

3. For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest since the end of 2021.

ANSWER:

Curaçao has a statutory minimum wage, laid down firstly in 1972 by ministerial decree P.B 1972 no 110 and revised through out years. The last increase of minimum wage is, as already stated in Answer no 1 of this document, the 1<sup>st</sup> of January 2023 (P.B 2022 no 134).

#### **The National Minimum Wage Ordinance (P.B. 2022, no. 134)**

Article 9, seventh paragraph, of the National Minimum Wage Ordinance stipulates that the Minister of Social Development, Labor and Welfare (hereinafter: the Minister) can increase in the minimum wage. By this ministerial regulation with general effect in implementation of Article 9, seventh paragraph, of the National Minimum Wage Ordinance the current increase in minimum hourly wage is from NAf 9.62 to NAf 10.70 as of January 1, 2023.

The minimum hourly wage in Curaçao was last increased on January 1, 2020 from NAf 9.37 to NAf 9.62 (= an increase of NAf 0.25 or 2.7%) by ministerial regulation with general effect of December 27, 2019 (P.B. 2019, no. 84). This increase is based on the inflation rate of September 2019, which was 2.6%. The purpose of the proposed increase is to maintain purchasing power and combat poverty, whereby an income at the subsistence minimum must be guaranteed, as well as to promote labor participation for the unemployed.

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<sup>5</sup> [www.Antilliansdagblad.com](http://www.Antilliansdagblad.com), 15<sup>th</sup> December 2022;

The Minister has the opinion that an increase in the minimum hourly wage by NAf 1.08 as of January 1, 2023 is socially and economically responsible because it prevents the decline in purchasing power of the lowest paid in our society as a result of increased inflation.

In this context, an increase in the minimum wage by NAf 1.08 as of January 1, 2023 can certainly be considered prudent, as the President of the Central Bank of Curaçao and Sint Maarten recently expressed as follows: “Under the current circumstances where Curaçao and Sint Maarten are recovering from a deep economic contraction with high unemployment, an increase of minimum wages to compensate the current surge in consumer prices should therefore be prudent given the challenging environment businesses and workers face”.

#### QUESTION 4

4. Please provide information as whether the cost of living crisis has led to the extensions of in-work benefits.

ANSWER:

As already elaborated upon in the Answer to Question 2 in this document, the expansion of the product range in the so called ‘Makuto Básiko’ is a general measure for all inhabitants of Curaçao to address the cost of living crisis.

A taskforce, including all stakeholders, is installed, together with the BVA and other stakeholders to look into possibilities to expand the product range and product variety on the existing Basic Food Basket in order to grant the most vulnerable groups a healthy (affordable) food and subsequently a better quality of life.

#### QUESTION 5

5. Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.

ANSWER:

The answer is divided in two sections:

- A. Social assistance for the most vulnerable groups;
- B. Other provision for all residents.

A. Social assistance for the most vulnerable groups:

### Increase of the Special Provision on Allowance on Elderly Pension I 2023

Below a summary on the social assistance benefits is supplied, the Government in its efforts to assist the groups of elder single living persons, only receiving the general elderly pension of NAF 872,--, invoked a *monthly increase* by ministerial decree of the 'Special Allowance on the Elderly Pension Provision', as of the 14<sup>th</sup> of July 2023. This increase amounted from a monthly sum of NAF 135 to NAF 169,--. ( A.B 2005 no 115 & AB 2008 no 71, revised the 14<sup>th</sup> of July 2023).

### Increase of the welfare amount as of 14<sup>th</sup> of July 2023:

Welfare recipients amounts to 7.951 after the COVID pandemic, in 2021 representing a budget of NAF 36.102.462,-- in 2021. Of this group 60% is men and 40% is women, aged mainly over the age of 50+.

Article 14 (*welfare standard and allowance*) of the island Decree on Welfare Assistance, AB 2009 no 125 stipulates the following:

Till 2022, before the increase of the amount in 2023, the welfare standard amounted to:

- a. Singles NAF 162.40 biweekly (PB 2012, no 12);
- b. A single parent NAF 162.40 biweekly;
- c. A married person NAF 281.10 biweekly.

As of July 14, 2023, the welfare standard has been increased by 30%.

That includes for:

- 1. Singles, biweekly an amount of Naf 211.12 instead of Naf 162.40. Per month, it amounts to a sum of Naf 422.24;
- 2. Married couples, an increase from Naf 281.10 to Naf 365.43 biweekly. Per month that's a sum of Naf 730.86.

### Family/child benefit

This benefit is so far only reserved for the most vulnerable groups in the society such as the children of welfare recipient. An extra biweekly sum of NAF 21,--<sup>6</sup> is added for each minor below the age of 21 years.

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<sup>6</sup> NAF (Antillean guilder): 1.82 US dollar is one Antillean guilder;

The legal basis of this provision is laid down in the island Decree on Welfare Assistance A.B 2009 no 135, in the Dutch language called 'Eilandsverordening Verlening Bijstand Curaçao 2008'.

#### Rent (social housing) subsidy by the government through FKP

Not only welfare recipients, but all tenants (residents or undocumented) of one of the 50000 available, social housing, managed by the subsidized social housing foundation, Fundashon Kas Popular (FKP), can apply for and receive rent subsidy. This provision is based on the Decree on Subsidy 2009, revised in 2016, P.B 2016 no 8. The government budget for this rent subsidy a sum of NAf 7.000.000,-- on a yearly basis.<sup>7</sup>

#### Water and electricity subsidy

Welfare recipients are subjected to a periodic means-test to justify the continuation of these benefits. Besides, the monthly amount received a subsidy for water and electricity is granted to these vulnerable families, an amount of 1989 welfare recipients representing a budget of NAf 1.327.364,--.

Debt counseling is taking place regarding the most essential services, water and electricity, for the welfare recipients and other vulnerable groups as well. Bills of water and electricity are fully paid by subsidies in order to maintain these groups on the water and electricity infrastructure system. The legal basis for this provision is laid down in the Island Decree on Debt Counseling Costs of Water supply (A.B 1978 no 19) and as for electricity the legal basis for this provision is laid down in the Island Decree on Debt Counseling Costs of Electricity supply (A.B. 1985 no 22);

Depending on the size of the household concerned, the government provides a compensation of NAf 2.65 per one cubic meter of water. For electricity the previous mentioned decree stipulates an compensation per household of a maximum of 300 KWh. This amounts to a total of NAf 55,-- per month per household.

#### Uniform benefit for children & school transport

And for the families with school going children a compensation of NAf 100,-- is given for school uniforms, an amount of 1965 children receive this support on a yearly basis, representing a budget of

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<sup>7</sup> Knelpuntenanalyse SOAW, drs Elly Hellings, 2022, Indigo Blue consult;

NAf 201.500,-- in 2021. Furthermore arrangements are made for school transportation, at the beginning of each new school year.

#### Dietetical provision for the chronic sick

Elder and chronic sick welfare recipients can apply for a provisions to cover specific diet related necessities of NAf 42,-- biweekly.

#### Dispensation of the obligatory garbage recollection

Dispensation on garbage recollection is provided to the welfare recipients, to the complete amount of NAf 35,-- and in 2021 an amount of 1100 welfare recipients applied and received this dispensation.

#### Funeral expenses

The family of the welfare recipient is entitled, if requested, to a sum of NAf 2.500 to cover the most minimum funeral expenses of deceased. (Funeral Ordinance 13<sup>th</sup> September 1918). In 2019 35 and in 2020 32 requests were honored. The government budget amounts in 2019 a sum of NAf 90.104,-- and in 2020 NAf 67.728,-- regarding funeral expenses.

#### Legal basis: welfare benefits

Clarifying these provisions the following articles, here below, will give a complete picture of package of benefits. The Island Decree containing regulations Welfare Assistance is laid down in the A.B 2009 no 135.

The first thing besides financial support is that engagement into employment is a primary goal. Financial support is considered a temporary action and therefore provides in case the citizen is unable to provide for the necessary living expenses and consequently has the function of a safety net.

The following articles are supplied by the Social Development Sector of the Ministry of SOAW to verify to what extent a client's application can be granted:

1. An application for financial support is submitted in writing by the interested party to the agency by completing a form;
2. When the application is filed the applicant submits data prescribed by Island Resolution, containing general rules;

3. If the data is incomplete, the applicant is given the opportunity to submit the missing data within two weeks, and the application is declared admissible after submission of the missing information.

*Article 14 (welfare standard and allowance):*

The welfare standard amounts for:

- a. Singles NAf 162.40 biweekly (PB 2012, no. 12);
- b. A single parent NAf 162.40 biweekly;
- c. A married person NAf 281.10 biweekly.

*Article 19 (maximum amount general financial support):*

General financial support may be granted if:

- a. client's income is less than the support standard and;
- b. there is no considering assets as referred to in article 23

*Article 20 (resources):*

Resources include all assets and income components available or reasonably available to the single person or family.

*Comment:*

The term resources has been broadly selected. This includes all income and asset components, which are reasonably available to the person concerned. The client/applicant must have the Dutch nationality and must be a resident of Curaçao.

*Article 22 (income):*

1. Under income is included funds taken into account under article 20:
  - a. Income from labor;
  - b. Income from assets;
  - c. Income from rental of real estate or part thereof;
  - d. Income due to social security benefits;
2. All income will be fully deducted.



Article 23 (*capital*):

1. Capital is defined as;
  - a. The value of assets over which the single person, single parent or married person possess at the beginning of the financial support or may reasonably dispose of, reduced by debts present at that time;
  - b. resources to be considered under articles 20 and 21, received during the period in which financial support is claimed, insofar they are not income as referred to in article 22.
2. Assets shall not be taken into account up to an amount of:
  - a. NAF 4387 for a single person;
  - b. NAF 4387 for a single parent;
  - c. NAF 8775 for married persons.
3. Notwithstanding the provisions of the first paragraph, the following shall not be taken into account as assets:
  - a. Possessions according to their nature and value are commonly used or necessary, considering circumstances of person and family;
  - b. Real estate that serves for the owner's occupation.

Comment articles 21, 22 and 23:

Considering the listing of the certain resources in Articles 22 and 23, also funds received by a third party on behalf of the interested party, such as child support. In Article 2 particularly is prescribed which resources will not be considered. It refers to funds received by the interested party, the person requesting assistance, for the purpose of living expenses of a third party, that is a person not receiving support.

Article 22 is one of the components of the concept of resources and is part of the test to determine whether the party concerned is eligible for assistance and also determines the amount of support, the amount finally paid. The limit of income is up to the income of the standard.

The asset test has a different character than the income test. There is a part that is counted as a free asset, such as non-cash assets which are necessary for the individual and family. This depends greatly on

the social situation and further is this test important in order to determine whether the person is eligible for support. Assets do not affect the amount of support.

#### Article 38 (*penalty clauses*)

1. Those who are in violation of what is stipulated in article 10, provide incorrect information or withholding any data, for the purpose of obtaining or retaining financial support or higher support for himself or the person for whom he performs, shall receive a prison sentence of up to two years or a financial penalty of up to five thousand guilders;
2. Last described facts are considered a crime.

#### Comment on article 38

The elected editor of this article not only extends to injunctions and prohibitions, but also provides the leadership with the authorization given in this draft island regulation.

B. Other provisions not directly related to social assistance, but enjoyed by all residents with limited resourced, also the undocumented persons:

#### Basic Health Card

As the ILO Convention no 118 on Equality Treatment on Social Security is applicable for Curaçao as of 3<sup>rd</sup> of July 1946 with recent amendments, all workers, (including migrant workers) are entitled to all arrangement derived from the Basic Health Insurance (PB 2013, no 3), the Sickness Insurance and the Accident Insurance (P.B. 1966, no 14). The Basic Health Insurance includes general practitioners, primary psychological care, medical care, hospital (transportation of patients), specialists care, paramedic care, dental care, pharmaceutical care, auxiliaries, obstetric, maternity and medical care *abroad* (Netherlands, Colombia or United States of America (USA)).

### Pro deo legal assistance

The welfare recipient is entitled to free legal assistance, if he complies with the requirements laid down in the National Decree on free legal assistance (P.B 1959, no 198). Social advocacy is asked by the government to fill in on the list called, 'Piketlijst', and the client is assigned an lawyer in case of a lawsuit. The attorneys receive an amount of approximately NAf 1.000,-- per (law)case.

### Rent (social housing) subsidy by the government through FKP

Not only welfare recipients, but all tenants (residents or undocumented) of one of the 5000 available, social housing, managed by the subsidized social housing foundation, Fundashon Kas Popular (FKP), can apply for and receive rent subsidy. This provision is based on the Decree on Subsidy 2009, revised in 2016, P.B 2016 no 8. The government budget for this rent subsidy a sum of NAf 7.000.000,-- on a yearly basis.<sup>8</sup>

## QUESTION 6

6. Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

ANSWER:

### Increase of the Special Provision on Allowance on Elderly Pension

Below a summary on the social assistance benefits is supplied, the Government in its efforts to assist the groups of elder single living persons, only receiving the general elderly pension of NAf 872,--, invoked a *monthly increase* of the called 'Special Allowance on the Elderly Pension Provision', as of May 2023, by ministerial decree. This increase is from a monthly sum of NAf 135 to NAf 169,-- (laid down and published firstly in A.B 2005 no 115 & AB 2008 no 71, now revised in May 2023, 'Decree on Allowance Elder Pension).

### Increase of the welfare amount as of 14<sup>th</sup> of July 2023:

Welfare recipients amounts to 7.951 after the COVID pandemic, in 2021 representing a budget of NAf 36.102.462,-- in 2021. Of this group 60% is men and 40% is women, aged mainly over the age of 50+.

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2. Married couples, an increase from NAf 281.10 to NAf 365.43 biweekly. Per month that's a sum of NAf 730.86.

#### QUESTION 7

7. Please provide information as to whether special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel and basic food items.

ANSWER:

- a. Food: The expansion of the so called 'Makuto Básiko' (Basic Food Basket) with more variety in product range and fresh locally produced vegetable and fruits, elaborately mentioned already in Answer 2 of this Document;

- b. Fuel: Lowering energy costs/gasoline by governmental subsidies<sup>9</sup>

The price of gasoline as of, 27 September 2022, was reduced with NAf 0.15 per liter. The price per liter was brought back to NAf 2.81. Diesel price was also be reduced to NAf 2.40 per liter, this meant a decrease of NAf 0.22.

This measure had its basis in line with the policy line in addressing the rise of the costs of living (poverty reduction) and to maintain the purchase power of all inhabitant.

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<sup>9</sup> <https://btn.org>, Press Release Bureau Telecommunication and Post, independent supervisor on the price developments of oil products in Curaçao, 22 September 2022, page 2;

c. Energy Lowering energy costs/water and electricity

The price of electricity, lowered with almost NAf 0.01 cents per kilowatt, as of the 24<sup>th</sup> of June 2022. The cheapest rate group with an usage of 250 kilowatt per hour costs NAf 0.72. Thus, the difference between the cheapest and the most expensive rate group (350 kilowatt per hour) amounts to NAf 0.15 per kilowatt<sup>10</sup>.

d. Reconnection to water supply: As during the Covid-19 pandemic cleanness and hygiene stood central ('washing hands constantly, wearing a mask) the Government left no stone unturned to address the less vulnerable group which due to pandemic related unemployment could not pay the costs of water and were cut off the water supply of the utility company, Aqualectra Utility.

The Government launched in 2022 the following website [www.awa.cw](http://www.awa.cw) where 300 inhabitants inscribed to be reconnected to the water network. The Government in close consultation with the utility company sealed an agreement that all debts (water costs) will be remitted to zero. This group participates in a course to raise awareness on the sustainable and conscious use of water so they will never end up in a vicious circle of debt.

The result is the reconnection to the water network of this group. This group consists of unemployed persons, persons with only an elder pension or on welfares.<sup>11</sup> The Government thus guarantee all citizens the right to access to the water network, recognizing fully that this right is an unalienable right (human right) belonging to all.

## QUESTION 8

8. Please provide up-to-date information on at-risk-poverty rates for the population as a whole, as well for children, families identified as being at risk of poverty, persons with disabilities and other persons.

Please show the trend over the last 5 years, as well as forecasts for upcoming years.

ANSWER:

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<sup>10</sup> <https://curacao.nu>;

<sup>11</sup> [www.facebook.com](https://www.facebook.com), Minister of Social Development Labor and Welfare, Ruthmilda Larmonie – Cecilia, 23 October 2023;

### **At -risk-of-poverty**

There is no standard definition of poverty, nor a standard method for measuring it. Developing countries tend to apply the basic-needs approach, while developed countries mainly use income as the measure. Absolute and relative, as well as objective and subjective poverty, are all derived based on these approaches.

To identify “the poor,” a common tool used in many countries is the poverty line. The World Bank applies three different methods to determine poverty lines:

1. the “cost of basic needs” approach,
2. the “food-energy intake” method, and
3. subjective poverty measures.

The first two are used to determine objective poverty thresholds while the third is applied to derive subjective thresholds.

Objective poverty thresholds are based on expert opinions. Experts determine (minimum expenditure) standards for the food and non-food components, and this is used as a basis when deriving the poverty line. Subjective poverty thresholds focus on the population’s perception of their standard of living and are usually higher than objective ones. CBS has information about these two types of the poverty line; the so-called subjective poverty line and the objective poverty line. The subjective poverty line is always slightly higher than the objective poverty line because it is based on the respondents’ own perception of their level of wealth. The objective poverty line by type of household (ANG per month) of 2008-2023 (1st January) are available on the website of Central Bureau of Statistics (<https://www.cbs.cw/poverty>).

The subjective poverty line (SPL) was calculated as of January 1, 2016 for the different household types and then indexed for January 1, 2017 and 2018. For 2016, the SPL for single-person households was ANG 1294.00. The first adult in the household is assigned a factor of 1, while all subsequent adults (age 18 and over) are each assigned a factor of 0.5 and all children (under 18), a factor of 0.3.

The following are some of the results based on the subjective poverty approach:

- As for household composition, the poorest households are those consisting of only one adult together with one or more children.
- Households consisting of single men or women and those consisting of “three adults with at least one child” come in second and third place respectively.
- When looking at gender, female-headed households seem to be below the poverty line more often compared to male-headed households.
- Comparing different household-head ages, shows households headed by younger individuals (15-24 years) and those headed by persons of 65 or older to be the poorest.
- With regard to household size, single-person households and those consisting of 5 or more individuals have a higher percentage of poor households as a proportion of households above the poverty line.
- With regard to income level, it is not surprising to see that the two lowest income groups are also where the largest percentages of households below the poverty line are found.

Respondents were asked several questions aimed at measuring their perceived situation in life, for instance, whether the household income allowed them to make ends meet. A number of household characteristics were considered. With regard to the above-mentioned aspects, a distinction was made between households below and those above the subjective poverty line. This analysis revealed that, for each household characteristic, a number of households above the poverty line perceive their monthly income as insufficient to make ends meet, while some households below the poverty line do see their income as sufficient to make ends meet.

Another question asked to respondents was to what extent they perceived their household to be rich or poor. The answer scores were combined into two values: rich and poor. As with the question asking them to evaluate whether or not the household’s income is sufficient, it is striking that, for each household characteristic, some above the poverty line consider themselves poor while others that are below the poverty line consider themselves rich.

Further, addressing poverty in Curaçao is a terrain of both public and private initiatives, as mentioned under A - D on the following page. This initiatives include all groups of vulnerable persons (children, elder, young adults and persons with disabilities).

A.Public provisions: Food packages

As already stated, both the amounts of the Welfare Standard Allowance as the Special provision on allowance of Elderly Pension, in the Answer to Question 5 in this document, so the handing out food packages to residents are limited to very exceptional cases;

B.Private provision: 'Daily Meal Program'

During the first lockdown, in March 2020, a group of volunteers started Daily Meal Program (DMP), with the goal of providing a daily healthy, hot meal for those who didn't had a job (anymore), were hungry but did not receive a food package.

Those who had no money, couldn't afford groceries and didn't even have a cooking facility. Thanks to ingredients from initiator DeliNova and help from the kitchen of local catering establishments, over 18,000 hot, healthy meals were distributed in various neighborhoods in the first lockdown.

After the lockdown ended in the summer of 2020, hunger was still great. Therefore, DMP continued to cook and in April 2021, the Daily Meal Program Foundation was officially established, partly to continue the meal service professionally. In the same year, the community center in Fuik and the Siloam Foundation were also supported by DMP and in that year a total of 21,000 meals were provided.

After launching the neighborhood kitchen garden 'Kunuk'i Kushina Wishi Marchena' in early 2022, DMP's main focus now is on the kitchen and neighborhood kitchen garden in Wishi/Marchena;

C.Food Bank ([www.voedselbank-curaçao.org](http://www.voedselbank-curaçao.org));

The Food Bank, with donations of influential well off citizens and organizations, still is in charge of distributing food packages to the most vulnerable groups;

D.Particular initiatives: food packages are still handed over to needy residents by influential organizations or citizens, such as The Red Cross Curaçao or socially engaged citizens. These initiatives are mostly based on donations or funding received.



As for the group, *persons with disabilities* and the cost of living crisis, the following can be stated regarding special disability care

Persons with disabilities and disability care<sup>12</sup>

Beside all the benefits on social assistance, stated in the Answer to Question 5, which are also applicable to persons with disabilities such as the monthly benefit (social assistance), water & electricity subsidy, subsidy in rent, diet allowance and others, this vulnerable group is also provided with the coverage of special medical care, laid down the so called 'Lei di Labizjan' the National Ordinance on Special Health Insurance of 1966 revised in 1997 (P.B 1997 no's 237 & 316).

The Government has twice consulted with the main stakeholders the subsidized Foundation for Disabled Care and Revalidation, (SGR-groep) and other interest group such as 'Arise' brainstormed to brainstorm about the challenges to access care. The lack of sufficient adequately care provided by the SGR-group is due to a lack of personnel resulting due to limited funds. Both parties, the Government and stakeholders, agreed that more funds have to be made available for intensifying professional care for the disabled persons, both adults as children<sup>13</sup>.

The interest groups pointed out that more funds will constitute in quality daily activities for the disabled, housing and optimal special education. The Government is looking seriously into possibilities to finance the required care given to disabled out of the funds related to the National Ordinance on Special Health Insurance through an increase of the premium of the general fund with 0,5%<sup>14</sup>

## QUESTION 9

9. Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and diminish reliance on last-resort relief, such as food bank and soup kitchens.

ANSWER:

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<sup>12</sup> [www.svb.org](http://www.svb.org): Ordinance on Special Health Insurance (general fund for the disabled persons). This Ordinance intends to cover the risks of high cost of life long care of the disabled, which costs in modern society are not fully covered nor adequately insured;

<sup>13</sup> <https://nu.cw>; 18<sup>th</sup> of April 2023 & 10 of May 2023;

<sup>14</sup> The premium (increase) is paid by all inhabitants through social security and taxes. The Ordinance on Special Health Insurance is a general insurance, covered by all tax payer;

The so called 'Landspakket' ( in English called Land Package) signed between Curaçao and the government of the Netherlands in November 2020 aimed at working towards a more resilient economy and society in general through institutional reforms<sup>15</sup>.

These reforms include the social security system (under E4) and the labor market policy (under E1) in the Land Package.

The social security system will have to comply with the following<sup>16</sup>:

- The government aims at a robust and affordable social security system, placing incentives in the right place;
- Achieving that the social security system will possess an activation function, with adequate incentives, also taking care for an adequate social safety net;
- Based on the existing/or additional research proposals will be developed and later on implement. These proposals will closely be made in addition to measures taken on the labor market policy<sup>17</sup>

The project group on the reforms regarding the labor market policy, as of November 2023, are as follows. Research on the labor market learned that, beside the modernization and actualization of labor laws and policies these topics have to be addresses immediately

- Tackle youth employment;
- Flexibilization of the dismissal law;
- To ease to access of foreign laborers to the labor market;

The research on labor market policy and its adaptations is ongoing and is to be sent in 2024 to the social partners for their input in conformity with social consultation as laid down in the ILO-Convention no 144.

#### QUESTION 10

10. Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living and/or organizations representing their interests in the process of designing of measures in response to the crisis.

ANSWER:

#### Moratorium

Moratorium on employment permits for unskilled and low-skilled foreign workers (P.B. 2021, no. 44)

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<sup>15</sup> Please see footnote 2 of this document for elaboration, page 3;

<sup>16</sup> <https://open.overheid.nl/documenten/ronl-04af57f9-8672/pdf>;

<sup>17</sup> [Eerstekamer.nl/bijlage/20231006/uitvoeringsagendacuracao/doc3/f=/vm73075243nl.pdf](https://eerstekamer.nl/bijlage/20231006/uitvoeringsagendacuracao/doc3/f=/vm73075243nl.pdf). page 15;

(Unskilled and low-skilled professions: professions that do not require (certain) previous education) Due to the closure of the oil refinery and the COVID-19 pandemic, the socio-economic situation of the population was seriously deteriorated.

- The unemployment rate among the working population (15+) is 19.1% in 2020;
- 37.1% of this group has been looking for work for more than 6 months;
- The unemployment rate among young people (15 – 24 years) is 42.2%;
- Unemployment among women (20.3%) is slightly higher than among men (17.6%); - 18.8% of the research population has indicated that their income has declined.

It is the government's concern to protect and promote the local labor market, to the extent that this can be provided. In this context, it regulated the admission of foreign workers to the local labor market by establishing policies.

According to information available to the labor sector of the Ministry of Social Development, Labor and Welfare (SOAW), an average of 4,000 applications for work permits were submitted in the past three years. The foreign workers for whom the work permits have been issued are between the ages of 18 and 60 and mainly perform low- and unskilled positions, while Curaçao has a large supply of local workers for these positions. As a result, new applications for employment permits for foreign workers in unskilled and low-skilled professions, will not be granted to local workers.

In implementation of this regulation, the Ministry of SOAW ensures that the necessary information/information is provided regarding the non-granting of new applications for work permits for foreign workers for at least those positions mentioned in this regulation and for which it is known that Curaçao has a large supply of local workers.

In the context of labor market regulation, it has been decided not to grant a work permit to foreigners who, at the employer's request, fall into the category of the following professions:

Laborer (unskilled and low-skilled), Mechanic, Barber operator, Guard, Maintenance staff helper, Low administrative staff, Low-skilled professionals, Plumber, Warehouse worker, Mason, Shelf filler, Waitress, Carpenters, Gardeners, Dent puller, Seller, Shop staff.

This list is exhaustive.

### Social, emotional and psychological support

Due to the withdrawal of the financially supportive measures to vulnerable families during the COVID-pandemic other already existed *public* initiatives are re-enforced to remedied the social, emotional and psychological situation of these families. This support is firstly supplied in a form of awareness raising and comprehension of mental health problems, to increase social inclusion, to focus on arts and talents and to inculcate discipline of the youth. The instruments to this end are, beside the radio and TV programs, the publication of a magazine '4You-th Magazine', created by young people as a space where they can express themselves and is distributed on a monthly basis and free of charge.

### App Mi Pòtmòmi ([www.mipotmoni.meo.cw](http://www.mipotmoni.meo.cw))

In the light of the high and still rising cost of living, the Government has launched an app called 'Mi Pòtmòni app' ('My purse', in English) to make consumers more aware of price comparisons between supermarkets and minimarkets. Consumers can search the required products on this app based on name, categories or provider stores. The app will give a picture of the searched product with specifications such as weight, ingredients etc. Consumers are also able to make their shopping list in this app and be informed about where to this product is be purchases at its cheapest.

Debt counseling is taking place regarding the most essential services, water and electricity, for the welfare recipients and other vulnerable groups as well. Bills of water and electricity are fully paid by subsidies in order to maintain these groups on the water and electricity infrastructure system. The legal basis for this provision is laid down in the Island Decree on Debt Counseling Costs of Water supply (A.B. 1978 no 19) and as for electricity the legal basis for this provision is laid down in the Island Decree on Debt Counseling Costs of Electricity supply (A.B. 1985 no 22);

Depending on the size of the household concerned, the government provides a compensation of NAF 2.65 per one cubic meter of water. For electricity the previous mentioned decree stipulates an compensation per household of a maximum of 300 KWh. This amounts to a total of NAF 55,-- per month per household.

Beside the Debt counseling, also already mentioned on page 13 of this Document, other public programs to educate and raise awareness are still launched especially the most vulnerable groups.

#### Conference 'Prevení i Eduká' ('Prevent and Educate')

To this end, the debt counseling purpose, on the 3th of November 2023 a conference 'Prevení i Eduká' (in English 'Prevent and Educate') is being held to brainstorm and set priorities in designing measures to promote responsible financial behavior and thus to reach financial welfare on Curaçao, especially for the most vulnerable groups. All ministries involved, Public Health, Education, Justice, stakeholders (NGO's) and clients are invited to deliver a contribution to address the debt problematic in a holistic and inclusive way. The results of this evening will be bundled to set up the policies and measures necessary.

In conclusion, the Government remains in continuous consultation and cooperation with its subsidized stakeholders, such as 'Unidat d Bario'<sup>18</sup> and 'Sentro Solaris'<sup>19</sup> and other similar organizations, the Ministry of Social Development Labor and Welfare assumes its responsibility in the most extensive manner to assist the most vulnerable groups in responding to the increasing problems of debts due to the high cost of living and corresponding poverty.

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<sup>18</sup> Unidat di Bario (English: Unity in the Neighbourhood) in one of the living area of the most vulnerable groups in Fleur de Marie, provides inhabitants with a warm meals, reparation of housing, addressing mental health issues and more with subsidy offered by the Government;

<sup>19</sup> Sentro Solaris, a subsidized institution which has a important role in mediating for persons with disabilities to find work;

## **THIRD SECTION OF THE AD HOC REPORT ON THE COST OF LIVING CRISIS**

In the section below the a short survey on in the inflation rate and consumer price index by the Central Bureau of Statistics of Curaçao ([www.cbs.cw](http://www.cbs.cw)) is submitted, anticipating research on a far larger scale to be held in in January/February 2024.

### **The development of consumer prices in Curaçao for the month of April 2023**

From the Central Bureau of Statistics (CBS) numbers released today, it appears that the price level in April 2023 increased with 0.1 percent compared to March 2023 and the inflation rate increased to 7.2 percent in April 2023.

**Price development month of April 2023 compared to the previous month of March 2023** The consumer price index (CPI) Curaçao increased in the month of April 2023 with 0.1 percent, compared to the month of March 2023, it has developed from 116.3 in March 2023 to 116.4 in April 2023.

In April 2023 most spending categories became more expensive with the exception of the spending category housing/living (-0.7%). The most important price changes during the month of April 2023 are the increasing cost of the food products (0.9%), home furnishing and household goods (0,5%), recreation and development (0,3%), beverages and tobacco products (0,5%), clothing and footwear (0,5%), healthcare (0,5%), and transport and communication (0,1%), including increased gasoline (5,4%). Furthermore, the spending category housing has become cheaper (-0,7%), including decreased electricity (-5,8%), increased water (1,2%) and decreased kerosene (-4,1%).

### **Price development month of April 2023 compared to April 2022**

The CPI of April 2023 (116,4) is 4,1 percent higher than the CPI of April 2022 (111,9). These numbers give an indication that the living expenses in April 2023 are higher by 4.1 percent than in the same month of 2022. The spending categories that contributed most to this growth were food products (15.6%), home furnishings and household goods (12,4%), clothing and footwear (11,3%), beverages and tobacco products (9,5%), and recreation and development (8,4%).

**Long-term price development: inflation December 2022**

Inflation is a representation of the loss of money value, thus of purchasing power, as consumer prices for products and services increase over a longer period of time (usually 12 months). Thus, the inflation rate is an indication of the average increase in the cost of living and is therefore recommended as an index tool for salaries, pensions, social benefits, minimum wage and other incomes.

Inflation in a particular month is calculated by comparing the 12-month average of the CPI a year earlier during that month. Measured over the 12-month period through April 2023, compared to the same period a year earlier, consumer prices increased with 7.2 percent average in April 2023: the 12-month average CPI developed from 108.0 in April 2022 to 115,8 in April 2023.<sup>20</sup>

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<sup>20</sup> <https://www.cbs.cw/de-ontwikkeling-van-de-consumentenprijzen-op-curacao-voor-de-maand-april-2023>;

## **FOURTH SECTION OF THE AD HOC REPORT ON THE COST OF LIVING CRISIS**

Table shows the consumer price index and inflation rates of Curaçao since 1970 -2023<sup>21</sup>

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<sup>21</sup> Centraal Bureau for Statistics Curaçao, April 2023;



# Annual consumer price index and inflation rates for Curaçao since 1970

Series for total population, price index numbers based on price reference period 2019 (average 2019 = 100)

Year	CPI	
	12-month average	Inflation (%)
1970	14.2	
1971	14.8	4.0
1972	15.4	4.1
1973	16.7	8.1
1974	19.9	19.5
1975	23.0	15.6
1976	24.2	5.3
1977	25.5	5.4
1978	27.6	8.2
1979	30.8	11.4
1980	35.3	14.6
1981	39.5	12.2
1982	42.0	6.1
1983	43.1	2.8
1984	44.1	2.1
1985	44.3	0.4
1986	44.8	1.3
1987	46.5	3.8
1988	47.7	2.6
1989	49.6	3.9
1990	51.4	3.8
1991	53.5	4.0
1992	54.2	1.4
1993	55.3	2.1
1994	56.3	1.8
1995	57.9	2.8
1996	60.0	3.6
1997	61.9	3.3
1998	62.6	1.1
1999	62.9	0.4
2000	66.5	5.8
2001	67.7	1.8
2002	68.0	0.4
2003	69.1	1.6
2004	70.0	1.4
2005	72.9	4.1
2006	75.2	3.1
2007	77.4	3.0
2008	82.8	6.9
2009	84.2	1.8
2010	86.6	2.8
2011	88.6	2.3
2012	91.4	3.2
2013	92.6	1.3
2014	94.0	1.5
2015	93.5	-0.5
2016	93.5	0.0
2017	95.0	1.6
2018	97.4	2.6
2019	100.0	2.6
2020	102.2	2.2
2021	106.0	3.8
2022	113.8	7.4

<sup>1)</sup> **Bold values** represent the year average consumer price index and inflation

2/22/2023