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Introduction

The National Development Plan (NDP) is a five year plan in which the policy of the government and the subsequent investments are stated for a period of five years. The goal of the NDP is to adjust government policy to the available financial resources. In view of the limited resources, priorities are set based on previously formed criteria.

The general arrangement of the NDP 2003-2007 differs from past plans. In this plan the chapters are structured for each Ministry and not per sector. For each Ministry the actual situation will be analyzed, policy stated and the goals are determined for the indicated period. Finally, in the indicated period, the entire different goal oriented projects and policies will be stated.

Chapter 1 will describe the economic and financial situation and the financial economic policy for 2003-2007. In the following chapters the policy and the activities of the different ministries are illustrated. Finally, in chapter 10 the available financial resources and the investment priorities are stated.

1. Financial-economic policy 2003-2007

The Minister of Finance and Economic Affairs has stated in his policy document “Vision, Curashi y Disciplina” (Vision, courage and Discipline) the economic and financial policy for the next five years.

The vision in the document is based on “increasing standard of living and a balanced income distribution for all citizens”. To realize this vision the financial-economic policy will be developed along a sustainable growth path. The vital points of the policy are the consolidation of the tourism sector, the diversification of the economy and the reorganization of the government finance.

1.1. Economic Development

Since Aruba obtained its Status Aparte in 1986, the Aruban economy has known an average increase which excelled comparing to the region. One of the most important reasons for this increase was due to the high investments in the tourism industry. In 1989, the government proclaimed a moratorium on hotel construction with the consequence that the economic growth gradually decreased toward the end of 1990.

In the year 2000 the USA showed a decline in economic growth. The events of September 11, 2001 continued to worsen the already declining economic activity of the USA. The international aviation industry suffered the most in the wake of September 11. Consequently, the tourism industry had a harsh setback. In 2001 Aruba experienced for the first time, since Aruba obtained its Status Aparte, a negative real growth (-1.4%), mainly as a consequence of the decline in total visitors (4.1%). In 2002 total visitors figure dropped to 7.1%. The political events in Venezuela contributed to the most important reason for the crumbling situation in 2002. According to estimation the real GDP dropped to 3.8%¹. The yearly average inflation went up from 2.9% in 2001 to 3.3% in 2002.

The years 2001 and 2002 are characterized by a declining growth in the economy which is caused by internal as well as external factors. While in the USA the economic situation and the international aviation industry still are not stabilized, there are also setbacks in the local investments. Growth in consumption in 2001 and 2002 were 9.9% and respectively 6.9%. The growth for 2003 is estimated to be 2.3%. Investments declined with 5.6% and 15.1% in 2000 and respectively 2001.

In 2003 and the subsequent years the construction industry is expected to be activated with among others the expansion of the hotel sector. Furthermore, the FCCA has indicated in her business plan that 3000 new houses will be built in the coming five years representing a total amount of AFL.227.7 million. The government will also invest an amount of AFL.190 million.

¹ Projections from the Central Bureau of Statistics and the Central Bank of Aruba

Table 1.1 Economic Indicators 1996 – 2002

	1996	1997	1998	1999	2000	2001	2002
GDP (AFL. Mill.)							
Nominal GDP	2.470	2.742	2.981	3.087	3.326	3.381	3.357
Nominal growth (%)	4,5	11,0	8,7	3,6	7,7	1,7	-0,7
Real GDP	2.393	2.579	2.751	2.786	2.886	2.851	2.743
Real GDP	1,3	7,8	6,7	1,3	3,6	-1,2	-3,8
GDP per capita (AFL.)	29.099	31.259	33.426	34.249	36.523	36.497	36.002
GDP per capita (US\$)	16.256	17.463	18.674	19.133	20.404	20.389	20.113
Inflation							
End period	3,1	2,8	1,5	3,7	3,5	2,6	4,2
Yearly average	3,2	3	1,9	2,3	4	2,9	3,3
Population	84.883	87.720	89.183	90.135	91.065	92.638	93.244
Growth (%)	4,6	3,3	1,7	1,1	1,0	1,7	0,7

Source: CBS and DEACI

1.2. Development of Public Finance²

During the last years, several authorities such as the Central Bank of Aruba (CBA), the Social Economic Counsel (SER), and the International Monetary Fund (IMF) repeatedly have been advising on the deterioration of the Public Finance.³

As an example of the above mentioned development, the document of the “Comision Financiero Formacion 2001 – 2005” (the Committee) can be recalled. These committees found out that in 2001 some budget entrees considerably were surpassed and that the real funds considerably were left out in comparison with the parliament stated budget of 2001⁴. In 2001, the committee estimated the financial deficit on approximately AFL.168 million, while the approved budget showed a surplus of AFL.1.5 million. This deficit was mainly financed by channeling debts to the APFA (Aruba Public Pension Fund) and the commercial creditors, by attracting foreign loans and additional transfer of profit from the SETAR. The committee is of the opinion that continuation of this policy would affect the financing capacity and would have far-reaching negative macro economic and financial repercussions⁵. In November 2001 the committee recommended the new government to curve the mentioned trend. This enclosed that the expenditure level should be drastically

² From Policy document: Vision, Curashi y Disciplina

³ In this context one is referred to: “Memorandum concerning the liquidity position of the government in 1977”, advise of the Central Bank of Aruba and the directorate of Finance August 12 1997, Memorandum “Op weg naar structureel gezonde overheidsfinanciën” Central Bank of Aruba, June 22 1998, “Staff Report on the 2001 Article IV Consultation Discussions”, International Monetary Fund, August 1, 2001, brief Centrale Bank van Aruba van 17 augustus 2001 and the “Staff Report on the 2002 Article Consultation Discussions”.

⁴ Rapport Comision Financiero Formacion 2001 – 2005, page 9

⁵ Rapport Committee page 15

lowered and that on short term a balanced budget should be realized. Nevertheless the committee was of the opinion that in view of the extent of the public deficit it would not be realistic to completely close the financial gap within a period of one year. Consequently the Committee has recommended to gradually lower the financial deficit and to maximize it to 3% (2002), 2% (2003), 1% (2004) and 0% (2005)⁶ of the GDP.

In the policy document of the Minister of Finance and Economic Affairs this deficit is adjusted to a more realistic proportion, namely 3% in 2002, 2.5% in 2003, 2% in 2004, 1.5% in 2005, 1% in 2006 and 0% in 2007. In 2001 the finance deficit (AZV included) amounted to 3.9% of the GDP and for 2002 this was estimated to 4.9% of the GDP. This was mainly caused by a decrease in the tax collections.

Reasons for the finance deficit

The main reason for the above-mentioned unacceptable development regarding the government financial position entails the situation that the so-called fixed costs structurally surpass the fixed revenues. In addition, there is mention of non-budgeted expenditures (contracting public employments, overtimes, correction for inflation, legislative procedures and verdicts).

On the other hand, there are insufficient structural revenues generating measures undertaken. The past years the policy has been limited to some minor activities to collect overdue tax revenues (such as the SAB and the SAL activities, and also dividend regulation). In spite of the growth in revenues (namely by minor overtake activities) the government did not profit from these. In this context there are some reasons to take into account:

- Insufficient growth of tax revenues compared to the economic growth. Also because of the tax exemptions to certain economically important companies the tax base has been narrowed. Consequently the share of the tax revenues to the GDP has dropped through times and now is fluctuating around the international standard rather low level of about 17 percent.⁷
- Draw backs concerning the received grants of the development aid program, as a consequence of the adjusted priority of the Dutch government regarding allocation of resources for Aruba. During 1994-1997, on a yearly bases Aruba used to receive on average an amount of AFL.28 million as grants for development projects compared with only AFL.11 million during 1998 – 2000 (in 1999 merely AFL.1.4 million).

Furthermore, since 1998 there has been notice that the public investments (among others as a consequence of the liquidity scarcity position and the need of the Dutch development support) necessarily have been diminished. To give an illustration, the government used (on cash basis) during 1998 to 2000 on an average merely AFL.28 million or 5% of tax revenues for investments, compared to 10% in the period 1995–1997.⁸

⁶ Rapport Committee page 15

⁷ Kingdom of the Netherlands – Aruba- Staff Report for the 2001 Article IV Consultation Discussions August 1, 2001, page 31.

⁸ Kingdom of the Netherlands – Aruba- Staff Report for the 2001 Article IV Consultation Discussions August 1, 2001, page 7.

Seeing the afore-mentioned, it can be concluded that the budgetary outlook of the past years cannot be continued any longer. The government cannot permit herself to maintain a structural finance deficit. In the long term this situation will have severe repercussions for the much needed infrastructural investments and financing of social projects. In addition, a persistent high finance deficit has a negative implications effect on the investment situation and the activity of the private sector and comprises a threat for the monetary policy and the economic growth. In regards to this situation the IMF suggests: “...the mission is concerned about growing imbalances in the public finances stemming from benefit entitlements and structural budgetary consumptive spending, notably on public wages. These imbalances already have adverse macro-economic implications and a widening government financing requirement risk comprising eventually the enviable financial and monetary stability of Aruba.”⁹

Situation of the Public Debt

In the report “Schuld of toekomst” of January 1996, the Committee Schuldenproblematiek (Committee van Lennep) made an analysis of the amount and structure of the domestic and foreign public debt of Aruba.

In spite of the official recognition of the suggestions of the Committee van Lennep by the government the recorded public debt (excluded guarantees) increased steadily to AFL. 398.3 million or 45% during the last 8 years (see table 1.2).

As a consequence of the strong economic growth in the indicated period the debt has decreased with 2.7% of the GDP to 37 percent. The interest payments approximately increased with 50 percent to AFL.36 million or nearly 6 percent of the receipts.

Based on the available figures ending 2002 it is to be determined that the intended goal of nominal debt stability has not been made, in spite of the downward adjusted transfer debt of approximately AFL.244 million of the Public Pension Fund as an amendment of the actuarial conditions.

⁹ International Monetary Fund, Kingdom of the Netherlands-Aruba – 2001 Article IV Consultation, Preliminary Conclusions, June 4, 2001, page 3.

Table 1.2 Outstanding debts and hotel guarantee liability
(x AFL. Million)

	Ending 1994	Ending 2001	Ending 2002
1. Gross Debts and guarantee Liabilities (2+3)	1.327,6	1.378,5	1.475,2
2. Guarantee Liabilities (excl. Interest)	443,2	272,6 ¹⁰	232,3
3. Gross Debts (4+ 5+ 6)	884,4	1.105,9	1.282,7
4. Domestic debts	458,7	758,5	759,7
a. negotiable	90,6	179,2	189,1
b. Non-negotiable	368,1	579,4	570,6
5. Foreign Debts	389,0	393,1	523,1
6. Public Estate Division	36,7	--	-
7. Gross Debts in % GDP	39,7	32,7	37,0

Source: Department of Finance

The domestic debt strongly increased since 1994. Excluding the non-negotiable debt with the Aruba Public Fund (APFA) this debt increased from AFL. 276 million to AFL. 464 million at the end of 2001. The share of the non-negotiable debt (included APFA) in the total domestic debt amounted well over 75 percent.

During 1994-2001, on balance, the foreign debt remained rather unchanged though the structure strongly has been changed (see table 1.2). Ending 2001, this debt increased to approximately AFL. 393.1 million or 12 percent of the GDP (1994: 17 percent). On the one side, the concession grants decreased to Afl. 177 million to 48 percent mainly through reimbursement of outstanding debt to the Netherlands. On the other hand, the commercial foreign debt increased forcefully with AFL. 176 million which implicates a multiplication of 14 times. It is well known that the external financiers are still considering the credit standing of the government of Aruba. In this context it is well worth mentioning that the international rating agent Fitch Ratings has placed Aruba in the category "BBB" ("good credit quality").

As regards to the guarantee problem one can say that because of the verdicts of March 20 2002 from the court in The Hague the claims are awarded to the SACE/banks concerning the Beta-hotel and the Plantation Bay-project. As regards to the Beta-hotel this is an amount of approximately SWF 82.4 million to be increased with interest and for Plantation Bay this awarded amount is of approximately US\$ 29.7 and also to be increased with interest. The court has declared the relevant verdicts executable by anticipation. In view of the above-mentioned verdicts the government and SACE are in agreement that the Government will pay SACE an amount of US\$ 110 million (AFL. 195.8 million included interest, see table 1.3).

As regards to the Sanchez Motor sport case, the court verdict in Miami of August 9 2002, Aruba had been sentenced on a claim in favor of Sanchez Motor Sports for an amount of US\$ 20.5 million (AFL. 36.5 million). This case is still pending as the government is appealing the case to a higher court. The parties involved agreed that Aruba will pay an amount of US\$ 10 million.

¹⁰ Het betreft de hotelgaranties verleend aan Eagle Beach, Plantation Bay en Beta Hotel

Table 1.3 Immediate claimable demands based on court verdicts
(x AFL. Million)

Project	claim
Beta, Plantation, Eagle beach	195,8
Sanchez Motors ports (race track)	18,0
Total	213,8

Source: Department of Finance

The magnitude of the guarantee funds¹¹ (AFL. 34.4 million) in this case covers the guarantee risk for only 18%.

In table 1.4 an overview of some additional information is presented which possibly will lead to a finance liability for Aruba. These liabilities for the time being are estimated to approximately AFL. 139.6 million.

Table 1.4 Overview of additional hidden liabilities and risks for Aruba
(x AFL. Million)

Hidden Liabilities and Risks	Sum
Enrique Fuentes Group (Purchase of Beta hotel)	P.M.
CMB (racetrack)	6,7
Trias Resort	P.M.
CSS guarantee	10,0
Bushiri	12,9
Others **	10,0

Source: DEACI (Department of Economic Affairs Commerce and Industry)

* Excluding interest obligations

** Concerning different court cases pending among others, the Berlinski case
Evelino Fingal, Coastal and Syfact Int. BV

Ending 2002, the situation of the Public Debt has increased to 43.9% of the GDP (ending 2001, this was 40.8% of the GDP) keeping into account with the existing hotel guarantee obligations.

Public Investments

At the moment the financing of public investments happens by means of loan agreements and by grants of the Netherlands or the European Community. Since 1998 the public investments compellingly were on a relatively low level as a consequence of the liquidity position and not being able to make use of the development aid funds. The past years the public investments amounted on an average of approximately 1.6% of the GDP.

The Government will invest through the Dutch Development cooperation (including Aruba's participation) approximately AFL.189.9 million during 200-2006. In addition, the government will allocate AFL.181.4 million for capital investments (including AFL.65 million as a contribution to the road funds). The Government has established the road funds which will take care of construction of new roads and maintaining existing roads. The government will build three public offices with the goal in mind to lower rent payments and for the motivation of efficiency. The following buildings will be

¹¹ The establishment of the guarantee funds happened by article 1 of the Public Decree of July 14 1995 with the establishment of three budget funds.

constructed, an office building for the Ministry of Finance and Economic Affairs, an office building for the Ministry of Social Affairs and Infrastructure and an office building for the Ministry of Justice. These buildings will be financed by means of commercial loans for an amount of AFL.60.9 million. Investments in the Arikok Park and in the National Museum will be financed by the 8th European Development funds.

1.3. Development cooperation and the “Fondo Desaroyo Aruba” (FDA)

In 1997, in the report “Op eigen benen” a new course for the development cooperation with the Netherlands had been set up.¹² In this report it was advised to go from project financing to program financing¹³, namely long term programs and yearly programs for the indicated priority sectors. The long term program for the period 2001-2005 was approved on March 8, 2002. This program covers public health, quality of governance, sustainable economic development and education¹⁴. The Government of Aruba and the Netherlands are committed to deposit in the FDA fund an amount of respectively NLG.220 million and AFL.180 million during 2000-2009. Both countries agreed to evaluate the cooperation in 2007. An overview of the projects financed by the FDA is shown in annex 4.

1.4. European Union

In regards to the association with the European Union a new LGO-decision has been established in November 2001. The previous established free trade measures concerning the accumulation of origin for sugar and rice in maximum acceptable quantity during the committed time period of the decision, are included in the trade article. Concerning sugar this quantity amounts to 28.000 ton until 2007, after that phase out to 21.000 ton, 14.000 ton, and 7000 ton and respectively 0 ton as per January 2008, 2009, 2010, and 2011. For rice there is available for the Dutch LGO a quantity of 25.000 ton divided in three layers each year until 2011. In addition to this quantity, the possibility exists that the Dutch LGO can use the unused share of the least developed LGO available established quantity of 10.000 ton yearly as a supplementary layer. As regard to traded quantities of sugar and rice which fall under the quota system it can be said that the Aruban companies had exported 15,555.555 ton of sugar and 23,686.73 ton of rice in 2002.

For an amount of 10 million Euros, the 8th EDF will be executed according to the normal EDF-procedures in accordance with the national indicative program. The national EDF-projects put emphasis mainly on the environment (National Park Arikok) and the cultural-historic heritage (monument care). The 8th EDF which is dated since 1996 is already totally committed. Both projects started in 2002 and will be executed for a total amount of AFL.16 million in the period ending 2003-2005.

To make use of the regional funds, Aruba and the Netherlands Antilles are together preparing project proposals.

¹² Op eigen benen, Final report of the advice committee Samenwerking Aruba – The Netherlands, June 30, 1997

¹³ Op Afstand verbonden, Final report of the working-party execution cooperation The Netherlands-Aruba, March 1, 2000.

¹⁴ Long term program 2001-2005, March 8, 2002

Aruba is not participating in the 9th EDF, because according to calculations of the European Committee the Gross Domestic Product per capita of Aruba would be too high.

2. Ministry of General Affairs

The ministry of General Affairs is responsible for the policy with regards to the public N.V.'s (Public Liability Companies) and the other departments which fall under his responsibility. Also it is his task to maintain the quality of the government.

2.1. Policy of the ministry

The Government has not only the intention to reorganize the public finances but also to pay attention to the product and services to guarantee a harmonious development for the community. That's why the government has started with discussions concerning main priorities and which will be followed with an analysis in 2003. The analysis will touch all policy matters and all ministries. Other projects which will begin in 2003 are the "Verbetering van de kwaliteit van de dienstverlening van de overheid" ("Quality improvement of Government Services") and "Bewustwordingstraject integriteit" ("Integrity awareness program").

Essential to be maintained by the policy are the care and attention for the less vulnerable in the community, quality improvement, transparent of government functioning, efficiency and reorganization of public finance.

Public limited liability companies

The government is of the opinion that because of the development which occurs in the area of "corporate governance" the government rights as only shareholder within public liability companies should be strengthened.

The government is of the opinion that the public interest only will be maintained if good conditions are created for management. The working space for the company should be limited by self engaged and predetermined conditions by the government.

The companies in which the government is involved should be transparent and recognized in laws and decrees, agreements, concession conditions and/or subsidy conditions.

Establishing of public interest is a key political responsibility. The gathering of these public interests has to be therefore accomplished in the parliament. The way to maintain those public interests as well as the supervision is in the first place the task of the local authorities, under the direct supervision of the parliament.

Results

With representatives of the labor union and employers' organization an agreement has been reached, regarding a commencement of a national discussion, on different aspects of public policy. With this, the labor unions and the employers' organizations give their commitment to carry their responsibility for the actual problems that Aruba is encountering at the moment.

The Government also thinks that the results of the priority analysis will be that suitable measures will be in place, which in a positive way will contribute to lower public expenditures, more efficiency within the government and to increase the satisfaction level of the citizen with respect to service of the government.

2.2. Directorate of Personnel and Organization

The goal of the DPO is to develop and execute an effective and efficient P&O policy, to contribute to an optimum functioning of public organization, which is capable to provide on a high quality level the services and products to the Aruban community.

The reorganization project of the DPO which started on July 1st 2002 is based on the prescribed scenario in the document of Deloitte & Touche in which is stated that the DPO will remain to execute its current task, to which improvement will be transferred, enabling the DPO to execute her tasks in an efficient way. Transparency and active participation of the personnel are vital in the reorganization process.

As far as automation is concerned, the issue is that one has to make use as much as possible of modern information and communication technology in order to deliver a contribution to improve the quantitative and qualitative service, increasing of the productivity, a better management of the personnel administrative processes, and also the revival of trust of the client at the DPO.

In view of the adjustment of the actual law and regulation, in 2003 special attention will be dedicated to the project “Herziening Bezoldigingsregeling Aruba” (“reorganization of public wages regulation Aruba”). Already substantial amount of preliminary work has been dedicated to this.

With regards to the financial cooperation between The Netherlands and Aruba the DPO recently has been nominated coordinator for the sector “Good Governance”. The DPO is also in charge of the preparation and implementation of projects. It is involving the quality of service trade, the integrity awareness program, technical assistance programs, HBRA-project and the “financieel-administratieve en personele processen” (“financial-administrative and personnel procedures”).

Table 2.1 Investments Ministry of General Affairs
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Total
Quality of the Service Trade	400	200	200	200			1.000	1.000
Improvement financial-personnel-administrative Procedures	1.000	1.500	2.000	2.000			6.500	6.500
Reorganization of Public Wages		500	1.500				2.000	2.000
"Integrity" Awareness Program	800						800	800
Technical Assistance programs	1.500	1.500	3.000	3.000			9.000	9.000
Directorate of Telecommunication Affairs (Equipment)	900					900		900
DPO up-dating technical infrastructure	100					100		100
Rebuilding of Public Office (incl. Roof Parliament Building)								P.M.
Investment (sundries)	500	500	500	500	500	2.500		2.500
Total	5.200	4.200	7.200	5.700	500	3.500	19.300	22.800

Source: DEACI

Table 2.2 Investments Public Liability Companies
(x AFL. 1000)

Public Liability Companies	2003	2004	2005	2006	2007	
WEB N.V. (Water)	32.500	32.500	32.500	32.500		130.000
ELMAR N.V. (Electricity)	15.000	15.000	15.000	15.000		60.000
SETAR N.V. (Telephone)	66.775	49.500	43.600	40.600		200.475
Total	114.275	97.000	91.100	88.100	-	390.475

Source: DEACI

3. Ministry of Justice

Because of the growth of the foreign labor force the population has grown about 38% from 1990 to 2000. The group of illegal foreigners as well as the unschooled children creates a huge problem concerning future employment¹⁵. The yearly program of the Directorate for Public order and safety (2000) implicates that there are around 14.000 illegal foreigners in Aruba.

There will be a restrictive entry policy implemented, mainly in the construction sector, hotel sector and retail trade. The representative tasks of the Directorate of order and safety (DOOV) together with the Employment Allocation Center will be accommodated under one separate Directorate namely the Directorate of Foreign Affairs.

The unemployed and homeless who are illegal in Aruba will be expelled. Also, persons and businesses that employ illegal foreigners will be prosecuted. Each person should carry an identification card at all time. On short term the law “compulsory identification” will be approved.

In the last years criminality increased specially among the youth. The safety at the borders and drug prevention also has to be attended. The policy of the Ministry of Justice is then geared to strengthen and reorganize the maintenance of law and order. As regards to the inmates who are incarcerated at the Correction Institute of Aruba (KIA), the law will be adjusted to put protection of the victims at the forefront. The KIA will be inspected by an international concern.

Drugs-, weapons- and people trafficking will be prevented by means of investigative activities of the coastguard whereby the protection gears will be changed to more adequate ones. The authorities of the coastguard will be reinforced with emphasis on the prevention of drug trafficking and international criminality on own territory. There will be departments installed together with the “Cuerpo Especial Arubano” (CEA) for the airport and the harbor. Working materials, such as special dogs, for the Police Force (KPA), costumes and the CEA for prevention of drugs trafficking will be acquired. Also the import of XTC-pills and other drugs will be intensely controlled.

A key emergency number 911 is installed. Especially for this purpose Personnel will be trained. The emergency number is also valid for the Fire Department and the Ambulance Services.

With respect to the detective cooperation force (RST) the cooperation within the Kingdom will be promoted with the understanding of own identity and autonomy of each country separately.

An independent department with investigation authority will be established for the integrity of public employees and especially for the police department and the costumes’.

¹⁵ The compulsory education up to 16 year will be in force to reduce youth criminality

A complaints department will be opened for corruption prevention among public servants.

3.1. The Aruba Police Department (KPA)

The policy of the Aruba Police Department will put emphasis on crime prevention. In this context four district will be established namely in Santa Cruz, Noord, San Nicolas and Oranjestad. Each district is autonomous, has their own detective department and will be managed by a district commissioner. Other services, such as the Child Protection and Public Morale, Drug prevention, Traffic and Personnel and General Administration will be centralized and will be managed by the Chief Police Commissioner. These four police districts will be in contact with each other by means of a computer system. It is expected that this set up will contribute to a more effective prevention and lowering of crime and will create the possibility for self development and promotion to higher ranks within the force. The reorganization of the KPA should promote the optimum functioning of the department. More policemen should be visible in the streets. The function of assistant police will be introduced. These policemen will execute less rough jobs such as controlling of parking, closing times of commercial enterprises, tourism related enterprises and controlling of traffic lights etc.. By involving the assistant police the well trained policemen could put their maximum input to fight crime.

The Immigration and Naturalization Department will become a separate service, which will take care of mainly the airport and the harbors located in San Nicolas, Barcadera and Oranjestad. There will be close cooperation with the Kingdom Military Police. Furthermore, an apprehending team will be established.

A new department called “Cuerpo Especial Arubano” (CEA) will consist of volunteers and will have the following tasks:

- Assist at disaster situations (fire prevention, riot at the KIA, police);
- Assist at environment prevention;
- Assist with drug prevention;
- Coast guarding
- And other tasks similar to the volunteer force in Curacao.

The CEA will not be a department of the police force but has a special relationship with the police regarding crime prevention. This force consists out of retired policemen and the military who will be trained by the Kingdom Military Police.

Table 3.1 Investment of Ministry of Justice
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Com. Loan	Total
Police Force Aruba (KPA)									
Purchase of equipment for crime prevention		350	350	350	350	400			1.400
Reorganization KPA	8.369						8.369		8.369
Renovation old courthouse		3.000						3.000	3.000
New buildings KPA			10.580					10.580	10.580
Fire Department									
Purchase of crash truck & new equipment	1.400	100	150	150	300	2100			2.100
Correction Institute Aruba (KIA)									
Diverse investment and purchase of equipment	200	200	200	300	400	300			1.300
Construction of homeless detention center			600	500		1.100			1.100
Expansion KIA	12.000	6.000					18.000		18.000
Department of Technical Inspection (DTI)									
Purchase of break testing track	200					200			200
Investment (Sundry)	500	500	500	500	500	2.500			2.500
Total	22.669	10.150	12.380	1.800	1.550	8.600	26.369	13.580	48.549

Source: DEACI

4. Ministry of Tourism and Transportation

4.1. Tourism

The tourism receipts amount to approximately 75 to 80 percent of total revenue on the current account of the balance of payment and represent approximately 40 percent of the gross domestic product (GDP).

During the years 1995-2000 there has been a continuous growth in total stayover tourism. In 1997 and 1998 this growth was less than 1 percent. In 2001, since the Status Aparte, it is for the first time that a decrease of 4.1 percent has been registered. This decrease primarily was the result of the September 11, 2001 occurrences in the United States of America. During the first months of 2002 the decrease of total night spent has continued with the result of a decrease of 7.1%. Cruise-tourism has also acknowledged a draw back in 2001 of 0.5 percent, while in 2002 again there was an increase of 19.5 percent. In spite of all this the island maintained an average occupancy rate of 75% while in 2002 it decreased to 71%.

In spite of the international development tourist spending increased in 2001 compared to 2000. In 2002 there is a slight decrease per tourist from AFL. 2516 to AFL.2327 compared to 2001. The share to the GDP slightly increases from 46.2% in 2000 to 47.6 and 48.1 respectively in 2001 and 2002.

Table 4.1 Tourism indicators

	1996	1997	1998	1999	2000	2001	2002
Occupancy (%)	71,4	73,5	77,6	77	75,9	75,5	71,7
Total nights	4.713.726	4.834.838	4.889.718	5.143.302	5.247.824	5.144.594	4.862.548
Average night spent	7,4	7,5	7,6	7,5	7,3	7,4	7,6
Total arrivals	640.834	645.983	647.437	683.323	721.224	691.419	642.627
Growth (%)	3,54	0,80	0,23	5,54	5,55	-4,13	-7,1
Cruise Ship Passengers	316.749	297.650	257.755	289.052	490.005	487.296	582.195
Growth (%)	7,75	-6,03	-13,40	12,14	69,52	-0,55	19,5
Ship calls	273	270	255	230	331	298	337
Tourist Receipts (AFL. Mill.)	1098,1	1196,3	1306,5	1398,9	1538,3	1608,9	1616,9
Average receipt per Tourist (AFL.)	1.714	1.852	2.018	2.047	2.133	2.516	2.327
Tourist receipts as % of GDP	44,66	43,58	44,70	44,78	46,18	47,59	48,17

Source: CBA, CBS and DEACI

Since 1989, because of the moratorium policy, the investments in hotel development are limited. The actual policy again is geared toward a gradual expansion in the hotel room capacity under the following conditions:

1. The expansion should be limited to investments in luxury units and should be realized entirely by the local labor force. No foreign labors will be permitted to fill in jobs of the local labor force.
2. The contribution to the Aruban economy should be on a maximum level. Construction materials should be as much as possible purchased locally (Minimum 25%) and in the construction phase one should work only with local professionals and laborers.
3. The new fiscal framework has been introduced as per January 1st 2003 and has as one of its goals to reorganize the tax legislation by introducing the ordinance on dividend tax and tax credit. This legislation is also meant to replace the old fiscal incentives legislation.
4. In the operational phase of the hotel, local personnel also should be recruited from the local labor pool. The growth in the total amount of rooms should go together with a strictly admission policy.
5. Construction of additional hotel rooms should go together with an effective marketing promotion.

Stay Over Tourism

The policy of the Aruba Tourism Authority has as a goal to increase the foreign currency by means of marketing activities and the diversification of the market. The ATA is foreseeing an increase in the total stay over tourism with 0.5% yearly, a balanced occupancy rate for the hotels, an increase in spending pattern per tourist between 0.3% and 5% and an increase in the average price of the hotel room. The ATA is striving at an average occupancy rate between 75% and 85% per year. The ATA wishes to achieve the results by means of introducing of a long term marketing plan and a maximum use of the website 'Aruba.com' for marketing purposes. The ATA also is striving to increase the safety, the establishment of laws to protect the tourist, a good infrastructure, a healthy environment and a planned expansion of hotels, timeshare, etc., etc.. The ATA will work in close relationship with the Aruba Hotel and Tourism Association (AHATA), with the rest of the ministries and the private sector in this matter. To improve the product the ATA will set up a 'product development department',

The marketing plan amounts to AFL.162 million for 2002-2006, excluding the cost for recruiting experts, cadre personnel and the upgrading of personnel by means of training programs, courses and seminars.

Cruise Tourism

The goal here is to increase the amount of passengers and spending pattern, also the return of the cruise passenger to Aruba as stay over tourist and promoting Aruba as home port for cruise ships. This aim has as a result that the total spending will be increased. Consequently, Aruba has to advertise in magazines geared toward cruise ship activities and taking care of editorials. In addition trade shows and conferences of the Florida

Caribbean Cruise Association and cruise ship companies will be visited yearly. Finally, with all partners will be cooperated.

4.2. Transportation

4.2.1 Public transportation

The structure in traffic- and transport system is insufficient. There is lack of reliability, availability and accessibility as far as the public transportation is concern. The supply of private passenger transportation is increasing, the demand for public transportation is also increasing while the infrastructure has remained stagnant. Consequently, there is an increase in traffic congestion resulting in car accidents on public roads and there are mainly traffic flow problems in down town and around busy tourist regions.

A mobility and an implementation plan should be developed to improve public transportation. In addition, there should be a communication and transport centre for private busses and taxis, and taxi meters and alternative facilities for public transportation should be introduced.

The goal of the policy plan is to offer an efficient, safe and sustainable functioning of traffic and transportation system. As a result there should be a qualitative better system of the public transportation, a solution for the traffic flow in downtown and the surrounding tourist areas and improvement of reliability and accessibility within the public transportation sector. To attain these results the following activities should be introduced, namely the establishing of a service schedule for private passenger busses and taxis, the redistribution of routes for the private passenger busses, the structuring of the private passenger bus transportation by means of a network between Arubus (Name of the public transportation) and the remaining bus transportations and the stimulation of alternative transport such as carpooling, company transportation, etc.. Also management courses should be organized which will be followed by co-operators who are in charge with the control and supervision of licenses. Finally, legislation concerning public transportation should be restructured in accordance with the development within the public transportation.

4.2.2 Aviation

The government is determining to maintain an orderly, safe and efficient national and international commercial aviation. Safety of people and material is still considered as the greatest priority with particular attention to flying safety and safety on the ground regarding people, buildings, installations and others. The developments within the aviation department are closely observed because of the importance of tourism for the island, where users are requiring big demands on safety, shorter waiting time, rapid flights and attractive flight tariffs, together with the protection of individual rights.

Table 4.2 Investments Ministry of Tourism and Transport
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	Total
Department of Aviation							
Procurement navigation material ILS equipment and air space system	2.460	2.000				4.460	4.460
Procurement Navigational aids				500	500	1.000	1.000
Meteorological Service							
Procurement climatologic aids					100	100	100
Investment (others)	500	500	500	500	500	2.500	2.500
Total	2.960	2.500	500	1.000	1.100	8.060	8.060

Source: DEACI

5. Ministry of Social Affairs and Infrastructure

The Ministry of Social Affairs and Infrastructure is responsible for the social and infrastructural development and the social well fare.

5.1. Policy of the Ministry

In the past decennium Aruba has changed dramatically in its social-economic situation. Rapid and extensive development in the tourism industry and commerce in general has resulted in a growth in the immigration. As a consequence, lacking of an integral social-economic planning, matters which required regulations on behalf of the government were not adequately undertaken. The effects on the social network, the income distribution and the quality of live-, work- and life environment have been detrimental and have led to a situation where sometimes the vital need of the population had not been provided for, mainly for the most vulnerable of the society.

To achieve sustainable development, the ministry of Social Affairs and Infrastructure will attend the ministry in a transparent, appropriate, efficient and in a responsible manner. In addition, the government will stimulate a method of participation where the individual can participate in matters related to the decision making process concerning all aspects regarding the individual. The development on fellow citizen- and on district level will be stimulated to strengthen the social network and social cohesiveness, which at the same time will promote participation. Social cohesiveness is essential to motivate the development of man kind. With this trend, the government is trying to bring development closer to the people and to concentrate on wishes of the society. This decentralized approach also will lead to the development of opportunities for a high social security, which is a very important condition for an increase in sustainable development.

To involve all segments of the society in an effective way in the development process, additional attention will be geared toward the necessity of groups which need the most comprehensive care. These are children, disabled persons, senior citizens, needy families and families who live in certain difficult situations.

The policy will be tailored to provide for the necessity of the actual generation and to protect the opportunities of the future generation and also to protect the ecosystem which are vital for the survival of mankind.

Social and infrastructural development

In view of the principle of sustainable development, the ministry of Social Affairs and Infrastructure will use an integrated and holistic approach to tackle the situations concerning social affairs and infrastructure. The infrastructural development should support the investment climate and should comply with the social and demographic needs of the population.

Results

A sustainable development where the individual is the main focal point of attention especially the poor and the most vulnerable in the society.

Priorities will be given to:

Infrastructural development

- Introduction and implementation of a legislative team for the zoning decree;
- Adjusting and modernizing of other applicable law;
- Development of zoning plans to realize a good structured and integral infrastructural system;
- Strengthening of organization structures in order to develop and implement a national infrastructure plan and to gear the social well fare toward the individual;
- Social housing project; the realization of construction of affordable houses and dwellings for rent for the poor;
- Maintenance of road network; preparing and executing of a master plan for the maintenance of roads.

Social Development

- Adjustment and modernizing of legislation to protect specifically the rights of children, youth, women, the disabled person and the senior citizen;
- Institutional renovation to improve the social well fare to the deprived and the less deprived and other vulnerable groups and the development of a more decentralized social well fare system;
- Strengthening of coordination and cooperation between ministries and the remainder of the service oriented organizations;
- Strengthening of the social organizations and activities.

5.2. Ageing in a nutshell

Aruba is anticipating in the coming fifteen to twenty years a rapid aging of the Aruban population. According to the census of 2000, Aruba acknowledged 10098¹⁶ senior citizens. From 1991 to 2000 the native population of 65 years and over increased with 55.9%. The next native elderly group, age 55-64 categories, increased with 53.3% while the young population age 15-29 and 30-39 categories decreased in size with respectively 4.0% and 8.7%.¹⁷

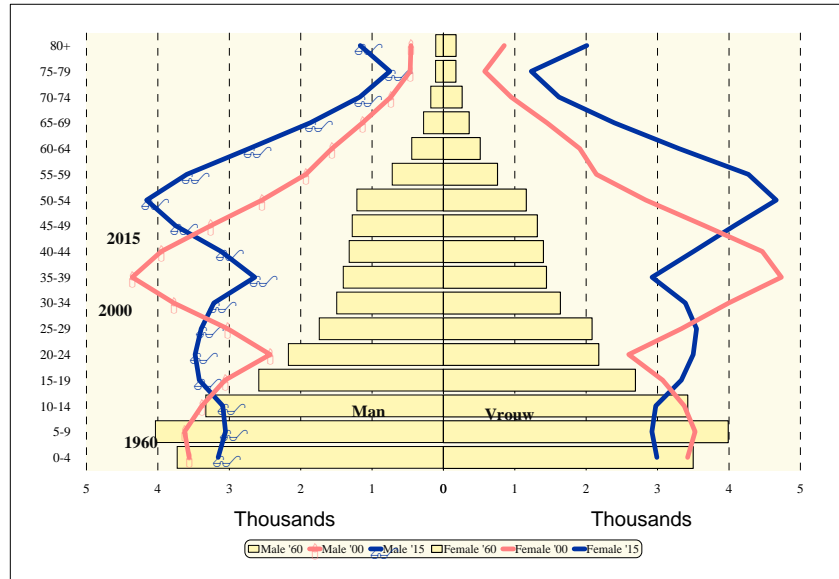
The population pyramid shows the modification in age structure during 1960, 2000 and 2015. The irregular age structure is caused by:

- The huge influx of migrants in specially economic active groups;
- A rapid decrease of fertility in the period 1958-1972, caused by a rather minor amount of persons in the age group 20-35.

¹⁶ Senior citizens are considered persons who have reached 60 years of age which is the legal severance age.

¹⁷ Source: Census 2000 working papers: living condition of senior citizens in Aruba, Central Bureau for Statistics, February 2002.

Population pyramid 1960; 2000; 2015



Bron: Volkstellingen '60, '00; projectie '15

Table 5.1 Ministry of Social Affairs and Infrastructure
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Comm. Loans	Total
Social Affairs									
Extra- and semi-intramural care (Senior citizen Care)		2.000	3.480	1.000	1.000	7.480			7.480
Residential youth & disabled care		642	153			795			795
Department of Infrastructure and Planning (New development)		17.000						17.000	17.000
Department of Public Works									
Material and vehicle	500	500	500	500	500	2.500			2.500
Sewage structural plan AUA	1.000	1.000	1.000	1.000	1.500	5.500			5.500
Sewage structural plan FDA	14.117	5.453	8.380	6.750			34.700		34.700
Land Department									
Automation project DBSYS	367	75	-	60		502			502
land and real estate									
Allocation and preparation	1.000	1.000	1.000	1.000	1.500	5.500			5.500
Acquisition of land and real estate	1.000	1.000	1.500	1.500	1.500	6.500			6.500
maintenance of different Public building	1.500	1.500	1.500	1.500	2.000	8.000			8.000
Land Registry									
Office and graphic automation	149					149			149
Layout Tech./registry work processes digital maps	100	100				200			200
Investments (others)	500	500	500	500	500	2.500			2.500
Total	20.233	30.770	18.013	13.810	8.500	39.626	34.700	17.000	91.326

Source: DEACI

Table 5.2 Investments Road Fund
(x AFL. 1000)

	2003	2004	2005	2006	2007	Gov. Budget	Total
Road Fund (RF)	13.000	13.000	13.000	13.000	13.000	65.000	65.000
Total	13.000	13.000	13.000	13.000	13.000	65.000	65.000

Source: DEACI

Table 5.3 Investments FCCA
(x AFL. 1000)

	2003	2004	2005	2006	2007	Own resources	Comm. Loan	Total
FCCA investment	28.515	28.242	15.395	13.202		85.354		85.354
	19.722	19.516	31.952	33.834			105.014	105.014
Total	48.237	47.758	47.347	47.026		85.354	105.014	190.368

Source: DEACI

6. Ministry of Health and Environment

6.1 Health

The costs of the healthcare system have become uncontrollable and have as a consequence the deterioration of the health situation.

6.1.1 Uncontrollable costs in healthcare

Momentarily, Aruba has a costly healthcare system. Especially the specialist- and medicine costs are enormously high. This is particularly due to the open-ended financing system of the AZV (General Health Insurance System). A fundamental reason is the compensation in the Public healthcare system. The general practitioner yearly will be compensated regardless how often he/she is seeing a patient. The specialists and clinics are compensated on the basis of their performances. This system is suggesting over consumption in the curative special care. The extra mural care is hardly supported. Because of this, the care of the White Yellow Cross is not being paid.

Currently, there is a lack of a Financial Statement Healthcare (FSH). This hampers the process of controlling the costs in healthcare.

Too much emphasis on curative intramural care and less attention for preventive and primary health- and extramural care make the healthcare system costly.

6.1.2 Deteriorating state of public health

The state of public health of the Aruba population has deteriorated. An indication is that the life expectancy in the last 10 years has decreased with 1 year as a consequence of the increased mortality of chronic connected life style diseases (heart-and vascular diseases, diabetes, high blood pressure and cancer).

Aruba still does not register chronic illnesses, such as cancer and diabetes. The existing of these illnesses has to be extracted from research and statistics of the Central Bureau of Statistics (CBS).

According to the census of 2000, the existing of hypertension for persons of 20 years and older is nearly 20%. For diabetes this is 4.5% and it is increasing sharply with age; one in five of 65 years and older has diabetes.

Higher prevailing of chronic illnesses

The problem of chronic diseases such as, heart and vascular diseases, diabetes, hypertension, cancer has different aspects. A person can suffer years from these disorders and during those years can have a high medical consumption: high usage of medicines, specialists care and sometimes long hospitalization with surgical interferences. The other issue is that the quality of life for the individual, as a consequence of these illnesses, will sharply decline. Eventually, this can lead to a decrease of life expectancy.

Supply of care is not properly geared toward the demand for care

Another reason for the deterioration of the public state of health is that the supply of care is not properly geared toward the care requirement. It regards the supply of services as well as of relief workers.

Shortage of personnel

At the moment Aruba is experiencing an acute shortage of personnel in the social service sector. This shortage is noticeable on all levels, in the public sector as well as in the private sector, shortage of staff as well as of executing personnel.

6.1.3 General

The quality of public health should be improved and safeguarded without losing track of healthcare. It goes without saying that involvement of the society at this should be a major part. To reach this an intensive information campaign should be set up and executed.

6.1.4 Policy intentions

In the past years, erosion has taken place in the public healthcare in which the services are likely to blow over and commercialization has made its entry in the public healthcare system. Consequently, the costs in healthcare soared. The minister is planning to change this problem to keep the costs down. To be able to do this, commerce should be reduced to a minimum, the open-end structure should be eliminated and a rapid and adequate control should be established. Investments in material as well as personnel should be implemented in among others, ambulance service, the C.M.R.E. and the public laboratory.

By lacking of financial resources at the public laboratory, insufficient is invested in equipments. In addition to the quality in public health, Aruba also is loosing income due to this. Also the situation, especially with the auxiliary branch in Oranjestad is not adequate.

Special attention should be employed to the quality control. In order to reach this, the separation between the Directorate and the Inspection should take place. In addition to the inspection of medicine, there should be also an inspection of healthcare and inspection for the environment.

6.1.5 Prevention

Prevention is a tool to control costs. With this, the services like the Yellow Fever Prevention, the Department of Epidemiology, Youth Healthcare, and the Department of Infectious Diseases, Veterinarian Service and the Hygiene Department play an essential part. On one hand, the costs for prevention measures appear high but as a consequence of lacking preventive measures they could come out much higher. The Department of

Information plays an important role in the execution of information/educational programs/campaigns with preventive and health promoting goals.

6.1.6 Results of the programs for public healthcare

1. Better controllable costs in public healthcare.
2. Optimizing the Department of Public Health.
3. The availability of epidemiological and health related data is clearly improved.
4. Programs on national level for health promotion are formulated and functional.
5. For a succession of priority disorders screenings and prevention programs are formulated and functional.
6. The education, training and management capacity in the prevention care sector (relief workers and management) are improved.
7. The legislation and regulation concerning public health is adequate.
8. There is an improved infrastructure (facilities and services) with the purpose to provide an optimum care.
9. The integrated multidisciplinary care is better tailored to the demand (minor prevention).

6.1.7 Activities

Better controllable costs in public health

1. Implementing of Financial Statement Healthcare (FSH).
2. Adapting of the compensation system in healthcare.

Optimizing the Directorate of Public Health

1. Developing a clear vision, goals and tasks of the Directorate of Public Health.
2. Setting up a reorganization plan.
3. Setting up a personnel policy and manpower planning and upgrading and recruiting (qualified) personnel, creating incentives for the personnel.
4. Procurement of modern and advanced equipment.
5. Recruitment of a technical assistance and a legal adviser.
6. Setting up an automation policy plan.

Public Health Promotion

The public health promotion is aiming at all activities, also environment aspects, which facilitate the individual to choose for a healthy behavior. By means of interventions the behavior of people will be influenced aiming to rather abolish or at least reduce health problem. At this, one has to take into account other aspects which are affecting the behavior of the person, such as values and knowledge.

1. Health complaints and the general practitioner
2. Immunization
3. Dementia

Modernization of legislation in preventive care and related affairs

To optimize the preventive care, legislation should be adapted. Since the Status Aparte this part of the legislation has not been adapted or completed.

Initiation of integrated and qualitative high homecare for diabetes in the home environment

At the moment the care for diabetes is attended mainly by the general practitioner and the specialist. In this case it is a matter of a care gap: the intramural, specialist care, in the home environment, against the general practitioner. The patients need to look after the monitoring of the disorder (consequences and glucose level) and the administering of medications. Professional care is often called upon in a late stage by which hospitalization have to take place with frequency.

6.2 Environment

Aruba has limited spaces, a limited supply of manpower and is limited in its natural resources.

Evaluation of waste memorandum and concept decree environment management

The first integral waste plan for 1996-2001 was drawn up by the Directorate of VROM. The plan did not contain a time-plan or a budget.

There is lacking of a consistent environment policy together with the corresponding policy instruments for a sustainable development.

6.2.1 Policy Intentions

The policy will pay special attention to a livable island geared toward a sustainable development with the human being as the focus point.

A livable island encompasses a clean island, undisturbed nature, clean beaches and bays, streets and public parks, where the people can walk about, work, relax and rest without health hazards.

The key points to aim for a sustainable development are the establishment of recycling systems, the stimulation of integral separation of waste management, the expansion of energy and water usage, and the usage of clean technology. In addition one has to stimulate production, the use of quality products and environment friendly consumption where account will be taken that no negative effects will be imposed on people, businesses, neighbor countries and future generations.

The goal for sustainable economic development is:

To pursue an integrated policy which forms the foundation for the conservation and consolidation of economic development as well as the creation of new development in harmony with the environment.

The environment goal is: The improvement of the environment quality by solving and managing the total specific problems, which are forming a threat to the environment.

The priority issues are:

1. Waste;
2. Air pollution activities (exhaust gasses)
3. Unpleasant activities (smell, noise and dust);
4. Liquid waste.

6.2.2 Target group

Target groups are people who are carrying out environment damaging activities. These people are better approached individually. Chemical agents are polluting the environment through people activities. Dependent on the agent and the absorbing quantity, this can have negative health effects. Each target group has to be requested to use, for example, clean technology. In addition, the import policy, the production policy and the pattern of consumption need to be adjusted for a better and cleaner environment resulting in a sustainable development. Information campaign will be handled to introduce the replacement of projects and at the same time serve as a base formation to stimulate an environment friendly behavior (positive behavior alternatives).

Nature and environment education as a goal will involve people and at the same time they will be motivated to participate in improving the environment. As well as for schools (kindergarten) as for the National Park Arikok nature and environment education material should be developed to inform and to stimulate young and old for the improvement of the environment. Also for extra curricular activities education material should be developed for groups like the scouts, summer camp groups, voluntary groups and other such groups. A challenge is to come up with an integral plan, which reckons with the guidelines from agenda 21 of the United Nations. Own responsibility of the target groups for a clean and sustainable environment on a national level is a priority. By setting up a national Agenda 21, citizens, businesses and local groups will not only be heard but they will receive own and sustaining responsibility in setting up and executing of the policy.

6.2.3 Areas

Our activities and our usage of chemicals need space or have effects on certain areas, now or in the future. In residential and scenic area (quiet areas) there should not be disturbing and polluting business activities taken place. Certain areas should be protected, while other should be restored as well as organized.

Area oriented environment policy distinguishes itself by differentiating from environment quality objectives. The tourist area has other functions with other quality requirements than a residential area. The environment planning and the environment policy should be well geared to each other to arrange the limited space in an optimum way. Furthermore, the optimum managing of functions can contribute to prevent but also to resolve environment problems such as a golf course in the buffer zone of a nature reserve. A changing in function of an area always does go together with interferences in the physical environment.

Abandon stone and sand quarries should be restored in a polluted control and in a harmonious way with the region. This area oriented environment policy also implies the safeguarding and management of quality improvement of the sea and beaches, containing that sea pollution and pollution of the beaches should be reorganized. The negative effects on the environment can best be limited or tackled by working with goal oriented targets. It is the people who are closely active with the targets that dissociate themselves from the negative effects.

In general, people are willing to contribute to a cleaner environment. At this, the target groups should be better informed by means of information campaign sustained with a public campaign.

6.2.4 Regular Waste

The waste policy from 1996, including the advice of the committee Laclé of 1999 containing that prevention of waste product will be pursued, will be continued. Waste will be gathered in an adequate and efficient manner and will be centrally processed at Parkietenbos. The processing of waste should be as much as possible done according to the “Scale of Lansink”. This scale is a priority list which outlines the sequential for the waste processing. To better regulate the gathering and the separation of waste the waste makers should be put responsible for the produced waste. The households should separate the waste in two waste containers, namely recyclables and not recyclables. For their own waste, the business community should take care of waste according to a closely and carefully waste separation management. If a business puts out a contract the waste removal company, than this company should have a license according to the decree of business waste removal and/or waste transportation. In the transitional phase, by mutual agreement with this registered waste removal company and/or waste transport, the license conditions should be prepared.

At Parkietenbos, a central waste processing plant will be set up, where all refuse which are produced on the island will be processed or preprocessed for export on a environmental protected and economically manner. For new processing plants space will be reserved at Parkietenbos or at an adjacent location.

The following aspects should require due attention:

1. To pass the waste processing costs (also the waste gathering) to the consumers, the actual legislation should be amended.
2. To reduce the risks of public health, the toxic objects are taken care of with special attention. The actual legislation should be amended in such a way that the “Hazel Accord”, regarding transport of toxic waste beyond country borders, should be ratified by Aruba. For asbestos and asbestos containing subjects there is a dump area provided for. For the remainder of waste, which requires special care, a new location will be organized.
3. The lucrative substances will be removed and reused. The expected recycling will close around on used oils, iron (car wrecks, linen, audiovisual equipments and the like), none-ferrochromium metals (copper, aluminum and led), glass, paper and carton. Division from the source makes people more conscious of their waste

- production and delivers better (homogenous) substance for reuse. In 2004, there should be a mechanical division installation and storage facility ready for use.
4. The remainder of objects will be as much as possible divided and saved in a dumping site with all sort of conveniences guarantying an isolated and controlled dumping site.
 5. The new dumping site has a life span of 5 years. Before reaching the end of the life span an alternative refuge processing method must be selected.
 6. Adjacent to the refuge processing method other processing plants will establish and will reuse the secondary raw materials. Due to this, reservation of a location is a prerequisite. The industry location should be available at the same time as the long term plan refuge processing plant in 2006.
 7. Privatization of the Serlimar. The industry activities should be in place.

Modernizing the refuge collecting and processing method to improve the working conditions, will lead to a decreasing of hazards for the public health and the environment.

Activities

- CIWS N.V. develops a long term establishment plan for the central refuge processing plant at Parkietenbos.
- CIWS N.V. executes the Emergency Action Project.
- Drafting of the Decree Environment Management includes a chapter about waste products.
- Set up specifications for dangerous dumping site, mechanical division installation (household and construction and junk waste), dumping site for separated raw materials and compost installation.
- The development of an operational plan for the new processing facility.
- The development of educational material to support the environment policy.
- Organizing of “Plataforma Nacional” to publicly regulate the waste processing on the long term.
- Reservation of location for long term waste processing.
- Privatization of Serlimar.

6.2.5 Effluent

There is an immediate link between the handling and discharge of effluent and the quality of the sea water and the beaches. Discharging of untreated sewage water with too much organic material and fertilizers (eutrophication) can lead to excessive algal growth, decomposition and low-oxygen conditions in the seawater and sea-floor.

Discharging wells of industrial effluent come from among others the oil refinery, the water and power plant and the sewage treatment plant. The household effluent coming from a section of Oranjestad, the tourist corridor and a section of San Nicolas is being channeled through a sewage system. The largest amount of the produced water is processed through cesspools and septic tanks. Approximately 30% is processed at the sewage treatment plant located in Bubali and approximately 6% is dumped unprocessed in the sea. Bacterial research of the seawater shows impermissible high measurements at

the discharge site in San Nicolas. The seawater is monitored to prevent impermissible seawater quality. This seawater monitoring network is providing data for formulation of the seawater quality.

The effluent structure plan is a long term plan to organize and improve the gathering, the transportation, the handling and the reuse of effluent in such a way that keeping in mind the environment and public health the preferred results will be achieved. This will be achieved to eliminate as much as possible the discharge of sewage water into the sea, as much as possible to connect houses and businesses to the central sewage system, the reuse of purified effluent for landscaping, the development of an organization structure for the management and the maintenance of the whole sewage system and the proposal of a sewage tax system. In due course, the government will introduce a levy system to cover expenses of transportation and processing of the effluent.

Activities

1. Executing of the water sport committee report.
2. Drafting of the Public Decree environment management with rules concerning effluent.
3. Determining of norms and sanctions and activity commitments.
4. Formulating of specifications for the renovation and expansion of the actual sewage treatment plant and the construction of a reliable plant at San Nicolas.
5. Developing of a management plan for the new RWZI.

6.2.6 Objectionable activities

The business communities as well as the households are carrying out objectionable activities. That's why that this area of policy together with the zoning planners should be set up in the so called zoning locations. These are locations to which a specific function are assigned with specific quality norms, such as zoning as well as environment hygiene regarding sound pollution, vibrations, dust, smell and risks (explosion, electro magnetic and radio active radiation).

Activities

1. Drafting of the Public Decree environment management with rules concerning objectionable activities.
2. Determining of norms and sanctions and activity commitments.
3. Formulating enforcement policy plan and the execution of such a plan.

6.2.7 Air pollution activities

Major sources of air pollutions are the oil refinery, the water and energy plant and the dumping area at Parkietenbos. Major scattered source of air pollutions is the traffic. It is typically that these air polluted substances together with the oil refinery are coming from combustion activities. The monitoring network will provide data for the formulation of an air quality policy. With these data, purely objective controls are executed and conditions will be coupled to the granting of license.

6.2.8 Legislation and enforcement

The draft public decree Environment Management will be approached based on the following:

1. It is prohibited to pollute, to effect or exhaust the environment, unless exemption is granted which indicates to what extend the negative effects on the environment are allowed or
2. It is allowed to pollute, to effect or exhaust the environment, if a license is granted for this which indicates when the license holder has the obligation to repair the negative effects to the environment.

6.2.9 Regional and International cooperation

There exists a cooperation agreement between the public sanitation departments of Aruba and the Netherlands Antilles, which has the name: “Asosacion pa desaroyo di Maneho Uni di Sushi y Tecnologia” (A MUST). This cooperation aims to stimulate an effective waste gathering and processing. The members of this cooperation are from waste gathering and processing plants and public services.

Table 6.1 Investments Ministry of Public Health and Environment
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Own resources	Total
Public Health									
Health Promotion (information campaign)	600	200	200				1.000		1.000
Screenings- and prevention programs	400	200	200				800		800
Research and integration information sources	200						200		200
Modernizing of legislation for prevention	200						200		200
Development of integral/qualitative homecare diabetics	390						390		390
Expansion PAAZ (building and furniture and fixture)	2.750						2.750		2.750
Centro Medico San Nicolas (CMRE building)	7.968						7.968		7.968
CMRE (furniture & fixture)	500	400				900			900
Public Laboratory (special material)	200	200	200	250	250	1.100			1.100
Department Public Health (exchange)	125					125			125
Environment									
Monitoring network	600	300	300				1.200		1.200
Beach problem			1.000	1.000			2.000		2.000
Information campaign	400	300	300				1.000		1.000
Waste processing	10.000	10.000	10.000				30.000		30.000
Serlimar (Garbage trucks and containers)		5.000				5.000			5.000
SVB, new building	24.000							24.000	24.000
Investment others	500	500	500	500	500	2.500			2.500
Total	48.833	17.100	12.700	1.750	750	9.625	47.508	24.000	81.133

Source: DEACI

7. Ministry of Labor, Culture and Sport

7.1. Labor market development

Below, some aspects will be described which will provide an understanding in the dynamics of the labor market.

Growth of the working population and labor participation

The population increased between 1991 and 2000 with 35.72%, mainly through immigration. The working population (persons 15-65 year) increased with 37.4% in mentioned period (from 45563 in 1991 to 62637 persons in 2000), while the amount of employed in the ages 15-65 year increased with rather 43.65% (respectively 28740 to 41286 persons).

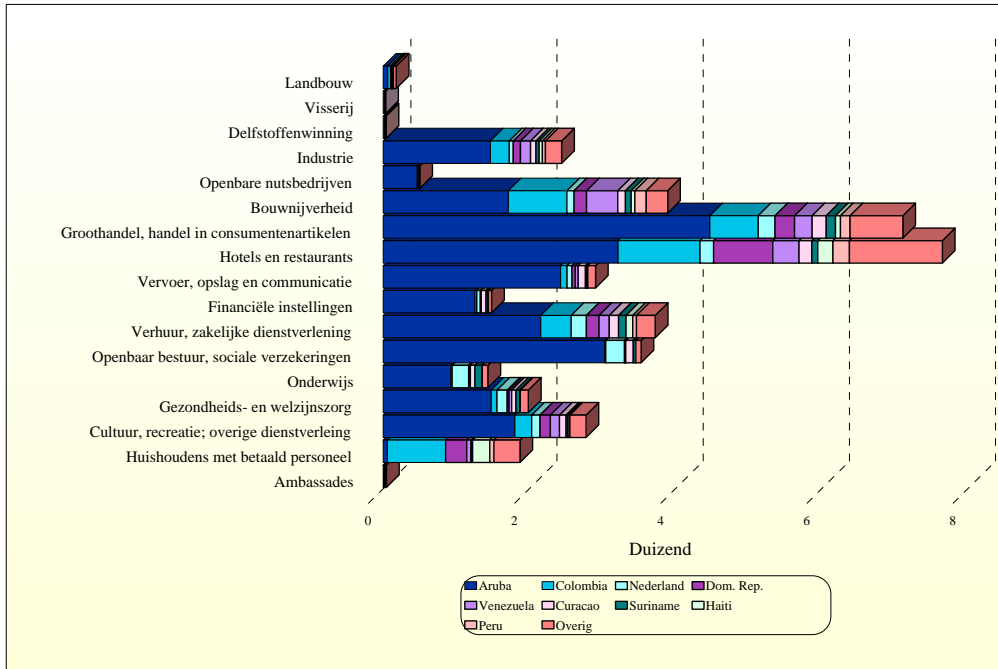
On the other hand one can observe that the amount of unemployed increased slightly in this period: from 6.1% in 1991 to 7% in 2000. Especially among women and in particular foreign women the unemployed figure is relatively high (9.3%).

The economic active population (employed and job-seekers) increased with 45.03%. In 1991 there were 30606 persons economic active, of which 28740 employed and 1866 unemployed. In 2000, 44384 belonged to the economic active population, of which 41286 employed and 3098 unemployed.

Not active population increased with 20.7% (from 14780 in 1991 to 17840 persons in 2000). There were also changes taken place within the not-active group. A steady share is being created by students. Therefore, the reason should be sought in a higher degree in schooling participation. This was in 1991 72.8% and 80.9% in 2000.

Economic sectors

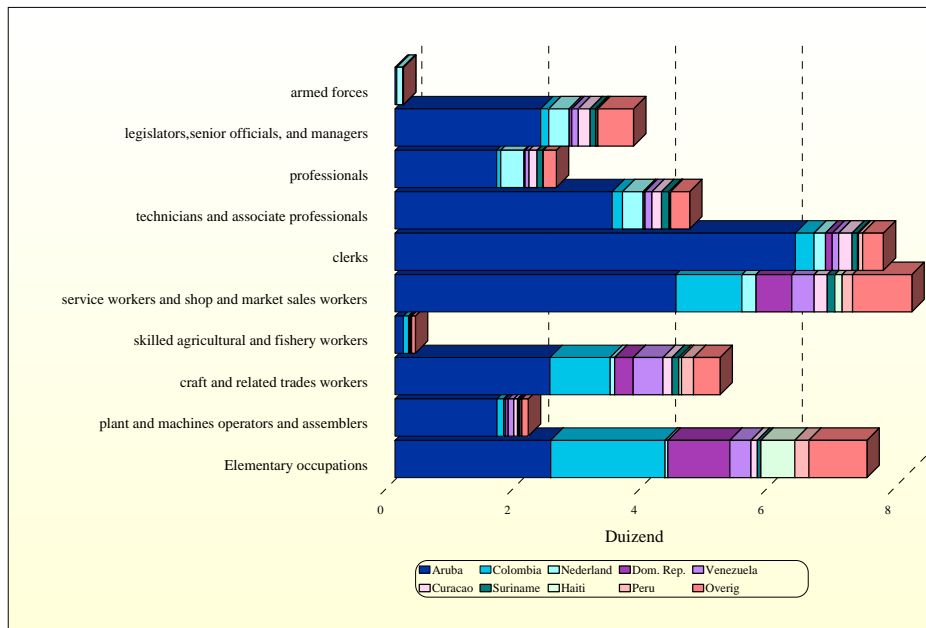
The hotel and restaurant sectors are the most vital economic sectors, with 7651 employees. This represents 17.2% of the economic active population. The sector wholesale and retail business is in the second place with 7112 employees (16% of the economic active population), followed by the construction industry with 3892 employees (8.8% of the economic active population).



Bron: Centraal Bureau voor de statistiek

Execution of Professional Duties

The distribution levels by function of the working population according to the ISCO-code of the ILO indicates that the most important category is service, store attendants and sales persons with 8146 employees (18.4% of the labor market). This category is immediately followed by office clerks with 7697 (17.3% of the labor market), and street vendors, security personnel and cleaning services with 7299 employees (16.4% of the labor market).



Bron: Centraal Bureau voor de statistiek

Since there is a direct relation between the skilled level and the required preparatory training, one can derive that 52% of the active population do their activities with a preparatory training, which is not higher than the secondary education.

Training level

In 2000 the economic active working population consisted out of 41286 people. The majority of the working population, namely 16744 persons (40.5%), has a training level equivalent to the EPB (Basic Professional Education), the ETAO, the MAVO, first three years of the HAVO and the VWO and 11123 persons (27% of the economic active working population) have a training level which is equivalent to the basic education. In addition, 4432 persons (10.7% of the economic active working population) have training level equivalent to the EPI (Advanced Professional Education), The MAO, The Aruba Hotel School (Associate degree), the nurse training and the MOVAA.¹⁸

¹⁸ Source: Census 2000, Central Bureau of Statistics

Monthly Gross Income

From the Census 2000 it turns out that 18% of the working population has a monthly gross income of between AFL 951 to AFL 1.500 and 20.8% between AFL 1.501 to AFL 3.000 and 6.2% between AFL 3.001 to AFL 4.500.

If we relate the income to the function level than there is a strong correlation between the height of the income and the execution of the profession. The relationship between the function level, the execution of the profession and the gross monthly income makes it clear that the disposable income can be positively influenced by the increase in the training level of the working population. At present the highest function levels (managers, technicians, legislators and professionals) disproportionately are exercised by foreigners from industrial countries.

The unemployed¹⁹

During 1991 to 2000 the level of unemployment is fairly constant and fluctuates between 6 and 8%.

The majority of the working population, namely 57.4% consists out of people which for the first time are seeking for a job or are seeking for a job after being non-active for about a year.

Foreigners

The working population consists out of 41286 people, out of which 40.9% are from abroad.

From these foreigner workers, 27.6% are working in the hotel and restaurant sector, 20.3% in the rental and commercial services, 15.6% in the whole and retail sector and 14.7% in the construction industry sector²⁰.

7.2. Government Policy Ministry of Labor, Culture and Sport

The government has the following goals:

- Restructuring the Directorate of Labor
- Evaluation privatization of the Postal Services
- Optimizing services of the DLVV
- Promoting participation of sport and the establishing of sport legislation
- Reorganizing the project bureau of the Parke Nacional Arikok
- New policy in the area of the Aruban culture after the summit “Cumbre Nacional pa Cultura”

7.3. Sport Affairs

The government is concerned that sport in general and exercise are very vital. Her policy is geared toward:

- The promoting of sport participation among the youth.

¹⁹ Among the unemployed is meant, persons without a job, at present is seeking for a job and also long term job seekers

²⁰ idem

- The improvement of the state of public health
- Training and giving of refreshment courses to instructors, trainers and sport leaders.
- The improvement sport facilities, especially fitness centers and sport halls
- The reactivation of the counsel for Sport and Fitness Education.
- The establishment of cooperation between The Aruba Sport Unie and the Comité Olimpico Arubano.
- The establishment of sport legislation in the short term.

7.4. Cultural affairs

The goal here is “to propagate the culture of Aruba as the national identity, to further develop and consolidate this and to stimulate the socio-cultural awareness”. Furthermore, the policy will gear toward:

- Maintaining the Aruban cultural legacy.
- Promoting the participation of the multi cultural society in several cultural expressions and to support the correspondent organizations.
- Doing scientific research and the commitment of scientific publication for the qualification, standardization, assessment and the stimulation of the cultural values.
- Developing an infrastructure for the cultural sector to support, among others, the tourist sector.
- Maintaining national and international contacts in connection with information exchange, exhibitions and other cultural manifestations.

These goals will be realized through:

1. Information and promotion.
To transmit via radio and television educational/cultural programs, prepare additional research in the field of cultural policy, participate in cultural seminars and conferences on national and international level. Seeing the necessity to communicate more with the youth about culture, the youth culture in particular, a “Youth Summit” in cooperation with the Netherlands Antilles will be organized.
- 2 Organizing expositions, lectures workshops, theater-development and theatrical and musical forming.
- 3 Promoting of cultural events and national holiday.
- 4 Subsidizing of several foundations.

A summit called “Cumbre National pa Cultura will take place in which all cultural instances will establish guidelines for a new policy for the Aruban culture.

A national museum will be accommodated in the restored Ecury building. This project will be financed by the 8th EDF.

7.4.1 Monument Affairs

The goal is to come up with a management process to preserve monuments. At present the preparation to restore the Ecury building into a national museum is taking place. Other projects are the restoration of the two water towers and the National Audit Office.

Results

The Aruba population will become more aware of monuments. More monuments should be protected and restored.

Activities

- Modification of the Monument Decree.
- Subsidy policy should be established.
- Indication of monuments.
- Restoration of monuments.
- Financial input to protect and to restore monuments
- Increase management personnel.

The Subsidy Ordinance should be executed. The monument policy should be established. The external agencies should be cooperating with the Monument's office. Financial input is a must.

Table 7.1 Investments Ministry of Labor, Culture and Sport
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	EDF	Comm. Loan	Total
Consultancy	500						500		500
Arikok National Park									
-Roads		5.000					5.000		5.000
- Park Center			3.000				3.000		3.000
National Museum		4.000	3.500				7.500		7.500
Arikok National Park(Procurement of structures and land)	424					424			424
LVV	150	150	250	150		700			700
Building Plaza Cultural		4200						4200	4200
Investment (others)	500	500	500	500	500	2.500			2.500
Total	1.574	13.850	7.250	650	500	3.624	16.000	4.200	23.824

Source: DEACI

8. Ministry of Education and Administrative Affairs

8.1 Education

In 1991, the population in the 0-24 age category consisted of 25177 people, of which actually 17220 (68.4%) were children of school age. In 2000, the population in the 0-24 age category consisted of 32040 people, of which 23387 (73% of total population) were children of school age.

Illiterate persons²¹

In 2000, the population 14 years and older consisted of 70927 people of which 2270 (3.2%) are illiterate. In spite of the fact that Aruba has a relatively small amount of illiterate persons, it is recommended to pay attention to this very delicate issue by means of refresher courses. Illiteracy is predominantly among Aruban men.

School going population

From table 8.1 and 8.2 one can conclude that the total amount of children who are attending primary school increased during the last ten years from 7369 in 1991 to 9347 in 2000 which correspond with a growth of 31%.

Table 8.1 School going population 1991

All ages	Male	Female	Total	Total in %
Kindergarten	1.965	1.734	3.698	21
Primary school and special education	3.802	3.567	7.369	43
MAVO, HAVO 1-3, VWO 1-3, EPB, ETAO, AHS (lbo), EPI 1-2 (High School)	2.347	2.341	4.688	27
HAVO 4-5, VWO 4-6, MAO, AHS (associate degree)	537	629	1.166	7
MAO, AHS (associate degree)	101	44	145	1
IPA, Universiteit van Aruba (associate degree)	16	63	79	0
Universiteit van Aruba (law degree)	19	17	35	0
unknown school	20	20	40	0
Total	8.807	8.415	17.220	100

Source: Census 1991, Central Bureau of Statistics

Table 8.2 School going population 2000

All ages	Male	Female	Total	Total in %
Kindergarten	2.536	2.370	4.906	21
Primary school and special education	4.780	4.567	9.347	40
MAVO, HAVO 1-3, VWO 1-3, EPB, ETAO, AHS (lbo), EPI 1-2 (High School)	3.047	2.976	6.023	26
HAVO 4-5, VWO 4-6, MAO, AHS (associate Degree)	484	761	1.245	5
MAO, AHS (associate degree)	616	680	1.297	6
IPA, Universiteit van Aruba (associate degree)	71	250	321	1
Universiteit van Aruba (law degree)	9	25	35	0
unknown school	108	105	213	1
Total	11.651	11.734	23.387	100

Source: Census 2000, Central Bureau of Statistics

²¹ An illiterate person is someone who is not able to read or write a simple text.

In the year 2000, 680 women attended secondary professional training compared with 616 men. In the higher professional training and at the university educational level, 275 women attended compared to 80 men.

Diplomas obtained

In 1991, 13.9% of the population did not follow an education (ISCED²²-0) and in 2000 this was 9.3%. In addition, in 1991, just about 36.7% of the population did attend primary school and in 2000 this amount was of 33.7% (ISCED-2). A majority of the population 15 years and older (30.1%) did receive a diploma at ISCED-2 level (Basic Vocational Level, etc.) in 1991. This percentage increased to 34.3% in 2000. Only a minority of the population, 15 years and older had a diploma to their disposal at intermediate vocational level. This represented 4.3% and in 2000 this was 6.1%. From the afore-mentioned, one can conclude that in 1991 as well as in 2000, the majority of the population, respectively 81% and 77.3%, had an educational level which was equal or less than ISCED 3 (MAVO, HAVO and VWO the first 3 years). The proportion of the population who had a diploma at ISCED level 5, (Secondary education) is relatively small. Since 1991 there is an improvement at the level of secondary professional education. The amount of persons who obtained a diploma at that level was of 8.2% in 2000. In 1991 this was still 5.6%. In 1991, 9.4% of the population 15 and older had an HBO (higher vocational education) diploma (ISCED 6 or 7). In 2000, this percentage decreased to 8.5.

Women

There are more school-going women than men at the level of Havo 4-5, Vwo 4-6, Mao 1-2 and the Aruba Hotel School 1-2 (associate degree), the Police College and the first 2 years of the nursing training at the hospital and at higher educational levels. During the past years 65%²³ of women obtained a study loan.

A total of 95.7% of women teach at day care centers, pre kindergarten and kindergarten. At primary school this is 73.3%, for the secondary education this is 48.8% and at higher professional education this is 42.9%.²⁴

Student-teacher ratio

For each 26.5 pupils at the day care center, at the pre-kindergarten and kindergarten there is one teacher. At the primary school the ratio is 21.5 pupils to 1. For special education, 5.1 to 1, for the EBP 11.8 pupils to 1, at the Mavo the ratio is 18.3 to 1 and for the Havo/Vwo, 18.7 to 1 teacher.

8.2. The Education policy 2003-2007

The Census 2000 indicates that 47% of higher vocational education and 53% of the higher educated persons are foreigners. For this reason the goal for education is “mas y miho enseñansa” (more and better education). Although the budget for education has

²² ISCED is the abbreviation of International Standard Classification of Education.

²³ Source: “The people of Aruba, Continuity and change, Census 2000 Special Reports,” Central Bureau of Statistics, February 2002.

²⁴ “Enseñanza na Aruba 2000-2001,” Directorate of Education.

increased, the percentage share of the expenses for education remains under the UNESCO-level which is 6% of the GDP. The available resources are directed for projects in vocational training and for the underprivileged.

Table 8.3 Overview Education Budget in Relation to the Gross Domestic Product for the period 1997-2000

Budget Education	Current account (x AFL. Million)	Capital investment (x AFL. Million)	Total budget/GDP (%)
1997	102,5	20,4	4,17
1998	104,9	37,1	4,59
1999	121,2	14,3	4,16
2000	126,2	31,9	4,75

Source: DEACI

Much attention is being paid to the innovation of the education. The education policy is geared toward:

- The expansion of education facilities
- The elimination of the inequality opportunities in education
- The stimulation of the quality in education

In the first place, the policy aims to improve the quality and is specially based on the following documents:

- “Renovacion di enseñansa. Prioridad pa futuro” (“Renovation in education. Priority in the future”)
- “Het pedagogisch instituut. Een nieuw instituut voor de scholing van onderwijsgeevenden op Aruba”, and (The teacher’s academy. A New academy for education of teachers in Aruba).
- “Pa un enseñansa bilingual na Aruba. Nota di maneho pa introduccion di Papiamento den enseñansa na Aruba”. (“For a bilingual education in Aruba. A management document to introduce Papiamento in the educational system in Aruba”).

The following projects should support the policy on educational reform.

- “The new Instituto Pedagogico Arubano”,
- The “Educacion Profesional Basico (EPB)”,
- The “Educacion Prefosional Intermedio (EPI)”,
- The renovation in the secondary education,
- The renovation of the kindergarten, primary and special education called, “Proyecto Inovacion di Enseñansa Preparatorio y Enseñansa Basico (PRIEPEB)”.

Furthermore, the aim is to:

- Eliminate the shortage of local teachers at the kindergarten and elementary education-level by offering training on the basis of the restructure of the secondary educational system and to improve the quality of the teachers by means of the council of the Higher Vocational Education.
- Adapting the program of the lower vocational training to adjust to the needs of the students to the changing opportunities in the labor market and to create the possibility for further training for graduates.

- To expand and to adapt to the secondary vocational training (EPI).
- To carry out the new curriculum for the groups of 12 and 15 years of the secondary education.
- To modernize the kindergarten and the elementary education and to introduce Papiamento into the education system.
- To consolidate, expand and internationalize local programs at the higher educational level and to merge the IPA with the University of Aruba.
- To stimulate study possibilities in the region.
- To improve adult education by improving the quality of the programs and the possibilities for a public-private partnership in the amount and financing of the programs.

Table 8.4 Investments Ministry of Education and Administrative Affairs
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Total
Education								
Introduction General Advanced Education basic-cycle by Aug 2003	1.720					1.720		1.720
Construction/layout Public kindergarten school at Sabana Basora		2.494				2.494		2.494
Construction/layout Public primary school Sabana Basora			2.414	3.000		5.414		5.414
Construction 2nd phase and layout Colegio Conrado Coronel	1.770					1.770		1.770
Construction/electric installation and layout Sagrado Corazon	1.800					1.800		1.800
Painting temporary classroom and renovation Maria College	2.075					2.075		2.075
Upgrading Elec. Inst. Colegio Arubano	545					545		545
Renovation elec. Installation of several schools	500					500		500
Layout and teaching aids expansion schools	329					329		329
Construction, restoration existing schools		1.000	1.500	2.500	3.250	8.250		8.250
Procurement of layout for different schools		500	500	750	750	2.500		2.500
Procurement equipment for different schools		250	250	250	250	1.000		1.000
Expansion/replacement equipment			500	500	500	1.500		1.500
Implementing EPI	26.697						26.697	26.697
Additional provisions for unprivileged		4.000	5.000	6.000			15.000	15.000
Total Education	35.436	8.244	10.164	13.000	4.750	29.897	41.697	71.594
Public Library		250	150			400		400
Public Archive		100	200	125		425		425
National Historic Archive		100	158			258		258
Directorate of Information and Automation	1.300	1.000	1.000	1.000	1.000	5.300		5.300
ICT regarding services & MIS	2.500	2.500	3.000	3.000			11.000	11.000
Investments (others)	500	500	500	500	500	2.500		2.500
Total	39.736	12.694	15.172	17.625	6.250	38.780	52.697	91.477

Source: DEACI

9. Ministry of Finance and Economic Affairs

9.1. Department of Economic Affairs, Commerce and Industry

The economic policy aims at stimulating a sustainable economic development. Priority is to stimulate the economic growth and to control the cost of living and also the realization of the public investments. The labor market will be closely followed. All possibilities will be explored to maintain the employment situation. At the same time there will be efforts done to increase the productivity and to stimulate the private investments.

Tourist data indicate that the capacity of the actual room supplies has been reached and leave less space for further economic growth. If this growth cannot be activated through other economic activities than one should consider to invest in the tourism sector as this is still the only sector which offers growth perspective possibilities in the short term. In the long term all the possibilities will be attempted to come with a more diversified economy although past experiences have shown that this goal is not an easy way to go.

Although the Aruba economic structure in principle is based on the free market mechanism, nevertheless for some amount of products which represent the primary necessities of live, a maximum selling price is determined. In this way, in addition to more economic instruments, it is a contribution to fight the inflation and at the same time the unprivileged in the Aruba Society are protected against disproportion price increases. It is the idea to expand the package of the controlled items and to sharpen control on observation of price regulations. The establishment policy for companies will remain geared toward maintaining of the economic dynamics, at which the necessary space will be created for the establishment of new and innovated companies. The Chamber of Commerce and the Aruba Trade and Industry Association (ATIA) are struggling for a more stringent policy. They are of the opinion that saturation has occurred in many trade sectors at which point they would like to limit the amount of establishments. The government is likely to maintain a more liberal establishment policy. The government is of the opinion that the rights of the citizen to start a company should not be limited and that it is important to give newcomers a fair chance to enter the market. After all, newcomers are important for innovation in the production process. Furthermore, the positive effects from the competition are in the advantage of the customer. Also one should take care that established and still to be established companies should keep to the safety, environment and health requirements and other important legislation. The control aspects on these matters will be intensified.

The importance of tourism in the Aruba Economy has as a consequence that business closing time becomes more flexible. This is satisfying the need of the tourist sector sufficiently while also the local population is making use of the flexible closing time more often. Consequently the tourist expenditure and also the domestic consumption spending are showing an increase. Initially, it was mainly the stores in the hotels and the supermarkets that were using the flexible closing time but now one can observe that

additional businesses are also making use of the situation. Another regulation to this situation is being studied.

In view of a more responsible expansion of the Aruba economic activities, the policy for further diversification of the Aruba economy will be continued. The small scale of the Aruba economy and the fact that this is very open, make the attempts on diversification unsuccessful so far. Presently, the attention is mostly geared toward the possibilities of the international financial service and telecommunication and also the possibilities in the area of information technologies and e-commerce.

Regionally, Aruba has joined the Association of Caribbean States (ACS) in 1999. In this forum efforts are being done to cooperate in the area of tourism, foreign trade and international transportation. The association with the ACS can be of importance for an eventual association with the Free Trade Area of the Americas (FTAA) in the long term.

The Department of Economic Affairs Commerce and Industry (DEACI) is coordinating all projects which are financed by the E.O.F., the F.D.A. and the U.N.D.P. The public investment policy will be executed on the basis of the National Development Plan.

The National Development Plan has a total view of the investment plans (included the Dutch and the E.D.F. supports) of the government. After the 8th E.O.F. there will be no European funds available and the Dutch Development Aid is programmed until 2010.

9.2. Central Bureau of Statistics

The Central Bureau of Statistics has compiled the following statistics:

- The system of the National Accounts
- The system of the Economic Statistics
- The system of the Social – Demographic statistics
- The Geographic Information system of Aruba

The supply of statistics should further be developed.

In order to be able to utilize the situation, the bureau should further be reinforced with the necessary means such as pc's and peripherals and capable trained personnel. In addition, the necessary financial resources should also be available.

The result will be a complete system of relevant statistics on different subjects to support the policy and planning.

The following research program will be conducted:

- | | | | |
|------|-----------------------------|------|---------------------------------|
| 2003 | - Population research | 2004 | - Budget research |
| | - Business count | | - Education statistics |
| | - Cost structure Survey | | - Labor Force Survey |
| | - Aruba Migration Survey | | - Government Finance Statistics |
| | - Tourist Satellite Account | | - System of price statistics |
| | - Population projection | | |

- 2005 - Labor Market Satellite 2006

- Labor Force Survey
- Health statistics
- Labor Force Survey

The CBS is working closely with other bureaus in the region. The CBS will also cooperate closely with the Netherlands Antilles and will attempt to involve the Netherlands in this cooperation.

9.3. Policy of the Tax Department 2003-2007

In the government program there are also spearheads defined: modernization and simplification of the tax legislation, association to new development such as the NFR (New Corporate Tax) and the OECD harmful tax competition, shifting of the direct tax pressure to the indirect taxes, improvement of the operational administration and modernizing of the information technology.

The project “Automatisering Belastingdienst” (Automation Tax Department) is geared toward the clientele, the increasing of the efficiency, the strengthening of control capacity, and the improvement of information service.

Policy of the Tax Collector 2003-2007

The Office of the Tax Collector is responsible for the levying of taxes and premiums and the registering of deeds. This office is attempting to execute these tasks as correctly and timely as possible and with this providing a good service to the general public.

A timely assessment notice and a good service are contributing to increase the compliance of the taxpayers, in which the levying and the collecting process can be carried out in a rapid and a more efficient way.

A good functioning automated system contributes to a good administrative information.

9.4. Inspection of Import Duties and Excises

The Custom Department is responsible for the movements of goods from abroad. From way back this task is focused on the collection of custom rights and other taxes on imports and to carry out control on exports/transits. In this way the products to be imported, for example, for public health, for the environment and for safety aspects are controlled. The intercepting of high crime goods (among others drugs) contributes to the protection of the quality of the society.

The Custom Department is subject to big changes by the different internal and external developments. The attempt of the Custom Department is to renew the legislation to get a uniform harmonized System for tariffs and to introduce a General legislation concerning the Custom Department. A major appeal is being made to the Custom Department to contribute on the implementing of none-fiscal measures. To handle this challenge, optimum utilization of information technology should be attempted. Increasingly, custom processes should be done electronically.

9.5. Directorate of Finance

The goal of the Directorate of Finance is: to care in a transparent way for the legitimacy, the efficiency, and the effectiveness of the financial policy and management²⁵. The resulting statement deriving from this is that the Directorate of Finance besides the authority which the department exercises from her legislative points of view, to a certain degree is also a service oriented organization which has to deliver a good quality product in a consumer-oriented manner.

The responsibilities are:

- The coordination and the realization of the national budget with the subsequent amendments; monitoring the budget proposals of the other ministries; Actively carrying out consultations with concerned ministers and support them as much as possible;
- To care for the internal and external financial reporting. This concerns the annual national accounts as well as the periodically reporting to the government, the Directorates/Public Services and external agencies.
- Advising the minister(s) and department directors, solicited or unsolicited, on financial-economic affairs. On the basis of article 6 of the Accountability Decree, the Directorate of Finance advises the minister of Finance on financial and economic matters regarding the policy propositions to the Parliament.
- To take care for a appropriate control of received and outgoing flow of funds with the exception of the collection of taxes.
- To supervise, on behalf of the minister, the budget execution and to report periodically to the minister.

The Directorate needs the necessary tools in order to directly control the financial activities in a proper way.

To execute the public activities the staff is using an automated information system with its shortcomings, which is impeding an adequate (correct, timely, completely) issuing of internal as well as external administrative information. Within the framework of increasing the quality of management, improvement should take place in guiding and control of the public activities/processes. Consequently, the following results will be achieved: timely issuing of the national accounts and budget, periodically reporting and the execution of a better financial administration. The replacement of hard and software is a must to guarantee and optimum management. Another control and guiding instrument is the training of personnel. In order to improve the functioning of the Directorate, a training policy should be proposed and implemented.

9.6. Port development

The government has not yet decided if the commercial port (APA N.V.) will move from the actual location. Relocation will create the possibility to expand and modernize this port for cruise tourism purposes (AFL. 7 million).

²⁵ Source: Concept basic document, “Visie, Missie en Kerntaken Directie Financiën” April 23, 2002. Within the framework of actualizing project Directorate of Finance

The Public Decree free zone 2000 took effect as per September 2001. The master plan for the free zone is approved in 1998. The investments to develop the free zone at the Barcadera location amount to AFL. 40 million.

Table 9.1 Ministry of Finance and Economic Affairs
(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Gov. Budget	FDA	Comm. Loan	Own Resources	Total
Department of Finance										
Actualizing Technical infrastructure	400			200		600				600
Department of Taxes										
Actualizing ICT–infrastructure	200			500	500	1.200				1.200
Reorganization of Tax Department	7.750						7.750			7.750
Inspection import duties and excises										
X-ray scan equipment			280			280				280
Central Bureau of Statistics										
Support Population committee Aruba	250	250	260				760			760
Dispatching- training- and exchange programs	400	200	200				800			800
New building Minister of Finance	28.700							28.700		28.700
Investment (others)	500	500	500	500	500	2.500				2.500
APFA building	12.000								12.000	12.000
Free Zone Aruba N.V.								40.000		40.000
Total	50.200	950	1.240	1.200	1.000	4.580	9.310	68.700	12.000	94.590

Source: DEACI

10. Investment priorities

The National Development Plan describes the capital investments of the government. The investments are determined on the basis of the following criteria:

1. the financial capacity of the public finances
2. the absorption capacity of the economy.
3. criteria for priorities

1. The financial capacity of the public finances

The economic-financial policy of the government is intending to reach a balance budget in 2007 based on the following arrangements:

- A yearly decreasing standard deficit;
- The standard deficit will be completed with a fixed scope of expenditure and a yearly spending pattern;
- At a certain point the available budget leeway is yearly determined. Amendments accordance article 14-procedure of the Accountability Decree should occur within this scope;
- Investments occur on the basis of the NDP.

In table 10.1 the situation is indicated as per June 2002 and the projections at unmodified policy. In table 10.2 this situation is adjusted on the basis of the new policy.

In the 2002 the different proposals on public cutbacks were not implemented. Setbacks also occurred at the introduction of the proposals to optimizing the tax receipts.

Table 10.1 Basic overview, unchanged policy

Public Finance (in AFL. Million)	Department of Fin. 2002	Projection Department of Fin. 2003	Projection Department of Fin. 2004	Projection Department of Fin. 2005	Projection Department of Fin. 2006	Projection Department of Fin. 2007
1. total receipts	792,7	869,4	871,2	890,1	908,1	925,0
2. total expenditures	940,0	1.003,6	1.018,5	1.053,4	1.075,6	1.105,5
3. Net credit loan	-2,0	39,4	36,9	34,2	32,1	30,3
4. Finance balance (1-2-3) deficit (-) / surplus (+)	-145,3	-173,6	-184,1	-197,5	-199,6	-210,8
5. Finance balance in % GDP	-4,1	-4,7	-4,7	-4,8	-4,7	-4,7
6.gross debts (per ultimo) (excl. Guarantee obligations)	1.265,3	1.438,9	1.623,0	1.820,5	2.020,2	2.231,0
7. Gross debts in % DP	36,0	38,7	41,5	44,4	47,3	50,2

Source: Report Vision, Curashi y Disciplina (Vision, Courage and discipline) of the Minister of Finance and Economic Affairs

Table 10.2 Basic overview, changed policy

Public Finance		Projection	Projection	Projection	Projection	Projection
(in AFL. Million)	Dir. Fin.	Dir. Fin.	Dir. Fin.	Dir. Fin.	Dir. Fin.	Dir. Fin.
	2002	2003	2004	2005	2006	2007
1. total receipts	792,7	944,4	950,1	972,7	994,2	1.014,6
2. total expenditures	940,0	999,6	1.010,3	1.036,8	1.054,4	1.079,5
3. Net credit loan	-2,0	39,4	36,9	34,2	32,1	30,3
4. Finance balance (1-2-3)	-145,3	-94,6	-97,1	-98,2	-92,3	-95,3
5. Finance balance in % GDP	-4,1	-2,5	-2,5	-2,4	-2,2	-2,1

Source: Report Vision, Curashi y Disciplina (Vision, Courage and discipline) of the Minister of Finance and Economic Affairs

2. The absorption capacity of the economy

Table 10.3 Investments 1995-2002

	1995	1996	1997	1998	1999	2000	2001	2002
GDP (AFL. Mill.)								
Nominal GDP	2.364	2.470	2.742	2.981	3.087	3.326	3.381	3.357
Nominal growth (%)	6,1	4,5	11,0	8,7	3,6	7,7	1,7	-0,7
Real GDP	2.362	2.393	2.579	2.751	2.786	2.886	2.851	2.743
Real GDP	2,5	1,3	7,8	6,7	1,3	3,6	-1,2	-3,8
Private Investments (AFL. Mill.)	613,5	589,4	702,1	811,6	811,6	755,3	654,2	703,3
Public Investments (AFL. Mill.)	55,8	58,2	71,5	40,0	16,3	46,6	20,6	17,2
Furniture and Fixture	66,5	55,6	56,0	93,3	61,35	37,16	37,8	36,7
Total Investments (AFL. Mill.)	735,7	703,2	829,6	945,0	889,3	839,0	712,6	757,3
% growth investments	19,2	-4,4	18,0	13,9	-5,9	-5,6	-15,1	6,3
Private Investments as % GDP	26,0	23,9	25,6	27,2	26,3	22,7	19,4	21,0
Public Investments as % GDP	2,4	2,4	2,6	1,3	0,5	1,4	0,6	0,5
Total Investments as % GDP	31,1	28,5	30,3	31,7	28,8	25,2	21,1	22,6

Source: DEACI

During 1990-1994 total investments were on an average of 30% of the GDP and the growth of the GDP was 13%. In said period the government has yearly invested an average of AFL. 57 million (3.3% of the GDP). During 1998-2002 the investments had an average of 25.8% of the GDP and the growth was an average of 4.2%. The government invested 28.2 million AFL. (0.8% of the GDP).

The economic policy is aimed to a sustainable economic development. One is pursuing a growth between 5 and 8% nominal of the GDP.

The government will invest approximately AFL. 60.9 million in office buildings (Ministry of Finance and Economic Affairs, Ministry of Justice and the Ministry of Social Affairs and Infrastructure) by means of commercial loans.

Through the public budget approximately AFL. 181.4 million (including AFL. 65 million for the road funds) will be invested. Yearly an amount of about AFL. 13 million will be invested in roads, which amount will be deposited from the public budget to the road funds. From the resources of FDA (Development Fund Aruba) an amount of approximately AFL.189.9 million will be invested, and by means of the 8th EOF AFL.16 million will be invested. This means a total of AFL.387.3 of public investment during the period 2003-2007.

3. Criteria to set priorities

1. Economically and socially cost-effective
 - a. Projects which are profitable
 - b. Projects which are profitable after two years
 - c. Projects which are socially cost-effective
2. Operating costs
 - a. Projects which remain within a margin of 10% increase of the overhead costs
 - b. Projects which remain between 10 to 40% increase of the overhead costs
 - c. Projects which represent more than 40% increase of the overhead costs.
3. Urgency
 - a. Urgent projects at which urgency determined the danger threatening the population if the project is executed
 - b. Projects which are urgent on the basis of importance for the community
 - c. Projects which are urgent on the basis of decisions of the minister(s).
4. Important sectors
 - a. Public health
 - b. Education
 - c. Infrastructure
 - e. Social sector

Determining priorities

The wish list of the different ministries came to AFL. 461 million (excluding public buildings, FDA, EOF and WF) for the period 2003-2007 and is on the basis of the determined criteria reduced to AFL.181.4 million.

At the determining of the investment projects is considered that:

1. Each ministry receives Afl.500.000 yearly;
2. The DIA receives AFL.1 million for automation projects yearly;
3. All infrastructure projects (roads, renovation, bridges etc.) will be financed by means of the road fund;
4. The land Administration Department (DIP) receives AFL.1.5 million for maintenance of public buildings;

5. The constructions of public buildings are costing AFL.105 million which amount has not been taken in the priorities.

Ad 1) This amount is aimed at the financing of small projects and small incidental projects

Ad 2) The DIA will invest this amount on behalf of all other departments/public services according to the determined criteria in the budget guidelines.

Ad 3) The road fund receives AFL.13 million. The Public Works (DIP/DOW) will determine the priorities on basis of:

- The most economically important roads
- The traffic safety
- if it is associated with paving of sand roads, priority will be given to the oldest allotment plan an/or projects of the FCCA Housing Foundation).

Ad 4) the Land Administration Department (DIP) is the indicated agency to determine the priority list for the maintenance of public buildings.

Ad 5) For the new construction plan of the government it is proposed to set up an integral construction plan. The construction of schools should be limited as much as possible. Existing schools could be renovated and expanded.

Table 10.4 and table 10.5 give an overview of investments of the different ministries adjusted to the financial resources.

Table 10.4 Overview priorities yearly budget per ministry
(x AFL. 1000)

Investments 2003 – 2007	2003	2004	2005	2006	2007	Total
General Affairs	1.500	500	500	500	500	3.500
Public health and Environment	1.325	6.100	700	750	750	9.625
Education and Administrative Affairs	10.539	6.194	7.172	8.625	6.250	38.780
Justice	2.300	1.150	1.800	1.800	1.550	8.600
Social Affairs and Infrastructure	6.116	7.675	10.275	7.060	8.500	39.626
Labor, Culture and Sport	1.074	650	750	650	500	3.624
Finance and Economic Affairs	1.100	500	780	1.200	1.000	4.580
Tourism and Transport	2.960	2.500	500	1.000	1.100	8.060
WF (Road Fund)	13.000	13.000	13.000	13.000	13.000	65.000
Total Investments	39.914	38.269	35.477	34.585	33.150	181.395

Source: DEZHI

Table 10.5 Overview Investments 2003-2007 per ministry and finance source
(x AFL. 1000)

	Gov. Budget	FDA	EDF	Commercial Loans	Own resources	Total
Ministry of General Affairs	3.500	19.300				22.800
Ministry of Public Health and Environment	9.625	47.508				57.133
Ministry of Education and Administrative Affairs	38.780	52.697				91.477
Ministry of Justice	8.600	26.369		13.580		48.549
Ministry of Social Affairs and Infrastructure	39.626	34.700		17.000		91.326
Ministry of Labor, Culture and Sport	3.624		16.000	4.000		23.624
Ministry of Finance and Economic Affairs	4.580	9.310		28.700		42.590
Ministry of Tourism and Transport	8.060					8.060
WF (Road Fund)	65.000					65.000
WEB N.V.				130.000		130.000
ELMAR N.V.					60.000	60.000
SETAR N.V.					200.475	200.475
FCCA				114.400	113.300	227.700
SVB					24.000	24.000
APFA					12.000	12.000
Free Zone Aruba N.V.				40.000		40.000
Total Investments	181.395	189.884	16.000	347.680	409.775	1.144.734

Source: DEACI

Annex**Public Investments NDP 2003-2007**

Ministry of General Affairs

(x AFI. 1000)

Projects	2003	2004	2005	2006	2007	Total
D.T.Z. (installations, machines, tools and equipment)	900					900
DPO Actualizing technical infrastructure	100					100
Investments (others)	500	500	500	500	500	2,500
Total	1,500	500	500	500	500	3,500

Ministry of Public Health and Environment

(x AFI. 1000)

Projects	2003	2004	2005	2006	2007	Total
CMRE (Furniture & Fixture)	500	400				900
Public Laboratory (special material)	200	200	200	250	250	1,100
Directorate of Public Health (telephone exchange)	125					125
Serlimar (Procurement garbage truck and containers)		5,000				5,000
Investments (others)	500	500	500	500	500	2,500
Total	1,325	6,100	700	750	750	9,625

Ministry of Education and Administrative Affairs

(x AFI. 1000)

Projects	2003	2004	2005	2006	2007	Total
Education						
Introduction General Advanced Education basic-cycle by Aug 2003	1,720					1,720
Construction/layout Public kindergarten school at Sabana Basora		2,494				2,494
Construction/layout Public primary school Sabana Basora including furniture and fixture			2,414	3,000		5,414
Construction 2nd phase and layout Colegio Conrado Coronel	1,770					1,770
Construction of 2 classrooms, electric installation and layout Sagrado Corazon	1,800					1,800
Replacing 10 temporary classroom and renovation Maria College	2,075					2,075
Upgrading of rejected electric installation Colegio Arubano S.N. & O'Stad	545					545
Renovation of rejected electric installation of different schools	500					500
Procurement of furniture and teaching aids for yearly expansion of classrooms	329					329
Construction and renovation and restoration of existing schools		1,000	1,500	2,500	3,250	8,250
Procurement of furniture and fixture for different schools		500	500	750	750	2,500
Procurement equipment for different schools		250	250	250	250	1,000
Expansion /replacement equipment (outdoor sport material)			500	500	500	1,500
Total Education	8,739	4,244	5,164	7,000	4,750	29,897

Projects other directorates						
Aruba National Library		250	150			400
Public Archives		100	200	125		425
National Historic Archive		100	158			258
DIA Government Automation	1,300	1,000	1,000	1,000	1,000	5,300
Investment (others)	500	500	500	500	500	2,500
Total	10,539	6,194	7,172	8,625	6,250	38,780

Ministry of Justice

(x AFI. 1000)

Projects	2003	2004	2005	2006	2007	Total
Korps Politie Aruba (Aruba Police Force)						
Procurement equipment for crime prevention		350	350	350	350	1,400
Fire Department						
Procurement crash truck (airport)	1,400					1,400
Procurement new equipment		100	150	150	300	700
Korrekctie Instituut Aruba, KIA (Aruba penitentiary)						
Different investments Procurement equipment	200	200	200	300	400	1,300
Renovation vagrant detention center KIA			600	500		1,100
Department of Technical Inspection	200					200
Investment (others)	500	500	500	500	500	2,500
Total	2,300	1,150	1,800	1,800	1,550	8,600

Ministry of Social Affairs and Infrastructure

(x AFI. 1000)

Projects	2003	2004	2005	2006	2007	Total
Social Affairs						
Extra- and semi-intramural care (Senior Citizens Care)		2,000	3,480	1,000	1,000	7,480
Residential Youth Care			642			642
Disability Care			153			153
Public Works (DOW)						
Material and vehicle	500	500	500	500	500	2,500
Sewage Treatment Plant/RWZI	1,000	1,000	1,000	1,000	1,500	5,500
Land Administration						
Automation project DBSYS	367	75	0	60		502
allocation and prepare land ready for building	1,000	1,000	1,000	1,000	1,500	5,500
Procurement of land and real estate	1,000	1,000	1,500	1,500	1,500	6,500
Maintenance of different Public buildings						
- maintenance old building General prosecutor/Public counsel	1,500	1,500	1,500	1,500	2,000	8,000
- DVG & National Library						
Department Land Registry (DLV)						
Office and graphic automation etc.	149					149
Layout of Technical and survey work process digital cards	100	100				200

Investments (others)	500	500	500	500	500	2,500
Total	6,116	7,675	10,275	7,060	8,500	39,626

Ministry of Labor, Culture and Sport

(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Total
Parke Nacional Arikok (Procurement buildings, land etc.)	424					424
Department of Husbandry and Fishery (LVV)	150	150	250	150		700
Investments (others)	500	500	500	500	500	2,500
Total	1,074	650	750	650	500	3,624

Ministry of Finance and Economic Affairs

(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Total
Department of Finance						
Actualizing of Technical infrastructure	400			200		600
Tax Department						
Actualizing ICT -infrastructure	200			500	500	1200
Inspection of import duties and excises						
X-ray scan equipment			280			280
Investments (others)	500	500	500	500	500	2500
Total	1,100	500	780	1,200	1,000	4,580

Ministry of Tourism and Transport

(x AFL. 1000)

Projects	2003	2004	2005	2006	2007	Total
Department of Aviation						
Procurement navigation aids, ILS equipment and air space mngt system	2,460	2,000				4,460
Procurement navigation equipment				500	500	1,000
Meteorological Service						
Procurement equipment for climatologically processing					100	100
Investments (others)	500	500	500	500	500	2,500
Total	2,960	2,500	500	1,000	1,100	8,060

Total Investments	26,914	25,269	22,477	21,585	20,150	116,395
WF (Road Fund)	13.000	13.000	13.000	13.000	13.000	65.000
Total Including WF	39.914	38.269	35.477	34.585	33.150	181.395
Available in Million	26.2	25	22.4	21.1	20.1	114.8

Source: DEACI