

POLICY AGENDA

General

The Kingdom is on the eve of major reforms. During this cabinet period the political process offers a unique opportunity to contribute, together with Aruba, Curaçao, St. Maarten, Bonaire, St. Eustatius and Saba, to the creation of an administration that is in a better position to serve the populations to the best of its ability: on the basis of efficiency, integrity and transparency. That will not come about automatically. Owing to, among other things, the small-scale and insular character and characteristics of the Caribbean region, the effectiveness of the administration in the islands is limited. Lack of capacity is also to blame for it. There are insufficient persons with the right qualifications in crucial policy areas. This causes bottlenecks in the fields of good governance, putting public finances on a healthy basis, adequate maintenance of law and order and legal certainty, and the economy. They constitute a threat to the well-being of the population and the future of the Netherlands Antilles and Aruba. It is for this reason that the Netherlands also wants to seize the political process to contribute to strengthening the administrative effectiveness of the islands.

In the coalition agreement of February 7, 2007 the administrative reorganization of the Netherlands Antilles and the corresponding deepening of the cooperation were confirmed, and the intention was expressed for similar agreements with Aruba to be aimed at. The corresponding effective administrative organization with proper checks and balances is an added value of the Kingdom. The strengthening of the administrative effectiveness of the islands is primarily a responsibility of the islands. Only with the involvement of the islands themselves will it be possible for their development to be a successful process. To a great extent this is true for the islands that are, or want to become, independent countries within the Kingdom, but also for the islands that are to be granted stronger ties with the Netherlands. To put it briefly, with strengthened administrative effectiveness the island will be in a position to serve the citizen better and that is what it is all about in this reform process.

The Netherlands will invest in the institutional basis by organizing support in behalf of the offices of the lieutenant governors. Surely during the build-up to the change in status of Bonaire, St. Eustatius and Saba with effect on December 15, 2008 it contributes to a strong starting position, but also at a later date the new entities will be glad to receive support to overcome start-up problems, if any. The support consists of financial, economic and legal expertise. Institutional strengthening will be an important topic in the cooperation policy as from 2008. This makes it possible for initiatives in this field on the part of the islands to be supported.

Netherlands Antilles

Political reforms

Although the political aspirations of the island show fundamental differences, the populations of all the islands of the Netherlands Antilles have chosen to remain part of the Kingdom. Curaçao and St. Maarten opt for a position as a Country within the Kingdom. Bonaire, Saba and St. Eustatius choose for more intensive ties with the Netherlands. Thus all the islands also choose for dismantling of the Country the Netherlands Antilles. On the basis of the Outline Agreement concluded in 2005 a process of conferences was started aiming to tackle the bottlenecks mentioned before jointly and parallel. This was not a simple process, but as a

result of the intensive dialogue among the Kingdom partners final declarations were achieved in October and November 2006 and a transitional agreement in February 2007.

After initially the Island Territory of Curaçao did not approve the agreement of November 2006, the Island Legislative Council decided in July 2007 to rejoin the political process. The Netherlands gave this decision a positive welcome. Of course, the best way to realize the political wishes of the five Dutch Antillean islands is to approach the program jointly. On August 29, 2007 the resolution of the Island Legislative Council resulted in a transitional agreement entered into by Curaçao, the Netherlands and the Country the Netherlands Antilles. Curaçao and the Netherlands will have to continue working on open and reciprocal communication in which the main factors are trust and respect.

Public Finances

Persistently high budget deficits of the governments and increasing public debts call for a drastic approach. The position of public finances in the Netherlands Antilles is alarming, which has been evidenced, among other things, by the government experiencing repeated liquidity problems. In the agreements (Final Agreement and Transitional Agreements) entered into with the Netherlands Antilles, the Netherlands has declared to be willing, on certain conditions, to reschedule the debts. The principal condition is the introduction of financial supervision of all the island territories. For the rescheduling the Netherlands has reserved an amount of €2.2 thousand million on the interim budget report of early 2007. The Dutch Ministry of Finance is actively involved in the improvement of financial management in the island territories. Expectedly, the supervisory body will be operational in all the island territories in 2008. As soon as the supervisory body is operational, in pursuance of the Agreements, the restructuring of debt titles and payment arrears can be started. It is expected that for Bonaire, St. Eustatius and Saba such restructuring can be started during the fall of 2007.

In addition to debt rescheduling, in the Netherlands Antilles a socioeconomic policy is required that favours reform and is energetic. The Social and Economic Initiative (SEI) is an important stimulus within the cooperation policy. Within the scope of the SEI policy, agendas are drawn up for each island, providing for specific action to realize sustainable socioeconomic development.

Cooperation policy

The programs of cooperation with the Antillean entities will expire in 2007. In the formulation of topics for the new cooperation policy, allowance has been made for the current programs and the points of special interest for the cooperation, mentioned in the Coalition Agreement¹: maintenance of law and order, good governance, social provisions, education and Dutch language and public finances.

The objective of the policy of cooperation with Bonaire, St. Eustatius and Saba will be to prepare these islands as well as possible for the status of a public body within the Netherlands. Seeing the limited implementation capacity in these islands and the limited duration periods, in close consultation simple programs will be formulated for each island. For such purpose the multiplicity of current programs and sub-budgets will be integrated into one program, in which a number of topics are agreed upon. This form of cooperation will be terminated as soon as these islands are granted the status of public body.

¹ Coalition agreement, February 7, 2007, page 38.

For St. Maarten and Curaçao the cooperation policy is aimed at both supporting the transformation of the islands into Countries within the Kingdom and enhancing autonomy in the field of good governance, maintenance of law and order and socioeconomic development. Once the greater part of the public debts of the two islands has been taken over by the Netherlands, with a sound budgetary policy and adequate financial management to be monitored by the financial supervisory body, room for new policies will be created on each island's own budget. In this connection a comparison with Aruba is appropriate. At the time it was agreed with Aruba for the cooperation relationship to be run down gradually. Also with Curaçao and St. Maarten consultations will be held on the exhaustibility of the commitment of Dutch cooperation resources in the future.

Preservation of Monuments and Historic Buildings in the Netherlands Antilles

During this cabinet period an incentive will be given to the elimination of the arrears in the maintenance of monuments in all the islands of the Netherlands Antilles. The monuments represent an important part of the history of the Kingdom and, consequently, are of great cultural and historical value. A number of the monuments are on the UNESCO World Heritage List. For this purpose the cabinet will make € 8 million available during the coming period, spread over four years, drawn from the intensification resources Pillar 6 Government and public service sector.

Maintenance of law and order

Citizens in the Netherlands Antilles are demanding more safety. It has been decided to continue the cooperation in 2008 within the scope of the Netherlands Antilles Safety Plan (PVNA), in which connection the objectives stated in the final declarations will be taken into consideration. In 2006 the first results of the cooperation were visible through successes with the joint approach of violent crime. In 2007 also the first results of the improvement in operational management of organizations in the chain of maintenance of law and order have become visible. The PVNA was started early 2005. The reason for the intensified cooperation with the Netherlands Antilles was the high incidence of violent crime, notably in Curaçao, and the necessary strengthening of operational management in the overall chain of maintenance of law and order in the Netherlands Antilles.

Aruba

Political reform

Also with Aruba a talk will be held about the differences of opinion regarding the desired autonomy and administrative effectiveness. For in the Coalition Agreement it is laid down that with Aruba arrangements will be strived at regarding the administrative organization similar to those made with the Antillean entities late 2006. This is also influenced by the fact that with some regularity there are indications of administrative incidents. The cabinet proposes a dialogue with Aruba for the purpose of realizing improvements and also to put them in the broader context of political adjustments and talks regarding the termination of the cooperation program in 2009.

Public finances

The development of the Aruban public finances is regularly discussed in the public finances committee installed and the Council of Ministers of the Kingdom.

Thanks to a favourable economic development the Aruban Government can get the budgetary deficits under control and reverse the increase in the debt ratio by means of some directed measures.

Cooperation policy and maintenance of law and order

Late 2001 it was agreed to plan a benchmark in 2007 by way of a reference point in time to discuss the continuation and deepening of the development relationship after 2009. The Aruba law and order maintenance program is part of it and will, therefore, be included in the discussion. An important point of special interest is the immigration policy.

Coordination Table Policy Agenda

Structure of expenses (in €1 000)							
TOTAL BUDGET	Art.No.	2 007	2 008	2 009	2 010	2 011	2 012
Status draft budget 2007		156 232	164 868	162 631	146 122	144 102	144 102
<i>Principal policy-based priorities</i>							
1) Solidarity Fund	2.2		3 500	7 500	7 500	7 500	0
2) Catching-up measures in education	2.2		5 000	5 000	5 000	0	0
3) Maintenance of law and order	2.2		6 500	6 500	0	0	0
4) Other entries		48 325	30 391	14 002	3 293	2 767	
<hr/>							
Status draft budget 2008		204 577	210 259	195 633	161 915	154 369	154 363