



MINISTRY OF
ECONOMIC DEVELOPMENT

COOPERATIVE DEVELOPMENT POLICY CURAÇAO 2020- 2025

*Promoting Sustainable Cooperative Enterprises
for
Social-Economic Development*

FINAL DRAFT

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MESSAGE FROM THE MINISTER OF ECONOMIC DEVELOPMENT

It is due to the forward thinking and enlightened input of the cooperative movement itself, the Socio-economic partners and the government ministries consulted that this first Cooperative Development Policy will achieve its ambitious objectives. The policy is a perfect example of how working together and sharing resources can advance the development of Curaçao.

The Cooperative Development Policy creates a new dynamic in the Curaçao cooperative world, one that will provide cooperative enterprises with immeasurable assistance in meeting the challenges of the next five years. These challenges are notably those of capitalization, diversification, competitiveness, and training. By clearly stating its support the government intends to provide in these areas, the Cooperative Development Policy opens new development perspectives for all cooperatives.

With suggestions formulate for course of actions and supports measures it puts forward, the policy should help the Curaçao cooperative movement to use all available resources to take its place in the economy of tomorrow and remain an example to all people of Curaçao. By having new support measures, cooperatives are now better equipped to take advantage of business opportunities as they arise, diversify their activities into new sectors, and contribute even more actively to the social economy of Curaçao.

The promotion of cooperatives contributes to the achievement of various SDGs , in particular poverty alleviation (SDG1), fight hunger (SDG 2), gender equality (SDG 5) and employment and economic growth (SDG 8). Cooperatives and actors in the social economy spectrum contribute to, among other things, sustainable and inclusive growth, highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection. The social economy plays an important role in combating unemployment especially among the youth.

Implementation of the policy is intended to strengthen the productive capacity of the Curaçao cooperative sector and transform it into a vibrant and sustainable economic sector. It shall require all key stakeholders in the sector to continuously dialogue and work together to achieve the overall goal and provide solutions to the challenges facing the sector. The preparation of this policy was subjected to an exhaustive stakeholder's consultation process. The contributions by all stakeholders is appreciated. It is envisaged that implementation of the policies will require continuous dialogue with these stakeholders.

Minister of Economic Development

Giselle Mc William

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The Ministry of Economic Development is grateful to all our colleagues of the Ministry of Finance, the Ministry of Health, Environment and Nature, the Ministry of Education, Science, Culture and Sport, the Ministry of Social Development, Labor and Welfare, ADECK and FEKOSKAN who were part of the multi-disciplinary Task Team responsible for the execution of the Ministerial Decreed regarding the formulation of this cooperative development policy. Thanks also to the many colleagues who so generously reviewed drafts and the local UNDP Team for their support during the preparations and realization of the Democratic Dialogue. A special thanks goes to all stakeholders who participated in the workshops and the Democratic Dialogue.

EXECUTIVE SUMMARY

The International Cooperative Alliance (ICA), the international umbrella group for cooperatives worldwide, defines a cooperative as follows:

“A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

Today, Curaçao’s cooperative movement comprises out of financial services as well as non-financial sectors cooperatives. The total membership of credit unions together in 2018 was 35.001, which means that more than 20% of the total local population is member one or more cooperative. The penetration rate is nearly 35%, which include the economically active population of 15-64 years old. These figures establish the importance and impact of cooperatives upon the community of Curacao.

Youth represents a significant share within the total population. Within this subgroup, the unemployment rate is extremely high, in 2018 the youth unemployment rate was 29.3%. A key contribution to the unemployment is the lack of practical skills for undertaking entrepreneurship. There is an opportunity to harness this large number of unutilized energies through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives. The lack of practical skills in entrepreneurship is a key factor in the unemployment rate. With financial support from cooperatives, learning programs aimed at entrepreneurship can open so far untapped opportunities.

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy should be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

The prosperity and wellbeing of Curaçao depends, amongst others, on expanding the entrepreneurial base, and the cooperative model—by promoting the direct involvement in the economy of many citizens—would appear to be a promising solution. In the current situation, maintaining responsible local businesses that play an active role in important economic and social sectors are becoming crucial. With this Cooperative Development Policy, the government of Curaçao has demonstrated its determination to support cooperatives so that these companies can position themselves firmly in the face of the major challenges they face, so that they can contribute even more to job creation and prosperity. The policy aims to expand the position of cooperatives in Curaçao’s economy.

The main objective of this Cooperative Development Policy (CDP) is: to confirm the distinctive character of cooperatives in the light of the new economic and social challenges Curaçao is facing. The policy is also in line with the recommendations of the International Labor Organization (ILO), as issued in June 2002, in which cooperatives are supported. The ILO as an international organization suggested that governments: “should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out by the International Cooperative Alliance” (recommendation 193, ILO 2002).

The policy document is the result of an intensive consultation process, which was initiated in May 2019 when the Curaçao government adopted a Ministerial Decree for the establishment of a multi-disciplinary Task Team. The ministries work inter-ministerial and with private organizations to get

the work done. This process involved the Ministry of Economic Development, Ministry of Finance, Ministry of Health, Environment and Nature, Ministry of Education, Science, Culture and Sport, Ministry of Social Development, Labor and Welfare, ADECK and FEKOSKAN. The responsibility for the cooperative development policy lies at the Ministry of Economic Development (MED).

Among others, the Multi-Disciplinary Task Team organized four workshops and one National Democratic Dialogue. The democratic dialogue (DD) was used to gather input and define priorities for the policy. Four priorities are selected as a result of the DD held on November 22nd 2019. To help achieve the most important and specific objectives of the development policy for cooperatives, short-term priorities are scheduled to be implemented within a two-year period. For the complete details we refer to the report included in Annex 3 written by the local UNDP team.

The top four ranked results from the Democratic Dialogue are:

- a. Special legislation (legal framework) must be introduced. The legislation must guarantee support for cooperativism, related to the seven principles of cooperativism (as defined by the ILO). It should act as a framework that sustain cooperative development to cooperatives, while providing incentives to encourage people to start their own businesses.
- b. The introduction of a structure of knowledge education and know-how based on the philosophy of cooperativism, at the respective levels of education on the island. From primary, secondary to vocational education, not only as a form of knowledge and know-how, but also as a way of life by cultivating cooperativism in the community as a form of (social) entrepreneurship.
- c. The anchoring of an integrated cooperative education and training institute to facilitate access to possible investment funds aimed at the development of cooperatives..
- d. The government must determine within its policy, what role cooperativism should play within our community, by taking into account the four pillars for the development in Curacao: economics, finance, (legislation for) social development and education.

The medium and long-term strategic actions are:

1. Introduce an effective and innovative legal framework.
2. Enhance cooperative education, training, and information.
3. Develop or improve capitalization and financing tools suitable for the cooperative environment.
4. Improve non-financial business support services available to cooperatives.
5. Acknowledge the role of cooperatives by integrating and harmonizing government action in the area of cooperative development.
6. Enhance regulation for financial cooperatives.
7. Promote research and innovation in the cooperative sector.
8. Enhance use of appropriate technology in cooperatives.
9. Adopt good cooperative governance practices.
10. Attract youth into the cooperative movement.
11. Create demand for cooperative products and services.

These four priorities and eleven strategic actions, which are further described in chapter 5, should be implemented in line with the recommended action plan (see chapter 6 + Annex 1A + 1B). The immediate proceedings for course of action are set out and determined in paragraph 6.3 of this document.

ABBREVIATIONS

| | |
|---------------|--|
| ADECK | Curacao's Association of Small Entrepreneurs |
| ANG | Antilles Netherland Guilder |
| CAB | Cooperative Advisory Board |
| CDF | Cooperative Development Fund |
| CDP | Cooperative Development Policy, promoting sustainable cooperative enterprises for sustainable social-economic development |
| CEDTF | Cooperative Enterprise Development Task Force |
| CENECOOP | The Center for Cooperative Studies and Training, established in Costa Rica |
| DD | Democratic Dialogue |
| EU Desk | EU Information & Support desk aims to facilitate access to information about the cooperation and subsidy opportunities from the European Union |
| FEKOSKAN | The Curacao Federation of Cooperatives, established in Curacao |
| GDP | Gross Domestic Product |
| ICA | International Cooperative Alliance |
| ICT | Information and Communications Technology |
| ILO | International Labor Organization |
| IMF | International Monetary Fund |
| KPIs | Key Performance Indicators |
| LTES | Long Term Economic Strategy |
| MED | Ministry of Economic Development |
| MFIs | Micro-Finance Institutions |
| Ministry ESCS | Ministry of Education, Sport, Culture and Science |
| MSMEs | Micro, Small and Medium Enterprises |
| NACS | Nigeria Automated Clearing System |
| NDP | National Development Plan Curacao 2015-2030 |
| NGO | Non-Governmental Organization |
| SDGs | Sustainable Development Goals |
| SOAB | Gouvernement auditor and a well-established foundation in Curacao |
| UNDP | United Nations Development Programme |
| WTC | World Trade Center Curacao |

CHAPTER 1 - INTRODUCTION

1.1 Cooperative development policy for Curacao

In the industrialized world, economic development revolves around three pillars: traditional private enterprise, the public sector, and collective enterprise. Cooperatives are the most common type of collective enterprise. Cooperatives, which differ from individual enterprises, provide an original form of entrepreneurship rooted in the strength and collective interest of a group. However, cooperative entrepreneurship and individual entrepreneurship complement each other, because they focus on specific customers and often meet different needs.

With their working method based on participation, cooperatives stimulate and encourage collective efforts. They are primarily an association of individuals. People-oriented, they are also deeply rooted in their community. The different types of cooperatives generate specific economic benefits in areas where they are active. All cooperatives have an economic and social dimension, but some of them are more focused on a social mission, such as housing and home care cooperatives. These companies make a direct contribution to quality of life by providing the public with essential basic services. Cooperatives are deeply rooted in their communities and are inextricably linked to local development.

This Cooperative Development Policy's (CDP) main goal is: to reaffirm the distinctive character of cooperatives in the light of the economic and social challenges Curaçao is facing. This policy is also in line with the recommendations of the International Labor Organization (ILO), as issued in June 2002, in which cooperatives are supported. The ILO suggested that governments "should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out by the International Cooperative Alliance" (recommendation 193, ILO 2002).

This Cooperative Development Policy is the first in the history of the Curaçao cooperative movement. In addition to new approaches and financial resources necessary for their implementation, support measures are introduced that are specifically adapted to the cooperative environment. By recognizing that cooperatives can play a central role in the economy and tackle the specific problems they face, the new policy guarantees the harmonious development of cooperatives in Curaçao

1.2 Participatory cooperative development policy formulation

The policy document is the result of an intensive consultation process, which was initiated in May 2019 when the Curaçao government adopted a Ministerial Decision for the establishment of a Multi-Disciplinary Task Team.

In this process the Ministry of Economic Development, Ministry of Finance, Ministry of Health, Environment and Nature, Ministry of Education, Science, Culture and Sport, Ministry of Social Development, Labor and Wellbeing, ADECK and FEKOSKAN have been involved. The responsibility for cooperative development lies with the Ministry of Economic Development.

Among others, the Multi-Disciplinary Task Team organized four workshops and one National Cooperative Dialogue to discuss the main policy issues.

The writing and desk research for this report was conducted in close collaboration between the Ministry of Economic Development and FEKOSKAN. The editing was done by IndigoBlue Consult.

1.3 Long term economic strategy

The Long Term Economic Strategy (LTES) originates from the National Development Plan. Under the auspices of the UNDP, the Ministry of Economic Development of local Government of Curaçao has developed a National Development Plan 2015 -2030 (NDP) for Curaçao. In line with the NDP, the development of fundamental strategies covering all policy areas (economy, education, environmental, finance, transport, urban planning, justice etc.) is required.

The LTES is based on the principle of sustainability which can be defined as:

“Improving the quality of life of present populations without compromising the ability of future generations to satisfy their own need” and from each policy area to realize an integral implementation of the recommendations as stated in the LTES. Ministry of Economic Development (MED) will serve as the catalyst for an effective implementation of the recommendations that guarantee sustainable development.

The main objectives (overall purpose) of the LTES are as follows:

- I. To expand the economy of Curaçao while ensuring its sustainability
- II. Stimulating macroeconomic stability
- III. Pursue transition from traditional economic sectors
- IV. Towards an economy with more added value and knowledge-based sectors strengthening the economic structure/enabling business climate
- V. Creating policy conditions
- VI. Fostering ownership, cooperation and coordination within Curaçao

In order to promote sustainable economic development in relation with the strategy formulated in the LTES, the Ministry of Economic Development is stimulating cooperative projects and processes that could strengthen business activities, stimulate economic diversification and improve regional competitive advantage and the competitive position of Curaçao. Linked to the overall purpose of the LTES, MED has formulated a vision and mission and based on this mission and vision a cooperative development policy, in order to create a favorable climate for the sustainable development of the cooperative sector of Curaçao.

Vision:

In 2035, cooperative companies contribute to a balanced economic growth through efficient and effective services, job creation, income generation, mobilization of resources and broad economic strengthening (empowerment). Cooperatives contribute 10% to the GDP of Curaçao, a balanced and sustainable social economic and human development of Curaçao is promoted.

Mission

In cooperation with local stakeholders and international organizations, an integrated policy for the development and implementation of cooperatives is developed, which functions as a catalyst for the sustainable development of an integrated, viable, dynamic, autonomous and self-reliant cooperative movement.

In the 2017-2021 Coalition Agreement entitled ‘Unleashing the potential of Curaçao’ also stipulates that, , under the responsibility of the Minister of Economic Development, cooperative entrepreneurship must be encouraged to adjust the traditional approach to the economy in this way, and to offer small entrepreneurs more chance of success.

On the basis of the aforementioned, it can be said that it is now a good time for both the government and the economy to take initiatives for the development and growth of cooperatives, and to use them as a tool within the economic sectors to promote the economy and create a more

favorable environment for the creation of new cooperative companies. Based on their principles, cooperatives have a Social-economic character and the potential to make an important and positive contribution to achieving the Social-economic objectives. Local small businesses have the opportunity to share expertise and potential risks together.

1.4 Sector Economic Development and Innovation

1.4.1 Update innovation policy Curacao for economic sectors

The continuously increasing international competition and shortening product life cycles are just a few of the developments that feed the need for innovation. However it emphasized that the key to innovation lies in our human nature: suppliers and consumers need an open attitude that welcomes new products, processes and services. Without this, the world would still be stuck in the stone age. What is innovation? When people discover something that already existed, but that nobody had yet seen. When people invent something we find a solution for an existing problem. An innovation is a solution that is also successfully implemented in society.

Looking at international best practices, successful nowadays also requires a focus on specific area's or industries. For the Innovation Policy for Curaçao of the Ministry of Economic Development, there are certain areas, which are interesting to mention. These are for Curacao:

Sustainable energy, Clean Energy Sector & Technology; Trans National Education ; Information Technology & Cultural and Creative Industries; Tourism (high end); Logistic Services related to high value products; Reusable materials and resources in a Recyclable economy; and setting up an Incubator Center in Curaçao.

Best practices also indicate that more and more, science is at the base of successful innovation. A combined effort by the Ministry of Education and the Ministry of Economic Development (the latter is responsible for innovation) is needed to provide measures and funding that will help the University of Curaçao to transform from an education driven to a research and education driven institution. The government also has an important role in improving other conditions that are needed to stimulate innovation and removing roadblocks.

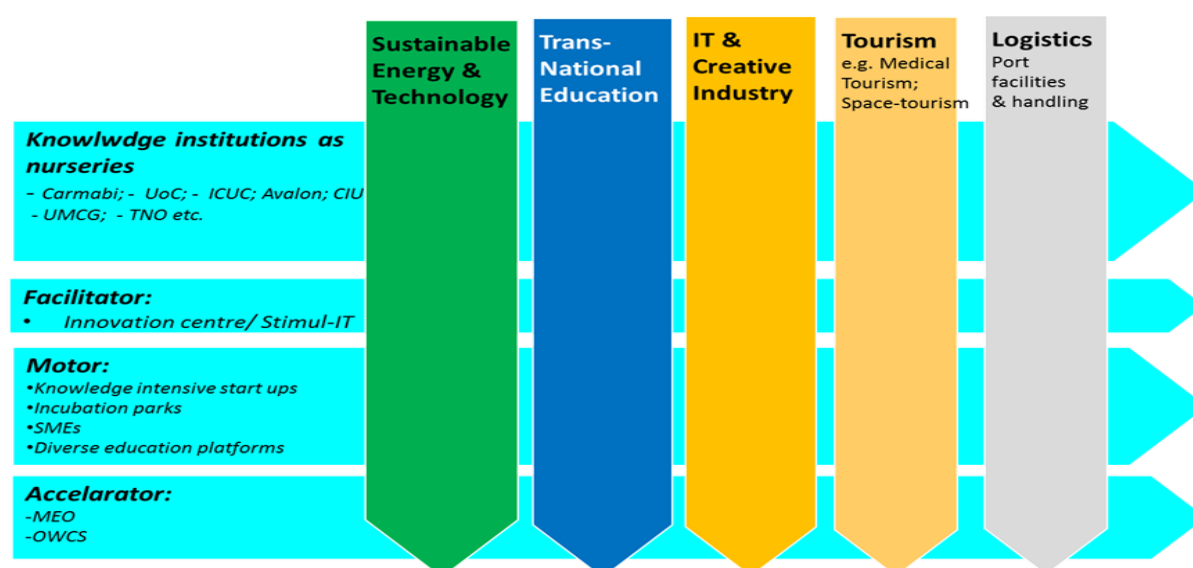


Figure 1.4-1. Value chain innovation policy for Curaçao

Various actors play an essential, but also different, role in the innovation chain. It is important to always consider these various functions in their mutual coherence and contribution. Actors should

be able to confront each other about this. Figure 1.4-1 shows the chosen sectors and innovation actors.

1.4.2 Key innovation priorities expressed by cooperatives

A draft for innovation policy for Curacao, specifically towards the cooperative sector hasn't been developed for Curacao, until now. As a result of the present situation, we must look out for international best practices in other countries. For example In October 2016 an international study its publicize. The study was conducted by the Alphonse and Dorimène Desjardins International Institute for Cooperatives establish in Montreal, Canada. As part of the Institute's expertise and transfer activities, the research deals specifically with the priorities and practices of cooperatives in the area of innovation. Based on an online survey sent to cooperatives around the world and on interviews conducted with financial cooperatives, the study has two objectives:

- A. Firstly, to rank the innovation priorities of cooperatives and compare them to financial cooperatives and non-financial cooperatives;
- B. Secondly, to map the key innovations of financial cooperatives.

A) Ranking priorities for innovation; a comparison between financial versus non-financial cooperatives

Of the 236 cooperatives that responded to the survey – mostly from North and South America and Europe – almost 70% place innovation among their top three priorities. Over the next three to five years, cooperatives will prioritize the expansion of new services (91%), the development of capacity in innovation (84%), technology platforms (83%), and speed of adopting new technologies (81%). Cooperatives pursue innovation in order to take advantage of new opportunities (85%), as well as to counter threats (81%). However, they face a number of challenges in terms of generating ideas, as well as selecting and funding innovation projects.

With the financial cooperatives representing 41% of survey respondents, the financial cooperatives are compare with cooperatives in general. This showed that financial cooperatives have a greater number of priorities and that they tend to focus on additional aspects of innovation, such as distribution channels (93%), mobile applications (90%), and speed of adopting new technologies (90%). These results confirm the need to rethink many aspects of the business models of the financial cooperatives.

Finally, the financial is compare with non-financial cooperatives, referencing to an in 2015 Boston Consulting Group study on innovation in business. This comparison showed that the proportion of financial cooperatives placing innovation amongst their top three priorities was slightly lower than non-financial cooperatives – 69% versus 79%. Moreover, the financial cooperatives placed additional importance on specific areas of innovation compare with non-financial cooperatives. This was due to their cooperative model and social role, such as: renewing member relationships (89%), supporting the social economy (89%), and improving sustainable development (87%). In consideration of innovation management, 44% of the financial cooperatives relied on decentralized or coordinated organizations, compare with 33% of non-financial cooperatives.

B) Innovation practices of financial cooperatives

In addition to the survey, twelve case studies are detailed for financial cooperatives in the Americas and Europe. The importance of innovation from both macroeconomic and microeconomic

standpoints cannot be overstated. The results confirm that innovation is a priority for all companies, cooperatives included. However, cooperatives have a greater number of priorities and tend to focus on additional aspects of innovation. Moreover, sector based particularities impose distinct challenges, which is the case for the financial cooperative sector. Indeed, the survey shows that financial cooperatives would have more pressing priorities and challenges than cooperatives as a whole.

A number of organizational issues have also been raised:

1. “Think local, act global”: innovations frequently emerge from local initiatives, which correspond to the territorial roots of financial cooperatives. The challenge for some cooperatives is to identify innovations that are broadly relevant and to systematically roll them out. Moreover, certain innovations may need to be adapted to the specific requirements of each territory, as they are rolled out in a “glocalization” process.
2. Innovation in member involvement: some of the groups interviewed look for innovative approaches regarding the democratic aspects of their cooperatives, and their capacity to renew the involvement of members.
3. Reconciling agility, efficiency, and proximity: cooperative groups have frequently consolidated their information systems within shared entities. Since innovation requires a high degree of agility and proximity to users, innovation departments are often faced with the challenge of mobilization between their regional entities, operations departments, and shared IT departments.

Highlight: These topics pave the way for future studies on innovation within cooperatives.

1.5 Justification for the cooperative development policy

A sustainable cooperative development policy is a great opportunity for the Curaçao cooperative sector, considering:

- a. The changing economic environment;
- b. The emerging national development priorities’ and challenges.

In tandem with the need to meet the dynamics of a modern economy, the government recognizes the importance of developing a policy framework to guide the management and development of the cooperative sector.

The main objective of this provision is: to provide a platform that will help redefine the roles of both the government and non-governmental stakeholders in the sustainable development of the Curaçao cooperative sector.

1.6 Imperatives and preconditions for the cooperative development policy

1.6.1 The TRIPLE HELIX structure

The definition of cooperative objectives in the short and long term must be done in consensus. Based on these consultations, specific problems and points for attention can be identified, that must be addressed in a certain time frame. Achieving consensus requires sufficient consultation with stakeholders, therefore it is important to institutionalize this consultative body.

The multidisciplinary working group TRIPLE HELIX has to guarantee consensus between the stakeholders with regard to the long term cooperative strategy and also functions as a support group. This working group consists of representatives from various stakeholders within government, business and education. The members of the Triple Helix participate voluntarily and need perseverance and have management skills to make the desired changes. The required expertise can vary depending on the focus areas. Currently the emphasis is on project management, business, research and innovation, IT, economics, finance, export and / or regulations. If specific projects are to be implemented, the group can create sub-working groups to facilitate implementation.

1.6.2 Preconditions for the Cooperative Development Policy

To be able to promote cooperative enterprises, the government will at least create the following preconditions:

- a. In supporting the development of cooperative ventures through policies and associated laws and regulations, the government endorses and maintains the universally accepted definition, principles and values that play a central role in cooperatives as formulated by ICA.
- b. The government will also adopt ILO recommendation 193 to promote cooperatives and ensure that policies and legislation are also sufficiently flexible to meet the needs of modern cooperatives;
- c. The government must recognize that cooperative companies can make a positive contribution to job creation and sustainable economic development;
- d. The government will prepare a cooperative development policy and implementation plan that is in line with national development plans and in line with international developments and the demands of an ever-changing economic, social (and political) environment;
- e. In all sectors of the economy cooperatives will be encouraged. All government sector strategies must include proposals to strengthen cooperatives in the sector concerned. This applies to both established and emerging sectors;
- f. Voluntary cooperation between established and emerging cooperatives in Curaçao is encouraged;
- g. The government encourages the creation of more cooperative enterprises, also in those sectors where cooperatives had not been set up before with the aim of increasing participation in economic activities (economic empowerment);
- h. The government encourages innovation and the use of digital platforms;
- i. The role and approach of the government with regard to cooperative development is based on creating a favorable legal, economic, administrative and institutional environment for cooperative companies;
- j. The cooperative principles and values and the business model will be widely introduced and stimulated in the education system.

1.7 Organizational structure for execution of policy's activities and actions

1.7.1 The multi-disciplinary working group TRIPLE HELIX

The government encourages innovation and the use of digital platforms. The triple helix structure should help make the innovation framework in Curaçao functional and bringing knowledge into practice. Triple Helix should always consist of a combination public, private and knowledge institutions (tripartite) on all levels of consultation. The triple helix structure is not a new organization that needs to be setup, but a functional consultation structure to bring about tripartite cooperation.

The following tasks and responsibilities are define for the working group:

- a. Supports the embedding of cooperatives as an instrument (model) in the education system.
- b. Supports in preparing proposals regarding the application of innovation in cooperatives as an instrument in the economic sectors.
- c. Working towards a collective ambition to create a cooperative and competitive Curaçao and to ensure the formulation of tactical strategies and to monitor and adjust the implementation of defined actions.
- d. Creating within the Triple helix concept and ensuring consensus on the steps to be taken with regard to the implementation of the cooperative policy.
- e. To provide political and institutional support for the defined collective ambitions.
- f. Supervise activities at the operational level.
- g. Act as a catalyst for identified tactical activities.
- h. Evaluation and analysis of interim results and, if necessary, proposals for adjustment with regard to set goals and (if necessary) adjustment in consultation.
- i. Provide information, ideas and direction to the development and where necessary adjust policy and strategy.
- j. Encourage collaboration locally and internationally in the field of cooperatives.
- k. Following market developments both locally and internationally in the field of cooperative movement and, where possible, translating this into opportunities for Curaçao. Also conduct research within this framework also research and, where necessary, perform benchmarking.

1.7.2 The Cooperative Enterprise Development Task Force

A specialized Cooperative Enterprise Development Task Force (CEDTF) should be establish within the Ministry of Economic Development. The CEDTF will facilitate and support other ministries and agencies to support cooperatives development endeavors. CEDTF is responsible for the project management and execution of the specific policy's priorities and strategic actions of the Cooperative Development Policy. (See Chapter 5).

The role of the CEDTF includes the areas of policy, legislation, coordination and promotion as follows:

1. Cooperative Legislative Framework, Policy and Strategy: being the focal point for reviewing policies and strategies and addressing barriers to cooperative development in partnership with stakeholders; ensuring that matters related to cooperative development are treated based on wide consultations with the government's partners.
2. Coordination: the CEDTF will be responsible for coordinating the various government institutions concerned with cooperative development and ensuring that there is effective coordination of various government institutions concerned with cooperatives development.
3. Promotion: provision and management of non-financial and financial cooperative support services; the management of privileges and incentives for cooperatives; the collection, analysis

and dissemination of statistics related to cooperative development; facilitation of access to markets; facilitation of access to credit; promotion of the concept and practice of cooperatives.

4. Support: The CEDTF provides executive support in the form of a secretariat to the Cooperative Advisory Board (See section 5.2.1.1).
5. Monitoring and evaluation: The CEDTF is responsible for the monitoring and impact evaluation of the Cooperative Development Policy. By using key indicators evaluations can be performed. In chapter 5, divers lists of KPIs are presented as a guideline. These KPIs are concept and should carefully be review, study and evaluate, before being introduce for the formulation of terms of references, use as part of a design plan/ approach, or being used for research, or other purposes.

1.8 Theme for the cooperative development policy

In the growth strategy presented in 2018 the government focuses on sustainable growth. The growth agreement is signed between the government of Curacao and the Netherlands. The government will focus on three areas that help Curaçao grow sustainably:

- I. Stimulating sustainable economic growth.
- II. Strengthening financial management.
- III. Strengthening government institutions.

To stimulate sustainable economic growth, the government's strategy focuses on creating jobs by stimulating specific sectors that can contribute to this.

To be able to play a crucial role in the aforementioned national strategy objective, cooperatives must move from their traditional role to the next level aimed at adding value and effectively improving the well-being of their members. The theme of this policy has been deduced from the foregoing: Promoting Sustainable Cooperative Enterprises for Social-Economic Development.

CHAPTER 2 - THE COOPERATIVE: A DIFFERENT KIND OF ENTERPRISE

In its support for cooperative development, the Curaçao government endorses and adheres to the principles on which cooperatives are built. The government consciously formulates this cooperative development policy in accordance with international developments and the demands of an ever-changing economic, social and political environment. The government is committed to the universally accepted definition, values and principles that are central to cooperatives.

2.1 Short history and definition of the cooperative

The cooperative is not business-as-usual. It's different as we compare it with our daily experiences with business entrepreneurship. There are two main types of entrepreneurship. These are: at one hand business entrepreneurship and at the other hand social entrepreneurship. The cooperative model is the oldest variant of social entrepreneurship. Today there is a whole scale in diversity and variations of the social entrepreneurship available in different countries around the world, which aren't the same in comparison with the traditional cooperative model as originally and historically it originated. Most common people are not used to the cooperative values and principles. These people in their first encounter could experience these as a 'cultural-clash'. That is why special attention is paid here to the values and principles before embarking into more profound elaboration about the Cooperative Development Policy. A short and speedy education of the reader is needed in this report so a better understanding and comprehension may become possible about 'the cooperative'.

Cooperation as an economic and business model emerged in England in the mid-nineteenth century in response to the abuses of the Industrial Revolution, and then spread to countries such as France, Italy, Germany and The Netherlands. The cooperative model was introduced in Curaçao in the first half of the 20th century. From the second half of the 20th century, cooperatives are generally positively experienced in Curaçao and have a high regard, thanks to the importance of the financial cooperatives (credit unions) on the island. However, most people have little knowledge about the cooperative model, its underlying philosophy, and the characteristics that distinguish cooperatives from ordinary companies.

The International Cooperative Alliance (ICA), the international umbrella group for cooperatives worldwide, defines a cooperative as follows:

"A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."

The word cooperative is derived from the word co-operate which means to work or act together or jointly for a common purpose or benefit.

In this definition, the following points highlight the unique characteristics required for an enterprise to be classified as a cooperative enterprise:

- Autonomous - Independence and organization base of the enterprise;
- Volunteerism - Open membership;
- Common needs – People come together to fulfil a mutual need;
- Ownership - Members are owners (not merely customers or workers) of the enterprise and should invest wisely in its growth;
- Democratic control - Each member is given a single vote regardless of contribution/wealth;
- Enterprise - A cooperative is not only an association of people, but also a business enterprise.

2.2 International cooperative values and principles

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperatives are principle-based enterprises that put people, rather than the pursuit of profit, at the center of their business. The cooperative principles are guidelines by which cooperatives put their values into practice. To understand cooperatives and how they operate, it is important to understand these universal principles. Many cooperatives fail because the members and elected officers do not take the time to understand cooperative guiding principles.

Below is the official international text of the Cooperative Principles as outlined in the International Cooperative Alliance's Statement of the Cooperative Identity (1995) along with guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. All members have an equal say at cooperative general meetings and in elections for the committee that appoints the manager and oversees the running of the cooperative. Members also have the ability to let their name stand to serve as an elected official of the cooperative, unlike a customer of a traditional business enterprise.

Voting rights go with membership, not with the amount of money invested (as would happen in a shareholder-owned company). The rule is 'one member one vote'. To become a member, one must usually buy at least one share, but extra shares do not give a person more votes.

3. Member Economic Participation

Members are both users and owners who contribute equitably to, and democratically control the capital of their cooperative. Each member is required to purchase a share, which provides access to goods and services. Unlike a conventional company where profits are distributed in proportion to the number of shares a person owns, cooperatives distribute surpluses to members in proportion to their transactions with the cooperative thus, members who have done more business with the cooperative will receive a correspondingly larger share of the profits.

Surpluses are also reinvested back into the cooperative to expand and grow operations, a decision made by members at the annual general meeting. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from

external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Cooperatives do not want to be dominated by governments. Unfortunately, particularly in less developed countries, this occurs to some extent. Governments, even with good intentions, have tended to influence cooperatives, either by directing them to conform to government policies or by giving government officials the authority to intervene in cooperatives' affairs, especially where cooperative members' investments are compromised.

While such interventions may be necessary for a while, it should not prevent cooperatives from operating as autonomous organizations. Ideally, formulation of cooperative development policies and laws should entail a participatory process and a proactive posture in which government work in close consultation and collaboration with the cooperative movement and other stakeholders.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperatives.

Because cooperatives exist to encourage the development of people, ongoing education of their members, training for volunteers and staff and information for the general public should be key items of annual expenditure. Cooperatives exist to encourage the development of people. Training programs can be used to improve and develop skills of the members on topics such as healthy lifestyles, financial literacy, home ownership, business skills, sales and marketing, understanding the law, public speaking, healthy living and meeting procedures.

Effective communication with members and potential members on a regular basis will broaden members' and public perspectives on the cooperative, will change attitudes and build loyalty.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

To some cooperators, this principle may seem in contradiction with a view of the early movement of a 'small is better' philosophy believing that cooperatives were somehow meant to be small in scale and operations in order to fulfil its mandate to members. Cooperation among cooperatives is not just a guiding principle but is becoming an imperative at the local, regional and international levels in order to strengthen the sector, increase buying power and ensure enterprise viability.

Although each cooperative has its own identity, cooperatives usually come together to form secondary bodies (federations or leagues) and tertiary bodies (confederations) to represent the interests of member cooperatives and advocate on their behalf.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Cooperatives are founded on strong human values; they do not just selfishly pursue their own interests at all costs. Even where not all the members of the local community are members of the cooperative, the cooperative should consider the needs of the non-members when they can. The cooperative can play a constructive role in the social and economic life of its local community. A cooperative should take the lead in promoting care for the environment and the needs of disadvantaged groups within the community.

2.3 The cooperative: a participatory enterprise

Cooperatives are, above all, enterprises in which members take part in operations in one of three ways:

- Participation in ownership.
- Participation in control.
- Participation in surpluses based on usage.

The cooperative is a corporate body comprised of a group of individuals and corporate entities, unlike a company, which is composed of capital. This distinction is key, because it constitutes the very essence of cooperative purpose and function.

The cooperative is also unique and original in the sense that the main mission is to meet the needs of the members who created the cooperative. These needs could be to obtain goods and services at lower cost (consumer goods, housing services, social services, cable, funeral services, etc.), to create jobs through a work cooperative, or to transform and market products through a producer cooperative. Although the cooperative's main mission is to meet member needs, this does not prevent it from generating a surplus that can be used to support further growth, distribute moderate dividends to its members, or for any other purpose.

The relationship between cooperatives and their members is based on usage rather than investment. More specifically, people must do business with the cooperative—or act as users, so to speak—to become members. Since the performance of cooperatives depends on the level of use, surpluses are allocated to members based on their participation. Cooperatives are democratically operated according to the principle of “one member, one vote.” It is impossible for any single individual to take control of a cooperative. Decisions regarding the cooperative are made by most of its members at the general assembly.

Because cooperatives, like companies, are corporate entities that are distinct from their members, they have a separate legal existence. The responsibility of members to the cooperative is therefore limited to the value of their subscribed shares.

2.4 Different types of cooperatives

One of the reasons cooperatives have not reached their full potential in Curaçao is that people tend to have a very limited view of the kinds of activities cooperatives can perform. They tend to see them only as a financial institute, a credit union. In fact, they can be adapted to many types of purpose. Cooperatives will succeed only where people design the type of business that best meets their real needs.

One of the more universally accepted views in classifying cooperatives around the world is by its ownership structure, namely who are the members. Using this lens, cooperatives can be viewed as fitting into one of the following types:

Consumer cooperatives

Consumer cooperatives belong to their members, whom they provide with a variety of products and services. These cooperatives are usually created to provide members with goods or services at lower cost by increasing their purchasing power or simply to provide access to goods or services not readily available on the market or in the local area. Consumer cooperatives exist for housing, food, healthcare, recreation, educational goods and services, funeral services, cable, etc. Financial services cooperatives and insurance mutual are also examples of consumer cooperatives.

Producer Cooperatives

These cooperatives belong to their producer members, to whom they provide goods and services related to their occupation. They may supply members with goods and services required for work purposes or process and market member products. Producer cooperatives are found for example in the agri-food industry, fisheries industry, the taxi industry, and the business services sector. They may also take the form of purchasing groups and farm equipment and labor pools. Worldwide more and more professionals and specialized workers are also forming cooperatives to access professional services, including opticians, jewelers, designers, artists, computer specialists, etc.

Work Cooperatives

Work cooperatives belong to their member workers, who operate a business in order to provide themselves with employment. They give members the opportunity to control their working conditions and work environment. As with all cooperatives, membership is based on the principle of usage. In the case of work cooperatives, this means that members must be employees of the enterprise. Work cooperatives are found in the sectors of cleaning, care services, consulting, communications, business services, social services, and manufacturing in general.

Multi-stake Holder Cooperatives

Groups such as workers and consumers, combine their resources and create a cooperative together. This allows cooperatives greater strength and sustainability with the ability to diversify their stakeholders.

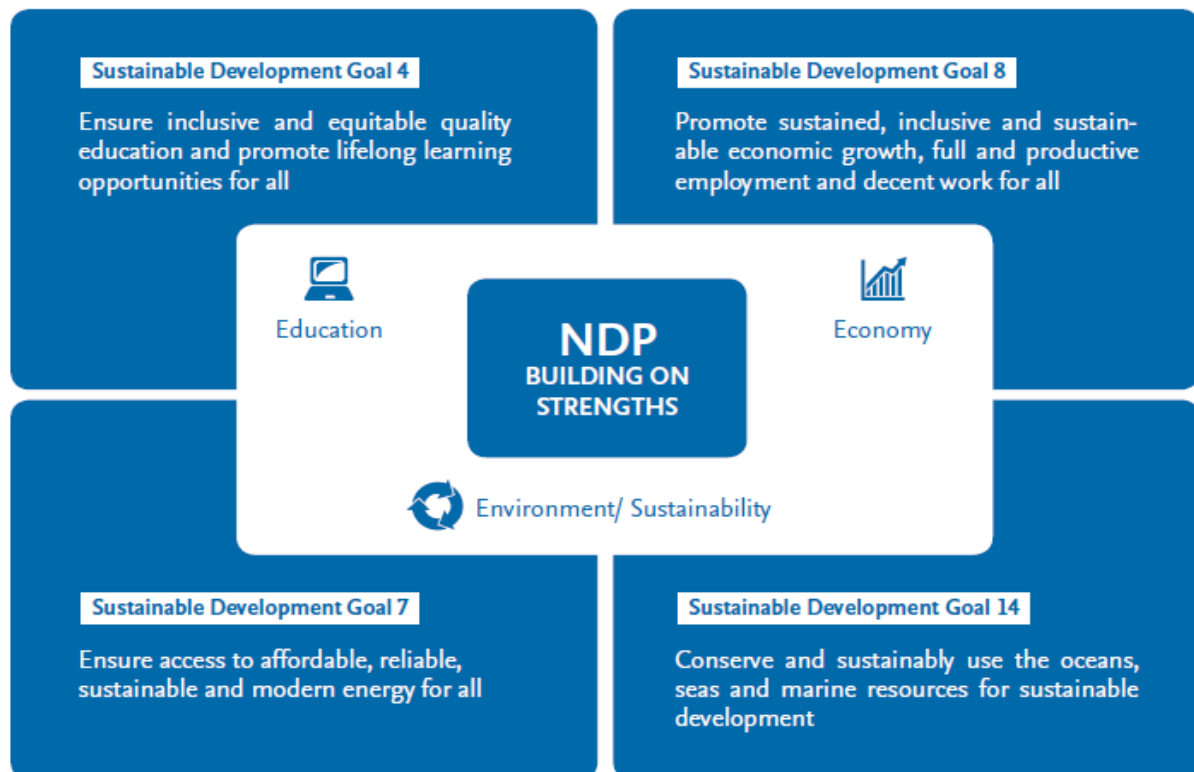
All these types of cooperatives together are also called primary cooperatives.

2.5 The cooperative with regard to SDGs and the NDP

As already mention cooperatives play an important role in achieving economic, social and environmental objectives, plus the governance agenda. Not only because it is companies who strive to achieve the economic progress of the members, but also because they simultaneously represent Socio-cultural interests and protect the environment. Cooperatives offer an alternative model for companies, the extent to which they contribute to sustainable development goes well beyond job creation. Given the share of the GDP and the total number of enterprises in Curaçao is currently relatively small, the promotion and expansion of cooperatives could be an important tool to achieve the Sustainable Development Goals (SDGs).



Refer to [Annex 2](#) for the priority goals and targets in the NDP 2015-2030 for Curacao, to achieve the five interlocked SDGs as shown in this image.



The NDP incorporates a long-term vision, it is a plan focused on the execution of those catalytic short-term initiatives, which will put Curacao on the path towards resiliency and attainment of its long-term vision. Integration with four Sustainable Development Goals (SDGs) provides a framework of measurable goals and targets at a critical time of global development, rooted in local challenges.

The story of Curacao is of an island with a long, accomplished history, celebrated in the arts and sporting excellence, welcoming the world to its shores, and protecting the vulnerable in its midst. The long-term vision for National Identity builds on these traits and deepens them. Curacao will be a place known for its story, celebrations, welcome and accomplishments. The short-term focus for change begins with an articulation of the story, through dialogue and vision – who we are as a people, our place in the world, and what it means to be an exporting nation. Overall the short-term will be focused on accomplishment through cooperation – by working together on all aspects of this plan, people will deepen community trust and collaboration.

In the follow-up process of implementation of SDG agenda 2030 and in alignment with other national policy plans, including the government program, the Curaçao government has expanded the 4 SDGs named in the NDP with two other important SDGs: SDG 1 (Poverty) and SDG 3 (Health and Wellbeing). So, Curaçao is currently focusing on 6 priority SDGs.

2.6 How does the cooperative model support the achievement of SDGs ?

The decree signed by the Minister of Economic Development on 2 May 2019 establishes the following considerations for the formulation of the Cooperative Development Policy, which supports the achievement of the SDGs:

- I. On 12 December 2018, the government approved a roadmap for the implementation of the SDGs to give priority to the 2030 agenda;
- II. The promotion of cooperatives contributes to the achievement of various SDGs , in particular: poverty alleviation [SDG 1], fight hunger [SDG 2], gender equality [SDG 5] and employment and economic growth [SDG 8];
- III. Cooperatives and actors in the social economy spectrum contribute to, among other things, sustainable and inclusive growth, highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection;
- IV. The social economy plays an important role in combating unemployment especially among the youth;
- V. Cooperative advantages makes cooperatives a perfect instrument for the development of the social economy.

2.7 Cooperative advantages and challenges targets for the SDGs

The cooperative model can influence lives, revitalize communities and transform local economies. This form of community enterprises provides some concrete benefits and challenges. In this paragraph these are aligned to the specific SDGs.

Economies of scale [SDG 8 + SDG 4]

Cooperatives can be an effective system for developing the skills and resources of relatively unskilled or disadvantaged people. The members can learn how to pool their resources and how to help one another set up a commonly owned business so that together they can address needs which they otherwise could not meet as individuals because it would be too difficult or expensive. Cooperatives can also be effective in promoting personal development and in creating wealth, while sharing and strengthening diverse skills.

Contributing to poverty reduction [SDG 1]

Cooperatives can be effective in reducing poverty because:

- They provide common services which would have been costly if carried out by individual members.
- If they operate efficiently, they provide goods and services at competitive prices, thus saving the member some money.
- Some cooperatives provide credit to members which enable them to improve production and increase their incomes.
- The returns accruing from the cooperative business revert to members either in cash or in kind.

Sustainable decent employment creation [SDG 8]

Cooperatives help create employment with employing millions of people around the world. Producer, Consumer or Worker cooperatives have demonstrated capacity for creating jobs in their respective economies. Consider, for example, in some Caribbean countries the number of jobs created and saved by credit unions with over 50% of their portfolio in productive sector loans; and to jobs retained along the value chain by buoyant fisher and fruit processing cooperatives. This demonstrated capacity for sustainable decent employment creation is crucial for poverty reduction strategies and therefore the social safety net. In addition to creating employment for their members and members' workers, cooperatives also employ people directly as managers, accountants, technicians, administrators, lawyers, auditors and business consultants.

Gender equality [SDG 5]

Cooperatives provide a voice and a vehicle for economic opportunities for women otherwise disenfranchised and provided with few opportunities to break the cycle of poverty. Cooperatives are sometimes the only avenue for women to gain education and training in order to create employment opportunities and raise the standard of living for themselves and their families.

Youth empowerment [SDG 4]

Cooperatives provide essential life skills by teaching and engaging young people on topics such as money management, the importance of savings, and the power of compound interest. They also learn about important values and principles including democracy, inclusion, honesty and fairness. Cooperatives help shape and prepare global leaders of tomorrow.

Business development [SDG 8]

Cooperatives provide opportunities for very ordinary people to engage in business activities – people who, as individuals, would never have been able to do so due to real economic costs. Participation in the cooperative pool enables them to reap economic benefits and to acquire new knowledge and skills in marketing, production, understanding financial statements, organization and leadership which they can apply in their private and other business lives.

CHAPTER 3 – SITUATION, CONSIDERATIONS & CHALLENGES

3.1 Cooperative movement in numbers; local and international

Curaçao (source: FEKOSKAN, cooperative development policy, presentation 11 November 2019)

- Agriculture sector: 6 cooperatives; +/- 350 members
- Fisheries sector: 5 cooperatives; +/-50 members
- Business services: 1 coop; +/- 20 members
- Funeral coop ("Seter ACU"): 1 coop; +/- 900 members
- Credit Union: 7 cooperatives
35.001 members
160 staff members

World (source: ICA annual report 2018)

- +/- 3 million cooperatives worldwide
- > 1,2 billion members ("sosios")
- > 280 million staff members
- Top 300 cooperatives have an annual turnover of > 2100 billion USD a year.

Members and participation in the International Cooperative Alliance (source: ICA annual report 2018)

- ICA celebrates its 125th anniversary in 2020; one of the oldest NGOs.
- ICA members increased from 306 to 313 members
- ICA is present in 109 countries and across all regions in the world
- ICA gained 5 new member countries and lost 1 member country;
 - The new member countries are: Kyrgyzstan, Jordan, Lesotho, **Curacao**, and Somalia.
 - **The Netherlands** is the lapsed country from ICA's membership.

Curaçao's cooperative movement currently consist of financial services and non-financial sector cooperatives. The following inventory table 3.1-1 gives an indication of the number of cooperatives that is registered in Curaçao. There are differences between the figures in this table and the overview above. The figures in Table 3.1-1 must be consider as an indication. For verification reasons further investigation and data collection is necessary. On December 31, 2018 the island has twenty large and well-known cooperatives. There are also smaller ones that consist of enterprises with fewer members as legal entities on the island. But reliable data or research over the whole spectrum is not available. An inventory from the register of the Chamber of Commerce combined with the telephone book gives a more extensive picture. In total, 48% of cooperatives registered in these registers are active in the financial sector, 24% in the agriculture and food industry. The remaining category, in which service sectors are combined, stands for 21%.

Table 3.1-1

| Category | Quantity | Percentage (±) |
|---|----------|----------------|
| | | |
| Agriculture and Food Industry | 10 | 24% |
| Industry and Utilities | 0 | 0% |
| Wholesale and Small Trade | 0 | 0% |
| Insurance cooperatives and investment funds | 1 | 2% |
| Banks and Financial Services | 20 | 48% |
| Health, Education and Social Care | 2 | 5% |
| Other services | 9 | 21% |
| Total | 42 | 100% |

Source: MED & FEKOSKAN, A strategic plan to promote of cooperative enterprises in Curacao, July 2019

Analysis and considerations:

- A. Compared to the financial sector, the agricultural and fishing sectors have performed relatively poorly in the Curacao economy. This negative performance can be attributed, among other things, to poor water management strategies, decreasing interest among young people in these sectors, falling international commodity prices and global competition.
- B. The government recognizes that acknowledges that a genuine, autonomous and economically viable cooperative movement has enormous development potential for Curaçao. The capacity to organize revenue-generating activities and to create and develop sustainable decent employment will be guaranteed to increase. Moreover, it supports the development of the potential of companies, including in the form of entrepreneurial and managerial capacities.
- C. It is also recognized that capacity building of cooperatives could strengthen their competitiveness and their ability to gain access to markets and to institutional financing. Cooperatives can contribute to the expansion of a viable and dynamic distinctive sector of the economy that meets the social and economic needs of our community. These opportunities of creating a broadly economic empowerment are crucial to achieving the growth objectives of Curaçao.

The following statement represents one of the priorities that the participants have set as a result of the democratic dialogue (see section 5.1.2):

“The government must determine the role of cooperativism within our community within its policy, by taking into account the four pillars for the development of Curacao, namely: economy, finance, (legislation for) social development and, education”.

FEKOSKAN collects specific data (see table 3.1-2) about the credit unions in the sense of membership dates and assets. From that information it can be established that there are seven credit unions, with around 35,000 members and a total of 160 employees in 2018.

Table: 3.1-2: Credit Unions (CU) in Curacao

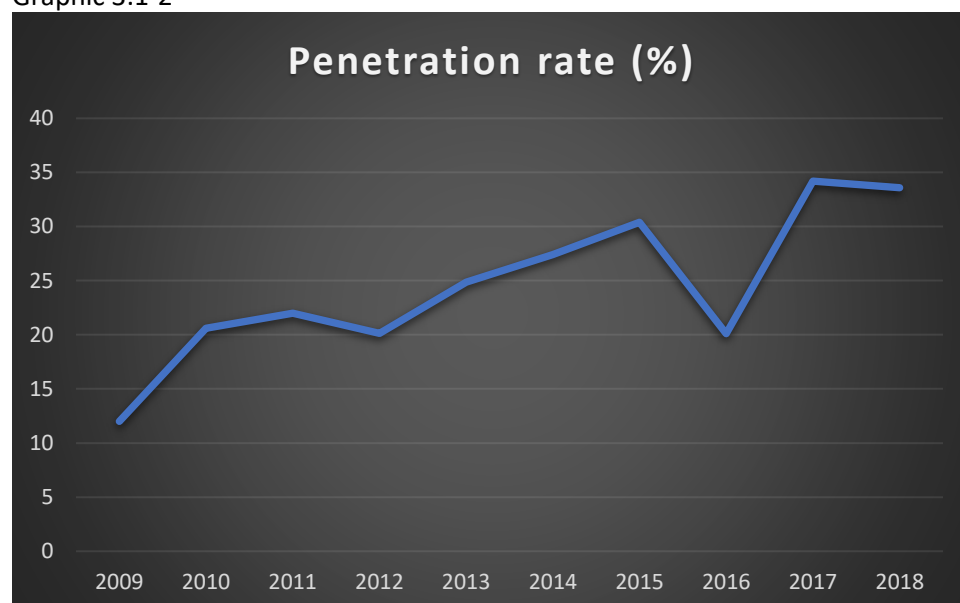
| Year | # CU | # Members | Assets (USD) | Savings (USD) | Loans (USD) | Pen (%)* |
|------|------|-----------|--------------|---------------|-------------|----------|
| 2009 | 13 | 18,360 | 66,300,000 | 35,700,000 | 40,800,000 | 12 |
| 2010 | 13 | 19,531 | 109,604,520 | 45,197,740 | 81,920,904 | 20.6 |
| 2011 | 11 | 20,912 | 125,793,550 | 70,462,739 | 95,990,331 | 22 |
| 2012 | 10 | 21,532 | 71,882,029 | 40,264,422 | 54,851,618 | 20.14 |
| 2013 | 8 | 24,338 | 138,919,163 | 79,598,944 | 109,540,918 | 24.85 |
| 2014 | 8 | 26,772 | 168,565,302 | 92,402,786 | 134,065,934 | 27.4 |
| 2015 | 8 | 29,542 | 201,076,464 | 110,056,341 | 151,627,412 | 30.4 |
| 2016 | 8 | 31,764 | 222,252,580 | 133,697,126 | 165,233,651 | 20.1 |
| 2017 | 7 | 35,448 | 242,611,406 | 151,707,692 | 174,243,065 | 34.2 |
| 2018 | 7 | 35,001 | 257,535,500 | 140,573,524 | 193,916,643 | 33.59 |

Source: WOCCU Statistical Report, 2009-2018

* The penetration rate is calculated by dividing the total number of members by the economically active population of 15-64 years old.

The penetration rate is nearly 35%, which include the economically active population of 15-64 years old. These figures established the importance and impact of cooperatives upon the community of Curacao.

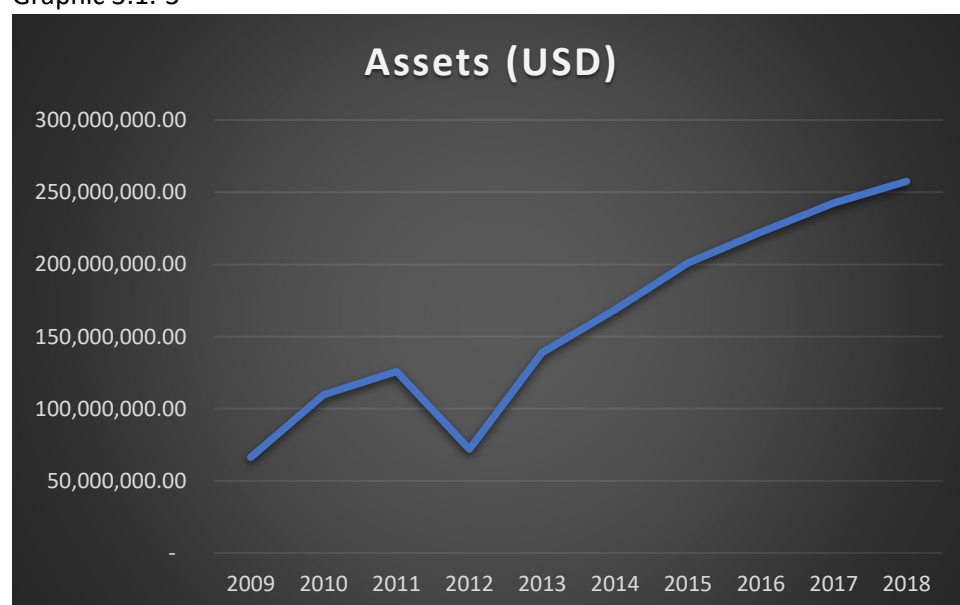
Graphic 3.1-2



Source: WOCCU Statistical Report, 2009-2018

At December 31, 2018 the seven existing credit unions possessed together assets worth nearly USD 258 million, which is about ANG 464,4 million. They had nearly USD 194 million (ANG 349,2 million) on outstanding loans to their members (“sosios”), and USD 141 million (ANG 253,8 million) cash on savings, also of their individual members together. There has been a substantial increase also in possessed assets USD 66,300,000 in 2009 to a total of USD 257,535,000, which the assets in 2018 represents nearly a triplication of the initial worth in 2009 (see graphic 3.1-3).

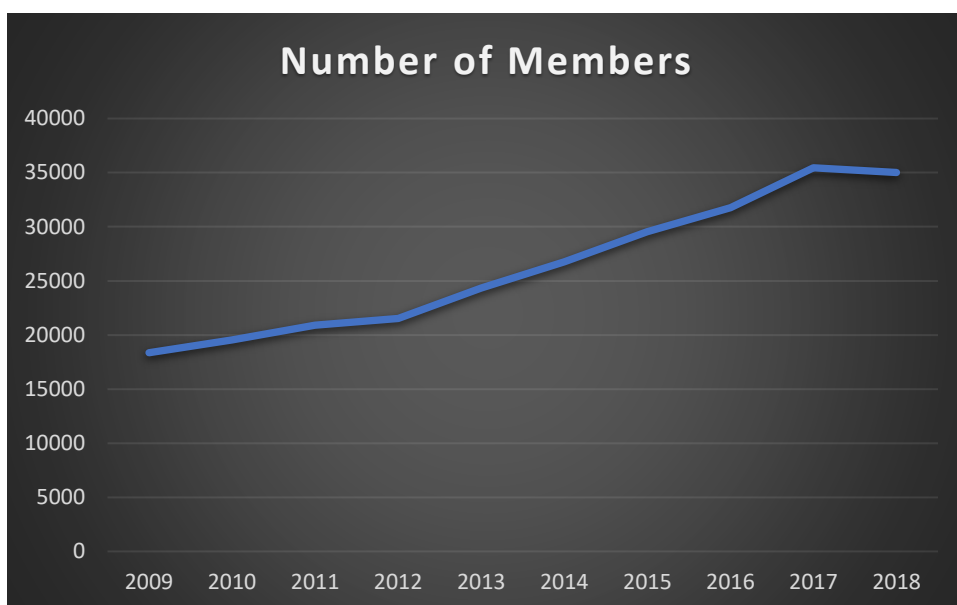
Graphic 3.1.-3



Source: WOCCU Statistical Report, 2009-2018

From December 31, 2009 until of December 2018, there has been an substantial increase of 91% of membership in nine year time (see graphic 3.1-4).

Graphic 3.1-4



Source: WOCCU Statistical Report, 2009-2018

Conclusions:

By comparing the distribution of cooperatives per sector (see Table 3.1-1) with the desired situation, a few conclusions can be drawn:

- A. No cooperative is currently active in the education sector and only 5% of cooperatives are active in the healthcare and social sectors.
- B. With 50% and 45% respectively, the financial and economic sectors account for almost the entire cooperative sector in Curaçao. The financial sector includes banks and financial services (48%), insurance cooperatives and investment funds (2%).
- C. The economics sector includes the categories agriculture and food industry (24%); industry and utilities (0%), wholesale and small trade (0%) and other Services (21%).
- D. The penetration rate is nearly 35%, which include the economically active population of 15-64 years old. These figures established the importance and impact of cooperatives upon the community of Curacao.
- E. The membership of all credit unions together in 2018 was 35.001, which means that more than 20% of the total local population is member of a credit union.
- F. From December 31, 2009 until of December 2018, there has been an substantial increase of 91% of membership in nine year time.

3.2 Cooperatives and value addition

Savings and Credit Cooperatives (Credit Unions) have managed to mobilize substantial savings which have been loaned out to members. Unfortunately, these loans have been used mainly for consumption purposes as little has been directed towards production activities.

This policy is a rallying call to cooperatives to take the mantle and lead in the social-economic growth of Curaçao. This objective is based on the realization that there are many benefits that will accrue if cooperatives are in the fore front of the development process. These benefits include equitable distribution of wealth, job creation, growth of the export capacity and strengthening of the local economy amongst others.

3.3 Cooperatives and specific target groups

The government acknowledges the specific potential of cooperatives, as enterprises and organizations inspired by solidarity, to respond to members' needs and ensure greater participation in the mainstream economy, especially women, persons with disability and youth. Government shall continuously engage with stakeholders in the youth and women sectors to design appropriate support programs. The government shall also consider introducing support measures for the activities of cooperatives that meet specific social and public policy outcomes, such as employment creation and the development of activities benefiting disadvantaged group.

3.4 Potential contributions of cooperatives to the social-economy

The government acknowledges that a genuine, autonomous and economically viable cooperative movement and its membership have a vast development potential to:

- a) Create and develop income-generating activities and sustainable decent employment.
- b) Develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training.
- c) Develop people's business potential, including entrepreneurial and managerial capacities.
- d) Increase savings and investment.
- e) Improve social and economic well-being.
- f) Improve social and economic well-being, taking into account the need to eliminate all forms of discrimination.
- g) Contribute to sustainable human development.
- h) Establish and expand a viable and dynamic distinctive sector of the economy that responds to the social and economic needs of the community.
- i) Enhance broad-based economic empowerment, thereby assisting the government in achieving the objectives of its economic reform strategy.

The Government recognizes that the main purpose of cooperatives is to render services to members. Cooperatives can contribute to the development of Curaçao through the improvement of the Social-economic situation of their members. Whereas the development potential of cooperatives is in principle not different from the one of other types of enterprises, the double nature of cooperatives (members are at the same time owners and users of their cooperatives) makes them more appropriate for specific population groups, sectors or situations. Hence, cooperatives possess an inherent special potential for Curaçao's Social-economic development.

3.5 Challenges in cooperative development

Cooperatives can play a significant role in several key areas of the Curaçao economy. However, it is only recently that they have begun to turn up in the new economy. Given their advantages, what prevents cooperatives from developing further? Why do they find their fields of potential endeavor limited? There is no easy answer to these questions. Many factors are involved.

To prosper, cooperatives need to be able to rely on an environment favorable to their emergence and growth. Certain key elements must be present to facilitate their development. Consultations on the draft policy clearly revealed that Curaçao cooperatives need more tools and levers to fully assume their role in economic development.

Among the changes required, the following priorities need to be addressed:

Government challenges

- a. Establish a modern legal framework adapted to contemporary circumstances.
- b. Support income taxation demands.

- c. Collection, analysis and dissemination of statistics.
- d. Recognition of cooperative as a unique business form.
- e. Provide technical assistance.
- f. Acknowledge the role of cooperatives and harmonize government action.
- g. Youth entrepreneurship.

Cooperative management challenges

- h. Improvement of management and technical skills.
- i. Leverage of trust and social cohesion.
- j. Democratic decision-making skills.
- k. Cooperation among cooperatives.
- l. Individual interest vs collective interest.
- m. Compliance with supervision ordinances and guidelines.
- n. Management staff.
- o. Use of innovative IT solutions.
- p. Cooperative education, training and research.

Challenges in cooperative organizational structures

- q. Structure of the cooperative movement.
- r. Reinforcing economic and associational dimensions.
- s. Adoption of good governance practices.
- t. Cooperative capitalization and financing.

Market challenges

- u. Improvement of networks and economic value chains.
- v. Improvement of access to markets.

3.5.1 Government challenges

3.5.1.1 Legal framework

Cooperatives in Curaçao are governed by Title 4 Book II of the Curaçao Civil Code. The code is in some respects not as well adapted to the environment in which today's cooperatives operate everywhere in the world. The Code for example, merely addresses the needs and philosophy of cooperatives, also it does not consider new areas of cooperative development that are increasingly focused on work cooperatives, shareholder worker cooperatives and, more recently, solidarity cooperatives. The articles in the code should therefore be extended to reflect this reality.

3.5.1.2 Income taxation demands

In recent years, the cooperative sector has regularly opposed the tax authorities' plans to tax cooperatives for income tax with retroactive effect. One of the main arguments for this opposition is that cooperative societies are constituted through the association of persons who have common economic and social interests, and conduct business activities in order to satisfy these interests. The members are also the users of the activity carried out by the entity, thus distinguishing these from other business enterprises. In other words, cooperative organizations are operated entirely by and for their members. Cooperatives contribute in this way to a more even distribution of income and thus to sustainable development. Another argument concerns the fact that while commercial businesses have stockholders, a cooperative's shareholders are its members and each member has one vote, regardless of the amount on deposit.

Although a draft bill for tax exemption for credit unions was unanimously adopted by Parliament in 2009, this proposal has not become a law yet.

It is important to note that, like any other business, cooperatives do pay many taxes and fees. It is also important to note that patronage refunds (so called dividends) paid to members are taxed at the membership level.

3.5.1.3 Collection, analysis and dissemination of statistics

Lack of statistics about the full spectrum of the cooperative sector, its social impact, is resulting in insufficient market transparency and poor appreciation of cooperative business model. Thorough and regular monitoring and evaluation of the development of cooperatives is inadequate.

3.5.1.4 Recognition of cooperative as a unique business form

Most policy interventions do not take into consideration the unique nature of the cooperative business model.

3.5.1.5 Technical assistance

Foreign experience has shown that cooperative movement momentum can be reinforced by effective technical assistance and startup services for new cooperatives, as well as support and consulting services for existing cooperatives.

Startup assistance

At the startup stage, cooperatives differ from private companies in terms of the large number of promoters and the democratic nature of company decision making. Because of these two factors, general startup assistance and support services cannot fully meet the needs of cooperatives. For this reason, cooperatives need an assistance program. This program has three main objectives: to promote the cooperative formula, to foster cooperation among cooperatives, and, above all, to provide technical assistance attuned to the needs of cooperatives at startup.

Specialized oversight and networking

The cooperative experience elsewhere in the world, shows that businesses need specialized oversight after startup. Without a federation (apex organization) or group to provide such services, the failure rate of cooperatives is much higher, while cooperative liquidations are quite rare when the network is strong, and cooperatives enjoy the support of services.

A point commonly raised worldwide in discussions on cooperative development is that strong cooperative networks tend to spur growth. In case the existing federation or group has a restricted budget and a role largely limited to representation the member cooperatives are struggling to identify a common direction and interests. On the other hand, cooperatives that do not or cannot belong to a network are in a troublesome situation. Cooperatives working in isolation suffer in terms of performance, due to both competition and their limited ability to achieve their economic and social objectives.

This situation is easy to explain: These cooperatives have limited access to strategic business information and sector expertise. They also benefit from few economies of scale from purchasing or service groups. And because they receive little support in managing their associative structure, they suffer more governance problems and instability in their decision making. Because they are isolated, these cooperatives are much more vulnerable to economic fluctuations and turmoil in the economic and social environment.

It is for these reasons that it imperative to strengthen the local federation of cooperatives and to encourage startups to be part of the federation.

3.5.1.6 Acknowledge the role of cooperatives and harmonize government action

Even though certain ministries have provided some support to cooperatives, this support has been unfocused, uncoordinated and lack systematic and sustained targeting on cooperatives. The core mandate of these ministries is not cooperatives development, making it difficult for them to create huge capacity to target this sector. Budget allocations for the sector in most cases has been poor and at the extreme non-existent. Most of these ministries do not have the expertise to appreciate the complex challenges confronting cooperatives and respond accordingly. This is understandable given the fact that this is not their core mandate.

Besides that, the lack of clarity about roles and contributions of different ministries makes their efforts uncoordinated and less effective.

To continue growing, cooperatives need the government to harmonize its efforts on their behalf and take concrete action to acknowledge the importance of the cooperative model to economic and social development of Curaçao.

Coordinating and Harmonizing Government Action

The entire government must become more aware of cooperatives' specific development needs, which are not always given full consideration in the drafting of acts and the preparation of programs and measures. The integration and harmonization of government action on behalf of cooperative development is vital for the cooperative model to grow. The formula must also receive greater government acknowledgement and support for its special contribution to the social and economic development of Curaçao.

Teaching Cooperation

Teaching about the cooperative business model helps highlight and increase understanding of this formula, especially by young people. In this regard, one of the major concerns of the cooperative movement is the seemingly limited attention paid to the cooperative business model at the primary, secondary and university levels. The cooperative business model in general seems to receive much less attention than the corporate model. This situation appears to indirectly impact the choices young people make when they enter the business world.

Promoting Cooperatives

Limited promotion and awareness of the cooperative business model is one of the barriers to cooperatives development in Curaçao. The public sector, private sector and society in general, do not understand the cooperative model and its inherent value. Furthermore, it has been observed that the professionals who advise promoters interested in establishing a business have little understanding of the cooperative model. Consequently, they rarely think to present the cooperative as an attractive formula.

The push to increase its visibility has intensified in recent years. Cooperatives are looking to the government to join in awareness campaigns to promote the cooperative business model to the general public, particularly by celebrating the successes of cooperatives in the various sectors in which they operate.

Strategic Positioning

Strategically, businesses need a better understanding of their current and future environment. Analyzing globalization and its impact on cooperatives could prove vitally important. The place cooperatives occupy in Curaçao in the future will depend on their ability to meet the challenges they face. With such an analysis of the environment to guide them, they would be better equipped to develop suitable strategies. Sectors with high cooperative development potential in Curaçao must also be identified. The results of this research or analysis might be useful in developing targeted strategies for seizing new business opportunities or meeting special public needs.

This proactive approach to development based on a medium- and long-term vision has already yielded positive results in the credit union sector, where the introduction of a suitable strategy has led to significant growth.

Partnership and Policy Support

Success in disseminating the cooperative model is closely tied to the expansion of partner networks, which can provide exposure for this form of business. New avenues must be explored for strengthening ties between cooperatives and economic development bodies, harmonizing their actions and efforts, and creating new opportunities for cooperation.

This policy and all the efforts it will entail to implement it will require a considerable investment of resources and energy by the Ministry of Economic Development and the representative organization of cooperatives. We must ensure that they are effective advocates of the cooperative movement and able to push for implementation of the various aspects of the policy.

Long Term Support for Cooperative Development

Official acknowledgement of the importance of cooperatives is vital for the cooperative movement, which wants to make sure it has long term development support it needs. The experience of several foreign countries shows that without this acknowledgement, government efforts in support of cooperative development may fluctuate greatly over time and become beholden to political trends or the economic situation.

Ongoing government support for cooperatives is essential to promoting consistent departmental involvement and supporting cooperative development. Cooperatives must become a concern of the entire government.

3.5.1.7 Youth entrepreneurship

Youth (define here between 15-24 years of age) represents a significant share within the total population. They are educated and ICT savvy with one of the highest adoption rates of ICT integration in the Caribbean. The youth unemployment rate however stands over the same period in 2018 at 29.3%, according to the Central Bureau of Statistics Curaçao. A key contribution to the unemployment is the lack of practical skills for undertaking entrepreneurship. There is an opportunity to harness this large number of unutilized energies through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives.

3.5.2 Cooperative management challenges

3.5.2.1 Management and technical skills

Many newly established cooperatives are initiated by people, often with no prior business experience. Certain cooperatives such as agricultural and fisheries require specialist technical knowledge, which is not always available within the cooperative. A lack of both management and

technical skills by individual members undermines the chances of success. Lack of these skills can also contribute to tensions in the cooperative.

3.5.2.2 Trust and social cohesion

Due to the unique nature of collective interest and participation, cooperatives rely on high levels of trust between members. The absence of the shared vision, approach, financial trust and strong social ties has contributed to the demise of several cooperatives in the past.

3.5.2.3 Democratic decision-making skills

Democracy requires skills in decision-making processes. Democracy is often accompanied by lack of clarity or consensus on the scope of decision-making authority. Consequently, this has been an area of high contestation and tension within cooperatives. When boards overstep their mandate and do not keep members informed, trust is eroded. This is not surprising given the management complexity of even the simplest democratic process. Boards of directors may lack cooperative governance skills.

3.5.2.4 Cooperation among cooperatives

Cooperatives do not cooperate enough with others in Curaçao. This can result in isolation and poor performance as they miss out on an opportunity to learn from one another.

3.5.2.5 Individual interest vs collective interest

A cooperative is premised on always placing collective interest before individual interest. ‘Free riders’, opportunism, greed, and self-interest have been at the heart of many differences of insight with the Curaçao cooperative movement.

3.5.2.6 Compliance with supervision ordinances and guidelines

Several financial cooperatives struggle to comply with ordinances and guidelines regarding the oversight of financial institutions by the Central Bank. In the opinion of the financial cooperatives these guidelines are aimed at commercial banks and do not take enough in account the specific characteristics and the social character of financial cooperatives. Based on the National Ordinance on the Supervision of Banking and Credit Institutions, the Central Bank is the only institution in Curaçao that can grant a license to credit institutions.

3.5.2.7 Management Staff

Many of the cooperative enterprises are unable to employ and/or retain high caliber management staff; the burden of due diligence is left to the cooperative members through the directors of the management committees, who often have limited education on cooperative operations.

Restructuring and strengthening of the management of the cooperative institutions will spur realization of the government’s objectives of economic growth and poverty reduction.

3.5.2.8 Use of innovative IT solutions

Except for some financial cooperatives, most established cooperatives are still on manual (paper based) operations. In addition, many cooperative enterprises, lack enough trained and experienced ICT personnel to effectively deliver ICT solutions.

3.5.2.9 Cooperative education, training and research

Cooperative information, education and training is an internationally accepted cooperative principle whose objective is to provide members, management and employees of the cooperative sector,

together with the general public with adequate knowledge and technical skills to enable them carry out their respective roles effectively.

Funding of cooperative education, training and information continues to be the responsibility of the sector. Provision of education and training in cooperative enterprises has not been regulated which has not helped in professionalizing the management of cooperative enterprises. In addition, cooperative courses are not offered in primary, secondary and universities.

One of the major challenges facing cooperatives is inadequate research in emerging products and services. Lack of research and innovation functions make most of the cooperatives to lag their competitors in terms of innovations. In addition, there is lack of reliable source of information pertaining to cooperatives. Cooperative Research and Innovation will offer a primary response to the pressures of local and international competition, to meet the short- and long-term needs for assets to implement new approaches for coping with intensifying competition of market demand for quality products.

3.5.3 Challenges in cooperative organizational structures

3.5.3.1 The Structure of the cooperative movement

The Curaçao financial cooperative movement has operated on a two-tier system where the societies are classified as either primary or secondary. From the outset, this structure was meant to.

- Consist of viable economic units capable of providing the services needed by members.
- Exploit the economies of scale to ensure the highest possible returns to the individual members;
- Provide with a national cooperative organization that will nationally coordinate the activities of its affiliates and appropriate cooperative bodies internationally and will lobby and articulate the concerns of the cooperative movement nationally and internationally.

So, at the lowest level of the structure are the primary cooperatives, formed by individuals usually as a single purpose or product. To achieve economies of scale, representative coordinating organizations operating at national level are essential.

3.5.3.2 Reinforcing economic and associational dimensions

For cooperatives to continue growing and improving their performance, they must reinforce their economic and associational dimensions.

Economic Dimension

For several years, the financial cooperatives have been adjusting to new economic realities, including globalization. This has led to a general questioning of the business practices and directions of businesses in this sector. The resulting adjustments have required firm resolve and great effort.

A certain conservatism may be noted however in the cooperative movement, particularly regarding the appropriation of better business practices, although the financial cooperative sector have made a strong push in this direction. Several cooperatives—like most small businesses—have limited access to strategic information. Although they are increasingly concerned with being connected to major management trends and new practices, these cooperatives have nearly no strategic support, except in large sectors.

Cooperatives must consider best business practices, such as comparative analysis, benchmarking, and the kaizen method, as well as new value-added production approaches. We believe it is important for these businesses and their managers to understand the benefits of best business

practices. We believe that cooperative groups must acquire this new know-how as a prerequisite to distributing and integrating it into each cooperative in their sector and thereby boosting their competitiveness.

Associational Dimension

Cooperatives that have rapidly grown into businesses with a solid position in their market owe much of their success to their ability to effectively manage their associations. In Curaçao, unlike in Europe, there is currently no general tool for associational oversight. This deficiency deprives cooperatives of one of their key strengths—moving their members toward a common goal.

The cooperative method is based on member endorsement of a philosophy focused largely on the fundamental values of solidarity and democracy. It is accepted that this cooperative philosophy is built mainly through cooperative education, a must for well-structured, motivated participation in the medium and long term. Despite the efforts already expended in this area, the cooperative movement must go much further, particularly in extending a cooperative education to new groups of people. It must use new methods to better reach young people and better highlight the benefits of the cooperative model. All cooperative sectors must address this need to step up education.

The associational dimension has several facets, including cooperative education, of course, but also the democratic process, communication with members, welcoming new members, and settling disputes. A more effective tool for associational oversight, such as the establishment of a cooperative certification and a cooperative code of conduct, seems essential to optimizing the internal strengths of cooperatives.

3.5.3.3 Adoption of cooperative governance practices

Governance is the system of rules, practices and processes by which an organization is directed and controlled. Governance essentially involves a balance between the interests of the many stakeholders of a cooperative such as members, board, management, customers, suppliers, financiers, government and the community. Since governance also provides the framework for attaining cooperative objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

It is expected that bad governance can cast doubt on a cooperative's reliability, integrity or obligation to members. Similarly, good governance creates a transparent set of rules and controls in which members, directors and management have aligned responsibilities and incentives.

Local cooperatives in the past have experienced governance challenges which may have led to loss of confidence by members. Non-clarity of roles between various cooperative organs, ignorance by members, poor succession planning and poor cooperative leadership are some of the factors that have contributed to poor governance in some cooperatives.

3.5.3.4 Cooperative capitalization and financing

The issue of cooperative capitalization is worrisome, given that Curaçao cooperatives must—like all other businesses—invest in upcoming years in order to boost their productivity, launch new products, and create and/or maintain their market share. Cooperative capitalization and financing have always been problematic. But they have a greater impact on newly established cooperatives—those that are the most promising. Most finance companies have little involvement with cooperatives. The democratic operation of cooperatives and their profit-sharing method based on use makes them less attractive to outside investors.

Moreover, external investors in cooperatives - unlike traditional private companies - do not have access to their returns from increases in value. Indeed, cooperative shares cannot increase in value over time, nor is there a secondary market for these shares. Furthermore, a cooperative cannot grant veto power to a third party, as this might undermine the very essence of democracy, the foundation of this form of business.

Finally, since cooperatives focus on optimizing return on use over return on capital, the financial return on investment of these businesses is generally lower than in private companies.

Because of the way they operate, cooperatives cannot offer what venture capital companies generally seek, i.e., capital gains, veto power, high financial yields, option exercise, etc. To ensure their development, they must therefore rely almost solely on member capital and profits generated by their operations.

3.5.4 Market challenges

3.5.4.1 Networks and economic value chains

As with any business, cooperatives that have a broad network of support including technical, managerial, legal, administrative and financial appear to be more successful. The underdeveloped nature of the cooperative movement together with the limited cooperation and partnership action between cooperatives, and insufficient interaction between cooperatives and non-cooperative enterprises, either as trading partners or to access financial support or other services, is an impediment to the success of cooperatives in Curaçao. This is compounded by the limited cooperative value chains that can link cooperatives operating in different sectors, the so-called cooperative ecosystem.

3.5.4.2 Access to markets

Limited access to markets for the products and services supplied by cooperatives (due to business counterparts' poor understanding and appreciation of cooperatives as businesses to transact with) has led to failure of many cooperatives in the past.

CHAPTER 4 - POLICY FOCUSED ON SUSTAINABLE DEVELOPMENT

The prosperity and well-being of Curaçao depends, among other things, on the expansion of the entrepreneurial base and the cooperative model. Promoting the direct involvement of citizens in the economy seems a promising solution. In the current situation, maintaining responsible local companies that play an active role in important economic and social sectors becomes crucial. With this Cooperative Development Policy, the government of Curaçao demonstrates its determination to support cooperatives, so that these companies can firmly position themselves towards the major challenges they face. Central is contributing to job creation and prosperity. This policy is aimed at improving the role and position of cooperatives within the Curaçao economy.

4.1 Underlying strategic goals for the cooperative development policy

The Curacao government vision includes a clear, comprehensive and widely agreed cooperative development policy that, if implemented successfully, will ensure:

- a. Promoting the development of economically sustainable cooperatives that will significantly contribute to the economic growth of the country.
- b. Creating an stimulating environment for cooperative enterprises that improves the efficiency and profitability of the cooperatives and ensures that cooperatives as competing companies can contribute to the sustainable Social-economic development of the island.
- c. Defining the cooperative movement structure and strengthening the management of cooperative enterprises to encourage integration into the sector for enhanced service delivery.
- d. Increasing the competitiveness of the cooperative sector so that it can take better advantage of opportunities that arise on national, regional and international markets.
- e. Facilitating the provision of support programs aimed at cooperatives, in particular cooperatives that create jobs or benefit disadvantaged groups.
- f. Encourage cooperatives to seize opportunities for partnerships and joint ventures with other local and international agencies to acquire resources and skills to improve their strategic competitiveness and skills transfer.
- g. Encourage individuals and groups who adhere to values of self-reliance and self-help, and who choose to work together in democratically controlled companies, to register cooperatives under this policy.
- h. Stimulate participation by women persons with disabilities and youth to form part of the management of cooperatives.
- i. Point out specific support measures and programs to support the development of a cooperative movement by all stakeholders.
- j. Promoting the development and integration of ICT in the implementation and marketing of cooperative companies, aimed at improved market access and marketing efficiency at cooperatives.
- k. Promoting savings and investments in viable cooperatives, adding value, processing and production, and increasing the capacity of cooperatives to conduct research
- l. Laying the foundation for the new Cooperative Act.
- m. Enhance communication between government and the cooperative movement.
- n. Serve as a reference for cooperative members by explaining why and how the government supports cooperatives and by determining the relationship between the government, cooperatives, civil society and the private sector.

4.2 Actions to achieve strategic goals for the cooperative development policy

The following actions should be taken to achieve the strategic goals:

1. Initiatives aimed at structured exchange of information and experiences and supporting best practices. These actions are intended to make ministries, government organizations,

- companies, existing cooperatives, schools and the wider society aware of the potential of the cooperatives and potentially strengthen the cooperative form of enterprise;
2. In line with the above, cooperation with other relevant civil society organizations is encouraged;
 3. The collection and analysis of statistical data on cooperatives, carried out by the Central Bureau of Statistics and the local knowledge institutes/ universities. The collected data will be used as input for data driven decision-making, implementation and evaluation of the policy to promote cooperative enterprises;
 4. Ensure that the knowledge and functioning of cooperative companies are included in the education programs for the primary education, secondary education and HBO / WO (Management) training and studies;
 5. Ensure the availability of business support services (business incubator, shared services, small business development center) for emerging and already existing cooperatives;
 6. The instruments and programs to promote businesses, entrepreneurship and innovation, especially for small and medium-sized enterprises are also available to cooperatives;
 7. Setting up an accessible general incentive fund for cooperatives with flexible conditions and application procedures.
 8. Stimulate financial cooperatives through tax measures to make funds available for the development of new cooperatives in the production sector;
 9. Encouraging financial cooperatives to raise funds through available (tax) incentives for the development of new cooperatives in other sectors of the economy;
 10. Provide (tax) incentives for cooperative companies including the possibility for exemption from income tax for savings / credit cooperatives;
 11. Actively contribute to the promotion of the cooperative ecosystem approach through policy programs;
 12. Maintaining frequent contacts with cooperative umbrella organizations on policy issues or other related issues that promote cooperative ventures in Curaçao;
 13. Make contacts and collaborate with local and international organizations that can support the government and / or MED in realizing its objectives with regard to the promotion of cooperative companies.

4.3 Main goal and targeted objectives

Cooperatives and actors in the social economy spectrum contribute to, among other things, sustainable and inclusive growth, highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection. The social economy plays an important role in combating unemployment especially among the youth.

4.3.1 Main goal

The main objective of this policy is:

' Stimulating sustainable cooperative enterprises so that they can play a strong role in the Social-economic development of Curaçao'

4.3.2 Target-objectives

This Cooperative Development Policy targets the following ambitious objectives:

- a) Supporting the emergence of new critical masses of cooperatives in different sectors, in particular promising sectors, which meet specific needs.
- b) Increasing the contribution of cooperatives to the GDP growth rate, economic transformation and social impact of Curaçao.

- c) Working on the self-sufficiency of the cooperative movement during the medium to long-term. This can be achieved with partnership models, offering tailor-made support programs and by consistently strengthening the capacities of all stakeholders during the establishment and afterward.
- d) Maintain a high cooperative survival rate in established sectors and improve this rate in emerging sectors.
- e) Promoting cooperatives as an effective means of contributing to revenue-generating activities to the economic and social well-being of women, youth and people with disabilities.
- f) Supporting cooperatives in developing their human capital and developing a greater understanding of cooperative principles and values.
- g) Strengthening cooperative sustainability by ensuring better access to information, markets, support services focused on business development support services, business infrastructure and institutional finance.
- h) Increasing savings and investments, through the promotion of cooperatives for financial services.
- i) Foster a culture of cooperation, self-help, self-reliance and solidarity among cooperative beneficiaries and other stakeholders, through supporting the creation of the vertical structure of cooperatives and conducting awareness campaigns.
- j) Awareness campaigns aimed at improving the profile of cooperatives as dynamic and effective business organizations that can be used by individuals and communities to strengthen their social and economic well-being.
- k) Feasibility studies, market surveys and awareness campaigns to strengthen the profile of cooperatives as an institution that allows the agglomeration of small-scale economic activities into massive activities and allows vulnerable groups to compete with large market players.
- l) Enhance the potential benefits of cooperatives by increasing the value and profile of cooperatives throughout economy and designing appropriate support programs.
- m) Conduct leading research to inform about the innovation, evaluation and monitoring of the performance of cooperatives.

This policy is not only aiming at precise, measurable economic results, it is also aimed at encouraging authentic, sustainable, high-quality cooperative development. The success of this policy should not only be measured on the basis of quantitative indicators. It must also be based on social impact, a dimension that is inextricably linked to the cooperative model.

4.4 Scope of the cooperative development policy

This Cooperative Development Policy applies to all types and forms of cooperatives, in all sectors of the economy. Hence, it also applies to so-called established cooperatives, but the emphasis is on supporting emerging cooperative enterprises.

Emerging cooperatives

These cooperatives have been identified as struggling for survival and often lack training. Specific support forms such as capacity building, financial support and marketing support must be considered. Some of these cooperatives need support in expanding and modernizing their activities. Institutions such as the cooperative federation can utilize their tools to come up with holistic solutions for this sector. Support for this sector forms a common thread in the policy. The policy and strategy for cooperative development are therefore strongly focused on emerging cooperatives.

Established cooperatives

These are cooperatives that are primarily active in financial services. Although this sector is also falls under government policy, the focus will primarily on emerging cooperatives.

Both sectors will benefit from specific support measures such as fiscal support and incentives and external assistance that the government will provide.

All sectors of the economy

The Curaçao government recognizes that cooperatives can be active in all sectors of the economy. All sectoral strategies must include proposals for strengthening cooperatives. The government is determined to ensure that cooperatives have a greater share in the general economy through expansion to areas where cooperatives are not yet active. This promotes economic activity, which is an important condition for broad economic emancipation and the strengthening of equity.

4.5 Roles in promoting cooperative development

The responsibility for promoting the development of cooperatives lies not only with the Curaçao government, a wide variety of participants from both the public and private sectors are involved.

4.5.1 Role of the government

The government's approach to cooperative development is aimed at creating a favorable legal, economic, administrative and institutional environment. The government's spheres of influence include:

- a) Giving a clear, legal definition of a genuine cooperative enterprise.
- b) Ensuring that the legal framework does not hinder the development and growth of cooperative enterprises.
- c) Provide a conducive cooperative development policy.
- d) Formulate support programs that are delivered to cooperatives via a one-stop-shop.
- e) To provide support where justified by special circumstances, with a clear distinction between technical support services for cooperatives and regulatory functions of public authorities
- f) Allowing cooperatives to set up their own supporting service institution.
- g) Facilitate the establishment of cooperatives with the aim of encouraging rather than replacing self-help.
- h) Develop partnerships with cooperatives where appropriate.
- i) Provide details about sectors that need to be prioritized.
- j) Monitoring and continuously updating the database of registered cooperatives.
- k) Cooperatives help to fully meet with the compliance requirements.
- l) Increasing awareness of the importance of researching factors that can influence the effective, efficient and sustainable functioning of the cooperative's movement.
- m) Monitor trends and patterns in the development of the cooperatives movement and formulate reports on them.
- n) Coordinate and oriented on external assistance to cooperatives.

4.5.2 Role of the local cooperative movement

The local cooperative movement should primarily:

- Assist the government in developing a policy and legal framework for the promotion of cooperatives in Curaçao.
- Develop support programs such as research, education and technical training for cooperatives, financial, technical and commercial business support services, awareness raising and mobilization and advocacy.

- Manage their own support services and contribute to their financing
- Establish an active relationship with employers' and workers' organizations and relevant governmental and non-governmental agencies with a view to creating a favorable climate for the development of cooperatives.
- Promote the horizontal and vertical integration of cooperatives
- Invest in human resource development of their members, workers and managers.
- Further development of and affiliation with national and international cooperative organizations.
- Represent the national cooperative movement at international level.
- Undertake any other activities for the promotion of cooperatives.

4.5.3 Role of the trade unions

Trade unions have a role to:

- Advise and assist workers in user-owned cooperatives to join unions.
- Help their members to set up cooperatives, including to facilitate access to basic goods and services.
- Participate in committees and working groups that consider economic and social issues have an impact on cooperatives.
- Assist and participate in the creation of new cooperatives with a view to creating or maintaining employment, including in cases of proposed closures of enterprises.
- Assist and participate in programs for cooperatives aiming at the improvement of their productivity.
- Support cooperatives, especially emerging cooperatives, through their procurement, training, marketing and other available programs and activities.
- Promotion of equal opportunities in cooperatives.
- Promote the exercise of the rights of worker-members of cooperatives.
- Undertake any other activities for the promotion of cooperatives, including education and training.

4.5.4 Role of the employers' organizations

The role of employers' organizations is to extend membership and provision of services to cooperatives wishing to join.

4.5.5 Role of the financial institutions

Financial institutions e.g. banks also have a role to play in terms of developing funding products tailor-made for the development of cooperatives.

4.5.6 Role of the community organizations

Community organizations, including universities, should support programs such as research, education and training of cooperatives, financial and non-financial support, and awareness and mobilization.

4.5.7 Role of international organizations

International organizations also have a role to play in the development of cooperatives e.g.:

- Exchange information on policies and programs that have proven effective in creating jobs and generating income for members of cooperatives.
- Encourage and promote relationships between national and international organizations and institutions involved in the development of cooperatives to:

- Exchange personnel and ideas, educational and training materials, methodologies and reference materials.
- Compile and utilize research material and other data on cooperatives and their development.
- Establish alliances and international partnerships between cooperatives.
- Promote and protect co-operative values and principles.
- Establish commercial relations between cooperatives.
- Cooperative access to national and international data, such as market information, legislation, training methods and techniques, technology and product standards.
- The development of common regional and international guidelines and legislation to support cooperatives in consultation with relevant employers' and employees' organizations.

This inclusive participation is crucial in the development of cooperatives, to ensure that the huge task of promoting cooperatives is carried out adequately, effectively and in a decentralized manner, recognizing the valuable contribution of all stakeholders.

CHAPTER 5 – PRIORITIES AND STRATEGIC ACTIONS

5.1 Policy priorities arising from the MED Democratic Dialogue

The development and implementation of a cooperativism policy must be a dynamic process. Therefore the input from the Democratic Dialogue is considered as essential.

This section presents the four most important priorities that emerged in the democratic dialogue (DD) on cooperativism in Curacao, held on November 22, 2019. In order to help achieve the main and specific objectives of the cooperative development policy, these priorities are intended to be implemented in the short term (see action plan in Chapter 6). Linked to these local priorities, elaborated against international experiences, eleven concrete strategic actions are proposed (see section 6.2). The intention is that these actions must be carried out within two years. The eleven strategic actions contribute to the continuation of the development policy, which should be implemented in medium and long term, respectively between three to five and five to ten years.

The CEDTF is responsible for the monitoring and impact evaluation of the Cooperative Development Policy. The evaluation will be done by the use of key performance indicators. In this chapter divers lists of KPIs are presented as a guideline. These KPIs are concept and should carefully be review, study and evaluate, before being use in a term of references, or use as part of a design plan/ approach, or being used for research, or other purposes.

5.1.1 Democratic Dialogue

The democratic dialogue method was used to gather input for the cooperative policy. The points raised by the participants during the National Democratic Dialogue include vital and relevant input. Please refer to Annex 3 for the full details.

5.1.2 High priority short-term actions

The key question at the DD was: *Which concrete proposition can you mention that specifically can improve the performance of coops or of the cooperative movement in general in Curacao?*

The top four ranked answers on this question were:

- a. A legal framework must be introduced. This legislation must guarantee that the cause of cooperativeness is supported by the seven principles of cooperativism (as defined by the ILO). The legal framework must protect cooperatives and, at the same time, encourage people to start their own business..
- b. The introduction of a structure of knowledge education and know-how based on the philosophy of cooperativism, at all levels of education on the island. So from primary, secondary to vocational education, not only in the form of knowledge and know-how, but also by presenting cooperativism as a form of (social) entrepreneurship.
- c. Anchoring an integrated cooperative education and training institute to facilitate access to possible investment funds for development cooperation¹.
- d. Taking into account the four pillars for the development of Curacao [economy, finance, (legislation for) social justice and education], the government must determine the role of cooperativism within its policy.

¹ Take into account that priority C is actually two in one. It addresses two issues at the same time: a) the establishment of an integrated cooperative education and training institute, and b) the assessment of possible investment funds. But these are different in nature and they ask for a distinctive problem-solving approach.

For specific actions resulting from this, reference is made to the action plan in chapter 6 and appendices 1A + 1B. The progress of the implementation will be monitored and the effect will be measured on the basis of performance indicators, which are further defined in the following section. The Task Force Cooperative Enterprise Development is responsible for monitoring and evaluating this (see Chapter 7).

5.1.2.1 Sub a. – KPIs

The implementation of sub a., will be monitored and the impact will be measured using the following key performance indicators:

1. Cooperative legislation implemented.
2. Improvement of compliance of cooperatives with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
3. Number of cooperatives trained on legislative compliance.
4. Number of workshops conducted on legislative compliance.

5.1.2.2 Sub b. – KPIs

The implementation of sub b., will be monitored and the impact will be measured through the following key performance indicators:

1. Structure of knowledge education and knowhow implemented.
2. Quantity of cooperative training at every level of the educational system.
3. Contribution of cooperatives towards the reduction of poverty.
4. Number of training material developed.
5. Cooperative education incorporated into the school curriculum.
6. Number of research papers published
7. Number of schools that incorporated cooperative education

5.1.2.3 Sub c. – KPIs

The implementation of sub c., will be monitored and the impact will be measured through the following key performance indicators:

1. Quantity of cooperative training at every level of the educational system.
2. Contribution of cooperatives towards the reduction of poverty.
3. Number of awareness workshops held.
4. Number of individuals participated in awareness workshops.
5. Number of training material developed.
6. Number of cooperatives and cooperatives movement members trained.
7. Number of government officials trained.
8. Cooperative education incorporated into the school curriculum
9. Total amount spent on cooperatives capacity-building.

10. Number of investment incentives implemented.
11. A Cooperative Development Fund (CDF) is established.
12. Funds for the CDF are reserved in the governments annual budget.
13. Financial injection of financial cooperatives in the fund is realized.
14. Number of tax incentives established.
15. Number of start-up grants provided to cooperatives.
16. Share of fund's operating costs is offset by the government.
17. Cooperative inter-lending framework for emerging cooperatives realized.
18. Cooperative Solidarity Fund realized.

5.1.2.4 Sub d. – KPIs

The implementation of sub d., will be monitored and the impact will be measured through the following key performance indicators:

1. Growth in cooperative value, number and contribution GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives).
2. Number of jobs created within cooperatives.
3. Quantity of cooperatives and people using cooperative services and products.
4. An improvement of capacity, management and technical skills among the cooperatives, to enhance their sustainability.
5. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
6. Quantity of cooperatives' accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability.
7. Contribution of cooperatives towards the reduction of poverty.
8. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives.
9. Number of cooperatives supported with business plans.
10. Number of cooperatives supported with technical and customized training.
11. Number of complaints received and resolved from cooperatives.
12. Number of investigations conducted for compliance purposes.
13. Number of cooperatives trading with foreign countries also in terms of volume and value.
14. Number of cooperatives benefited from procurement by government-related organizations.
15. Total amount of procurement spend on cooperatives by government-related organizations.
16. Number of cooperatives supported by the cooperative network.
17. Number of government buildings released to cooperatives.
18. Number of cooperatives benefited from the tax regime.
19. Number of failing cooperatives rescued financially.
20. Jobs created through the Cooperative Development Fund and self-help opportunities created.
21. Number of government officials trained.
22. Cooperative education incorporated into the school curriculum
23. Number of research papers published.

5.2 Strategic actions align with the four priorities

Next to the local priorities eleven strategic actions, based on international experiences are selected here. The ranking of the first five ones follows more or less in content, as an extension of the top four local priorities, which are describe in paragraph 5.1. The execution of the eleven strategic actions are needed steps, towards deepening out the cooperative development and in strengthening the cooperative position, therefore ensuring sustainability. These are medium and long term actions, which are planned to be execute over a longer period of time, respectively between three to five years and between five to ten years. The eleven strategic actions, are:

1. Introduce an effective and innovative legal framework.
2. Enhance cooperative education, training, and information.
3. Develop or improve capitalization and financing tools suitable for the cooperative environment.
4. Improve non-financial business support services available to cooperatives.
5. Acknowledge the role of cooperatives by integrating and harmonizing government action in the area of cooperative development.
6. Enhance regulation for financial cooperatives.
7. Promote Research and Innovation in the cooperative sector.
8. Enhance use of appropriate technology in cooperatives.
9. Adopt good cooperative governance practices.
10. Attract the youth into cooperative movement.
11. Create Demand for cooperative products and services.

5.2.1 Area 1: Introduce an effective and innovative legal framework

Title 4 Book II of the Curaçao Civil Code must be extended in order to create the most conducive conditions to starting up new cooperatives and speeding the development of existing cooperatives while respecting and reaffirming the values and principles of the cooperative model.

- The government encourages all stakeholders to join forces and work on a reform of the national cooperative law.
- The amendments to the law should be based on the ILO Recommendation 193.

5.2.1.1 Course of action

Reinforce the distinctive legal character of the cooperative

Reinforce the distinctive legal character of the cooperative and consider the specifics of the cooperative formula.

- a) Provisions will be introduced to better reflect the distinct realities and diversity of the various cooperative sectors.
- b) Each type of cooperative—consumer, producer, work, multi-stakeholder—will now be clearly identified by the Code, which will include provisions to ensure better operation and development.
- c) The government will ensure that cooperatives are not set up for, or used for, non-compliance with labor law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labor legislation is applied in all enterprises.
- d) The government will promote gender equality in cooperatives and in their work.
- e) The government will promote measures to ensure that best labor practices are followed in cooperatives, including access to relevant information.

Establish a Cooperative Advisory Board

In particular, the legislation will allow the Minister of Economic Development to establish a Cooperative Advisory Board (CAB); for winding up of cooperative enterprises; and to provide other regulations. The functions of the Cooperative Advisory Board are to advise the Minister generally, and to make recommendations, regarding:

- a) Cooperative development policy in Curaçao.
- b) The application of any of the provisions of the National Ordinance or any other law on matters affecting cooperatives;
- c) The provision of support programs targeting cooperatives that create sustainable decent employment, benefit disadvantaged groups or lead to greater participation of these groups in the economy.
- d) The establishment of guidelines for cooperative audits.
- e) Any decision the Minister is required to take in terms of the National Ordinance.
- f) The Cooperative Advisory Board will advocate on issues of importance to the cooperative sector and advise the government on key relevant issues. It will consider the impacts of cooperative enterprise development, in relation to equity, growth and employment and will comment on the effectiveness of the cooperative development programs.
- g) Subject to the laws governing the public service, the Minister must provide the Advisory Board with the staff (secretariat) that the Minister considers necessary for the performance of its functions.
- h) Membership of the Board will be by representative members but also broadly representative of key stakeholders and interested parties in the cooperative's movement.

The Cooperative Enterprise Development Task Force (CEDTF) will provide executive support in the form of a secretariat to the CAB.

Legislative education & training

Provide education and training to pre-formation cooperatives and cooperatives in general on the importance of complying with the cooperative legislative provisions. This will be done through one-on-one interactions with cooperatives through various media such as workshops; information brochures, etc.

The CEDTF is responsible for the monitoring and evaluation of the impact of the Cooperative Development Policy. The implementation of Area 1 – introduce an effective and innovative legal framework on all level of legislative education & training, will be monitored and evaluated through the following KPIs:

1. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
2. Number of individuals trained on pre-formation support.
3. Number of cooperatives trained on legislative compliance.
4. Number of workshops conducted on legislative compliance.
5. Number of awareness workshops held.
6. Number of individuals participated in awareness workshops.
7. Number of training material developed.
8. Number of cooperatives and cooperatives movement members trained.
9. Number of government officials trained.
10. Cooperative education incorporated into the school curriculum
11. Total amount spent on cooperatives capacity-building.

5.2.2 Area 2: Cooperative education, training, and information

For the promotion of education and training on cooperatives the CEDTF will work in partnership with established cooperative learning institutions. The CEDTF will also carry out research to enrich knowledge on cooperatives, provide relevant information and archive all knowledge on cooperatives in the country. The CEDTF will aim at the education of both cooperatives (members, managers, employees and board members) and practitioners for cooperatives development from the cooperative's movement and government at all spheres. The CEDTF will also champion the process of lobbying the Ministry of Education to incorporate cooperatives into the school curriculum in order to inculcate the culture of cooperation from a very early age.

As describe in the National Development Plan (NDP) a comprehensive Educational Improvement Plan with international experts, incorporating curriculum reform, teacher training and facility improvement has to be develop. The CEDTF will be aiming for the inclusion of cooperativism as structural part of the intended educational reform by the government.

There are strengths to be built on, and issues to be addressed, across the full range of school stages, particularly strategic issues in each of these:

- Early Childhood Education
- Primary Education (Foundation based education)
- Special Education
- Secondary School
- Vocational Training
- University
- Higher Education/ Post graduate Education (at the University of Curaçao)

5.2.2.1 Course of action

- a) The cooperatives movement should play a critical role in the promotion of education and training of cooperatives. The government will help expand cooperative education and training by promoting and strengthening the established cooperative learning institution.
- b) Develop standards that guide the institution and individuals that undertake cooperative training.
- c) Promote local programs and courses and in addition to relevant training opportunities abroad.
- d) Promote the development of technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies.
- e) Quantity of cooperative training at every level of the educational system. The differences between primary and high school instruction on the one hand and higher education on the other mean that different teaching methods are required:
 - For the different school stages, Primary Education (Foundation based education), Special Education, Secondary School and Vocational Training: the government will be examining a teaching method known as “cooperative learning” to determine the future application in the training programs in Foundation based & Special Education, Vocational Training and Secondary School.
 - University and higher Education: approaches will be made to the main organizations responsible for Advanced Education to encourage concrete action to increase the focus on cooperatives at this level.
- f) Facilitate the set-up of a Cooperative Development Fund to assist the cooperative enterprises, schools and universities in cooperative education, research and training.

The implementation of Area 2 – cooperative education, training and information across the full range of all school stages, will be monitored and evaluated through the following KPIs:

1. Cooperative education incorporated into the school curriculum
2. Quantity of cooperative training at every level of the educational system.
3. Number of awareness workshops held.
4. Number of individuals participated in awareness workshops.
5. Number of training material developed.
6. Number of cooperatives and cooperatives movement members trained.
7. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
8. Total amount spent on cooperatives capacity-building.

5.2.3 Area 3: Develop or improve capitalization and financing tools suitable for cooperatives

Cooperatives must have access to capitalization and financing tools in order to obtain the capital they need to increase their investment in upcoming years.

5.2.3.1 Course of action

Ensure adequate funding for supporting the emergence and growth of cooperatives

The projected growth of cooperatives in coming years will require considerable capital. Direct contributions by members will continue to be a key source of capital. However, to achieve expected performance objectives regarding investment, massive injections of outside funding is necessary.

- 1) The government will establish a Cooperative Development Fund (CDF) to provide micro financing support to start-up financial support at the lower end of the market of cooperatives. It is an instrument aimed at mobilizing the resources of communities to enable them to meet their economic and social needs, enabling them to move out of poverty. The government will reserve funds for the CDF in its annual budget. The government will also examine to what extent it is possible to adjust the objectives of the “Fondo Rotativo Agrario” in such a way that it can be used for this purpose.
- 2) The government will encourage financial cooperatives to contribute with a financial injection in this fund. To this end, the government will study the possibility to benefit credit unions that subscribe to the fund with tax incentives.
- 3) The fund will also provide a start-up grants to cooperatives which find it difficult to secure venture capital from private financial institutions due to the collective ownership structure of cooperatives. Limited working capital support is also provided.
- 4) To help the fund fulfill its role of providing capitalization support the government will allocate the necessary means to offset this fund's operating costs.
- 5) The credit unions will also be encouraged to develop an inter-lending framework with the emerging cooperative sectors.
- 6) The government will encourage the creation of appropriate reserves by cooperatives., part of which at least could be indivisible.
- 7) The government will also encourage the creation of a Solidarity Fund.

Support demands by the cooperative movement regarding income taxation

The government intends to monitor the progress in this area and act as necessary to support cooperatives in terms of the taxation measures for cooperatives. In this regard, the government will promote a re-evaluation of the existing tax regime with the aim to bring about a tax regime capable of developing and growing cooperatives taking into consideration their unique nature. This re-evaluation should be seen in conjunction with the reformed cooperative legislation.

The implementation of Area 3 – develop or improve capitalization and financing tools suitable for cooperatives, will be monitored and evaluated through the following KPIs:

1. Number of investment incentives implemented.
2. A Cooperative Development Fund (CDF) is established.
3. Funds for the CDF are reserved in the governments annual budget.
4. Financial injection of financial cooperatives in the fund is realized.
5. Number of tax incentives established.
6. Number of start-up grants provided to cooperatives.
7. Share of fund's operating costs is offset by the government.
8. Cooperative inter-lending framework for emerging cooperatives realized.
9. Cooperative Solidarity Fund realized.

5.2.4 Area 4: Improve non-financial business support services available to cooperatives

The objectives of improving the consulting services available to cooperatives are to promote the emergence of new critical masses of cooperatives in new sectors and to achieve a high survival rate of emerging cooperatives.

5.2.4.1 Course of action

- a) Improve support services available to cooperative startups
- b) Strengthen specialized oversight and federated operations
- c) Increase the quantity and variety of multipliers for the cooperative formula
- d) Boost the competitiveness of cooperative enterprises
- e) Help strengthen the associational dimension of cooperatives

Improve support services available to cooperative startups

The government will introduce a Cooperative Incubation Program to promote the cooperative model, increase cooperation between cooperatives and community partners, and above all help and support services to promoters wishing to launch cooperative projects:

Pre-formation Support Services

These services involve training cooperatives on principles of cooperation, and how to manage a cooperative. It also involves training cooperatives on key elements of the Cooperatives Act, and how to go about forming a cooperative.

Post-formation Support Services

Which involve sector specific technical training, business plan development, tender advice and export training. Demand-driven training programs can also be customized for a certain cooperative. Finally, it provides facilitation of access to finance and assessment of business operations.

Business Infrastructure Support

Focus will be given to the provision of facilities for use by emerging cooperatives. Renovation of old government buildings for use by cooperatives will also be considered.

Mentorship Program

The program will be designed to facilitate twinning arrangements between emerging cooperatives with their more experienced counterparts in Curaçao and the region. This will give cooperatives a more hands-on approach especially within their own sector of operation.

Strengthen specialized oversight and federated operations

The cooperative representative organization provides post-startup services to emerging cooperatives. These general services are crucial for helping promoters successfully launch and consolidate the cooperatives. The availability of these services has a direct impact on cooperative survival rate and growth.

A program will be established focusing on the retention and specialized oversight efforts of the cooperative federation. This program will specifically target structuring activities, including

- a. Support services for cooperatives in difficulty or in need of consolidation (organizational and cooperative diagnosis, assistance with strengthening decision-making structures, strategic personnel hiring assistance, turnaround consulting, etc.)
- b. Sharing of knowhow and expertise among cooperatives in the same or different sectors.

The program also encourages projects involving the development and application of standards of quality, the broadening of management expertise, and the completion of feasibility studies prior to cooperative creation.

Furthermore, the program is aimed to support network initiatives or services that can, for example, foster economies of scale, increase the competitiveness of cooperatives, or help them penetrate new markets.

Increase the quantity and variety of multipliers for the cooperative formula

The presence of the cooperative model in new economic activities depends heavily on partnerships with strategic business development players. To enhance synergy in cooperative development, the government intends to:

- a. Promote new partnerships both between cooperative players and the various Socio-economic partners.
- b. Promote measures to ensure that best labor practices are followed in cooperatives, including access to relevant information.
- c. Promote the adoption of measures that provide for safety and health in the cooperative workplace.

Boost the competitiveness of cooperative enterprises

Cooperatives in Curaçao are still more concentrated in basic economic sectors. They must expend a great deal of effort to develop new markets or retain existing ones by launching new products. To support their efforts, the government undertakes to:

- a. Promote new product research and innovation.
- b. Encourage the formation of business partnerships in production and marketing.

Furthermore, the government will make a special effort to sensitize cooperatives to best business practices in order to spur the introduction of these tools that can help boost competitiveness.

Besides that, the government undertakes to promote these tools and tailor them as required to the various cooperative client groups.

Help strengthen the associational dimension of cooperatives

Cooperative certification tool

The cooperative movement worldwide is exploring various avenues for better structuring the associational dimension of cooperatives—the very backbone of these organizations. Unlike companies, cooperatives require active member participation in order to function and grow. This participation must be encouraged in Curaçao, structured, and focused on concrete common objectives. The government will support the development and distribution of a cooperative certification tool that could be transposed to all cooperative sectors. Such a tool would be aimed at better highlighting the associational dimension (e.g., improving member participation, better informing and training members, improving regulation of the decision-making process, etc.).

Strengthen cooperative networks

Enterprise networks are groups of firms that cooperate on a joint development project complementing each other and specializing in order to overcome problems, achieve collective efficiency and penetrate markets beyond their individual reach. Networks formed by cooperatives, are termed horizontal, to distinguish them from those in which one or more large scale enterprises are involved which are the vertical type. Cooperative networks offer an important route for cooperatives to effectively address their problems as well as to improve their sustainability. By integrating and cooperating as well as coordinating their activities, through integrating mechanism such as marketing, supply and shared services cooperatives can collectively achieve economies of scale beyond the reach of individual small scale firms and obtain bulk purchase inputs, achieve optimal scale in the use of machinery and pool production capacities to meet large-scale orders. Joint work encourages enterprises to learn from each other, exchange ideas and experience to improve product quality and take over more profitable market segments. The government will support the cooperative federation's network and encourage emerging cooperatives to join the established cooperatives in the cooperative network.

The implementation of Area 4 – improve non-financial business support services available to cooperatives, will be monitored and evaluated through the following KPIs:

1. Number of cooperatives supported by the cooperative network.
2. Number of complaints received and resolved from cooperatives.
3. Number of cooperatives trading with foreign countries also in terms of volume and value.
4. Number of cooperatives benefited from procurement by government-related organizations.
5. Number of government buildings released to cooperatives.
6. Quantity of cooperatives and people using cooperative services and products.
7. Quantity of cooperatives' accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability.
8. Growth in cooperative value, number and contribution GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives).
9. Total amount of procurement spend on cooperatives by government-related organizations.

5.2.5 Area 5: Acknowledge the role of cooperatives and harmonize government action

The government intends to actively promote, support, and foster the growth of the cooperative system through various programs, acts, and initiatives. All government departments and organizations are invited to help draft the policy's main orientations and particularly to suggest ways of promoting the creation and growth of cooperatives in their fields of jurisdiction. To this end, a variety of government representatives will be invited, in cooperation with the cooperative movement, to take part in special initiatives that will have a direct impact on cooperative development.

5.2.5.1 Course of action

- a. Recognize local cooperative federations as the cooperative movement's representative bodies in the areas of finance, production and service.
- b. Enlist the support of the entire government in fostering cooperative development.
- c. Promote the cooperative formula and enhance cooperative visibility.
- d. Promote partnerships between cooperatives and the government in a variety of areas.
- e. Encourage cooperatives to position themselves strategically in relation to major social and economic trends.

5.2.5.2 Recognize cooperative federations as the cooperative movement's representative bodies

Under the terms of this policy, the government officially recognizes local cooperative federations from both, the financial and non-financial sector as representatives of the Curaçao cooperative movement. In order to help the cooperative movement and its representatives in the financial services and non-financial sector input on the policy is provide by cooperatives members and representatives, on how this Cooperative Development Policy should be define and implemented.

The structuring activities to receive support will be those in the following four areas:

- I. Coordination of strategic initiatives and promotion of partnerships.
- II. Strategic intelligence and research.
- III. Implementation of policy components.
- IV. Training of cooperative managers and cooperative education.

I. Coordination of strategic initiatives and promotion of partnerships

Several new initiatives are required to help cooperatives expand into new economic areas and conclude new partnerships. Clear steps must also be taken to get the cooperative movement to work together and share expertise. Financial help appears necessary to support such initiatives, which are a direct result of the policy.

II. Strategic intelligence and research

Cooperatives have been more active in recent years in seeking out strategic information, both in terms of business practices and learning about how cooperatives are run in other parts of the world. Mutually beneficial partnerships have notably been established between FEKOSKAN and Curaçao universities.

The constant need to be more competitive demands that cooperatives have easy access to relevant, targeted information. Strategic intelligence will therefore be undertaken in order to identify all factors that could positively influence cooperatives' development.

III. Implementation of policy components

The government will promote the outsourcing of the implementation of certain parts of the policy to the cooperative federation and its training institute based on a management agreement.

IV. Training of cooperative managers and cooperative education

A government assistance program for the training of cooperative managers and representatives is highly recommended as cooperative managers and representatives have little to no experience when first starting out. Training like this would strengthen and improve their decision-making skills. The government intends to use FEKOSKAN's own infrastructure to provide these training, the Curacao Cooperative Academy.

Furthermore, the government encourages cooperation between established and emerging cooperatives in Curaçao; however, cooperation among cooperatives from different origins shall be voluntary. In addition, the national representative organization shall represent the movement at the national level, as well as in the International Cooperative Alliance (ICA) and in other international cooperative bodies.

5.2.5.3 Enlist the support of the entire government in fostering cooperative development

Government bodies do not always understand the cooperative model, which means that its needs are not always adequately addressed in new programs or measures. To solve this problem, all departments will be urged to take cooperatives' special concerns into account when choosing a course of action. This means:

- a. Cooperatives will be invited to participate in government committees whose work will impact cooperative development.
- b. Concrete measures will be proposed to ensure that cooperatives are represented on the boards of directors of public or publicly supported bodies with a vested interest in cooperatives.
- c. Each department that deals regularly with cooperatives will assign an employee to deal with their concerns.
- d. Cooperatives will be considered when policies are drafted that affect cooperatives or the cooperative model.

5.2.5.4 Promote the cooperative formula and enhance cooperative visibility

For Socio-economic partners to give a more thorough picture of the cooperative model to project initiators, they must first know exactly what it is. It is thus essential that these partners be made aware of this business formula. Regularly providing special training to all Socio-economic partners would increase the cooperative model's profile. For the model to reach a wider audience, it must also be promoted to professionals (accountants, lawyers, notaries, etc.) who work with companies.

The government will support the steps taken to increase awareness of cooperatives among Socio-economic partners and professionals providing advice to companies. For this purpose, a communication strategy will be developed, which will entail support initiatives designed to increase the promotion and awareness of the cooperative business model, as well as provide a framework for the execution of pertinent issues relating to the cooperative's movement. These issues are to:

- a. Organize, conduct, collaborate and assist in carrying out sector development research.
- b. Market and communicate achievements of cooperatives through periodicals, journals, newspapers, pamphlets, brochures, books, films, broadcasts, TV and the radio for creating favorable atmosphere for the development of the cooperatives.
- c. Organize and conduct study tours to relevant countries internationally to obtain further insight on the application of best practices.
- d. Mobilize communities, organize and support workshops, conferences, seminars and meetings designed to educate the public and private sector institutions and people on the cooperative business model.

5.2.5.5 Promote partnerships between cooperatives and the government in a variety of areas

In many countries, governments and cooperatives form close business partnerships, with cooperatives providing certain kinds of services that generally have a social value.

The feasibility of creating new business partnerships between cooperatives and the government of Curaçao will be carefully analyzed.

5.2.5.6 Encourage cooperatives to position themselves strategically in relation to major social and economic trends

Up to now, this cooperative development policy has mainly focused on the cooperatives' place in the Curaçao economy. However, it seems increasingly important to broaden the discussion to include the challenges of economic globalization. A better determination of the issues at stake and identification of the constraints and problems cooperatives could face are essential if cooperatives are to overcome the future challenges they will face.

It would also be advisable to perform an analysis of sectors where the cooperative system could spur development. The study should also identify specific strategies to help cooperative businesses gain a foothold in these new sectors.

The joint efforts of the cooperative movement and the government will help orient cooperative businesses towards promising sectors and make it easier for them to diversify.

The government intends to provide technical and financial support for these studies.

The implementation of Area 5 – acknowledge the role of cooperatives and harmonize government action, will be monitored and evaluated through the following KPIs:

1. Growth in cooperative value, number and contribution GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives).
2. Number of jobs created within cooperatives.
3. An increase in membership of cooperatives and people using cooperative services and products.
4. An improvement of capacity, management and technical skills among the cooperatives, to enhance their sustainability.
5. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
6. Quantity of cooperatives' accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability.
7. Contribution of cooperatives towards the reduction of poverty.
8. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives.

9. Number of cooperatives supported with business plans.
10. Number of cooperatives supported with technical and customized training.
11. Number of complaints received and resolved from cooperatives.
12. Number of investigations conducted for compliance purposes.
13. Number of cooperatives trading with foreign countries also in terms of volume and value.
14. Number of cooperatives benefited from procurement by government-related organizations.
15. Total amount of procurement spend on cooperatives by government-related organizations.
16. Number of cooperatives supported by the cooperative network.
17. Number of government buildings released to cooperatives.
18. Number of cooperatives benefited from the tax regime.
19. Number of failing cooperatives rescued financially.
20. Jobs created through the Cooperative Development Fund and self-help opportunities created.
21. Number of awareness workshops held.
22. Number of individuals participated in awareness workshops.
23. Number of cooperatives formed after the awareness workshops.
24. Number of training material developed.
25. Number of cooperatives and cooperatives movement members trained.
26. Number of government officials trained.
27. Cooperative education incorporated into the school curriculum
28. Number of research papers published.
29. Cooperative information system database created.

5.2.6 Area 6: Enhance regulation for financial cooperatives

Financial cooperatives are always at varying stages of development. Some are at the emerging stage, transition stage while others will be attaining maturity stage. It is therefore apparent that they require varying levels of regulations to support their growth.

5.2.6.1 Course of action

- a) The government will encourage both the Central Bank and the cooperative federation to, based on the reviewed cooperative law, establish cooperation regarding a co-regulation of financial cooperatives.
- b) To improve efficiency and effectiveness to regulate financial cooperatives, the government will support and strengthen the cooperative federation to build its capacity to co-regulate.
- c) The government will encourage the Central Bank to further enhance regulation for all financial cooperatives, to classify them accordingly, to issue differentiated prudential standards for different classes taking the specific characteristics of the cooperatives into account.
- d) The government will encourage simplification of administrative procedures for financial cooperatives.
- e) The Government recognizes credit unions as financial institutions alongside banks and other Micro-Finance Institutions (MFIs). There is need for the credit unions to have a platform to actively participate in the national payment system at minimal costs to boost their deposit mobilization capacity and to increase their range of financial service provision to their membership. Therefore, the government will encourage the Central Bank to admit credit unions to the national clearing system NACS.

The implementation of Area 6 – enhance regulation for financial cooperatives, will be monitored and evaluated through the following KPIs:

1. Co-regulation of financial cooperatives implemented.
2. Enhanced regulation for financial cooperatives implemented.
3. Simplification of administrative procedures implemented.
4. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
5. Quantity of cooperatives' accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability.
6. Number of investigations conducted for compliance purposes.
7. Number of cooperatives benefited from the tax regime.
8. Number of cooperatives provided with (micro) loans and grants.
9. Number of failing cooperatives rescued financially.
10. Total amount of loans and grants to cooperatives.
11. Number of cooperative members provided with loans.
12. Total amount spent on cooperatives capacity-building.

5.2.7 Area 7: Promote Research and Innovation in the cooperative sector

Research plays an important role in informing government policy and strategy on cooperatives promotion. However, additional measures are necessary to ensure that policy relevant research is undertaken on an ongoing basis. Statistical data on cooperative enterprises, including entry, exit, survival and failure rate is critical in informing policies and support programs. Also, effective monitoring of the implementation and performance of this strategy is of critical importance. This monitoring should be carried out in order to enable improvements in performance and the introduction of requisite changes. The importance of developing and implementing an overarching monitoring framework, which will enable government to gather feedback on the performance of public, private and donor enterprises support cannot be over-emphasized. At present, there is very limited information and statistics on the cooperative sector; hence the need for proper, up-to-date, comprehensive and regularly updated statistical information on cooperatives and their operations in Curaçao.

5.2.7.1 Course of action

The Government will:

- a) Work with all relevant stakeholders to identify additional areas of research and to mobilize resources to undertake such research. Results of the research will be widely publicized using existing institutions and other channels to inform prospective and existing cooperatives' and other relevant stakeholders on issues of cooperatives development.
- b) Facilitate collection of information which will be package and disseminated to all stakeholders.
- c) Encourage local schools and universities to develop capacity for cooperative training standards and research.
- d) Support cooperative research through funding and forging of strategic alliances with other stakeholders.
- e) Establish a cooperative Information and Research Centre.

The implementation of Area 7 – promote research and innovation in the cooperative sector, will be monitored and evaluated through the following KPIs:

1. Number of research papers published.
2. Cooperative information system database created.
3. Quantity of cooperative training at every level of the educational system.
4. Number of awareness workshops held.
5. Number of individuals participated in awareness workshops.
6. Number of cooperatives formed after the awareness workshops.
7. Number of training material developed.
8. Number of cooperatives and cooperatives movement members trained.
9. Number of government officials trained.
10. Cooperative education incorporated into the school curriculum
11. Share of cooperatives adopting advanced general and innovation management practices.
12. Share of cooperatives employing (highly) qualified personnel, by level or field of education.
13. Share of cooperatives using advanced, enabling or emerging technologies.
14. Share of cooperatives developing advanced, enabling or emerging technologies.
15. Share of cooperatives providing digital platform services.
16. Share of cooperatives using digital platforms to sell or to buy goods or services.

5.2.8 Area 8: Enhance use of appropriate technology in cooperatives

The government aims at assisting cooperatives with access to appropriate technologies through partnerships and funding for technology in order to ensure that they offer high quality products and services.

5.2.8.1 Course of action

Therefore, the government will provide appropriate guidelines for appropriate technologies in cooperatives including ICT. To this end, the government will make use of existing knowledge and experience of government-related bodies.

The implementation of Area 8 – enhance use of appropriate technology in cooperatives, will be monitored and evaluated through the following KPIs:

1. Share of cooperatives using advanced, enabling or emerging technologies.
2. Share of cooperatives developing advanced, enabling or emerging technologies.
3. Share of cooperatives providing digital platform services.
4. Share of cooperatives using digital platforms to sell or to buy goods or services.
5. An improvement of capacity, management and technical skills among the cooperatives, to enhance their sustainability.
6. Number of cooperatives supported with new business models.
7. Number of cooperatives supported with technical and customized training.
8. Share of cooperatives adopting advanced general and innovation management practices.
9. Share of cooperatives employing (highly) qualified personnel, by level or field of education.

5.2.9 Area 9: Adopt good cooperative governance practices

The adoption of good governance practices is a challenge to the cooperative sector that requires deliberate efforts by the boards and management committees to put in place governance structures and enforcement mechanism.

5.2.9.1 Course of action

To this end, the government will provide resources to strengthen cooperatives. Cooperatives will also be encouraged to improve their management and governance practices to enable them to engage with strategic partnerships.

Arbitration and the settlement of disputes are regarded as internal matters of the cooperative movement and if possible, cooperatives will be encouraged through the representative organization to settle their matters internally. This organization is encouraged to set up dispute resolution procedures to offer an alternative dispute resolution channel to members where disputes have not been resolved internally.

The implementation of Area 9 – adopt good cooperative governance practices, will be monitored and evaluated through the following KPIs:

1. Cooperative governance structure implemented
2. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives.
3. Share of cooperatives adopting advanced general and innovation management practices.
4. Awareness workshops implemented.
5. Number of cooperative leadership programs implemented.
6. Number of cooperative youth leadership training implemented.
7. Number of cooperatives supported with new business models.
8. Number of cooperatives supported with technical and customized training.
9. Share of cooperatives adopting advanced general and innovation management practices.
10. Share of cooperatives employing (highly) qualified personnel, by level or field of education.

5.2.10 Area 10: Attract the youth into the cooperative movement

Certain measures or actions in the Cooperative Development Policy are specifically aimed at young people (define here between the ages of 15-24 years old). These measures have been grouped together to better illustrate what assistance and support the policy will give this group, which is receptive to the cooperative model and represents the future of today's movement. Though it is up to the cooperative movement to promote the cooperative model, the government can help it reach a wide audience by giving it the necessary support.

5.2.10.1 Course of action

The government will take deliberate efforts to attract the youth into cooperative movement.

- a) The government will support broader efforts aimed at promoting the cooperative formula (mass ad campaigns, presentation of cooperative success stories, etc.) and expanding cooperatives' customer base, particularly among youth.
- b) Sensitizing the youth on the need to form cooperative enterprises and encourage them to participate in the leadership of existing cooperative enterprises.
- c) Promote youth employment through cooperative effort.
- d) Finance and support projects developed by young people providing funding, through the Cooperative Development Fund, on top of young peoples' startup capital to help them

undertake cooperative projects. With this financial support, youth will be encouraged to create exciting new businesses.

- e) Using new information technologies to reach young people is one avenue worth exploring.

The implementation of Area 10 – attract the youth (define here between the ages of 15-24 years) into the cooperative movement, will be monitored and evaluated through the following KPIs:

1. Number of cooperative youth programs implemented.
2. Number of cooperative youth leadership training implemented.
3. Number of cooperative youth programs in the neighborhoods.
4. Number of youth organizations that adopt to the cooperative as a legal entity.
5. Number of youth-jobs created within cooperatives.
6. Quantity of cooperatives and youth using cooperative services and products.
7. Number of (youth) individuals trained on pre-formation support.
8. Total amount spent on cooperatives (youth) capacity-building.
9. Number of cooperative youth members provided with loans.
10. Jobs for the youth created through the Cooperative Development Fund and self-help opportunities created.
11. Number of awareness workshops held.
12. Number of youth individuals participated in awareness workshops.
13. Number of cooperatives formed after the awareness workshops by the youth.
14. Number of cooperatives and cooperatives movement youth members trained.
15. Cooperative education incorporated into the school curriculum

5.2.11 Area 11: Create demand for cooperative products and services

To overcome the challenge of limited access to markets by cooperatives the government will focus on the following support programs.

5.2.11.1 Course of action

- a) Promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the ‘informal economy’) into legally protected work, fully integrated into mainstream economic life.
- b) Encourage ministries and government-related organizations to also procure from cooperative enterprises.
- c) Agreements signed by the government provide potential opportunities for businesses to penetrate foreign markets through exports. These opportunities will be analyzed and aligned to benefit cooperatives as well.
- d) Provide all necessary assistance to cooperatives in respect of activities aimed at developing export markets.

The implementation of Area 11 – create demand for cooperative products and services, will be monitored and evaluated through the following KPIs:

1. Growth in cooperative value, number and contribution GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives).
2. Number of jobs created within cooperatives.
3. Quantity of cooperatives and people using cooperative services and products.

4. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.).
5. Quantity of cooperatives' accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability.
6. Number of cooperatives trading with foreign countries also in terms of volume and value.
7. Number of cooperatives benefited from procurement by government-related organizations.
8. Total amount of procurement spend on cooperatives by government-related organizations.
9. Cooperative information system database created.

5.3 Support to the cooperative development policy

Cooperatives are not government organizations. But the government will intervene through designing supply and demand sides support instruments to grow this sector and utilizing the existing institutions and programs available. These include efforts in ensuring that cooperatives access markets, government and private sector contracts.

Policy instruments that will be used to support cooperative enterprises include:

Legislation

The government will introduce into Parliament, in close cooperation with the cooperative movement and other relevant stakeholders, a Cooperatives National Ordinance to establish an enabling legal framework for the promotion of cooperatives in Curaçao.

Cooperative Development Fund

A Cooperatives Development Fund for technical assistance and capacity aimed at providing financial support products to all forms of cooperatives building will be established, managed and administered.

The fund will be the government's financial instrument created to support emerging small and medium cooperatives seeking either start up and expansion capital. It also provides financial rescue to small and medium cooperatives in distress (although this is subject to an assessment of the impact and viability of such cooperatives). It targets primary and secondary cooperative enterprises operating in all sectors of the economy. The objective of the fund is to assist small and medium cooperatives (that find it difficult to secure funding from mainstream financial institutions) acquire support that will improve their growth, sustainability and competitiveness with a view of integrating them to the mainstream economy. Start-up and expansion support are provided as a mixed facility involving grant and loan while the financial rescue component is purely a loan.

In order to build concentrated knowledge and skills to nurture all the levels of cooperatives development and to eliminate confusion and frustration in the market on the (financial) support available for cooperatives and to eliminate small pockets of uncoordinated support with little impact, support for cooperatives will be scaled up and streamlined under a one-stop shop approach.

Incentives

Designing tax and other special incentives and support measures for cooperatives enterprises.

Alignment of all Economic Development Programs

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy should be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

- a. Alignment of all Economic Development Programs to support cooperatives especially financial and non-financial support. Support will be provided to cooperatives through the establishment of the CEDTF (See section 1.7.2).
- b. Availing access to infrastructure through incubation programs.
- c. Institutional support to cooperative support structures. A strong, coherent and effective voice of emerging cooperatives is an important part of ensuring that this cooperatives development policy meets its objectives. There is need to support the cooperative representative organization as support structure to the cooperative movement. It is critical that cooperatives are effectively represented on and participate in the various economic and advisory bodies and councils that form part of Curaçao institutions of social dialogue.
- d. Furthermore, cooperatives will be assisted to access expanded public works programs, other government related programs opportunities and clear support programs in key sector charters to benefit cooperatives enterprises.

Small and medium enterprise strategy

All government support programs for small and medium enterprises shall also be extended to cooperative enterprises, considering the specific characteristics of and differences between such enterprises.

Other government policies

Macro-economic policies as well as initiatives will have an impact on cooperatives, in some instances creating opportunities and in others posing challenges for cooperatives. By combining the efforts of all, the Cooperative Development Policy aims to create a ripple effect and make cooperative development a long-term concern.

Skills Development Strategy

The government will facilitate and support the access of the cooperative sector to all existing and new learnership programs.

Responsiveness to new developments

The government is aware of international trends in cooperative development and will keep abreast of the trends to the extent possible whilst having regard to any local circumstances that must be considered from time to time. To this end, the government will, in consultation with all stakeholders, continually review its policy on cooperative development.

Equally, the government encourages the cooperative movement to develop strategies that will enable its members to exploit and benefit from opportunities that may exist regionally and internationally.

Specific support measures

The government will provide and design relevant support through designing specific support measures such as incentives and capacity building for the cooperative sector.

CHAPTER 6 – COOPERATIVE POLICY IMPLEMENTATION

The Government recognizes the need for the formulation and implementation of a comprehensive, longer-termed action plan for the development of cooperatives, in full cooperation with all stakeholders in cooperative development in Curaçao.

The action plan ([Annex 1A + 1B](#)) states clearly the steps that need to be taken for a successful implementation of the cooperative development policy. The Ministry of Economic Development leads the path for the implementation of the policy in close collaboration with stakeholders.

Specifically, implementing bodies like the Cooperative Enterprise Development Task Force (CEDTF) and the working group TRIPLE Helix will be established as described in section 1.7.1. as part of the organizational structure. These entities are responsible for the needed organizational support in (project-)management, coordination and execution of activities and actions. This project management structure should be put in place to support an efficient coordination, preparation of plans and actions.

6.1 Short-term immediate actions

Related to the implementation of short-term actions described in this paragraph, another section 5.1.2 gives an explanation about these four short-term priorities. These actions are outcome of the Democratic Dialogue (DD), which immediately should be implemented within a lapse of two years. For the complete details of the findings and results of the DD we refer to the report in [Annex 3](#). Here follows an overview of the short-term actions per specific priority.

Course of action priority A – Introduction of a legal framework for cooperatives.

Sub – a: The participants firmly believe that a legal framework or a new law should be developed and ratified regarding cooperatives in Curaçao.

To do – a: For the MED this would imply that next to the developing a policy there should also be a parallel trajectory to develop, complete and ratify such legal framework or law.

Course of action priority B – Introduction of a structure for cooperative education, at all levels of education in Curaçao.

Sub – b: The participants assign a high priority to the aspect of education on the philosophy of cooperativism.

To do – b1: This issue pertains at the first place to the Ministry of Education, Sport, Culture and Science. But secondly the Ministry of Economic Development has a supportive role in the execution. Both ministries could consider inter-ministry cooperation by signing a MOU and working together in a taskforce in order to achieve the execution of this priority.

To do – b2: To achieve awareness as the other component of this priority both ministries could consider an information campaign (together with respective cooperatives) on how cooperatives could also serve as a way of doing business.

Course of action priority C – Anchor an integrated cooperative education and training institute & facilitate access to investment funds for cooperative development.

Sub – c: The participants believe there is a need to establish an educational facility or a center that can facilitate knowledge, information and education regarding cooperatives and cooperative philosophy. This also could serve to facilitate access to funding etc.

To do – c: MED could consider to establish such center within their ministry as they have done before, but further study is needed. MED take necessary steps to design a plan of action for this specific point, so the course of action specifically can be determine.

Course of action priority D – The government determines the role of cooperativism with its policy.

Sub – d: The participants firmly believe that the government should address the issue of cooperatives on a national level of country Curacao. This should be done along the lines of other important development pillars of the country.

To do – d: First, a public proclamation of the Cooperative Development Policy (CDP) for Curacao presented in this report should be issue on the highest level of the political directorate (Council of Ministers) and even the Parliament should consider addressing or incorporating CDP in the (future) governing plans etc.

6.2 Medium-term and long-term actions

Medium-term actions are define here as actions to be taken within the coming three to five years. And, long-term actions are define as actions to be taken within the coming five to ten years. Relate to the previous four short-term priorities eleven strategic actions based on international experiences are introduce in paragraph 5.2. The courses of action of these international strategic actions are supportive and imperative to these priorities for their implementation and in reaching sustainability. The eleven strategic actions represent a continuation of the previous four priorities, but its represent the needed extension to deepen in for reaching a sustainable Cooperative Development Policy, where more time is needed for its overall implementation.

These are:

1. Introduce an effective and innovative legal framework.
2. Enhance cooperative education, training, and information.
3. Develop or improve capitalization and financing tools suitable for the cooperative environment.
4. Improve non-financial business support services available to cooperatives.
5. Acknowledge the role of cooperatives by integrating and harmonizing government action in the area of cooperative development.
6. Enhance regulation for financial cooperatives.
7. Promote Research and Innovation in the cooperative sector.
8. Enhance use of appropriate technology in cooperatives.
9. Adopt good cooperative governance practices.
10. Attract the youth into cooperative movement.
11. Create Demand for cooperative products and services.

6.3 Proceedings for course of action

Proceedings with Internal outlook:

- Government approval of the Cooperative Development policy, respectively to be done by the minister of MED, the council of ministers and even by members of the parliament, if consider necessary by the government;
- The Cooperative Enterprise Development Task Force (CEDTF) startup with the execution activities as describe in the action plan (see chapter 6 and Annex 1A + 1B);

Proceedings with external outlook outside the governmental boundaries:

- MED activates and proceeds with the installation of the working group 'Triple Helix' (see paragraph 1.7.1). This is not a setup of a new organization, but of a functional consultation structure to effectuate the tripartite cooperation. It is: the public, private sectors and knowledge institutions.
- Therefore MED starts with the implementation in the following sequence:
 - Firstly, take the importance of imperatives, preconditions and strategic goals into account as describe in paragraph 1.6.
 - Secondly, start with the execution of short-term actions for the four priorities as describe in section 5.1.2 and paragraph 6.1.
 - Thirdly, the taking of medium and long-term courses of action as describe in paragraph 6.2 towards the execution of the eleven strategic actions.
- The implementing bodies, like the Cooperative Enterprise Development Task Force (CEDTF) and the working group 'Triple Helix' carried out activities in consultation with stakeholders. For example:
 - Prepare and draft budget proposals for policy implementation.
 - Design and approve small implementation plans per project, with a specific timeframe and budget account included.
 - Define and draft terms of references for projects and plans.

CHAPTER 7 - MONITORING and EVALUATION

The progress made regarding the implementation of the new Cooperative Development Policy, will be regularly reviewed and evaluated.

To this end, the CEDTF will be responsible for the monitoring and evaluation of the impact of the Cooperative Development Policy. The implementation will be monitored and evaluated through the use of key performance indicators. These KPIs are define and describe for each of the four policy's priorities and strategic actions in chapter 5.

CHAPTER 8 - CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

The Cooperative Development Policy is a first in the history of the Curaçao cooperative movement. In addition to new approaches and the financial resources required for their implementation, it also introduces support measures adapted specifically to the cooperative environment. By acknowledging the central role cooperatives can play in the economy and tackling the specific problems they face, the Cooperative Development Policy takes resolute aim at ensuring the harmonious development of cooperatives in Curaçao.

In the growth strategy unveiled in 2018 the focus of the government is aimed at sustainable growth. The government identified three pillars that will help Curaçao grow in a sustainable manner:

- I. Stimulating sustainable economic growth.
- II. Strengthening financial management.
- III. Strengthening government institutions.

In order to stimulate the sustainable economic growth, the government's strategy is aimed at creating employment through the stimulation of specific sectors that can contribute to this.

To play a vital role in the above-mentioned national strategy objective, cooperatives must transit from their traditional role to the next level of value addition and effectively improve the wellbeing of members in a sustainable way. From the foregoing, the theme of this policy is "Promoting Sustainable Cooperative Enterprises for Social-Economic Development".

The cooperative model can impact lives, revitalize communities and transform local economies. Some of the advantages and challenges faced by this form of community enterprise are:

- I. Economies of Scale
- II. Contributing to poverty reduction
- III. Sustainable decent employment creation
- IV. Gender equality
- V. Youth empowerment
- VI. Business development

The Government recognizes that the main purpose of cooperatives is to render services to members. Cooperatives can contribute to the development of Curaçao through the improvement of the Social-economic situation of their members. Whereas the development potential of cooperatives is in principle not different from the one of other types of enterprises, the double nature of cooperatives (members are at the same time owners and users of their cooperatives) makes them more appropriate for specific population groups, sectors or situations. Hence, cooperatives possess an inherent special potential for Curaçao's Social-economic development.

Today, Curaçao's cooperative movement comprises out of financial services as well as non-financial sectors cooperatives. The total membership of credit unions together in 2018 was 35.001, which means that more than 20% of the total local population is member one or more cooperative. The penetration rate is nearly 35%, which include the economically active population of 15-64 years old. These figures establish the importance and impact of cooperatives upon the community of Curacao.

Youth (define here between the ages of 15 and 24 years) represents a significant share within the total population. They are educated and ICT savvy with one of the highest adoption rates of ICT integration in the Caribbean. The youth unemployment rate however stands over the same period in

2018 at 29.3%, according to the Central Bureau of Statistics Curaçao. A key contribution to the unemployment is the lack of practical skills for undertaking entrepreneurship. There is an opportunity to harness this large number of unutilized energies through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives.

Cooperatives are not government organizations. But the government will intervene through designing supply and demand sides support instruments to grow this sector and utilizing the existing institutions and programs available. These include efforts in ensuring that cooperatives access markets, government and private sector contracts.

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy should be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

The prosperity and wellbeing of Curaçao depends, amongst others, on expanding the entrepreneurial base, and the cooperative model—by promoting the direct involvement in the economy of many citizens—would appear to be a promising solution. In the current situation, maintaining responsible local businesses that play an active role in important economic and social sectors is becoming crucial. With this Cooperative Development Policy, the government of Curaçao has demonstrated its firm resolve to support cooperatives so that these businesses may position themselves solidly with respect to the major challenges they face, especially so that they can contribute even more to the creation of jobs and wealth. The policy aims to expand the place of cooperatives in Curaçao's economy.

8.2 Recommendations

A clear, comprehensive, and widely agreed cooperative development policy, is successful when the following strategic goals are successfully implemented:

- a. Promoting the development of economically sustainable cooperatives that will significantly contribute to the economic growth of the country.
- b. Creating an stimulating environment for cooperative enterprises that improves the efficiency and profitability of the cooperatives and ensures that cooperatives as competing companies can contribute to the sustainable Social-economic development of the island.
- c. Defining the cooperative movement structure and strengthening the management of cooperative enterprises to encourage integration into the sector for enhanced service delivery.
- d. Increasing the competitiveness of the cooperative sector so that it can take better advantage of opportunities that arise on national, regional and international markets.
- e. Facilitating the provision of support programs aimed at cooperatives, in particular cooperatives that create jobs or benefit disadvantaged groups.
- f. Encourage cooperatives to seize opportunities for partnerships and joint ventures with other local and international agencies to acquire resources and skills to improve their strategic competitiveness and skills transfer.
- g. Encourage individuals and groups who adhere to values of self-reliance and self-help, and who choose to work together in democratically controlled companies, to register cooperatives under this policy.
- h. Stimulate participation by women persons with disabilities and youth to form part of the management of cooperatives.

- i. Point out specific support measures and programs to support the development of a cooperative movement by all stakeholders.
- j. Promoting the development and integration of ICT in the implementation and marketing of cooperative companies, aimed at improved market access and marketing efficiency at cooperatives.
- k. Promoting savings and investments in viable cooperatives, adding value, processing and production, and increasing the capacity of cooperatives to conduct research
- l. Laying the foundation for the new Cooperative Act.
- m. Enhance communication between government and the cooperative movement.
- n. Serve as a reference for cooperative members by explaining why and how the government supports cooperatives and by determining the relationship between the government, cooperatives, civil society and the private sector.

The following propose actions should be execute to achieve the strategic goals (see paragraph 4.2) for the cooperative development policy:

1. Initiatives for structured exchange of information and experiences and support the adoption of good practice. These actions must be the ministries, government organizations, companies, existing cooperatives, schools and the broad society of the potential of the cooperative make the company aware and, moreover, have the objective of generating potential strengthen the cooperative form of enterprise;
2. In the context of the foregoing, cooperation with other relevant civil society organizations are encouraged;
3. Develop analysis of statistical data on cooperatives and apply by the Central Bureau of Statistics and the local knowledge institutes/ universities. The collected data will be used as input in formulating policy to promote cooperative enterprises;
4. Ensure knowledge and functioning of cooperative companies are included in the education programs for the Primary Education, Secondary Education and HBO/ WO (Management) training and studies;
5. Ensure that business support services (business incubator, shared services, small business development center) for emerging and already existing cooperatives;
6. The instruments and programs to promote businesses, entrepreneurship and innovation, mainly for small and medium-sized enterprises also available to cooperatives;
7. Setting up an accessible general incentive fund for cooperatives whereby the conditions and application procedures are relaxed; via (e.g. tax) encouraging financial cooperatives to make funds available for the development of new cooperatives in the production sector;
8. Encourage the financial cooperatives to raise funds through (tax) incentives available for the development of new cooperatives in other sectors of the economy;
9. Ensuring (tax) incentives for cooperative companies including the possibility for income tax exemption for savings credit cooperatives;
10. Actively contribute to the promotion of the cooperative ecosystem approach through policy programs;
11. Maintain frequent contacts with the umbrella organizations of cooperatives on policy issues or other issues related to it promoting cooperative ventures in Curaçao;
12. Making contacts and collaborating with local and international organizations that can support the government and / or MED in making concrete of its objectives with regard to the promotion of cooperative companies.

The four priorities and the eleven strategic actions define in chapter 5 should without delay be execute, conform the recommend action plan (see chapter 6 + Annex 1A + 1B). The immediate proceedings for course of action are define in paragraph 6.3 of this report.

ANNEXES

ANNEX 1A: ACTION PLAN - LOCAL PRIORITIES (see paragraph 5.1)

The Cooperative Development Policy envisions that various actions will be undertaken by relevant role-players, giving effect to its implementation. These action plans are not exhaustive but intended to provide guidance on critical actions that should be carried out by the relevant role-players. These actions may be reviewed and evolve over time, to reflect the dynamic changes within the cooperative sector.

Short-term = Immediate to two years

Medium-term = Three to five years

Long-term = Five to 10 years

| Nr. | Priority | Key Players | Term | | | Budget |
|-----------|---|---------------------------------|----------|---|---|-------------|
| | | | S | M | L | |
| a. | Introduce legal framework | | X | | | p.m. |
| | Start proceeding actions (See paragraph 6.3) | MED/ CEDTF/ stakeholders | | | | |
| | A1: Concept of drafting law | MED/ CEDTF/ Ministry of Justice | | | | |
| | | | | | | |
| b. | Assign education on cooperativism | | X | | | p.m. |
| | Start proceeding actions (See paragraph 6.3) | MED/ CEDTF/ stakeholders | | | | |
| | B1: Signing of MOU | Ministry ESCS and MED | | | | |
| | B2: Information campaign | Ministry ESCS and MED | | | | |
| | | | | | | |
| c. | Anchored and institutionalize facility for integrated cooperative education & training | | X | | | p.m. |
| | Start proceeding actions (See paragraph 6.3) | MED/ CEDTF/ stakeholders | | | | |
| | C1: Further study | MED/ CEDTF | | | | |
| | C2: Design a plan of action | MED/ CEDTF | | | | |
| | | | | | | |
| d. | Determine role that cooperativism should play | | X | | | p.m. |
| | Start proceeding actions (See paragraph 6.3) | MED/ CEDTF/ stakeholders | | | | |
| | D1: Approval Cooperative Development Policy | Minister MED | | | | |
| | D2: Approval Cooperative Development Policy | Council of Ministers | | | | |
| | D3: Discussion/ approval Cooperative Development | Parliament | | | | |

ANNEX 1B: ACTION PLAN - STRATEGIC ORIENTATIONS (see paragraph 5.2)

The Cooperative Development Policy envisions that various actions will be undertaken by relevant role-players, giving effect to its implementation. These action plans are not exhaustive but intended to provide guidance on critical actions that should be carried out by the relevant role-players. These actions may be reviewed and evolve over time, to reflect the dynamic changes within the cooperative sector.

Short-term = Immediate to two years

Medium-term = Three to five years





Long-term = Five to ten years

| Nr. | Area | Key Players | Term | | | Budget |
|-----------|--|---|------|---|---|--------|
| | | | S | M | L | |
| 1. | Introduce an effective and innovative legal framework. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.1.1) | MED/ CEDTF/ stakeholders/ Ministry of Justice | | | | |
| 2. | Enhance cooperative education, training and information | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.2.1) | Ministry ESCS and MED/ stakeholders | | | | |
| 3. | Develop or improve capitalization and financing tools suitable for the cooperative environment. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.3.1) | MED/ CEDTF/ stakeholders | | | | |
| 4. | Improve non-financial business support services available to cooperatives. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.4.1) | MED/ CEDTF/ stakeholders | | | | |
| 5. | Acknowledge the role of cooperatives by integrating and harmonizing government action in the area of cooperative development. | | X | X | X | p.m. |

| Nr. | Area | Key Players | Term | | | Budget |
|------------|---|--|----------|----------|----------|-------------|
| | | | S | M | L | |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.5.1) | MED/ CEDTF/ stakeholders | | | | |
| | | | | | | |
| 6. | Enhance regulation for financial cooperatives. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.6.1) | MED/ CEDTF/ stakeholders/ The Triple Helix working group | | | | |
| | | | | | | |
| 7. | Promote Research and Innovation in the cooperative sector. | | | | | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.7.1) | MED/ CEDTF/ The Triple Helix working group | | | | |
| | | | | | | |
| 8. | Enhance use of appropriate technology in cooperatives. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.8.1) | MED/ CEDTF/ stakeholders/ The Triple Helix working group | | | | |
| | | | | | | |
| 9. | Adopt good cooperative governance practices. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.9.1) | MED/ CEDTF/ stakeholders | | | | |
| | | | | | | |
| 10. | Attract the youth into cooperative movement. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.10.1) | MED/ CEDTF/ stakeholders | | | | |
| | | | | | | |
| 11. | Create Demand for cooperative products and services. | | X | X | X | p.m. |
| | Take proceeding actions (See paragraph 6.3) | MED/ CEDTF | | | | |
| | Course of action (See section 5.2.11.1) | MED/ CEDTF/ stakeholders | | | | |
| | | | | | | |

ANNEX 2: COOPERATIVES AND SUSTAINABLE DEVELOPMENT GOALS

The National Development Plan Curacao 2015-2030 is based on a long-term vision of change for Curacao in five interlocked themes - Education; Economy; Sustainability; National Identity and Good Governance - all working together to build a thriving nation.

| SDG GOALS | PRIORITY THEME IN NDP | TARGETS |
|--|-----------------------|---|
| Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  | Education | 4.2 by 2030 ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education 4.3 by 2030 ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university 4.4 by 2030, increase by x% the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 4.c by 2030 increase by x% the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially LDCs and SIDS |
| Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  | Economy | 8.3 promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services 8.6 by 2020 substantially reduce the proportion of youth not in employment, education or training 8.8 protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment 8.9 by 2030 devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products 8.10 strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all |
| Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all  | Environment | 7.1 by 2030 ensure universal access to affordable, reliable, and modern energy services 7.2 increase substantially the share of renewable energy in the global energy mix by 2030 7.a by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies 7.b by 2030 expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, particularly LDCs and SIDS |
| Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development  | Environment | 14.1 by 2025, prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution 14.2 by 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration, to achieve healthy and productive oceans 14.3 minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels 14.5 by 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on best available scientific information 14.7 by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism 14.a increase scientific knowledge, develop research capacities and transfer marine technology taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular SIDS and LDCs |

ANNEX 3: REPORT DEMOCRATIC DIALOGUE for MED, 11-22-2019