



ENTREPRENEURS DEVELOPMENT POLICY FOR ARUBA

2018-2021

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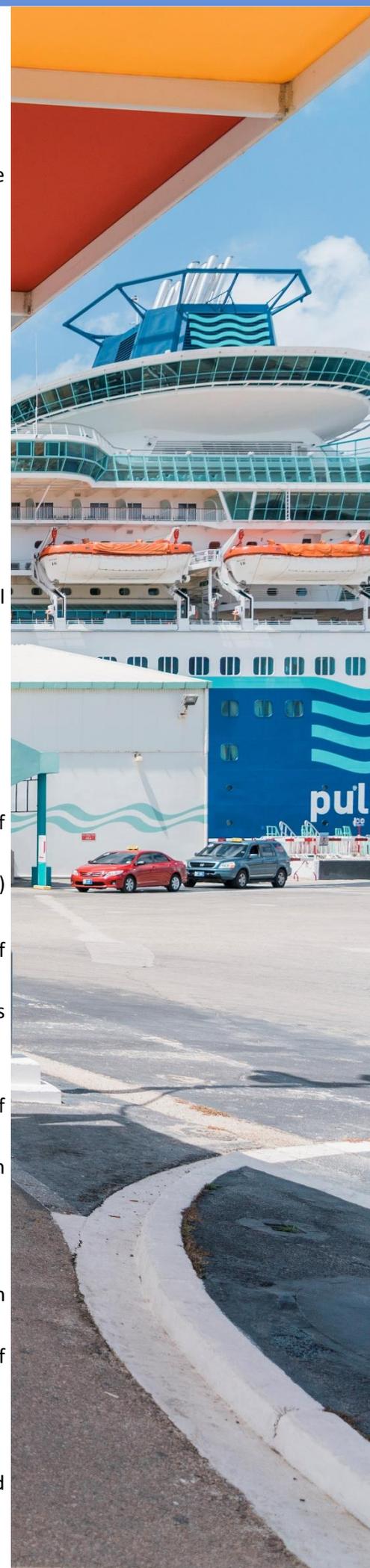
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List of Abbreviations:

| | |
|-------------------|--|
| DEACI: | Department of Economic Affairs, Commerce & Industry of Aruba |
| IDEA: | Iniciativa pa Desaroyo di Empresa Arubano (Initiative for the Development of Aruban Enterprises) |
| Exprodesk: | Export Promotion Desk |
| SDGs: | United Nations Sustainable Development Goals |
| SME: | Small and Medium Enterprises |
| LE: | Large Enterprises |
| SBA: | European Union Small Business Act |
| COSME: | Caribbean OCTs Small and Medium Enterprises |
| OCTs: | Caribbean Overseas Countries and Territories |
| SDGs: | Sustainable Development Goals |
| CSR: | Corporate Social Responsibility |
| IMF: | International Monetary Fund |
| CCI: | Cultural and Creative Industries |
| CoC/ KvK: | Chamber of Commerce and Industry Aruba/ Kamer van Koophandel en Nijverheid Aruba |
| ATIA: | Aruba Trade and Industry Association |
| FZA: | Free Zone Aruba |
| RVO: | Rijksdienst voor Ondernemend Nederland |
| PPP: | Public-Private Partnership |
| RIA: | Regulatory Impact Assessment |
| CEDEHM: | Centro di Desaroyo di Hende Muhe (Bureau of Women's Affairs of Aruba) |
| EPE: | Ensenansa Pa Empleo (Government Vocational Department of Aruba) |
| DE: | Departamento di Enseñansa (Department of Education of Aruba) |
| DPL: | Departamento di Progreso Laboral (Department for Job Placement of Aruba) |
| DRH: | Departamento di Recurso Humano (Department of Human Resources of Aruba) |
| DI: | Departamento di Impuesto (Aruba Tax Office) |
| CBS: | Centraal Bureau voor de Statistiek (Central Bureau of Statistics of Aruba) |
| DWJZ: | Directie Wetgeving en Juridische Zaken (Department of Legislation and Legal Affairs of Aruba) |
| KPA: | Korps Politie Aruba (Aruba Police Force) |
| KBA: | Korps Brandweer Aruba (Aruba Fire Department) |
| DESPA: | Departamento di Salud Publico di Aruba (Department of Public Health of Aruba) |
| DTI: | Dienst Technische Inspectie (Department for Technical Inspections of Aruba) |
| DFIN: | Directie Financiën (Department of Finance of Aruba) |
| UA: | Universiteit van Aruba (University of Aruba) |
| FYE: | Full year equivalent employees is a unit that indicates the workload of an employed person. |



List of Descriptions:

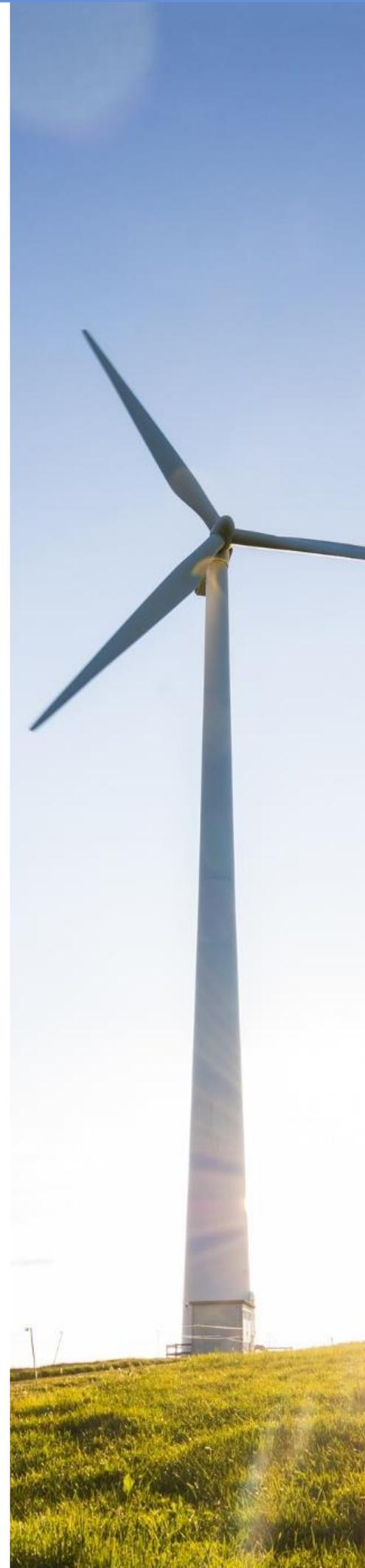
- CE:** Circular Economy: an alternative to a traditional linear economy “production-use-dispose” extractive industrial model. CE is restorative and regenerative by design. Relying on system-wide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts, keeping resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life (reintroducing the used products in the circular flux). CE concept is inspired by nature where “nothing is lost, everything is transformed” (law of material conservation).
- BE:** CE is based on theoretical influences of the Blue Economy. BE is envisioned as the integration of the principles of social inclusion, environmental sustainability and innovative dynamic business models. As such, it stands for a new way of designing businesses wherein renewable and organic inputs are fed into sustainably designed systems to fuel "blue growth". Such "blue growth" addresses the problems of resource scarcity and waste disposal, while delivering sustainable development that enhances human welfare in a holistic manner¹. The waste of one product becomes the input to create a new cash flow. As BE respects the ecosystem integrity, the only secure pathway to a sustainable BE and long-term prosperity is through the development of a circular economy. Blue economy includes circular economy and is assimilated in the social capital, where optimum solutions contribute to the projection of those technologies that produce the best and cheapest products, the healthiest and those that stimulate entrepreneurship.
- E-commerce:** outward-facing processes that touch customers, suppliers and external partners, including sales, marketing, order taking, delivery, customer service, purchasing of raw materials and supplies for production and procurement of indirect operating-expense items, such as office supplies.
- E-business:** includes e-commerce but also covers internal processes such as production, inventory management, product development, risk management, finance, knowledge management and human resources. E-business strategy is more complex, more focused on internal processes, and aimed at cost savings and improvements in efficiency, productivity and cost savings.

¹ The Blue Economy shifts away from the core business/ core competence that force companies to focus on one industry, by considering local economic development as a priority, ensuring that local purchasing power increases and more money circulates regionally. This enables growth through an increase in local production of goods and services. BE is based on scientific analyses that identify the best solutions in a business. Thus, formation of social capital will lead to healthier and cheaper products, which will stimulate entrepreneurship. BE offers directions and solutions to entrepreneurs on which it can build the national capital. Such a capital sustains the creation of new jobs, human welfare, welfare of communities and the country, the health of human beings and of the environment.



List of Descriptions:

- Startups:** a business or undertaking that has recently begun operation (young ventures), including StarTech companies.
- StarTech:** (starting) technology enabled company developing products and/or services that are globally scalable, derived through a scalable, repeatable and sustainable business model. These organizations are often, but not exclusively found in the new emerging markets such as new information and communication technologies, software, app's, 3D/4D printing, big data, internet of things, robot and nanotechnology, block chain, artificial intelligence and machine learning, *see Appendix 1*.
- Qredits:** provides microcredit and mentoring to (starting) entrepreneurs with small and medium-sized businesses in the Netherlands, Aruba, Curacao and Sint Maarten who have no access to a number of (financial) services through the regular circuit, so they can obtain economic, financial and social independence.
- Blockchain:** A blockchain is a type of distributed ledger technology (DLT). It is a digitized, decentralized, public ledger, comprised of unchangeable and digitally recorded data in packages called blocks. These digitally recorded "blocks" of data is stored in a linear, chronological chain. Each block in the chain contains data that is cryptographically hashed of the previous block, preventing tempering of the data and maintaining it immutable. Blockchain is only one of the many types of 'distributed ledger'/data structures that provide secure and valid achievement of distributed consensus.





Introduction

In order to set Aruba firmly on a path towards long-term economic sustainability, it is necessary to shift the development paradigm of SMEs from static to a more dynamic existence. Hence, the Entrepreneurs Development Policy for Aruba 2018-2021 is of utmost importance to foster an entrepreneurial environment, which can breed new innovative and sustainable enterprises in Aruba.

Notwithstanding that this Entrepreneurs Policy entails all Aruban businesses; special emphasis is placed upon SMEs as they comprise approximately 4,000 businesses in Aruba. These SMEs represent 97% of all active businesses, 52% of employment in the private sector and 52% of the total amount of wages and salaries in the private sector³.

The goal of this Entrepreneurs Policy is: **“To cultivate an environment wherein businesses are stimulated to participate and generate growth so that they can contribute more meaningfully to a diversification of the economy through the creation of jobs and wealth”**.

Sustainable Development Goals

SMEs also play a crucial role and are key to advancing the 2030 Agenda for Sustainable Development Goals (SDGs) into Aruba’s national policy. The vision of the government is to provide its citizens with a government based on transparency, integrity and good governance as well as to ensure responsible public finances with the purpose of placing the human being as the central value (Government of Aruba, 2017). provide its citizens with a government based on transparency, integrity and good governance as well as to ensure responsible public finances with the purpose of placing the human being as the central value (Government of Aruba, 2017). As economic policy is aligned with the SDGs, the government is considering them and implementing them. These include, but is not limited to combatting poverty, hunger and inequalities whilst promoting good health and well-being, quality of education, quality of work and sustainable economic growth, industry innovation and infrastructure, sustainable and affordable energy, preserving the quality of drinking water as well as of the ocean and wetlands.

SMEs play a crucial role in the growth and development of Aruba’s economy. Nowadays, a dynamic environment of sustainable economic development is attainable by means of entrepreneurship, new industry opportunities, improved business productivity and new investment opportunities. Moreover, it is imperative to put emphasis on reducing the cost of doing business.

The Government approach is to safeguard good governance in order to ensure healthy sustainable economic development, create more opportunities for investment and employment while making the maximum effort to reduce the cost of living. In this context, the "cost of doing business" in Aruba must be reduced and bureaucracy must be remedied, which is necessary for achieving a healthy investment climate that will lead to economic growth. The aforementioned is confirmed by the COSME SME Policy Index Study (Horst, 2017), where Aruba scores higher than the 12 OCTs’ average on almost all policy principles, with the exception of ‘Responsive Administrations’. The relatively low score on this principle was caused mainly by the high costs and long procedures to get business operational licenses².

As challenges increase with the rapid technological change and globalization, SME’s are confronted with a complex environment forcing them to think global and act local (Glocal). As the complexity increases, Aruban SMEs have to put the right strategies in place to embrace these changes in order to improve their competitiveness.

² This is elaborated in Table 4: Composition of the SME Policy Index of the 12 OCTs.

³ These are preliminary data from the 2014 economic census carried out by the Central Bureau of Statistics. In fact there will be more SMEs than 4,000 because in this business census, only businesses that are visible from the outside are counted.

Aruba has taken the initiative to embark on the transformational journey proposed by the United Nations through the 2030 Agenda in which the private sector is one of its main partners together with the civic society. In this regard the government of Aruba has committed to mainstreaming and localizing the implementation of the 17 SDGs and its 169 targets. The government vision 2017-2021 is intertwined with most goals and targets of the SDGs, which is a holistic policy approach that further carries the development of entrepreneurship in Aruba.

Concerning the SDGs, this Entrepreneurs Policy rests foremost on three goals that have significant importance for the private sector which are SDG 8, SDG 9 and SDG 12. Nonetheless, the other goals, which can be accommodated under the SDG pillars of People, Planet, Prosperity, Peace and Partnership, are of great relevance for the private sector.

The SDGs have come to represent a great opportunity for community development by strategically engaging with the private sector to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda.

Following, is a brief explanation of the 3 SDGs relevant to this policy:

- **SDG 8:** involves the sustenance of per capita economic growth and productivity through diversification, technological upgrading and innovation, high value added and labor-intensive sectors, growth of micro and SME through access to finance, strengthen the capacity of the domestic FI, improve global resource efficiency in consumption and production progressively, education and training, increase access of SMEs to finance to improve their contribution to the global value chain.
- **SDG 9:** involves supporting economic development with affordable and equitable access for all, promote inclusive and sustainable industrialization and significantly raise industries share of employment and GDP, increase access of SMEs to finance to improve their contribution to the global value chain, increase resource -use efficiency and greater adoption of clean and environmentally sound technologies and industrial process, increase scientific research and upgrade the technological capacities, increase innovative and substantial number of research both in the public and private sector.

- **SDG 12:** involves sustainable consumption and production which is promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services green and decent jobs and a better quality of life for all, achieving economic growth and sustainable development requires that we urgently reduce our ecological footprint by changing the way we produce and consume goods and resources. The efficient management of our shared natural resources, and the way we dispose of toxic waste and pollutants are important targets to achieve this goal.

SME Policy Framework

The EU Small Business Act (SBA) is the political recognition of the central role of SMEs in the EU economy and for the first time puts into place a comprehensive SME policy framework for the EU and its Member States. In 2008 the EU Member States have committed themselves to implement the SBA in their countries. Main priorities of the SBA are:

- Promoting entrepreneurship;
- Less regulatory burden;
- Access to finance;
- Access to markets and internationalization.

The founding principle of the SBA is the "Think Small First" principle. Thanks to this principle, SMEs interests are taken into account at a very early stage of policymaking. This helps the EU develop SMEs-friendly legislation.

DEACI has adopted the aforementioned SBA priorities and has incorporated them in seven policy areas of this Entrepreneurs Policy. This approach supports the development of SMEs and is based on the improvement of the most important elements of the SMEs business environment. These seven policy areas aim at supporting, strengthening as well as formalizing this sector, and are as follows:

1. Education and training for SMEs as well as education alignment to the labor market;
2. Institutional and regulatory framework;
3. Operational environment when starting a business;
4. Business development and Support Services;
5. Access to credit/ finance;
6. Innovation and Blue Economy;
7. Internationalization of SMEs.

This Entrepreneurs Policy uses a holistic view of SMEs in cultivating an environment for businesses to grow and participate. This is translated in the chronological order of the policy document. In Chapter 1, the SMEs sector in Aruba and the OCT region are described. Thereafter, in Chapter 2, the different challenges, existing opportunities and ideal scenario of Aruban SMEs are

discussed with recommendations addressing the aforementioned challenges. Subsequently, in Chapter 3, the governing principles of the Entrepreneurship Policy are presented. In Chapter 4, the programs and achievements to date are illustrated. Finally, in Chapter 5 the policy framework is discussed, to be further elaborated in Chapter 6 as an action plan.



1. SMES SECTOR IN ARUBA AND THE OCT REGION





1. SMEs Sector in Aruba and the OCT Region

This chapter has a twofold purpose. Firstly, to present the position of the current Aruban SMEs sector in order to obtain a better overview of the local SMEs environment. Secondly, to compare Aruban SMEs with SMEs in the OCT region. For that reason, in 2016, a SME Policy Index was carried out under the COSME program. This SME Policy Index is a benchmarking tool to monitor and evaluate progress in policies that support SMEs. The tool is structured around the EU Small Business Act SBA. The main objective of the SME Policy Index¹ is to assess policies targeting SME development.

1.1 Aruban SMEs Sector

The European Commission recommended in 2003/361/EC of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises, that the financial and the staff ceilings represent maximum limits and that in the interests of administrative simplification, the Member States may use only one criterion, the staff headcount for the implementation of some of their policies. Therefore, as we do not have access to information on the annual turnover or annual balance of SMEs, we will only use the number of employees being the *full year equivalent employees*⁴ to define SMEs. Consequently, in Aruba companies with 50 or more full year equivalent employees are classified as large companies. As a result, the Aruban definition for SMEs, classifies businesses with less than 50 full year equivalent employees as medium enterprises, less than 10 full year equivalent employees as small enterprises and less than 3 full year equivalent employees as micro businesses.

Currently, there are approximately 4000 SMEs⁵. These SMEs represent a contribution of 97% of Active Companies, 52% of Employees and 52% of Wages and Salaries. Table 1, illustrates these SMEs per sector and are based on the Aruban Standard Industrial Classification of all Economic Activities. The most significant economic activities of the SMEs sector are Wholesale and Retail Trade (29%).

⁴ Full year equivalent employees (excluding family workers without pay): the headcount corresponds to the number of annual work units being:

1. The number of persons who worked from Jan 1st till Dec 31st are considered fulltime within the enterprise in question or on its behalf during the entire reference year under consideration;
2. The number of persons who have not worked the full year and the number of seasonal workers are counted as fractions of the full year equivalent depending on how many days they were employed during the year.
3. Due to the lack of information regarding the number of hours worked in a week, part-timers are being calculated the same as persons who worked full-time and therefore their FY Equivalent will be determined based on days worked during a year.
4. The staff consists of: (a) employees; (b) persons working for the enterprise being subordinated to it and deemed to be employees under national law; (c) owner-managers that are on the payroll.

⁵ CBS' latest preliminary data from the Business Count 2014. Therefore, these quantities are subject to change and cannot be considered as final results.

An aerial photograph of a city with a mix of residential and commercial buildings. A large blue circle is overlaid on the image, containing white text. The background shows a dense urban area with a prominent hill in the distance.

97%

*SMEs represent a contribution
of 97% of Active Companies*

52%

*SMEs represent a contribution
of 52% of Employees and 52%
of Wages and Salaries*

Table 1: SMEs per Economic Activity

| Economic Activity | Percentage SMEs | Percentage Employees |
|---|-----------------|----------------------|
| Agriculture, Hunting, Forestry and Fishing | 1% | 1% |
| Mining and Quarrying | 0% | 0% |
| Manufacturing | 3% | 4% |
| Electricity, Gas and Water Supply | 0% | 0% |
| Construction | 7% | 10% |
| Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles | 29% | 27% |
| Hotels and Restaurants | 15% | 17% |
| Transport, Storage and Communications | 3% | 4% |
| Financial Intermediation | 2% | 3% |
| Real Estate, Renting and Business Activities | 18% | 17% |
| Education | 1% | 1% |
| Health and Social Work | 7% | 5% |
| Other Community, Social and Personal Service Activities | 14% | 11% |
| Total Companies with ≤ 50 employees | 100% | 100% |

Source: CBS Economic Census 2014 (Preliminary Data)

The latest trade statistics (excluding Freezone) indicate that 129 SMEs (from a total of 200 businesses, including LEs) contributed to Aruban export⁶ with an amount of Afls. 28,095,549 (52% of total export), compared to 55 LEs with Afls. 17,301,938 (32%)⁷. The rest consisted of 10 companies with no employees recorded with Afls. 2,830,536 (5%) and 11% of cargo and freight forwarders with Afls. 5,914,863 (CBS, 2015), see Table 2.

Table 2: Export from Aruba for the year 2015 (excluding Freezone)

| Year 2015 | Companies | Sum Afls. | Percentage |
|------------------------------|------------|-------------------|-------------|
| No employees recorded | 10 | 2,830,536 | 5% |
| <50 employees | 129 | 28,095,549 | 52% |
| ≥ 50 employees | 55 | 17,301,938 | 32% |
| Cargo and freight forwarders | 6 | 5,914,863 | 11% |
| Grand Total | 200 | 54,142,886 | 100% |

Source: CBS Trade Statistics

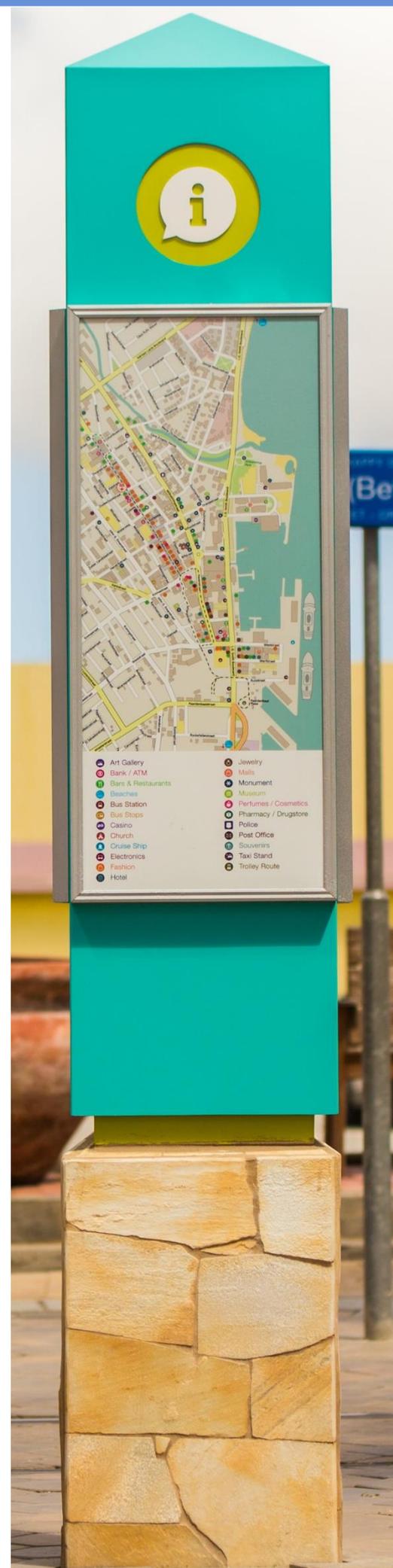
Table 3: Turnover Freezone companies (in AWG)

| | Year 2014 | Year 2015 | Year 2016 |
|--------------------|--------------------|--------------------|--------------------|
| Trade | 189,087,017 | 133,415,361 | 111,546,423 |
| Industry | 558,673 | 5,623,091 | 26,634,774 |
| Services | 3,886,891 | 7,606,893 | 16,086,768 |
| Grand Total | 193,532,581 | 146,645,344 | 154,267,965 |

Source: Free Zone Aruba

⁶ Final Export: imported goods that passed through customs, paid import duties, stayed on Aruba for a period of time and were shipped to another country for future sale or trade as well as some goods produced in Aruba (few).

⁷ Excluding self-employed and companies not found.





1.2 COSME SME Policy Index Study of the 12 OCTs

Aruba was assessed by COSME SME Policy Index Study (Horst, 2017), which is a benchmarking tool of SME policies in Caribbean OCTs and is based on the SBA policy framework. It consists of 10 principles which guide the conception and implementation of policies both at national and supra-national level. For the application in the OCTs, one principle is less relevant, being to “ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance.”

Therefore, the following principles have been used to assess the Entrepreneurs Policy in the OCTs:

1. Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded;
2. Design rules according to the “Think Small First” principle;
3. Make public administrations responsive to SMEs needs;
4. Adapt public policy tools to SME needs: create information and support services and facilitate SMEs participation in public procurement;
5. Facilitate SMEs access to finance and develop a legal and business environment supportive to timely payments in commercial transactions;
6. Help SMEs to benefit more from the opportunities offered in markets in other OCTs;
7. Promote the upgrading of skills in SMEs and all forms of innovation;
8. Enable SMEs to turn environmental challenges into opportunities;
9. Encourage and support SMEs to benefit from the growth of markets.

The next table presents the major outcomes of the application of the SME Policy Index in the OCTs. The average SME Policy Index of the 12 OCTs is 1.4, which is relatively low on a scale of 0 to 4. The lowest score (1.0) is for the Cayman Islands, the highest (1.9) for Curaçao, so there is not much deviation from the average. Aruba has the second highest average of 1.8. In Table 4 the highest score for each SBA principle has a bold blue border.

Table 4: Composition of the SME Policy Index of the 12 OCTs (scale 0 to 4)

| SBA Principle | Anguilla | Aruba | Bonaire | BVI | Cayman | Curaçao | Montserrat | Saba | St. Maarten | St. Eustatius | St. Barth | Turks-Caicos | Average |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|---------------|------------|--------------|------------|
| Entrepreneurship | 2.1 | 2.2 | 1.5 | 1.5 | 1.0 | 2.4 | 1.0 | 1.0 | 1.4 | 1.3 | 1.1 | 1.5 | 1.5 |
| Think small first | 1.4 | 2.4 | 2.5 | 1.9 | 1.9 | 2.5 | 1.4 | 1.5 | 1.7 | 1.6 | 2.0 | 1.0 | 1.8 |
| Responsive administrations | 0.6 | 0.9 | 1.0 | 2.0 | 0.7 | 0.6 | 2.8 | 1.0 | 1.9 | 1.3 | 1.6 | 1.3 | 1.3 |
| Support services | 1.5 | 2.2 | 1.7 | 1.6 | 1.6 | 2.1 | 1.3 | 2.2 | 1.5 | 1.3 | 1.9 | 2.0 | 1.7 |
| Access to finance | 1.1 | 1.2 | 1.3 | 1.0 | 1.0 | 1.7 | 0.9 | 1.3 | 0.9 | 0.8 | 0.8 | 1.0 | 1.1 |
| International networks | 0.3 | 2.0 | 0.7 | 1.0 | 0.7 | 1.3 | 0.3 | 1.3 | 0.3 | 1.3 | 1.3 | 1.3 | 1.0 |
| Skills and innovation | 1.4 | 1.6 | 1.1 | 1.7 | 1.3 | 2.0 | 0.9 | 0.3 | 0.8 | 1.1 | 1.1 | 1.4 | 1.2 |
| Environmental challenges | 1.3 | 2.3 | 2.7 | 2.3 | 0.7 | 2.0 | 0.3 | 2.3 | 1.3 | 2.3 | 2.7 | 1.3 | 1.8 |
| Growth of markets | 0.6 | 1.2 | 0.4 | 0.5 | 0.6 | 2.2 | 0.9 | 0.2 | 0.5 | 0.3 | 1.6 | 0.3 | 0.8 |
| Average | 1.2 | 1.8 | 1.4 | 1.5 | 1.0 | 1.9 | 1.1 | 1.2 | 1.2 | 1.3 | 1.6 | 1.2 | 1.4 |



2. CHALLENGES, OPPORTUNITIES AND THE IDEAL SCENARIO OF THE SMEs SECTOR





2. Challenges, Opportunities and the Ideal Scenario of the SMEs Sector

operational and strategizing skills, the knowledge of standardization of the goods and services provided, international skills due to rapid globalization, and adapting to changes, trends and technology (ICT, blue economy, e-commerce and e-business). Entrepreneurial skills can be cultivated from a younger age through e.g., training programs and courses, but not limited to, Kidpreneurs (basic education), Youthpreneur (secondary education), Youngpreneur (tertiary education) and Womenpreneurs, by teaching methods and by providing tools, techniques to succeed with the right skills/e-skills and mindset as a professional entrepreneur.

2.1 Challenges

SMEs sustainable development should be on a continuous basis stimulated and promoted. Hence, it is crucial to understand thoroughly the characteristics and difficulties of SMEs (including startups), which can be barriers to achieving their full potential. Not only are SMEs different from larger enterprises, but also even within the same sector, they differ from each other. Consequently, it is important to understand the significant challenges that SMEs face, which hinders the maximization of their contribution to economic development and employment.

These challenges of the SMEs business environment can be based on the following rudiments: education and training for SMEs as well as education alignment to the labor market; institutional and regulatory framework; operational environment when starting a business; support services for SMEs and startups; access to credit/ finance; innovation and blue economy; and internationalization of SMEs.

2.1.1. Education and training for SMEs as well as education alignment to the labor market.

Entrepreneurs' education and training

Aruban entrepreneurs face challenges regarding information, education and training that can advance their knowledge and skills/e-skills, which are required to better cope with the actual economic and social reality where they operate (e.g., e-Business skills). Education and training develop SMEs skills by improving their management and administrative capacities, human resource capacity, and the overall performance of entrepreneurs. These SMEs skills challenges include inter alia financial, managerial,

Employees' education and training

In a knowledge-based economy, where intangible factors and services are of growing importance, the rapid obsolescence of knowledge is unavoidable as products and services based on knowledge-intensive activities contribute to an accelerated pace of technical and scientific advance, which in due turn contributes to innovation. Therefore, education and training for existing SMEs employees is key. However, for a small business it is very difficult to engage staff in education and training in order to update and upgrade their skills within the continuous or life-long learning approach. Especially when SMEs perception of sustainability when referring to employees is associated to costs of doing business (Meijer, 2015). Consequently, the government could promote Adult Education Programs, for employees who want to upgrade their skills to stay relevant to the ever-changing market demand. Moreover, the average worker's productivity increases as their education level increases.

Education alignment to the labor market

It is essential to ensure that education (for students/future employees who want to work for an SME) is job-driven, to create a better match between graduates' training and the needs of employers. In a time where businesses have to respond even faster to changes which can affect the performance of simple jobs and the skills/e-skills required of employees; education and manpower training needs to be aligned to meet the new and modern necessities of the labor market

(e.g., level of ICT competence). Therefore, in addition to vocational education, the existing curriculums in Aruban schools need to be revised and adapted to the needs of the labor market and global demands. Without the right skills/e-skills innovation (with ICT) is inconceivable for an organization (TaskForce e-Skills Nederland, 2011).

2.1.2. Institutional and regulatory framework.

There is currently no specific legislation concerning Aruban SMEs development. SMEs can experience challenges regarding government measures, regulations, legislation and taxation requirements. Some changes benefiting businesses have been introduced, such as the reduction of the Business license fees in 2012 from Afl.2, 000.00 to Afl. 400.00. In addition, the process of issuing business licenses was relatively simplified and accelerated. On the other hand, there are no incentives for SMEs in the taxation system.

Despite the fact that the income tax has been reformed (reduced from 28% to 25%), there is always room for improvement. The changes in the tax regime have made paying taxes in Aruba sluggish and more complex i.e.: introduction of a new tax BAVP (levied on sales), introduction of separate filing and payment of BBO and BAZV (both are also levied on sales), different maximum salaries for pension vs. health insurance contributions, companies must pick up their tax return forms at the tax authorities (previously, these were delivered) and the tax authority now does more audits (Addy & Cruz, 2016). There is currently the possibility to pay taxes online as well as to download and print some tax forms. However, there is no possibility to submit tax forms online.

In addition, there is currently no systematic Impact Assessment of policies/ regulations being carried out. There are legal and fiscal as well as banking and security reforms needed for e-commerce (e-Steering Committee Aruba, 2000). Furthermore, SMEs do not have an established active association that represents solely their interest.

2.1.3. Operational environment when starting a business

According to the IMF, the “Cost of doing business” in Aruba is high as establishing a new enterprise could take 4-6 months and involves complicated procedures across multiple government entities (IMF, 2015). The process starts with the setup of a business legal form

such as a Corporation (NV), Limited Liability Company (VBA) or Foundation (Stichting) by a local notary, while the corporation's name must be registered at the High Commissioner Aruba Financial Center. Depending on the nature of the enterprise several licenses and permits are necessary which are requested and processed by different government intuitions, increasing the bureaucracy.

The average for a business license is 4 weeks and for a restaurant permit up to 8 months. This time frame is also influenced by external factors and controls (e.g.: business name verification, police, fire and health departments). Furthermore, there is no possibility for online registration for businesses at the Chamber of Commerce. Neither do SMEs have the possibility of completing all procedures through a single administrative body (one stop shop).

2.1.4. Support services for SMEs and startups

Providing information and support services to businesses in Aruba shows the highest score compared to the other OCTs (*see, previous Chapter*). Readily available information that is easily accessed by SMEs when starting a business, registering property or trading across borders is imperative. There must be noted that there is vast information on the government website, especially in the “Doing Business” section. Nevertheless, easy access to government services online is currently not available.

2.1.5. Access to credit/ financing

The main challenge of SME growth locally is access to financing; the lack of “cheap” capital available for local SMEs. There is a missing regulatory framework to curb the creation of monopolies and cartels in the market (Competition Law). The existence of market monopolies and cartels pushes SMEs to competing in an unlevelled playing field creating unfair competition for market and capital. According to the IMF “Banks impose fees for many types of financial transactions, and it can sometimes take 2-4 months to open a bank account, making access to finance and business operations costly and burdensome” (IMF, 2015).

Additionally, SMEs face challenges regarding easy local online paying methods for e-commerce/e-business (i.e. by means of a debit card). The banking procedures are complex and lengthy. Moreover, there are no government schemes in place to raise awareness about risks of financial products and/or to close the financial literacy gap.

2.1.6. Innovation and Blue Economy

The government is focused on innovation, competitiveness, diversification and Circular Economy (CE). Nonetheless, SMEs lack the promotion of awareness campaigns of blue economy by the government and/ or workshops by business support organizations, of technical and biological cycles so that enterprises can develop R&D that aims to re-think and re-design products and services. Another challenge for SMEs is easy access to advance technology like innovative ICT and applications which can improve operational efficiency, like the relatively new information technology 'Blockchain', a type of distributed ledger technology (DLT), with the potential to exchange data securely and efficiently in a decentralized manner that offers opportunities not only for saving costs but also for developing new revenue models (e.g., cryptocurrencies).

In a blue economy, SMEs lacking knowledge cannot adapt to environmental challenges. Moreover, SMEs are deficient on information regarding the benefits of environmentally friendly and sustainable practices like the UN SDGs. SMEs perceive sustainable practices as having a negative influence on their business financials as the sustainable changes or practices demand, according to their perception, a significant amount of investment. Nonetheless, a research of Aruban SMEs indicated that completely sustainable Aruban SMEs (17.3%) experienced an increase in cash flow and revenue, whereas partially sustainable Aruban SMEs (64%) experienced an increase in revenue (Meijer, 2015). Therefore, the government needs to increase the availability of information to create awareness on environmental issues and tools with the aim to inform businesses about new markets and opportunities such as the blue economic model.

For a knowledge economy and innovation, good technological and physical infrastructures are essential. Although, there is a good internet network infrastructure, SMEs cannot participate yet in e-commerce and e-business. E-skills is directly linked to the innovative capacity of an organization, country and knowledge economy. Without the right technological infrastructure and e-skills innovation with ICT is improbable. Regarding the physical infrastructure, procedures for land and construction permits are lengthy and inefficient.

2.1.7 Internationalization of SMEs

Uncertainties and lack of experienced management involvement hold a major part in decreasing international activities. SMEs face internal and external challenges when they are uncertain which markets (lack of expertise) to enter and/ or which method to utilize (exporting, licensing, joint venture, direct investment etc.).

Currently, the government does not have a strategy to promote initiatives on cross-national inter-firm clusters⁸ in the region. Similarly, there is no functioning international network of business support services active in the region, including public servants stationed in key markets⁹. Furthermore, there is no inventory of bottlenecks hampering SMEs' export and the government is not yet providing information about business opportunities abroad (to assist, guide and coach companies in exporting) or the funding of export capacity building programs. In addition, Aruba lacks a Quality Infrastructure to facilitate international trade. Lastly, the costs of customs clearance are not reduced for SMEs and neither the procedures nor payments are simplified.

⁸ These clusters could entail, among others, a group of related organizations that partner, cooperate and/or form cooperatives or strategic alliances with each other in order to provide expanded products and services. These clusters of firms could be of local initiative or between two or more nations in the region.

⁹ Another option is the Aruba House concept with representative(s) in the city of Doral, where Aruba signed a Sister Cities Agreement with Doral, Florida.



2.2 Opportunities

2.2.1 Education and training for SMEs as well as education alignment to the labor market.

SMEs can benefit from many opportunities in education and training. Thus, IDEA offers year round training, workshops and support to local entrepreneurs. The training Empresario Prepara was created in this context to better prepare existing and future business owners with the most important skills to achieve business success. Likewise, the Chamber of Commerce, ATIA and some SMEs in the private sector provide workshops and training by professionals on relevant topics throughout the year.

Qredits will offer guidance to aspiring entrepreneurs with the startup of their own business and will also offer their entrepreneurship program 'EigenBaas' to 250 students. SMEs can benefit also from a series of short courses in Logistics & Transport, Maritime and Aviation that the University of Aruba (UA) is providing in collaboration with STC-Group Holding B.V. These short courses can help businesses establish maritime services in the "free zone" of the Barcadera Multi-Cargo Terminal or in the Barcadera Industrial Zone. These are some examples of the many options for Education and Training for SMEs. To consolidate these opportunities, this policy offers the following recommendations.

Recommendations:

Steps to be taken by the Government-

- Entrepreneurs' education and training:
 - DEACI/ IDEA will seek partnerships within a triple helix model to integrate entrepreneurship and innovation as a component of the education curriculum from primary to tertiary education as to incorporate entrepreneurship as a core element to foster a culture of risk-taking, creativity, resourcefulness and innovation; programs and courses inter alia Women Entrepreneurship, Kidpreneurs (basic education), Youthpreneur (secondary education) and Youngpreneur (tertiary education);
 - DEACI/ IDEA will partner with accredited training institutions to support standard training and vocational training for employers. In addition, DEACI will cooperate with other support service desks to form synergies to create programs and activities directed at local SMEs which better serves local demand.
- Employees' education and training: DEACI/ IDEA together with other partners will be evaluating and proposing actions to be taken to promote and organize employees' education and training as part of Adult Education Programs. In a fast paced market perpetuated by constant technological advancement it is necessary to continuously upgrade their skills/ e-skills and crafts of the labor force to ensure that employees can comply with labor market demands;
- Education alignment to the labor market: DEACI/ IDEA will seek partnerships to align education with the labor market to create a better match between education and manpower training and the needs of employers. In addition to vocational education, the existing curriculums in schools need to be revised and adapted to the needs of the labor market and new technologies (e.g., level of ICT competence/ e-skills);
- Mentorship: DEACI/ IDEA will support the creation and utilization of mentor systems and will seek collaboration so that SMEs can reach their goals and improve their goals and improve their operations.

2.2.2. Institutional and regulatory framework.

There has been some recent legislative reform conducted being inter alia the Guidelines of the Department of Economic Affairs with regard to requirements for business and director's licenses that reduce administrative barriers and shortens the procedure. In addition, the Government is in the process of instituting a law to make licensing procedures more efficiently under the Law of Economic Restoration (*Crisis-en Herstelwet*).

Recommendations:

Steps to be taken by the Government-

- Streamlining of Government processes related to:
 - Information sharing:
 - IDEA will create an online directory about their clienteles' companies with detailed information regarding their business activities, which could be shared among all registered IDEA SMEs. This directory shall be used as a network platform for local SMEs and a development tracking strategy for IDEA to better coach and train entrepreneurs. (Synchronizing the supply and demand among local companies);
 - Change the law giving the Chamber of Commerce the right to dissolve inactive businesses so that their database (containing thousands of inactive and non-existing businesses) can be cleaned up with the CBS census data.
 - Data collecting: Central Bureau of Statistics will gather data of business start-up and closure (survival rates);
 - Management and periodic reporting: Central Bureau of Statistics could consider introducing annual business surveys based on samples (faster and less costly) instead of censuses (e.g. Business Census 2014). As a result SME data could be published annually.
- Incentives for SMEs:
 - Simplify tax system for SMEs;
 - Create fiscal incentives for SMEs; e.g. a self-employed deduction, a deduction for investments or stimulating business initiatives for young entrepreneurs through fiscal incentives when starting a small company;
 - Introduce fiscal incentives to stimulate the creation of an investment fund and provide the necessary infrastructure with the objective to develop a new economic sector, focusing on high tech companies, e-business, startups, business incubators, fintech companies and other innovative economic activities based on new technology;
 - Proposing tax 'benefits' for startups for the first 2 years and for businesses that engage in Corporate Social Responsibility (CSR) activities to encourage them as well as to direct them towards stimulating SMEs development;
 - Amplify the list of Green Products for import duty preferential 2% tariff for green companies that are implementing the SDGs, including parts and semi-finished products;
 - Online filing and payment of taxes.
- Legislative simplification and regulatory impact assessment of Business Procedures:
 - Simplifying and providing information on the statutory and tax reporting requirements for SMEs;
 - Simplifying processes for starting and terminating businesses;
 - Use of computer technology (paperless transactions) in all business procedures by relevant Ministries;



- Evaluating and monitoring the Regulatory Impact Assessment of policies, programs, all new laws and regulations affecting businesses¹⁰;
- Legal reform for e-commerce;
- Analyze all existing laws and regulations affecting businesses on SME friendliness.
- Introduce a Quality Infrastructure for metrology, development of standards and quality evaluation (including an accredited laboratory that can certify international standards);
- Regulatory framework to curb the creation of monopolies and cartels in the market (Competition Law): Support a Fair Trade Authority that supervises compliance with the National Ordinance on Competition (Competition Law).

Stakeholders are encouraged to take the following steps-

- Introduce tradename law for businesses (handelsnaam).

2.2.3 Operational environment when starting a business

In Aruba there is a great potential of unused business capacity, in terms of time, money, ideas and innovativeness. Consequently, there is a suboptimal allocation of resources leading to a lower GDP than possible. The main reason is that there is a lack of an integrated and coordinated policy with respect to enterprises, as businesses have to deal with many different governmental organizations, each requiring – legitimate – compliance, information, forms, and money in an uncoordinated way. Especially for starting businesses, this is very cumbersome, as most processes do not run parallel.

The Government's ultimate goal is to reduce the time spend by entrepreneurs when starting a business. As a result, DEACI has instituted the Red Carpet policy to best serve and facilitate the attainment of establishment permits for innovative StarTech companies that introduce a new concept to the existing market, moving the processing time to two weeks (see, *Appendix 1 for more details regarding StarTech*).

Nonetheless, the main problem is that there is not one governmental organization that has been able to introduce a coordinated approach towards businesses. Currently, businesses have to sometimes build or lease premises and install equipment before they can actually start operating their business, because everything has to be checked and approved before the last license is granted. Such processes may take many months as each step has to follow after the previous one is approved since they are not coordinated to run parallel. In the meantime businesses have invested their money, without receiving any revenues.

The solution is for the entire government to create a system, like the 'One Window' Front Office that Curacao is planning to implement (Gobièrnu di Kòrsou, 2010-2013), in which starters and other businesses have to deal with only 'one government'. Therefore, the following recommendations are proposed to further improve the operational environment.

Recommendations:

Steps to be taken by the Government-

- Reducing the process time required to start a business and increase transparency in the licensing procedure. It should be noted that research is important to identify the cause of this lengthy procedure and to offer solutions. For example, the company name approval by the high commissioner takes approximately one month. A solution may be that the approval of the name of the company be delegated to the notary's office;
- Reduce the cost to start a business (i.e.: increase the amount of notary companies in the market to increase market competition or by adding sworn in civil servants);
- The Department of Economic Affairs can lead and coordinate the alignment of the licensing processes and create a system where a startup can complete all procedures through a single administrative body (one window) in order to eliminate red tape. This could be elaborated in the Law of Economic Restoration ("Crisis- en herstelwet");
- Completing all registration formalities and payment online (digital forms for online applications), using a social security number

¹⁰ Policy impact assessment (IAs) are formal, evidence-based procedures that assess the effects and identifies the future consequences of a current or proposed action. It is used to ensure that policies are economically viable, socially equitable and environmentally sustainable.

('Burgerservicenummer' or a 'Rechtspersonen en Samenwerkingsverbanden Informatienummer' as in the Netherlands) will make it possible if the necessary infrastructure/ platform is in place;

- Introducing a Startup Visa: aiming at introducing a visa category for entrepreneurs raising outside funding.

Stakeholders are encouraged to take the following steps-

- Facilitating and improving the accessibility and agility of virtual transaction of the online payment system;
- Introduction of a flat fee by the Chamber of Commerce.

2.2.4. Support services for SMEs and startups

The public and private agencies have been actively supporting local SMEs and startups, building in-house capacity of business. IDEA and Exprodesk organize workshops and courses throughout the year in different business related topics, and is available year round to give support and information to interested business at their offices. ATIA and the Chamber of Commerce also prepare workshops and courses to develop the capacity of enterprises. A list of all programs and achievements to date are listed in Chapter 4. Nevertheless, there is always room for continuous improvement thus we are recommending the following.

Recommendations:

Steps to be taken by the Government-

Information services for SMEs:

- Information availability: encouraging structured registration of all Business Support Services provided by public and private sector agencies. This will be recorded on DEACI/IDEA's online SMEs portal. The government can also facilitate a better alignment between the courses and training they provide.

Access and availability of business services and extent of government support:

- Partnering with accredited training institutions to support SMEs with more specialized services and thus supporting the triple helix model;
- Monitor and assess the specific needs of SMEs to align them to the activities of the Business Support Services.

Stakeholders are encouraged to take the following steps-

- Accreditation of service providers and their training programs;
- Standards training for SMEs to support product and service quality as well as management, operational and quality standards.

2.2.5 Access to credit/ finance.

The government has welcomed Qredits in Aruba to cater to the underserved SMEs. This credit institution will provide microfinance to SMEs and overall business coaching (Stichting Qredits Microfinanciering Nederland, 2017). Qredits Aruba will increase its lending limit to Afl.100.000,00 starting January 1st, 2018.

Recommendations:

Steps to be taken by the Government-

- Incentivize private sector to invest in financing SMEs;
- Link up with Qredits to stimulate the provision of credits for innovation;
- Government funding: Green Fund (to stimulate SMEs to become green enterprises);
- Public-Private Initiative funding should be explored as an alternative method for financing and development of SME beneficial programs and projects;
- Promote alternative systems of financing like venture capital, crowd funding and angel investors in order to facilitate foreign capital to finance local investments.

Stakeholders are encouraged to take the following steps-

- Large and medium-large enterprises could finance SMEs in the concept of Corporate Social Responsibility;
- Easy local online paying methods for e-commerce.

2.2.6. Innovation and Blue Economy.

The government is aware of the importance of startups with out-of-the-box thinkers. In order to increase the success rate of local SMEs, the use of incubators is vital in an innovative and dynamic process of enterprise development designed to accelerate growth and success of small businesses. Incubators include various business support resources and services that can be realized through physical space, capital, coaching, and networking connections.

Incubators are now regarded as a dynamic hybridized economic development facility that combines features of entrepreneurship, business facilitation and business support mechanism (Rice & Mathews, 1995). Therefore, expanding the use of incubation system on the island is highly advisable, cognizant of the limitations SMEs have in Aruba (J. & P.J., 2014). Incubation programs provide a support system where innovative ideas can be realized into commercial opportunities.

Aruba has the benefit of having technological and physical infrastructure for innovation. In terms of technology, there is a robust internet network infrastructure and broadband, with a high internet penetration of 83.8% of the total population as well as the fastest recorded Internet download speed across 28 islands as recorded by Ookla; a recognized provider of broadband testing in Aruba.

Meanwhile, as theories and models are being tested, the most recent innovative economic model are being presented. These economic models are moving us from a less linear towards the circular model. This model is the so-called Circular Economy (Closed Looped System) (Dolinsky & Maier, 2015). "A circular economy is an advancement from a linear economy which behaves according to the hierarchy of 6R, preparing, reuse, re-manufacture or recycle solutions. (J. & P.J., 2014).

Intellectual Property Rights

Generally the Caribbean OCTs focus on innovative sectors for their future development. In comparison, Aruba is the most prominent with its focus on businesses and sectors applying innovative and green technology. In the area of technology the most relevant regulations relate to intellectual property rights, including copyright laws and industrial properties such as patents, trademarks, industrial design rights and trade secrets.

Intellectual Property Rights is a topic that is not understood, and very foreign to many industries. Its relevance of adequate and effective protection is still not fully appreciated. It is our responsibility, especially if we want to stimulate the expansion of the cultural and creative industry's (CCI)¹¹ economic relevance in Aruba, and considering that it has a great impact on all facets of progress in a knowledge based society of this

era, to stimulate and propagate its understanding and appreciation.

Recommendations:

Steps to be taken by the Government-

- Support new Blue SMEs: Support programs and enterprises that both improve the expertise and expand their financing options as eco-efficient businesses;
- Support existing businesses whose core activity is economic greening/circular economy; promotion of environmental management systems;
- Support viable green or blue businesses in incubator and public procurement programs;
- Instill circular economy awareness and practices among all SMEs as well as CSR and the UN 2030 SDGs;
- Create a 'Blue/Sustainable' certification label for all business, emphasizing on SMEs.
- Involvement of the government (e.g. as sponsor) in awards for best/ green/ innovative/ female entrepreneur etc., granted by the Prime Minister and the Minister of Finance, Economic Affairs and Culture.

2.2.7. Internationalization of SMEs.

SMEs themselves have particular problems of limitations of resources and expertise in harnessing the full potential of ICT. The government can facilitate ways to help them overcome these obstacles turning threats into opportunities in a globalized economy. Hence, Exprodesk, an export promotion desk, has been established and provides the opportunity for SMEs to effectively internationalize their service or product and expand their market. Exprodesk, a unit of the division of Foreign Economic Relations and Business Development of DEACI, should be sufficiently resourced to undertake its role in promoting exports and should cooperate with other bodies like the Chamber of Commerce, the Aruba Trade and Industry Association (ATIA) and the Free Zone Aruba (FZA) that also provides information and support to do business abroad.

E-commerce supports internationalization of SMEs and the achievement of operational excellence, and this in due turn will lead to improved financial performance (Ghandour, 2015). Therefore, it is important for SMEs to have an e-commerce platform.

¹¹ Cultural and Creative industry includes among others printing, architecture, advertising, publishing and multimedia, audio-visuals, phonographic and cinematographic productions, performing arts as well as crafts and design.

Knowing that one of the key drivers of internationalization is the development and use of international business networks, the COSME project team approached the creators of the BIDx portal to provide a platform to the Micro Small and Medium-sized Enterprises (MSMEs) for the OCTs. The European Union through the COSME program funded this online platform named www.caribconnect.net. The CaribConnect¹² platform was developed to facilitate the matching process of entrepreneurs with mentors, investors and financing institutions for their further growth and expansion into overseas markets.

Recommendations:

Steps to be taken by the Government-

Internationalization of SMEs: Exprodesk will support the development of businesses in new markets by providing export training and coaching, technical assistance and capacity building, including regulatory compliance, information on international trade agreements, finance, logistics, customs, packaging, and prices. Furthermore, Exprodesk will select high priority and/or potential sectors and will develop sector strategies for export.

Export promotion strategy:

- Reduce costs of customs clearance and simplify procedures for payments (digital);
- Create strategy to promote initiatives on cross-national inter-firm clusters in the region;
- Select high priority and/or potential sectors and will develop sector strategies for export;
- Utilize trade fairs, exporter and importer missions as well as promotional events to showcase the goods and services of certified SMEs;
- Exprodesk will maintain an online registry of international trade fairs where SMEs groups can showcase their products and services;
- Exprodesk will likewise maintain an online registry of all exporting companies;
- Grant an Exporter of the Year award;
- Provide export services in close collaboration with Rijksdienst voor Ondernemend Nederland (RVO);
- Institute an Aruba Trade Board (to stimulate an innovative, competitive and diversified economy).

Export information:

- Provide SMEs and potential exporters with the necessary information on the requirements for

identifying and penetrating specific export markets as well as, assistance and guidance on regulatory issues and Intellectual Property Rights when exposing their product or service to potential foreign customers;

- Strengthen information channels and improve information through ICT;
- Provide network & information intelligence through the creation of a database of local companies;
- Foster international partnerships and partnerships within the Kingdom of the Netherlands (as with RVO).

Export training: training and workshops on regulatory compliance, International Trade Agreements and finance, packaging, and pricing for exporting business, coordinated by Exprodesk.

Stakeholders are encouraged to take the following steps-

Export finance possibilities:

- Access to finance through Qredits and/or similar platform;
- Implement e-commerce platform to support internationalization of SMEs, economic growth and diversification of the economy.

Public-private consultations

Currently Aruba does not have an association that represent the interest of solely small and medium sized businesses. In order to consult them, DEACI organized the Aruba Small Business Event 2018, where this Entrepreneurs Policy were presented to our local SMEs. The aforementioned event granted Aruban businesses the opportunity to actively participate, to contribute with their feedback and to select from this policy action plan the high priority actions according to them. These high priority actions are as follows:

- Entrepreneurs' education and training;
- Simplify tax system for SMEs;
- Grant the Department of Economic Affairs the possibility to coordinate the processes and creation of a one stop shop;
- Facilitating and improving the accessibility and agility of virtual transaction of the online payment system.

¹² The Chamber presented the launch of the digital platform 'CaribConnect' on August 26th, 2016..



2.3 The Ideal Scenario

In this segment, the ideal situation is described with respect to the Entrepreneurs Policy. It is a theoretical concept, as if a country could start from scratch. Nevertheless, it seems useful for countries that have plans to establish an Entrepreneurs Policy to set a horizon and to consider how the ideal situation would look like. Even though in practice many challenges can ascend to reach this ideal situation, nonetheless it is good to keep this goal in mind.

The ideal scenario could be as follows:

- Collection and publication of data on enterprises by size class, at least once a year;
- Ongoing independent research on business issues, by size class of enterprises;
- Permanent platform where government and representatives of businesses (of all sectors and size classes) meet to discuss existing policies and the need for new policies;
- An SME Taskforce under the responsibility of the Department of Economic Affairs, Commerce and Industry (DEACI) with senior civil servants from all ministries that are dealing with business issues and/ or coordinating all relevant new laws and regulations;
- Coordination by the DEACI between all ministries that - in some way or the other – are dealing with business issues;
- SME policy is based on identified market failures or government failures¹³;
- Taking into account the size of the economy and the magnitude of the problem, policies are not an ‘overkill’;
- All laws and regulations are developed in a way that they fit all enterprises, large and small. Specific exemptions or provisions¹⁴ can be made for enterprises of a certain size. Countries with a very long history of SME policy like The Netherlands have abandoned almost all SME policy measures: most existing laws and regulations are now taking into account the specific characteristics of SMEs. It means that civil servants in all ministries “think small first”;
- Before a law or regulation is introduced, a regulatory impact assessment (RIA) is carried out, namely an independent study analyzing the foreseen impact of the proposal on different categories of businesses (e.g. cost reduction, tax reduction, administrative burden, etc.), on the government (e.g. higher or lower costs), on the environment, etc. On the basis of the outcomes of the RIA the proposal may need to be adjusted, or foreseen damage is compensated. This is the ideal situation which will only be feasible in large, developed economies. In small economies there should be an awareness of the impact of policies on SMEs;
- An implementation plan of a law or regulation includes the target business population, clearly measurable targets, a monitoring system, annual budgets, and a long-term evaluation plan;
- A 'sunset provision' may be set, providing that the law or regulation shall cease to have effect after a specific date. It can only be renewed if the evaluation is positive;

¹³ See Section 4.1 of: Ecorys, SME Policy in Caribbean OCTs - Application of the SME Policy Index. COSME Project, Rotterdam/Road Town/Delft, 9 December 2016

¹⁴ Based on experiences in other countries one should be aware that this may lead to undesirable behaviour of entrepreneurs: they may refrain from growing in order to keep e.g. the subsidy (or tax relief), or they may split up a growing company into two smaller parts in order to keep the subsidy (or tax relief).

- A monitoring exercise measures the progress of the policy: how many enterprises are using the measure, are there any practical problems, how much of the budget has been spent so far, should the policy be adapted, etc.?
- If no proper evaluation is being carried out, or no evaluation at all, no one knows if the tax payers' money has efficiently and effectively been spent. Government owes to the public to make proper evaluations. Evaluations are conducted and the results of the evaluation may lead to different conclusions: continue with the policy without any changes, adapt the policy or stop the policy;
- There is one unique business number for each business, to be used by the Chamber of Commerce, statistical office, tax office, customs, social security office, ministries, inspections by using a social security number ('Burgerservicenummer' or a 'Rechtspersonen en Samenwerkingsverbanden Informatienummer' as in the Netherlands);
- Creation of a PUM modelled body that consists of experienced entrepreneurs who are willing to donate their time;
- As a consequence all data about enterprises are easily shared between all entities, unless confidential (turnover, profit, etc.). There is no need for entrepreneurs to fill in the same information about their business in the systems of different entities;
- Functioning international network of business support services active in the region, including public servants stationed in key markets.



3. GOVERNING PRINCIPLES OF THE ENTREPRENEURS POLICY





Strong communities have a strong economy with strong sustainable businesses. Therefore, the business environment has to be improved upon in order to create an environment in which entrepreneurs and family businesses can thrive. In general SMEs and large enterprises have the same needs. Due to their size however smaller enterprises face more bottlenecks than larger ones. So, there is a continuum of enterprises, from the 'zero enterprises' all the way through the micro, small and medium-sized enterprises to the large ones. Depending on the issue at stake and the sector, the bottleneck is more relevant to micro, small, medium or large enterprises. Consequently, nowadays many advanced countries have put an Entrepreneurs Policy rather than an SME Policy in place. Given the fact that Aruba is a small economy with very few large businesses, choosing for an Entrepreneurs Policy, rather than for an SME Policy is more suited.

3.1 SMEs Policy Goals, Objectives and Principles

In light of the aforementioned, the goal of this Entrepreneurs Policy will be:

"To cultivate an environment wherein businesses are stimulated to participate and generate growth so that they can contribute more meaningfully to a diversification of the economy through the creation of jobs and wealth".

3. Governing Principles of the Entrepreneurs Policy

The objectives of this Entrepreneurs Policy are as follows:

- Improvement of the business culture by creating a stimulating environment for development of SMEs;
- Promotion and strengthening of SMEs' competitiveness and support for business startups;
- Regulating and centralizing the system for statistical monitoring of the SME sector;
- Creating and strengthening of sustainable organizations and programs for business services and support for the SMEs sector, including coordinating the work of different government departments (especially the communication processes);
- Improving the financial support for SME development;
- Stimulating internationalization of SMEs (export);
- Supporting SMEs through the creation of public-private partnership;
- Stimulating innovation and technological competitiveness (R&D projects and incubators);
- Strengthening education and consulting services for SMEs;
- Stimulating development and use of information-communication technologies;
- Improving the dialogue with the private sector;
- Creation of an appropriate and consistent regulatory environment with permanent structures for advocacy and governance, including relevant policies, legislative reform and taxation;
- Facilitating SME involvement in government e-procurement in order to foster local industry (and yet still be compliant with World Trade Organization regulations).

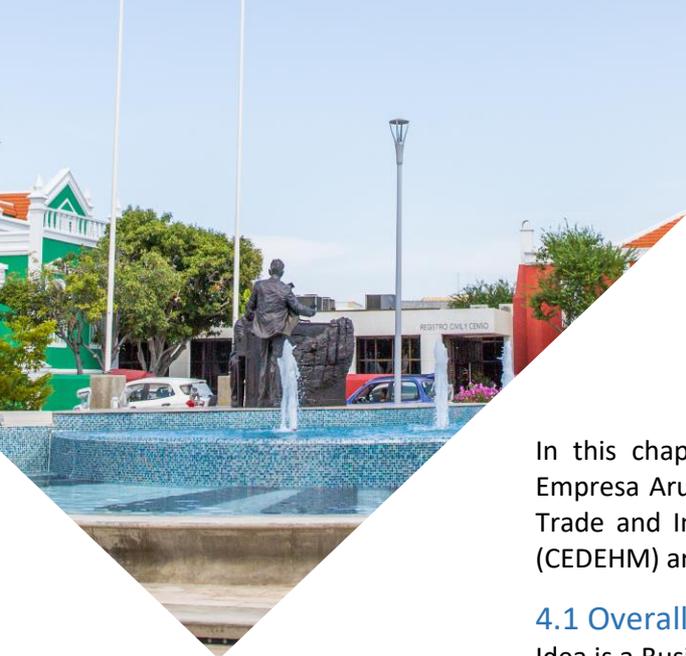
In seeking to achieve these goals, the Government will be guided by the following key principles:

1. Create environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded (Education and training for SMEs as well as education alignment to the labor market);
2. Design rules according to the “Think Small First” Principle (Institutional and regulatory framework);
3. Make public administrations responsive to SME needs (Operational environment when starting a business);
4. Adapt public policy tools to SMEs’ needs (Business development and Support Services);
5. Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payment in commercial transactions (Access to credit/finance);
6. Encourage and support SMEs to benefit from growth of markets and all forms of innovation (Innovation and Blue Economy);
7. Enable SMEs to turn the environmental challenges into opportunities (Internationalization of SMEs).



4. PROGRAMS AND ACHIEVEMENTS TO DATE





4. Programs and achievements to date

In this chapter the programs and achievements of Iniciativa pa Desaroyo di Empresa Arubano (IDEA), Exprodesk, Chamber of Commerce Aruba (CoC), Aruba Trade and Industry Association (ATIA) and Centro di Desaroyo di Hende Muhe (CEDEHM) are presented.

4.1 Overall policy IDEA, Iniciativa pa Desaroyo di Empresa Arubano

Idea is a Business Development Center and was created in February 2012 to assist and guide actual and potential Entrepreneurs with all the necessary information and guidance for a successful business. The goal of Idea is to provide information and assistance to new and established entrepreneurs in developing innovative ideas to contribute growing their commercial activities. The main objective of this center is to stimulate and educate the SMEs in Aruba in order to enhance economic growth.

Table 5: IDEA's Programs and Achievements to Date

| Overall Policy | Programs | Achievements to date |
|--|--|---|
| <p>Success in expanding the enterprise culture (results of education programs, promotions of enterprise, start up and development support</p> | <p>Business Education Program "Empresario Prepara 1"</p> | <p>Program for new entrepreneurs and actual entrepreneurs on how to manage their business successful</p> <ul style="list-style-type: none"> • Upgrade program "Empresario Prepara 1" with 2 extra modules; • From 2012 till present, a total of 89 persons are in possession of this diploma |
| | <p>Business Education Program "Empresario Prepara 2"</p> | <p>September 2017 & 2018:</p> <ul style="list-style-type: none"> • For those which already have the diploma of "Empresario Prepara 1" • Consist of 4 modules • From 2017 till present, a total of 14 persons are in possession of this diploma |
| | <p>Free Business Mentoring Program for graduated Business Education Program "Empresario Prepara 1"</p> | <ul style="list-style-type: none"> • A free Business Mentoring Program after 2 of 3 years of starting a business. • Great opportunity for the entrepreneurs to grow their business and get advice from an expert in our free community of mentors • The mentors will be able to share their unique expertise with the group of entrepreneurs |
| | <p>Workshop IDEA</p> | <ul style="list-style-type: none"> • 18 workshops organized with a total amount of 525 participants from 2012 till 2017 |

| Overall Policy | Programs | Achievements to date |
|--|---|--|
| <p>Success in expanding the enterprise culture (results of education programs, promotions of enterprise, start up and development support</p> | <p>Workshop COSME and IDEA</p> | <ul style="list-style-type: none"> • 8 workshops organized • 109 participants in 2016 • 43 participants in 2017 |
| | <p>Agriculture certification program “From Farmer to Agripreneur”</p> | <p>October 2017</p> <ul style="list-style-type: none"> • 4-day workshop and 1 network session • 31 participants (rights on certification) • A total of 14 lectures presented |
| | <p>Youth entrepreneurship Program</p> | <p>2018 & May or June 2019:</p> <ul style="list-style-type: none"> • 2018: Workshop Youth Entrepreneurship (as introduction for the program in 2019) • 2019: “Youth Entrepreneurial Program” for the students (youth 14 to 17 yrs) for after school care “Nos Atardi” |
| | <p>Kids-Preneur Program</p> | <p>February 2018 till June 2019:</p> <ul style="list-style-type: none"> • Important to teach young kids about the importance of saving, entrepreneurship and how to generate business ideas • For the students (9 yrs to 13 yrs) of after school care “Trai Merdia” |
| | <p>Woman Entrepreneurship Project “Grow & Go”</p> | <p>May & June 2018</p> <ul style="list-style-type: none"> • To help aspiring women entrepreneurs together with Centro di Desaroyo di Hende Muher (CEDEHM). Part of this project: • Panel discussion • Network session • Breakout session • Mini booths |
| | <p>Lectures to promote IDEA</p> <p>Information and guidance to startups on different business topics Stable and existing businesses approach IDEA for guidance on how to expand their business.</p> | <ul style="list-style-type: none"> • Different presentations to foundations and schools • Participation in different conferences such as LaborExpo, Table Talk and Small Business Events. • Communication through press release, e-mail, website (www.idea-aruba.com), Facebook Page (IDEA-Aruba) and Instagram (ideaaruba) • IDEA has a total of 390 clients since its starting date in February 2012 • The most requested legal entity at IDEA is Sole Proprietorship (Eenmanszaak), Limited Liability Company (VBA) and Corporation (NV) • The most requested legal entities in year 2016 at IDEA are One-man Business License (Eenmanszaak) and Limited Liability Company (VBA). One-man business license is about 63% of total clients and the LLC is about 17.4 of total clients |

| Overall Policy | Programs | Achievements to date |
|--|--|---|
| <p>Success in engaging the private sector</p> <p><i>Policy Management</i> The co-ordination of programs between different arms of government</p> <p><i>Program Development</i> The methods of engagement of the private sector in SME support, for example the establishment of a national and regional network of small business advocacy councils.</p> <p>Information leaflets and guides</p> <p>Promotional videos, magazines or other media initiatives</p> <p>Training program manuals</p> | <p>Partnering with COSME to support SMEs with specialized knowledge and skills.</p> <p>Idea can offer valuable information to other government departments</p> <p>IDEA has different kinds of leaflets and/or brochures.</p> <p>Social media and TV commercial</p> <p>Workshops IDEA Workshops COSME & IDEA Business Course “Empresario Prepara”</p> | <ul style="list-style-type: none"> • SME Center IDEA has good business relationships with its stakeholders • IDEA works together with stakeholders on a sustainable development in the commercial sector • IDEA is related with many other institutions governmental or private for information and their business policies • Matchmaking coordinator in the conference of “Europe Meets America” • Participation in SDG’S workshop • Program co-coordinator in the Small Business Event 2017 • Lead organizer of the Small Business Event 2018 • The engagement was done through several meetings, trainings, overview discussions and a regional platform (CaribConnect.bidx.net) • Handouts of Business Legal Forms; • Handouts of how to calculate pension and health tax • Handouts of the do’s and don’ts when starting a business • Additional permits needed for selling food or drinks • Steps to take when starting a business; • How and where to insure your employees • Different templates how to design a business plan • At the moment, IDEA uses mostly Facebook • Press releases through Aruba’s news outlet • Instagram • IDEA used promotional videos on TV and Facebook • Workshops are being held in the conference room at the Department of Economic Affairs, Commerce and Industry • Equipment available are beamer, laptop, Wi-Fi connection, white board and video conference equipment • Certification and diplomas were awarded. |



4.2 Exprodesk

Exprodesk opened its doors on September 11th, 2017. Exprodesk's mission is to contribute to economic sustainable development and innovation in Aruba by building export capacity among entrepreneurs. Therefore, Exprodesk's strategic objectives are promoting trade and international business development for the purpose of strengthening and diversifying the economy of Aruba, foster innovation and economic growth by stimulating new export sectors and business models, promoting Exprodesk as the export authority and central point of contact by providing trade and market intelligence, supporting the strategic planning process and encouraging coordination and cooperation between the authorities involved. Exprodesk's services and activities are illustrated below in Table 6.

Table 6: Exprodesk's Services and Activities

| Overall Policy | Services and Activities | Description |
|---|---------------------------------|--|
| <p>Success in assisting entrepreneurs with comprehensive export guidance, training, workshops and coaching in order to stimulate export of their goods and services</p> | <p>Guidance and Information</p> | <p>We provide trade and market information not only to potential, new or existing exporters, but also to other local stakeholders such as the government, researchers or academia regarding:</p> <ul style="list-style-type: none"> • Market facts and trends: market size, distribution channels, trade statistics and prices; • Foreign trade regulations: customs procedures, certification requirements and rules of origin; • Market access: trade agreements, tariffs and technical barriers to trade; • Business opportunities: alerts, trade benefits, business news and developments; • Trade contacts: company directories, freight forwarders and trade fairs. <p>Rijksdienst voor Ondernemend Nederland (RVO):</p> <ul style="list-style-type: none"> • Being the central point of contact of Rijksdienst voor Ondernemend Nederland (RVO) since 2018 • Providing export services in cooperation with RVO • Providing information about potential markets in cooperation with RVO • Guide potential exporters in the process of applying for SIB vouchers and DHI subsidies |

| Overall Policy | Services and Activities | Description |
|--|--|--|
| <p>Success in assisting entrepreneurs with comprehensive export guidance, training, workshops and coaching in order to stimulate export of their goods and services</p> | <p>Workshops for potential exporters (cont'd)</p> <p>Workshops in collaboration with COSME (EU funds)</p> | <ul style="list-style-type: none"> • Workshop AMAA Contracts in the Creative Industry: training on real contracts regarding terminologies and what should be included in a contract, what must be taken into account before signing, difference between a person's will and declaration, who is competent to close a contract, which acts are null, what is an offer and when is it accepted, verbal contracts vs written, how and when can a contract be dissolved. • Workshop Business Model Innovation for Exporters: participants got to know more about how to assess their export readiness, how to use the Business Model Canvas for Exporting, learned the fundamentals of a Lean Export Business Plan and how to access the ITC Portal for market data. |
| <p>Capacity Building Stakeholders and Partners</p> | <p>Technical Workshop Aruba Customs</p> <p>Workshop Quality Infrastructure</p> | <ul style="list-style-type: none"> • Exprodesk organized the technical workshop with the topic "Exporting to the European Union" in collaboration with COSME. This workshop was given to the heads of departments of Aruba Customs and DEACI. It was presented by Mr. James Lenaghan who has ample experience on Customs procedures and requirements, international trade and the rule of origin (Eur 1 form). • Exprodesk organized in collaboration with Metrosystems N.V. an intensive 4-day training: 'National Quality Infrastructure' to the staff of the Department of Economic Affairs, Commerce and Industry (DEACI) and the Department of Technical Inspection (DTI). |
| <p>Business Week 2018</p> | <p>Exprodesk in collaboration with COSME organized the Business Week 2018: Conquering New Horizons. This Business Week focused on businesses seeking to expand and improve their competitiveness in the export market, and also interested in exporting their product or service in the future and for trainers/consultants working with SMEs.</p> | <ul style="list-style-type: none"> • Workshop International (ISO) Standards: Increase your competitive advantage; • Workshop Masterclass E-commerce: Growing beyond borders; • Workshop Service Industry: Taking Aruba's Services to the World for service providers in professional services, creative industries, and ICT; • Workshop Micro-financing Opportunities; • Workshop Online Payment Possibilities on Aruba; • Workshop Business Model Innovation for entrepreneurs, trainers and consultants; • Workshop Quality Infrastructure Awareness: Promoting Market Access and Competitiveness through Standards and Quality |

| Overall Policy | Services and Activities | Description |
|---|--|---|
| <p>Presentation Stakeholders</p> | <p>Exprodesk presented trade statics and services to stakeholders</p> | <ul style="list-style-type: none"> • Presentation Chamber of Commerce: <ul style="list-style-type: none"> ○ Presentation during Business Plaza-Step Forward 2018 ○ Presentation for Surinam delegation • Presentation for the US House of Representatives Committee on Foreign Affairs |
| <p>Projects</p> | <p>The Cultural and Creative Industry Project</p> <p>The Aruban Service Sector Project</p> | <ul style="list-style-type: none"> • Turn the Aruban Creative Industry in a viable alternative as a new economic pillar • Stimulate export activities that will contribute to a sustainable and innovative Aruban economy • Contribute to the competitiveness and diversification of the economy • Under this project, 5 Aruban Musicians had their songs played on Miami's 88.9FM WDNA, which can be heard throughout South Florida or streamed live worldwide • Create a step-by-step guide to develop a sector strategy (by developing one as a pilot) • Seek cooperation from sector stakeholders for implementation of the aforementioned strategy • Identify the services to support the development of the sectors • Service export training for the selected sector • To train and coach SMEs per sector in preparing an export plan and conduct market entry activity |
| <p>Export Data</p> | <p>Research Export Readiness</p> | <p>This research will provide insights into:</p> <ul style="list-style-type: none"> • Why businesses are currently not exporting; • Which trade barriers exporters find most significant; • How the government and export facilitators can assist in facilitating export; • Identify export-motivating factors that can assist in the export process. |
| <p>Trade Missions</p> | <p>Brochure 'A basic Guide to Exporting to Canada and United States'</p> <p>Trade fairs, expo, presentations, B2B meetings for products and services</p> | <ul style="list-style-type: none"> • Potential exporters will gain knowledge on how to enter the market of Canada and United States • HUB Cámara Santo Domingo 2018, which B2B Expo is the biggest trade fair in the Caribbean, which merges exhibitions, business meetings, product launches, workshops and presentations. • ALES 2018, VIII Annual Convention for Professional Services (Engineers, Architects, Accountants, Advisors, Legal Services, Management Consulting), Medical Tourism, Spa and Wellness, Cinema, ITC and Apps. |

4.3 Aruba Chamber of Commerce and Industry

The role of Aruba Chamber of Commerce for SMEs are illustrated below in Table 7, for more details, see appendix 3.

Table 7: Aruba Chamber of Commerce and Industry Events and Programs

| Events and Programs | Description |
|--|--|
| Courses | <ul style="list-style-type: none"> • Empresario Independiente, • Financiële Administratie voor Beginners (1, 2, 3 and 4) |
| Lectures, info sessions, presentations | <ul style="list-style-type: none"> • Plastic Bag Ban Policy • Be a responsive enterprise • Budget management • Tax Law • Marketing • Safety regulations • The World of Innovations • SVB – Labor and health • Big Data • Safety for businesses |
| Workshops | <ul style="list-style-type: none"> • CaribConnect • Information and Cyber Security • Sales Forecasting • Decision Making |
| Aruba Chamber Business Event | <ul style="list-style-type: none"> • A yearly event organized by the Chamber for the business community. The Chamber invites a special guest to discuss a relevant business topic. The Chamber provides during this event the opportunity for businesses to network and discuss business in an elegant setting |
| Business Plaza's | <p>Providing a central point for information, networking and business development:</p> <ul style="list-style-type: none"> • Business Plaza- Step Forward! • Business Plaza- Get started! |

| Events and Programs | Description |
|---------------------------------------|--|
| Women in Business Event | <ul style="list-style-type: none"> • Presentations by women leaders to inspire other women. In collaboration with Women Entrepreneurs Netherlands providing match making opportunities |
| Trade missions | <ul style="list-style-type: none"> • Creating matchmaking opportunities between local entrepreneurs and international counterparts in various sectors. |
| Participation in external commissions | <ul style="list-style-type: none"> • The Chamber works with commissions formed from private and public sector working towards the general interest of the commerce of Aruba |
| Yearly Art Expositions | <ul style="list-style-type: none"> • The Chamber offers the opportunity to local artists to expose their creativity and promotes local art |
| Info sessions | <ul style="list-style-type: none"> • 1-on-1 with consultants of the Chamber |
| Chamber meets the entrepreneur | <ul style="list-style-type: none"> • Chamber discusses with entrepreneurs regarding red tape and through meetings with advice to the Government come with solutions to these issues |
| Education | <ul style="list-style-type: none"> • The Chamber is continuously working to align the education offered with the needs of the labor market. A goal of the Chamber is to introduce Entrepreneurship as a curriculum at schools, if possible from elementary school and higher. The Chamber already provides information through presentations to students and tours to show them what the work of The Chamber entails. |
| Meeting with the Dutch Chambers | <ul style="list-style-type: none"> • In order to exchange information and create opportunities through mutual funds. |
| Information | <ul style="list-style-type: none"> • The Chamber also publishes information, which is in the best interest for the business community. Currently The Chamber is working on an update of “The Business Environment of Aruba” which will include several relevant information and statistics on this topic. The Chamber also formulates press releases to inform on the latest developments regarding the register and commercial developments. |

4.4 ATIA, Aruba Trade and Industry Association

ATIA’s main goal is to provide relevant services to its members; to champion, promote and protect the members’ interests and the business community in general. ATIA’s services and events are illustrated below in Table 8.

Table 8: ATIA’s Services and Events

| Services and Events | Description |
|---|---|
| Free Clinics for SME's | <ul style="list-style-type: none"> • Free Clinics to members on issues related to the following topics: Finance, Human Capital, Legal, IT, Tax Compliance, Labor Laws, PR and Marketing |
| Education & Training Center | <ul style="list-style-type: none"> • Members can subscribe to ATIA’s Education & Training Center, where they can receive information of the activities, courses, trainings and workshops offered by ATIA in collaboration with several professionals/firms throughout the year |
| Info Sessions | <ul style="list-style-type: none"> • “The Pulse” – The State of Aruba’s Economy Be a responsive enterprise • What do you know about Human Trafficking (in collaboration with Korps Politie Aruba) • Presentation on crime prevention for the business community (in collaboration with Korps Politie Aruba) • Brainstorm Session in collaboration with IPA (the role of IPA in transforming teachers) |
| Course in collaboration with law firm Van Eps Kunneman Van Doorne | <ul style="list-style-type: none"> • Course on the topics of "Terms and Conditions" and "Privacy & Protection of Personal Information" |
| ATIA’s Annual Corporate Event | <ul style="list-style-type: none"> • This event is for the business community where a keynote speaker is featured on a topic relevant for commerce with entertainment as well |
| Executive Aruba Certification Program | <ul style="list-style-type: none"> • This Executive course is a one-day course specially designed for business owners and general management with the aim to help professionals explore different ways to provide excellent customer care, thereby improving the customer experience |
| Women in Leadership Conference | <ul style="list-style-type: none"> • Inspiration, taking action and breaking the glass ceiling • Building Female Role Models |
| Workshop | <ul style="list-style-type: none"> • Positivity, Passion and Performance |

4.5 CEDEHM, Centro di Desaroyo di Hende Muhe

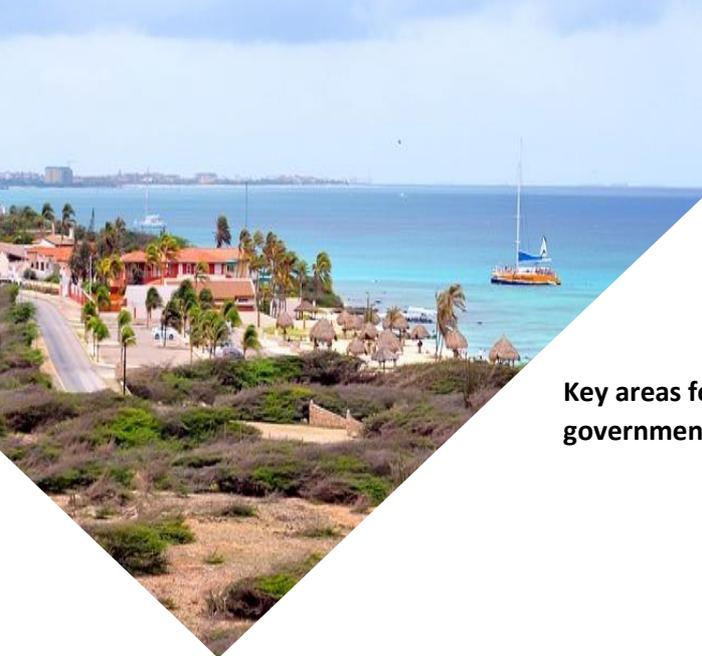
The main responsibility of CEDEHM is to organize several activities directed to improve the position of women in Aruba as well as to provide them with a more structural and sustainable character. The starting points of CEDEHM are 'the emancipation of women', 'gender equality' and 'mainstreaming' to promote sustainable development of not only women, but the entire community of Aruba.

CEDEHM is intensively busy organizing various projects and activities to promote financial, politic, social and cultural development of women in Aruba. In this context, CEDEHM is providing support groups that last about 10 weeks, in which women give presentations of their talents and how to maintain themselves financially through entrepreneurship (small businesses).



5. SME POLICY FRAMEWORK





5. SME Policy Framework

Key areas for SME development and policy recommendations for the government and other stakeholders

SME Policy Areas

1. Education and training for SMEs as well as education alignment to the labor market

Recommendations and Actions

Entrepreneurs' education and training:

- DEACI/ IDEA will seek partnerships to integrate entrepreneurship and innovation as a component of the education curriculum from primary to tertiary education as to incorporate entrepreneurship as a core element to foster a culture of risk-taking, creativity, resourcefulness and innovation; programs and courses inter alia Women Entrepreneurship, Kidpreneurs (basic education), Youthpreneur (secondary education) and Youngpreneur (tertiary education).
- DEACI/ IDEA will partner with accredited training institutions to support standard training and vocational training for employers. In addition, DEACI will cooperate with other support service desks to form synergies to create programs and activities directed at local SMEs which better serves local demand.

Employees' education and training: DEACI/ IDEA together with other partners will be evaluating and proposing actions to be taken to promote and organize employees' education and training as part of Adult Education Programs. In a fast paced market perpetuated by constant technological advancement it is necessary to continuously upgrade their skills/ e-skills and crafts of the labor force to ensure that employees can comply with labor market demands.

Education alignment to the labor market:

DEACI/ IDEA will seek partnerships to align education with the labor market to create a better match between education and manpower training and the needs of employers. In addition to vocational education, the existing curriculums in schools need to be revised and adapted to the needs of the labor market and new technologies (e.g., level of ICT competence/ e-skills).

Mentorship:

DEACI/ IDEA will support the creation and utilization of mentor systems and will seek collaboration so that SMEs can reach their goals and improve their operations.

SME Policy Areas

2. Institutional and regulatory framework

Recommendations and Actions

Institutional framework for SME policy development:

Definition. The criteria for the SME definition will be based on the full year equivalent employees* of less than 50:

| Enterprises | Employees* |
|---------------|--------------|
| Micro | 0-2 |
| Small | 3-9 |
| Medium | 10-49 |
| Large | 50 and above |

*This basic criteria will be reviewed on a periodic basis to account for relevant international and local trends, national development priorities and availability of new data.

Streamlining of Government processes related to:

- Information sharing:
 - IDEA will create an online directory about their clientele's companies with detailed information regarding their business activities, which could be shared among all registered IDEA SMEs. This directory shall be used as a network platform for local SMEs and a development tracking strategy for IDEA to better coach and train entrepreneurs. (Synchronizing the supply and demand among local companies).
 - Change the law giving the Chamber of Commerce the right to dissolve inactive businesses so that their database (containing thousands of inactive and non-existing businesses) can be cleaned up with the CBS census data.
- Data collecting: Central Bureau of Statistics will gather data of business start-up and closure (survival rates).
- Management and periodic reporting: Central Bureau of Statistics could consider introducing annual business surveys based on samples (faster and less costly) instead of censuses (e.g. Business Census 2014). As a result, SME data could be published annually.

Incentives for SMEs:

- Simplify tax system for SMEs;
- Create fiscal incentives for SMEs; e.g. a self-employed deduction, a deduction for investments or stimulating business initiatives for young entrepreneurs through fiscal incentives when starting a small company;
- Introduce fiscal incentives to stimulate the creation of an investment fund and provide the necessary infrastructure with the objective to develop a new economic sector, focusing on high tech companies, e-business, startups, business incubators, fintech companies and other innovative economic activities based on new technology;
- Proposing tax 'benefits' for startups for the first 2 years and for businesses that engage in Corporate Social Responsibility (CSR) activities to encourage them as well as to direct them towards stimulating SMEs development;
- Amplify the list of Green Products for import duty preferential 2% tariff for green companies that are implementing the SDGs, including parts and semi-finished products;
- Online filing and payment of taxes.

| SME Policy Areas | Recommendations and Actions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------------------|--------------------|------------|------------|----|----|-----------------|-----|-----|------------------|-----|-----|-------------------|-----|-----|-------------------|-----|-----|---------------------|-----|-----|----------------------|------|-----|-----------------------|------|-----|-----------------------|------|-----|-----------------------|------|------|--------------------|------|------|
| | <p>Legislative simplification and regulatory impact assessment of Business Procedures:</p> <ul style="list-style-type: none"> • Simplifying and providing information on the statutory and tax reporting requirements for SMEs; • Simplifying processes for starting and terminating businesses; • Use of computer technology (paperless transactions) in all business procedures by relevant Ministries; • Evaluating and monitoring the Regulatory Impact Assessment of policies, programs, all new laws and regulations affecting businesses ; • Legal reform for e-commerce. • Analyze all existing laws and regulations affecting businesses on SME friendliness; • Introduce a Quality Infrastructure for metrology, development of standards and quality evaluation (including an accredited laboratory that can certify international standards); • Regulatory framework to curb the creation of monopolies and cartels in the market (Competition Law): Support a Fair Trade Authority that supervises compliance with the National Ordinance on Competition (Competition Law). <p>Stakeholders are encouraged to take the following steps-</p> <ul style="list-style-type: none"> • Introduce tradename law for businesses (handelsnaam). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>3. Operational environment when starting a business</p> | <p>Current Situation:</p> <p>Business registration at Chamber of Commerce:</p> <p><i>Time:</i></p> <ul style="list-style-type: none"> • 1 day for registering corporation of a local or non-local entrepreneur. • Likewise, it takes 1 day to register a sole proprietor of a local or non-local entrepreneur. <p><i>Costs:</i></p> <ul style="list-style-type: none"> • Costs depend on the capital of a non-local sole proprietor for a business registration certificate. <table border="1" data-bbox="485 1503 1278 1951"> <thead> <tr> <th>Capital (In Aruban Florin)</th> <th>First Registration</th> <th>Annual Fee</th> </tr> </thead> <tbody> <tr> <td>0 - 25.000</td> <td>96</td> <td>96</td> </tr> <tr> <td>25.001 - 50.000</td> <td>120</td> <td>120</td> </tr> <tr> <td>50.001 - 100.000</td> <td>165</td> <td>156</td> </tr> <tr> <td>100.001 - 200.000</td> <td>210</td> <td>175</td> </tr> <tr> <td>200.001 - 500.000</td> <td>350</td> <td>245</td> </tr> <tr> <td>500.001 - 1.000.000</td> <td>700</td> <td>280</td> </tr> <tr> <td>1000.001 - 2.000.000</td> <td>1500</td> <td>600</td> </tr> <tr> <td>2.000.001 - 3.000.000</td> <td>1500</td> <td>750</td> </tr> <tr> <td>3.000.001 - 4.000.000</td> <td>1500</td> <td>900</td> </tr> <tr> <td>4.000.001 - 5.000.000</td> <td>1500</td> <td>1125</td> </tr> <tr> <td>5.000.001 and more</td> <td>1500</td> <td>1275</td> </tr> </tbody> </table> | Capital (In Aruban Florin) | First Registration | Annual Fee | 0 - 25.000 | 96 | 96 | 25.001 - 50.000 | 120 | 120 | 50.001 - 100.000 | 165 | 156 | 100.001 - 200.000 | 210 | 175 | 200.001 - 500.000 | 350 | 245 | 500.001 - 1.000.000 | 700 | 280 | 1000.001 - 2.000.000 | 1500 | 600 | 2.000.001 - 3.000.000 | 1500 | 750 | 3.000.001 - 4.000.000 | 1500 | 900 | 4.000.001 - 5.000.000 | 1500 | 1125 | 5.000.001 and more | 1500 | 1275 |
| Capital (In Aruban Florin) | First Registration | Annual Fee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 - 25.000 | 96 | 96 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25.001 - 50.000 | 120 | 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50.001 - 100.000 | 165 | 156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100.001 - 200.000 | 210 | 175 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200.001 - 500.000 | 350 | 245 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500.001 - 1.000.000 | 700 | 280 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1000.001 - 2.000.000 | 1500 | 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.000.001 - 3.000.000 | 1500 | 750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.000.001 - 4.000.000 | 1500 | 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.000.001 - 5.000.000 | 1500 | 1125 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5.000.001 and more | 1500 | 1275 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| SME Policy Areas | Recommendations and Actions |
|------------------|--|
| | <p>Business licensing:</p> <p><i>Time:</i></p> <ul style="list-style-type: none"> • Reduce time from average 4 weeks to 2 weeks to obtain a business license of a local entrepreneur. <p><i>Costs:</i></p> <ul style="list-style-type: none"> • Afl. 400,- for a local business. <p>Directors licensing:</p> <p><i>Time:</i></p> <ul style="list-style-type: none"> • Reduce time from 4 weeks to 2 weeks to obtain a directors' license. <p><i>Costs:</i></p> <ul style="list-style-type: none"> • Afl. 400,- for a local business. <p>Recommendations:</p> <ul style="list-style-type: none"> • Reducing the process time required to start a business and increase transparency in the licensing procedure. It should be noted that research is important to identify the cause of this lengthy procedure and to offer solutions. For example, the company name approval by the high commissioner takes approximately one month. A solution may be that the approval of the name of the company be delegated to the notary's office; • Reduce the cost to start a business (i.e.: increase the amount of notary companies in the market to increase market competition or by adding sworn in civil servants); • The Department of Economic Affairs can lead and coordinate the alignment of the licensing processes and create a system where a startup can complete all procedures through a single administrative body (one window) in order to eliminate red tape. This could be elaborated in the Law of Economic Restoration ("Crisis- en herstelwet"); • Completing all registration formalities and payment online (digital forms for online applications), using a social security number ('Burgerservicenummer' or a 'Rechtspersonen en Samenwerkingsverbanden Informatienummer' as in the Netherlands) will make it possible if the necessary infrastructure/ platform is in place; • Introducing a Startup Visa: aiming at introducing a visa category for entrepreneurs raising outside funding. <p>Stakeholders are encouraged to take the following steps-</p> <ul style="list-style-type: none"> • Facilitating and improving the accessibility and agility of virtual transaction of the online payment system; • Introduction of a flat fee by the Chamber of Commerce. |

| SME Policy Areas | Recommendations and Actions |
|--|---|
| <p>4. Business development and Support Services</p> | <p>Information services for SMEs: Information availability: encouraging structured registration of all Business Support Services provided by public and private sector agencies. This will be recorded on DEACI/IDEA's online SMEs portal. The government can also facilitate a better alignment between the courses and training they provide.</p> <p>Access and availability of business services and extent of government support:</p> <ul style="list-style-type: none"> Partnering with accredited training institutions to support SMEs with more specialized services and thus supporting the triple helix model; Monitor and assess the specific needs of SMEs to align them to the activities of the Business Support Services. <p>Stakeholders are encouraged to take the following steps-</p> <ul style="list-style-type: none"> Accreditation of service providers and their training programs; Standards training for SMEs to support product and service quality as well as management, operational and quality standards.the labor force to ensure that employees can comply with labor market demands. |
| <p>5. Access to credit/finance</p> | <ul style="list-style-type: none"> Incentivize private sector to invest in financing SMEs; Link up with Qredits to stimulate the provision of credits for innovation; Government funding: Green Fund (to stimulate SMEs to become green enterprises); Public-Private Initiative funding should be explored as an alternative method for financing and development of SME beneficial programs and projects; Promote alternative systems of financing like venture capital, crowd funding and angel investors in order to facilitate foreign capital to finance local investments. <p>Stakeholders are encouraged to take the following steps-</p> <ul style="list-style-type: none"> Large and medium-large enterprises could finance SMEs in the concept of Corporate Social Responsibility; Easy local online paying methods for e-commerce. |
| <p>6. Innovation and blue economy</p> | <p>SMEs as green¹⁵ enterprises in a blue economy:</p> <ul style="list-style-type: none"> Support new Blue SMEs: Support programs and enterprises that both improve the expertise and expand their financing options as eco-efficient businesses; Support existing businesses whose core activity is economic greening/circular economy; promotion of environmental management systems; Support viable green or blue businesses in incubator and public procurement programs; Instill circular economy awareness and practices among all SMEs as well as CSR and the UN 2030 SDGs; Create a 'Blue/Sustainable' certification label for all business, emphasizing on SMEs. Involvement of the government (e.g. as sponsor) in awards for best/ green/ innovative/ female entrepreneur etc., granted by the Prime Minister and the Minister of Finance, Economic Affairs and Culture. |

¹⁵ A green enterprise must have the following rudiments: continued growth and innovation (e.g. financials; turnover, cost of doing business); protection of the environment (e.g. absence of pollution, depletion of natural resources, waste production, water & energy consumption); taking care of employees (e.g. through; education, work-environment etc.); supporting the local community (e.g. through donation of time, money or resources and investing in local products and services). Additionally, sustainable practices should entail: business performance, assessments of social impact, innovation and environmental program and practices.

| SME Policy Areas | Recommendations and Actions |
|---|---|
| <p>7. Internationalization of SMEs</p> | <p>Internationalization of SMEs: Exprodesk will support the development of businesses in new markets by providing export training and coaching, technical assistance and capacity building, including regulatory compliance, information on international trade agreements, finance, logistics, customs, packaging, and prices. Furthermore, Exprodesk will select high priority and/or potential sectors and will develop sector strategies for export.</p> <p>Export promotion strategy</p> <ul style="list-style-type: none"> • Reduce costs of customs clearance and simplify procedures for payments (digital); • Create strategy to promote initiatives on cross-national inter-firm clusters in the region; • Select high priority and/or potential sectors and will develop sector strategies for export; • Utilize trade fairs, exporter and importer missions as well as promotional events to showcase the goods and services of certified SMEs; • Exprodesk will maintain an online registry of international trade fairs where SMEs groups can showcase their products and services; • Exprodesk will likewise maintain an online registry of all exporting companies; • Grant an Exporter of the Year award; • Provide export services in close collaboration with Rijksdienst voor Ondernemend Nederland (RVO); • Institute an Aruba Trade Board (to stimulate an innovative, competitive and diversified economy). <p>Export information</p> <ul style="list-style-type: none"> • Provide SMEs and potential exporters with the necessary information on the requirements for identifying and penetrating specific export markets as well as, assistance and guidance on regulatory issues and Intellectual Property Rights when exposing their product or service to potential foreign customers; • Strengthen information channels and improve information through ICT; • Provide network & information intelligence through the creation of a database of local companies; • Foster international partnerships and partnerships within the Kingdom of the Netherlands (as with RVO). <p>Export training</p> <ul style="list-style-type: none"> • Training and workshops on regulatory compliance, International Trade Agreements and finance, packaging, and pricing for exporting business, coordinated by Exprodesk. <p>Export finance</p> <ul style="list-style-type: none"> • Access to finance through Qredits and/or similar platform; • Implement e-commerce platform to support internationalization of SMEs, economic growth and diversification of the economy. |

6. Action Plan 2018- 2021



6. Action Plan 2018- 2021

Target: To create a comprehensive, systematic, highly coordinated entrepreneur's development plan aligned with the market and business necessities

Result: Economic growth as well as a sustainable, innovative and diversified economy

| Section | Planned Action | Target Year for Completion | | | | Responsible Person(s)/ Department(s) | Evaluation Year | | | |
|--|--|----------------------------|---|---|---|--|-----------------|---|---|---|
| | | 1 | 2 | 3 | 4 | | 1 | 2 | 3 | 4 |
| A. Education and training for SMEs as well as education alignment to the labor market | 1. Entrepreneurs' education and training | X | | | | IDEA/ CoC/ EPE/ DE/ATIA | | X | | |
| | 2. Employees' education and training | | | | X | IDEA/ CoC/ EPE/ DE/ATIA | | | | X |
| | 3. Entrepreneurship in education alignment to the labor market | | | | X | IDEA/ CoC/ EPE/ DEA/ DPL/ATIA | | | | X |
| | 4. Mentorship | | X | | | DEACI/IDEA/ CoC | | | X | |
| B. Institutional and regulatory framework | 5. Streamlining of Government processes | | | | X | DRH/ DEACI/ DIMP/ DWJZ/ CoC/ CBS/ Douane | | | | X |
| | 6. Incentives for SMEs | | | | X | DIMP/ CoC/ DEACI/ATIA/ DWJZ | | | | X |
| Effective Practice and Strategy: Create fiscal incentives for SMEs(self-employed deduction or a deduction for investments) | 7. Legislative simplification and regulatory impact assessment of business procedures | | | | X | DWJZ/ DEACI/ CoC/ DIMP/ Douane | | | | X |
| | 8. Competition Law to curb the creation of monopolies and cartels in the market (implemented by a Fair Trade Authority) | | X | | | Parliament | | | | |
| | 9. An SME commission under the responsibility of the Department of Economic Affairs with senior civil servants from all ministries that - in some way or the other – are dealing with business issues is | X | | | | DEACI/ DWJZ/ DIMP/ KPA/ KBA/ DESPA/ CoC | X | | | |

| | | | | | | | | | |
|---|--|--|---|---|------------------------------|--|--|---|---|
| | coordinating all relevant new laws and regulations. | | | | | | | | |
| Simplify the wage and turnover tax collection system | 10. A monitoring exercise that measures the progress of the policy: how many enterprises are using the measure, are there any practical problems, how much of the budget was spend so far, should the policy be adapted, etc.? | | X | | DEACI/ Algemene Rekenkamer | | | X | |
| Public-Private consultation platform to discuss policy ideas | 11. Evaluation is conducted and the results of the evaluation may lead to different conclusions: continue with the policy without any changes, adapt the policy or stop the policy. | | | X | MinAZ | | | | X |
| | 12. Creation of a PUM modeled body that consists of experienced entrepreneurs who are willing to donate their time | | X | | DEA/CoC/Qredits | | | X | |
| | 13. The introduction of a sunset provision' for policies, providing that the law or regulation shall cease to have effect after a specific date. It can only be renewed if the evaluation is positive. | | | X | DWJZ | | | X | |
| C. Operational environment when starting a business | 14. Reducing the time of processing required and increase transparency | | X | | DWJZ/KPA/KBA/CoC/DEACI | | | x | |
| Effective Practice and Strategy: The Creation of a Roadmap when starting a business | 15. Reducing cost of processing to start a business | | X | | DWJZ/KPA/KBA/CoC/DEACI | | | X | |
| | 16. Grant the Department of Economic Affairs the possibility to coordinate the processes and creation of a one stop shop/ one window | | | X | DWJZ/DESPA/DEACI/DTI/KBA/CoC | | | | X |
| | 17. Completing all registration formalities and payment online (digital forms for online applications), using a social security number ('Burgerservicenummer' or a 'Rechtspersonen en Samenwerkingsverbanden Informatienummer' as in | | | X | MinAZ | | | | X |

| | | | | | | | | | | |
|---|---|---|---|---|-----------------------------------|--|---|---|---|---|
| | the Netherlands) will make it possible if the necessary infrastructure/ platform is in place (one unique business number for each business, to be used by the Chamber of Commerce (maintain CoC number), statistical office, tax office, customs, social security office, ministries, inspections, etc.); | | | | | | | | | |
| | 18. Online payment and registration | | X | | DWJZ/DEACI/DFIN/DIMP/ABA/CBA/CoC | | X | | | |
| | 19. Introducing a Startup Visa: aiming at introducing a visa category for entrepreneurs raising outside funding. | | | | | | | | | |
| | 20. Introduction of a flat fee by the Chamber of Commerce. | | | | | | | | | |
| D. Business development and support services | 21. Information services for SMEs of all Business Support Services | X | | | DEACI/ IDEA/ Exprodesk | | X | | | |
| Effective Practice and Strategy: Association solely for small and medium businesses | 22. Access and availability of business services and extent of government support | | | | DWJZ/ DEACI | | | | | |
| | 23. Collection and publication of data on enterprises by size class, at least once a year. | X | | | CBS/ DEACI/ CoC | | | X | | |
| | 24. Ongoing independent research on business issues, by size class of enterprises. | | | | DEACI | | X | | | |
| | 25. Permanent platform where government and representatives of businesses (of all sectors and size classes) meet to discuss existing policies and the need for new policies. | | X | | DEACI/ ATIA/ CoC/ FZA/ DBB/ ARINA | | | | X | |
| E. Access to credit/ finance | 26. Private sector incentives | | | X | DEACI/CoC/ATIA | | | | | X |
| | 27. Create access for Startup | X | | | MinAZ/ Qredits/ DEACI/ CoC | | X | | | |
| | 28. Public-Private Initiative funding | | | X | DEACI/CoC/ABA/ ATIA/CBA | | | | | X |
| | 29. Promote alternative systems of financing like venture capital, | | X | | MinAZ/ DEACI/ CoC/ ATIA/CBA | | | X | | |

| | | | | | | | | | | | | | |
|--|--|---|---|---|---|--|--|--|---|---|--|--|---|
| | crowdfunding and angel investors in order to facilitate foreign capital to finance local investments | | | | | | | | | | | | |
| | 30. Easy local online paying methods for e-commerce | | | X | | DWJZ/CoC/ABA/CBA | | | | | | | X |
| F. Innovation and blue economy | 31. Support existing and new blue business | | X | | | MinAZ/ DEACI/ CoC/ UA | | | | | | | X |
| | 32. Create awareness and good practices among all SMEs | | X | | | DEACI/UA/CoC | | | | | | | X |
| | 33. Stimulate access to knowledge, which is essential for innovative entrepreneurship, as it is a key source of innovation-driven entrepreneurial opportunities | | | X | | DEACI/UA/CoC | | | | | | | X |
| | 34. Develop incentives for a blue economy | | X | | | MinAZ/ DEACI/ CoC | | | | | | | X |
| | 35. Promote the use of incubators to increase the success rate of local SMEs; | | | X | | MinAZ/ DEACI/ CoC | | | X | | | | |
| | 36. Instill CE/ BE/ CSR awareness and practices among SMEs and the UN 2030 SDGs | | | | X | DEACI | | | | | | | |
| | 37. Create a 'Blue/Sustainable' certification label for all business, emphasizing on SMEs | | | X | | MinAZ/ DEACI/ CoC/ ATIA | | | | | | | X |
| | 38. Introducing an innovation award for the most innovative small business of the year; by demonstrating that the government is proud of successful entrepreneurs; and by creating role models | | | X | | MinAZ/ DEACI/ CoC/ ATIA | | | | X | | | |
| G. Internationalization of SMEs | 39. Export Promotion Strategy/ Information/ Training | X | | | | DEACI/ Exprodesk/ Douane/ CoC/ FZA/ ARINA/ ATIA/ RVO | | | X | | | | |

6.1 Action Plan 2018

| Section | Planned Action | Target Year for Completion | | | | Responsible Person(s)/ Department(s) | Evaluation Year | | | |
|---|---|----------------------------|---|---|---|--|-----------------|---|---|---|
| | | 1 | 2 | 3 | 4 | | 1 | 2 | 3 | 4 |
| A. Education and training for SMEs as well as education alignment to the labor market | Entrepreneurs' education and training | X | | | | IDEA/ CoC/ EPE/ DE/ATIA | | X | | |
| B. Institutional and regulatory framework Effective Practice and Strategy: Create fiscal incentives for | An SME commission under the responsibility of the Department of Economic Affairs with senior civil servants from all ministries that - in some way or the other – are dealing with business issues is coordinating all relevant new laws and regulations. | X | | | | DEACI/ DWJZ/ DIMP/ KPA/ KBA/ DESPA/ CoC | X | | | |
| D. Business development and support services Effective Practice and Strategy: Association solely for micro and small businesses | Information services for SMEs of all Business Support Services | X | | | | DEACI/ IDEA/ Exprodesk/CoC | | X | | |
| | Collection and publication of data on enterprises by size class, at least once a year. | X | | | | CBS/ DEACI/ CoC | | | X | |
| | Ongoing independent research on business issues, by size class of enterprises. | X | | | | DEACI/CoC/CBS/ATIA | | X | | |
| | Create access for Startup | X | | | | MinAZ/ Qredits/ DEACI/ CoC | | X | | |
| G. Internationalization of SMEs | Export Promotion Strategy/ Information/ Training | X | | | | DEACI/ Exprodesk/ Douane/ CoC/ FZA/ ARINA/ ATIA/ RVO | | X | | |

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Appendices:

Appendix 1:

WHAT IS A PROMISING STARTUP (STARTECH)?

A startup is a (starting) technology enabled company developing products and/or services that are globally scalable, derived through a scalable, repeatable and sustainable business model. These organizations are often, but not exclusively found in the new emerging markets such as new information and communication technologies, software, app's, 3D/4D printing, big data, internet of things, robot and nanotechnology, block chain, artificial intelligence and machine learning.

STARTUPS WILL BE ASSESSED BASED ON A 3-STEP PROCESS

STEP 1: WHAT IS A "PROMISING STARTUP"

- The product or service has the potential for Scalable Impact
- The startup meets the "startup" definition above
- E-commerce startups are limited to those with a targeted market size of 1BLN and up
- Phase: no longer than 5 years in existence since the companies' date of inception
- The company is legally incorporated abroad (if international) and is or has started the process of being legally incorporated or registered in Aruba (if local)
- The startup has a plan to advance its idea into a business and/or show proof-of-concept
- The startup must pass the "early-stage investment potential" conceptual test/assessment tested by a committee of expert facilitators (no investment guarantee). The committee will consist of 3 - 5 individuals consisting of representatives of ARINA (Aruba investment agency), DEACI (Department of Economic Affairs, Commerce & Industry) DIMAS, AIB (Aruba Investment Bank), Startup Aruba.

STEP 2: AT LEAST TWO OF THE 3 CONDITIONS BELOW ARE MET:

- The product or service is new to Aruba and can be exported without significant capital, infrastructural and human resources investment.
- A new technology for production, distribution or marketing is involved and a patent has been granted or is pending.
- The product or service is facilitated by or build with new frontier technology or the listed coding languages/frameworks, i.e. Blockchain, Artificial Intelligence / Machine Learning, Virtual Reality / Augmented Reality 3D/4D printing Internet-of-Things, namely connected sensors and micro-chips Ruby /Rails, Java, Javascript, C, C+, C++, R, Python, Julia, PHP, Objective-C, SQL, NoSQL, Swift, Go, Scala, Arduino, Matlab, IOS

Note: The definition of "New Frontier Technology and Frameworks" will be revisited on a semi-annual basis by a Tech Committee, consisting of 3 representatives (ATECH, CBA, UVA)

STEP 3: THE PRODUCT OR SERVICE IS SCALABLE AND HAS IMPACT IF AT LEAST 3 OF THE CONDITIONS BELOW ARE MET:

- It qualifies as one of the activities encouraged in the top sector policy.
- The business is a socially responsible enterprise.
- It is a new product/service for new market (i.e., creation of a new market or niche)
- The business applies a creative or innovative go-to-market approach.
- A social innovation business model: the value created accrues primarily to society rather than to private individuals.

Note: The definition of "Social Innovation" will be revisited on a semi-annual basis by a Social Innovation Committee.

Appendix 2:

Results of education programs:

A. Business Education Program “Empresario Prepara 1”

Program:

After some intensive research done by the Department of Economic Affairs, Commerce and Industry on Success Factors for Business Establishment in Aruba, IDEA has create/organized an introduction to business management which started in September 2012 to prepare new entrepreneurs and actual entrepreneurs on how to manage their business successful. This business education program called “Empresario Prepara 1” is done and executed together with “Enseñansa pa Empleo” (EPE) institution. The main purpose of this business management course is to supply the entrepreneur with the necessary knowhow to start and/or grow his business and to make him aware of the importance of having knowhow of the basic tools to manage a business successfully. “Empresario Prepara” consist nowadays of 19 weeks of lectures (40 lectures) based on 8 modules which are: Marketing, Introduction to Labour Law, Business Law, Business Plan, QuickBooks, Purchasing & Logistics, Tourism Marketing, and Leadership & Management. The lectures are given twice a week on a schedule base. At the end of the each module participants have to present an exam compiling all the disciplines and present a business plan in order to receive their diploma.

Achievement:

At the beginning, the course consisted of six modules and later is has been extended to eight modules. From 2012 until present, 89 persons are in possession of this diploma. Some of them are running their business already but the exact amount is unavailable. IDEA is planning to monitor the group that has graduated from 2012 until 2015, to find out if they have started their business.

B. Business Education Program “Empresario Prepara 2”

Program:

In September 2017, IDEA started for the first time with the second Business Education Program “Empresario Prepara 2” for those that already have the diploma of “Empresario Prepara 1”. This Course “Empresario Prepara 2” consist of 13 weeks of lectures (20 lectures) based on 4 modules which are: Creating a Culture of Innovation, Small Business Administration & Finance, Small Business Tax, Developing Brand Awareness for Customer Satisfaction.

Achievement:

Fifteen persons registered for this course and 14 persons have passed the exam.

C. Free Business Mentoring Program

Program to achieve with the support of COSME:

Another goal of IDEA is for every SME in Aruba to participate a free Business Mentoring Program after two to three years of starting their business. IDEA is in close cooperation with COSME to set up this program. The Business Mentoring Program will help existing companies in business sustainability and growth sharing their experience and knowledge.

D. Workshop IDEA

Program:

To continue educating SMEs IDEA organized from 2012 until present various workshops. The workshops are free of charge which were mainly organized on Saturdays from 10:00 a.m. until 1:00 p.m. Speakers consist of volunteers and owners/managers of SME business in Aruba or are representatives of a government department. IDEA invited entrepreneurs to speak about their successes in business (Inspiring Success Story). The purpose of those success stories is to motivate the participants to believe in their passion, dreams, to help them rethink how to get organized, grow sales and save time and to innovate. Those lectures could help them succeed in their business venture.

Achievements:

The total of workshops organized till present are:

- Year 2012: 2 workshops and a total of 40 participants;
- Year 2013: 4 workshops and a total of 75 participants;
- Year 2014: 3 workshops and a total of 74 participants;
- Year 2015: 2 workshops and a total of 44 participants;
- Year 2016: 3 workshops and a total of 168 participants;
- Year 2017: 3 workshops and a total of 109 participants (including 5-day Agriculture Certification Program "From Farmer to Agripreneur").

Evaluation has been done after all the above-mentioned workshops. The results are very positive and the participants are requesting for more trainings. They are interested in developing their entrepreneurial skills.

E. Workshop COSME and IDEA

Program:

Since last year, COSME together with IDEA have organized several workshops on different topics including International Certification Training.

Achievements:

The workshops organized from 2016 till present are the following:

- Year 2016: 6 workshops and a total of 109 participants;
- Year 2017: 2 workshops and a total of 43 participants.

Evaluation has been done after all the above-mentioned workshops. The results are very positive and the participants are very satisfied with the trainings. They are interested in developing their entrepreneurial skills.

One of IDEA's goals is to keep educating potential or existing entrepreneurs in order to make their business a successful one.

F. Kids-Preneur Program “Kidspreneur\$ with Big Ideas”:

Program to achieve in February 2018 till June 2019:

IDEA believes in the importance of teaching children about the importance of entrepreneurship. “Kidspreneur\$ with Big Ideas’ is a program specially created and designed for kids of ‘Traimerdia’ between 9 to 13 years old. The main purpose of this project is to introduce entrepreneurship and its essential benefits to children since their childhood. As a result, children learn to create their own business at their early ages.

IDEA have planned this program for after school care “Traimerdia” that consists of twice a week workshops (a total of 13 days of 1 hour) and also a project where every participant need to produce or create a product (F&B, arts & crafts, Innovation etc.) so they can sell it to the public in a special event organized by IDEA. The introduction workshop of KidsPreneurship is planned to take place in February 2018.

G. Youth entrepreneurship Program

Program to achieve in May/June 2019 with an introduction workshop in June 2018:

Regarding the presentation done at school, IDEA want to achieve an attractive “Youth Entrepreneurial Program” for the students (youth 14 yrs-17 yrs) because we think that a better-skilled youth with improved entrepreneurial opportunities will stimulate inclusive economic growth. Skills and entrepreneurship can empower youth to develop knowledge-intensive economic activities to transition successfully from schools to jobs, creating the future they seek and promoting gains in productivity for Aruba (*Latin American Economic Outlook 2017*).

IDEA have planned a Youth Entrepreneurship Program for after school care “Nos Atardi” that consists of 2 days a week workshops and also a project where every participant need to produce or create a product (F&B, arts & crafts, Innovation etc.) so they can sell it to the public in a special event organized by IDEA. The introduction workshop of Youth Entrepreneurship is planned to take place in June 2018.

Results of promotions of enterprise:

A. Lectures to promote IDEA:

Program:

IDEA has given different presentations to others including Foundations and schools. Also we participated in LaborExpo, Table Talk, Small Business Event and other conference like ATECH Conference and Small Business Conference. Those presentations and participation are very important so that people know the existence of a MSME center in Aruba and that IDEA as a MSME Center can provide them with information and guidance to entrepreneurs through the process of setting up their business. IDEA can also provide them with entrepreneurial education “Empresario Prepara” and workshops (free of charge).

Achievements:

Lectures done from 2012 till present:

| | Foundation | School | Other |
|------------------|-------------------|---------------|--------------|
| Year 2012 | 1 | 0 | 2 |
| Year 2014 | 2 | 1 | 1 |
| Year 2015 | 1 | 1 | 0 |
| Year 2016 | 6 | 0 | 2 |
| Year 2017 | 1 | 0 | 3 |
| Total | 11 | 2 | 8 |

SME Center IDEA has good business relationships with its stakeholders, especially the Chamber of Commerce, Aruba Investment Bank, ARINA, CEDEHM, Fundacion Desaroyo Comunitario, Bureau of Innovation, Telefon Pa Hubentud, CEDEHM and other governmental institution. IDEA works together with stakeholders on a sustainable development in the commercial sector. IDEA is related with many other institutions governmental or private for information and their business policies.

IDEA also communicates procedures, course, workshop and all relevant news to its clients and potential clients through press release, e-mail, website (www.idea-aruba.com), Facebook Page (IDEA-Aruba) and Instagram (ideaaruba).

IDEA aims to be accessible for its clients, potential clients, stakeholders and international partners.

Results of startup and development support:

Program:

Most information required by startups small business are on legal entities, how to start a business, where to register their business, business establishment license, different permit procedures depending on type of business activities, financial information, business plan information, Tax calculation and information, marketing, commercial leasehold property, cost calculation, import/export information and other business related information.

Stable and existing businesses approach IDEA for guidance on how to expand their business.

These clients want to know procedures for changing from One-man Business license to Corporation (NV) or other legal entity. Financial information about banks and other institutions that provide financial support to SME businesses is very much required under existing companies. Business plan, business development, innovation, economic forecasting, market research and more are topics that are of much interest and need for existing entrepreneurs.

Our client's main business interests are very diverse. The top interested branches are agriculture, retail in clothing & accessories, restaurants A and B, cleaning industry, massage/spa, real estate, day care, building industry, IT, Beauty industry, candy shop, tourist service and amusement, health care, etc.

Achievements:

Initiative for Development of Aruban Enterprises (IDEA) has a total of 390 clients since its starting date in February 2012. The most requested legal entity at IDEA is Sole Proprietorship (Eenmanszaak), Limited Liability Company (VBA) and Corporation (NV).

The most requested legal entities in year 2016 at IDEA are One-man Business license (Eenmanszaak) and Limited Liability Company (VBA). One-man business license is about 63% of total clients, and the LLC is about 17.4% of total clients.

IDEA was also approached by different foreign investors who were looking for information on how to establish a business in Aruba. Some were recommended to approach the department of business establishment, ARINA or Freezone. Depending on the questions and needs. In our Analysis of year 2016, we can also conclude that 50% of our clients are female and 50% are male.

1. Success in engaging the private sector

Program:

SME Center IDEA has good business relationships with its stakeholders, especially the Chamber of Commerce, Aruba Investment Bank, ActionCOACH, Barancia Media, Roadmap Solutions, Reliant Dutch & Caribbean, Erasmus Business Planning & Administration Services, Gianni' Group N.V. etc. IDEA works together with stakeholders on a sustainable development in the commercial sector. IDEA cooperates with many other institutions governmental or private for information and their business policies.

Some of them participated in different trainings that COSME has organized in Aruba and abroad. Some of the trainers (from private sector) facilitated some trainings for IDEA and also for COSME.

Achievements:

| Year | Workshop/Training IDEA | Facilitator (Private Sector) |
|------|---|--|
| 2012 | Creating your own Business Plan | Wetro N.V. |
| | Social Media | Invictus N.V. |
| 2013 | 6 steps to a better business & Marketing | ActionCOACH/AIB/The Marketing Department |
| | Entrepreneur Success Story | Runners Aruba |
| 2014 | How to insure your business and employees properly & Entrepreneur Success Story | Fatum Life Group/Gianni's Group N.V./SVB |
| | Financing Tools for a better Business Management | Atlas Aruba |
| 2015 | Work Hard and Be Nice to People | Roadmap Solutions |
| | How to survive when the going gets tough | ActionCOACH |
| | Internet Marketing | Co.lab/Shaqwan Media & Marketing |
| 2016 | The Best Ways to advertise your Small Business | Gianni's Group N.V. |
| | Disability Awareness Customer Service | Care4Care Aruba/JobCoach |

| Year | Workshop/Training COSME & IDEA | Facilitator (Private Sector) |
|------|---|---|
| 2016 | Business Plan Crash Course for Startups | Stichting Tzedaka Performance (semi private sector) |
| | Developing Brand Awareness for Customer Action | Baranca Media |
| | Guespitality & Tourism Satellite Account | Steinbeis |
| | Standards & Conformity Assessment | Steinbeis/Quara Consulting & Training |
| | SERVSAFE© Food Safety Manager Certification Training | GOPA/SERVSAFE National Restaurant Association |
| 2017 | International Trade: Export Development | Ecorys/ Caribbean Export's ProNet Training |
| | Guidance for Management Innovation in your Organization | Steinbeis/QuaraConsulting & Training |
| | Projectmanagement for Entrepreneurs | Ecorys/BosparConsulting N.V. |

With respect to the COSME program, different stakeholders from the private sectors were invited for meetings and overview discussion such as “TSA and Guespiality”, “The Youth Entrepreneurship Program”, “Access to Finance”, “Loan Guarantee Fund” etc.... Those meetings and overview discussion are to promote stronger collaboration, trade and investment in the OCTs and the Caribbean. We also involve the private sectors to ensure the success of the COSME program.

Policy Management

1. The co-ordination of programs between different arms of government.

Program:

IDEA can offer valuable information to other government department.

Achievements:

The DCA invited us once to participate in a stakeholder session for “Seyo y Organizacion di Artesania Nobo”. In the past, IDEA have also participated in the co-ordination (matchmaking event) of the Conference “Europe Meets America”. In 2017, IDEA also participated in the SDG’s workshop to give our input as a MSME center and also was a Program co-coordinator in the Aruba Small Business Event 2017.

2. The methods of engagement of the private sector in SME support, for example the establishment of a national and regional network of small business advocacy councils.

Program:

Since April 2014, IDEA is participating as stakeholder in the COSME program. Through this program we have engaged the private sector in different programs to support the SMEs.

Achievements:

The engagement was done through several meetings, trainings, overview discussions and a regional platform (CaribConnect.bidx.net). The vision of the platform is to strengthening the business support organizations (BSOs) in the Caribbean OCTs through the Platform to empower their micro, small and medium-sized enterprises (MSMEs) to become competitive and successful in their internationalization. CaribConnect provides a digital portal and international network connecting micro, small and medium-sized enterprises (MSMEs) in the Caribbean OCTs with mentors, investors and financial institutions to boost their growth and success. Besides offering far-reaching network opportunities, they also believe in offering professional services to assist our entrepreneurs in strengthening their business plans with the main goal of being *investment ready*.

Program development

- **Information leaflets and guides;**

IDEA has different kinds of leaflets and/ or brochures. The brochures are constantly laid on a table in the waiting hall of the department of permits for business at the Department of Economic Affairs, Commerce and Industry.

These brochures are shared by IDEA, at meetings, workshops, courses, or at boots, we usually receive during invited events.

IDEA has many other leaflets as information for clients.

Whenever people come to IDEA, we always supply them with all the required information they need which are usually printed on a leaflets.

Some of the leaflets we always have at hand are:

- the possible business types and their differences, like owner(s), legal liability, establishment permit, managing director, taxes, registration procedures, employment, employees and additional particulars;
- Printed leaflet of an example of how to calculate pension and health tax;
- Some advises about the do's and don'ts when starting a business;
- Additional permits for businesses, such as food & beverage licenses, wholesale license, accommodation and hotel license, watersport and transportation license, street vendors license etc.
- Additional permits needed for selling food or drinks, in this case there are different permits for different locations, so business types;
- Steps to take when starting a business;
- How and where to insure your employers, against sickness and/ or accident;

Next to the above mentioned offers that IDEA supply, we do also have other guides we send clients by their emails, such as example how to do a business plan.

- **Promotional videos, magazines or other media initiatives;**
Currently, IDEA uses mostly Facebook to update clients about their activities, like workshops, courses. IDEA Facebook page also promotes other organization for activities for SME's or any educational activities where anyone can participate.
IDEA uses the newspapers of Aruba, to inform the community about all their workshops and courses. This is normally done before and after the events.
IDEA plans to be more active on Instagram, since more people seek this page. In the past, IDEA used promotional videos on TV; this is not the case anymore because it is too expensive.
- **Facilities;**
Department of Economic Affairs, Commerce and Industry, IDEA ensure the rooms are fully equipped with beamer, laptop, and Wi-Fi connection, white board and videoconference equipment.
The participants will be directed to a seat in the room and sometimes they will receive printed documents during the workshop or sometimes or a few days before the workshop. Certification and diplomas are awarded.

Appendix 3:

The role of Aruba Chamber of Commerce for SMEs

About The Chamber:

- Established in 1930 upon request of a few entrepreneurs in order to represent the general interests of commerce
- The organization of the Chamber:
 - Board
 - Departments
 - Staff

Main responsibilities of The Chamber:

- Management of Trade and Foundation Register: registration of companies and maintain the information of the registrations up to date
- Provide solicited and unsolicited advice to the government
- Promote the interests of business in general
- Informing and supporting businesses
- Provide advice on permits for business
- Advocacy for the rights and needs of the local entrepreneurs

Other:

- Courses provided through The Chamber to equip the entrepreneurs with better tools for their business: Empresario Independiente, Financiële Administratie voor Beginners (1, 2, 3 and 4) and more.
- Lectures, info sessions, presentations and workshops on topics relevant to the entrepreneurs
- Provide guidance to the entrepreneurs for the registration process and required steps to start a business.
- Aruba Chamber Business Event: a yearly event organized by the Chamber for the business community. The Chamber invites a special guest to discuss a relevant business topic. The Chamber provides during this event the opportunity for businesses to network and discuss business in an elegant setting.
- Business Plaza's: providing a central point for information, networking and business development
- Women in Business Event: presentations by women leaders to inspire other women. In collaboration with Women Entrepreneurs Netherlands providing match making opportunities
- Trade missions: creating matchmaking opportunities between local entrepreneurs and international counterparts in various sectors.
- Participation in external commissions: The Chamber works with commissions formed from private and public sector working towards the general interest of the commerce of Aruba
- Yearly Art Expositions: The Chamber offers the opportunity to local artists to expose their creativity and promotes local art.
- Info sessions: 1-on-1 with consultants of the Chamber
- Chamber meets the entrepreneur: Chamber discusses with entrepreneurs regarding red tape and through meetings with advice to the Government come with solutions to these issues.

- Education: The Chamber is continuously working to align the education offered with the needs of the labor market. A goal of The Chamber is to introduce Entrepreneurship as a curriculum at schools, if possible from elementary school and higher. The Chamber already provides information through presentations to students and tours to show them what the work of The Chamber entails.
- The Chamber holds meeting with the Dutch Chambers: in order to exchange information and create opportunities through mutual funds.
- The Chamber organizes electoral debates to give the people of Aruba a chance to a targeted selection of their candidates.
- The Chamber also publishes information which is in the best interest for the business community. Currently The Chamber is working on an update of “The Business Environment of Aruba” which will include several relevant information and statistics on this topic. The Chamber also formulates press releases to inform on the latest developments regarding the register and commercial developments.
- The Chamber also offers its auditorium (and meeting rooms) for rental to external parties such as the Notary on auction days and other organizations who wish to provide information to an audience.

Info sessions/ lectures on various topics of interest. Here are some topics of lectures we have held in the past year:

- | | |
|------------------------------|----------------------------|
| ▪ Plastic Bag Ban Policy | ▪ Safety regulations |
| ▪ Be a responsive enterprise | ▪ The World of Innovations |
| ▪ Budget management | ▪ SVB – Labor and health |
| ▪ Tax Law | ▪ Big Data |
| ▪ Marketing | ▪ Safety for businesses |

Other events organized by the Chamber:

- Annual Aruba Chamber Business Event
- Business Plaza – Step Forward!
- Business Plaza – Get started!
- Trade Missions
- Women in Business Event
- Art Fair
- Women Entrepreneur Event
- Networking sessions per industry
- Organized two debates in connection with the 2017 election.

Example of some workshops held at the Chamber:

- CaribConnect
- Information and Cyber Security
- Sales Forecasting
- Decision Making

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