



Translation of: Advice pertaining to the draft budget for 2026

Original title: Advies bij de ontwerpbegroting 2026

In case of differences in interpretation between the English translation and the Dutch version of the text, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.

Dear Minister Gumbs,

On February 10, 2026, you requested the Board of Financial Supervision of Curacao and Sint Maarten (Cft) to issue an advice pertaining to Sint Maarten's draft budget (OB) for 2026. This request was submitted far too late, since the statutory deadline for adoption of the budget is December 15.¹ You hereby receive the Cft's advice pertaining to the OB 2026. In Annex 1 to this letter, you will find further clarification and substantiating figures.

Conclusion

For 2026 through 2029, Sint Maarten annually budgets a result on the operational budget of XCG 0 million. However, the Cft is unable to accurately evaluate if the budgetary balance is realistic, and is therefore unable to assess if the central budgetary standard set forth in the Kingdom Act on Financial Supervision Curacao and Sint Maarten (*Rijkswet financieel toezicht Curaçao en Sint Maarten* – Rft) is complied with.² Several mutations in comparison to the 2025 adopted budget (VB) have not been explained, or have not been explained sufficiently.

Furthermore, the Cft observes inconsistencies with regard to the liquidity forecast, and risks that have been identified with several government entities have not yet been addressed adequately. Lastly, the Cft is critical of the new loan request for investments, since the time available for execution is limited and a large number of investments from previous years is still pending.

Subsequent steps

Budgetary process

The Cft recommends you handle the remainder of the budgetary process with the utmost urgency, since the statutory deadline of December 15 of last year has already been amply exceeded. In accordance with the request of the Kingdom Council of Ministers (*Rijksministerraad* – RMR), the 2026 budget must be adopted as soon as possible, and preferably earlier than according to the planning you submitted.³

According to your most recent planning, the budget will be submitted to Parliament by May 1, 2026, at the latest.⁴ The Cft recommends you make the utmost effort to ensure this date is actually met.

Furthermore, the RMR requested you to coordinate an improvement plan with the Cft by March 1, 2026 at the latest, specifying which measures shall be taken to ensure that the 2027 budget is adopted before the statutory deadline of December 15.⁵⁶ The Cft observes that you have taken action on this, appreciates your effort and is awaiting the draft improvement plan with interest.

Follow-ups draft budget 2026

The Cft recommends you implement or follow up on the following topics in the OB:

1. Provide an adequate explanation for significant changes (exceeding XCG 2.5 million) to the income and expenses in comparison to the VB 2025, and where necessary, adjust the estimates.
2. Include a clear overview of the project funds per economic category, providing insight into the annual effect on the income and expenses.
3. Include a realistic multiannual planning of the pending investments, and where necessary, adjust the intentions and the loan request.
4. Critically reassess the liquidity forecast, and where necessary, revise it. An accurate assessment of the financial capacity of the country is also essential when addressing precarious government entities, which must take place with great urgency.
5. Thoroughly check the accuracy and consistency of the explanations, tables and substantiating figures. This is important for an orderly and verifiable budget.⁷

Explanatory statement

Result

In the years 2026 through 2029, the result on the operational budget annually amounts to zero. However, based on the explanations that are currently provided, the Cft is unable to accurately evaluate to which extent the budgetary balance is realistic. Therefore, it cannot be assessed if Sint Maarten meets the central budgetary standard set forth in Article 15 of the Rft, which prescribes that the expenses are covered by the income. Furthermore, Sint Maarten does not yet give substance to the legally required deficit compensation.

Income

The total income in 2026 is estimated at XCG 636 million, which means it exceeds the XCG 585 million in income budgeted for 2025 by approximately 9 percent. The estimated tax income for 2026 of XCG 455 million is in line with the realizations on an annual basis up to and including Q3 of 2025. From 2027 onwards, the tax income is increased annually by 2 percent based on the anticipated economic growth.

In the OB 2026, no income has been included for the proposed tourist tax, whilst the VB 2025 still assumed an annual income of XCG 18 million from 2026 onwards. This income was needed to prevent a structural deficit from 2026 onwards. In the OB 2026, this gap is covered by a higher estimate of the other income. With XCG 92 million, the *Other income* entry is over twice as high as stated in the VB 2025, without clear substantiation. This increase partly seems to be the result of an increase of the *Project funds* entry; however, this requires a clearer explanation.

Also, the Cft again emphasizes the necessity to generate additional income by means of follow-up of existing plans. According to Sint Maarten's planning, the tourist tax would be implemented before the end of the year, as would the general health insurance. Lastly, the modernization of the Tax Authorities must be further developed, and higher income may be gained from better compliance with and collection of taxes.

Expenses

The total expenses of XCG 636 million in 2026 exceed the XCG 577 million in expenses that were budgeted for last year by approximately 10 percent. Mainly the personnel expenses and the expenses for goods and services have increased significantly. Regarding the personnel expenses, the increase is mainly explained by higher wages and additional vacancies. The increase of the expenses for goods and services is harder to explain, since no new policy was included in the budget. Possibly, the increase may be explained by the allocated project funds, however, currently this cannot be inferred from the explanation provided. On the other hand, other expenses - including those for social benefits and grants - have been adjusted downwards in comparison to the VB 2025. This is not easily justified based on last year's realizations and outlook, and is also not further explained.

Furthermore, it is noticeable that the *Unforeseen expenses* entry has been set to zero, which means that any possible unexpected setbacks - such as risks that materialize - must be absorbed by means of the regular budgetary entries. For sustainable public finance, it is important to create such a buffer in due time.

Investments

A new loan request of XCG 37.5 million for investments has been included in the 2026 budget. The Cft requests Sint Maarten to critically reevaluate this.

Due to the delay in the adoption of the budget, a shorter implementation period remains in the budgetary year. Furthermore, there are considerable amounts pending in planned investments from previous years. Adding the new loan request to this, according to the OB for 2026, this amount would further increase to almost XCG 300 million, approximately half of Sint Maarten's budget. Moreover, Sint Maarten pays interest on the investment loans.

Considering the size of the planned investments, Cft considers it important that a realistic implementation planning is used. The Cft recommends Sint Maarten to include a multiannual planning of the intended investments in the next version of the 2026 budget, which contains a clear explanation of the status of the pending investments, including the amounts that have already been committed.

The loan request cannot be assessed in the framework of the interest expense standard either, since there are no reports on the public sector. The Cft observes that in the meantime, Sint Maarten has issued an assignment for this, and emphasizes that this should lead to results in the short term. Currently, the Cft does not have any information indicating that the interest expense standard is being exceeded.⁸

Liquidity

For some time now, Sint Maarten's liquidity position has been vulnerable. Towards the end of last year, it seemed to develop exceptionally unfavorable, with a forecast for a negative end balance of the free liquidity from 2026 onwards.⁹ In the 2026 budget, the forecast is a lot more optimistic, with a positive and continuously improving end balance from 2026 onwards. It is unclear why the forecasts differ so much. The explanation and the table regarding liquidity also do not correspond, which makes this matter even more unclear. Lastly, it is remarkable that the liquidity improves while the result on the operational budget is zero for several years.

State-owned entities

With regard to several state-owned entities, including TelEm, GEBE and PSS, Sint Maarten observed liquidity risks, of which some may already materialize in the current budgetary year. Sint Maarten must address such risks as soon as possible, and provide insight into the possible impact and the probability that these risks materialize. Furthermore, it is important that Sint Maarten currently works on the introduction of a participation policy in order to avoid these types of precarious situations in the future.

Deficits healthcare funds

For some time now, the Cft has been expressing its concern about the deficits in the healthcare funds. These deficits are currently mainly supplemented by means of resources from the General Old Age Pension (*Algemene ouderdomsverzekering* – AOV), which leads to a rapid decrease of the reserves in that fund. The International Monetary Fund (IMF) predicts that the liquid reserves will be exhausted as early as 2029. Sint Maarten is working on measures to reduce these deficits, such as the introduction of the General Health Insurance (GHI), an increase of the premium income and the control of healthcare expenses.

It is of the utmost importance to actively and continuously address this and to monitor if enough is being done to achieve financial sustainability.

Trusting to have provided you with sufficient information.

Sincerely,

The Chair of the Board of financial supervision of Curacao and Sint Maarten

[signature]

Hans Hoogervorst

A copy of this letter was sent to:

The Prime Minister of Sint Maarten

The Secretary General of the Ministry of Finance of Sint Maarten

Annex 2: Endnotes

¹ Article 14 paragraph 1 of the Rft.

² Article 15 paragraph 1 sub a of the Rft.

³ Ministry of the Interior and Kingdom Relations, reference 2026-0000061401, Processing Cft notification in Kingdom Council of Ministers of January 30, 2026, dated February 11, 2026.

⁴ Ministry of Finance of Sint Maarten, DIV no.: 5818-A, Request for Article 11 Rft Advice on Draft Budget 2026, d.d. February 10, 2026.

⁵ Article 14 paragraph 1 of the Rft.

⁶ Ministry of the Interior and Kingdom Relations, reference 2026-0000061401, Processing Cft notification in Kingdom Council of Ministers of January 30, 2026, dated February 11, 2026.

⁷ Article 15 paragraph 2 sub c of the Rft.

⁸ Article 15 paragraph 1 sub c of the Rft.

⁹ Cft, reference Cft 202500123, Advice pertaining to the draft budget amendment 2025, dated November 06, 2025.