



Translation of: Reaction to the third implementation report of 2025

Original title: Reactie op de derde uitvoeringsrapportage 2025

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 Ms. Gumbs,

On November 13, 2025, the Board of financial supervision of Curacao and Sint Maarten (Cft) received Sint Maarten's implementation report (UR) on the third quarter of 2025. This is two days after the statutory deadline of six weeks after the end of the quarter.¹ With this letter you receive the Cft's reaction to the third UR.² In Annex 1 to this letter you will find a further clarification and substantiating figures.

Conclusion

Up to and including the third quarter, Sint Maarten realizes a surplus on the operational budget of XCG 47 million. This means the country is on the right track to meet the central budgetary standard and the required deficit compensation set forth in the Kingdom Act on Financial Supervision Curacao and Sint Maarten (*Rijkswet financieel toezicht Curacao en Sint Maarten* – Rft).³ At the same time, the Cft observes a further deterioration of the liquidity, and it is not yet sufficiently clear which part of the relatively high tax income is structural, and which part is incidental. Lastly, the execution of the budget is behind schedule, resulting in increasing amounts of pending investments, a large number of unfilled vacancies and postponement of projects.

Subsequent steps

The Cft requests that:

- During the remainder of the year, you keep aiming actively for a good result on the operational budget and an improvement of the liquidity position.
- You further identify the incidental effect of the high tax income at the beginning of the year, and involve this information in the estimations for the draft budget for 2026.
- From now on – starting with the draft budget for 2026 – you include an explanation on the progress not only of the investments already made, but also of those still pending (allocation and realistic multiannual planning).

Explanatory statement

Income

Up to and including the third quarter, the income is significantly higher than the expenses. Primarily the tax income is exceptionally high; exceeding the same time period of last year by over XCG 40 million and the budgeted amount by almost XCG 30 million. The implementation report states that this was partially caused by a shift in income from the end of 2024 to the beginning of 2025, since the Tax Office was closed between Christmas and New Year. Sint Maarten considers this to be an incidental effect, and it is anticipated that it will not occur again the upcoming end of year. With regard to the second UR, the Cft requested Sint Maarten to distinguish between structural and incidental income. In the third UR, Sint Maarten did not meet this request sufficiently. At the same time, at the request of the Cft, the entry 'other income' was substantially lowered, however, the issue regarding the descriptions for bank transfers remains unsolved.

Expenses

Up to and including the third quarter, the expenses amount to XCG 396 million, XCG 35 million less than was budgeted. Just like in previous years, the expenses fall short as vacancies are not filled and projects and activities – partially due to the late adoption of the budget – are postponed. This means there are shortcomings as regards the execution of the budget. Going forward, it is important to set priorities regarding the expenses to be made, to increase executive capacity and to timely adopt the budget.

Investments

Up to and including the third quarter, Sint Maarten invested XCG 67 million. These are investments that were postponed in 2023 and 2024. Sint Maarten intends to take out a loan of XCG 30 million for new investments. It is positive that an explanation has been provided of the investments that have been made so far. However, it remains unclear when the pending investments – which by now amount to a considerable sum of approximately XCG 200 million – will be executed. The Cft would appreciate it if a clear and realistic overview of the pending investments would be included in the draft budget for 2026, stating what has already been committed, and what the planning will be for the coming time.

Financial management

The Cft sees progress in the timeliness of the submission of the third UR of 2025 in comparison to previous URs. Despite the improvements regarding financial management implemented by Sint Maarten over the past years, the challenges remain significant. The budgets are adopted late, which jeopardizes the budgetary right of Parliament. It also affects the execution, as can be read in this third UR as well, since proposed policy is postponed.

Liquidity position

Despite the positive result of XCG 47 million, the free liquidity remains limited.

By the end of the third quarter, the free liquidity for the operational budget is XCG 18 million, which decreases to 3 million by the end of the year. The Cft observes that the liquidity position keeps deteriorating, and would like to discuss this with Sint Maarten at the official level.

The challenge is to improve the liquidity position – by generating income and by making conscious choices regarding expenses – whilst simultaneously pursuing efficient policy and eliminating payment arrears. By the end of September, the total payment arrears to government entities amount to XCG 142 million. These are mainly due to payment arrears to the Executive Organization for Social Security and Healthcare Insurance (*Uitvoeringsorgaan Sociale en Ziektekosten Verzekeringen* – SZV) of XCG 114 million. Furthermore, there is uncertainty regarding the liquidity position of utility company GEBE, which has been flagged by Sint Maarten as a possible financial risk

to the country. These risks must be clarified as soon as possible, which is another topic on which the Cft would like to officially engage with Sint Maarten.
Trusting to have provided you with sufficient information.

Sincerely,

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

[signature]

Ms. L.M.C. Ongerling, MA

A copy of this letter was sent to:

The President of the Parliament of Sint Maarten

The Prime Minister of Sint Maarten

The Secretary General of the Ministry of Finance of Sint Maarten

Annex 2: Endnotes

¹ In accordance with Article 18, paragraph 1, of the Kingdom Act on Financial Supervision Curacao and Sint Maarten (*Rijkswet financieel toezicht Curaçao en Sint Maarten* – Rft) within six weeks after the end of each quarter, Sint Maarten's administration is required to send a UR to the Cft and Parliament. The UR regarding the third quarter of 2025 would have to be submitted by November 11, 2025, at the latest.

² Pursuant to Article 18 of the Rft, the Cft responds to the third UR of 2025. The Rft supplemented by the instruction given by the Kingdom Council of Ministers (*Rijksministerraad* - RMR) to the Sint Maarten administration in September of 2015 form the framework for the assessment of the UR. Official Gazette 2015, Decree of October 30, 2015 to issue the Decree of September 8, 2015, regarding the issuance of an instruction to the Sint Maarten administration to resolve the payment arrears that have arisen, to compensate the realized deficits on the operational budget in the period of 2010-2014, to fully include the health care and pension expenses in the budget for 2015 and the multi-annual budget, and to take measures for the benefit of a sustainable system for pensions and social security. On April 18, 2019, the RMR decided to extend the instruction, however, the new deadlines have not yet been decided.

³ This assessment is somewhat uncertain, considering the fact that some components of the budget do not meet the criteria of a complete, orderly and verifiable budget (Article 15, paragraph 2 of the Rft) and therefore, it cannot be concluded with certainty that the central budgetary standard is being met. Only when adopting the annual accounts on the relevant budgetary year, based on the judgment of an auditor (an unqualified audit opinion regarding reliability), a conclusive assessment can be made if the central budgetary standard has in fact been met.