



Translation of: Reaction to the first implementation report of 2025 of Sint Eustatius

Original title: Reactie op de eerste uitvoeringsrapportage 2025 van Sint Eustatius

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. Francis,

On May 28th, 2025, the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received Sint Eustatius' implementation report (UR) on the first quarter of 2025. This is a month after the deadline. In Annex 1 to this letter you will find a further clarification and substantiating figures to the reaction and the advice.

Conclusion

The Cft's judgment on Sint Eustatius' first UR of 2025 is partially positive.

1. Based on the first UR of 2025, the Cft expects that in 2025, Sint Eustatius will meet the central budgetary standard set forth in the FinBES Act. The realization of the expenses is delayed compared to the projection, however, at current the Cft does not see any reason to decrease the budgeted expenses by means of a budget amendment (BW).
2. Sint Eustatius has realized expenses for special benefits that have not been budgeted. This is against the FinBES Act.¹
3. Financial management needs further reinforcement. The lack thereof leads to a UR that is qualitatively deficient, which furthermore was submitted too late.

Subsequent steps

1. The Cft recommends Sint Eustatius to take additional steps to bring the realization into line with the budget, without losing sight of efficiency. When evaluating the third UR of 2025, it will be assessed to which degree Sint Eustatius has managed to do so, and if a downward adjustment of the budget for 2025 is opportune.
2. Sint Eustatius must include all anticipated expenses, including the expenses that are financed by means of special benefits, in the budget, before realizing them.
3. The Cft encourages Sint Eustatius to further improve financial management and reporting. Please refer to the explanatory statement.

Explanatory statement

Ad 1: Result and realization

In part based on a surplus of USD 1.9 million after the first quarter, the Cft anticipates at least a budgetary balance for 2025, which means the central budgetary standard is complied with. The surplus in the first quarter is explained by delayed realization of the expenses (a total of 20 instead of 25 percent) on the budget, primarily with regard to exploitation expenses, personnel expenses and on the entry 'grants and financial contributions'.

Ad 2: Non-budgeted expenses

In the first quarter, Sint Eustatius realizes USD 6.0 million in expenses funded by means of special benefits, whilst no means were included thereto in the budget for 2025. Expenses must be included in a budget that is adopted by the Island Council and approved by the Minister of BZK, before they may be incurred.

Ad 3: Financial management

The Cft recommends Sint Eustatius to reinforce financial management, in any case by means of the following measures:

- a. *Increase staffing*: The unfilled formation positions, including the financial position, are still a concern to the Cft. This complicates further reinforcement of financial management and leads to unnecessary pressure on the Planning and Control cycle.
- b. *Ensure timely submission of complete budgetary documentation*: The first UR was submitted too late, and is initially incomplete. The Cft considers the fact that – in accordance with the advice issued pertaining to the fourth UR of 2024 – a complete picture of the implementation of the budgetary year 2024 as well as a paragraph on financial management have been included, to be positive. The report also contains an explanation pertaining to the functional and the economic classification.
- c. *Increase the quality of the explanatory statements, allowing for a better prediction of the degree of realization by the end of the budgetary year*. The explanatory statement in the current UR does not make said prediction possible.
- d. *Involve the Cft in the ongoing risk analysis, so that a uniform approach can be followed for the three Caribbean Public Entities*. A thorough risk analysis is needed to determine the minimally required financial resilience. The Cft will engage the Public Entities and the Minister of the Interior and Kingdom Relations in conversation about the financial resilience of the islands.

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 Island Council of the Public Entity Sint Eustatius

The Head of Finance of the Public Entity Sint Eustatius

Annex 2: Endnotes

¹ Article 23 of the FinBES Act establishes that no expenses may be made at the expense of the Public Entity that have not been estimated in an approved budget or an approved budget amendment, or in a budget adopted by the Minister of BZK pursuant to Article 20. Subsequently, Article 24 establishes that prior to engaging in obligations that have not been provided for in an approved budget or an approved decision to amend the budget, or in a budget adopted by the Minister of BZK pursuant to Article 20, the Public Entity requires the permission of the Minister of BZK.