



Translation of: Reaction to the first implementation report of 2025

Original title: Reactie op de eerste 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 June 18th, 2025, the Board of financial supervision of Curacao and Sint Maarten (Cft) received Sint Maarten's implementation report (UR) on the first quarter of 2025. This UR would have to be submitted to the Cft six weeks after the first quarter of 2025 at the latest.¹ With this letter you receive the Cft's reaction to the first UR.² In Annex 1 to this letter you will find a further clarification and substantiating figures to the reaction.

Conclusion

The first UR of 2025 shows a preliminary surplus on the operational budget of XCG 38 million. Based on the draft budget (OB) 2025, the Cft was unable to determine if Sint Maarten meets 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*), and requested the country to amend its budget.³ The budget for 2025 was approved by Parliament, however, it has not yet been adopted by the Governor. The Cft reiterates the importance of a timely and comprehensive completion of the budgetary process. Based on the UR, the Cft observes there are strong deviations in the realization in comparison to the first quarter of 2024. These deviations are not sufficiently explained, due to which the informational value of the UR is limited. Therefore, the Cft is unable to fully evaluate the development of the figures.

Subsequent steps

The Cft requests you to:

- Adopt the budget for 2025 as soon as possible, and take measures to be able to offer more qualitative information in the UR from now on. Based on this information, Sint Maarten can timely and adequately make adjustments during the year.
- Solve the issues with the descriptions for bank transactions on the short term, so that income may be attributed to the correct category.
- Make the utmost effort in the implementation of budget to avoid a deficit on the operational budget by the end of 2025.

The Cft's secretariat would gladly keep engaging in conversation with your Ministry regarding the improvement of the informational value of the UR.

Explanatory statement

Budget 2025

The Cft observed several shortcomings in the draft budget (OB) 2025 and made three recommendations to eliminate these shortcomings. Sint Maarten promised to incorporate these

recommendations in an adopted budget to be submitted. The Kingdom Council of Ministers requested Sint Maarten to adopt the budget for 2025 in any case before July 15th, 2025.⁴ Due to the limited informational value of the UR and the fact that an adopted budget was not submitted, the Cft is unable to assess if the realization in the first quarter of 2025 gives further reason to amend the budget.

Income and expenses

In the first quarter of 2025, Sint Maarten realizes XCG 163 million in income, which is XCG 21 million (15 percent) more than in the first quarter of 2024. This is predominantly caused by a higher realization of the tax income (payroll tax, turnover tax and profit tax). In the UR, this increase is partially attributed to tax income that was received in 2025, but corresponded to 2024. The UR does not contain a further explanation of the deviations of the realization in 2025 in comparison to 2024. Furthermore, no explanation is given in the UR of the realization in comparison to the OB 2025.

The expenses in the first quarter of 2025 amount to XCG 125 million, which is XCG 6 million (5 percent) more than in the first quarter of 2024. Due to the late adoption of the budget for 2025, Sint Maarten anticipates an increase of the expenses in the second half of the year.

Investments

In 2023 and 2024, Sint Maarten received capital loans from the Netherlands for the total amount of XCG 193 million. Up to and including the first quarter of 2025, due to the late adoption of both budgets, Sint Maarten only invested XCG 45 million. The country intends to take out an additional loan of XCG 52 million in 2025. The Cft reiterates the importance of a multi-annual investment agenda and requests Sint Maarten to accelerate the execution of the intended investment projects.

Financial management

The first UR contains an explanation of the progress of the projects for the improvement of financial management. Despite the improvements implemented by Sint Maarten over the past years, the challenges remain undiminished.

The budgets are generally adopted too late, and the first UR of 2025 was also submitted to the Cft a month after the statutory term. An orderly process is of importance to safeguard the budgetary right of Parliament. In its reaction to the fourth UR on 2023, the Cft already observed that the UR lacked an adequate analysis of the differences between the realization and the budget.⁵ The first UR of 2025 does not include this information either. Because of this, the insight into the implementation of budget is insufficient, and the possibilities for the country to timely adjust where needed are limited.

Public sector

Sint Maarten is required to report annually on the expense, income, deficit and debt figures of the public sector.⁶ Despite several requests to do so, Sint Maarten has not yet submitted the 2021, 2022 and 2023 figures for the public sector to the Cft.⁷ It is therefore impossible to assess if the interest expense standard is exceeded. Sint Maarten was required to determine the public sector for the years 2026 and 2027 before April 1st, 2025.⁸ The public sector for the years 2024 and 2025 has not yet been determined either.

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 first quarter of 2025 would have to be submitted by May 12th, 2025, at the latest.

² Pursuant to Article 18 of the Rft, the Cft responds to the first 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 30th, 2015 to issue the Decree of September 8th, 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 18th, 2019, the RMR decided to extend the instruction, however, the new deadlines have not yet been decided.

³ Cft, reference Cft 202400115, Advice pertaining to the draft budget 2025, dated September 29th, 2025.

⁴ Kingdom Council of Ministers, List of Decisions June 30th, 2025.

⁵ Cft, reference Cft 202400043, Advice pertaining to the fourth implementation report 2023, dated April 5th, 2024.

⁶ Article 24 of the Rft.

⁷ Cft, reference Cft 202400121, Reports public sector and request annual accounts government (affiliated) entities, dated October 25th, 2024.

⁸ Article 23 of the Rft.