



Translation of: Reaction to the second implementation report of 2025

Original title: Reactie op de tweede 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 October 7th, 2025, the Board of financial supervision of Curacao and Sint Maarten (Cft) received Sint Maarten's implementation report (UR) on the second quarter of 2025. This UR would have to be submitted to the Cft six weeks after the second quarter of 2025 at the latest.¹ With this letter you receive the Cft's reaction to the second UR.² In Annex 1 to this letter you will find a further clarification and substantiating figures to the reaction.

Conclusion

The second UR of 2025 shows a preliminary surplus on the operational budget of XCG 47 million, which exceeds the budgeted amount by XCG 24 million. It is positive that Sint Maarten included a seasonal pattern for the tax income in the UR, however, the country does not have sufficient insight into the incidental or structural nature of the tax income. The "other income" entry has also increased again. The UR does not contain an explanation of the progress of the investment projects. Therefore, the informational value of the UR as regards the topics mentioned above remains limited.

Subsequent steps

The Cft requests that:

- You make a distinction between incidental and structural income as soon as possible.
- You minimize the use of the "other income" entry by solving the issues with the descriptions for bank transactions as soon as possible.
- You include a substantiation in the third UR of 2025 regarding the progress of the investment projects, stating the amounts realized and committed.
- You include the most recent information regarding the utility companies GEBE and the Postal Services Sint Maarten.

Explanatory statement

Income and expenses

Up to and including the second quarter of 2025, Sint Maarten realizes XCG 312 million in income, which is according to the budget. The income from permits and from donations and grants is lower than budgeted (XCG 6 million and XCG 9 million, respectively). The "other income" entry exceeds the budgeted amount by XCG 18 million. This is partially caused by issues regarding the descriptions for bank transfers, which make the allocation of all income to the right category impossible.

The expenses in the second half of 2025 amount to XCG 265 million, which is XCG 24 million less than was budgeted. This is mostly due to lower personnel expenses and lower expenses for goods and services.

Investments

Up to and including the second quarter, Sint Maarten invested XCG 48 million of the budgeted amount for investments of XCG 278 million. These are investments that were postponed in 2023 and 2024. Sint Maarten intends to take out an additional loan of XCG 30 million for new investments in 2025. In August of 2025, the Cft stated that Sint Maarten may proceed to take out the intended loan,³ on the condition that the modifications promised by Sint Maarten are incorporated in a budget amendment for 2025 to be adopted before the end of the year.

Financial management

Despite the improvements regarding financial management implemented by Sint Maarten over the past years, the challenges remain significant. The budgets are adopted late every year, and the second UR of 2025 was also submitted to the Cft almost two months after the statutory term. An orderly process is of importance to safeguard the budgetary right of Parliament.

Sint Maarten does not have sufficient insight into the incidental or structural nature of the tax income. The issue with the bank transfers has not yet been solved, which has led to another increase of the "other income" entry. Therefore, the insight into the implementation of budget is insufficient, and the possibilities for the country to timely adjust where needed are limited.

Government entities

Sint Maarten includes an overview in the UR of the financial standing of the government entities. The most recent information regarding the utility company GEBE and the Postal Services Sint Maarten is missing.

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 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 second quarter of 2025 would have to be submitted by August 11th, 2025, at the latest.

² Pursuant to Article 18 of the Rft, the Cft responds to the second 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 202500085, Your response to the advice pertaining to the adopted budget 2025, dated August 14th, 2025.