



Translation of: Reaction to the fourth implementation report of 2025

Original title: Reactie op de vierde 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 Minister Gumbs,

On March 13, 2026, the Board of financial supervision of Curacao and Sint Maarten (Cft) received Sint Maarten's implementation report (UR) on the fourth quarter of 2025. This exceeds the date of expiry of the statutory deadline set to six weeks after the end of the quarter by 31 days.¹ With this letter, you receive the Cft's reaction to the fourth UR. In Annex 1, you will find a further clarification and substantiating figures.

Conclusion

Sint Maarten realizes a preliminary surplus on the operational budget of XCG 21 million, and in doing so, for the time being 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). The fact that the budget for 2025 was not adopted until halfway through the year, has not been beneficial to the implementation of policy and investments. Furthermore, the Cft has serious concerns regarding the liquidity position and the fact that it is still unable to assess if the realized interest expenses meet the interest expense standard, since recent reports on the public sector are still missing.

Subsequent steps

In upcoming implementation reports, the Cft requests that you include an overview and explanatory statement of the realized liquidity in the current year and the estimated liquidity for the upcoming years. It is of the utmost importance that Sint Maarten gains sufficient control of its liquidity position and starts actively aiming at improvement.

Furthermore, the Cft requests that you:

- involve the realizations from the fourth UR in the budgets that have yet to be drawn up, and to explain any possible deviations in the estimates;
- submit the reports on the public sector over the course of 2026, in order to make assessment of compliance with the interest expense standard possible from 2027 onward.

Explanatory statement

Result

With an XCG 21 million surplus, the realized result exceeds the amount budgeted in the adopted 2025 budget (VB 2025) by XCG 13 million. Both the income and the expenses are lower than estimated. This is problematic, on the one hand since proposed plans have not been implemented, and on the other hand since - even if they had been - the realized income is insufficient to cover these plans.

Income

The realized income is XCG 21 million lower than budgeted in the VB 2025. This discrepancy is largely due to lower income from contributions and grants (XCG 15 million) and lower income from permits (XCG 9 million). It is important that Sint Maarten includes these insights when drawing up future budgets and explains any possible discrepancies. The tax income is largely in line with the estimate set forth in the VB 2025, however, this does include an incidental effect of income that materialized in the beginning of the year, while it was actually expected for 2024.

In its response to the second UR, the Cft requested Sint Maarten to distinguish between structural and incidental income.² In the fourth UR, this distinction has not yet been sufficiently elaborated. These insights are also relevant to future budgets.

Expenses

The realized expenses are XCG 33 million lower than budgeted in the VB 2025. The deviation is mainly explained by the lower personnel expenses and lower expenses for goods and services, which is mainly due to the fact that vacancies are not (timely) filled and projects and activities are postponed, mostly as a consequence of the late adoption of the budget. Although the lower expenses contribute to the budgetary balance, as regards the development of the country, it is concerning that the proposed plans are not executed timely.

Financial management

The Cft observes that the fourth UR of 2025 has been submitted well after the expiry of the statutory deadline. The issues regarding financial management remain unchanged. The budget is structurally adopted late, which also has an effect on the implementation. This image is once again reflected in this fourth implementation report. The 2026 budget has not yet been adopted. The Kingdom Council of Ministers (RMR) has requested to adopt it as soon as possible.³

Furthermore, the RMR has requested Sint Maarten to submit a plan of improvement aimed at a timely adopted budget for 2027.⁴ Sint Maarten has submitted this improvement plan and keeps in contact with the Cft regarding this topic. The Cft keeps the RMR informed about the implementation of the improvement plan.⁵

Investments

Up to and including the fourth quarter of 2025, Sint Maarten has carried out XCG 83 million in capital investments for the central government, whereas an amount of XCG 188 million was budgeted. Furthermore, in accordance with the budget, XCG 14 million was spent on the Mental Health Foundation. A planned investment of XCG 77 million for GEBE has not yet been made. In its fourth UR, Sint Maarten provided further insight into the investments it carried out. At the same time, it remains of great importance to also submit a clear (multi-annual) plan regarding the pending investments and any choices that have to be made in this regard. Furthermore, the Cft requests you pay attention to an earlier request to also specify in the implementation reports which part of the pending investments has already been committed, and which part has not.⁶

Liquidity

A liquidity forecast for 2026 has been included in the UR. The initial balance of the free liquidity for 2026 is XCG 13 million; the expected end balance is XCG 5 million, which is extremely low and poses a real risk to meeting obligations and absorbing setbacks.

At times, there are considerable discrepancies between the financial documents submitted to the Cft by Sint Maarten. It is of great importance that Sint Maarten provides adequate explanations of liquidity overviews and gains more control of its liquidity position.

Interest expense standard

Currently, the Cft is unable to assess if the interest expense standard is exceeded, since the final reports of the public sector on the years 2021 through 2025 have not yet been submitted. Pursuant to the Rft, by September 1 at the latest, Sint Maarten's Central Bureau for Statistics is required to report to administration regarding the expenses, income, deficit and debt figures of the public sector in the previous year.⁷

Sint Maarten recently stated that it has issued an assignment for drawing up these reports, which is positive. The Cft anticipates that this will soon lead to results and that over the course of 2026, Sint Maarten will submit the missing reports, so that for 2027, assessment of compliance with the interest expense standard can take place.

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 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 Article 18, paragraph 1 of the Kingdom Act on Financial Supervision Curacao and Sint Maarten (Rft).

² Cft, reference 202500109, Reaction to the second implementation report 2025, dated October 21, 2025.

³ RMR, reference 2026-0000061401, Processing Cft notification in Kingdom Council of Ministers of January 30, 2026, dated February 11, 2026.

⁴ RMR, reference 2026-0000061401, Processing Cft notification in Kingdom Council of Ministers of January 30, 2026, dated February 11, 2026.

⁵ RMR, reference 2026-0000061400, Copy of letter to Sint Maarten regarding 2026 budget, dated February 11, 2026.

⁶ Cft, reference 202500134, Reaction to the third implementation report 2025, dated November 27, 2025.

⁷ Article 24, paragraph 1 of the Kingdom Act on Financial Supervision Curacao and Sint Maarten (Rft).