



## Press release

February 28, 2024

### **Cft about Curaçao: “Now is the time to address budgetary risks”**

**Willemstad – Along with Sint Maarten and the CBCS, Curaçao has managed to find a solution for the ENNIA issue. This solution will take up a considerable portion of the country’s budget, however, some financial margin still remains for Curaçao. Now is the time to utilize this margin to address other budgetary risks, such as the indebtedness and the deficits in healthcare and social security, as emphasized by the Board of financial supervision of Curaçao and Sint Maarten (Cft) in recent conversations with the Curaçao government.**

In late 2023, along with Sint Maarten and the Central Bank of Curaçao and Sint Maarten as administrator and supervisor of ENNIA, Curaçao reached an agreement regarding a solution for the issues at ENNIA. As part of this solution, Curaçao undertakes to pay an annual contribution of ANG 30 million starting in 2027, for a period of 30 years. Despite the sound economic development of Curaçao, a prudent budgetary policy remains of the utmost importance, in part due to this commitment.

#### **Budgetary risks**

Curaçao’s budget involves a number of risks that may (further) weigh on the country’s budget. Cft is deeply concerned about the ongoing precarious financial situation of the Curaçao Medical Center (CMC) and emphasized that by 2024 at the latest, this issue has to be structurally solved. The CMC’s situation is a perfect example of the broader necessity to reform healthcare. Curaçao spends a relatively large portion of its gross domestic product on healthcare. If no reforms are implemented, additional contributions from the country’s budget are inevitable. Furthermore, Cft remains concerned by the still uncertain income from the license fee for gambling providers. It is essential to mitigate these risks as soon as possible. Upon securing the solution for the ENNIA issue, Curaçao has again entered into negotiations regarding the interest rate of the refinanced loan for liquidity support of ANG 911 million. If the Netherlands indeed proceeds to lower the interest on this loan, Curaçao would do well to refrain from immediately using this financial capacity by increasing other expenses, and instead to use it for debt repayments and investments.

Cft also emphasized the importance of sustainable investments and reforms. In addition to a prudent budgetary policy, investments and reforms are the pillars on which Curaçao can realize sustainable economic growth and ensure viability of payment of its debt.

For 2024, Curaçao budgets ANG 133 million in new investments, partly financed by means of newly taken out loans. However, the implementation capacity remains limited. In 2023, Curaçao realized approximately half of the intended investments. Therefore, the Cft urged Curaçao to provide more insight into the country’s liquidity planning, so as to reconcile the investments with the normalization of the increased indebtedness. In that context, it also remains of importance that any risks to the budget are duly identified.

The Cft advises Curaçao to keep acting decisively and to diligently resolve any possible risks to the budget.

[End of press release]



**Picture:**

Nathan Roosberg

**Photo caption:**

Investments and reforms, together with a prudent budgetary policy, are the pillars on which Curaçao can realize sustainable economic growth and ensure viability of payment of its debt.

**Note for the editor - not for publication**

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