



Translation of: Reaction to the third implementation report of 2024

Original title: Reactie op de derde uitvoeringsrapportage 2024

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 December 12th, 2024, the Board of financial supervision of Curacao and Sint Maarten (Cft) received the implementation report (UR) on the third quarter of 2024¹, a month after the statutory deadline for submission of November 12th, 2024. With this letter you receive the Cft's reaction to the third UR.² In Annex 1 to this letter you will find a further clarification and substantiating figures to this reaction.

Conclusion

The Cft applauds the fact that you implemented the proposals to improve the informational value of the implementation reports in the third UR.³ However, the evaluation of the realization in comparison to the budget remains complicated, since many of the banking transactions have not been described accurately. It is therefore unclear to which income category the payments belong. Sint Maarten's limited liquidity worries the Cft, and it has a negative effect on the implementation of the budget.

Subsequent steps

In its response to the second UR of 2024, the Cft requested that Sint Maarten make the utmost effort to avoid a deficit by the end of 2024, and to report monthly in order to keep a good view on the realization.⁴ The Cft requests you do the following:

- Immediately submit the monthly reports on October and November 2024, and include the actual liquidity position in these reports.
- The Cft also reiterates its request to solve the problem regarding the banking transactions as soon as possible, thus making it possible that the other income is attributed to the correct tax and license types.⁵
- Lastly, the Cft would gladly engage in conversation with you, regarding the further improvement of the implementation reports.

Explanatory statement

Income and expenses

Up to and including the third quarter of 2024, Sint Maarten realizes a preliminary result of ANG 20 million. Like it did in its responses to the first and second URs of 2024, the Cft observes a deviation from the realization in comparison to the budget.⁶ For some components, these differences are not sufficiently explained, despite the improvements that Sint Maarten implemented in the UR. For the end of 2024, Sint Maarten anticipates a positive result of ANG 3 million.

Up to and including September of 2024, the income amounts to ANG 407 million. This is ANG 10 million less than was budgeted. This is mainly caused by the lower income from grants, contributions and licenses. Up to and including the third quarter of 2024, Sint Maarten realizes ANG

23 million less in expenses than was budgeted, which is mostly the consequence of lower expenses for goods and services and lower personnel expenses.

Investments

In 2023, Sint Maarten received a loan of ANG 61 million from the Netherlands for investments. Up to and including the third quarter of 2024, Sint Maarten invested ANG 29 million. ANG 27 million thereof relate to a transfer for the extension of the sewage network. In early December of 2024, Sint Maarten received a new loan of ANG 132 million for the construction of a new prison and the purchase of generators for GEBE. For some time now, the Cft has been expressing its concerns regarding the progress of the investment projects, and it requests Sint Maarten to prioritize the actual implementation.

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.

² Pursuant to Article 18 of the Rft, the Cft responds to the third UR of 2024. The Rft and 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 multiannual 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 202400043, Advice pertaining to the fourth implementation report of 2023, dated April 5th, 2024.

⁴ Cft, reference Cft 202400110, Advice pertaining to the second implementation report of 2024, dated September 6th, 2024.

⁵ Cft, reference Cft 202400069, Advice pertaining to the first implementation report of 2024, dated June 25th, 2024.

⁶ Cft, reference Cft 202400069, Advice pertaining to the first implementation report of 2024, dated June 25th, 2024 and Cft, reference Cft 202400110, Advice pertaining to the second implementation report of 2024, dated September 6th, 2024.