

COUNTRY SINT MAARTEN

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ELUCIDATION TO THE DRAFT BUDGET FINANCIAL YEAR 2019

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1. Foreword

This is the draft of the national ordinance budget 2019 which also contains a presentation compiled as concisely as possible with regard to the financial position and – prospects for the Country Sint Maarten. In 2019 too (and as expected 2020) the financial consequences of Hurricanes Irma and Maria (hereafter: the hurricanes), particularly as regards the revenue development shall still be uncertain, but in any event in 2019 may still lead to a budget deficit and a thereto related liquidity deficit. Frequent monitoring of the actual revenues and expenditures is therefore of great importance in order to be able to make adjustments on a timely basis if necessary. In the elaboration of the draft of the national ordinance budget 2019, as point of departure has been used the following frameworks and noteworthy developments:

- The Council of Ministers for the Kingdom (hereafter: RMR), on November 23rd 2018, decided to also declare article 25 of the Statute law Financial Supervision (hereafter :Rft) applicable, upon the request of Sint Maarten, for the year 2019, meaning that certain budget requirements of the Rft need not be complied with, however under the conditions that the expenditure level for the revenue account 2019 should not be allowed to exceed an amount of NAf 475 million and also that for the capital account there is a ceiling for loans of NAf 40 million to be attracted.

Upon reviewing the draft budget 2019, already presented to Parliament, Sint Maarten maintained the point of departure that, in itself, a realistic budget 2019 is considered of greater importance than a limitation in monetary amounts indicated in advance. In agreement with Cft, the budget items have been evaluated for the purpose of providing the RMR with properly substantiated and adequately explained deviation of the previously indicated ceilings.

Of course, the Government has been seriously looking at possibilities to limit shortages as much as possible. Keeping shortages limited as much as possible, must in a financial respect compensate the future of Sint Maarten and its citizens due to the repayment obligation on liquidity loans contracted and the existing obligation on the basis of the Rft, to compensate realized shortages in the future.

For the capital account (investments), the Government uses as point of departure that the moment of entering into obligations is decisive for inclusion of the budget in the capital account.

The Government decided to include the total estimated long-term project costs integrally as separate items on the capital account, even though the required long-term financing for this, exceeds the maximum amount of 40 million in loans for 2019, indicted by the RMR, considerably.

This is especially the case with costly long-term projects which shall be executed in 2019. As regards the importance of these initiatives, there is no doubt whatsoever with any of the stakeholders (see a.o. reports from the National Audit Office, SOAB, the Cft) reorganization tax department including new IT-systems and the drastic correction of the financial administration within the Government.

Discussions are still held with BZK and the Cft as regards a solution for this, even though, in the meantime there is a clear promise that the Netherlands shall finance these important

projects long-term, provided that the plans meet the requirements to be set. The time planning for the draft budget 2019 however does not leave us time to wait for a possible solution of this discussion, that is why we have opted for this solution of presentation in addition to the regular capital account 2019;

- The Government, in 2018 opted for a financial policy which is aimed at the financial reconstruction of Sint Maarten in the medium-range term, including the compensation of the shortages from the past and the post –hurricane period, in accordance with the Statute law financial supervision, wiping out of the payment arrears, the investment in the improvement of the Government housekeeping and starting with repayment of the existing loans.

The only way in which to reach this goal is to increase the revenues and to decrease the expenditures so that structurally budget surpluses are created.

When this Government took office, the Minister of Finance therefore indicated that he would come up with a financial recovery plan for Sint Maarten. This plan was produced, agreed upon and presented;

- With regard to the reconstruction of the airport, in January agreement was reached with the Netherlands, the European Investment Bank and the World Bank as regards the financing thereof. Even though all the details are not yet completely or formally laid down, the amounts in question were incorporated in the draft budget 2019 in question, in the various sections (loans contracted and loans made). With the approval of this draft budget, the Parliament also gives authorization to the Government to take out the loans in question;
- The Dutch Government proposed to the World bank to reserve an amount from the reconstruction funds for the execution by the World bank of a so-called Development Policy Operation (hereafter: DPO) on Sint Maarten. In a DPO policy intentions and – plans are converted to concrete actions to be executed, coupled with a strict planning, to be executed by the country in question, at which time the World bank monitors the progress and if so desired advises about adjustment. At certain points in time, the World bank shall establish the progress made which, in a financial sense, is rewarded with an amount in general budget aid, which in principle is made available freely to the country in question. The Government recently agreed to this proposal and shall receive within short a World bank delegation to further elaborate on the concrete plans. The Steering Committee of the World bank, for the time being made a reservation of US\$ 30 million from the reconstruction funds for the execution of this expected 3-year programme, in which annually on average some US\$ 10 million in aid shall become available if Sint Maarten meets the objectives which have been established together with the World bank. The improvement of the financial administration and the restructuring- and modernization of the tax department shall very probably form some of the objectives to be considered as well as the revision of the pension age and making the care system financially tenable. All projects for which all the necessary work has been done by Sint Maarten.

In the budget of 2019, no account has yet been taken of DPO-contributions, due to the circumstance that the DPO shall first have to be elaborated upon and agreed upon with the World bank before this shall become effective. Payment of possible amounts shall then however only take place if Sint Maarten realizes its objectives and complies with agreements

in this respect. Receipts, if any to be realized in 2019 shall be incorporated in 2019 into a budget amendment. The Government sincerely applauds this DPO-initiative, in itself since this also involves a training- and development aspect for its own organization: performance produces the desired yields;

- The expenditure budget 2019 in reality, comes in with an amount of NAf 478,8 million, an amount of NAf 3,8 million more than the maximum amount indicated by the RMR of NAf 475 million. In the cost budget, the vacancies in the personnel field, for the time being only evaluated in a limited manner, since the reality shows over and over again that as a country, are not (yet) able to actually fill the required vacancies. Should the Government still succeed in filling more of the evaluated vacancies as regards amount, then the financing (coverage) shall have to be realized from additional funds to be generated. This shall then also be elaborated upon in a budget amendment during the financial year 2019;
- In accordance with policy, constant attention must be paid to the mutual agreement of the governing programme 2018-2022, *Building a Sustainable Sint Maarten*, the *National Recovery and Resilience Plan* (hereafter: NRRP), the financial recovery plan and the annual budgets and long-term estimates, in which it concerns the prioritizing and the financing as well as other financially related aspects such as future operating costs shall have to run via the regular budget;
- The acute- and reconstruction aid promised by the Netherlands, in the form of a donation (Euro 550 million), has for the most part been accommodated in a Reconstruction Trust Fund, managed by the World bank. The first series of projects have been approved and are being executed or are in the start-up phase. In the meantime, Sint Maarten, in consultation with the World bank is working on further prioritizing of projects for the coming years and the further concrete elaboration and preparation of the projects in question. Also, in August 2018, the National Ordinance National Programme Bureau Reconstruction was approved by Parliament in which the institution of the National Program Bureau Reconstruction (hereafter: The Bureau) was regulated for the execution of the NRRP, so that the Bureau can now be further set up. This is financed from the Reconstruction Fund and not via the budget because the organization has been accommodated in an Independent Administrative Organization);
- Also in 2019, due to Irma and Maria, we shall have to take into account fewer revenues for the Government than is normally the case, even though in 2018, there were better results than budgeted. The development of the revenues is moreover relatively uncertain, because the revenues are almost completely dependent on the degree of the economic recovery, the confidence of investors and the compliance with rules by companies and citizens.

Where possible, the Government is trying to stimulate the compliance with the rules and if necessary to enforce these. This latter, in view of the still fragile social-economic situation, is not the preference of the Government;

Further the Government considers mentioning the following important:

- The legal frameworks indicate that a country must have a budget approved by Parliament on a timely basis. In the event that this is not the case, one may fall back on the budget for the

previous financial year. This draft budget 2019, has been presented to Parliament, due to circumstances, with a great delay. According to plan, everything shall be set up in such a way that the draft budget 2020, can and shall be presented on a timely basis in 2019. Up to the moment of approval of the budget 2019 by Parliament and the signing of this by the Governor, on the basis of the regulations, the budget 2018 also applied to the year 2019 until the definitive approval of the budget 2019;

- The budget is intended as an administrative instrument and indicates the (policy) direction of the Government. In the meantime, Sint Maarten has at its disposal a governing programme as well as the NRRP, and moreover also the frameworks considered advisable for the financial -in figures- development route of the Country during this governing period. The agreement of the various plans and the prioritizing of these, also in connection with the financing necessary, required constant attention from the Government. The intention is that all the plans in the coming months and with some regularity are also agreed upon further with the other partners within the Kingdom and further agreements are made with regard to among other, the financial- and financing aspects;
- The budget under discussion still falls short according to policy, where it concerns the agreement between the execution of the NRRP from the available funds within the Reconstruction Fund and other means such as insurance payments, the governing programme 2018-2022 and the plans for making our country financially and structurally sound.

Even though the government considers this in itself the most important policy aspects for the coming years, the time was simply too short to give suitable attention to this in the draft of the national ordinance under discussion. Not only did the government, only relatively recently take office, also the legal frameworks surrounding the establishment of the Programme bureau still in the phase in which these are implemented, among other with regard to the implementing organization and in conclusion the financial recovery plan was presented fairly recently and negotiations must further be held as regards possible financial means.

Considering the total amount which is necessary for an integral execution of the NRRP (NAf 4.2 billion) and the funds available at the moment (deposited by the Netherlands in the Reconstruction Fund and to be deposited and from insurance payments etc.) of an estimated approximate amount of NAf 2.0 billion, it is evident that Sint Maarten must set priorities and must look for additional financing. The Government promises to further elaborate on this policy agreement in the coming period;

- In the draft budget 2019, a number of re-classifications took place, with regard to the budgets for previous financial years. Thus the budgets of the Social Economic Council (SER), the Council of State, The Security Service of Sint Maarten and the Integrity Chamber, in view of the nature of these organizations, presently included in chapter 2 (Parliament, High Councils of State and Special Organization sections) instead of chapter 3 (Ministry of General Affairs). The comparison figures included in the budget (expected 2017 and budgeted 2018) are partly however still included in the old classification, in view of the structure of the integral budget system. Now a number of items have been specifically mentioned while these had not been individually visible in previous years. In conclusion, most of the expenses

forming part of the personnel costs, are now also classified under the personnel costs, while these had been included in the past under other cost categories;

- In 2015, Sint Maarten received an instruction from the Kingdom Council of Ministers on various topics, including the compensation of the budget shortages realized from 2010. Realistically speaking, compensation of the budget shortages, such as prescribed in the Rft, is, for the time being not up for discussion, partly because of the new shortages, as a result of the hurricanes in 2017. The Government, the same as international organizations such as IMF and the World bank, provides, in any case, for shortages up to and including the budget year 2020, unless special developments occur in the tempo and degree of recovery. The Government, in consultation with the Council Financial Supervision (hereafter: Cft) and the Dutch Government want to come to a workable and realistic interpretation of not only the time scheduled for compensation but also with regard to other financial topics. It is expected that the postponement of the compliance with the instruction of 2015 on the points in question, were discussed sometime at the beginning of 2019 in the RMR, after advice from the Cft;
- In the financial recovery plan of Sint Maarten, a budget surplus provided for from the year 2021 by a series of measures, to an important degree revenue-increasing, but also cost-reducing. The most important, in a financial sense, with as expected the greatest effects in the short term, is a complete reorganization of the tax department and the replacement of the outdated IT-system by modern ICT applications and geared towards the processes and the taxpayers. The average collected tax funds, approximately 19.5% of the Gross National Product (hereafter: BNP) in the past, according to experts, at an increased compliance-directed approach, should be able to increase by at least a good 3% of the BNP, or with an amount of ultimately, a good NAf 50 million per year. The results achieved at the Sociale Ziektekosten Verzekeringen (hereafter: SZV) during the past years, in this respect, endorses, in our opinion these numbers and with this the possibilities to some term. For 2019 a limited growth in revenues is budgeted from the project to be started up;
- Also in 2019, a large-scale project with regard to the financial administration shall be started. Our internal accountant SOAB, as well as the National Audit Office and also the Cft qualify the financial administration by the Government for years as totally inadequate and far below the desired level. In the meantime, an agreement has been made with the Cft that Sint Maarten shall actually start to work on an integral improvement which would have to result in an approving control declaration for the financial year 2021. The project being prepared to this end contains in addition replacement of the inefficient and inadequate financial ICT-system, the modernization of organizational structure, the procedures and processes and the improvement of the administrative organization and the internal control and all this within the financially-directed functions within the entire Government and all Ministries;
- In October 2018, partnership agreements were signed with the Minister of Justice of the Netherlands with regard to the long-term improvement process for the prison and the House of Detention. In these agreements, not only was the further repair of the prison regulated, in accordance with a previously made inventory of the damage caused by Irma, but agreements were also made with regard to the program organization to be set up jointly, for the coming years, the improvement of the training, the annual maintenance and

the introduction of electronic supervision. In this budget, the following amounts have been reserved for this:

Revenue account

Accommodation expenses for prisoners in the Netherlands until their return	NAf 494.384
Training program	" 1.458.600
Maintenance costs	" 450.000
Electronic supervision	" 195.000
Program organisation improvement process	" 1.700.000
Total Revenue account	NAf 4.297.984

Capital account

Repair damage pursuant to report and expert estimate	NAf 5.778.750
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In total, therefore approximately NAf 10.1 million has been budgeted for the financial year 2019 based on the signed agreements.

- In the planning there are otherwise considerably more projects in the framework of the Governing programme, of which the Government expects much, but of which the execution shall be started at a somewhat later time. The modernization of the entire government apparatus is an extremely important part of this. This shall have to lift the government to a higher level, decisively and service-oriented, among other via the introduction of E-Government applications in a secure IT-environment, with at the same time greater development possibilities for the employees working within the government. If possible this shall be coupled with a cost reduction in addition to an improvement of the service to the public. In this manner, justice shall be done to the creed included in the governing programme 2018-2022 'achieving more with less'. Apart from that, attention shall also be given to the working culture within the Government and the development of modern management skills.
- In the capital account 2019, in particular investment projects have been included, which had already been included in a draft budget amendment for 2018, which could however not be rounded off on a timely basis and approved by Parliament in order to be able to submit the corresponding loan application on time in 2018 to the Council Financial Supervision (further: Cft). Based on this, in 2018 no investments were therefore made on the capital account items provided and it was decided to justify these items, where necessary adjusted to the most recent views with regard to the extent of the investment amounts involved, on the capital account 2019. To finance this, an option was made to also use the budget surplus on the capital account 2018 (the own funds of Sint Maarten, consisting of especially the depreciations, as well as part of the financing of the capital account 2019. Further, we refer to the aforementioned with regard to the financing of the capital account with respect to the ceiling established by the RMR for 2019 and the special regulation which was promised for the priority projects tax department and financial administration which shall require an investment in the coming three years of an estimated total of NAf 75 million;
- It shall still be a few years before Sint Maarten shall have recovered from the consequences of the hurricanes and shall have handled the human suffering and the damage, also psychically. At the same time we are still observing, even now a degree of indomitability and resilience, which gives us all the courage to put our best foot forward to attain the objectives set and those still to be set. According to policy, the coming years shall logically be especially aimed at the reconstruction, the recovery and the increasing of the resistance of our

Country, as well as on the financial recovery and the creation of the pre-conditions for a financially sound future. These aspects weigh heavily on the available capacities and have an influence on possible other policy views and plans. On this point the explanation of the draft under discussion of the national ordinance is therefore somewhat on the feeble side, as indicated previously.

2. General views

2.1 Introduction

The elucidation on the draft of the national ordinance budget 2019 could not be completely set up in the manner as meant in the Governments Accounts national ordinance. This draft national ordinance is primarily aimed at the existence of a policy budget: the budget with the elucidation forms the financial translation of the intended policy of the Government. After Irma, the policy objectives had to be revised and striving to build back stronger had to be translated to a series of related measures. In the meantime, in cooperation with the World bank, the NRRP was set up, which in fact in the meantime forms an integral part of the governing programme 2018-2022. The decision-making with regard to the execution of this plan and the prioritized projects are also of influence on the budget for the financial year 2019. The NRRP prioritizes, among other providing and restoration of the basic necessities to the population and focuses on a multi-sectoral approach, also for the restarting and revival of the economy of Sint Maarten. Since the work with regard to the actual execution of the NRRP only very recently started up, at the time that this elucidation was written, there is very little concrete to be mentioned. It is clear however that the execution of the NRRP in the future shall involve an upward cost level, due to the corresponding maintenance and other costs involved with the preservation of projects. Neither is there any clarity on the influence of the execution of the NRRP on the annual accounts of the Country Sint Maarten. We hope to be able to create more clarity on this in the coming year. As stated previously, the governing programme, the NRRP and the financial reorganization of our country form the most important priorities of this moment and the lot of work which is involved with this further ensures a budget with a lack of policy due to a limited capacity.

Financial effects hurricanes Irma and Maria

The NRRP made up with the cooperation of the World bank shows that the costs involved with the reconstruction and the reinforced resilience of Sint Maarten are estimated at a total of NAf 4.2 billion. For this there is or shall become available from insurance payments and the amounts promised by the Netherlands to the Reconstruction fund, a total amount, estimated at this moment of NAf 2.0 billion. This implies that Sint Maarten still has a financing problem in relation to the NRRP of NAf 2.2 billion. And even though certain sectors in society shall undoubtedly take care of a part of this, it must be clear that there is still an enormous financing gap to be closed.

The budget deficits and the related liquidity shortages are at the moment still set off by Dutch loans, on the basis of article 36 of the Charter. The related disadvantage is however that the loans referred to, eat up the allowed loan capacity (even though, apart from the interest charge, not included as criterion in the Rft), at a fast pace. This may cause the effect that Sint Maarten can no longer and may no longer borrow, neither for the capital account. The Government considers such a development unacceptable and wants to, in consultation with the Netherlands, come to alternative solutions. It is true that the International Monetary Fund too (hereafter: IMF), advises a debt to GDP ratio of 40% (total debt in % of the Gross Domestic Product) (BBP), as the Cft observes. The IMF notes however that the small countries in the Caribbean region, with an economy based on tourism, on average have a debt to GDP ratio of 85% of the BBP. Not that we, as a Government would want to take this direction, but a temporary significant broadening in view of the circumstances, is in our opinion simply necessary.

At the time of writing this elucidation, for example it appears that a desired loan to stimulate the economy and the necessary support of Government participations are impossible due to the stringent application of the maximum debt to GDP ratio of 40-45% of the BNP, by the Netherlands and the Cft.

From the Trust fund for the Reconstruction, otherwise within short, a project shall be started up for the stimulation of the small and medium-sized businesses. An amount of US\$ 30 million has been made available for this.

Sint Maarten is in the process of seeking a solution, in a professional and responsible manner, for the multitude of financially oriented problems, such as the budget deficits, the liquidity requirements, the recurrent (negative) surprises from the past with as probable background the qualitatively inadequate financial administration, with the debt burden, the payment arrears and the financing problem with regard to the NRRP.

That the creation of sound budget surpluses in this, from our own accountability is not only a wish but also a necessity, is in the meantime no longer a point of discussion. The road to this logically still is. The Government strives for clarity at the end of 2019 by way of the projects which in 2019 shall also lead to the required perceptions.

Points from the instruction of the RMR of 2015

Reform pension system

In the draft budget 2019, under discussion, account has been taken of the new pension system to be established by Parliament with as starting date May 1st 2019. As a result of this, the legal pension premium to the General Pension fund Sint Maarten (hereafter: APS) shall be decreased from 25% to 18%. The own contribution of the personnel in % of this remains unchanged. This change has a positive effect on the budgeted expenses in 2019, but also on the degree of coverage of APS itself. The higher pension age (65 years instead of the current 62 years) naturally plays an important role.

At the moment the Government, in line with this, is in the process of preparing an amendment to the law, to also increase the AOV age to 65 years, per January 1st 2020, which shall also contribute to the financial tenability of the total pension scheme.

Revision health care system

The Government intends to round off the revision of the health care system, if possible in 2019 by the introduction of a basic health care package (hereafter: basic health care package or Universal Health Coverage) per 01-01-2020. It is expected that the cost level for the Government, in the direct sense shall probably not drop significantly because of this, but many of the existing risks shall be eliminated which shall ensure the tenability of the regulation for the future. The reform of the health care system was made up in accordance with the instruction¹ from the RMR of 2015.

¹ Royal Decree no. 2015-0000466472, September 4th 2015

In addition, the Ministry of Public Health is busy with a number of cost-cutting measures in order to guarantee the affordability of qualitatively sound medical care in the long term. The effects of this shall partly become visible already in 2019, and probably partly also in 2020. These measures, mainly have effect on the SZF-funds, which are related hereto, such as medical expenses and only affect the budget of the Government in a direct sense to a limited extent. For this, see also the elucidation at the policy priorities of VSA.

Payment arrears

The problem of the payment arrears has not yet been solved. It is true that also in 2019 payments have been made to SZV and APS as repayment, however also new debts have been introduced which void that effect: the settlement of the Government health care Regulation (hereafter: OZR) over the past years appears to have come down to an amount of approximately NAf 25 million, while APS too submitted an additional claim of NAf 20 million due to incorrect calculations in the past. The items referred to, in view of their nature (past years) have not been incorporated into the draft of the budget 2019, under discussion, but shall be included in the annual accounts 2016, which is still being worked on. This is also the case for other creditors, in which often there is a question of old incidental debts. The provisional expectation is that the payment arrears at the end of 2018, shall amount to a total of approximately NAf 150 million.

The Government intends to settle these arrears in due time from the budget surpluses which the government has in view and, within short to come a definitive agreement with the parties in question. The Government, in this framework, also refers to the risk paragraph in the elucidation on the draft under discussion of the national ordinance for other risks.

2.2 The financial situation of the Country

Provisional results annual accounts 2017

While making up the budget for the financial year 2019, the account result 2017 is not yet known because preference is given to settling the annual accounts up to and including 2016. The first views which are indicated at the second bi-annual report 2017, assume a negative balance of NAf 72.2 million for 2017. At the same time an indication is given that this figure consists partly of estimates and the final figures in the annual accounts may deviate significantly from this first estimate. For good order's sake is noted here that 2017, until the fateful day in September 2017, appeared to be developing well and within the stated budgetary frameworks. A start has meanwhile been made with making up the annual accounts for 2017. It is expected that, in addition to the final operational deficit, also extensive depreciations shall have to take place on property of the Country including the participations in Government companies, due to the damages incurred and not insured. The financial position of the Country shall probably be considerably affected because of this.

Expected result 2018

The financial year 2018, in financial respect, went by considerably better than expected in the budget 2018. According to the first, still very provisional results, the biggest windfall was the drop in revenues, which was much less than expected. For 2018 these were budgeted at NAf 303.4 million, while the actual result is expected to amount to approximately NAf 370 million, or an amount of approximately NAf 67 million in revenues higher than budgeted. The recovery of parts of the economy, at a faster pace than anticipated, in addition to the enormous resilience of the population of Sint Maarten, in the opinion of the Government, is the most important reason for this windfall.

The expenditures for 2018 were budgeted at NAf 500.5 million. The very provisional estimate at the moment is that the expenditures in 2018 shall fall at a level of NAf 475 million and therefore NAf 25 million lower than the budget of 2018 amounted to. This is caused partly by personnel costs which were budgeted at too high an amount, to which the Cft had previously drawn attention, but also by the lower expenditures in the material costs and in other expenditure categories.

The budgeted deficit for 2018 of NAf 197.1 million, on this basis has not become reality and shall probably lie in order of size of NAf 105-110 million maximum, as regards the amount an extensive deficit, but at the same time also a windfall with which the Government is naturally very happy because the liquidity loans also fall approximately NAf 90 million less than taken into account in the budget and as a result also lower future repayment obligations.

Financial position

The financial position of the Country has never been really bright since October 10th 2010, but has become simply worrisome because of the hurricanes. On the basis of the most recent views, the Government is of the opinion that the deficits in the budgets for the financial years 2017 up to and including 2020 up to a total amount of somewhere between NAf 250 and NAf 275 million shall be unavoidable, in spite of the mitigating measures to be taken in the meantime. In addition, there are still deficits to be made good from previous years which, based on the report from the Cft amount to NAf 64 million per 2015. The Government however intends to take measures which shall limit the future deficits (2019/2020) as much as possible by means of cost-cutting- and revenue-increasing measures in and from 2019.

It is still too early to take this entirely into consideration in the budget 2019, (aside from the processed generic objectives with a total effect of NAf 5.5 million positive). The measures to be realized and their effects shall still be concretized in 2019 by means of a budget amendment.

The regulation taken up in the Rft as regards the compensation of deficits with future surpluses, would mean, upon unchanged application, that Sint Maarten would have to realize from 2021, small 10-year budget surpluses of a minimum average of some NAf 30 million per year in order to compensate everything. As indicated previously we expect a decision from the RMR in the 1st quarter of 2019 about how and under which conditions this should be done.

Payment arrears

The payment arrears at the end of 2018, according to the last estimates, result in total to approximately NAf 150 million in creditors. Of this approximately NAf 85 million is due to SZV; NAf 40 million to APS and NAf 25 million to certain other creditors, including Telem N.V. (hereafter: Telem) as the largest. These items include the previously mentioned new setbacks from the past, which are still being talked about at the moment.

The Government does not expect, partly in view of the deficits and required liquidity support, that the arrears can be eliminated in the short term, completely or for a large part. The remaining debts shall have to be paid in the future from budget surpluses.

Liquidity position

The liquidity position of the Country Sint Maarten, as a result of the previous budget deficits and more recently related to the hurricanes, has been continuously weak to very weak and also in 2019 and 2020 must be supported in order to maintain the Government. In the RMR of July 6th 2018 Nit was decided as follows on a proposal of Sint Maarten as regards liquidity support 2018, namely that:

- The liquidity support in portions shall be determined and paid out on the basis of the quarterly reports submitted by Sint Maarten and upon the advice of the Cft in this respect;
- For the first quarter of 2018, an amount as support has been paid out in the meantime in the amount of NAf 32.6 million in the form of a 30-year loan at 0% interest;
- For the 2nd quarter of 2018, in the meantime, a positive decision has been taken by the RMR, in the amount of NAf 32.9 million in liquidity support under the condition that the major part of this amount must immediately be spent on the repayment of the payment arrears. The payment of this portion has however been suspended to give Sint Maarten the opportunity to reach agreement with the execution of a so-called Development Policy Operation (further: DPO);
- Because of the Netherlands, participation by Sint Maarten in a DPO monitored by the World bank, has become a condition for further liquidity support. With a DPO, a country receives financing (loans, donations or a combination of both), for the implementation of policy reforms. The contributions are paid out by the World bank based on the measuring of the results attained with respect to a planning made in advance of the results to be attained (objectives). In the case of Sint Maarten, the proposal is to make available an amount of US\$ 30 million as a donation as budgetary support for a long-term DPO, from the Trust fund for the Reconstruction.

The financial buffers of Sint Maarten which are parked as deposit, are of a limited extent, certainly in relation to the risks which the Country runs on a number of fronts. Furthermore, from the financial year 2019 account must be taken of extra needs as a result of the conditions which the Netherlands has placed for the repayment of a loan contracted in 2016 of NAf 26 million. This has a capital account- and liquidity effect of NAf 5.2 million negative in 2019 and the following years. This repayment obligation runs up to and including the year 2023 and shall therefore burden the liquidity position even more.

Moreover, the Country has a bank account at the Central Bank of Curaçao and Sint Maarten (hereafter CBCS) on which the residual monies approved by the Cft for capital investments have been deposited. This amount is meanwhile of a limited size due to especially the repairs to technical installations and the purchase of furniture for the Administration office following the damage caused by the hurricanes.

With regard to the required capital investments from 2019 an unequivocal agreement with the NRRP must take place. Projects which are considered important for the (better) functioning of the Government and cannot be financed from the Reconstruction funds, shall be entered by means of the capital account. The loan to be attracted for the capital account 2019, has however, as stated been eliminated by the RMR up to a maximum of NAf 40 million. Apart from the financing of the priority projects, for which a separate regulation is being prepared, the regular capital account 2019 remains within this maximum, therefore this RMR condition is met. It is however advisable to come to a sustainable form of financing, in which the debt/BNP-ratio is not placed under too much pressure and remains acceptable for the Cft. It is therefore best to come to a long-term solution with the authorities in question, instead of an annual interpretation of this by means of repeated negotiations.

Loans

In 2018, the Country Sint Maarten did not borrow for the capital account. Loans were however contracted for the liquidity deficits for 2018. The largest part of these must however still be contracted and received in 2019. Of the final liquidity deficit 2018, of approximately NAf 95 million, NAf 32.6 million was received in 2018. The remainder of a maximum of an anticipated NAf 60 million must be received in 2019 as a loan.

For the budget deficit in 2019 of approximately NAf 68 million, we shall also have to ask for liquidity support. This amount shall normally be paid out partly in 2019 and partly in 2020. As mentioned, in the budget of 2019, no account has been taken of possible revenues of the DPO program in cooperation with the World bank. In a budget amendment 2019 the possible effect of this shall be included, as well as the possible influence on the establishment of the liquidity support of this still to be discussed with the Netherlands.

For the two long-term priority projects of Sint Maarten (tax department and financial control) financing has been promised by the Netherlands. The exact interpretation of this is not yet known. The long-term (3 years' throughput time) financing requirement on the basis of these investments amounts to an estimated NAf 75 million.

In addition, the amount to be borrowed amounts to some NAf 30 million, for the regular capital account.

The Country Sint Maarten wants to take out a loan in 2019 with the EIB of NAf 90 million (USD 50 million) for the reconstruction of the airport. This is in addition to the contribution from the Trust Fund for the reconstruction of the same amount. Both amounts shall be loaned to the airport under similar conditions. Approval and adoption of this budget by Parliament implies therefore giving permission to the Government to enter into these financing transactions.

The interest charge standard included in the Statute law Financial supervision relates to the interest charges with respect to the loans contracted of the so-called Collective Sector of Sint Maarten, consisting of the Government and a number of other institutions. In 2019, the Sint Maarten Medical Center, also included in the Collective Sector, shall contract a large loan at a consortium of different financiers for the new construction of the new general hospital.

Due to the accumulation of the attracting of these loans, the total loan portfolio of Sint Maarten increases very sharply. The debt to GDP ratio of Sint Maarten (contracted loans in % of the BBP) also increases. It is expected that the Cft shall not only follow this development closely, but shall also warn of possible consequences. In the most extreme case, the loan-leeway in the future shall probably even be curbed at their advice.

The formal interest charge standard, with these loans is however not overwritten, which is partly because of the low interest rates on the capital market (even though an increasing trend is visible) and the favourable conditions, under which a part of the loans may be attracted.

2.3- Relevant information of external parties

In the following paragraphs views are given of relevant information such as provided by external parties.

A. Moody's

The American credit rating agency Moody's, for 2018, issued a rating for the Country of 'Baa2 Negative'. This is based on a draft report of Moody's of May 2018. The rating, with respect to previous years, has been adapted from Baa2 stable' to Baa2 negative' as a result of the consequences of Irma and Maria in 2017. Since Sint Maarten, as a result of this, receives liquidity support in the form of loans and it is unclear when the economy of Sint Maarten shall again be completely recovered after Irma and Maria, the outlook has been put on 'negative'. The rating issued by Moody's indicates that there is an average credit risk for suppliers to the Country. In addition, the rating indicates that there is a speculative risk for external investors.

B. IMF

Also the IMF, in accordance with current agreements, has put Sint Maarten under the microscope in 2018 and submitted a report in January 2019. The models in figures used by the IMF deviate from what is common as regards the models on Sint Maarten, but it can still be ascertained that there exists a large degree of agreement between the expectancy patterns in figures and on the necessity for extensive external support. The IMF expects a nominal growth of the BBP in 2019 of approximately 4.5% as compared to 2018. The IMF does however give a clear advice with respect to the necessary correction of the Government finances and emphasizes the importance of solidly anchored financial policy for the coming series of years in connection with the economic vulnerability and the Government revenues. A policy interpretation in which account is taken of the vulnerability and possible shocks, including the possible anchoring of this in legislation, is advised. The cooperation with the IMF shall be continued, at which time periodically an adjustment of the report is made on the basis of the actual developments.

C. The Central Bank of Curaçao and Sint Maarten

The economy of Sint Maarten, is expected to experience a limited growth in 2019, according to the CBCS, account is hereby taken of the expected inflation. The increase of the private and government expenditures is expected, in combination with the tourism related recovery, to be sufficient to partly compensate the first substantial drop in the net foreign demand.

Account is taken that it shall be some time before the production capacity of Sint Maarten reaches the level of before the hurricanes. With regard to a look ahead of the year 2019, no official notices have yet been made, but the signs indicate up to now the direction of recovery of the economy by approximately 2% in 2019.

Complete recovery of the actual setback of the revenues as a result of 'Irma' is not yet realistic in 2019. The long-term prognosis only shows complete recovery of the government revenues from 2021, at which time the expectation is that a positive budget balance is also attainable from that year partly due to revenue increasing and cost-cutting measures.

The recognized risks

The Government recognizes a number of risks with possible financial consequences for the Country Sint Maarten. Even though the majority of these risks were created during the period "pre-Irma", also in the framework of the reconstruction and the desired financial stability, on a

timely basis adequate solutions must be formulated and implemented to limit mentioned risks or to eliminate these.

The financial risks may materialize in the annual accounts of the Country, or in later years.

A rather recent report from the World bank with regard to the financial position of N.V. GEBE (hereafter: GEBE) is worrisome. In this report, the picture is sketched that GEBE at the beginning of 2019 could be insolvent because of the great monthly losses and the lack of liquid assets to meet its obligations. In January 2019, this situation does not (yet) appear to have taken place, but as far as the risk is concerned, this must for the time being be taken into account.

There are however, to the extent calculable, moreover financial risks with regard to the loss-making post office and Winair, but also with other government companies such as Harbour and Airport, including possible depreciations on the basis of the consequences of hurricane Irma on the participations. In conclusion, we would like to add that there shall probably also have to be talk of depreciations in the case of the material fixed assets of the Country Sint Maarten.

Already in 2018, it became clear that various debts had popped up originating in the past. The settlement of the OZR over the years up to and including 2017 amounted in the end to more than NAf 25 million. Also the pension fund APS presented us with a claim in the amount of NAf 20 million in connection with an error on their part for pension premiums charged too little. The Government is of the opinion that this claim, since it is correct, must be paid because it concerns the pensions of the parties in question. And finally, there is a claim from Telem which also originates in the dim and distant past. The debt to Telem amounts to approximately NAf 32 million, of which 7 million came from the partition of the property and approximately NAf 10 million in calculated legal interest. As regards the amount of the debt negotiations are still being held with Telem. These items are being investigated at the moment to come to definitive conclusions, but will probably lead to additional costs for the previous years of some NAf 75 million or probably a bit more. The definitive amounts shall ultimately be incorporated in the annual accounts 2016 or 2017 and not in this budget, since they are related to previous years. The final amount shall however be partly of influence on the amount in losses to be compensated according to the Rft. Payment arrangements shall have to be made with the parties in question, in view of the liquidity position.

The following risks have been taken over from the third quarterly report 2018 (with a few textual amendments and supplements):

The Ministry of General Affairs

1. The Minister of General Affairs (hereafter AZ) must take measures to restructure structural overruns, particularly in the area of facility supplies in the year 2019;
2. It became clear again during the 1st quarter of 2018, just how vulnerable the ICT system is and what the consequences are in the event of a cyber-attack. Swift and specific measures must be taken to prevent these problems in the future.

The Ministry of Finance

1. The funding-ratio of APS is under the desired 105%. The expectation is that in 2019 the proposed amendments in the pension legislation shall enter into effect, which shall have a positive effect on the pension ratio of the APS and shall lead to lower premium burdens for the Government in the amount of approximately NAf 5.5 million;

2. Rising interest costs (within the collective sector), in which a progressive image can be expected in the “post-Irma” period, coupled with an unchanged principle with regard to the interest standard may lead to further deterioration of the liquidity position of Sint Maarten, as well as the international ranking on the capital market. This has no direct consequences as yet for the budget 2019. In the future this must however be taken into account.

The Ministry of Justice

1. The Ministry of Justice contends with structural overruns of a.o. overtime work and allowances at the Police Force and the House of Detention, contractual obligations for the mobilization of personnel of third parties and the rental of homes for the Police Force. The Minister of Justice must take measures to restructure structural overruns in the near future. It is however of importance to start with the measures in question, in the short term. The effect if any, cannot yet be quantified at the moment;
2. Moreover, it has been ascertained that the improvement drive considered necessary within the justice chain goes too slowly. Additional funds are necessary in the near future. In the budget 2019 under discussion an additional item has been included in the regular account of approximately NAf 5 million. Also in the coming years, additional funds shall be necessary.

The Ministry of OCJS

1. Even though the funding system has been implemented with regard to subsidies to educational institutions, without further-reaching measures from the Ministry of OCJS, overruns will also be created in the budget year 2019. The exact amount cannot be quantified at the moment.

The Ministry of Public Health, Social Development and Labour (hereafter: VSA)

1. At the moment, there are discussions with SZV with regard to a.o. the costs incurred of the Healthcare- and Accident Fund hereafter: ZV/OV fund) and the Fund medical expenses government pensioners (hereafter: FZOG-fund).
2. However, without drastic measures by the Minister of VSA, among other in the form of the introduction of a General Health Insurance (hereafter GHI), the debt of the Country to SZV and the deficits in the health insurance shall increase further during the coming years;
3. Already in 2019, the Government shall take a number of measures which shall reduce the financial risks which our current and structurally unstable medical expenses system brings along with it. These measures only have limited effect, structural solutions are only offered by the reforms to the revenue- and cost side, contained in the General Health insurance (GHI). Examples of short-term measures are: it is expected that the Pharmaceutical Cost Control project shall have noticeable consequences from the second quarter, through the introduction of a list of preferential medicines. The procedure for referral by physicians for overseas treatment shall be completely

restructured. This involves the procedure on the Sint Maarten side, which leads to dispatching, as well as the contracting of overseas hospitals and the minimizing of the length of the stay and the number of trips necessary. These measures shall have an effect on the costs of civil servants, holders of PP-cards (together OZR, completely covered via the National budget), as well as on the costs, among other, by the Funds managed by SZV. Work is also being done on the re-introduction of the collection of the 10% private contribution which civil servants should make in accordance with the law (Regulation remuneration treatment- and nursing costs civil servants). Again, already in 2019, financial effects are expected from this.

4. At the end of 2016, judgment was made in a court-case, in which the Social Insurance Bank Curacao (hereafter: SVB Curacao), as the legal successor of the Bureau medical expenses insurance (hereafter: BZV) claimed an amount of NAf 9.8 million plus the legal interest from the Country Sint Maarten. The Country, in its defence, alleged that it had a claim on SZV Curacao of NAf 1.9 million. The judgment boils down to the fact that in first instance the claim of SZV Curacao, should have been discussed via the arbitration regulation and that this should still be done, if SVB Curacao wants to continue to claim this amount. Up to now, SVB Curacao has not followed up on this. This has no further effect on the budget 2018, since this concerns the partition of property.

The Ministry of Telecommunication, Economic Affairs, Transport and Transportation (hereafter TEZVT)

1. For the years 2016 and 2017 and 2018, Bureau Telecommunication and Post (hereafter: BTP) need not yet transfer any amounts to the Country from the BTP for concessions collected for the Country. The Minister, partly mindful of the critical report of the ARK office, must pay special attention to BTP, so that the transfer of financial means to the Country is guaranteed. Naturally, during the 'post-Irma' period a new reality has been created, in which possibly 'worst-case' scenario solutions are asked for.

Ministry of Traffic, Spatial Planning, Environment and Infrastructure) hereafter VROMI)

1. The European Union is prepared to invest an additional EUR 7.0 million in the 11th European Development Fund (EDF). The co-financing from the Country for this project is however still lacking. This shall have to be investigated further in 2019.

All mentioned risks expressed in money come to an extremely high amount. The Government shall therefore attempt during the coming years to implement mitigating measures or to eliminate the risks.

3.DRAFT BUDGET 2019

3.1 General elucidation

The 2019 budget, as regards expenses (NAf 478.7 million) is a good NAf 20 million lower than the budget for 2018. The actual expenditures for 2018 however, by a provisional global estimated amount of NAf 475 million, is considerably lower than the 2018 budget which, to an important extent is caused by the personnel costs budgeted at too high an amount.

As regards budgeted revenues in 2019 (NAf 411.6 million) there is a question of an increase of NAf 41.6 million in respect to the probable result of 2018 (NAf 370 million). The budget deficit for 2019 is therefore budgeted at 68.2 million, while the deficit for 2018 probably shall result in a good NAf 105.0 million, so that the deficit of 2019 shows an improvement of NAf 36.8 million with respect to the expected result in 2018.

The expenditure level is, as usual based on the existing organizational and contractual situation. The expenditure budget, for the most part applies to amounts which are related to long-term contracts such as personnel, rents, energy, communication, garbage collection, school bus transportation, etc. The elasticity in the budget is meanwhile very limited and we can only get to cost-cutting via probably sometimes very rigorous measures in the government organization. Yet, further economy measures are introduced in 2019. The analyses, as regards possibilities and feasibility shall be introduced per ministry in cooperation with the Stichting Overheids Accountants Bureau (hereafter: SOAB) and after decision-making are imbedded in a budget amendment. Because of the share of contracted elements, a rate change (cutback) is usually time-consuming and logically only realizable after overcoming the necessary resistance. In view of the situation, there is however no other choice possible at this time, since the government wants to be as little as possible dependent on others in order to be able to meet its obligations.

In 2019 as well, Sint Maarten, again made an appeal to application of article 25 of the Rft, to be able to deviate from the standards, as included in article 15 Rft and possibly also articles 16 and 18 of the Rft, for the budget of the financial year 2019. The RMR has honoured this request, under the previously mentioned conditions with regard to the extent of the expenditures and the capital account.

Below, per the standard mentioned in the Rft, with regard to article 15 Rft, motivation is given as to where and why a deviation is made.

Art.15.1.a. "the expenditures included in the budget and the long-term budget, on the regular account are covered by the funds included to cover the expenses".

The tourism sector, the economic lifeline of Sint Maarten, was heavily damaged by hurricanes Irma and Maria and shall not be able to recover in the short term. According to the long-term estimate, only possibly in 2021, a budget surplus is expected and even though signs of recovery became visible in 2018, the Government revenues are still far removed from the pre-Irma level. For the time being there is no significant improvement in the taxes related directly to tourism, such as guest tax, timeshare fees and car rental tax. It is expected that the reconstruction activities (whether or not via the reconstruction fund) shall be started on a larger scale in 2019, with a positive effect on the development of the wage/income tax, turn over taxes (as the number of exemptions remains limited) and later on the profit tax. For 2019, the total revenues have been estimated at approximately 11.2 % higher than the expected provisional result of 2018 and come to a total amount of NAf 411.6 million. NAf 7.5 million of the increase with respect to 2018 is caused by expected increase as a result of compliance effects with regard to restructuring of the tax department and NAf 3 million increase is expected as a result of revenue-increasing measures. In addition, we

note that in 2019, no account is taken with provisions on the concession revenues to be received and that tourism-related revenues shall also show an increase.

The costs on the other hand for 2019, come out at a level of approximately NAF 479.9 million. As a result of a number of cost-cutting measures still to be identified, in 2019 is budgeted for approximately NAF 2.5 million less in expenses (as compared to 2018). Cost-cutting measures continue to receive the full attention of this Government, but in 2019 this certainly shall not yet lead to a balanced budget. The revenues are therefore not sufficient to cover the expenditures. The Government shall not be able to meet this standard in 2019 and, as it looks, neither in the following years.

It must be noted here that insufficient information is available to be able to make properly substantiated estimations. With the mobilization of technical assistance of the IMF and the involvement of the World bank, we shall periodically attempt to make more substantiated and reliable projections. Also the execution of the more detailed analyses on the tax revenues recommended by the Cft, appeared to be unattainable, in particular due to the very dirty and incomplete files at the tax department and the existing arrears.

Art 15.1.b. "the expenditures included in the budget and long-term budget on the capital account are covered by the funds included to cover the expenditures, taking into account the expected receipts from the revenues of loans".

This standard is met as long as loans can be attracted to finance these capital expenditures. This aspect too, is on the agenda for discussion within the Kingdom, as far as our Government is concerned.

Article 15.1.c " the interest charge standard is not exceeded".

The interest charges of the collective sector may not exceed an amount calculated at 5% of the average revenues of the preceding 3 years. This standard was also met in 2019.

Article 15.2.a. " In the budget and the long-term budget, all expected expenditures and receipts have been included".

While making up the 'post-Irma' budgets, as much as possible (to the extent can be anticipated at this time), all receipts and expenditures have been included. The exceptional situation which came into being after the hurricane makes realistically estimating the expenditures and revenues a feat of strength. With the analysis of the World bank in relation to the financial recovery programme, it is expected that more realistic figures have become available, due to which the estimates are adjusted periodically. This partly concerns then, sector estimates for the recovery but in addition also for the effects which recovery projects shall ultimately have on the budgets and realizations. Little by little, reliable realization- and trend figures also become available, which shall increase the reliability slowly but surely. The Government therefore anticipates the need to present Parliament with budget amendments at set times.

This standard, to the extent that this can be examined, for 2019 has been met, with the exception of a long-term capital account.

Article 15.2.b. "the receipts and revenues included in the budget are explained satisfactorily".

The Government is aware that the explanation of the receipts and expenditures must be corrected and during the coming years shall also be further given interpretation, such as fitting in the above sketched approach. In our opinion this standard has only partly been met, even though we are of the opinion that in this budget a visible start has been made.

Article 15.2.c. "the budget has been set up in such a way that it meets the criteria of orderliness and verifiability.

The information included in the draft budget is reasonable and verifiable if and to the extent reliable basic information is available.

Article 15.3. "Attached to the budget, an account is provided of the financial situation of the Country".

Slowly but surely, the insight into the financial situation of the Country is becoming more clear now that the number of incidents with the used information technology are decreasing and the functioning of the apparatus is beginning to normalize. With the intended modernizations this situation, as well as the related financial administration shall drastically improve during the coming years, in the plans of this Government.

With the mobilization of technical assistance (from the 'pool' of external experts and, a.o. the IMF) the Government intends to achieve that the reliability of the figures presented shall improve considerably as well as the quality of the entire budget and its execution. We shall therefore also take along our own workers in the IMF trajectory.

The uncertainties with regard to the near future are still great. The recovery of the economy depends, among other on the speed with which the projects financed via the Reconstruction fund can be executed and the manner in which the financing can be ultimately structured.

For example, there is still a loan-leeway based on the interest charges, but not on the basis of the standard promoted by Cft (and IMF) as percentage of the BNP which should not exceed 40-45 %.

In addition, there is still insufficient insight into the financial developments in the participations (Utilities, Harbour, Airport). These uncertainties also make the estimates uncertain, to the extent it concerns the liquidity needs.

Budget year 2019 shows a negative balance of NAf 68.3 million with an income level of NAf 411.6 million and an expenditure level of NAf 479.9 million. As compared to the now expected budget deficit for 2018 of approximately NAf 105 million upon realization, therefore there shall be a correction in 2019 of NAf 36.7 million.

Priority must be given to solutions for the deficit, among other by increasing the compliance of tax revenues. Moreover, it is important to keep a grip on the developments in the costs and to reduce the risks of the Government as well as the related organizations. Starting at the beginning of 2019, per ministry we shall look at the possibilities for, on the one hand cutbacks and on the other hand revenue-increasing effects. The results of this, after implementation via a budget amendment, shall still be incorporated in the 2019 budget, at the ministry in question while, as long as the measures are not known in the 2019 budget, under the Ministry of Finance, now target amounts have been included of NAf 3.0 million in additional revenues and NAf 2.5 million in cutbacks. However, it concerns Government-wide objectives to which all ministries shall contribute. The ultimately correct classification shall, as stated be put through via a budget amendment in 2019.

The Government maintains the point of view that revenue increases must be reasonable and fair as regards the population, in view of all the problems with which they have been confronted during the past year. It can and may not be so that the population is affected disproportionately by this sort of initiatives. Then we would rather target the group of taxpayers who do not adhere to the existing rules.

3.2 Revenue budget 2019

All taxes are in principle accounted for on a cash basis. The other part of the revenues is accounted for via the system of assets and liabilities.

The Government anticipates a substantial growth in the revenues for the financial year 2019, due to the continuous economic recovery, among other due to the reopening of larger hotels and due to the starting up of some larger projects of the NRRP, from which also an economic impulse shall emanate. In addition, the first structural additional revenues are expected from the projects around the restructuring of the tax department and from the project with regard to revenue-increasing and cost-cutting measures which project shall start up within short in cooperation with all ministries.

The regular revenues for 2019 are budgeted at approximately NAf 401 million and the provisionally estimated realized results for 2018 at approximately 370 million, an increase in the budget of 2019 therefore of NAf 31 million or approximately 8.4% with regard to the expected realized revenues for 2018.

The main reason for this budgeted substantial growth is, as stated the combination of continuous economic recovery, partly fed by the reopening of hotels, with economic activity from the reconstruction. The IMF estimates the growth of the nominal BBP in its recently submitted report about Curacao and Sint Maarten for the year 2019 for Sint Maarten, nominal at a good 4.5%, considerably higher than the traditionally limited growth figures. With a revenue percentage for the Government of 20% of the GDP this has a revenue-increasing effect of approximately NAf 20 million in 2019. In addition, the IMF also expects that the revenue percentage in % of the BBP in 2019 shall increase slightly, thereby causing a further increase of the Government revenues shall be realized of an estimated NAf 5 million. In conclusion, in 2018 hardly any concession fees were collected due to the financial situation at the Harbour company as well as at the Utility company GEBE as a result of the hurricanes. For 2019, we expect an improvement and the collection of a relevant part of these fees, which shall further increase the revenues in comparison with 2018.

The IMF estimates for Sint Maarten, in its most recent report for 2019, a revenue level of NAf 405 million. With supplementary measures (catch-up effort tax department and other revenue increasing measures) the Government expects ultimately to end up with a total of NAf 411.6 million in revenues for the year 2019.

This revenue budget must be taken logically with the necessary caution, in view of the great degree of uncertainty which always adheres to the revenues. The influence of the Government on the extent of the revenues, is per definition more limited than the influence on the expenditures. In addition, the degree of further recovery of the economy is an estimation made as cautiously as possible, as is evident from the above elucidation, but also that aspect logically recognizes many intrinsic uncertainties. Furthermore, other Government policy such as granting exemptions for the tax on turnover for large building projects may be of influence on the revenues, however this is information not yet quantified.

The most important structural revenue sources are as follows:

Wage-and income tax

A good 30% of the totally budgeted revenues normally comes from the levying of wage- and revenue tax. These revenues amount to an average over the past years of approximately 7.1% of the BNP, but logically dropped in 2017 and 2018, due to the economic shrinkage and stagnation. The actual revenues from these taxes in 2018, approximately NAF 132 million is budgeted for 2019 at NAF 146.5 million.

Tax on turnover

Together with the wage- and income tax, the tax on the turnover normally makes up a good 60% of the total budgeted revenues. Here too, applies the fact that during the period immediately after Irma and Maria, there was a substantial drop in the number of declarations. We expect also for 2019, recovery of these most important revenues based on the occurring recovery of actual 2018 estimated at NAF 117 million to budgeted 2019 NAF 119 million, in which account is taken of exemptions based on possible special regulations in the framework of the reconstruction for approximately NAF 5 – Naf 8 million.

Since comparison with the past, due to the current circumstances, is not considered by the Government to be very advisable, we present below a future oriented estimate of the expected revenue developments for the coming years:

Long range estimates revenue account 2018-2022 incl. revenue base	2018 expected	2019	2020	2021	2022
revenue base	370.000.000	370.000.000	411.595.881	474.171.910	531.282.341
Add: Increase based on ec. recovery		31.095.881	40.576.028	30.610.431	19.810.391
	370.000.000	401.095.881	452.171.910	505.782.341	551.092.732
Add: compliance effect restructuring					
Tax department		7.500.000	20.000.000	22.500.000	0
Add: project revenue increasing measures		3.000.000	3.000.000	3.000.000	0
Total revenues budget year	370.000.000	411.595.881	475.171.910	531.282.341	551.092.732

From 2018, we expect to see an improvement, continuing up to and including 2021, based on the progressive economic recovery and the extra impulses from the reconstruction. Apart from that, this is not only caused by the further economic recovery, but also by the commencement of a series of policy measures, for which preparations are currently being made. Thus the tax department shall undergo a drastic restructuring during the coming years in which great strides shall be made towards optimizing, organizationally as well as with regard to applied information technology. In particular, the upgrading of the stored data (cleaning, correcting, actualizing, supplementing) shall in the future contribute to an increase in the analysis capacity. At the moment the analysis is often time-consuming, so that the organization does not get to the acquisition of insight into the causes of growth.

In addition, measures are provided to increase the degree of compliance, in a manner as also applied during the past years successfully at the SZV. And in conclusion, a project is starting in which the Government shall look for concrete possibilities to increase the revenues and to decrease the expenditures. The first results are expected in 2019.

The prognosticated revenue level in the amount of 27.6 % of the GDP, in the long term in 2022, meets the objective of the Government, to bring this percentage, in view of a financially stable future of our Country, in the direction of the desired height from the current small 20%.

3.3 Expenditures budget 2019

The expenditure budget for 2019 of NAF 478.6 million drops as compared to the expenditure budget 2018 of NAF 500.5 million with NAF 20.9 million. The provisional expectation of the actual expenditures for 2018 lies in order of size of NAF 475 million. Because of the large impact of the personnel costs on the total expenditures, we shall first give attention to this before moving on to the other cost categories.

3.3.1 Personnel costs 2019

The personnel costs (including social burdens, pension premiums and care costs of civil servants), in 2019 drop by almost NAF 20 million as compared to the NAF 227.7 million from the budget 2018 to a level of NAF 207.9 million in the budget of 2019. This is caused mainly because of the following complex of factors:

- a) Inaccuracies in the budget of 2018 in the field of submitted personnel lists in which the actual personnel remunerations were included in the budget for amounts which were too high;
- b) The revision of the pension system per May 1st 2019 with a corresponding premium decrease from 25% to 18% of the pension base. In 2019, this amounts to a savings of an estimated NAF 8 million (including chapter 2) as compared to the budget of 2018;
- c) Higher budgeted costs in 2019 for, among other the medical expenses regulation (NAF 1.8 million), and the cost-of-living supplement and VUT-regulation (NAF 1.1 million);
- d) Including the personnel costs for the offices of the Attorney General and the Public Prosecutor (increasing effect on budget 2019 NAF 3.2 million as compared to the budget of 2018), in a correct manner for the first time in the 2019 budget;
- e) The effects of lower wage costs for 2019 on the social premiums to be transferred, such as AOV/AWW premium and the AVBZ and FZOG premiums (savings of approximately Naf 1 million);
- f) Reducing the number of estimated vacancies included in the budget for 2019, as compared to previous years based on the conclusion that the Government, does not (yet) appear to be able to fill a considerable number of vacancies per year in an adequate manner.
- g) A cutback of 10% on the personnel costs of the Ministers has been applied for 2019, based on the consent statement they signed voluntarily. Nothing has been heard from Parliament and the members of Parliament as yet, therefore this has not been taken into account in the draft budget of 2019.

As a more detailed elucidation on this point, the following:

Based on the observations that personnel costs were budgeted in too high a manner (concluded internally on the basis of a comparison with the actual expenditure development in 2018, and also

touched on by the Cft) an extensive investigation took place as regards the accuracy of the budgeted figures and the possible effects on the budget of 2019. The results can be explained as follows:

On the basis of a comparison between the originally budgeted personnel costs 2019 and the actual expenditures in 2018, recently the group controller in cooperation with the department of FBBB of the Ministry of Finance executed a large-scale investigation as regards the personnel costs budget for 2019 as compared to that of 2018 and the actual expenditures in 2018. It came to light that the originally budgeted personnel costs for 2019 (as well as those of 2018) contained inaccuracies, of a material impact for all the ministers collectively on the previously budgeted amounts.

The personnel costs, including items related to these, such as social burdens, pension premiums, cost of living supplements and VUT payments, pension payments, reduced pay scheme and pension scheme for former authorities and the medical expenses regulation for civil servants were budgeted in 2018 for a total amount of approximately NAf 227.7 million. It is expected that the reality for 2018 shall be much lower by an amount of approximately NAf 205.0 million.

The difference is explained for the most part by, on the one hand, inaccurate amounts which are too high (a.o. related to inaccurate wage scales and increments of employees taken up in the budget) and on the other hand by not realized but budgeted vacancies. The personnel budget 2019, after the executed large-scale investigation and the corrections made, shows a result of approximately NAf 207.9 million. This is therefore almost NAf 20 million less than the budget of 2018 and at the same time NAf 3 million more than the expected reality for 2018.

As compared to the personnel budget of 2018 of approximately NAf. 227.7 million, in 2019 a savings is realized of approximately NAf 8.0 million by taking into account a starting date of May 1st 2019 in the budget, of the pension scheme for civil servants to be amended, such as previously mentioned and furthermore, a savings on social premiums of NAf 1 million due to lower wage costs. Increases in the personnel budget of 2019 as compared to the budget of 2018, are mainly found in the items Cost of living supplements and VUT (NAf 1.1 million), increase in medical expenses (NAf 1.8 million) after reduction of the own contribution of employees, and the adequate budgeting of the personnel costs of the offices of the Attorney-General and the Public Prosecutor (NAf 3.2 million) or a total of NAf 6.1 million. On balance, this is therefore a savings of NAf 2.9 million as compared to the budget of 2018.

The biggest savings in the personnel budget of 2019 is caused by the corrections made in the budget of 2019, as a result of the detailed control of the personnel costs as compared to the reality of 2018 in which the necessary inaccuracies were found in the personnel lists used and by the (initial) inclusion of considerably fewer vacancies in the budget of 2019.

The increase in the personnel cost budget 2019 as compared to the expected reality of 2018 of approximately NAf 3 million, in addition to the abovementioned savings of NAf 2.9 million, must be explained by other mutations. In the first place these are the anticipated wage increment increases for a part of the personnel members in 2019 as compared to 2018, with an increased effect on the social charges and pension premiums and such, as well. This amount in its entirety may be estimated at approximately NAf 1.4 million in total. The remainder is mainly explained by taking up a limited number of budgeted vacancies in 2019 (for an amount of in total NAf 3 million) as compared to the reality of 2018, in which logically there are no unfilled vacancies. In addition, there are numerous other differences between the budget of 2019 and the expected reality of 2018

The Government is of the opinion that, after a few years of over-budgeting the personnel costs, the now budgeted personnel costs form a realistic account of the anticipated reality. Even the offices of the Attorney General and the Public Prosecutor have now been incorporated adequately in the budget, which in the past years was not the case.

Vacancies in the draft budget 2019

The budgeted vacancies in the draft budget 2019 only form a small part of the supplement to the personnel formation, deemed advisable by the Government. This restriction took place based on the agreed upon point of departure “reality content” for the budget of 2019 in which has been established that Sint Maarten, up to this time, has not been able to fill vacancies budgeted in the past, to that extent. Especially, in the somewhat higher functions, this appears to be a problem, which probably also lies in the difference in remuneration between the private sector as compared to the possible remuneration within the Government. Supplementary investigation into this topic seems necessary.

In this budget, an option has been made to use as basic principle, the fact that the Government in 2019, shall be actually able to fill approximately 50-60 new vacancies during the course of the year. In addition, replacement vacancies shall be created due to the departure of a number of workers.

The vacancy room in the budget of 2019, is divided over the various ministries, on a rather random basis in rounded numbers. An agreement has been made to make up the balance sheet in the middle of 2019 and to consider where and to what degree, by means of a budget amendment, supplementary vacancy room must still be created for which the backing must then also be found.

3.3.2 Other expenditures budget 2019

The total expenditures budget 2019 amounts to NAf 478.8 million, of which NAf 207.9 million in personnel costs. The other budgeted expenditures amount therefore to NAf 270.9 million for 2019 as compared to approximately NAf 272.7 million in the budget of 2018 (NAf 500.5 million in expenditures minus NAf 227.8 million in budgeted personnel costs). The first indicative estimate with regard to the anticipated reality for 2018 amounts to approximately NAf 270 million in other expenditures. The budgeted other expenditures for 2019 therefore correspond, for all intents and purposes with the budgeted costs for 2018 and the first estimate of the reality for 2018. Yet, there are numerically extensive amendments in 2019, as compared to the budget of 2018. We shall address this further below.

The budget of 2019 contains a number of new expenditure items as compared to the year 2018. These items are related, on the one hand, to new policy initiatives and on the other hand to expenditures which are related to agreements which were entered into with the Netherlands, among other, with regard to justice and the coastguard. On the other hand, in 2019, a number of cost-cutting effects are visible, among other, in social expenditures and projects and activities, related to the hurricanes, which were entered in 2018 and have been or shall be finished in 2019.

The total amount of bigger new- or greatly increased expenditure items in the draft budget 2019 amounts to approximately NAf 19.6 million, consisting of:

- Recovery- and reconstruction of the detention centre to be executed in cooperation with the Netherlands and the execution of a related training- and improvement program (for 2019 NAf 4.3 million);
- An annual contribution by Sint Maarten in the investment program of the Coastguard for the period 2019-2028 of NAf 1.5 million per year. These investments cannot be executed via the

capital account because the purchased assets do not become the property of the Country Sint Maarten;

- The establishment and fitting out of an 'executive protection unit' for dignitaries (2019 NAF 0.8 million);
- The financing of a so-called 'pool of external experts', which can be used by all ministries for hiring in assistance when executing projects and activities (2019 NAF 4 million). The administration and management of this 'pool', is then outsourced to SOAB;
- The strengthening of the implementation organization of the tax department, among other by hiring temporary workers and the Audit Team Sint Maarten during the restructuring of the tax department (2019 NAF 1 million);
- A bridging payment for the postal services Sint Maarten during the period in which a definitive solution of the existing problems is being worked on (2019: NAF 2 million);
- Disaster management (various ministries) (2019: NAF 2.3 million in total) for the improvement of the set-up and working out the necessary structures and plans as it pertains to the preparation for possible future similar situations like those which took place in September 2017;
- The preparation costs for establishing an institution for judicial instruction (2019 NAF 1 million);
- Supervisory costs Integrity Chamber and administrative costs National Reconstruction Program Bureau (2019 NAF 0.2 Million);
- Contributions to projects and subsidies to institutions such as the revitalization of Philipsburg, development Middle and Small Business, the Gaming Control Board and the investigation into the possibilities of diversification of the economy of Sint Maarten (in total NAF 0.9 million);
- For the ICT department at the Ministry of General Affairs, an increase is budgeted for the Service Level Agreements (hereafter: SLA) of NAF 1.6 million in connection with the plans for modernization of Information Technology and the further development of E-Government.

Against these new and cost-increasing expenditures in the budget 2019 there is an amount of, on balance approximately NAF 19.1 million in greater expenditure reductions. For further details, we refer to the specified budgets per chapter (read Ministry), but as regards larger amounts, it concerns, among other:

- Various ministries, in 2018, had budgeted projects and activities related to the hurricanes, under the budget item of the same name. A part of these projects and activities have been or shall be finalized in 2019, so that the budget item is reduced by in total approximately NAF 3.4 million at the ministries of Education, Culture, Youth and Sports and of Public Health, Social Development and Labour;
- Various maintenance items for (water-) ways and such have been budgeted at NAF 1.3 million less than in the year 2018 due to the progress in recovery after the hurricane by the Ministry of Public Housing, Spatial Planning, Environment and Infrastructure;
- The item 'contribution SZV in connection with medical expenses former employees' is budgeted for 2019 at NAF 6.5 million instead of the NAF 8.6 million in 2018, a savings therefore of NAF 2.1 million;
- The item 'temporary provisions to the needy', which due to the hurricanes, was budgeted in 2018 at NAF 1.6 million, has been greatly reduced for 2019 to NAF 100.000, a reduction

therefore of NAf 1.5 million based on the estimation that the temporary provisions can almost entirely be terminated;

- The item 'depreciations' has been budgeted for 2019 at NAf 10.6 million as compared to NAf 14.1 million in the budget of 2018, a savings of NAf 3.5 million. The draft annual accounts 2016 has led to the understanding that the depreciations had been budgeted at too high an amount, therefore these have been reduced for 2019 to a more realistic amount;
- The item 'insurance buildings' at the Ministry of Finance (2018 NAf 1 million) lapses in the budget of 2019. On the other hand, there is an increase of this item at the Ministry of General Affairs by NAf 300.000, thereby causing a positive effect of NAf 0.7 million.
- A forceful Government-wide generic savings has been included at the Ministry of Finance of NAf 2.5 million. This shall be elaborated upon during the coming months and shall be justified in a clear manner, on the correct items in a budget amendment 2019 in the middle of this year;
- In addition, an item 'transfers to the Country', budgeted at NAf 3 million is profitable (as deduction on the expenditures) at the department of Labour Affairs of the Ministry of Public Health, Social Development and labour. This item concerns "hospitality program".
- The item 'subsidy Education' is reduced for 2019 by NAf 1.1 million as compared to the budget of 2018.

For a total overview of all the amendments in the draft budget 2019 as compared to the budget of 2018, as stated, reference is made to the detailed budget lists in the draft budget 2019.

In the total budget, the item 'other goods and services' (account number 43499) is reduced by NAf 14.1 million. This is caused mainly by the fact that tourism related marketing costs have now been separately included (NAf 3.9 million for 2019) as well as the item garbage collection- and processing (2019 NAf 11.2 million) while these had still been included in the budget of 2018 in other goods and services.

3.4 Budget capital account 2019

As explained previously, the borrowing capacity for the capital account 2019 by the RMR, on the advice of the Cft, in a decision during the meeting of November 23rd 2018, is limited to a maximum amount of NAf 40 million.

At the same time, the situation exists that not only Sint Maarten, but also the Netherlands, the CFT, the IMF and the World bank, are convinced that the projects with regard to the optimizing of the tax department and the improvement of the financial administration by and within the Government, must be executed as quickly as possible in order to work up to term Government finances. In the meantime the promise has been received from the Netherlands that it is prepared to make the financial arrangement after approval of the plans in question. This entails in total, financing of an estimated NAf 75 million over a period of three years in which however the obligations, for the most part must be entered into in 2019.

An option has been made not to include both these projects in the revenue account for the projected amounts, even though there are elements included which probably belong there. Since

the revenue account in the draft budget 2019 however is already higher than the amount established by the RMR in its decision of 23-11-2018 (NAf 475 million maximum in expenditures), we have decided to include the total obligations of 2019 on the capital account, including the financing arrangement. The regular loan for the capital account has now been set at NAf 40 million, in which also a partial coverage is included for mentioned priority projects, causing the special financing arrangement to result in NAf 63.9 in loans.

With regard to the 2 priority projects the following supplementary elucidation may be given.

At the moment, tripartite discussions are being held with the Netherlands (BZK) and the Cft to come to a solution for this pretty unique situation: everyone agrees that these projects have priority but the financing of these cannot take place due to the current restriction of the capital account as regards a loan of NAf 40 million and because of the uncertainty of the manner in which the Cft views this for the coming years based on the substantial increase of the debt to GDP ratio of Sint Maarten, among other since in 2019 the new construction of the new hospital and the reconstruction of the airport shall take shape, for which also a loan shall be contracted.

Sint Maarten has advised the parties involved in this discussion, that it has a strong preference for a position of exception for these two priority projects as compared to the formal rules which are in effect at the moment:

- a. A financing arrangement outside of the regular capital account, in which the total projected sums (in total NAf 75 million in 3 years) have been regulated;
- b. Waiving the formal Rft rules as regards the content of the term investments, in which project items which would normally not be considered for financing via the capital account (such as consultancy hours and manpower for catching up on arrears and such) can now be included in the project financing, in order to prevent further pressure on the revenue account and possible discussions with the Cft as regards the activation of immaterial fixed assets.

The discussion has not yet been rounded off and shall be continued in the coming weeks, even though the Netherlands has meanwhile announced its willingness to finance.

The specification of the capital account in the draft budget 2019 is to be found in the elucidation to the capital account.

3.5 Elucidation capital account

In this paragraph insight is given into the capital expenditures projected for 2019. The investments, such as included in the elucidation on the capital account in the numbers book, take on a new meaning.

List of priorities list for the coming years Ministry of AZ	Department	2019	
Official cars Ministers (7 cars)	FZ	617.400	The Council of Ministers decided that new cars shall be purchased for the members of the Council of Ministers. It was also decided that these should be durable and sturdy vehicles. The estimated expenditure for the purchase of these vehicles has been calculated at NAF 600.000.
Scanners for digitalizing documentation	ICF	117.000	One of the most important projects which the Council of Ministers wants to see executed is the VGO Strengthening of the Dara Management Government. This is a project which has been ready to go for years, but because of budgetary challenges, among other, has not yet completely got off the ground. The Government now intends to speed up the execution. To realize this, existing work processes of the organization must be upgraded and new systems must be developed. In addition, the purchase of new equipment is an essential necessity when upgrading these work processes.
Hard & Software, E-Governance	ICT	1.129.000	
Replacement of PC's	ICT	243.000	
New and replacement of hardware	ICT	1.101.600	
Digitalizing	DIV	301.000	<p>The past 3 years, the organization, due to a Lack of capital account, has been able to do few or no new investments.</p> <p>The costs of the introduction of the total VGO project, are an estimated 3 million per year, for the coming 3 years, starting in 2019.</p> <p>The Ministry of General Affairs shall start with an amount of NAF 2.9 million in 2019, with the implementation. However, for the years 2020 and 2021, a guarantee must be given that the budget (capital account) is made available. Not making budget available for the years mentioned, shall have negative consequences for the implementation of the VGO, which shall ultimately lead to destruction of capital and squandering of funds, something which Sint Maarten cannot afford.</p>
Designing waiting area and meeting room Council of Ministers incl. kitchen	MR	800.000	<p>A different topic is the designing of the waiting area, the meeting room of the Council of Ministers.</p> <p>Even though funds were reserved for designing (in the broadest sense of the word) of the waiting area and meeting room of the Council of Ministers on the 4th floor, these funds were used for other purposes as a result of the damage by Hurricane Irma, in the office areas, particularly, of the Prime Minister, as well as office areas in the other Ministries.</p> <p>As a result of this, there are insufficient means available to provide mentioned areas</p>

with a layout fit for a Minister. It is a known fact that Ministers receive guests at their offices, including foreign dignitaries.

We are striving to make the meeting room multi-usable. In addition to meetings, it must also be used for receptions and gatherings, which shall be organized by and on behalf of the Prime-Minister, or as the case may be, the Council of Ministers. The available means shall be used for a tailor-made meeting room which shall meet the needs of the various sorts of meetings of the Council of Ministers. Furthermore, other furniture, technological and general and technical facilities, in the field of ICT, communication and security shall also be purchased. We are striving to hold online meetings as well, with the intention of limiting the costs of official trips.

In addition, attention shall be paid to the basic catering needs, which shall also contribute to a savings and greater efficiency.

	Total	4.309.000	
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	Department	2019	
Ministry of Finance			
CRS system	Tax department	2.000.000	System which is necessary for the data-transmission between the associated countries. The exchange has been planned to start in 2019 with figures from 2018.
Restructuring and Modernization Incl. replacement ICT	Tax department	60.000.000	This amount is for the modernization of the Tax department comprising ICT facilities (20 mill.) arrears (10 mill.) and new building (30 mill.)
Integral improvement Financial Administration incl. replacement ICT	Finance	15.000.000	Investments for the improvement of the Financial Administration are estimated at Approximately 60 million over 3 years.
Repayments loans 2019	Finance	7.670.335	Repayments must also be included on the Capital Account.
	Total	84.670.335	

Ministry of Justice

New set up offices	Refugee Centre	250.000
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Forensic Lab (Soremar building)	KPSM	315.000	Replacement investment due to Irma
Renovation (Soremar building)	KPSM	700.000	Renovation investment due to Irma
Camera supervision	KPSM	2.000.000	Finalizing current project
Appointment list recovery and improvement Prison system	Prison system	5.778.750	Recovery agreed upon with NL
Computers (20x)	KPSM	80.000	Recovery agreed upon with NL
Copier (print/scanner) (2x)	KPSM	10.000	Recovery agreed upon with NL
Docubox	KPSM	100.000	Recovery agreed upon with NL
Ufed with laptop (incl. application)	KPSM	20.000	Recovery agreed upon with NL
APIS (per year 100)	KPSM	400.000	Recovery agreed upon with NL
BMS	KPSM	4.900.000	Recovery agreed upon with NL
Golf Karts (2)	KPSM	4.000	Recovery agreed upon with NL
Vehicles (10x)	KPSM	330.000	Recovery agreed upon with NL
Baggage scan	Customs	610.000	Recovery agreed upon with NL
Mobile scan	Customs	1.220.000	Recovery agreed upon with NL
Computer equipment	Customs	120.000	Recovery agreed upon with NL
Golfcarts-Harbour premises (2x)	Customs	20.000	Recovery agreed upon with NL
Official cars (10x)	Customs	610.000	Replacement damaged vehicles
	Total	17.467.750	

Ministry of OCJS

Recovery and improvement sports accommodations	Sports	3.500.000	Investment after Irma
Building 4 classrooms St. Maarten Vocational Training School	Education	1.000.000	Finalizing current project after Irma
Study loans provided u/g	Education	5.279.580	Standard provision of Study loans
USONA 1 tablet per child	Education	1.919.218	Funds are already available; rollout still to take place
	Total	11.698.798	

Ministry of VSA

Health Information system	Department Public Health	1.300.000	Highest priority of VSA, partly as a result of the instruction 2015
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ICT Investments, AIMS, Webportal And complaint system, Linkplus etc	Staff office	700.00	Expansion of a.o. AIMS (Advice Information Management system) system with which advices are made. introduction of an online complaint system for the Ministry etc.
Upgrade Automated system Labour Market, Dismissals and Permits	Labour affairs	450.900	Purchase a web portal so that clients themselves can register complaints on line
Hardware automated "trip form" used for each run made by Ambulance	Ambulance	50.000	Purchase a web portal so that clients themselves can register their trips on line.
Set up employment agency	Labour affairs dept.	250.000	Designing and setting up Nesc (National Employment Service Center), further expansion of internet page, set up kiosk, so that job-seekers can search for employment, etc.
Expansion Community Helpdesks	CDFHA	150.000	Establishing various helpdesks
Expansion Women's Desk	CDFHA	200.000	Expansion of Women's desk, sewerage must be adjusted, furniture etc. for the division of women's affairs in Population development, Family and Humanitarian affairs.
Investment Outbreak prevention	CPS	65.000	Material which is used by our "vector control unit" such as
Housing for Crisis Care	Social Services	350.000	Temporary relief/homes for Crisis Care clients before they are able to return to their own homes (in the case of e.g. fire) or before they can find another home.
Rapid Emergency Inflatable Shelter (already approved not executed)	Ambulance	111.800	Investment already approved
Communication and Dispatch system (Already approved not executed)	Ambulance	25.000	Dispatch system for Ambulance
Heart machine	Ambulance	36.000	Heart machine for Ambulance
Life Pack 15 heart monitor	Ambulance	19.450	Heart monitor for Ambulance
Heart massage machines	Ambulance	14.400	Heart massage machine for Ambulance
1additional Lifepack 15 heart machines for Picket	Ambulance	37.000	Additional heart machine for Picket car
1 additional Lifepack 15 heart massage machines for Picket	Ambulance	32.000	Additional heart massage machine for Picket car
Cavis system upgrade system	Ambulance	24.500	Upgrade Ambulance trip registration system
Software LMIS/MIS	Labour Dept.	170.000	Labour Market Information System to gather more information with regard to our labour market.
BIG information system (Registration System for Health Care Providers)	Inspection	150.000	Registration system for BIG professions in Health care.
Replacement of one Auto Pulse Machine	Ambulance	21.000	Replacement of Auto pulse machine for Ambulance

Information systems Inspection	Inspection	100.000	Various information systems to establish which inspections etc. have been executed.
Replacement and expansion of training material for ambulance	Ambulance	100.000	Mannequins to learn to handle IV's and CPR dolls, etc.
Replacement Vehicle	SG	50.000	Vehicle of SG is more than 8 years old and has a lot of problems. Windows cannot be opened, etc.
Hardware automated trip form	Ambulance	50.000	Laptops and brackets to fasten laptops in Ambulances to be able to process automated trip form immediately.
Total		4.457.050	

Ministry of TEATT

Office furniture	IDEZ	49.000	This concerns the replacement of the layout which was lost during Irma (inventory)
Purchase of data collection tablets	STATS	55.000	Investments in ICT resources to speed up the data entry of statistical information collection (hard- and software)
Database (PCS)	EVT/statistics	360.000	The investment for an alternative solution for ASYCUDA (hard and software)
CPI system	Statistics	100.000	Agreement with NL, concerns the last term of this investment (hard- and software)
Weather radar	Met. Office	1.203.380	Collaboration agreement with the French side (EU). Contribution Sint Maarten (technical installation)
Total		1.767.380	

Ministry of VROMI

Dutch Quarter Sewage 10 th EDF	Beh/NW	2.800.000	In the framework of the realization of the sewage project in Dutch Quarter, which is co-financed by the European Development Fund, the Government of Sint Maarten, as agreed upon with the EU, must make a contribution of its own.
Land Purchase Cay Bay (Sewage Treatment Plant/Waste to Energy Plant)	Beh/NW	850.000	In the framework of the EU Cooperation Program which shall be financed from the 11 th EDF, an agreement has been made that a joint sewage treatment plant (RWZI) shall be constructed between Dutch Sint Maarten and French Saint Martin, on the Dutch side, in Cole bay. In the meantime, a suitable location has been found which meets the requirements of the EU and a pre-purchase agreement has been signed with the landowner. This amount

is to be able to proceed with the purchase of the land, so that the RWZI can be realized.

Hard Surfacing Trenches	Beh/NW	2.500.000	In the framework of the improvement of our water management system and drainage, the frame walls of a number of ditches and canals must be reinforced and paved to prevent further undermining of the frame walls and damage which may be caused to adjacent parcels and property. The paving of the canals and ditches shall also improve the drainage and reduce the costs of management and maintenance.
Reconstruction VROMI yard	Beh/NW	550.000	To improve the efficiency and to be able to execute the tasks and responsibilities of the management department of VROMI, the yard must be renovated. The current situation prevents the management department from executing its work due to the lack of an adequate work area for the field work and storage area for material. The yard has been almost completely destroyed by Hurricane Irma.
Total		6.700.000	

3.6 Estimate revenue account long-term

The below mentioned long-term estimate has been made up with the knowledge that there is still far-reaching vagueness as regards the reality content of a number of assumptions. The following assumptions have been used:

- The economy has recovered after 3 years to the pre-Irma level;
- Where possible account is taken with visible tendencies and provisional global figures from the year 2018;
- The revenues for the Government increase due to the economic recovery, the execution of the reconstruction and supplemented with results of the efforts at the tax department and other measures to be taken by between 10 and 20 % per year, up to and including the year 2021 after which the growth shall decrease;
- The costs for the Government (personnel and equipment) increase by an average of 1% per year due to inflationary influences. Even though the inflation for the coming years is estimated at a higher %, not all parts of the budget are subject to this, that is why we have opted for 1% as an average;
- The Government considers putting through a cutback starting in the budget year 2020, of 1.5% per Ministry at which time the Ministries must be responsible for its interpretation. This is because of the perception that the cost level must be and remain restricted to becoming financially sound. Anticipating the decision-making, this has been taken into consideration in the long-term estimate;
- Subsidies and depreciations remain, for all intents and purposes the same;
- Interest- and bank charges increase, depending on the input of the capital account and other financing in the coming years. Because of substantial capital investments in 2019, there is a matter of a substantial increase of the interest charges from 2020 as compared to 2018.
- In 2019 and 2020 the costs for the Integrity Chamber amount to NAf 2 million. These costs are reimbursed for 2019 and 2020 entirely by the Netherlands and half for 2021. Some other costs as well shall also still be reimbursed (completely or partially) by the Netherlands and or from the Trust fund at the World bank. From 2021, annually extra amounts shall be added for this to the expenditure budget of the Country Sint Maarten;
- It is now already clear that the number of workers shall also have to increase during the coming years. Not only because of the still existing vacancies within the entire organization but also because of the projects such as the tax department and improvement of the financial administration. To this end, from 2020 annually extra budgets shall be added to the expenditure budget.
- After 2019, in the framework of the 'mutual regulation reinforcement border supervision', account shall also have to be taken of an increase of the revenue account by approximately NAf 8 million.
- The long-term estimate can be reflected as follows based on this:

Country Sint Maarten					
Long-term estimates revenue account 2018-2022 incl.	2018 expected	2019	2020	2021	2022
Revenue base	370.000.000	370.000.000	411.595.881	470.171.910	526.282.341
Add: increase based on further recovery economy		31.095.881	40.576.028	30.610.431	19.810.391
	370.000.000	401.095.881	452.171.910	500.782.341	546.092.732

Add: compliance effect restructuring tax department		7.500.000	15.000.000	22.500.000	0
Add: project revenue-increasing measures		3.000.000	3.000.000	3.000.000	0
Total revenues in the budget year	370.000.000	411.595.881	470.171.910	526.282.341	546.092.732
Expenditure base	475.000.000	475.000.000	478.677.365	484.283.978	487.862.558
Inflation correction and other amendments (1% of base)		4.750.000	4.786.774	4.842.840	4.878.626
Cost-cutting measures (from 2020 1.5% of base)		-2.500.000	-7.180.160	-7.264.260	-7.317.938
	475.000.000	477.250.000	476.283.978	481.862.558	485.423.245
Less: effect decrease pension premium		-5.700.000	0	0	0
Add: Increase OZR costs, cost-of-living sup. & pension		4.300.000	0	0	0
Add: wage increments and estimated vacancies		4.000.000	4.000.000	4.000.000	2.000.000
Add: costs 'pool' external expertise		4.000.000	1.000.000	0	-5.000.000
Add: extra expenditures audit team tax dept.		1.000.000	1.000.000	0	0
Add: extra expenditures Justice		4.300.000	0	0	0
Add: takeover tasks still (shared) reimbursed by third part.			2.000.000	2.000.000	1.000.000
Add: increase int. charges by loans and higher int. rate			1.000.000	1.000.000	0
Less: effects 'achieve more with less' project		0	-1.000.000	-1.000.000	0
Less: other cost increasing and cost-cutting effects		-10.472.635	0	0	0
	475.000.000	478.677.365	484.283.978	487.862.558	483.423.245
Budget surplus/deficit	-105.000.000	-67.081.484	-14.112.069	38.419.782	62.669.487

Country Sint Maarten

Long-term estimates revenue account 2018-2022 incl.	2018 expected	2019	2020	2021	2022
Revenue base	370.000.000	370.000.000	411.595.881	470.171.910	526.282.341
Add: increase based on further recovery economy		31.095.881	40.576.028	30.610.431	19.810.391
	370.000.000	401.095.881	452.171.910	500.782.341	546.092.732
Add: compliance effect restructuring tax department		7.500.000	15.000.000	22.500.000	0
Add: project revenue-increasing measures		3.000.000	3.000.000	3.000.000	0
Total revenues in the budget year	370.000.000	411.595.881	470.171.910	526.282.341	546.092.732
Expenditure base	475.000.000	475.000.000	478.677.365	486.083.978	489.653.558
Inflation correction and other amendments (1% of base)		4.750.000	4.786.774	4.860.840	4.896.536
Cost-cutting measures (from 2020 1.5% of base)		-2.500.000	-7.180.160	-7.291.260	-7.344.803
	475.000.000	477.250.000	476.283.978	483.653.558	487.205.290
Less: effect decrease pension premium		-5.700.000	0	0	0
Add: increase insurance premiums calamities			1.800.000	0	0
Add: Increase OZR costs, cost-of-living sup. & pension		4.300.000	0	0	0
Add: wage increments and estimated vacancies		4.000.000	4.000.000	4.000.000	2.000.000
Add: costs 'pool' external expertise		4.000.000	1.000.000	0	-5.000.000
Add: extra expenditures audit team tax dept.		1.000.000	1.000.000	0	0
Add: extra expenditures Justice		4.300.000	0	0	0
Add: takeover tasks still (shared) reimbursed by third part.			2.000.000	2.000.000	1.000.000
Add: increase int. charges due to loans and higher int. rate			1.000.000	1.000.000	0
Less: effects 'achieve more with less' project		0	-1.000.000	-1.000.000	0
Less: other cost increasing and cost-cutting effects		-10.472.635	0	0	0
	475.000.000	478.677.365	486.083.978	489.653.558	485.205.290
Budget surplus/deficit	-105.000.000	-67.081.484	-15.912.069	36.628.782	60.887.442

The increase of the revenues, even though still uncertain, partly with regard to the compliance effects resulting from the improvement of the tax department, exceed the growth in expenditures so that from 2021, there shall be a question of structural budget surpluses. The expenditure budget is expected to remain structurally under the limit of NAf 490 million.

3.7 Estimate capital account long-term

A justified long-term estimate for the capital account for the coming years cannot be made up in a sound manner due to the following factors:

- The Netherlands has promised to finance the long-term priority projects (2019-2022) with regard to the restructuring of the tax department and the improvement of the financial administration, both with the inclusion of the complete replacement of the current ICT-systems, in view of the importance of these projects for the structural financial sound future of Sint Maarten, recognized by all the parties in question. Not only must the concrete interpretation of this still take place and be approved formally by the Cft on the basis of the Rft, it is not yet known if and to what extent this special loan shall have an impact on the borrowing capacity for the capital account for the coming years. Agreement shall have to be reached with the Cft and BZK in the coming months;
- The original investments anticipated in 2018, which had been included in a draft budget amendment, have not been executed because this budget amendment was ultimately not handled and adopted. That is why we have opted to include these investments at this time on the regular capital account 2019 (excluding mentioned priority projects) and to move up the original capital account 2019 to the budget of 2020. Excluding the long-term priority projects, that budget (now therefore estimated provisionally for 2020) comes to an amount of approximately NAf 57 million in investments for which a loan would be necessary of approximately NAf 28 million after deduction of the own means of financing. Since the maximum borrowing capacity established by the RMR for 2019, for the capital account 2019, was set at a maximum of NAf 40 million, it seems evident, -in view of the total loan necessity- to enter this entire amount as "to be borrowed". Subsequently, interpretation must be given to the long-term arrangement to be agreed upon with BZK for the Tax department and financial management, in agreement with BZK and Cft. The Government addressed this point during the recent visit of the Cft to Sint Maarten.

3.8 Loans perspective

The total of the long-term loans of the Government, on January 1st 2018 amounted to NAf 523.8 million.

In 2018 the Government borrowed NAf 50 million in liquidity support for 2017 and NAf 32.6 million in liquidity support 1st portion 2018. The total of long-term loans of the Government was therefore at the end of 2018, an amount of NAf 604 million per January 1st 2019 (after limited repayment components in 2018).

For 2019 we expect an increase of the long-term loans o/g by NAf 257.5 million of which NAf 76.5 million in remaining liquidity support for 2018, approximately NAf 50.0 million in liquidity support 2019 (the rest comes in 2020), NAf 40 million for the regular capital account 2019 and NAf 91 million EIB-loan for the Airport. This loan shall be further lent to the airport; it must still be decided how to enter this loan in the books.

In addition to all this, the agreement with BZK is about financing the projects tax department and financial management. The plan is to structure the financing (NAf 63.9 million) in such a way that the maximum ceiling set for 2019, is not influenced. The financing required for this has therefore not been included on list E. Including this financing requirement, the total of financing to be attracted in 2019 comes to NAf 321.4 million.

The following overview gives perusal of the processing in the budget:

	On Capital Account 2019	On list E
Liq. support 2018		76.500.000
Liq. support 2019		50.000.000
EIB loan PJIA		91.000.000
Regular Capital Account 2019	40.000.000	40.000.000
Funds becoming available	10.600.000	
Surplus Capital Account 2018	7.500.000	
Financing in accordance with BZK arrangement		
Tax department	48.852.095	
Financial administration	15.000.000	
Total	121.952.095	257.500.000

	On Capital Account	On list E
Liq. support 2018		76.5
Liq. support 2019		50.0
EIB loan PJIA		91.0
Bridge loan PJIA		27.0
Regular Capital Account	40.0	40.0
Funds becoming available	10.6	
Surplus Capital Account 2018	7.5	
BZK arrangement		
-Tax department	49.9	
-Financial administration	15.0	
Total	123.0	284.5

This makes the total in outstanding loans o/g of the Country at the end of 2019, a good NAF 944.6 million after limited repayments in 2019 and excluding the Tax department and Financial Administration projects, as is apparent from the below overview.

The increase of the debt of the collective sector in 2019 is not yet clear but shall especially be apparent in the new construction of the General Hospital of Sint Maarten, for which an estimated NAF 100 million shall be borrowed outside of the collective sector.

	Begin	Date	End	Interest	Balance	Interest	Balance
	Period		Date	2018	12/3/18	2019	12/31/19
New loans							
Incidental int. charges payment arrears (GEBE, TELEM,APS)		15-05-'19				500.000	

Liquidity loan Q2-Q4 2018	0.00						76.500.000
Sint Maarten KD loan 2019	2.95					590.000	40.000.000
Liquidity loan 2019							50.000.000
EIB Loan (On-lending to PJIA)	4.50	31-08-2019				1.365.000	91.000.000
EIB Loan PJIA restitution						(1.365.000)	
Total new loans						1.090.000	257.500.000
<i>Existing loans/ payment arrangements</i>							
Liquidity loan first quarter 2018	0.00	01-09-2019				32.600.000	32.600.000
Sint Maarten 2017	0.83	25-08-2017		180.152	20.258.000	168.141.40	18.811.000
Budget deficit loan 2017	0.00	15-08-2017		-	50.000.000	-	50.000.000
Incidental interest charges		15-05-2018		1.499.494	-	-	-
Investments 2011-2012	2034	2.375	01-01-2015	1.078.250	45.400.000	1.078.250	45.400.000
Investments 2014	2029	2.250	01-01-2015	1.350.000	60.000.000	1.350.000	60.000.000
Government Building	2044	2.450	01-01-2015	980.000	40.000.000	980.000	40.000.000
Purchase Emilio Wilson 3.5	2044	1.800	21-11-2014	515.760	27.630.000	497.340	26.606.665
Re-financing	2023	0.500	01-09-2016	130.000	26.000.000	130.000	20.800.000
Total				5.733.656	301.888.000	4.203.731	294.217.665
Sint Maarten 2010	2020	2.50		1.250.000	50.000.000	1.250.000	50.000.000
Sint Maarten 2010	2025	2.63		1.929.375	73.500.000	1.929.375	73.500.000
Sint Maarten 2010	2030	2.75		2.160.702	78.571.000	2.160.702	78.571.000
Sint Maarten 2010	2035	2.88		1.437.500	50.000.000	1.437.500	50.000.000
Sint Maarten 2010	2040	3.00		1.500.000	50.000.000	1.500.000	50.000.000
Total				8.277.577	302.071.000	8.277.577	302.071.000
Total General				14.011.233	603.959.000	13.571.308	853.788.665
Interest				14.011.233		13.571.308	

On the basis of the preceding the budget 2019, for the sake of brevity, may be reflected as follows:

Recapitulation Budget Country Sint Maarten

Revenue account Expenditures 2019

Governor	0
Parliament	22.953.536
Ministry of General Affairs	70.668.245
Ministry of Finance	54.596.656
Ministry of Justice	77.384.946
Ministry of Education, Culture, Youth and sports	123.406.326
Ministry of Public health, Social Development and Labour	68.690.875
Ministry of Economic Affairs, Traffic, Tourism and Telecommunications	24.749.731
Ministry of Public Housing, Spatial Development and Environment	36.227.051
Total Expenditures	478.677.365

Revenue account Revenues 2019

Governor	--
Parliament	--
Ministry of General Affairs	3.927.500
Ministry of Finance	347.287.656
Ministry of Justice	14.180.394
Ministry of Education, Culture, Youth and sports	382.000
Ministry of Public health, Social Development and Labour	3.566.518
Ministry of Economic Affairs, Traffic, Tourism and Telecommunications	30.897.977
Ministry of Public Housing, Spatial Development and Environment	11.353.836
Total Expenses	411.595.881

Balance of revenues and expenditures 2019

Governor	--
Parliament	(22.953.536)
Ministry of General Affairs	(66.740.745)
Ministry of Finance	292.691.000
Ministry of Justice	(63.204.552)
Ministry of Education, Culture, Youth and sports	(123.024.326)
Ministry of Public health, Social Development and Labour	(65.124.357)
Ministry of Economic Affairs, Traffic, Tourism and Telecommunications	6.148.246
Ministry of Public Housing, Spatial Development and Environment	(24.873.215)
<hr/> Total Balance Revenues & Expenses	<hr/> (67.081.484) <hr/>

4. Policy section

In this chapter the policy priorities for 2019 are defined.

“Policy is striving to attain certain objectives with certain policy instruments and in a certain time frame”

As observed previously, in accordance with policy for 2019, the governing programme 2018-2022 including the reconstruction, the restructuring, or as the case may be strengthening of the civil service, and making Sint Maarten financially sound is in the first place, supplemented by other initiatives which have also been included in the governing programme 2018-2022. This also means, partly in view of the limited capacity within the civil service and the mobilization of a number of these in the project organization reconstruction, that the number of new policy objectives is limited. You will however see that a number of policy intentions recur which could not be realized or finalized previously.

The policy actions for 2019 formulated hereafter give an indication which, depending on the funds of the budget for 2019, could be realized in an attempt to have the policy budget and the financial budget form one entity.

In 2017, we started with the formulation of the policy priorities and the resulting policy actions according to the system of Result Based Management (hereafter: RBM). RBM enables the Ministries to translate the often-time more abstract strategic objectives (impact and outcome) to the actual operational objectives (the policy actions at output level) and later on to the execution of activities as laid down in the annual plans of the implementing organizations.

Result Based Management

Impact	Society, Social, Economic, Political, Cultural Environment
Outcome	Change in conduct and attitude, Social movement Competencies, Norms and Standards
Output	Products, Services, Knowledge, Reports, Procedures Publications
Activities	Training, Recruiting, Examining, Developing, Facilitating, Working with
Input	Money, People, Knowledge, other means

Policymaking, budget and policy execution

The coming years shall be dominated by improving the link between policymaking and policy execution. These two are linked together by the annual budget cycle within the Government. The three put together form a balanced planning and control cycle.



With the improvement to be realized of the link, more detailed interpretation is also given to the system of policy-justified budgeting. The policy-justified budget is an important part of the budget cycle and forms the main product which is mobilized for the steering and monitoring of the policy execution.

Risk paragraph

A new element in the policy section is a risk paragraph per Ministry. To the extent relevant and available, attention has been given per Ministry to risks which could possibly hinder the realization of the objective. It is essential that during the course of the year, we monitor the extent in which risks appear to manifest themselves in practice and to implement immediate corrective measures. During the coming years, these paragraphs shall be further worked out, per Ministry and concrete administrative measures can probably also be worked out in advance.

Ministry of General Affairs

4.1.1 Policy priorities

In view of the total coordinating mission and vision of Sint Maarten, the tasks of the Ministry of AZ, and the current developments in 2019, the emphasis shall be placed on the following policy priorities:

- Executing projects (having projects executed) in the framework of the NRRP in cooperation with the World bank and the Netherlands and supported by the project organization to be established for this purpose which, as regards costs shall be financed from the Reconstruction Fund;
- The efficient coordination and management of the organization by supporting and training of the organization as a whole in agreement with the laws, rules and regulations;
- The responsibility for internal administration, including administrative development;
- In 2019 and the coming years, on the basis of the reconstruction, the development of the national development plan shall have to be continued;
- Policy development and execution at the level of public service;
- Cooperation with regional and international organizations – such as the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), ACS and Caribbean Community and Common Market (CARICOM) and participation in relevant meetings for the promotion of the foreign policy of Sint Maarten. Cooperation with the European Union in areas of joint interest and participation in relevant meetings for the promotion of the National Development plan and the foreign policy of Sint Maarten.

Other policy priorities are:

- Prioritizing and then improving the coordination (and maintaining of procedures) for specifically an effectively functioning department of Services, Means and Support (DMO) within the Ministry of General Affairs;
- Prioritizing and then improving the coordination of the tasks which affect more than one Ministry by strengthening the inter-ministerial cooperation;
- Promoting and optimizing the service to citizens of Sint Maarten by, among other, the application of the guidelines for the purchase of products and services approved by the Council of Ministers in 2018;
- Further digitalizing the internal work processes.

4.1.2 Policy actions

In view of the challenges of the Government in general and the Ministry of AZ in particular, for the coming years, and in view of the available funds in the budget of 2019, the policy actions in 2019 may be described as follows:

In 2019, the Ministry, in close cooperation with the finance department, shall take the lead in the coordination between the governing program, the execution of the NRRP and the consequences of this for the budget and the annual accounts of Sint Maarten.

In 2019, the Ministry shall continue with the necessary explanation of and training with regard to the internal decision-making process. This also entails a correction of the knowledge of the document flow within the entire government, so that this can be executed in a faster and more efficient manner. During this phase, we are not yet thinking of changing the procedures. The training is especially meant to acquaint the civil servants and the competent authorities with the decision-making processes and procedures.

More attention shall be paid to preventing, limiting and combating fire, accidents and disasters by means of an efficient and effective organization, in order to guarantee the physical safety of citizens and visitors.

As far as the service is concerned, more attention shall be paid to customer-friendly service to the internal as well as the external customers. Externally, more use shall be made of new technologies such as making appointments and submitting requests online. These times also entail that the responsibility for the domestic administration, including the promotion of the efficiency and effectiveness of the government organization, shall receive more attention. Taking into consideration that this is done while striving to maintain an in-depth exploration of the democratic constitutional state.

Experience has taught us that we must pay more attention to cooperation with regional and international organizations by, among other, more participation in relevant meetings.

Cooperation with the French side should always be a priority and pursuit of the Government. Cooperation with the European Union in areas of joint interest and participation in relevant meetings for the promotion of the National Development Plan (National Development Plan (NDP)) and the foreign policy of Sint Maarten.

4.1.3 Risks within the policy execution

When making up this budget, naturally account has been taken of all factors which are of interest for the functioning of the Ministry for the benefit of the organization. The above is naturally based on the role of the Ministry within the entire organization. Even though the financial situation of the country has been taken into consideration, support to the other Ministries and the public service is assumed. The risks are the same as the previous years, in the sense that if the budget is not allocated as requested, this shall naturally have consequences for the plans of the Ministry. An additional risk, is of course the reality after hurricanes Irma and Maria.

Experience has taught us that it is important to set up a disaster management fund (calamity fund.) The goal of the Ministry is to include NAf 5 million on the budget in order to be able to provide food, water, urgent repairs, clean up, evacuation (charter flights), during the first weeks after a possible calamity, but also to prepare for a possible calamity, such as for example stocking up on medicine, baby food etc., as well as anything that is further necessary to prepare oneself.

The intention is that the budget of all seven ministries is reduced by a seventh of the final amount and the funds are included on a budget item under the Ministry of Finance.

The Government also recently became a member of the “Caribbean Catastrophe Risk Insurance Facility (CCRIF), an insurance facility of several islands (countries) against damage in the event of earthquake, hurricane, extreme rainfall etc. The countries which are members are mostly the Caribbean countries (islands) and Central America. The estimated amount is NAf 1.8 million for the financial year 2019 and is reimbursed via the Reconstruction fund.

It may be that the pursuit of a more efficient functioning of the organization and more emphasis on the coordinating role of the Ministry, can influence the cost.

Other risks concern:

1. The threat as regards the readiness of the fire department, with as a result that the physical safety of the residents and visitors of Sint Maarten can no longer be guaranteed at a proper level. Via the Reconstruction fund, certain improvements are being realized in an accelerated manner;
2. The lack of financial leeway to fill the vacancies shall have as result that because of fewer personnel members, more “overtime work” shall be paid out. This applies specifically to the department of General and Technical Support Services and the Fire Department, but may possibly also lead to medical complaints due to overtime work.
3. Further reduction of the budget, in particular for the department of General and Technical Support Services shall have consequences for meeting our payment obligations (electricity, water and communications).

4.2 Ministry of Finance

4.2.1 Policy priorities

In view of the coordinating mission and vision of Sint Maarten, the tasks of the Ministry of Finance and also the current developments, the following policy priorities are applicable for this Ministry:

1. Financial Administration

The Ministry of Finance sees as one of its most important tasks, the responsibility for an adequate (correct, timely and complete) financial administration within the Government. This translates to making available the instruments, setting guidelines for the financial processing and the administration of financial transactions. All this takes place within the guidelines of the Government Accounts national ordinance. Recommendations have been made by the auditor and the supervisors (SOAB, Cft and ARK) on various points, aimed at an improved financial administration. The objective of the Ministry is to realize these recommendations step by step. After an initial start in 2017, the projects came to a halt later in that year (IRMA). In August 2018, these were restarted with the intention of implementing all sub-projects and the updated IT within 2 years.

2. Tax compliance

The second important task of the Ministry of Finance concerns the execution of the tax legislation. On this level too, for quite some time, there has been a need to improve the efficiency and effectiveness of this executive department with the ultimate purpose of improving the compliance. This improvement shall be realized by putting through an almost entire re-establishment of the organization as regards organizational set up, work processes and procedures, a completely new IT system with customer friendlier possibilities for taxpayers, attention for the personal development of workers and a physical integration of Inspection and Receivers' organizations. All this must ensure within 3 years that citizens and companies are prepared or forced to comply with their legal obligations with regard to the community of which they are part.

3. The Ministry as Organization

The Ministry's objective is further to improve the service to the society by bringing the timeliness and reliability of the service up to standard. In order to attain this, further integration of the administrations is a condition as well as solid and stable facilities in the field of utility and ICT. This entails for Finance that planning, organization and coordination of financial processes across the board of the Government must be improved.

4. Giving Account to Parliament

Optimizing the budgetary and accountability cycle of Sint Maarten. Complete and timely gathering of the necessary information (assets, liabilities as well as adequate explanations thereof) to be able to present a budget and annual accounts on a timely basis and qualitatively justified, so that a justified opinion can be formed by Parliament and the population. In addition, also the more detailed interpretation of the supervision of the Government institutions.

4.2.2 Policy actions

In view of the challenges for improvement facing the Ministry of Finance, a long-term approach is necessary. Furthermore, account must be taken of the limited available means (money and capacity). On the basis of this, the policy actions in 2019 have been prioritized as follows:

1. Financial Administration

Sustainable development objectives are critical for the reconstruction of Sint Maarten. Related to this are financial obligations. The guidelines for the realization of these obligations and the ultimate processing and reporting of the financial transactions are a fundamental base for a successful reconstruction and the accountability which must be given.

The Ministry of Finance acknowledges the importance of its position within the entirety in this framework and has established the following policy actions for 2019-2022:

- The farther-reaching improvement of the financial administration, a.o. by investing in a new financial system and the execution of improvement projects in that framework.
- Ensuring that the sustainable objectives of the NDP and the NRRP are aimed at the same outlines to the extent it concerns the financial aspects.
- Ensuring the maintenance and strengthening of the working relationship between Sint Maarten, the Netherlands and the World bank, to the extent it concerns the financial aspects;
- Assistance from the Kingdom partners and international organizations further help to structure;
- Liaison with the responsible Ministries for the evaluation, re-defining and structuring of the national disaster management plan;
- Identify projects which have priority and look for supplementary financing if the assistance via the Reconstruction fund is not sufficient to comply with all priorities;
- Establish a national development fund.

2. Tax compliance

The Ministry of Finance started with the preparation of a large-scale project divided over several years for complete tax reform. The policy objectives which result from this are:

- Strengthen the tax office by:
 1. Setting up a new building with all departments under one roof; the first plans have been developed;
 2. Modernization of the ICT-facilities; in 2017 a tender was started.
 3. Recruitment and selection and re-training of existing personnel.
 4. Adjusting internal processes and procedures.
- Stimulate compliance with tax obligation by:
 1. Entering into dialogue with the Central Bank about ways to stimulate the economy.
 2. Development of a conditional motive for companies to comply with their tax obligations.
 3. Strengthening of the audit- and control organs within the tax department, if possible in cooperation with other entities.
- Simplifying the communication with the tax payer.
 1. Setting up modern possibilities (portals) to submit and pay declarations electronically.

3.The Ministry as Organization

In order to come to an integrated Government, the Ministry has the policy objectives described below:

- Liaison with the responsible Ministry for allocation and revitalization.
- Liaison with the responsible Ministry for diversification of the economy to supplement the tourist sector.
- Liaison with the responsible Ministry for investment in the infrastructure of roads and government buildings.
- Promote transparency, integrity and responsibility.
- The promotion of good governance.
- Centralize the financial controllers.
- Strengthen and improve the personnel within the Ministry, a.o. give training and at the Tax department set up a new exchange program, or as the case may be cooperation with the other islands.
- Train personnel for optimum service.

4.Giving account and justification to Parliament

The following policy actions occur in the area of giving account and justification:

- Promote good governance.
- Improve financial management
- Promote financial responsibility.
- Eliminate arrears in the annual accounts.
- Improve the budget cycle.
- Reduce costs by stimulating more accountability and instituting cost-cutting measures.
- Improve financial reporting by all Ministries.
- Strengthen relations with:
 - Saint Martin
 - Kingdom relations
 - Foreign Affairs
- Automation in the area of e-Government, public services and communications.
- Improve cooperation with the Ministry of AZ, the evaluation cycle of personnel.

5.Legislation

In the area of fiscal legislation and regulation the Ministry has a few policy objectives:

- Investigation into supplementary revenue-increasing measures and if necessary adjustment of the tax system.
- Finalizing draft national ordinance reform tax system Sint Maarten.
- Finalizing the Organization for Economic Cooperation and Development (OECD) regulations for automatic exchange information, the so-called Common Reporting Standard (CRS).
- Finalizing incentive possibilities post-Irma, such as the adjustments of the levying of tax on turn over (BBO) in large construction projects.
- In cooperation with other Ministries, tackling financial legislation, policy and agreements still to be processed:
 1. Finalizing game of chance and gaming control board legislation.
 2. Study the concession agreement of the harbour and the Simpson Bay Lagoon.

4.3 Ministry of Justice

The Ministry of Justice has as its objective, the creation of pre-conditions for maintaining safety, order and peace and the guarantee of the right in society, for all residents as well as the many visitors. Since 2010, Sint Maarten has been busy with a structural build-up of its own law enforcement chain. During the past years, progress has been made but further continuous developments are however necessary. In addition, the basic assumption is that Sint Maarten must be independently capable of laying the groundwork for a properly functioning law enforcement chain. There have already been proposals, memos and action plans, of which the attainable and advisable recommendations are being executed, for example for KPSM and the Prison system. The possibilities for (complete) execution of those plans is largely dependent on, among other financial spending leeway. In connection with this, the further development of the law enforcement chain across the board, is linked to the necessity of a phased increase of the budget of the Ministry over some five years.

4.3.1 Policy priorities

During the year 2019, the Ministry shall specifically be occupied with the following (policy) priorities:

1. Law enforcement

To guarantee and to further strengthen the law enforcement on Sint Maarten, the Ministry of Justice in 2019, among other worked on:

- The development of a legislation program in which the priorities have been included for the adjustment, development of legislation in the judicial field;
- The performance of legislative evaluations in order to develop proposals for the adjustment or drafting of new legislation and regulation and new policy;
- Improvement of knowledge about legislation and regulation of the workers within the Government as well as the population.

2. Combating and Preventing Crime

Combating and preventing crime are inextricably bound to law enforcement.

Policy priority for 2019 is, in first instance the further build-up and strengthening of the executive services and departments: the Staff bureau, the department of Judicial Affairs, Police, Customs, Immigration, National Detective Department, the Prison and the House of Detention, the Reporting Office for Unusual transactions, the Coastguard, the Miss Lalie Center, The Court of Guardianship, and the Public Prosecutor.

Combating Crime, in 2019 shall be aimed at, among other:

1. Tackling High Impact Crimes;
2. Tackling International Organized Crime;
3. Strengthening Border Control and tackling border related crime.

3. Detention

The structural and urgent improvement of the detention care on Sint Maarten including the construction and the management of the facilities.

4. The Ministry as Organization

Justice is the largest Ministry within the Government of Sint Maarten in terms of the number of Fte's. Already work has started, with high priority, on the further organizational set up of the Ministry and the formalization of this in legal status regulations and manuals. In addition, the Ministry strives to offer qualitative high-quality education in first instance to its own (intended) workers (but also to employees of other Ministries and the private sector). By doing so, Justice is

aiming at the improvement of (in first instance) its internal organization and resulting from this the improvement of its functioning and the services to be rendered to society.

4.3.2 Policy actions

In view of the challenges and obligations of the Ministry of Justice in the coming years, the policy actions in 2019 are as follows:

1. Law enforcement

- The development of new policy and legislation and regulation for the issuance of licences by Justice.
- In cooperation with other Ministries the Government-wide policy for nightclub hostesses is reviewed and draft legislation made up
- Reviewing the policy for the enforcing of the public order at events.
In cooperation with the Ministries of AZ and TEZVT, the Ministry of Justice wants to create events' licences which are more in proportion to the costs for the mobilization of KPSM at events.
- Finalizing the legislative process with regard to family name- and surname changes.
- Drafting, adjusting and implementing legislation and regulation for the promotion of general safety, a.o. through the institution of the committee supervision for the protection of personal information, to protect the privacy, making up the LVO to combat cybercrime and introduction of camera supervision, or as the case may be video surveillance.
- Entering into effect of the National Ordinance Administrative Enforcement.

2. Combating and Preventing Crime

- Activating a Ministry-wide information supply system.
- The Ministry intends to further strengthen Dutch-French police cooperation.
- In 2019, the Ministry shall further implement the safety- and integrity plan for the airport and harbour.
- The Ministry shall continue tackling youth crime a.o. by further rolling out, building up of crime combating, rehabilitation and re-education programs.
- Consistently tackling illegal immigration, human trafficking, people smuggling, this year again remains high on the agenda of the Ministry.
- Policy priorities for tackling High Impact Crimes are;
 - Strengthening of the KPSM in capacity (Fte's) and quality.
 - Creating the Steering Group Integral Improvement Tracking- and persecution instruments;
 - Rolling out the program Improvement National Detective Agency;
 - Increasing the regional cooperation in particular with the French side, the United States and surrounding countries.
- In order to realize the reinforcement of the border control, the following efforts are necessary:
 - Boost the supply of information sent, with regard to the acting of Immigration Department, (recently placed again at KPSM) the Border Control team, the Customs and the Coastguard;
 - The mobilization of combined teams of border control authorities in cooperation with the Police Force in risk areas at the airport and harbour;
 - Under the leadership of the Superintendent KPSM, mobilization of combined teams in the area of people smuggling, human trafficking and border related undermining.

- The improvement of the legislation in the area of laundering of money. To comply with the recommendations of the Financial Action Task Force (FATF) the following legislation and regulation must be adapted/completed:
 - The draft national ordinance combating the laundering of money and the financing of terrorism;
 - The draft national ordinance to amend the National Ordinance cross-border money transports; at the time that this version was written, the Nader report had been approved by the Council of Ministers and shall be forwarded to Parliament. The draft national ordinance to amend the Penal Code;
 - The draft national ordinance to amend the Code of Criminal Procedure.

3. Detention

- The improvement of the detention care facilities by:
 - The further construction and fitting out of the centre for detention, care and guidance of delinquent youths (youth detention centre) in Cay Bay (Miss Lalie Center); for which recently approval was obtained for these costs to be for the account of the Crime Combating Fund;
 - The renovation, repairs and possible expansion of the House of Detention in Pointe Blanche;
 - The restoration of the border hospice and detention centre in Simpson Bay.
- The improvement of the organizational management, Prison and House of Detention in Pointe Blanche of the Prison system by:
 - Strengthening the management team Prison system in order to improve the operational management;
 - Improving the general safety of personnel as well as the detainees;
 - Further implementation of the anti-absentee policy with regard to the prison personnel.
- Executing the feasible recommendations of the various supervisory parties, Progress Committee, Commission Preventing Torture (CPT), Council for Law Enforcement.

4. The Ministry as Organization

- Establish legal status regulation KPSM with the corresponding manual, and start implementation of the organizational plan “Contours”. This shall, in any event lead to an increase of some 20 Fte’s within KPSM in 2019. In addition, further passage is given to the implementation of the training plan.
- Adjustment of drafts legal status regulation and manuals House of Detention and finalizing the drafts of the National Detective Agency.
- Finalizing the organizational structure, the establishment and the curriculum of the Justice Academy.
- Further development and implementation of the policy of a.o. youth rehabilitation, youth protection and victim assistance.
- Filling of critical vacancies such as 1 Legislative Lawyer and 3 experienced Policy Advisors.
- Executing plans for the renovation and fitting out of the former Soremar building (Justice Institute of Sint Maarten).
- Organizational imbedding of the K9 brigade within the Ministry.
- Partially implementing the mobilization plan KPSM.
- Finalizing and implementing the rent allowance policy to keep down the costs.

- Continuation of the Basic Police Course (BPO) for the personnel of the KPSM, who did not follow the course.
- Making up and using the AO/IC (processes and procedures).
- Improving the administrative services to citizens/clients.
- Improving the registration and processing of information, monitoring and providing information (by means of ICT) to internal and external clients.
- The investment in the quality- and competence development of justice workers, among other by HRM, talent development, management development and such.
- Accommodate P&O department of Justice at the P&O head office.

4.4 Ministry of OCJS

4.4.1 Policy priorities

The policy priorities have been embedded within the mission, vision and tasks of the Ministry of OCJS, the Management program, the Strategic Plan 2016-2026, and the National Recovery and Resilience Plan, in which the 'Resilience Plan' (NRRP or the National Reconstruction Plan) is anchored. These policy priorities have been embedded in the policy actions in six main themes: psycho-social wellbeing, capacity strengthening, safety- and preparedness, curriculum and after-school programs, physical infrastructure and policy- and legislation. The established strategic policy priorities are directed at:

1. Education

The stimulation and facilitation of qualitative education on Sint Maarten for educating the future professional population by:

- Improving the quality of the education;
- Maintaining and intensifying the supervision on education;
- Offering adequate education accommodations, and
- Adapting and optimizing legislation and regulation for this purpose.

These policy priorities are aimed at the development of and provision in an education- and training system of the highest possible quality.

Important for the recovery of the economy is the stimulation of the national ability to cope and the constant strengthening of the national capital. Important elements are of interest such as: Increasing the starting qualifications in dropouts, promoting life-long learning and further innovating and facilitating a healthy and inspiring learning environment. Institutional strengthening, safe schools and 21st century learning concepts, a robust curriculum development with more attention for culture, sports and social formation, made-to measure and stimulation of wellbeing are used here as point of departure.

2. Culture

A likely sector for economic policy is the further development and strengthening of the creative sector, with Philipsburg as cultural capital of Sint Maarten. The culture sector also plays an important role in the strengthening of the "Resilience" of the population. The 'Resilience and Recovery', as formulated in the National Reconstruction, are qualifying for the policy priorities and, within the (inter) national frameworks, including UNESCO, are concentrated on:

- Stimulating and facilitating expressions of culture on Sint Maarten, on national holidays and other (international) cultural events, and
- Preservation and support of the national cultural material and immaterial heritage by means of programs, subsidy policy and other pre-conditions in the area of policy and legislation and regulation.

3. Youth

The main points have been embedded within the international obligations of the Treaty of the Rights of the Child and the national implementation of these. The international Taskforce Rights of the Child, is tasked with stimulating and supporting the cooperation in the Kingdom with regard to the Rights of the Child. Annually, per island a work plan is made up in which the activities of the action plan of the preceding years are made concrete, provided with a cost estimate and budgetary coverage. The international objectives surpass the department as well as the Ministry, due to which inter-ministerial cooperation is a critical factor in reaching the OCJS objectives. The 2019 priorities of the department of Youth & and Youngsters are aimed at:

- The stimulation of chances and offering possibilities for a sound development of the youth;
- Ensuring that there are policy programs and legislation and regulation with regard to youth and youngsters and the supervision of the implementation thereof;
- The promotion, performing (having performed) and guiding of policy-supporting and evaluative investigation with regard to the development of youth and youngsters;
- Advising the Government on the allocation of means on the basis of investigation, progress reports and prognoses of the program organizations;
- Promoting of (inter)national cooperation on all social levels, and
- The implementation of youth and youngsters' policy within the Ministry itself via education, sports and the creative sector.

Core is, the promotion of participation of children and youngsters, offering help and support, 'safety nets' such as broad schools for pre- and after school activities, preventing child abuse and stimulating preventative and positive education. Special attention is given to the most vulnerable, including migrants, disabled and risk groups. To this end, we are working towards a Memorandum of Understanding, by means of the declaration of intent signed by the Kingdom countries in 2018.

4.Sports

The policy objectives are mainly aimed at:

- The stimulation of sports participation and the offer of sports facilities in society;
- The promotion of sports tourism by facilitating and supporting top sport(ers) and using the media in sports;
- The development and implementation of sports guidelines and- protocols (values and ethics) in the entire sports sector;
- The investment in improvements, or as the case may be the repairing of the various sport complexes.

Specifically, the repair and maintenance of the sports facilities are on the front burner, in view of the damage by the hurricane, and the 'Building Back Better'-concept. In strengthening the 'Resilience' of the population, the sports sector also plays an important role.

4.4.2 Policy actions

In the policy actions, the principles of recovery and 'Building Back Better' are essential points. The 'MECYS Resilience Plan', as part of the national recovery plan NRRP, follows the themes: psycho-social wellbeing, capacity strengthening, safety- and preparedness, curriculum and after-school programs, physical infrastructure and policy and legislation. This connecting thread translates to the sectors education, culture, youth and sports in the following policy actions:

1. Education

The main policy actions for 2019 are aimed at:

- Development of legislation and regulation as well as institutional strengthening of the local vocational education and the higher- and university education remains an important point of interest in 2019.
- Further implementing and/or monitoring of the legislation for study financing, the funding model, student transportation and the project self-sufficiency public schools, in order to guarantee the access to affordable and qualitative education in the long term.
- Continued investments in education accommodation for maintenance, renovation and new construction for several schools, in accordance with safe schools and 21st century learning concepts. And the implementation of a revised loan,- investment and maintenance policy to optimize education accommodations.
- Realization of improvement in quality of education by:
 - The promotion of tertiary education and vocational education at various levels;
 - The facilitation of a flexible connection and/or transition within the education or the vocational life, geared towards economic developments and chances;
 - Monitoring the Council of Education and Labour, and
 - The implementation of the 'special need policy', for the purpose of drawing attention on a timely basis to needs and to provide the necessary adaptations in order to be better able to stream in and/or be able to make progress in the regular education.

2. Culture

To stimulate expressions of culture, the following policy actions of the existing "Vision 20/20" policy named "*Opening windows and building bridges on the principles of human dignity*" and the "*#SXM Strong: Showing resilience and planning for the future*" further elaborated upon and executed.

- The department of Culture, in 2019 shall start to monitor the cultural facilities financed by the Government, with regard to use for cultural activities. In the event of too little use of the facilities, in consultation with the parties in question, administrative measures shall be taken.
- In order to stimulate the preservation and further enrichment of culture, we shall continue this year with:
 - The finalizing of the draft of a framework for a culture law;
 - The execution of cultural awareness programs in education in favour of the national development and –identity formation of the Country, and
 - The stimulation and promotion of talent development in the cultural and creative sector.
- In order to stimulate the preservation of cultural heritage, the following legislative processes are continued:
 - the preservation of monuments, the building of the "cultural track" for the promotion of educational and national value of monuments, and
 - the protection of monuments by establishing a monument fund and monument care,
- To facilitate expressions of culture on Sint Maarten, in 2019, urgent capital investments shall take place for, a.o.:
 - The adjustments at the John Larmonie Center;
 - The acquisition of new 3d scanners for archaeological archiving, and

- The acquisition of a digital media-archive of the history of St. Maarten.

3.Youth

The department of Youth in 2019 shall address the following policy actions:

- Capacity- and quality improvement as recommendations from the policy document “Early child care and development”;
- Realization of the integral Youth policy plan and the ‘Youth desk’;
- Development of the Youth monitor policy;
- Initiating various forms of youth participation in society;
- Programmed approach of prevention teenage parenthood;
- Creation of more learning/work experience possibilities for the youth;
- The funding of programmes in which at risk young people are guided and supported to prevent standard deviant behaviour;
- Execution of the Entrepreneurship Training;
- Stimulation of Rights of the Child campaigns (against child abuse, violence) and the investment in the programs of the recommendations in the Kingdom “Action plan Rights of the Child”, and
- The execution of the declaration of Intent signed by the Kingdom countries in 2018, including the preparation of a Memorandum of Understanding which has in mind the cooperation between the countries (islands) of the Kingdom for the improvement of the Rights of the Children in the Kingdom.

4.Sports

The policy activities for this year are specifically aimed at:

- Supporting, facilitating and controlling the improvement plans for sports organizations, including facilitating of accessible database for athletes and coaches;
- Promotion of the availability of sports facilities, among other by continuing the after-school programs and school tournaments;
- Monitoring and evaluating the implementation of disaster readiness-emergency-, safety- and recovery plans for all facilities, and
- Continuous support of the National Sports Institute (NSI) and more structural support of the St. Maarten Sports- and Olympic Federation (SMSOF) and the various sports organizations;

In order to repair the damage to sports facilities and to guarantee the necessary maintenance measures, in accordance with the ‘Building Back Better’- concepts, constant efforts via public and private partnerships are crucial. This budget for 2019 reflects this highly necessary upgrade work to the Raoul Illidge and other sports facilities. The importance of this, is partly motivated by the important role of sports in strengthening the ‘Resilience’ of the population.

4.43.Risks within the Policy execution

The budget deficits lead in particular to limited subsidy possibilities to organizations, which execute governments tasks and programs, to realize the ambitious governing program. Non-materializing supplementary financial means lead to further pressure on the input of subsidies as instrument to fund the schools.

The personnel stop announced in 2018, in the event of constant government tasks, shall lead to various critical departments and divisions, functioning under the desired level. This especially applies to the inspection and the department of Education. From the current formation of 129 FTE, this overview shows that the Ministry is executing its tasks with 70% staffing. This excludes (long-term) absenteeism, thus making the effective capacity lower. Professionalism, expertise promotion and re-

training is necessary, however scarce means lead to the lack of the essential expertise promotion of personnel in training in the field of policy, legislation and research. The entire Ministry is also hampered by an unstable information and communications technology (ICT) infrastructure, which limits the continuation of the work. Also the diminishing service of supporting departments (ICT, personnel and General and Technical Services) lead to an increasing pressure on the personnel, which leads to delays in the execution of tasks of the Ministry.

1. Education

The sector Education (policy department and executive departments) participates in the active preparation & implementation of various legislative- and policy processes, such as the national ordinance Study financing, the national ordinance Higher education, the national ordinance Education supervision, the 'special need policy' and various policy programs, with as objective putting through improvement of education and renovation. Because of the imposed savings in costs, the education sector acknowledges various serious risks for putting through various necessary renovations in the area of education facilities (few or no capital investments in the past years), curriculum reform, education financing, special education and expansion of the tertiary education (NIPA/USM). The national disaster in 2017 (Hurricanes Irma and Maria) resulted in enormous damage to buildings. Even though the material has for the most part been supplemented by means of emergency aid, there are still various buildings which must be relocated to safe zones and/or completely rebuilt.

2. Culture

The necessary legislation and regulation for the protection of culture are lacking, or have been fragmented and therefore not yet centralized. This was especially visible after the disaster in 2017, especially in the private sector, where many monument houses require specialized repairs. Limited available legislative expertise and inspection capacity and knowhow lead to further weakening of the preservation of our cultural heritage, including the monuments.

Limited financial means, endangers in particular the execution of the following policy priorities:

- Insufficient development of the creative sector as economic sector;
- Insufficient development and support of talent among the youth;
- Lack of financial means for monument keepers for the implementation of the legislation;
- Insufficient attention for cultural heritage and monuments, which has a negative influence on the tourist experience;
- Insufficient capacity in the field of Cultural Development and heritage;
- Insufficient capacity in the field of legislation;
- Further development of the cultural sector in schools, and
- Delay in the realization of the National Theatre for the stage acts and adjustments to the John Larmony Center.

3 Youth

Limited financial means and limited capacity lead to the extreme revision of policy priorities, programs and projects:

- The department of Youth and Youngsters is a policy department in which executive tasks have been included in the organizational structure, while these executive tasks are not a core task of the department. This does not work in practice and therefore forms a risk for guaranteeing the quality. Preservation of capacity is therefore a critical factor to execute all tasks.

- Dependence of the agendas of other Ministries forms a risk for the entire execution of youth programs in which the Ministry of OCJS does not have the lead. This concerns the program of teenage pregnancies, child abuse, the Business Outreach and placement' program and funding of preventative programs of at risk young people and youth participation. Not funding programs developed for "at-risk young people" and "Youth Desk" as executive link brings along with it serious social consequences.
- Since 2016, it was already pointed out that it is important to develop programs which are aimed at the strengthening of the protective factors and the reducing of risk factors for the youngsters. Especially now, since the destruction of the hurricanes, extra emphasis must be placed on the wellbeing of the youngsters, including the need to continue the food program for vulnerable children.
- Another bottleneck is the failure to get additional funds to invest in the programs of the recommendation from the Kingdom "Action plan Rights of the Child" and making up the Memorandum of Understanding, to which Sint Maarten has committed itself via a declaration of intent in 2018, during the conference of the " International Taskforce Rights of the Child". There are no funds for the implementation of new policy in this area.

4.Sports

Analysis and research are very important for the development of Sports. Financial means are also needed to ensure that organizations, facilities and programs are facilitated, managed and executed in the correct manner.

The department strives to continue supporting the development of sports at all levels and this also entails the continuous development of our national teams and sports tourism. Decreasing the required means shall have a negative effect on our ability to develop sports and our tourist product. This also means that the Government cannot contribute sufficiently to improvement of the wellbeing of the people via sports and movement.

4.5 Ministry of VSA

4.5.1 Policy priorities

In view of the mission and vision of the Ministry of VSA, its tasks and also the current developments, the following policy priorities apply for this Ministry:

1.Public health

Ensuring the health of the residents and visitors of Sint Maarten in the correct manner. To achieve this, in the long term, the Ministry wants to:

- Facilitate medical facilities;
- Stimulate access to medical facilities;
- Optimize the quality of medical facilities;
- Improve legislation and regulation;

2.Social Development

In the social area, in the long run the Ministry intends to:

- Optimize the social services for the citizens of Sint Maarten;
- Develop public development programs by means of an integral and district-oriented approach;
- To strengthen community work by means of cooperation with various community centres, community councils and other Ngos.

3.Labour

With regard to labour, the Ministry, in the long term, intends:

- Protection of the rights of employees on Sint Maarten.
- Protection of the local labour market.

4.5.2 Policy actions

In view of the policy priorities of the Ministry of VSA, in the coming years and the available funds in the budget of 2019, in 2019 the following policy measures, legislation and programs shall be worked on:

1.Public health

- From the National Health Reform (NHR), follows the more detailed elaboration and introduction of the basic health care package. An amount of ANG 150.000 has been reserved for a "communication plan". For the current medical expenses system of civil servants and medical assistance, an amount of NAf 39.1 million has been included, this is equal to the actual costs of the preceding years, incl. rate increases. These costs should be approximately NAf 39.1 million because an agreement has been made to increase the rates of care providers each year by approximately 2%, which is linked to the annual inflation (impact 1 mln.).
- In addition, the Government is also going to reclaim the 10% of the costs which should be covered by the civil servants in scale 6 and above, which is approximately NAf 1 million.
- Adjustment ambulance rates.
- In 2016 it was decided that a new hospital must be built on Sint Maarten. At the same time the cooperation with Saint Martin shall also be strengthened, especially in areas such as hospital care and specialist care. Related costs are covered under personnel costs.
- Further improvement of disease control by strengthening the formation and research into control methods. This in cooperation with Pan American Health Organization (PAHO) and

Caribbean Public Health Agency (CARPHA). For memberships in both organizations, an amount of NAF70.877 has been reserved in the budget.

- Further elaboration and implementation of the BIG (Professions in Healthcare) legislation. A total of NAF 100.000 has been reserved in the budget for a communication plan, stakeholder sessions and training of staff.
- For further elaboration of the Public Health legislation, the costs for this are covered under personnel costs.
- Review of the care institution policy and – regulation, the costs are covered under personnel costs.
- Improvement of the input of subsidies as policy instrument (AIDS foundation and Diabetics foundation, for NAF 214.000).
- Further expansion of the Vector Control program (NAf 75.000) by means of the hiring in of a vector specialist to support the program. A total amount of NAF 223.099 (3Ftes) has been included in the budget for personnel costs. Furthermore, the Ministry shall continue to carry out and develop the Mobile Health Services further (NAf 75.000). Prevention is and remains a priority of the Ministry for 2019, therefore information with regard to Healthy Lifestyles, remains a priority (NAf 75.000).
- For the youth in the area of Public Health the following programs shall be implemented, Vaccination program, Heel prick, Childhood Development Program Dental Program (NAf 465.000).
- Furthermore, the Ministry shall continue to gather advice from the various councils, which must be established legally, such as the Council of Public Health, Domestic Tribunal, Registration Medicine and BIG, the latter still has to be established (NAf 160.000).

2.Social Development

- Adjustment of the current AOV and AWW legislation, at which time research shall be done into the possible increase of among other AOV- pension age from 62 to 65 years.
- Adjustment of the Financial assistance, including one-time assistance. An amount of NAF 5.6 million has been reserved for assistance and for one-time assistance for burial costs for persons of limited means and indigent persons an amount of NAF 75.000 has been included.
- Further expansion of the Community Helpdesk and improvement of community work in the various districts by strengthening the community Helpdesk with a.o. personnel (NAf 73.000).
- Drafting and further elaboration of Social and Crisis care policy, Policy for the elderly, Domestic violence policy and policy for social work place. For crisis care, an amount of NAF 100.000 has been included.
- Improvement of subsidies as policy instrument (a.o. community centres, residential care & youth centres, Safe Haven and Turning Point0 NAF 1.2 million.
- With regard to poverty prevention the following programs shall be executed, Budgeting and Nutrition Program, Social Bank, GED Program, Sexual Reproductive Health and Family Planning, NAF 230.000.
- To ensure a better integration of the elderly in our society, various programs shall be executed for an amount of NAF 30.000.
- Furthermore, after Irma there is a great for housing and social assistance. There are a number of persons who had no home after Irma; for these persons, the Ministry invested in a “transitional shelter” and the management of this (approx..NAf 1. million). Furthermore, the Ministry shall also continue their home repair program for vulnerable groups for an amount of NAF 340.000.

3.Labour

- Investigate repositioning of the arbitrator for arbitration in collective and individual labour conflicts (arbitration) NAF 100.000. For personnel costs, an amount of NAF 103.386 (1 Fte's).
- Review Industrial Peace decisions.
- Review work permits legislation and regulation
- Implementation policy Dismissals and Dismissal Committee NAF 30.000.
- Further research as regards the Introduction of an unemployment insurance to replace the Cessantia regulation to realize more diversity in social services for the unemployed. This is also coupled with a compulsory pension plan.
- With regard to the labour market policy, a vacancy and labour survey will be carried out (NAF 75.000).
- Labour Reform, further elaboration consensus document NAF 40.000. The Ministry shall also participate in the ILC in Geneva (International Labour Conference) NAF 40.000.
- Formalizing of Tripartite by means of legislation NAF 25.000.
- To ensure that our education is properly in tune with the demand on the labour market, a National Job market shall be organized and to get a better insight into the demand of the labour market, we shall work closely with our Chamber of Commerce. NAF 20.000.
- Furthermore, the Ministry shall continue to support our unemployed and job-seekers (Support employment opportunities) by offering various training sessions on work- and social level NAF 180.000.

Furthermore, the Ministry shall continue to invest as much as possible in their personnel by means of training for NAF 230.100 and shall also continue with digitalizing processes to be able to execute the tasks of the Ministry in an efficient and effective manner.

4.5.3Risks within the Policy execution

When making up this budget, naturally account was taken of all factors which are important for the functioning of the Ministry for the benefit of the organization.

This therefore entails that, if the budget is not allocated as requested, this shall bring along the following risks:

1. Investments in innovation and automation of registration systems within the Ministry.
2. More than average cost increases in healthcare sector with respect to steady premiums.
3. The current fragmented system of medical expenses insurances ensures that one is able to manage the healthcare costs in a less proper manner and that various groups of persons are not insured and are only considered for a private insurance, which because of their age and/or health or financial situation is not always affordable, effectively ensuring that the healthcare is less accessible for these groups. A basic medical expense package addresses these problems, but the financial and social-economic consequences must be mapped out and the implementation of such a basic insurance is made more difficult because not all relevant entities are adequately equipped for this.
4. Increasing demand for social safety provisions and increase in social safety provisions with decreasing financial means.

4.6 Ministry of TEZVT

4.61. Policy priorities

In view of the mission and vision of the Ministry of TEZVT, the governing accord which has been set forth in its governing program of 2018-2022, the NRRP and the current developments in the economic recovery process, the following policy priorities are applicable to this Ministry:

1. Stimulating Sustainable Economic Development

In view of a sustainable economic development and growth in the economy of Sint Maarten, the Ministry has set forth its strategic long-term objectives as follows:

- Rebuild, improve and revitalize the tourist product with a resilience strategy to, be able to withstand future storms.
- Increased public relations (PR) and specific marketing synchronized with the available inventory and airlift; to a higher growth of the revenues of tourism.
- Review the Tourism Masterplan in close cooperation with Saint Martin to ensure a uniform approach when creating the masterplan which ensures sustainable tourism for the island with the respective visions of each half of the island.
- Strengthening and support of the local medium- and small business (MKB);
- Develop in close cooperation with the Ministry of Finance, a provisional tax stimulation program for businesses.
- Stimulate the diversification of the economy and the most important pillar of the economic pillar Tourism to ensure a more resilient and sustainable economy;
- Strengthening and improving market regulations to ensure that the economic climate is beneficial for sustainable economic growth;
- Developing or amending legislation and regulation which guarantees the protection of the citizens of Sint Maarten.

2. Streamlining Processes and the Restructuring of the Ministry

Ensuring improved decision-making and efficient execution of tasks by the review policy, increased compliance of legislation and regulation, streamlining and synchronizing of systems and the reorganization of the departments of the Ministry:

- Adequate information supply;
- Cooperation with third parties to link the systems with other Ministries (i.e inter-phase data/info systems);
- Performance of tasks via independent administrative organs (ZBO's);
- Further and more intensive automation of the control system;
- Strengthening and more control of execution.
- Look at the possibilities to restructure departments to guarantee efficiency.

3. Improve the Personnel Capacity of the Ministry

Coordinating and synchronizing personnel with policy objectives TEZVT;

- Train personnel for optimal service to citizens and correct enforcement legislation & regulation of policy areas TEZVT;
- Hiring and/or training with regard to writing legislation and regulation.
- Set up of necessary and important institutes such as:
 - Gaming Control Board (GCB);
 - Competition authority;
 - Consumers' organization;

- Bureau for business development and of investment promotion.

4.6.2 Policy actions

In view of the policy priorities of the Ministry of TEZVT in the coming years and in view of the available means in the budget of 2019, the policy actions in 2019 are as follows:

1 Stimulating Sustainable Economic Development

Development of new legislation and policy and plans:

- 5-year National Economic Development plan;
- 10-year Masterplan for Tourism;
- Revisit or Update the Carrying Capacity Study;
- Review Philipsburg Plan;
- Tax Holiday and Investment incentives;
- Actualization of legislation (street trading, business licences, public transportation and gaming);
- Development of a price policy to prevent price gouging;
- Develop a project proposal plan for economic recovery in line with the NRRP and the governing program.

Projects:

- Revitalizing Philipsburg
- Survey on home listing and – allocation;
- Public transportation survey;
- Statistical system for information analysis of tourism.

Annual survey projects:

- Consumer price index (CPI)
- Survey national accounts;
- Labour Force Survey;
- Tourism Exit Survey.

Subsidizes support as policy instrument:

- Development of Middle- and Small Business;
- Revitalization of Philipsburg
- Agriculture (improvement of the tourist product and diversification);
- Tourist product and events (for example Regatta, Carnival and Small Hotel Assoc. etc.).

2. Streamlining Processes and the Restructuring of the Ministry

Improved information gathering for the purpose of reducing/lowering the informal sector, increasing of compliance on the observance of legislation and regulation and the streamlining and synchronizing of systems for an improved policy- and decision-making in the long term by a.o.:

- Continuation of the BUS SYNC-project;
- Collecting data in cooperation with airport PJIA in order to have more information about visitors available in a Visitors Database;
- To collect more information about “stay overs” by working more closely with Ministry of Justice, Immigration department
- Improvement of the automation by investing in the National Statistics System, Economic Control and Inspection system and the Business Licence System;

- Realization of an adequate internal information supply through the introduction of monthly management reports by department heads;
- Examine the possibilities to enter into a *Public-Private-Partnership (PPP)*.

3. Improve the Personnel Capacity of the Ministry

- Implementing the *Service with a Smile Campaign* to improve the service to citizens and tourists. The personnel shall first have to be trained in the field of policy, legislation and regulation in their work area, customer friendliness and general skills. Then an information campaign is started with marketing means to bring the attention of the citizen and the tourists to the improved service;
- Fill critical functions, in the formation there are 20Ftes

Critical Functions	
EVT	5
IDEZ	8
L&S	3
MDS	1
STAT	2
STB	1
Grand total	20

4.6.3 Risks in the Policy execution

That certain legislation and regulation is not presented to Parliament on time;

- Information which is necessary for the substantiation of bills is not always available to convince/motivate important institutions such as SER & Council of Advice that the bills can receive a positive advice;
- It is difficult to find personnel for critical functions (e.g. legists), because they cannot be offered what is considered suitable salaries;
- The budgetary limitation to obtain expert advisors.

4.7 Ministry of VROMI

Within the Government of Sint Maarten, the Ministry of VROMI is responsible for all matters pertaining to Public Housing, Spatial Planning, Environment and Infrastructure. The activities of the Ministry of VROMI are aimed at a sustainable spatial development and a good quality of life for the residents of Sint Maarten.

The mission of the Ministry consists of the responsibility for an integral set up and management of the public area by means of setting policy, the implementation of this and supervision, in order to guarantee an optimal, living, working and recreational climate for the residents of Sint Maarten.

4.7.1 Policy priorities

In order to realize the vision and mission and to be able to execute the tasks and responsibilities in accordance with the Organization decree VROMI (AB 2013, GT no. 145), the Ministry of VROMI developed a long term ministerial plan which is aimed at four strategic objectives:

1. Sustainable development through the protection of the environment and natural resources;
2. Improvement of the resilience of the country;
3. Improvement of the quality of life of the citizens;
4. Improvement of the performance and the organization within the Ministry.

1. Stimulation of Sustainable Economic Development

The Ministry of VROMI strives for a sustainable “ Spatial” Development on Sint Maarten for the protection of the living environment and natural resources. The Ministry puts sustainable development central in its activities in the field of regulation, policy development, projects and activities.

2. Improvement of the Resilience of the Country

With this strategic objective, the Ministry of VROMI strives for the improvement of the resilience of the built-up and natural living environment on Sint Maarten. The Ministry is going to realize this by concentrating on improving the built up living environment in order to be able to better withstand the disruptive events such as natural disasters. VROMI is hereby striving to improve the ability of the Country to be able to function normally and to resume daily life after such incidents, within a short period.

3. Improvement of the quality of Life of the Citizens

With this strategic objective the Ministry of VROMI strives for the improvement of the quality of life of the residents of Sint Maarten by improving the quality of the built-up and natural living environment.

4. Improvement of the Performances and the Organization within the Ministry

With this the Ministry of VROMI is striving for the improvement of its internal organization by improving its functioning and performances with regard to the execution of tasks and responsibilities.

4.7.2 Policy actions

The following actions and initiatives have been planned for 2019 to be able to achieve the long-term strategic objectives.

1. Stimulating of Sustainable Economic Development

In order to guarantee a sustainable development and protection of the environment and natural beauty of Sint Maarten and to improve the environment of its inhabitants, the Ministry of VROMI intends to undertake the following initiatives.

- Reform legislation and regulations with regard to spatial planning:
 - Establishing zoning plans for Sint Maarten to be able to ensure a structured spatial development, protection of the living environment and protection of the hill tops and the natural resources of Sint Maarten.
 - Establishing of a VROMI national ordinance as an umbrella ordinance in which all separate ordinances shall be actualized.
- Environmental management and nature protection:
 - Establishing an environmental policy and – development plan to protect the environment from pollution and disruptions.
 - Establishing the Nature policy and –development plan to protect the natural resources but also to concentrate on nature development.
 - Setting up the first Country Nature park on Sint Maarten.
- Strengthening of VROMI Inspection and Preservation:
 - The strengthening of VROMI-inspection and preservation to prevent illegal building- and other activities, to prevent environmental inconvenience as much as possible, and to ensure the optimizing of preservation activities: on its own initiative or on the request of citizens and companies.

2. Improvement of the Resilience of the Country

Through the application of the following activities the Ministry of VROMI wants to guarantee the quality of the built-up environment:

- Develop standards and norms in the field of civil engineering, sewerage and drainage.
- Develop drainage study and plan for Philipsburg and environment.
- Paving of drainage canals;
- Actualizing building standards and regulations;
- Establishing a disaster fund to be able to act in a more efficient manner after a disaster.

3. Improvement of the Quality of Life of the Citizens

To be able to improve the quality of life for the inhabitants, in 2019 the following activities shall be executed.

- Improvement and preservation of the physical quality of life:
 - Expansion of the sewerage network;
 - Add new house connections to the sewerage network;
 - Development of the sewerage network Sint Maarten West and RWZI (Colebay);
 - Upgrading of the Welfare and Airport Road.
 - Cleaning up the mountain of garbage (landfill)
- Facilitating affordable homes and homeownership:
 - Improving the accessibility of domain parcels;
 - Establishing and implementing a policy document housing in which an indication is given as to which direction and role the Government has assumed in relation to house-building, particularly related to house-building for groups with lower- and median

incomes. In the implementing paragraph the actualizing of the established agreements with the SMHDF shall play a role.

- The purchase of land for the development of house-building, infrastructural works, etc.
 - The subdivision and building infrastructure aboveground as well as underground for the area "Over the Bank" for the purpose of being able to issue this in long lease in principle.
- Reducing the dependence of fossil fuels:
 - The development of a waste processing centre;
 - The development and implementation of a recycling programme;
 - The stimulation of sustainable energy.

4. Improvement of the Performances and the Organization within the Ministry

To be able to improve the performances of the Ministry of VROMI, the following initiatives shall be implemented in 2019.

- Organization development:
 - Setting up a section contract management within the management services to be better able to guarantee the quality of the purchased services by means of supervision of the contractual compliance of the established obligations.
- Revenue-generating measures:
 - Optimizing the collection of long lease monies (i.c.w. the Receiver).
 - Implementation of the sewage charges.
 - Introduction of a waste charge.
- Strengthening of data management within the Ministry of VROMI:
 - The introduction of a centralized Basic Administration for Addresses and Buildings (BAG);
 - The further expansion and continued development of our GIS-system and data bank.

4.7.3 Risks within the Policy execution

The most important risks, bottlenecks and points of interest at the Ministry with regard to the policy execution within the stated budgetary frameworks are as follows:

- Even though one of the policy priorities within VROMI is Organization improvement, the budgeted personnel budget is inadequate to cover the annual salary costs within the Ministry, including the compulsory jubilees and increases to be paid out.
- Within the departments and services, there is a great need for improvement and optimization of knowledge and skills. The Training budget centrally available for 2019, however, because of deficits to be covered, is not adequate to meet the needs of the Ministry.
- In addition, the legal and other expert advice Budget, from the decentralization of this budget, has been insufficient to cover the purchase of judicial and expert advice of third parties.
For 2019, this deficit increases, due to a reduction to cover the deficit on the cost of wages within the Ministry. The risk which is related to this, is budget overruns or insufficient estimation of the judicial consequences at the execution of projects with possible high costs for claims as a result. In addition, this could be at the expense of the quality, if not sufficient expert advice and necessary consultants can be hired in.
- The performance agreement with SMHDF is dated and gives insufficient guidance from the Ministry. This agreement must be revised. The risk related to this is that there is a question

of an outstanding financial settlement of the debt/claim on SMHDF with possible consequences of overruns of the budget of the Ministry.

- At the moment there is a question of projects yet to be executed in the amount of approximately NAf 54 million (\$ 30 million) in which financing of the European Union (EU) is anticipated and financing of projects for repairs from the Reconstruction fund. These are long-term projects. The risk is that ultimately less external financing shall be received for this than expected, with a possible risk for the budget of the Country or non- or less execution of these necessary projects. This will affect the following projects:
 - The expansion of the sewage network in Dutch Quarter EURO 5 million
 - Cleaning up rubbish and IRMA dumping areas: USD 10 million
 - Cash-For-work Rrubbish removal and project management USD 5 million
 - Roof- and house repair: USD 5 million
 - Support of SMHDF for repairs of damages houses: USD 5 million
- The situation of the road network has worsened after Irma. The risk is there that not sufficient monies have been budgeted for maintenance and repairs. Possibilities are being examined to fund this via the Reconstruction fund.
- Due to the lack of capital account for investments to expand the road network, the traffic is threatening to become blocked at several main roads on the island.
- Not being able to pay in connection with incidental work as regards drainage resulting from calamities and regular maintenance work which have not been included in the current service provider contract.
- The responsibilities in the field of preventative measures with regard to (natural) disasters must be laid down (more) clearly in contracts which have been and are entered into.
- With regard to managing the garbage dumping process, in addition to health care risks for the population, at the moment there are also the following risks for the Ministry of VROMI:
 - The risk exists that the waste project shall bring along extra costs, in addition to the costs for the necessary consultants to supervise the project.
 - The current Management contract for the dumping site to the value of NAf 5 million must be extended on a timely basis or a new tender must take place. There is still one more extension of a year possible of the current contract and the Government can choose for this extension, provided that the contracted person carries out the improvements proposed by the Government, such as evident from the SOAB-investigation report. One condition is that the Government shall have to offer the necessary financial support to the contracted person in order to guarantee the success of the improvements. In the meantime, it has become evident that the current contract amount is not adequate to guarantee a safe management of the Landfill. Should this new commitment between parties not succeed, then this project must be put out to tender again. The Ministry must therefore make the necessary (financial) reservations for this.
 - Maintenance and control of the correct usage of garbage containers still leaves much to be desired, as regards vacant positions within the department.
 - Purchase of garbage containers (different sizes) shall have to take place via a public tender. The Government is contractually linked to the purchase of the necessary garbage containers, while there is no budget to bear these costs.
- Separate funds must be budgeted in a calamity fund or on the operational budget. In the event of a break out of calamities, with the current policy and budgeted minimal funds, it is impossible to combat the calamity structurally and effectively.
- With regard to sewage, there is a question of the following risks and points of interest:
 - The Sewage water purifying installation (RWZI) delivered in 2012, must produce significantly more capacity to operate optimally, approx. 35.000 households can be connected as opposed to approx. 10.000 households are connected. Main sewage

connections must be installed in the various districts before the house connections can take place. This involves a long term planning and projection and is therefore very costly. In the framework of the cooperation with Saint Martin, in 2019, approx. NAf 3 million Capital must be made available to make a start with the realization of a RWZI in the Colebay area, which is the compulsory own contribution for Sint Maarten.

- The project drain holes on the high-pressure tube of Belvedere may suffer as a result of the too-low budget for this project. Missing out on long lease revenues due to a shortage of manpower for settling applications received and in particular the collection of annual lease arrears. In this framework, it is also important that an investment is made in the needed ICT-systems to guarantee the efficiency and required capacity of work processing within the department of domain management.
- Standardizing of the rates of turnover with regard to inspections and licences must be made up.
- Invoicing process with regard to Inspections and Licences must be optimized. There must be an interface between fees to be charged for inspections and licences and what is registered at the Receiver (GEFIS). Internal audits cannot take place in an adequate manner due to great delays in the process of information supply to the Receiver.
- The Ministry of VROMI is very dependent on vehicles to be able to execute its responsibilities in a proper manner. This applies to all departments and Services within the Ministry: the car fleet of the Ministry consists of approx. 30 vehicles, of which most of them are over 10 years old. 7 of these vehicles are up for replacement. It is important that the Ministry has at its disposal reliable and practical vehicles to be able to perform its tasks in an adequate and efficient manner. The management of the car fleet is however in the hands of the Ministry of AZ and therefore at the expense of AZ. Risk for VROMI because of this, is that the needs of the Ministry can possibly not be met because of lower budgeting at the Ministry of AZ.

End report.

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