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COMMON COUNTRY ANALYSIS

SINT MAARTEN

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EXECUTIVE SUMMARY

Sint Maarten is a small island developing state (SIDS) with a unique constitutional status as a constituent country within the Kingdom of the Netherlands. Despite significant progress, its development trajectory is shaped by two defining structural conditions: (i) high exposure to external shocks-including hurricanes, global tourism fluctuations, and imported inflation; and (ii) restricted fiscal and policy autonomy stemming from Kingdom-level oversight of debt, borrowing, and aspects of public administration. These dual vulnerabilities shape the island's ability to finance development, implement long-term reforms, and accelerate progress toward the Sustainable Development Goals (SDGs).

The island's economy has shown uneven recovery since the twin shocks of Hurricane Irma in 2017 and the COVID-19 pandemic in 2020–2021. Real GDP contracted by an estimated −26 percent after Irma (*World Bank, 2024*) and an additional −22 percent during the pandemic (*IMF, 2024*). Tourism accounts for more than 70 percent of GDP and 85 percent of foreign exchange earnings, making Sint Maarten one of the most tourism-dependent economies in the world. GDP growth rebounded to 13.8 percent in 2022, driven by a surge in cruise passenger arrivals and hotel occupancy (*IMF, 2025*), yet economic diversification remains limited, productivity stagnates, and the labour market exhibits persistent informality.

Public debt that had spiked after the pandemic has come down significantly following Dutch-administered reform programmes (*Central Bank of Curaçao & Sint Maarten, 2024*). Unlike other Caribbean states, Sint Maarten cannot access financial markets independently; borrowing requires Kingdom approval, and the Netherlands retains the legal authority to veto fiscal decisions. This stabilizes sovereign risk but constrains SDG financing, climate investment, and countercyclical policy space.

Income inequality remains high, and poverty data are outdated due to the absence of regular household surveys. However, social assistance enrolment doubled between 2018 and 2023, suggesting significant vulnerability among low-income households. A growing share of the population consists of migrants, many of whom lack legal status, formal employment access, or social protection (*IOM, 2023*). Sint Maarten now functions as both a destination and transit point for regional migrants, particularly from the Dominican Republic, Haiti, Jamaica, and Guyana.

Progress toward SDGs linked to education, health, gender equality, climate resilience, and data systems is uneven. Health expenditure is 4.3 percent of GDP—below the regional average—and non-communicable diseases account for 74 percent of premature deaths (*PAHO, 2024*). The education system faces declining enrollment associated with outward migration, learning loss during COVID-19, and teacher shortages. Gender-based violence remains underreported, with no national prevalence survey conducted to date.

The island's environmental and climate risk profile is critical. Sint Maarten is located in the Atlantic hurricane belt and experiences average annual losses equivalent to 4–6 percent of GDP from climate-related events (*ECLAC, 2024*). Coastal erosion, saline intrusion, and inadequate waste management underscore the urgency of a just transition toward climate-resilient infrastructure and a circular economy model. The Paris Agreement is implemented through the Kingdom, meaning Sint Maarten cannot submit an independent Nationally Determined Contribution (NDC), complicating climate finance eligibility.

The UN's analysis identifies five priority accelerators to support SDG delivery:

- Strengthening governance, data, and institutional coordination under a shared-sovereignty framework
- Financing sustainable development through innovative non-sovereign instruments and blended mechanisms
- Climate-resilient infrastructure and blue/circular economy diversification
- Human capital investment, including migrant inclusion and lifelong skills systems
- Digital transformation and e-government reform to overcome capacity constraints

This Country Analysis informs UN programming under the MSDCF Caribbean (2027-2031) and provides a basis for joint engagement with Sint Maarten, the Netherlands, World Bank, EU, Caribbean Development Bank, the private sector, civil society and regional organizations.

1

INTRODUCTION

1.1 Purpose and Context

This Country Analysis provides an integrated assessment of Sint Maarten's development challenges, opportunities, and structural constraints as the country advances toward 2030. As a small island economy with high external exposure and limited policy autonomy, Sint Maarten's development trajectory is shaped by the interplay of national institutions, regional processes, and Kingdom-level governance. The analysis serves as the evidence base for the United Nations' strategic engagement and contributes to the Caribbean Multi-country Analysis that informs the UN Multi-Country Sustainable Development Cooperation Framework (MSDCF) for the Caribbean (2022–2026).

Sint Maarten's development context is defined by post-disaster reconstruction, a tourism-dependent economic structure, volatile revenues, climate vulnerability, and rising social inequalities. The ongoing administrative, financial, and constitutional negotiations between Sint Maarten and the Netherlands influence virtually every sector—from public finance and justice reform to labour regulation and migration policy. Unlike independent Caribbean states, Sint Maarten has no sovereign monetary authority, cannot unilaterally issue public debt, and does not control its own foreign policy—factors that shape development planning, external borrowing, and SDG financing.

1.2 Methodology and Analytical Approach

The analytical framework is based on three interlinked approaches:

A. **Systems Thinking** — examining interdependencies between economic resilience, climate risk, governance, and human development. This approach recognizes that vulnerabilities in one sector (e.g. informal labour) reinforce others (e.g. access to social protection or disaster recovery).

B. **Human-Rights-Based and Leave-No-One-Behind (LNOB) Approach** — disaggregating risk and access to services by income, gender, migration status, age, and disability. Particular emphasis is placed on undocumented migrants, single-parent households, youth unemployment, and elderly population .

C. **Strategic Foresight and Scenario Analysis** — exploring medium-term risks such as automation in tourism, hurricane intensity trends, climate-induced migration flows, and shifts in Netherlands-Caribbean governance relations.

Data triangulation draws from IMF Article IV Consultation (2025), World Bank DataBank, UN DESA World Economic Situation and Prospects (2025), PAHO Health in the Americas, IOM Migration Profiles (2023), and the Central Bank of Curaçao and Sint Maarten.

1.3 Political Status and Institutional Arrangement

Sint Maarten became a constituent country within the Kingdom of the Netherlands on 10 October 2010 following the dissolution of the Netherlands Antilles. The island exercises internal self-government through a parliamentary system but shares external sovereignty with the Kingdom, which retains full authority over defense, nationality, and foreign affairs, and partial authority over public finance and governance supervision.

Fiscal governance is subject to the Kingdom Law on Financial Supervision, under which the Netherlands can block new borrowing or require balanced-budget correction measures (*Government of the Netherlands, 2023*). During the COVID-19 pandemic, financial support was extended through conditional liquidity loans linked to labour, pension, and public-sector reforms monitored by a temporary entity, the Caribbean Body for Reform and Development (COHO). Negotiations over the permanence of this oversight structure remain ongoing in 2025.

Unlike OECS or CARICOM members, Sint Maarten cannot negotiate independent bilateral agreements, request sovereign financing from the IMF, or issue eurobonds or treasury instruments—constraints that significantly differentiate its development space from other Caribbean SIDS.

1.4 Data and Information Sources

Data scarcity is a major constraint to evidence-based policymaking. The last comprehensive census conducted was in 2011. Labour force surveys are irregular, poverty surveys are absent, and administrative datasets remain fragmented.

As a result, this CCA relies on:

- IMF and World Bank macro-fiscal datasets
- Central Bank of Curaçao & Sint Maarten quarterly reports
- UN SDG Global Database (mixed-year indicators)
- PAHO + IOM sectoral datasets
- Reconstruction Trust Fund documentation (World Bank)

Where necessary, Sint Maarten-specific estimates are inferred from Dutch Caribbean regional aggregates (*UN DESA, 2025*).

1.5 Alignment with UN, Regional and Global Commitments

The analysis is aligned with:

- 2030 Agenda for Sustainable Development
- Antigua and Barbuda Agenda for SIDS (ABAS)
- Paris Agreement (implemented via Kingdom NDC)
- Sendai Framework on Disaster Risk Reduction
- Regional Caribbean frameworks under ECLAC, CARICOM (observer status), and OECS (functional cooperation)

1.6 Stakeholder engagement

Stakeholder engagement for the Sint Maarten Common Country Analysis was conducted in person from **19 to 21 November**, with the primary consultations held with members of the **Social Economic Council of Sint Maarten (SER)**. Additional briefings and validation discussions were held with a broad range of senior government functionaries across line ministries and public institutions on **20 and 21 November**. Stakeholders broadly affirmed the accuracy and relevance of the data and analytical framing presented. Discussions converged on a shared diagnosis of Sint Maarten's core structural challenges, notably the urgent need to diversify the economy beyond tourism, address high and rising costs of living, and strengthen fiscal and institutional resilience. Participants highlighted the strategic role of telecommunications and digital infrastructure in enabling services, finance, education, and data-driven governance, while noting persistent ease-of-doing-business constraints and policy non-harmonization across the Dutch and French sides of the island that generate negative externalities. Social vulnerabilities were underscored, particularly for single-parent households with multiple dependents facing high rental prices and limited buffers against economic shocks. Stakeholders emphasized that the current economic model offers limited space for entrepreneurial risk-taking, constraining innovation and MSME growth. Fiscal concerns featured prominently, including unfunded liabilities, pressure on reserves, constrained borrowing options limited largely to the Netherlands, and the need for comprehensive tax and fiscal reform within a system heavily reliant on residency-based direct taxation. Institutional challenges were also raised, including limited human capacity, fragmented collaboration, frequent political turnover with thirteen governments in fourteen years, and gaps between policy intent and on-the-ground implementation. Concerns were further expressed regarding external investment projects that insufficiently integrate local labor and expertise, the impact of illegal migration and cross-border policy spillovers, and rising crime, all of which were seen as interconnected risks to social cohesion and long-term development.

2

DEVELOPMENT CONTEXT

2.1 Global SDG Performance and Implications for Small Island States

Only 15 percent of SDG targets globally are on track, while 48 percent are moderately or severely off-track (*UN SDG Report, 2025*). Caribbean SIDS face the steepest setbacks due to compounded climate and economic shocks, limited fiscal space, and dependence on external financing. Sint Maarten reflects these structural vulnerabilities but additionally faces governance asymmetries—progress on SDG 1 (Poverty), SDG 8 (Employment), and SDG 16 (Institutional Strength) is affected not only by domestic policy capacity but also by Kingdom-level decision-making.

Climate-related losses in the Caribbean now average 2–3 percent of GDP annually (*ECLAC, 2024*), but for Sint Maarten the figure is significantly higher due to concentrated coastal infrastructure, with Hurricane Irma-related damage estimated at 260 percent of GDP (*World Bank, 2024*). Recovery spending continues into 2025, with more than USD 600 million in reconstruction projects still in progress.

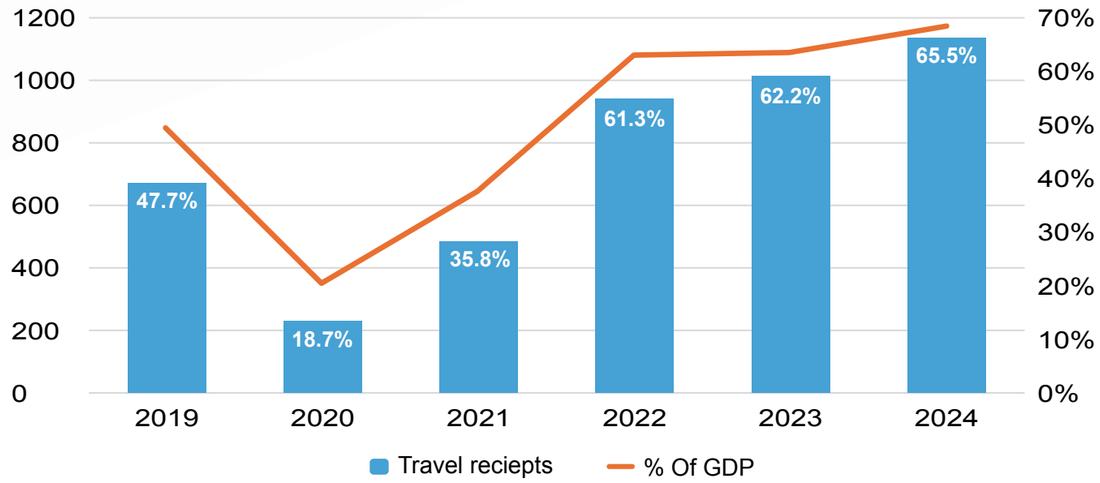
2.2 Sint Maarten's Regional and Economic Positioning

Sint Maarten operates outside all major Caribbean economic unions; it is not a member of CARICOM, OECS, or the Eastern Caribbean Currency Union, though it participates in several functional regional mechanisms such as CDEMA, PAHO/WHO, and the Caribbean Tourism Organization. Its monetary policy is tied to the Netherlands Antillean guilder, jointly administered with Curaçao through a shared central bank.

Exports consist primarily of tourism services; the island imports more than 90 percent of total consumption goods (*UN Comtrade, 2024*). Remittances accounted for 4.2 percent of GDP in 2023 (*World Bank, 2024*), largely from diaspora in the US and Netherlands. There is no domestic agriculture of scale, no export manufacturing, and no extractive sector—making the economy highly exposed to external demand, global cruise itineraries, airline connectivity, and US inflation.

A. Figure 1:

B. Tourism Receipts (US$ current and % of GDP)



Source: CCA original figure based on data from Central Bank of Curacao and Sint Maarten

2.3 Post-Irma Recovery and Emerging Development Challenges

Hurricane Irma in 2017 devastated Sint Maarten's infrastructure, damaging over 90 percent of buildings and destroying critical tourism assets (*World Bank, 2024*). Although the World Bank-managed Reconstruction Trust Fund financed over US $600 million in projects through 2025, the recovery has been uneven across sectors and communities. Public housing and health facilities remain under construction, and many households continue to rely on temporary shelters or substandard dwellings. In the absence of a comprehensive urban resilience framework, coastal settlements and informal housing areas remain highly vulnerable to future storms and flooding (*ECLAC, 2024*).

The COVID-19 pandemic acted as a reverberating shock to further augment these fragilities. Between 2020 and 2022, GDP contracted by over 22 percent and unemployment rose above 17 percent (*IMF, 2024*). The loss of tourism income accelerated outmigration of skilled workers to the Netherlands and the US, depleting domestic human capital and reducing tax revenues. By 2024, employment had recovered to near pre-crisis levels (8.6 percent unemployment), but informality and gender inequality persist, particularly in retail and hospitality. Many workers operate without social insurance or access to public pensions, leaving large segments of the population vulnerable to income shocks.

Inequality is pronounced. While per capita income is among the highest in the Caribbean (US $29,000 in 2024), consumption and asset inequalities have widened (*World Bank, 2024*). The top 20 percent of households capture over 55 percent of national income. Lower-income workers face high costs of living, with housing and electricity costs among the region's highest. Poverty estimates based on ECLAC methodology suggest around 22 percent of the population lives below the national poverty line (*ECLAC, 2024)*. Social assistance coverage expanded after 2020, but benefits remain fragmented across ministries and rely on Dutch liquidity support.

Migration pressures are shifting Sint Maarten's demography. According to IOM (2023), migrants account for about 37 percent of the population, one of the highest shares in the Caribbean. Most migrants come from the Dominican Republic and Haiti and are employed in construction, retail, and domestic services. Many lack formal documentation or access to health and education. While their labour is essential for reconstruction and tourism, limited regularization mechanisms perpetuate social exclusion and under-reporting of employment. This presents an urgent human-rights and development priority.

2.4 Structural Constraints Toward 2030

Sint Maarten's development pathway toward 2030 is shaped by a set of interlinked structural challenges that reinforce economic vulnerability, social inequality, climate exposure, and persistent implementation gaps. These constraints reflect the realities of a small island economy with limited diversification, high import dependence, exposure to external shocks, and constrained fiscal and administrative capacity. While the country has achieved relatively high per capita income levels compared to many Caribbean peers, structural fragilities continue to undermine inclusive, resilient, and sustainable development, with direct implications for progress across multiple Sustainable Development Goals (SDGs).

A. Extreme Tourism Dependence and Economic Vulnerability

Sint Maarten's economic structure remains heavily concentrated in tourism and related services, which account for an estimated 80 percent of GDP, foreign exchange earnings, and employment. This high level of sectoral concentration exposes the economy to global demand fluctuations, climate events, and geopolitical disruptions, as demonstrated by the sharp economic contractions following Hurricane Irma in 2017 and the COVID-19 pandemic. Real GDP declined by more than 20 percent in 2020, with a slow and uneven recovery that underscored the risks associated with limited diversification.

SDG MAPPING FOR SINT MAARTEN: Bottlenecks and Accelerators



Looking toward 2030, failure to diversify the economic base could deepen vulnerability to climate-related disruptions, shifts in global travel patterns, and increasing competition within the Caribbean tourism market. Accelerating structural transformation through diversification into higher value services, digital industries, creative industries, and elements of the circular economy will be critical to strengthening economic resilience while reducing environmental pressures associated with mass tourism.

B. Uneven Outcomes and Vulnerabilities Among Population Groups

Despite relatively high average income levels, development outcomes in Sint Maarten remain uneven, with significant disparities affecting women, youth, migrants, persons with disabilities, and low-income households. Poverty and vulnerability are closely linked to labor market informality, limited social protection coverage, and high living costs driven by import dependence. Migrant workers, who constitute a substantial share of the labor force, are often concentrated in low-wage service jobs with limited access to social insurance and labor protections.

These structural inequalities impede progress on SDG 1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), and SDG 10 (Reduced Inequalities). Youth unemployment remains elevated relative to overall unemployment, reflecting skills mismatches, limited vocational training opportunities, and narrow employment pathways outside tourism. Access to preventive healthcare and mental health services

remains uneven, while non-communicable diseases continue to impose long-term social and fiscal costs.

Without targeted reforms, these disparities risk widening by 2030 as automation, digitalization, and climate shocks disproportionately affect vulnerable groups. Strengthening shock-responsive social protection systems, expanding technical and vocational education and training (TVET), and improving labor market inclusion will be essential to ensure that future growth translates into shared prosperity and social cohesion.

C. High Climate Vulnerability and Environmental Degradation

Sint Maarten ranks among the most climate-vulnerable countries globally, with exposure to hurricanes, storm surge, sea level rise, heat stress, and ecosystem degradation. Climate-related disasters have repeatedly reversed development gains, strained public finances, and disrupted livelihoods. Coastal erosion and coral reef degradation threaten both biodiversity and the tourism economy, while water scarcity and waste management challenges are exacerbated by population density and limited land availability.

These structural environmental risks directly affect SDG 13 (Climate Action), SDG 14 (Life Below Water), SDG 11 (Sustainable Cities and Communities), and SDG 15 (Life on Land). While post-disaster reconstruction has improved building standards in some areas, gaps remain in enforcement, land-use planning, and resilient infrastructure investment. Climate adaptation efforts are further constrained by limited technical capacity, fragmented data systems, and dependence on external financing.

By 2030, climate impacts are projected to intensify, increasing both the frequency and severity of shocks. Without sustained investment in climate-resilient infrastructure, ecosystem-based adaptation, and disaster risk reduction, climate risks could undermine fiscal sustainability, food security, and long-term growth prospects. Integrating climate resilience into public investment planning and strengthening marine and coastal ecosystem protection will be central to safeguarding development gains.

D. Implementation Gaps and Financing Constraints

Underlying many of Sint Maarten's development challenges are persistent implementation gaps related to institutional capacity, public administration, and financing. Limited human resources within the public sector, high administrative burdens, and fragmented coordination across institutions constrain policy execution and service delivery. These challenges are compounded by constrained fiscal space, high post-disaster reconstruction costs, and dependence on external financing flows.

These structural constraints affect progress across SDG 16 (Peace, Justice and Strong Institutions) and SDG 17 (Partnerships for the Goals). While strategic frameworks and sectoral policies exist, translating plans into results remains uneven due to capacity limitations, procurement bottlenecks, and limited monitoring and evaluation systems. Access to climate finance and concessional funding remains challenging despite high vulnerability, reflecting administrative complexity and limited absorptive capacity.

Looking ahead to 2030, closing the implementation gap will be as critical as policy design itself. Strengthening public financial management, digital government systems, and data-driven decision-making can improve efficiency and accountability. Expanding partnerships with international financial institutions, development partners, and the private sector will be essential to mobilize climate and development finance at scale.

E. A Structural Turning Point Toward Integrated SDG Action

Taken together, these structural challenges highlight the need for an integrated, systems-based approach to development through 2030. Economic diversification, social inclusion, climate resilience, and institutional strengthening are deeply interconnected, requiring coordinated action across sectors and stakeholders. Accelerators identified across the SDGs, including MSME upgrading, inclusive labor protections, climate-resilient infrastructure, and strengthened public administration, offer pathways to transform structural vulnerabilities into sources of resilience.

If effectively leveraged, the SDGs can serve not only as outcome targets but as an organizing framework for integrated policy action. Building resilience through integrated SDG implementation will be central to ensuring that Sint Maarten's development trajectory toward 2030 is more inclusive, sustainable, and resilient to future shocks.

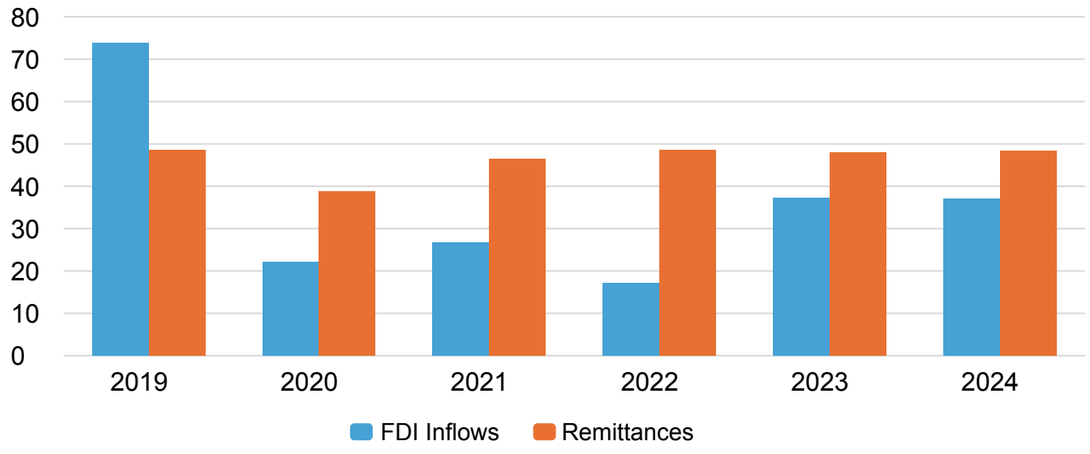
2.5 Financing Landscape

Public revenues represent about 27 percent of GDP, below the Caribbean average of 33 percent (*World Bank, 2024*). The tax base is narrow and concentrated in import duties and tourism fees. Debt service obligations consume roughly 15 percent of revenues (*IMF, 2024*), limiting space for social spending. Foreign direct investment averaged 5.8 percent of GDP in 2024, mainly from the Netherlands and US in hospitality and real estate sectors. Portfolio flows remain negligible, and there is no sovereign bond market. Remittances and diaspora savings provide an important informal financing source, hovering close to $50 million (approximately 3% of GDP) for the last four years.

Official development assistance is channeled through Kingdom structures and the EU Overseas Countries and Territories (OCT) framework. Sint Maarten is not eligible for concessional IDA financing or climate fund direct access. This creates a structural financing gap for sustainable development and resilience investments. Innovative solutions such as blended finance, diaspora bonds, and regional climate risk insurance could partially offset these constraints.

A. Figure 2:

B. FDI Inflows and Remittances, 2019-2024 (current US$ million)



Source: UNCTAD for FDI inflows, World Bank KNOMAD for remittances

2.6 Outlook

If current reforms under the Kingdom framework continue and tourism remains resilient, Sint Maarten's GDP is projected to grow by 3.5 per cent in 2025 and 2.8 per cent in 2026 (*IMF, 2024*). While the near-term outlook is positive, the medium-term trajectory will depend on the country's ability to navigate three interrelated strategic inflection points that will shape the sustainability, inclusiveness, and resilience of its development path.

First, managing fiscal autonomy under continued Dutch supervision remains central to macroeconomic stability. Sustained progress in public financial management, revenue mobilization, and expenditure efficiency will be critical to reducing vulnerabilities while gradually strengthening domestic policy space. At the same time, maintaining credibility with external partners and adhering to agreed fiscal frameworks will be essential to secure continued access to concessional financing and technical support.

Second, diversifying the economy beyond tourism while building climate resilience is imperative to reduce structural dependence and external vulnerability. In line with **UN Tourism** and **UNCTAD** guiding principles, this requires a transition from a volume-driven tourism model toward a high-value, low-impact approach that maximizes domestic value added and strengthens local economic linkages. Priority actions include developing niche segments such as eco-tourism, cultural and heritage tourism, and remote-work services; embedding sustainability standards across the tourism value chain; and leveraging digitalization to enhance productivity and market access. At the same time, tourism can serve as a platform for broader structural transformation by fostering stronger backward linkages with agriculture, fisheries, and the creative economy, alongside targeted skills development. Integrating climate resilience into all investment decisions—including risk-informed infrastructure planning and nature-based coastal protection—will be essential to safeguard both economic assets and long-term growth.

Third, advancing social inclusion and addressing labour market informality will be critical to realizing the 2030 Agenda. Despite economic recovery, gaps in income distribution, access to quality employment, and social protection persist, particularly among vulnerable groups. Strengthening labour market institutions, improving access to skills training, and expanding formalization pathways can enhance productivity while ensuring that growth translates into shared prosperity. Targeted social policies will also be necessary to address inequality and build resilience to future shocks.

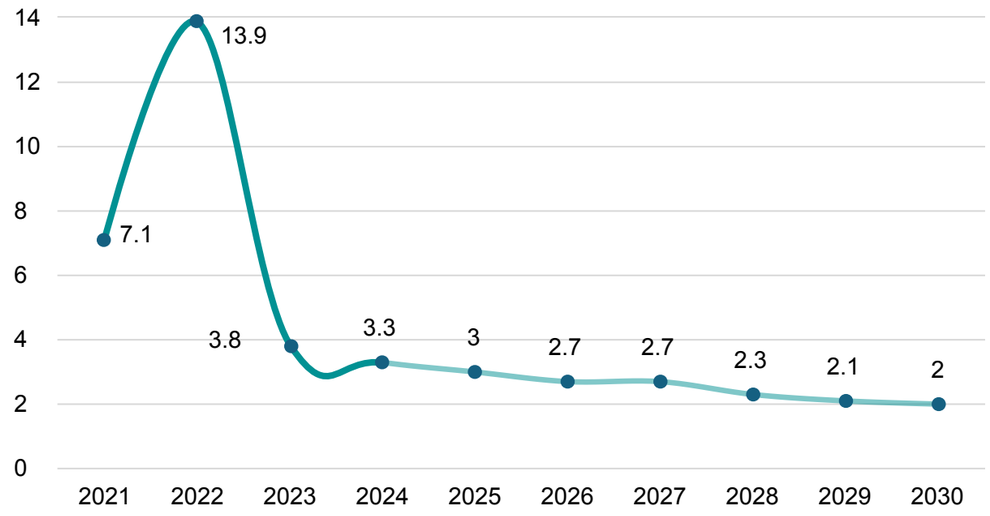
Overall, the window for decisive policy action remains narrow but actionable. Progress will require sustained coordination between national authorities, the Kingdom of the Netherlands, and the United Nations system to align macroeconomic stability with structural transformation, social inclusion, and climate resilience objectives.



3 MACROECONOMIC AND FISCAL OUTLOOK

A. Figure 3:

B. Real GDP Growth Estimates



Source: IMF, "Kingdom of the Netherlands—Curaçao and Sint Maarten: 2025 Article IV Consultation

3.1 Economic Structure and Performance

Sint Maarten's economy is overwhelmingly dominated by tourism, which contributes an estimated 72 percent of GDP and 84 percent of employment (*IMF, 2024*). The service sector—including hotels, restaurants, real estate, transport, and retail—drives nearly all growth. Agriculture and manufacturing remain negligible, contributing less than 2 percent of GDP combined. This concentration creates significant volatility and amplifies the impact of global shocks such as recessions, pandemics, or hurricanes.

Following the COVID-19 contraction, GDP growth rebounded to 13.9 percent in 2022 and is projected at 3.0 percent in 2025, before stabilizing under 3 per cent thereafter (*IMF, 2025*). Growth is underpinned by the tourism recovery, reconstruction spending, and limited private investment in real estate and digital infrastructure. However, productivity gains remain modest, and the economy operates below pre-2017 capacity.

Inflation reached 6.7 percent in 2023 due to imported energy and food prices but is projected to decline to 3 percent in 2025 as global supply chains normalize. The labour market remains tight, particularly for skilled trades and ICT professions, while low-skilled sectors depend heavily on migrant labour.

3.2 Fiscal Policy and Debt Sustainability

Public finances are governed by the Kingdom Law on Financial Supervision, which mandates balanced budgets and Kingdom approval for new borrowing. These rules provide macro-stability but limit counter-cyclical flexibility and constrain the Government's ability to finance the SDGs. Sint Maarten's fiscal deficit peaked at 9 percent of GDP in 2021 due to pandemic support measures and fell to 2 percent by 2024 (*Central Bank of Curaçao and Sint Maarten, 2024*).

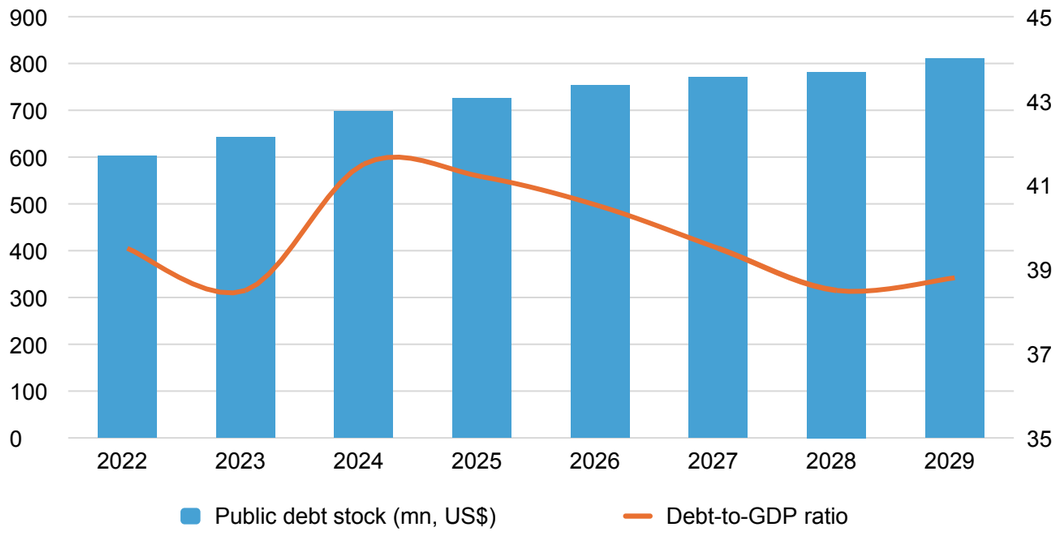
Public debt rose sharply after 2017, reaching 93 percent of GDP in 2021 before declining to 74 percent in 2024 (*IMF, 2024*). Debt sustainability analysis indicates that while the current trajectory is manageable under moderate growth, the absence of autonomous borrowing authority or access to concessional finance makes the country vulnerable to liquidity shocks. Debt service absorbs roughly 15 percent of fiscal revenues. Most debt is held by the Netherlands on concessional terms, with maturity extensions through 2028, but refinancing risks remain significant if Dutch policy support wanes.

Fiscal space is limited. Public investment accounts for only 3.2 percent of GDP—well below the 5–6 percent threshold ECLAC recommends for small states to achieve resilience. Social protection, education, and health expenditures together consume 60 percent of the budget. Revenue diversification is critical: customs duties and turnover taxes generate 70 percent of income but are regressive and volatile. Tax modernization and digital collection systems are being piloted with IMF technical support.

The IMF's 2024 Debt Sustainability Assessment classifies Sint Maarten's risk of debt distress as "moderate but rising," primarily due to contingent liabilities in state-owned enterprises and exposure to natural disasters. Without a sovereign credit rating or independent access to markets, the island cannot refinance or issue local debt instruments.

A. Figure 4:

B. Debt stock and debt-to-GDP ratio (millions of US$ and %)



Source: Based on data from Centrale Bank van Curaçao en Sint Maarten

Strengthening fiscal buffers through a stabilization fund and exploring regional catastrophe bonds are potential mitigations.

3.3 External Sector and Capital Flows

The current-account balance fluctuates between −8 and −10 percent of GDP, driven by high imports and repatriated tourism profits (*World Bank, 2024*). Exports of goods are negligible, but service exports from tourism reached US $1.4 billion in 2024, while imports of goods and fuel totalled US $1.6 billion. The net international investment position remains negative at −115 percent of GDP.

Foreign direct investment (FDI) averaged US $37 million annually in 2023–2024, concentrated in hospitality, real estate, and retail. FDI inflows are supported by Dutch and EU investors seeking stable jurisdictions in the Caribbean; however, there is limited spillover to domestic innovation or SME development. Remittances continue to play an important stabilizing role, reaching US $50million in 2024 (*World Bank, 2025*).

3.4 Financial Sector and Monetary Context

Sint Maarten shares a monetary union with Curaçao under the Netherlands Antillean guilder, pegged at 1.79 ANG per US dollar. The Central Bank of Curaçao and Sint Maarten maintains adequate reserves, equivalent to 4.3 months of import coverage. Commercial banks remain well capitalized, though profitability is pressured by limited lending opportunities and high non-performing loans in the construction sector (*Central Bank, 2024*). Access to credit remains a constraint for small firms, with lending concentrated in consumer finance and mortgages. There is no domestic bond market, limiting long-term investment instruments.

3.5 Labour Market and Productivity Dynamics

Employment in tourism, retail, and construction dominates the labour market. The informal economy accounts for an estimated 27 percent of total employment *(ILO, 2023*). Migrant labour fills many low-wage service roles, while professional and technical workers are increasingly sourced from the Netherlands. Youth unemployment stands at 24 percent, disproportionately affecting women and non-nationals. Productivity growth is stagnant, hindered by low capital investment, limited ICT adoption, and skills mismatch. Training programmes remain fragmented and underfunded.

The minimum wage is ANG 9.50 per hour (US $5.30), yet the living-wage benchmark is ANG 12.00 per hour. Wage compression and the high cost of imported goods erode purchasing power, increasing the risk of in-work poverty. Expanding vocational training, entrepreneurship programmes, and digital skills initiatives is essential to create higher-value jobs.

In 2025, Sint Maarten continues to recover from the sequenced shocks of Hurricane Irma (2017) and the COVID-19 pandemic. Although no official full-year labour-force survey has yet been published for 2025, the most recent available indicator places the unemployment rate at **9.9 % in 2018.** Labour-market analysis by the Central Bank of Curaçao and Sint Maarten (CBCS) projected a gradual decline toward the mid-single digits (≈ 8.7% by 2027) based on macro-recovery assumptions.

While the headline rate is stabilising, deeper labour-market vulnerabilities persist: youth (aged 15-24) continue to face elevated unemployment, and women and low-skilled workers remain disproportionately represented among the jobless. Recovery efforts therefore need to focus not only on headline employment growth but also on inclusion and skills-alignment.

A. Table 1:

B. Sectoral employment distribution:

Broad Sector	Employees	Share of total employment (%)
Services	20,275	97.7
Manufacturing	439	2.1
Agriculture	32	0.2
Total	20,746	100.0

A. Table 2:

B. Top 10 Service sectors:

Rank	Service Industry (STAT Classification)	Employees	Share of Total Employment (%)
1	Wholesale & retail trade; repair of mortor vehicles & motorcycles	4,011	19.3
2	Accommodation & food Service activities	2,752	13.3
3	Administrative & support service activities	2,019	9.7
4	Food & beverage service actvities	1,715	8.3
5	Education	1,380	6.7
6	Professional, scientific activities	1,071	5.2
7	Transportation & storage	1,055	5.1
8	Accomodation (narrow Category)	1,037	5.0
9	Other service activities	1,009	4.9
10	Human health & social work activities	969	4.7

Source: Department of Statistics Sint Maarten (STAT), *"Number of Total Employees by industry 2018"* table.

Sectorally, Sint Maarten's labour market remains overwhelmingly services-driven: almost 98% of jobs are in services, with manufacturing and agriculture together accounting for barely 2.3%.

Within services, employment is concentrated in wholesale & retail trade, accommodation & food services, administrative & support services, and education—reflecting the tourism- and trade-intensive nature of the economy.

3.6 Long-Term Structural Trends: AI and Service

Technological change represents both opportunity and disruption. Artificial intelligence (AI), robotics, and digital automation are transforming global services, including tourism, finance, and

logistics—core pillars of Sint Maarten's economy. Automated check-in systems, AI-based customer management, and digital travel platforms are reducing labour intensity in tourism operations. Studies by UNCTAD (2024) indicate that up to 30 percent of service-sector jobs in small tourism economies could be automated by 2035.

While automation can enhance efficiency, it threatens low-skill service jobs that currently absorb migrant and local labour. For a workforce with limited reskilling capacity, this poses a major social-policy challenge. Conversely, AI and digitalization could enable new niches in fintech, remote business services, and digital creative industries if paired with targeted education and infrastructure investments. Digital government and AI-enabled tax administration also offer efficiency gains that can offset capacity shortages in public administration.

3.7 Medium-Term Outlook and Risks

Economic growth over 2025–2030 is projected to average 2.8 percent, contingent on stable tourism demand, continued Dutch financial support, and absence of major climate shocks (*IMF, 2024*). Key downside risks include:

- **Natural disasters:** a Category 5 hurricane could erase one year's GDP.
- **Fiscal tightening:** delayed reform of tax systems or withdrawal of Dutch support could lead to liquidity stress.
- **Global tourism shifts:** automation, digital travel agents, or health-related restrictions may alter demand.
- **Rising cost of living:** imported inflation may continue to erode real incomes.

Upside opportunities include expansion of digital trade, regional blue-economy partnerships, and climate-resilient infrastructure projects co-financed with multilateral partners.

The overarching macroeconomic priority remains the creation of **fiscal space for resilience investment**—through tax reform, expenditure efficiency, and innovative finance mechanisms. Ensuring debt sustainability while meeting social and climate obligations will require delicate coordination between Sint Maarten's government, the Netherlands, and development partners.

4 HUMAN DEVELOPMENT SOCIAL EQUALITY AND SECURITY

4.1 Human Development Overview

Human development in Sint Maarten reflects both the advantages of a high-income economy and the vulnerabilities of a small, service-based society. The country's Human Development Index (HDI) is not published independently by UNDP, but extrapolated data place it near 0.82—comparable to Barbados and the Bahamas—signifying a high-human-development status (*UNDP, 2024*). Yet beneath this aggregate lie deep inequalities in income, access to services, and social protection.

Hurricane Irma (2017) and the COVID-19 pandemic reversed two decades of social progress. Infrastructure damage, job losses, and declining public revenues widened pre-existing disparities. Many low-income families still depend on temporary assistance or part-time informal work, and the cost of living has risen faster than wages. Health, education, and housing outcomes vary significantly between Dutch nationals and non-nationals, and between formal and informal workers.

4.2 Demographic and Migration Dynamics

Sint Maarten's estimated population of 42,000 in 2024 includes a large and growing migrant community, which accounts for about 37 percent of residents (*IOM, 2023*). The island functions as both a destination and a transit hub for regional migrants—primarily from the Dominican Republic (approx. 45 percent), Haiti (30 percent), Jamaica (10 percent), and Guyana (5 percent). Many migrants work in construction, tourism, domestic service, and retail—sectors characterized by low pay, informality, and limited legal protections.

Irregular migration has increased since 2018 due to reconstruction demand and regional economic instability. While migrants contribute substantially to GDP and to remittances to their home countries, many face barriers in accessing education, healthcare, and social insurance. Undocumented status restricts registration in schools and health centres, leading to inter-generational exclusion.

IOM (2023) estimates that only 58 percent of migrant workers are formally registered, and around one-third of children in migrant households lack access to early-childhood education. Gender intersects strongly with migration: female migrants, particularly in domestic work, are vulnerable to labour exploitation and gender-based violence.

The Government's Migration Policy Framework (2022–2027), developed with UN IOM support, seeks to regularize status and enhance border governance, but implementation remains slow due to administrative capacity limits and political sensitivities with the Netherlands. Integrating migrant inclusion into national social policy is essential to achieving the SDGs' Leave No One Behind commitment.

Working age population as a share of total population has remained steady over 60% since the 1990s but is gradually projected to decline in the next 75 years. However, in case of lower-than-expected migration or the repatriation of migrants, there is also a risk that this proportion could go down steeply. This necessitates a proactive approach to lifelong skills development, preparing for the care economy and carefully embedding demographic issues including migration in all national plans.

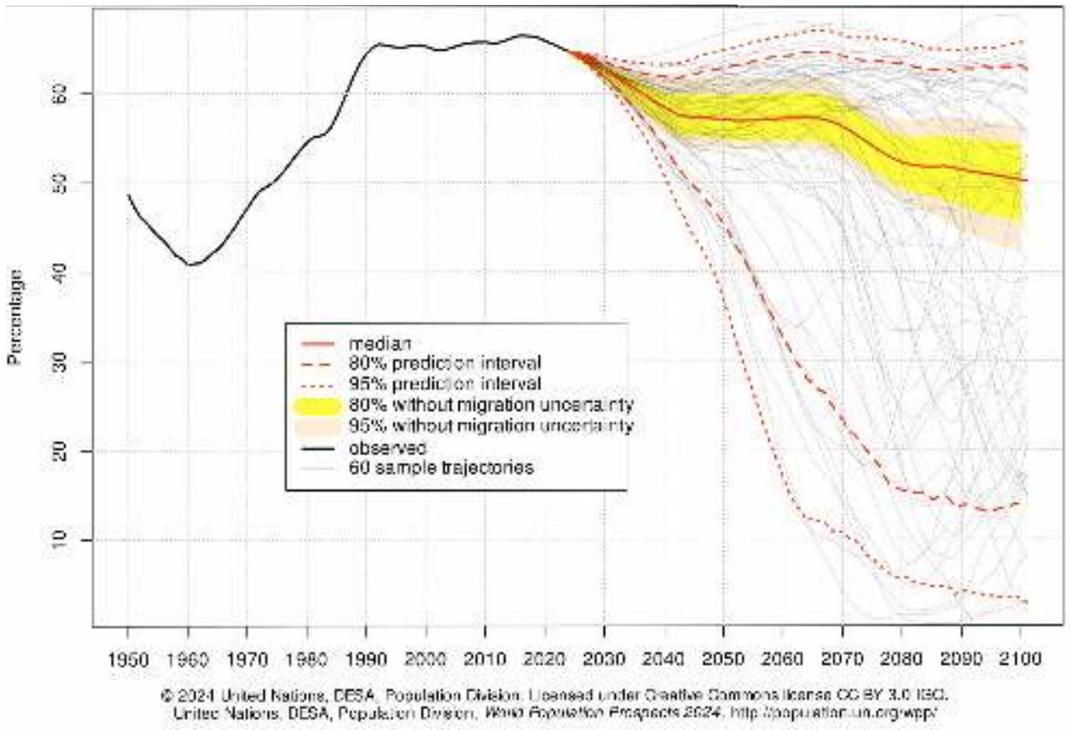
4.3 Education and Skills Development

The education system comprises public and subsidized private institutions, with Dutch and English as languages of instruction. Primary enrolment exceeds 95 percent, but secondary completion remains around 70 percent and tertiary attainment under 20 percent (*UNESCO, 2024*). Learning losses during the pandemic were substantial, particularly in low-income areas lacking digital connectivity.

Teacher shortages, aging infrastructure, and outdated curricula hinder quality. Technical and vocational education remains underdeveloped, and partnerships with the hospitality sector are informal. Skills mismatches are acute: ICT, digital services, renewable energy, and construction require competencies not widely available among local graduates.

A. Figure 5:

B. Working age population (20-64) projections (% of total)



A human-capital strategy emphasizing lifelong learning, digital literacy, and entrepreneurship is urgently needed to prepare the workforce for service-sector automation and artificial-intelligence disruption (*UNCTAD, 2024*). Without proactive reskilling, low-skill employment in tourism and retail could decline by up to 25 percent by 2035.

4.4 Health and Social Protection

Health indicators are generally strong by regional standards: life expectancy is 78 years, infant mortality 5 per 1,000 live births, and immunization coverage above 95 percent (PAHO, 2024). Yet the burden of non-communicable diseases (NCDs) is rising; cardiovascular disease, diabetes, and obesity account for nearly three-quarters of premature deaths. Public health expenditure at 4.3 percent of GDP remains below the Caribbean average, while out-of-pocket spending is high at 28 percent of total health costs.

The General Health Insurance Fund (SZV) covers about 70 percent of residents, leaving migrants and informal workers largely uninsured. Hospital

reconstruction following Irma remains incomplete, limiting tertiary care capacity. Mental-health disorders—including depression, anxiety, and trauma—have increased markedly since 2017, with limited counselling and psychiatric services available.

Social protection systems expanded during the pandemic through Dutch-funded liquidity support, but many temporary benefits expired in 2023. The Government has committed to consolidating fragmented schemes into a unified social registry and digital payment system. Accuracy remains weak due to absent poverty data; the last household survey dates from 2005. Developing a national social-protection policy and improving data systems are central to reducing vulnerability.

4.5 Gender Equality and Inclusion

Sint Maarten ranks relatively high in women's labour-force participation (61 percent), yet women remain over-represented in lower-wage service jobs and under-represented in political leadership (*UN Women, 2024*). Gender-based violence is a persistent concern: police records show a 35 percent increase in domestic-violence reports between 2018 and 2023, though actual incidence is likely higher due to under-reporting. The absence of dedicated shelters and legal aid for survivors constrains access to justice.

The National Gender Policy (2021–2025) outlines priorities in leadership, economic empowerment, and violence prevention, but implementation is hindered by funding and institutional capacity gaps. Intersectionality is also evident—migrant women, persons with disabilities, and LGBTQ+ individuals face compounded discrimination in employment and social participation.

4.6 Youth Development and Employment

Nearly 30 percent of Sint Maarten's population is under 30. Youth unemployment, at 24 percent, is double the national average (*ILO, 2023*). School-to-work transition is challenging, and many young people migrate to the Netherlands for education or better opportunities, resulting in a domestic skills drain. Limited recreational facilities and youth programmes have contributed to social frustration and rising petty crime.

The Youth Development Policy (2022) prioritizes education-to-employment linkages, digital literacy, and civic engagement. Programmes such as "My Future Job" and the UNDP-supported Digital Skills Lab have begun bridging gaps, but sustained investment and mentorship systems are needed to prevent a lost generation.

4.7 Public Security, Crime, and Violence

Public security has emerged as a growing socio-economic concern. While Sint Maarten is not characterized by high-level organized violence typical of larger Caribbean states, property crime, youth delinquency, and gender-based violence have risen steadily since 2018 (*UNODC, 2024*). Recorded robbery and assault cases increased by 22 percent between 2019 and 2023.

Contributing factors include unemployment among at-risk youth, limited community policing, slow judicial processes, and the psychosocial aftermath of Hurricane Irma. The island's porous borders and trans-shipment role between Latin America and Europe have also exposed it to narcotics trafficking risks. According to Kingdom Police reports (2024), drug-related seizures doubled compared to 2019.

The justice sector faces institutional strain: the prison operates above capacity, and court backlogs delay prosecutions. Dutch judicial assistance has improved case management, but sustained investment in prevention—especially early-childhood support, school retention, and youth employment—is crucial to reduce crime.

Community initiatives, including UNDP's *Safe Communities Programme* and UNICEF's *Violence Against Children project*, have promoted restorative justice and family-based interventions. However, a comprehensive violence-prevention strategy integrating social, health, and education systems remains absent.

The UNOPS-led project to build a new correctional facility at Point Blanche in Sint Maarten represents a transformative step in the country's justice-sector reform. With a total investment of around USD 52 million financed by the government of Sint Maarten and the Netherlands, the facility will approximately double current capacity, enhance detainee conditions, and integrate spaces for education, health care, vocational training, family visits and recreation.

4.8 Human Security and Social Cohesion

Social cohesion has weakened amid economic hardship and perceived inequities in recovery assistance. Surveys by the University of St. Martin (2023) show declining public trust in institutions and widening perceptions of inequality between nationals and migrants. Civic engagement is low, and voter turnout fell to 54 percent in the 2024 elections.

Rising living costs, limited affordable housing, and feelings of exclusion among youth and migrant groups risk eroding social stability. Building resilience therefore requires a human-security approach linking social protection, disaster preparedness, and conflict prevention. Investing in neighbourhood rehabilitation, community policing, and participatory local governance can help rebuild trust and reduce violence.

The United Nations system, together with the Netherlands and civil-society organizations, is well-positioned to support integrated approaches—combining data analysis, community engagement, and inclusive policy design—to strengthen social cohesion and ensure that development benefits reach all residents.

5

ENVIRONMENT CLIMATE ACTION AND RESILIENCE

5.1 Overview

Sint Maarten's geographic and ecological context defines its development trajectory. Situated within the Atlantic hurricane belt, the country experiences extreme vulnerability to tropical storms, flooding, and sea-level rise. The island's small landmass (34 km²) and high coastal population density—over 90 percent of residents and nearly all economic infrastructure located within two kilometres of the shoreline—amplify the impact of climate events. The World Bank (2024) estimates that annual average losses from climate-related disasters equal 4 to 6 percent of GDP, one of the highest ratios among Caribbean SIDS.

Hurricane Irma in 2017 caused damages exceeding US $2.7 billion—approximately 260 percent of GDP (*ECLAC, 2024*). Reconstruction has restored basic infrastructure, yet resilience investments remain insufficient. Flooding, coastal erosion, and waste-management crises continue to threaten health, tourism, and ecosystems. As part of the Kingdom of the Netherlands, Sint Maarten's climate policies are aligned with the Kingdom's Nationally Determined Contribution (NDC) under the Paris Agreement; however, the country lacks the capacity to access international climate finance independently, including the Green Climate Fund or Adaptation Fund, since only sovereign states qualify as direct recipients (*UNFCCC, 2024*).

5.2 Climate Trends and Hazards

Average temperatures have increased by 0.9 °C since 1980, and projections suggest a further 1.5 °C rise by 2050 (*WMO, 2024*). Rainfall variability has intensified, with more frequent droughts followed by torrential rainfall events. Hurricane intensity is expected to increase, with Category 4–5 storms becoming more frequent under warming ocean conditions. Sea-level rise of 30–50 cm by 2050 threatens coastal infrastructure, ports, and freshwater aquifers.

The Dutch Caribbean Nature Alliance reports that coral cover around Sint Maarten declined from 40 percent in 1990 to 12 percent in 2022 due to bleaching and pollution. Mangrove forests—critical for storm surge protection—have been reduced by half through urban expansion. The cumulative effect is heightened exposure and reduced natural buffers against disasters.

5.3 Disaster-Risk Management and Institutional Response

Disaster-risk management (DRM) is coordinated by the Department of Disaster Management under the Ministry of General Affairs, supported by the Fire Department and Meteorological Service. The National Disaster Management Plan (2023) identifies 10 emergency functions but remains reactive rather than preventive. Gaps include limited multi-hazard risk mapping, outdated building codes, and weak enforcement capacity.

Post-Irma recovery has prompted modest progress: shelters have been upgraded, an early-warning app has been launched with UNDP and CDEMA support, and contingency planning is integrated into schools. However, comprehensive land-use planning and zoning remain politically sensitive, as tourism and real-estate pressures often override environmental regulations.

Sint Maarten participates in the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC), which provides rapid liquidity following disasters. The 2023 CCRIF payout of US $3.2 million following heavy rainfall demonstrated its value, but insurance coverage remains limited to public infrastructure; households and small firms rarely benefit.

5.4 Environmental Management and Waste Systems

Solid-waste management represents one of the most persistent environmental challenges. The open-air landfill near Philipsburg, operating beyond capacity for two decades, routinely experiences fires emitting toxic fumes. A comprehensive

Waste-to-Energy facility has been proposed under a public-private partnership, but financing and environmental impact approvals are pending (*World Bank, 2024*).

Sewage treatment coverage stands at 55 percent, leading to contamination of lagoons and coastal waters. The Simpson Bay Lagoon, vital for tourism and marine biodiversity, suffers from eutrophication and boat-related pollution. Plastic waste accounts for 25 percent of solid waste; a ban on single-use plastics was introduced in 2023 but enforcement is weak.

Renewable-energy development remains nascent. Electricity generation relies 98 percent on imported diesel (*IEA, 2024*). The national energy policy aims to achieve 35 percent renewables by 2030, focusing on solar and micro-wind systems for public buildings and resorts. Dutch financing under the The Sustainable Energy Production and Climate Transition Incentive Scheme (SDE++ programme) could accelerate adoption if grid upgrades and regulatory reforms proceed.

5.5 Water Resources and Food Security

Freshwater resources are scarce. Desalination supplies 90 percent of water consumption, exposing the system to high energy costs. Non-revenue water losses are 40 percent due to aging pipelines (*UN DESA, 2025*). Rainwater harvesting and grey-water reuse are underdeveloped. Food security is constrained by near-total import dependence; domestic agriculture meets less than 2 percent of demand. Hurricanes routinely disrupt supply chains, causing food-price spikes of 15–25 percent. Diversifying into hydroponics, aquaponics, and community gardens could mitigate vulnerability and support youth employment.

5.6 Biodiversity and the Blue Economy

Sint Maarten's marine ecosystem is central to its tourism economy but increasingly degraded. The island's exclusive economic zone (EEZ) overlaps with Saint-Martin (France), requiring bi-national cooperation on marine-resource management. Overfishing, anchor damage, and pollution threaten coral reefs and seagrass beds. The Marine Park covers 31 km² but lacks enforcement staff and monitoring equipment.

A "Blue Economy Strategy" under preparation with UNEP and the World Bank identifies opportunities in sustainable coastal tourism, renewable energy, waste recycling, and ecosystem services. Proper valuation of marine resources—estimated at US $800 million annually (*UNEP, 2024*)—could support climate finance proposals and payments for ecosystem services.

The government plans to designate new marine protected areas and introduce user fees for anchorage and diving, but enforcement requires stronger inter-island coordination and maritime surveillance, given the proximity of Saint-Martin and Anguilla.

5.7 Urban Resilience and Infrastructure

Urban growth in Philipsburg and surrounding districts has outpaced planning. Informal settlements on reclaimed land are prone to flooding. Building standards were updated in 2022 to reflect Category 5 wind resistance, but retrofitting older housing stock remains limited. Infrastructure quality affects both social inclusion and fiscal sustainability: roads, drainage, and ports require over US $250 million in investments through 2030 (*World Bank, 2024*).

The airport and cruise port—both rebuilt after Irma—represent critical assets for economic recovery. Their resilience to future hurricanes is essential for macroeconomic stability. Integrating climate-risk assessments into all PSIP projects is a priority for the coming budget cycle.

Green-building codes, public-transport modernization, and energy-efficient street-lighting are being advanced, but implementation depends on Dutch and EU financing. Establishing a National Infrastructure Fund could centralize project appraisal and reduce fragmentation.

5.8 Climate-Change Adaptation and Finance

As a non-sovereign territory, Sint Maarten cannot directly access most multilateral climate funds. The Netherlands represents the country in international negotiations and reports aggregated data to the UNFCCC. However, local adaptation needs often diverge from Kingdom-level priorities. To address this gap, Sint Maarten is developing a Local Climate Action Plan (2025–2035) focusing on coastal resilience, urban drainage, and renewable energy.

Potential financing mechanisms include:

- **Blended Finance Platforms** combining Dutch concessional loans with private co-investment.
- **Regional Risk Pools** (e.g., CCRIF SPC and Caribbean Resilience Fund).
- **Debt-for-Climate Swaps** in collaboration with the CDB and ECLAC.
- **Blue and Green Bonds** issued under Kingdom guarantees, subject to fiscal oversight.

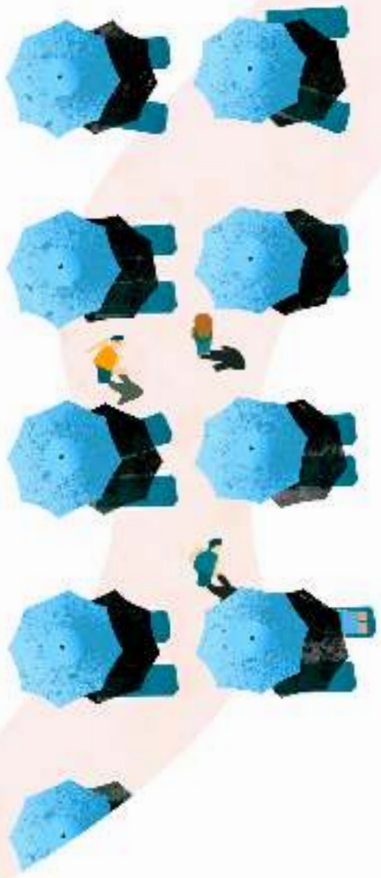
Debt sustainability remains a binding constraint. Without additional concessional flows, adaptation spending could crowd out social programmes. The IMF (2024) estimates that achieving full climate-resilience targets would require investments equivalent to 60 percent of GDP over the next 15 years. A multi-partner "Climate Resilience Facility" pooling Dutch, EU, and UN resources could optimize efficiency and accountability.

5.9 Environmental Governance and Community Resilience

Environmental governance is fragmented across multiple ministries and agencies. The absence of a comprehensive Environment Framework Law limits coordination and enforcement. Community engagement is growing through NGOs such as the Nature Foundation Sint Maarten and EPIC (Environmental Protection in the Caribbean), which lead mangrove restoration and awareness campaigns.

Building social resilience requires integrating community-based adaptation with social-protection measures. After Hurricane Irma, community emergency response teams (CERTs) proved vital; institutionalizing and expanding them could strengthen preparedness. Education campaigns on waste reduction, water conservation, and disaster awareness have reached over 60 percent of schools.

The United Nations system can play a strategic role in scaling these efforts through data collection, financing access, and technical assistance. Embedding climate resilience within every aspect of economic and social planning is fundamental to protecting development gains.



6 GOVERNANCE AND INSTITUTIONAL CAPACITY

6.1 Overview

Governance in Sint Maarten is shaped by its unique constitutional arrangement as a constituent country within the *Kingdom of the Netherlands*. This dual governance system—characterized by shared sovereignty—defines both the island's institutional strengths and its structural limitations. While it ensures macroeconomic stability and access to external oversight, it also constrains policy autonomy, public finance flexibility, and institutional development.

The United Nations' analysis identifies governance as one of the principal accelerators—or inhibitors—of sustainable development in Sint Maarten. The country has made notable progress in building democratic institutions, electoral systems, and public-sector professionalism since attaining country status in 2010. However, institutional fragmentation, limited administrative capacity, and recurring political instability continue to hinder implementation of long-term development plans.

Between 2010 and 2025, Sint Maarten experienced nine changes of government, including three within a single electoral cycle (*Government of Sint Maarten, 2025*). Frequent coalition collapses interrupt policy continuity and weaken trust in institutions. Governance reforms, including the Kingdom's oversight mechanisms aim to strengthen transparency and accountability but have been politically contentious.

6.2 Constitutional and Institutional Framework

Under the *Kingdom Charter of 1954*, Sint Maarten exercises internal self-government through its own Parliament and Council of Ministers, while the Kingdom retains competence over defense, nationality, and foreign affairs. Public finance and debt issuance are subject to oversight by the *Kingdom Council of Ministers* and the *College Financieel Toezicht (*CFT*),* which enforces balanced-budget rules.
This arrangement provides macro-fiscal discipline but also limits Sint Maarten's access to international financing, trade negotiations, and independent diplomacy. In effect, Sint Maarten operates within a semi-sovereign governance model—autonomous in domestic affairs but dependent in external relations. This duality requires continuous coordination between the Government of Sint Maarten, the Dutch Ministry of the Interior and Kingdom Relations (BZK), and regional counterparts.

Institutional capacity constraints persist in key ministries—particularly Finance, Public Housing, and Justice—due to high staff turnover and limited technical expertise. The public service employs about 2,000 people (4.7 percent of the labour force), but only 18 percent possess advanced tertiary qualifications (*UN DESA*, 2025). Reliance on short-term consultants and expatriate expertise is common, which undermines knowledge continuity and local ownership.

6.3 Public Administration and Reform

Public administration reforms are underway under Dutch-funded technical assistance through COHO. These focus on strengthening fiscal management, procurement, HR systems, and digital transformation. Early gains include the establishment of an Integrated Financial Management Information System (IFMIS), electronic payroll audits, and merit-based recruitment pilots in select ministries.

Yet systemic challenges remain:

- **Policy fragmentation –** Ministries often operate in silos, with limited inter-agency coordination.
- **Weak performance monitoring –** Few ministries publish annual reports or performance data.
- **Human-resource deficits –** Capacity gaps in data analysis, procurement, and project management hinder SDG implementation.

- **ICT vulnerability –** Cybersecurity incidents have increased by 40 percent since 2021 (*Caribbean Cybersecurity Centre*, *2024*), exposing weaknesses in digital governance.

To address these issues, the Government launched the Public Sector Reform Agenda 2025–2030 with support from the Netherlands. The initiative prioritizes digital government services, public-finance transparency, and professional training.

6.4 Transparency, Corruption, and Rule of Law

The perception of corruption remains a public concern. Sint Maarten ranks mid-range on regional governance indicators: the World Bank's Worldwide Governance Indicators (2024) place it at the 52nd percentile for control of corruption and 61st for rule of law—above the Caribbean average but below OECD levels.

High-profile corruption cases and procurement controversies have eroded public confidence. The Integrity Chamber, established under the 2015 Integrity Ordinance and supported by the Netherlands, provides oversight and investigates misconduct. Its operations are still limited by budget and jurisdictional ambiguity. Strengthening the Chamber's independence, expanding its investigative capacity, and mandating public asset declarations would improve governance credibility.

Judicial independence is safeguarded through the Kingdom's Court of Justice for Aruba, Curaçao, Sint Maarten, and the BES Islands. However, case backlogs and resource constraints persist. The judiciary's reliance on Dutch funding raises concerns about local autonomy, though it ensures consistent application of the rule of law and human-rights standards.

6.5 Fiscal Governance and Oversight

Fiscal governance is one of the most distinctive features of Sint Maarten's institutional landscape. The College Financieel Toezicht (CFT) enforces compliance with Kingdom fiscal rules, requiring balanced budgets and debt approval. This oversight enhances fiscal credibility but also constrains investment in infrastructure and social protection.

The ongoing debate over fiscal sovereignty—whether Sint Maarten should gain greater borrowing autonomy—remains unresolved. While the Netherlands provides stability and technical support, the arrangement can create perceptions of external control. Some local policymakers argue that fiscal oversight limits democratic self-determination, while others emphasize that it prevents unsustainable borrowing and corruption.

Transparency in budgeting has improved: since 2023, the Ministry of Finance publishes quarterly fiscal updates and participates in IMF's Public Financial Management assessments. However, the procurement system remains fragmented, and public participation in budgeting is limited. Establishing a Fiscal Responsibility Framework that balances accountability with flexibility could bridge autonomy and oversight.

6.6 Local Governance and Civil Society

Sint Maarten does not have a formal municipal government structure; all administrative authority is centralized. This limits local participation and responsiveness in service delivery. Civil-society organizations, faith-based groups, and NGOs play vital roles in social welfare, youth engagement, and disaster recovery, but rely heavily on donor funding.

Recent years have seen a revival of civic activism, particularly among youth-led and environmental organizations. However, institutionalized consultation mechanisms remain weak. The *National Development Vision 2030* process, supported by UNDP, provides an opportunity to formalize civil-society engagement and participatory policy design.

6.7 Human Rights and Access to Justice

Sint Maarten's human-rights framework is largely derived from Kingdom-level treaties, including the European Convention on Human Rights and the Convention on the Rights of the Child. The Ombudsman's Office provides an accessible complaints mechanism but remains under-resourced. While it plays an important role in oversight and redress, it is not currently accredited as a National Human Rights Institution (NHRI) under the Paris Principles, which set out international standards on independence, mandate, and capacity. Continued efforts to strengthen the institutional framework, including resourcing and alignment with these principles, could further enhance the promotion and protection of human rights.

Key human-rights challenges include migrant labour exploitation, discrimination based on nationality or gender, and inadequate detention conditions. Treaty body concluding observations, including those of the Committee on the Rights of the Child (CRC) and the Committee on the Elimination of Racial Discrimination (CERD), have highlighted these concerns and recommended strengthening the national human-rights institution and establishing an independent migration review board to ensure due process. These recommendations underscore the need to reinforce institutional safeguards and oversight mechanisms.

Access to justice remains limited by legal costs and linguistic barriers—many migrants are not fluent in Dutch or English. Introducing community mediation, legal-aid clinics, and translation services would improve equity and reduce court backlog

6.8 Digital Governance and Innovation

Digital transformation represents both a reform opportunity and a governance risk. Sint Maarten's e-government infrastructure remains underdeveloped compared to regional peers. Only 30 percent of public services are available online (*ITU, 2024*). Fragmented databases, weak cybersecurity, and legacy software hinder efficiency.

The *Digital Government Strategy* 2024–2028, developed with UNDP and the Netherlands, seeks to establish interoperable systems, digital ID, and secure online tax filing. These initiatives could significantly enhance service delivery, reduce corruption risks, and strengthen policy coordination. The adoption of artificial intelligence in public services—such as automated permit processing and AI-assisted forecasting for disaster management—has begun in pilot form. Ensuring data protection, ethical AI standards, and local capacity-building will be essential for sustainability.

6.9 Governance Risks and Opportunities

Governance risks stem from structural dependence on external oversight, institutional turnover, and limited policy continuity. Yet opportunities exist to leverage the Kingdom relationship for transformative development:

- **Fiscal credibility and access to Dutch technical assistance** underpin investor confidence.
- **Shared judicial and human-rights frameworks** ensure rule-of-law stability.
- **Digital reform partnerships** with Dutch agencies can fast-track modernization.
- **UN engagement** provides neutral convening and technical expertise to bridge autonomy debates with practical solutions.

Building governance capacity is therefore both a political and developmental imperative. Embedding transparency, digital efficiency, and citizen participation in institutions will be central to achieving resilience and social trust.



7

STRATEGIC FORESIGHT AND SDG ACCELERATION PATHWAYS

7.1 Overview

Strategic foresight provides a framework for anticipating the structural transformations that will shape Sint Maarten's development trajectory toward 2030 and beyond. The island's vulnerabilities—climate exposure, fiscal constraints, and dependence on tourism—require future-oriented planning to break the cycle of reactive policymaking. Applying foresight allows policymakers to map plausible futures, identify opportunities for diversification, and target investments where they can deliver the highest SDG acceleration impact.

Three megatrends are expected to define Sint Maarten's economic and social future: (i) digital transformation and artificial intelligence (AI); (ii) climate resilience and the blue economy; and (iii) regional mobility and demographic change. Each carries both opportunities and risks, depending on the strength of institutional responses and the inclusiveness of transition policies.

7.2 Scenario Outlook to 2030

The foresight model used here draws on UNDP's Future Scenarios for Caribbean SIDS (2024) and ECLAC's Caribbean Outlook 2025. It identifies three potential scenarios for Sint Maarten:

1. **Baseline (Business-as-Usual):** Growth continues at 2–3 percent annually, driven by tourism recovery but constrained by limited diversification and governance fragmentation. Debt stabilizes near 75 percent of GDP, leaving little fiscal space for resilience investment. Climate shocks cause periodic setbacks.

2. **Resilient Transformation:** Institutional reforms, digital modernization, and targeted blue-economy investments yield diversified growth averaging 4 percent. Fiscal reform expands domestic revenue, and debt declines toward 60 percent of GDP by 2030. Social inclusion improves as migrant regularization and skills training advance.

3. **Stagnation and External Dependence:** If global tourism slows and Dutch liquidity support declines, Sint Maarten could face stagnation or contraction. Rising unemployment, fiscal austerity, and delayed climate investment erode human development and institutional trust.

The second scenario — Resilient Transformation — is achievable under sustained policy coherence, innovation, and partnership.

7.3 Digital Transformation and Artificial Intelligence

AI and automation are already reshaping Sint Maarten's service economy. Automated border control, AI-assisted customer management in hotels, and digital booking systems are displacing traditional low-skill jobs while increasing efficiency (UNCTAD, 2024). Without proactive reskilling, inequality could deepen between high-skill digital workers and low-skill service employees.

The Government's Digital Transformation Strategy (2024–2028) identifies tourism, financial services, and governance as priority sectors for AI integration. The UN foresight analysis highlights three opportunity domains:

- **Digital Public Services:** Expanding e-government reduces corruption, improves revenue collection, and enhances citizen satisfaction.
- **Digital Tourism Ecosystem:** Creating a national tourism data hub—linking hotels, ports, and airlines—could increase yield per visitor and support smart marketing.
- **Creative and Remote Services:** The rise of remote work opens prospects for digital freelancing, creative industries, and fintech.

Building a digital workforce will require partnerships and proactive planning. By 2030, AI could add up to 8 percent to GDP if productivity gains

are captured and inequality is mitigated (*World Bank, 2024*).

7.4 Climate Resilience and the Blue Economy

Sint Maarten's ocean-based economy presents a major untapped accelerator for SDG delivery. The blue economy encompasses sustainable tourism, marine energy, fisheries, shipping, and ecosystem services. UNEP (2024) estimates that sustainable management of marine resources could yield annual benefits of US $200–300 million through job creation, biodiversity protection, and carbon sequestration.

Key priorities for a blue transition include:

- **Sustainable Coastal Tourism:** Integrating carrying-capacity limits, eco-certification, and green infrastructure to reduce overuse.
- **Renewable Marine Energy:** Developing offshore wind and wave pilot projects under Dutch technical cooperation.
- **Marine Spatial Planning:** Establishing a unified marine-zoning system with Saint-Martin (France) to coordinate fisheries, shipping, and protected areas.
- **Blue Finance:** Structuring "blue bonds" or sustainability-linked loans under Kingdom guarantees to finance coral restoration and coastal protection.

Adopting a blue-economy framework could reduce GDP volatility by diversifying export services and creating new high-value jobs in environmental engineering and marine logistics.

7.5 Financing for Sustainable Development

Sint Maarten faces one of the most constrained financing landscapes in the Caribbean. As a high-income, non-sovereign economy, it lacks access to concessional loans and direct climate funds. To mobilize resources for SDG investment, a blended strategy is required:

1. **Public Finance Reform:** Modernize taxation, digitize collection, and broaden the base through environmental levies and tourism-linked user fees.
2. **Innovative Instruments:** Introduce catastrophe bonds, diaspora bonds, and green municipal notes under Dutch supervision.
3. **Private Sector Partnerships:** Establish a Development Finance Facility with Dutch and regional banks to co-finance MSMEs, renewable energy, and climate-resilient housing.
4. **Debt-for-Climate Swap:** Explore *conversion of a portion of Dutch debt into a climate resilience fund, coordinated with ECLAC and CDB (ECLAC, 2025).*

Domestic resource mobilization must complement external support. Establishing an SDG Integrated National Financing Framework would integrate budgets, PSIP, and can be supported by donor coordination and South -South and Triangular Cooperation platform.

7.6 Human Capital, Innovation, and Skills for the Future

The knowledge economy will determine Sint Maarten's long-term competitiveness. The integration of AI, fintech, and e-commerce requires a new generation of digital, entrepreneurial, and adaptive skills. Current tertiary enrollment is below 20 percent (*UNESCO, 2024*), and outmigration of skilled youth is a persistent challenge.

Foresight modelling suggests that without a skills transformation, the country could face a "digital divide trap"— a bifurcation where a small tech-enabled elite coexists with a low-wage informal service sector. To avoid this, policy must emphasize:

SCENARIO OUTLOOK TO 2030—SINT MAARTEN

Baseline (Business-as-Usual)	Resilient Transformation	Stagnation and External Dependence
Growth continues at 2-3 percent annually, driven by tourism recovery but constrained by limited diversification and gevernance fragmentation.	Institutional reforms, digital modernization and targeted blue-economy investments yield diversificid growth averaging 4 percent. Fiscal reform expands domestic revenue, and debt decliness toward 60 percent of GDP by 2030 by 2030.	If global tourism slows and Dutch liquidity support declines, Sint Maarten could face stagnation or contraction. Rising unemployment, fiscal austerity and delay climate investment erode human development and institutional trust.

- **STEM and vocational training** linked to renewable energy, ICT, and tourism management.
- **Innovation hubs** connecting the University of St. Martin with Dutch research institutions.
- **Entrepreneurship programmes** for youth and women in digital and creative industries.
- **Migrant inclusion** in upskilling initiatives to reduce inequality and social exclusion.

7.7 Regional and International Integration

Sint Maarten's future prosperity depends on regional collaboration and effective engagement within the Kingdom framework. The island can leverage multiple affiliations:

- **Within the Kingdom:** Access to Dutch expertise, EU OCT funding, and security cooperation.
- **With the Caribbean region:** Functional cooperation with CARICOM, OECS, and CDEMA in trade, disaster management, and climate action.
- **With global institutions:** Partnerships with UN agencies, World Bank, and EU to secure technical assistance and co-financing.

Regional air and maritime connectivity initiatives, such as the Eastern Caribbean Regional Transport Programme, could reduce import costs and improve disaster logistics. Integration with digital and blue-economy networks across the Caribbean will be essential to offset small-market constraints.

7.8 Long-Term Risks and Strategic Shocks

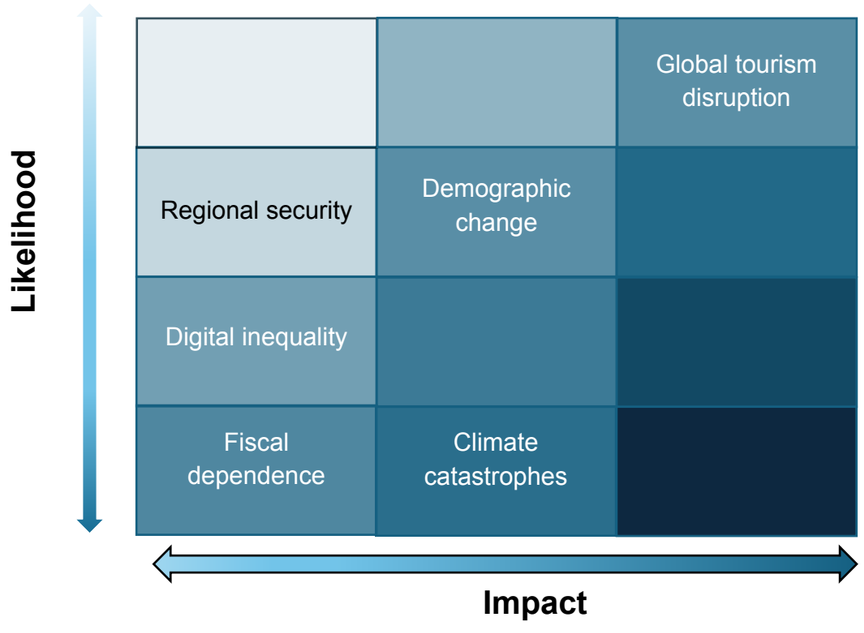
The foresight assessment identifies six major risk vectors for 2025–2035:

1. **Climate Catastrophes:** Intensifying hurricanes could trigger multi-year fiscal crises.
2. **Global Tourism Disruption:** Automation and virtual experiences could alter demand patterns.
3. **Fiscal Dependence:** Delays in autonomy negotiations could freeze investment.
4. **Demographic Change:** Population ageing and youth outmigration could shrink the labour force.
5. **Digital Inequality:** Uneven access to technology may widen social divides.
6. **Regional Security:** Drug trafficking and migration pressures may heighten instability.

A whole-of-government risk management approach—combining disaster resilience, fiscal buffers, and social protection—is critical to sustaining development momentum.

A. Figure 6:

B. Risk Matrix (Likelihood vs Impact)



Source: *CCA original figure*

7.9 Strategic SDG Acceleration Pathways

Based on integrated systems analysis, the UN identifies five interlinked acceleration pathways that can deliver cross-sectoral SDG progress:

1. **Resilient Infrastructure and Climate Adaptation (SDGs 9, 11, 13):**
   Expand green infrastructure, resilient housing, and renewable energy to safeguard livelihoods and reduce emissions.
2. **Inclusive Human Development (SDGs 1, 4, 5, 10):**
   Strengthen social protection, education, and gender equality, with targeted migrant inclusion.
3. **Digital and Innovative Economy (SDGs 8, 9):**
   Scale e-government, AI integration, and ICT entrepreneurship to create new high-value employment.
4. **Governance and Data Transformation (SDG 16):**
   Strengthen institutions, transparency, and data systems for evidence-based decision-making.
5. **Blue and Circular Economy Transition (SDGs 12, 14):**
   Harness marine resources and sustainable consumption patterns for economic diversification.



8 THE ROLE OF THE UNITED NATIONS SYSTEM AND DEVELOPMENT PARTNERS

8.1 Overview

The United Nations system can play a critical role in supporting Sint Maarten's transition from recovery to resilience. As a non-sovereign Small Island Developing State (SIDS) within the Kingdom of the Netherlands, Sint Maarten's access to global development finance and multilateral frameworks is mediated through Kingdom representation. This creates structural barriers to financing, data visibility, and participation in international mechanisms. The UN, with its neutrality, convening power, and technical expertise, is uniquely positioned to help bridge these asymmetries—ensuring that Sint Maarten's developmental priorities are articulated, resourced, and aligned with the 2030 Agenda.

The UN's engagement in Sint Maarten falls under the umbrella of the **UN Multi-Country Sustainable Development Cooperation Framework (MSDCF) for the Caribbean (2022–2026),** coordinated by the UN Resident Coordinator's Office (RCO) based in Trinidad and Tobago. The CCA provides the analytical foundation for renewed UN cooperation in Sint Maarten's next programming cycle (2027–2031), guiding joint support across governance, economic transformation, climate resilience, and social inclusion.

8.2 Enhancing Strategic Alignment with National and Kingdom Priorities

The Government of Sint Maarten has articulated key development priorities through *the National Development Vision 2030, the Public Sector Reform Agenda (2025–2030)*, and the Climate Resilience and Recovery Plan. The UN system can enhance its impact by aligning technical and policy support with these frameworks while facilitating dialogue between the Government and the Netherlands.

UN engagement can add value in three main ways:

1. **Bridging Governance Layers:**
   As Sint Maarten operates under a shared-sovereignty model, the UN can facilitate structured dialogue among the Government of Sint Maarten, the Kingdom of the Netherlands, and regional institutions to align national development goals with Kingdom-level financing and oversight mechanisms. This is particularly relevant for the implementation of SDGs, debt management, and climate commitments.

2. **Integrated Policy Support:**
   The UN can assist in mainstreaming SDG priorities into national and sectoral plans, using tools such as the SDG Budget Tagging Framework and Integrated National Financing Frameworks (INFF). These instruments can help the Government assess fiscal trade-offs, identify financing gaps, and attract blended investment in line with the country's resilience priorities.

3. **Data and Evidence-Based Policymaking:**
   The UN can help address critical data gaps—particularly in poverty, labour markets, and migration—through capacity-building for the Department of Statistics, integration into the UN SDG Data Platform, and use of big data analytics. Enhanced statistical capacity is fundamental to policy coherence and monitoring of SDG progress.

8.3 Priority Areas for Enhanced UN Support

The UN system's comparative advantage lies in its ability to convene multiple development partners and provide coherent, evidence-based solutions across sectors. Based on the CCA findings, five interlinked priority areas are identified for deeper UN engagement:

1. **Governance and Institutional Strengthening**

- Provide technical support for the implementation of the Public Sector Reform Agenda (2025–2030), including digital governance, performance management, and anti-corruption frameworks.
- Strengthen transparency and citizen engagement through open-data initiatives, public-finance management reforms, and integrity systems supported by UNDP and UNODC.
- Support dialogue on fiscal responsibility and autonomy under the Kingdom's financial supervision framework to balance accountability with development flexibility.

2. **Climate Resilience and Environmental Sustainability**

- Build capacity for climate-risk assessment, resilient infrastructure design, and disaster-risk reduction (in partnership with UNDRR, UNEP, and UNDP).
- Develop a Local Climate Action Plan aligned with the Kingdom's NDC but tailored to Sint Maarten's needs, focusing on coastal protection, waste management, and renewable energy.
- Facilitate access to regional and blended climate finance mechanisms, including CCRIF SPC, the EU's Global Gateway, and green bond markets, using UN technical support.

3. **Economic Diversification and SDG Financing**

- Design an SDG Financing Strategy and Integrated National Financing Framework (INFF) to mobilize domestic and external resources.
- Support private-sector engagement in the blue and circular economy through SME incubation, value-chain development, and impact-investment matchmaking.
- Promote innovation and digital entrepreneurship by linking local start-ups with UNDP Accelerator Labs and UNCTAD eTrade for all initiatives.

4. **Human Development and Social Inclusion**

- Strengthen social-protection systems and digital registries through UNDP, UNICEF, and UN Women support, ensuring inclusion of migrants, women, and informal workers.
- Support education reforms to reduce learning loss, promote digital and vocational skills, and align training with emerging sectors (renewable energy, ICT, creative industries).
- Expand gender-based violence prevention and mental-health programmes, integrating psychosocial support into community resilience initiatives.

4. **Data, Evidence, and Foresight**

- Enhance the country's capacity to collect, analyze, and disseminate disaggregated SDG data, building a unified national data platform.
- Apply foresight and scenario-planning tools (UNDP, UN DESA) to help the Government anticipate future risks related to automation, climate, and fiscal transitions.
- Institutionalize the use of data dashboards for real-time policy monitoring, ensuring alignment with global indicators and regional comparability.

8.4 Strengthening Partnerships and Coordination

The UN's effectiveness in Sint Maarten depends on close collaboration with the Netherlands, the European Union, regional banks, and local civil-society actors. The following coordination mechanisms can maximize impact:

- **UN–Kingdom Coordination:** Establish a structured dialogue between the UN Resident Coordinator and the Dutch Ministry of Interior and Kingdom Relations (BZK) to harmonize development cooperation and financing modalities.
- **Regional Collaboration:** Deepen cooperation with the Caribbean Development Bank (CDB), ECLAC, and CARICOM specialized agencies on financing resilience, disaster response, and innovation.
- **Local Partnership Platform:** Create a National SDG Partnership Forum chaired by the Ministry of General Affairs with participation from NGOs, private sector, and academia, supported by UN RCO facilitation.
- **Joint Programming:** Expand joint UN initiatives on digital transformation, youth empowerment, and gender equality to leverage the UN's comparative advantages and avoid duplication.

The Resident Coordinator's Office will continue to ensure coherence across agencies, strengthen policy advocacy, and integrate Sint Maarten's development data into regional SDG reporting frameworks.

8.5 Pathways for UN System Impact

Looking forward, UN engagement can evolve from project-based assistance toward integrated, catalytic support aligned with Sint Maarten's strategic goals. This entails:

1. **From Recovery to Resilience:**
   Transitioning from post-disaster projects to systemic climate and governance reforms.
2. **From Donor Dependence to SDG Financing:**
   Assisting the Government to leverage innovative financing, including diaspora and impact capital, for sustainable development.
3. **From Fragmentation to Whole-of-Government Approaches:**
   Supporting institutional coherence through integrated policy planning and digital governance.
4. **From Data Gaps to Evidence-Based Action:**
   Investing in statistics, foresight, and monitoring systems to ensure transparent progress tracking.

Through these shifts, the UN can help Sint Maarten move toward a *resilient, digitally enabled, and inclusive island economy*, consistent with both the Kingdom's and the UN's global commitments.

8.6 Conclusion

Sint Maarten's structural constraints—limited autonomy, fiscal dependence, and climate vulnerability—underscore the need for sustained, strategic, and coherent UN engagement. By leveraging its convening power, technical expertise, and neutrality, the UN can help the Government transform vulnerability into resilience and ensure that no one—national or migrant, woman or youth—is left behind.

A forward-looking partnership between Sint Maarten, the Netherlands, and the United Nations can convert short-term recovery gains into long-term sustainability. Through joint foresight, financing innovation, and inclusive governance, Sint Maarten can become a *model hybrid SIDS*—one that demonstrates how shared sovereignty and multilateral cooperation can jointly deliver on the 2030 Agenda.

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