SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

STATE OF PLAY, POLICY OPTIONS AND IMPLEMENTATION PLANS

REPORT

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COMMISSIONED BY
MINISTRY OF THE INTERIOR AND KINGDOM RELATIONS, MINISTRY OF TOURISM, ECONOMIC AFFAIRS, TRANSPORT AND TELECOMMUNICATIONS (TEATT)

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Summary

In December 2020, Sint Maarten and the Netherlands agreed on the Sint Maarten Country Package. The Country Package contains measures and reforms in the areas of financial management, the public sector, taxation, the financial sector, the economy, healthcare, education and the rule of law. Part of the economic reforms concerns the promotion of entrepreneurship and the investment climate, with the primary focus on optimizing the licensing system, lowering the cost of doing business and removing red tape.

Between August 2021 and January 2022, SEO Amsterdam Economics (SEO), in collaboration with Amsterdam Bureau for Economics (EBA) and Tackling Law, conducted research and provided advice to improve Sint Maarten’s business climate. In doing so, explicit attention was paid to the implementation of the proposed improvements and to the link with existing initiatives in this field in Sint Maarten. The research is commissioned as a joint study by the Ministry of the Interior and Kingdom Relations (BZK), the Ministry of Economic Affairs and Climate Policy (EZK)s and the Ministry of Tourism, Economic Affairs, Transport and Telecommunications (TEATT).

The existing business climate in Sint Maarten – in particular the ease of doing business - was mapped on the basis of the factors used by the World Bank:
- Starting a business;
- Getting credit;
- Paying taxes;
- Trading across borders;
- Getting electricity and internet;
- Dealing with construction permits;
- Registering property;
- Enforcing contracts; and
- Resolving insolvency.

Desk research and interviews with entrepreneurs were conducted to identify the main bottlenecks and issues in the World Bank factors. This has resulted in six policy packages with corresponding policy measures that address these bottlenecks and issues that Sint Maarten can take in the short, medium and long term to integrally and substantially improve the ease of doing business. The six packages are:

1. Optimize and modernize the licensing system;
2. Digitalize and centralize all licensing procedures and digitalize tax payment office;
3. Bolster entrepreneurial (access to) knowledge and skills;
4. Increase access to finance and financial market integrity;
5. Improve effectiveness of product and service markets; and
6. Foster entrepreneurship through pro-entrepreneurship fiscal and labour market arrangements.

The table below contains a summary of the main identified issues and policy packages.

<table>
<thead>
<tr>
<th>Ease of doing business indicator</th>
<th>Main identified issues</th>
<th>Addressed by policy package</th>
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</thead>
<tbody>
<tr>
<td>Starting a business</td>
<td>There are too many licensing requirements and the financial costs of obtaining and keeping licenses are too high.</td>
<td>Policy packages 1, 2</td>
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</table>

**Licencing requirements and the process of obtaining a licence are not easily accessible.**

The system of moratoria is not transparent and leads to rent-seeking behaviour and creates the risk of (political) favouritism.

The restrictions of the National Ordinance forces employers to put much additional effort, time and money in the process to hire foreign labour.

Currently there is no competition law on the island.

Micro data is often lacking and the quality of macro data is often questionable. Also, many registries are lacking.

Many local businesses and entrepreneurs struggle to get loans to start or expand their businesses.

Banks lack credible information on the creditworthiness of loan applicants.

Many entrepreneurs lack basic financial and business expertise needed to start or run a (small) firm.

Banks goldplate the AML/CTF requirements of the CBCS to be on the safe side.

It is not possible to receive international payments using common e-payment solutions with a Sint Maarten bank account.

Paying taxes is complex and it is mostly done in cash.

The TOT in combination with absence of import tax stimulates direct parallel import, hurting local businesses.

GEBE is a government monopolist and lacks market disciplining incentives. Energy costs for firms are high, while power outages are considered frequent, especially during the tourist season, however, there is no transparent source of information on the frequency and duration of power outages.

Although there is competition on internet services, costs are relatively high, in comparison to the quality provided.

Outdated standards that are subject to interpretation as well as long processing times.

There is no direct link between the GIS register of addresses that is maintained by VROMI and the addresses at Kadaster, or indeed at any other ministry.

The Supervisory Board for Notaries has not been operational for ten years, because there was no notary on the board. This situation arose because, of the three notaries on the island, none was willing to sit in the board to judge others.

In cases that enter the bankruptcy proceedings with a curator appointed, often firms’ administration is missing, or incomplete.

Source: SEO Amsterdam Economics.
This research into the business climate does not stand alone. The Country Package contains multiple research projects in other parts thereof that are also relevant to the business climate. This includes the labor market (E.1), taxes (C.1), spatial planning (E.7) and the effectiveness of the public sector (B.4). The results and recommendations of the present study should be seen in this context: while reforms of the tax system, the labor market and the public sector are important for improving the business climate in Sint Maarten and have been included in the investigation and policy packages, this report does not make project proposals on those areas, because separate (research) projects are carried out within the Country Package that will lead to policy recommendations in those areas.

The recommendations in this report therefore focus on increasing the ease of doing business, promoting entrepreneurship, and improving the functioning of markets in Sint Maarten.

Because it is impossible to tackle all bottlenecks identified and implement these policy packages at the same time, a prioritization has been made based on feasibility, impact, costs and support. It is important to stress that the non-prioritized projects are also important, and should be addressed in the longer-term. The prioritization leads to the following measures, which have been elaborated upon in five project proposals. Proposals have been made for reforms that are feasible and implementable, which are in line with existing initiatives (and contribute to their acceleration) and whose implementation can be realized within the foreseeable future.

<table>
<thead>
<tr>
<th>Description</th>
<th>Objective</th>
<th>Timeline</th>
<th>Required external capacity/resources</th>
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</thead>
</table>
| Project 1: Optimize and modernize licensing system | - Explicit and accelerated deadlines and criteria for decision-making, 
- Explicit, concrete, and verifiable policy objectives that are geared to existing economic conditions and economic policy; 
- Stripped from unnecessary/superfluous (parts of the) permits (obligation); 
- The legal position of entrepreneurs in licensing procedures will be strengthened and the responsibility and accountability of the government will increase. | 12 months; Starts in 2022Q2, finalization in 2023Q2. | Capacity and expertise: 
- External project manager to assist TEATT. 
- A senior legislative lawyer. 
- Estimated costs: NAF 400,000. |
| Project 2: Digitalize and centralize all licensing procedures within a virtual ‘one stop shop’ | - Phase 1: Rationalized, coordinated, and integrated processes of business, horeca, director’s, residence and other licenses and permits. 
- Phase 2: One virtual, digital desk where entrepreneurs apply for and obtain their permits. The back offices of the various services function in a coordinated and integrated way as far as possible. | Phase 1: 18 months; Starts 2023Q2, finalization in 2024Q4. Phase 2: Dependent on planning Digital Government Transformation Project. | Capacity and expertise: 
- External project manager to assist TEATT. 
- Estimated costs: NAF 250,000 |
| Project 3: Bolster entrepreneurial access to knowledge and skills | - Subproject 1: centralized digital point of adequate, up to date information on doing business in Sint Maarten. 
- Subproject 2: a structured curriculum for teaching basic entrepreneurial skills to pupils in schools and for specialized training and coaching to entrepreneurs. | Subproject 1: 6 months; start 2022Q1; realized 2022Q4. Subproject 2: 18 months; start 2022Q2; realized 2023Q4. | - Subproject 1: consultant to carry out this project. 
- Estimated costs: NAF 100,000. 
- Subproject 2: educational professional, material, training, etc. 
- Estimated costs: NAF 500,000. |
| Project 4: Implement competition policy and law | - Competition law in force with system of private enforcement. 
- In the longer term, competition rules and effective enforcement contribute to dynamics and diversification of the economy, innovation, lower prices and higher quality of services and products. | 12 months (start 2022Q1; realization 2023Q1); implementation can be done efficiently as draft law, implementation plan, and policy has been prepared by Sint Maarten. | - Legal expert to amend competition law. 
- Implementation manager year; communications services. 
- Estimated costs: NAF 750,000. |
The five priority projects are the starting point for the implementation of proposed reforms. The five priority projects together constitute the Program ‘Improving business and investment climate Sint Maarten’, which can be implemented between 2022 and 2024. In addition, for successful implementation of the proposed reforms, an effective governance structure is required.

We propose a governance structure that makes clear how responsibilities for implementation, support, management, monitoring, reporting, commissioning, escalation and ultimate responsibility are organized.

Implementation takes place in projects that are occupied by officials of the concerned ministries and agencies, supported with the necessary additional capacity, knowledge and financial resources. TWO/COHO facilitates this in coordination with the relevant authorities in the Netherlands and Sint Maarten. The steering committee consists of top-officials of the ministries and agencies involved, under the leadership of the ministry of TEATT. The steering committee is supplemented where necessary with external experts. It can be taken into consideration to have an external, independent expert to chair the steering committee. The Minister of TEATT is mandated by the Council of Ministers of Sint Maarten to instruct for the implementation of the program on behalf of the government. Stakeholders are represented by experts delegated in a sounding board.

Proposed governance structure Program ‘Improving business and investment climate Sint Maarten’

<table>
<thead>
<tr>
<th>Project 5: Improve efficiency of product and service markets</th>
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</thead>
<tbody>
<tr>
<td>- A public register for interruptions in the energy supply.</td>
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<tr>
<td>- Based on the assessment carried out: a plan of approach for efficiency improvements in energy and internet service provision.</td>
</tr>
<tr>
<td>- Consultant for 6 months needs to be appointed to carry out this project.</td>
</tr>
<tr>
<td>- Estimated costs: NAF 250,000</td>
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<tr>
<td>12 months (start 2022Q2; realization 2023Q2).</td>
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Proposed governance structure Program ‘Improving business and investment climate Sint Maarten’

<table>
<thead>
<tr>
<th>Political responsibility Country Package and top escalation platform</th>
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</thead>
<tbody>
<tr>
<td>State Secretary of BZK</td>
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<tr>
<td>Prime Minister Sint Maarten</td>
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<tr>
<td>Minister of Tourism, Economic Affairs, Transport and Telecommunication</td>
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<tr>
<td>Board COHO</td>
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<td>Staff COHO</td>
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<table>
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<tr>
<th>Political responsibility Program Business and Investment Climate and escalation platform</th>
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<tr>
<td>Sounding board: experts representing non-governmental stakeholders</td>
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<tr>
<td>Steering Committee Program Business and Investment Climate Sint Maarten</td>
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<tr>
<td>External experts</td>
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<tr>
<th>Monitoring</th>
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<tr>
<td>Steering and reporting</td>
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<table>
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<tr>
<th>Implementation</th>
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<tbody>
<tr>
<td>1. Project ‘Optimize and modernize the licensing system’</td>
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<tr>
<td>2. Project ‘Digitalize and centralize all licensing procedures: virtual one stop shop’</td>
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<tr>
<td>3. Project ‘Bolster entrepreneurial (access to) knowledge and skills’</td>
</tr>
<tr>
<td>4. Project ‘Introduce competition law’</td>
</tr>
<tr>
<td>5. Project ‘Improve efficiency of product and service markets’</td>
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Capacity, expertise, funding
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1 Introduction

1.1 Background

Sint Maarten’s tourism-based economy has been seriously affected by recent events such as Hurricane Irma in 2017 and the Covid-19 pandemic starting in 2020. Due in part to these two recent events, Sint Maarten’s economy is arguably in bad shape (the country’s GDP fell by 20 percent in 2020 as a result of the pandemic [IMF, 2020]). However, this economic underachievement is also driven by structural matters.¹ For this reason, the International Monetary Fund as well as several other organizations have repeatedly stressed the need for improving the business and investment climate in Sint Maarten in order to foster economic growth.² In response to the devastation caused by Irma in Sint Maarten a trust fund was set up, managed by the World Bank and financed by the government of the Netherlands for up to 470 million euros (US$553.4 million).

Currently, Sint Maarten’s business environment is characterized by low transparency and high bureaucracy, which constitutes a barrier to (foreign) investments (IMF, 2020). In order to unleash Sint Maarten’s growth potential and to make the transition towards structural economic growth, Sint Maarten wants to prepare itself for the economic/fiscal reforms the private sector and (inter)national organizations have been calling for.

Recently, agreements were concluded between the Caribbean Countries of the Kingdom and the Netherlands on the country packages, in accordance with articles 36, 37 and 38 of the Kingdom Charter. The country packages that have been set out for the countries³ will be implemented through thematic projects. These projects in their entirety are aimed at a better quality of life for Sint Maarten residents and the welfare promotion of the population through reforms of an administrative nature, the achievement of sustainable public finances, strengthening the resilience of the economy and, where appropriate, the creation of national organizations. In doing this, these thematic projects focus on reducing the tax burden (by lowering the public costs), improving labor and capital markets, and creating an attractive business climate.

These reforms shall be implemented by the Caribbean Reform and Development Body (COHO), which has yet to be established, and a temporary work organization (TWO), which will be desolved once COHO has been established, together with the relevant Departments and Ministries within both the Sint Maarten and Dutch governments. The ultimate goal of the reforms in the business environment is to improve the overall welfare by encouraging entrepreneurship and the overall investment climate through optimizing license systems, reducing the costs of doing business and removing bureaucracy and red tape. In order to effectively do so, the government is seeking help to identify and inventory where assistance is most needed (a ‘snapshot’ of the current situation).

¹ Landspakket Sint Maarten (Country Package Sint Maarten). See: https://www.rijksoverheid.nl/documenten/convenanten/2020/12/22/onderlinge-regeling-landspakket-sint-maarten
The Caribbean Island of Sint Maarten consists of a Dutch part (Sint Maarten) and a French Part (Saint Martin). Sint Maarten has been a constituent country within the Kingdom of the Netherlands since 2010. Sint Maarten covers an area of 41 km² and is located to the south of the island. Sint Maarten has the status of an overseas country and territory (OCT) and is therefore located outside the EU. This in contrast to Saint Martin, which is considered part of the European Union. The official currency in Sint Maarten is the Netherlands Antillean guilder (NAf), which has been pegged to the US dollar for over 50 years, while Saint Martin uses the Euro. The US dollar itself is however also a commonly used currency on the Dutch side of the island.

Sint Maarten was severely hit by hurricane Irma in September of 2017, which damaged 90 percent of the buildings on the Dutch side. Many inhabitants lost their homes or parts thereof were badly damaged. The total damage to Sint Maarten was estimated around 2.7 billion US dollars (Government of Sint Maarten, 2018). The public finances were also affected: it was estimated that Sint Maarten experienced a budget deficit of around 87 million US dollars in 2018 (WNRP, 2017). The government received significantly less income through taxes, especially due to the downfall of the tourism industry. Needless to say, the hurricane had a severe impact in Sint Maarten’s GDP in 2017 and thereafter.

Two and a half years after the hurricane the Covid-19 pandemic hit Sint Maarten. As a consequence, tourism (the island’s main source of income) experienced a second negative shock. Despite response measures designed by the local authorities and partly financed by the Netherlands, real GDP is estimated to have fallen 24 percent in Sint Maarten in 2020 due to the high dependence on tourism (IMF, 2021). Lower fiscal revenue (due to less economic activity) and higher spending (due to support measures) increased government debt to 65 percent of GDP in Sint Maarten (IMF, 2021).

Both in the case of Hurricane Irma and the Covid-19 pandemic, Sint Maarten was unable to make use of support from the European Union (unlike Saint Martin), resulting in a strong dependency on own resources and Dutch support measures and a slow overall recovery. The IMF projects real GDP growth at 4 percent in 2021 and 15 percent in 2022, whilst both tourism and real GDP are expected to reach the pre-pandemic levels only by 2024. Inflation is likely to increase due to higher fuel and import prices, whilst the primary fiscal deficits are likely to increase further to 82 percent of GDP by the end 2021 (IMF, 2020).

1.2 The assignment

The assignment was a joint effort between BZK and the Ministry of TEATT where strong emphasis was placed on local expertise. The goal of the research project is to assess the climate of entrepreneurship and investment and map out the existing policies, laws and regulations that can and need to be improved, as well as new plans for policies, laws and regulation that should be developed or accelerated. In addition, the assignment should shed light on the potential blind spots in the regulatory framework, while also considering capacity and resource constraints. Moreover, the assessment should also consider factors outside the regulatory framework (i.e. other factors that affect the efficiency of the business environment or the level of foreign investments). Subsequently, this assessment should lead to a set of recommendations that is implementable. The final set of recommendations also provides an explanation by time (i.e. immediately, within two years or after two years implemented) and costs (the expertise and resources required). In addition, the research project should also provide recommendations on how the Netherlands can support Sint Maarten in successfully implementing/accelerating the recommended measures.
The Terms of Reference formulate the main research question as follows:

“How, in the context of the climate of entrepreneurship and investment, can Sint Maarten’s implementation plans to recover economic resilience be accelerated and where are new policies required?”.

In addition, the research aims to provide an answer to the following sub-questions:
- Which existing policies, laws and regulations involved in entrepreneurship and investment climate should and can be adapted/ modernized?
- Which policies and plans already in development can be accelerated?
- Which policy options are not yet reflected in the reports or plans, that could improve the climate of entrepreneurship and investment?
- What are gaps in resources, exhibited over time, related to (scenarios of) categories (immediate, midterm and long-term projects)?
- How can Sint Maarten and the Netherlands work together to support and stimulate the ambitions of, and actions in, Sint Maarten?; and
- What is the timing of the recommendations? That is, to identify those recommendations that can be immediately implemented given the current state of affairs (i.e. ‘low hanging fruit’) as well as those for the medium term (within 2 years) and the longer-term (after 2 years). The urgency and potential risks will also be identified for the medium- and longer-term recommendations.

Measures aimed at improving the entrepreneurial and investment climate cannot be seen in isolation from reforms in the field of the labor market, financial sector, public sector, and taxes. Although this research is primarily aimed at removing red tape and increasing the ease of doing business, we will, where relevant, link to reforms in other areas.

1.3 Outline of approach

The project consisted of four steps: (1) mapping existing policies, laws and regulations, (ii) classification of policies, laws and regulations, (iii) analysis of required improvements, and (iv) preparation of a roadmap and governance structure for implementation.

**Phase 1: Policy mapping**

As a first step we tried to map the most important policies, laws and regulations (existing and in development) related to entrepreneurship and the general business climate.

We take the World Bank structure as a starting point. The World Bank defines the entrepreneurial environment as forms of business regulation that support and safeguard entrepreneurship. These forms include laws and regulations on starting a business, obtaining construction permits, obtaining electricity, registering property, obtaining credit, protecting minority investors, paying taxes, cross-border trade, enforcing contracts, and resolving insolvency. In addition, the World Bank maps laws and regulations on hiring workers and contracting with the government. We add to the World Bank survey issues concerning access to capital and access to labour.
Phase 2: Identification of issues
In the second step we assessed the effectiveness of the most important policies, laws and regulations:
We take a broader focus than the policies, laws and regulations alone. In this phase, we also looked at the facilitators of successful (economic) policy, mostly being the executive side (e.g. the process at the counter when applying for a work permit), as well as external factors as labour and capital market dynamics.

Phase 3: Analysis
In the third step we identified what improvements or adjustments need to be made when it comes to further improving the business climate in Sint Maarten, broken down by feasibility, acceptance and impact, time-effort, and costs:
- Does the recommendation involve complex or simple adjustments of existing laws and regulations/introduction of new laws and regulations?
- What is the expected impact of the adjustments to existing laws and regulations/introduction of new laws and regulations?
- What are the expected resources and required capacity for the adaptations of existing laws and regulations/introduction of new laws and regulations?

Phase 4: Implementation plan (roadmap)
In the final step we constructed a clear roadmap and governance structure for implementation that makes the recommendations actionable. The implementation plan consists of two parts:
1. Policy improvements or changes classified into categories based on the time horizons (e.g. low-hanging fruit or implementable within “X” years), budget requirements, and potential impact.
2. For each of the categories, a process that will help the stakeholders in the actual implementation of the measures. The process involves steps that logically follow each other, goals connected to each step and a timeline as well as quantification of the necessary expertise and resources to implement the measures.

Execution of the implementation plan requires an effective governance structure with heavily occupied roles by the Sint Maarten ministries involved, the Dutch ministries of BZK and EZK and COHO, within which the implementation plan is carried out, adjusted, controlled, monitored and evaluated. And within which escalation and perseverance power are organized in such a way that implementation is realized within the framework of prioritization, phasing and planning of policy measures and actions. The implementation plan includes a proposal for the governance structure.

Stakeholder engagement
Sufficient ‘ownership’ of the roadmap/recommendations is crucial for an effective implementation. Therefore, the evaluation team has included all relevant stakeholders in the process to ensure that the implementation plan matches local preferences and has local support.
1. Engagement of national authorities in Sint Maarten
   - Stakeholders at the Chamber of Commerce and Industry (CoCI) and TEATT have been frequently consulted during the process, to assess a) their view on potential improvements of the entrepreneurial climate and b) their view on (the feasibility of) potential improvements suggested by other stakeholders.
   - The intermediate result was presented to and discussed with TEATT, TWO, during a stakeholder session in Sint Maarten. This session intended to discuss and design a process that contributed to successfully implementing the measures proposed.
2. Engagement of national authorities in the Netherlands
   - Separate sessions have been organised with the stakeholders from The Hague to present the intermediate results.

3. Engagement of other stakeholders in Sint Maarten
   - Other (local) stakeholders were actively involved in the research through – amongst others – interviews and focus group discussions (see next section).
   - A selection of stakeholders (e.g. representatives of employer organisations) was also invited for the presentation of the intermediate results.

1.4 Remainder of this report

This report is organised as follows:

Chapter 2 describes factors relevant for doing business and their current situation in Sint Maarten. Chapter 3 describes the main areas of policy improvement that were identified during this research, whilst Chapter 4 provides the implementation roadmap. The appendices present an elaboration of the identified barriers and an overview of the licensing system in Sint Maarten (i.e. the required licenses and permits). We refer to ministries in the way we have encountered them in practice. This is a mixture of Dutch and English terminology. Table 1.1 below connects the two.

<table>
<thead>
<tr>
<th>Dutch Abbreviation</th>
<th>Ministry</th>
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<tbody>
<tr>
<td>VSA</td>
<td>Ministry of Public Health, Social Development and Labor</td>
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<tr>
<td>AZ</td>
<td>Ministry of General affairs</td>
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<tr>
<td>JUS</td>
<td>Ministry of Justice</td>
</tr>
<tr>
<td>OCJS</td>
<td>Ministry of Education, Culture, Youth and Sports</td>
</tr>
<tr>
<td>VROMI</td>
<td>Ministry of Public Housing, environment, spatial planning, and infrastructure</td>
</tr>
<tr>
<td>TEZVT</td>
<td>Ministry of Tourism, Economic Affairs, Transport and Telecommunications (TEATT)</td>
</tr>
</tbody>
</table>
2 Ease of doing business

When considering various aspects that influence the entrepreneurial climate in Sint Maarten we start from the World Bank’s Ease of Doing Business list: (1) starting a business, (2) getting credit, (3) paying taxes, (4) trading across borders, (5) getting electricity and internet, (6) dealing with construction permits, (7) registering property, (8) enforcing contracts, and (9) resolving insolvency. This list is also the main driver of our study. We discuss topics like market conditions relating to the labour, capital and product markets, in the context of these various aspects of doing business.

Table 2.1 Factors relevant for entrepreneurship

<table>
<thead>
<tr>
<th>Ease of doing business</th>
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<tbody>
<tr>
<td>Starting a business</td>
</tr>
<tr>
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</tr>
<tr>
<td>Resolving insolvency</td>
</tr>
</tbody>
</table>

Source: SEO Amsterdam Economics

2.1 Starting a business

Main identified issues
- The financial costs of obtaining and keeping a license or permit are high. These fees are an important source of government income.
- The objective of licenses is not always clear and based on sound economic reasoning. Hence, some licenses seem unnecessary.
- There are too many licensing requirements, and they are not always clear and sometimes unnecessary.
- The process of obtaining licenses is often intransparent, complex, and can take a long time.
- There is no digital one stop shop for entrepreneurs where they can interact with the government for obtaining the required licenses.
- There is a lack of digitalization in government services and government agencies operate in silos.
- There is too much discretion for policymakers in the decision-making process itself.
- The distinction between Antillean born and non-Antillean born works out arbitrarily in practice.

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4 This is based on the ease of doing business list of the world bank, https://www.doingbusiness.org/en/methodology/starting-a-business. We have left out protecting minority investors, resolving insolvency as this is less relevant for St Maarten.
2.1.1 Legal form

The first step in starting a business consists of deciding on the legal structure of the company. The most common forms are the Sole Proprietorship (Eenmanszaak), the Partnership (VOF) and the Limited Liability company (B.V./N.V.). In addition, there are two legal forms without a profit motive: the Association and the Foundation. In the case of a Sole Proprietorship or a Partnership, the owner is personally liable and has unlimited liability for business debts and obligations. For Limited Liability companies, the B.V. and the N.V., the owner only has limited liability.⁵

The process of starting a business is different between legal entities on the one hand and between Antillean-born and non-Antillean-born on the other hand. Antillean-born citizens are defined as “people born in Aruba⁶, Bonaire, Curaçao, Sint Maarten, Saba and Sint Eustatius”; non-Antillean born citizens means everyone else. Data from Ecorys, Economic Outlook Sint Maarten 2012-2013 shows that 21 percent of all employees were born in Sint Maarten and 15 percent on other islands of the Dutch Caribbean. The remaining 66 percent were born elsewhere.⁷ This suggests that roughly 1/3 of the population is Antillean-born. The requirement works out quite arbitrarily in practice, for example, Antillean-born does not apply to people born on the French side of the island, or local immigrants from other islands. The restriction creates extra costs for the non-Antillean-born to incorporate a new business as compared to the Antillean-born.

The Sole Proprietorship is the easiest and cheapest way to set up a business, especially for Antillean-born. In such a case, the registration at the Chamber is sufficient for the establishment of the company. For non-Antillean-born this process takes more time and is more expensive. Antillean-born also do not require a director’s license when starting an N.V. or B.V. The government maintains this distinction between Antillean- and non-Antillean-born citizens in the hope of protecting locally born citizens.

The process of establishing a Limited Liability company (N.V. or B.V.) is done by the Notary. Limited Liability companies are more complicated to establish since they require several additional licenses (e.g. a business license, operational license and a director’s license) for non-Antillean born. The fees of the Notary depend on the type of legal entity and type of required licenses. The notary fee (the costs of licenses and permits excluded) can easily rise above $1000.⁸

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⁵ See art. 2:3 paragraph 2 CC SXM
⁶ For Aruba this only holds for people born on Aruba before the separate status of Aruba in 1986.
⁷ See StMaartenNews: News Views Reviews & Interviews
2.1.2 Various licenses and permits

Companies that are active in Sint Maarten are subject to various licences. These licences relate to incorporation (‘Vestigingsvergunning’), management (‘Directeursvergunning’), as well as firm activities (see ‘Vergunningslandsverordening’ and ‘Hinderverordening’). The type of licenses that need to be obtained depends on the type of the business. The issuance of Business and Director’s licenses is based on the ordinance regulating the Establishment of Businesses (Vestigingsregeling voor bedrijven). Requirements may be imposed on firms employing activities subject to the Vergunningslandsverordening, regarding fire safety or health and safety for example. Firms may also require licenses for specific activities, such as licenses for specific tourist activities, to operate a hotel, a taxi etc. Specific ‘life events’ in the course of a business may require licenses as well, such as building permits. Overall, a varying number of licenses and permits is required. As described above, the incorporation of the Limited Liability Company and the Partnership is done by a Notary. In that context, as an additional service, the Notary can identify the required licenses and submit the initial request for the company as part of the incorporation process. The most frequently required licenses are described in Table 2.2.

Licenses sometimes also contain requirements that limit firm growth. For example, vending licenses prohibit the owners from doing any other work and require that vendors cannot have more than one employee. Currently there is a large list of required operational licenses and permits. Although some licenses may be necessary, not all licenses seem necessary and market forces could play a larger role in equilibrate the number of businesses active.

Table 2.2 Most frequently required licenses

<table>
<thead>
<tr>
<th>Type of license</th>
<th>Description</th>
<th>Responsible department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business license</td>
<td>In principle, all businesses in Sint Maarten require a business license. The only exception being the Sole Proprietorship established by Antillean-born. Since Aruba obtained a ‘Status Aparte’ in 1986, Arubans born after 1986 also require a business license.</td>
<td>Ministry of TEATT from the Department of Economic Licenses</td>
</tr>
<tr>
<td>Director’s license</td>
<td>A director’s license is required for individuals to function as the director of a business. This license is required for all NVs, BVs and partnerships with one or more directors in place. Antillean-born are the exception, as they are exempted from the director’s license.</td>
<td>The Ministry of TEATT from the Department of Economic Licenses</td>
</tr>
<tr>
<td>Employment permit</td>
<td>An employment permit grants an employer permission to hire a foreigner to work in specific functions for a certain amount of time in Sint Maarten.</td>
<td>The Department of Labor Affairs.</td>
</tr>
<tr>
<td>Operational license</td>
<td>An operational license is needed for businesses to provide certain types of additional services. This license is only mandatory for some types of businesses (often in relation to bar, restaurant, and hotel services). Before getting an approval on the license, advice needs to be sought from the following departments: Inspectorate of Public Health, Fire Department and Department of Inspection TEATT.</td>
<td>Ministry of TEATT from the Department of Economic Licenses.</td>
</tr>
</tbody>
</table>

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9 Business Center (2020) Starting Information Guide
10 See http://www.sintmaartengov.org/business/Pages/Licenses-and-Permits.aspx
Residency permit
A residency permit is required for an employee or employer to reside in Sint Maarten for longer than 90/180 days. This applies to all non-Antillean, non-Dutch and non-American foreign workers.

Branch license
Required for all businesses wanting to open a branch in Sint Maarten.

Building permit
A building permit is required for new or extending business premises.

Hindrance permit
A Hindrance permit is required for specific types of activities that can cause danger, damage and/or nuisance to the environment or the surroundings. It is tied to regulations which are meant to protect the environment and ensure safe and clean practices in Sint Maarten.11

Vending license
Owners of mobile and immobile vending’s and organisers of markets and other street activities must also apply for a Vending license.

Fees of licenses and permits
A fee must be paid for the licenses and permits, often on an annual basis (see Table 1 in Appendix B.1). In addition, a large number of operational licenses exist related to different types of activities that are not listed in the table. The processing fee needs to be paid when applying for a certain license and can be deducted from the license fee once approved. There is no fixed invoicing period. If fees are not paid, licences can be withdrawn. However, in practice, licences are rarely withdrawn if fees are not paid. There is, for example, a large fraction of inactive firms that in practice is insolvent, that still have licences and should in principle pay fees. Yet, the licencing departments and the receiver do not know which firms are active and which are inactive.

The costs of obtaining and maintaining a license can be quite high. In contrast to other jurisdictions, some of the fees must be paid on an annual basis. For example, a B.V. that sells alcohol, established by one non-Antillean born director (local residency), needs at least a business licence, director’s license and an operational license. The costs for these three licenses can easily add up on an annual basis (NAF 1550 - business license, NAF 312,50 - director license, minimum NAF 900 - operational license). Moreover, more licenses and permits could be required depending on the type of business. The fees are a source of income for the government, with the business and operational licenses issued by the Ministry of TEATT accounting for almost 5 percent of the yearly revenues.12 However, this increases the costs of doing business in Sint Maarten and may raise the barriers to entry for potential entrepreneurs.

2.1.3 Licencing process
The application and subsequent handling of licenses and permits is not a digitalized process yet, while the subsequent decision-making process still involves a lot of human judgement. Although some forms can be filled-in online, in practice most – if not all – firms and entrepreneurs take the physical route. We gather from interviews that the current process of getting a license is very burdensome and slow for many entrepreneurs. As a consequence, businesses face the risk of a long waiting time to obtain the license(s). At the same time, they are often already making

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11 Permits (sintmaartengov.org)
12 Interview with TEATT
costs. For example, entrepreneurs need a business location (and pay rent) to get an operational license, while the business cannot officially start (and generate revenue) without an operational license. If the licensing process takes too long, these expenses can force an entrepreneur into bankruptcy before he or she has even started. For this reason, firms often start operating before they get their license in practice.

Entrepreneurs have to wait without knowing when a decision will be taken. There are no formal deadlines. Communication on progress of the application is lacking. Personal contact is also still very important in the process, e.g. to get updates of the status quo or to find the right people to talk to if entrepreneurs want to speed up the process. Formal rules and timelines for response are lacking. In case of issues that arise, there are no formal procedures to notify clients.

A recent review of the licensing process by the General Audit Chamber shows that the process for issuance is recorded in three separate registers: a spreadsheet, BLIS and Buslic; that an applicant must go to the Customer Service counter a total of five times; that all documents are scanned manually; and that steps to facilitate electronic submissions have not yet yielded results. Also, the license administration systems are not linked to the Receiver’s administration, while the completeness of the registrations in the spreadsheet, BLIS and Buslic, is not checked based on totals. Of the 597 applications in 2019, 16 percent was processed within 6 weeks, 50 percent within 12 weeks, 84 percent within 18 weeks and 95 percent within 24 weeks.

The Ministry of TEATT is currently in the testing phase of facilitating online applications of business licenses, director’s licenses and amendments thereof. Once this process is finetuned, they plan to slowly roll out the online application for the remaining licenses as well. In the beginning, entrepreneurs will still have the option to apply in person, but over time the goal would be to make the entire process online-only. A risk is that new bottlenecks then arise in back-office processing. Compared to TEATT, other ministries are less advanced in their digitalization strategies. Once the process has been digitalized, an important next step is to curb the human judgement in the process. This requires formalizing and clearing up procedures and requirements that may now mainly reside in the heads of employees.

Invoices for licenses are sent via the local Post Office, but these sometimes arrive late or not at all. The impression from interviews is that the Post Office does not function optimally. Also, the date that the invoice will be sent or has to be paid is not determined beforehand. Therefore, entrepreneurs do not know when the invoice will arrive. Also, entrepreneurs are not notified if they have not (yet) paid their license fees. This leads to uncertainty for entrepreneurs and can cause high invoices with sums from the past. Although there lies a responsibility to keep their administration in order, liquidity constraints cause that entrepreneurs cannot always pay these cumulative invoices.

Currently, the Minister of TEATT needs to give the final approval of the license/permit, while the department has already prepared the process and a view on whether or not licenses should be granted. This may lead to delays in the license approvals. Also, the minister has discretion in granting licenses and can depart from internal policies if he or she deems this necessary.

Different departments involved in the licensing process do not exchange information in a formalized way and operate in silos. Also, registration of payments and invoices are organizationally separate from the actual handing out of licenses, which creates additional coordination problems. If certain licenses fall under one department or ministry,

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efforts have been made to coordinate all licenses. Currently, without much success. If licenses need to be requested from different government departments, interdepartmental coordination can currently only be done through e-mail, paper communication or phone. Coordination between government departments or ministries is currently insufficient.

Since most application processes are not yet available online and many government departments operate independently, entrepreneurs often have to hand in the same files and information multiple times at different government departments. A ‘one stop shop’ has been discussed as a solution for this problem. This is an (preferably online) place where entrepreneurs can apply for all licenses and permits at the same platform and the same time. To this day, the one stop shop has not been put into place.

Currently, businesses have to fulfill certain requirements on e.g. fire safety, employee health and safety or HACCP before the operational license can be approved. Several departments have to visit the business to check these requirements. The whole procedure can take quite a long time and hence entrepreneurs have to wait for their operational license, without being able to operate.

### 2.1.4 Data and registries

Data is very powerful to get more insights in the economic status and current markets. Sound data makes it easier to handle (financial) crisis situations, allows entrepreneurs to make better decisions on what businesses to start and draw up a business plan, and allows the government to set better priorities on how to target their policies to promote investment.

Although macro-economic data is available, the quality is often questionable. A primary example is the estimate of the population of Sint Maarten by various government entities ranging from 40,000 to 50,000 people. There has been no official census on the island since 2011. This makes it, for example, difficult to measure unemployment. Also, other estimates like GDP have a relatively high level of uncertainty, while estimates of import and export are uncertain because cross-border trade is not monitored for tax purposes. The quality of administrative data is generally poor and data available at different government bodies are not matched or cross-referenced. There is no optimally functioning public data infrastructure. The Department of Statistics of Sint Maarten is part of the TEATT and relatively small with 12 Fte.

Moreover, the registration of micro-level data is sometimes lacking or inaccurate. For example, the Commercial Registry of the Chamber of Commerce contains a high number of defaulted or inactive businesses. From the 28,000 businesses registered, at least 9,000 are in default, while 2,000 are inactive. Also, the director might not be registered. Until a recent change in the law, the Chamber did not have the mandate to remove inactive businesses from the database. Since then, the Chamber has been updating their business registry. Existing inactive businesses and foundations had until December 31 of 2021 to re-activate or to formally close their business and/or foundation. To make it easier to keep the business registry up to date, the Chamber has made a decision to abolish the inactive status. Moreover, the Chamber has been keeping some statistics of their data regarding the opening and closing of businesses on their website.

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14 White paper Macroeconomics (2021) SHTA.
15 CoCI ceases Business Inactivation Status with immediate effect. | 721news.com
16 Jennifer Carty, CoCI President On Data, Doing Business in Sint Maarten, Chamber Activities & More - YouTube
2.1.5 Moratoria

Approval of applications for some sectors is subject to so-called moratoria. These are rules that put a maximum on the number of businesses operating in certain market sectors. The taxi industry is an example of the many markets subject to such regulation. Only if a taxi business owner exits the market, a place in the market becomes available. The family has the first right to take over this spot, solely in case of death of the license holder. If the family does not want the licence, other applicants may obtain the permit. However, there is no clear allocation rule for such permits. Whether or not a particular sector has a moratorium can change on a monthly basis and is unpredictable. In addition, there is no established mechanism to decide on whether a certain sector should have a moratorium and the corresponding size of the sector. Moratoria change frequently, while information about and the allocation of licences that become available is unclear. The government website does not list the moratoria that are currently in place. This makes it difficult for entrepreneurs to obtain relevant information on the moratoria and to react accordingly.

Also, the system of moratoria creates an incentive for those who have scarce licenses for particular activities to hold on to them (or rent them out), even if they are not used. This creates an informal secondary market for licenses. Taxi licenses, for example, are worth a multiple of the actual license application fee. Thus, licenses stay within certain families or with certain persons that have historically succeeded in obtaining licenses, resulting in an inefficient allocation of licenses or an artificial scarcity of certain licenses. This also creates a situation where getting a license from the government is very valuable, creating an instrument for favouritism.

**Information on starting a business/licenses and permits**

Information on the legal requirements to start a business is key for aspiring entrepreneurs. This can be information about the legal entities, the required licenses and permits and the corresponding costs, data and registries, moratoria etc. Currently, the actual steps that have to be taken to establish and run a business are not always clear. Information is lacking or scattered across different institutions, while some requirements are not formally communicated, but only known internally within the department, or by specialized service providers such as notaries.

Given that a clear overview of exactly which licenses, permits and corresponding documents are needed is lacking, it can take a long time for an entrepreneur to establish a business independently. Due to unclarity over what the exact required documents might be, entrepreneurs may not hand in all the documents needed in the approval decision correctly the first time. As a result, entrepreneurs have to make changes during the application process, thereby increasing the total application time. Hence, the help of a Notary or accountant is often used, but this comes at an additional cost. Nevertheless, licenses are rarely turned down in the end (except when there are moratoria in place).

It is worth mentioning that the CoCI has recently updated their website and it currently contains relevant and more structured information for entrepreneurs. Moreover, the Business Centre of the CoCI provides information and the use of facilities to guidance for entrepreneurs. An example is their recently published ‘Starting Information Guide’ that provides step by step guides to entrepreneurs how to get started in Sint Maarten. These actions are steps in the direction of more information and more transparency for entrepreneurs.

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17 Business Center (2020) Starting Information Guide
2.1.6 Rules, regulations and policy

The exact conditions and requirements that need to be fulfilled are in many instances not written down in formal rules or regulations but are informally known policies that a particular ministry follows in practice. When ministries rely on informal policy rules instead of fixed regulation that are not written in the law, uncertainty arises on the side of the entrepreneurs. Rules and policies may go back to the pre-2010 era, such as the rules on the differences in license and permit requirements for people of Antillean versus non-Antillean origin. As mentioned previously, presently, people who are non-Antillean born must take additional steps when establishing a business.

Since the process of starting and running a business is cumbersome, accountants, lawyers and notaries play a vital role in reducing friction. Because the interpretation of policy, rules and regulations is often unclear, there is informal information these actors have that entrepreneurs do not.

Licenses sometimes put seemingly artificial or outdated restrictions on what businesses can do. For example, licenses may limit the number of employees, whether or not you are allowed to have a separate job on the side, or the physical area of a particular activity. In a changing and competitive world, these limitations can sometimes restrict firms up to the point where they are no longer competitive.

Moreover, in interviews entrepreneurs indicate they feel that communication from the government regarding an overall vision for direction of policies and existing dossiers is lacking. The government sometimes changes direction unexpectedly and makes limited progress on existing dossiers, even when plans for legislation or policies exist for quite some time. Businesses need to know what the strategic vision of the government is in order to make capital investments and to determine their business actions. Without a clear roadmap and a strategic vision, it is difficult for entrepreneurs to plan for the future.

2.1.7 (Foreign) workers

The process to employ workers involves several steps and restrictions. If entrepreneurs need employees for their business, the first issue to consider is whether they are locally born citizens or not. As finding employees that have the specific skill for a specific job can be difficult on an island with around 40,000 official inhabitants, there is demand for foreign workers. Technical skills, IT skills, or certain professional experience may be scarce and only to be found abroad. Also, demand for workers fluctuates with the tourist season, and there may not be enough local workers to match the labour demand.

Unemployment has been high in Sint Maarten in the past but spiked to 20 percent of the working population due to the Covid-19. Exact numbers on unemployment are hard to provide, as recent population statistics are unavailable and “unemployed” people may have unreported side jobs in the informal or grey economy. That being said, there is a sentiment on the island that foreign workers are taking jobs away from local people. Therefore, the government has tightened the requirement regarding the employment of foreign workers as of February 7th, 2020. Stricter requirements, however, were already a trend before Covid-19.

To improve the job opportunities for locals, employers will have to closely work together with the designated representatives from the National Employment Service Center (NESC) to fill all vacancies as much as possible with

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18 https://economisch-bureau.shinyapps.io/caribbean-analytics-statistics/
19 Minister of Public Health, Social Development and Labor (2020) Policy on to be undertaken efforts by Employers to fill their vacancies with suitable candidates from the Sint Maarten market. Policies and Reports (sintmaartengov.org)
suitable jobless persons in Sint Maarten. Only if the required human capital is not available in Sint Maarten, businesses are allowed to hire foreign employees. However, an entrepreneur needs to prove to the NESC that no suitable employee on the island is available. Employers have to advertise their vacancy in the island newspapers. At the same time, NESC then checks whether they can find candidates that are suitable for the job in their view. Firms have no say in the selection by NESC and are at risk of getting low quality candidates. This takes a lot of time and resources, creates uncertainty and can lower the quality of a firm’s workforce. However, as far as we understand, parties rarely get responses from NESC in practice.

Financial costs of the procedures for employers are high. Annually recurring application fees range between US$600-1600. Next, there is an immigration fee of US$300 and an in principle refundable pledge of US$165 - US$3,300, where the pledge depends on the cost of a return ticket that should have been paid if an employee is forcibly sent home. In practice, these pledges are rarely refunded. Because the process is complicated, employers often involve a law firm, which further raises costs.

Any employer who wants to employ a non-national must obtain an employment permit from the Department of Labor Affairs Agency. Getting such a permit can take up to a year. To get an employment permit, applicant firms have to answer questions like: ‘what are your annual income projections and how will filling this position help you meet or not meet these financial goals?’ and ‘can you provide proof that no suitable locals were sourced for this vacancy?’ Also, in spite of the high uncertainty of getting a labor contract, and the long waiting time, which can be over half a year, a copy of a signed labor agreement has to be included. There is no time limit in the process and no communication on the state of affairs. As a consequence, Sint Maarten firms cannot offer potential foreign employees certainty as to their prospects and timeline for starting their job on the island. Also, contracts for foreign workers are capped at three years after which contracts cannot be renewed.

All this can lead to acute shortages in foreign workers. For example, when schools reopened in the Summer of 2021, a lot of teachers were absent because they had no working permits, leading to classes being canceled and children missing out on education. Schools ended up getting dispensation from NESC from the requirement to provide foreign workers with working permits. Also, it creates an incentive to circumvent these procedures and bring workers to the island illegally.

From a 2013 advice of the Social Economic Council (SER), it appears that there are already some simple rules in place to incentivize employers to hire local workers.20 These are, for example, the extra time needed to find a foreign employee and the costs of residence and employment permits. Also, before a work permit can be issued, foreign workers must prove to the Immigration and Naturalization Department that they have sufficient funds. The SER states that if there is no qualified local to fill a certain position, this is due to a brain drain or Sint Maarten is unable to educate its nationals to these certain positions. In both cases, one cannot expect employers to bear additional costs when higher certain human capita, especially not when this is the result of an omission on the government’s side. Hence, it is questionable whether the additional requirements for foreign employment are desirable.

### 2.1.8 Safeguarding Competition

Due to its small scale, Sint Maarten has a limited number of suppliers in several markets. This increases the risk of market power, makes price fixing easier, as well as the potential to facilitate other anti-competitive practices by hindering entrance of new market players. Although, parallel imports and the open border with the French part of...

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20 Letter-of-Advice-Article-10-Counterpart.pdf (ser sx)
the island may limit exercise of market power, the risks are real. However, as of today there is no competition policy or consumer policy in place in Sint Maarten, implying that there is no merger control and takeovers can result in monopolies.

The process of initiating such oversight has been going on for several years. In 2013, The Ministry of TEATT commissioned SEO Amsterdam Economics to develop a Competition Act and a Competition Authority Policy.21 This resulted in a draft consumer ordinance and a draft competition ordinance. In 2017 these were presented to the SER for advice, which advised against establishing a competition policy, mainly because of three reasons. First, the government should prioritize its efforts on other reforms. In the words of the SER: “[St] Maarten has already many government related institutions that encounter difficulties to effectively execute their responsibilities”. Second, the SER doubts whether it will result in an effective increase in competition. Third, it argues that the turnover tax gives an incentive to vertically integrate. Reforming the tax system would be a more cost-effective way to promote competition.

Although these are valid arguments, market power and price-fixing may lead to higher consumer prices on the island compared to, for example, Aruba or Curacao. An option that has not been explored is to look for a cost-effective way to realize a competition authority, for example by joint authority with Curacao, which also has Sint Maarten’s Central Bank, or to introduce competition regulation without an authority, relying on the possibility of private enforcement. Also, opening the possibility of class action suits could induce private enforcement.

2.2 Getting credit

Main identified issues
- Many local businesses and entrepreneurs struggle to get loans to start or expand their businesses as interest rates are high or they are unable to meet collateral requirements.
- Banks lack credible information on the creditworthiness of loan applicants. Firms often do not have solid financial administration and lack annual reports, the Tax administration does also not provide incentives for this.
- Many starting entrepreneurs lack basic financial and business expertise needed to start or run a (small) firm.
- To get credit, entrepreneurs’ local connections are important, while banks may have an incentive to protect existing clients from new competitors.
- Banks goldplate the AML/CTF requirements of the CBCS to be on the safe side. Suggestions in the guidelines are interpreted strictly by market participants. This leads to banks having stringent requirements and elaborate internal procedures when opening bank accounts.
- It is not possible to receive international payments using common e-payment solutions with a Sint Maarten bank account. Wire transfers are costly, while even relatively small payments are sometimes checked manually. This can be linked to the fact that Sint Maarten is regarded as a high-risk country from a money laundering perspective.

Access to credit for Micro, Small and Medium Enterprises (MSMEs) is a problem for firms in many countries. In the Netherlands, for example, the discussion on how to improve access to credit has been a continuous part of the policy debate for at least the last 20 years. Nevertheless, the problem in Sint Maarten is probably more severe than in the Netherlands, though comparable to other Caribbean countries, while the benefits to Sint Maarten of improving

access to finance are probably bigger than in the Netherlands. Indeed, the accessibility of funds is of significant importance for entrepreneurs and their business to be able to grow.

In terms of accessing Financial Aid in Sint Maarten, many local businesses and entrepreneurs state that they struggle to get loans approved to start or expand their businesses. From their point of view, the procedures to get loans approved are not clear, while it is difficult for them to accommodate the high interest rates and collateral requirements of financing parties. It is also the perception, that whether or not a business gets credit depends on who you know on the Island, while it is also sometimes claimed that banks may have an incentive to protect existing clients from new competitors.

There are seven banks active in Sint Maarten that provide bank accounts and credit to entrepreneurs: RBC Royal Bank, Banco di Caribe, Republic Bank, CIBC First Caribbean International Bank, Orco Bank, Windward Islands Bank and PSB Bank. The banks’ headquarters are not located in Sint Maarten and must go off-island for final decision making. Banks have sufficient capital adequacy ratios. According to the IMF, they increased from 16.9 percent in December 2019 to 18 percent in March 2021.\(^{22}\) However, The NPL ratio increased from 9.4 to 11.8 percent in the same period and profitability indicators worsened significantly, limiting the banks’ capacity for provisioning and organic capital growth. Nevertheless, the availability of bank capital does not seem to be a limiting factor for banks.

Banks in Sint Maarten fall under the supervision of the Central Bank of Curaçao and Sint Maarten (CBCS), located in Curaçao. Branch offices of credit institutions headquartered in Sint Maarten and active on the BES-islands are subject to prudential and integrity supervision by De Nederlandsche Bank (DNB).\(^{23}\)

As collateral for starting entrepreneurs, banks often use real estate. However, a large segment of the population, including starting entrepreneurs, cannot access mortgage loans, either because their low income precludes any borrowing, or because loan terms combined with relatively low income do not qualify them for a sum large enough to purchase any house for sale in the market.\(^{24}\) A mortgage guarantee fund could increase homeownership and indirectly facilitate entrepreneurs getting bank loans. Such a fund was created in the early 2000s but is not operational currently. The National Recovery and Resilience Plan recommends the establishment of such an instrument to encourage homeownership.

Entrepreneurs in Sint Maarten sometimes have difficulty when trying to open a bank account. Underlying are several potential explanations. First, according to stakeholders we interviewed, entrepreneurs are often unable to make a convincing business case or provide credible financial statements that show sufficient profitability. The latter is sometimes due to entrepreneurs deliberately minimizing taxable profits to minimize profit taxes. Second, banks have to comply with AML (Anti-Money-Laundering) / CFT (Combating the Financing of Terrorism Compliance) requirements. Although the CBCS only states two firm requirements to open a bank account, while commercial banks often implement other requirements to deal with these two requirements. Hence, the general impression is that banks goldplate the AML/CTF requirements of the CBCS to be on the safe side.\(^{25}\) Third, procedures and processes within banks may be slow, for example because documents have to go through several layers of approval, or because (part

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\(^{23}\) https://www.cn.dnb.nl/en/supervision/supervision_of_credit_institutions


\(^{25}\) https://www.thedailyherald.sx/islands/id-source-of-funds-only-requirements-from-cbcs-to-open-bank-accounts
of the process is done manually instead of digitally. Also, when the digital administration on the island is lagging, it may be difficult for banks to quickly get the proper documents and verification of those documents.\footnote{Concerning consumer accounts, there has been a recent motion by Parliament for banking legislation proposing (i) the creation of consumer banking laws for St. Maarten (ii) the right to have a bank account opened in a fair amount of time and (iii) the rules by which the banking relationship can be terminated.}

In its annual article IV assessment, the IMF calls on the Sint Maarten authorities to improve transparency and effectiveness of the AML/CFT supervisory regimes and provide adequate resources to the relevant authorities tasked with AML/CFT supervision. Sint Maarten is perceived as high-risk concerning money laundering, apparently related to the unregulated gambling sector on the island.\footnote{There have been talk of regulating the gambling sector for almost 10 years. Gambling winnings are not taxed. There are 13 casinos on Sint Maarten. The only official document available is from 2011 - https://www.smn-news.com/images/stories/pdffiles/Rulesofthegame15102019.pdf. Elements of this policy do not seem to be enforced.} In its article IV report, the IMF therefore calls for a strengthening of the AML/CFT online gaming framework. Sint Maarten is in the process of becoming compliant with FATF recommendations to combat money laundering and terrorist financing.\footnote{In 2018, agreements were made to introduce or amend crucial laws against money laundering and terrorist financing by February 2019. At the beginning of May 2019, the States of Sint Maarten adopted a number of these laws. The CTATF still has to evaluate whether these laws suffice. See https://www.amlc.nl/sint-maarten/} In 2020 Sint Maarten successfully completed the Third Round of Mutual Evaluations by the Caribbean Financial Action Task Force (CFATF). The fourth round now involves seeing whether the measures are being followed effectively. However, even if Sint Maarten is compliant with FATF recommendations, payment providers may not want to contract with Sint Maarten banks. Other factors may still lead to the region being seen as riskier than others. One issue is the absence of regulation of the casinos presence on the island. There are twelve casinos on the Island, and casinos are generally viewed as risky from a money laundering perspective. There is no gambling authority, although some progress has been made on the issue of a gaming control board.

Customers from Sint Maarten banks cannot make or receive international payments through large international providers such as PayPal, although they can make international payments. There is no option from Sint Maarten to make an account on PayPal, as the Sint Maarten area code isn't recognized on the platform, so it is not possible to verify the account through phone numbers. Local banks do offer e-payment solutions but at a relatively high cost. For example, CXPay is an online payment provider and is in principle accessible for small businesses in Sint Maarten. However, banks put costly conditions, such as a deposit equal to a substantial fraction of annual sales, for firms to be able to use CXPay. Wire transfers are possible, but the costs of such transfers are high. In practice, transfers of amounts of - for example - US$ 1000 are often checked manually by banks and clients get phone calls to check-up on the origins of such transfers. Also, transfers are sometimes blocked for unclear reasons. If firms want to use popular e-commerce solutions such as PayPal to facilitate international payments, they need a banking account outside of Sint Maarten. As a consequence, accepting and making international payments in Sint Maarten is slow and expensive for firms.

There is currently no credit register in Sint Maarten. In such a register, people's outstanding loans would be registered and whether they have defaulted on such loans. A credit register helps banks to assess overall credit risk of their clients. In addition, shareholders' registers for companies are often only available in firms' internal paperwork as there is no requirement to file such with the Chamber of Commerce. This makes them intransparent and vulnerable to losses or damage, as well as more easily subject to conflicts.\footnote{A shareholder register is a list of all active and former owners of a company's shares. The register includes details of shareholders, such as their name, address, the number of shares they own, class of shares held, date when they became a shareholder, and when they ceased being a shareholder.} This is one reason why potential financiers lack credible information on the creditworthiness of loan applicants.

\footnotetext[26]{Concerning consumer accounts, there has been a recent motion by Parliament for banking legislation proposing (i) the creation of consumer banking laws for St. Maarten (ii) the right to have a bank account opened in a fair amount of time and (iii) the rules by which the banking relationship can be terminated.}

\footnotetext[27]{There have been talk of regulating the gambling sector for almost 10 years. Gambling winnings are not taxed. There are 13 casinos on Sint Maarten. The only official document available is from 2011 - https://www.smn-news.com/images/stories/pdffiles/Rulesofthegame15102019.pdf. Elements of this policy do not seem to be enforced.}

\footnotetext[28]{In 2018, agreements were made to introduce or amend crucial laws against money laundering and terrorist financing by February 2019. At the beginning of May 2019, the States of Sint Maarten adopted a number of these laws. The CTATF still has to evaluate whether these laws suffice. See https://www.amlc.nl/sint-maarten/}

\footnotetext[29]{A shareholder register is a list of all active and former owners of a company's shares. The register includes details of shareholders, such as their name, address, the number of shares they own, class of shares held, date when they became a shareholder, and when they ceased being a shareholder.}
According to a recent study by RVO, entrepreneurs can only obtain limited financing from banks. Banks require a minimum of 30 percent equity in order to consider a loan application. Collateral is evaluated depending on the type of credit being applied for, but the loan-to-value ratio must be below 70 percent due to banks' requirements regarding equity and collateral. Banks and Qredits apply interest rates of between 5-8 percent. These conditions are driven by the risk that banks think they run on loans to entrepreneurs in Sint Maarten.

Another factor that may influence bank lending is competition. There is currently no competition law in place in Sint Maarten. This may lower competition between banks. Lower levels of competition are known to coincide with lower levels of credit provision, especially SME credit. Also, interviews have suggested that there are limited alternatives to bank financing available on the island, such as peer-to-peer lending or private equity-type financing.

There are a number of alternative sources of finance available in Sint Maarten. Qredits, a Dutch not-for-profit entity, has been active in Sint Maarten since 2017. It is financed by the Dutch Ministry of Economic Affairs, who also guarantees its funding. As a result, Qredits pays on average 1 percent interest on its outstanding debt. Loans extended by Qredits also benefit from the COSME loan-guarantee facility. The local governments of Aruba, Bonaire, Sint Maarten and Curacao have financed the start-up costs of Qredits on those islands. Starting and existing entrepreneurs can borrow up to US$ 50,000 in credit from Qredits. In contrast to banks, Qredits does not require collateral, however interest rates are slightly above the market rate to reflect the additional risk.

For lending to starting entrepreneurs, Qredits requires a developed (up-to-date) business plan and a financial plan. For existing entrepreneurs, it requires a description of business activities and the market, an extract from the Chamber of Commerce, final annual figures from previous years, and a financial investment plan. Entrepreneurs who successfully complete the application process are, in principle, matched with a coach. However, there are too few coaches available. This has to do with the fact that being a coach is volunteer work. This is mostly due to a lack of people with the right experience.

In addition to appointing coaches, Qredits offers support to starting entrepreneurs in writing a business plan. This can be done with e-learning "Writing a business plan" (in three languages) or participation in the entrepreneurial school. The 'e-learning' helps to draw up a business plan step-by-step. The Small Business Academy is an initiative of Qredits. During the participation in the Small Business Academy, existing and starting entrepreneurs follow a 10-week workshop on drawing up an own mission and vision, personal analysis, market research, marketing strategies, financing and taxation.

Qredits rejects roughly 32 percent of loan applications in Sint Maarten. The main reasons that starting entrepreneurs do not get loans from Qredits are a lack of preparation and research on the part of the entrepreneur, a lack of proven skill or proven history in the prospective entrepreneurial area, or a proposal that aims at a saturated industry. For existing firms applying for loans a lack of documentation (annual reports, financial statements) is a problem, but also that firms make zero or little profit. This is partly driven by the desire not to pay profit tax. For financiers, inaccurate or lacking financial statement create the risk of ex post tax claims or other financial surprises that worsen credit risk.

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See https://stmaarten-en.qredits.com/small-business-academy

Toegang tot financiering Caribisch gebied, RVO, 2021
An additional source of funding for firms stems from the Enterprise Support Project (ESP), which was launched in August 2020 and will run until 2024. The project aims to support micro, small and medium enterprises (MSMEs) through direct financial assistance. The US$35 million fund and is financed by the Government of the Netherlands through the Sint Maarten Trust Fund. Firms can get loans for different types of purposes: Working capital (100 percent loan), Asset repair (65 percent grant, 35 percent loan), refinancing (up to US$ 20,000). The fund collaborates with Qredits and the Windward Islands Bank and Banco di Caribe. The project also aims to provide business continuity planning training, as well as training to lenders to improve their MSME lending products. The goal is to provide direct financial assistance to more than 500 MSMEs, and training to 150 MSMEs. Until the second quarter of 2021, 39 firms have received in total US$ 3,062,926. This shows that the uptake of these funds is relatively low. An important reason is that banks require 100 percent collateral on the 35 percent loan and charge the market interest rate of 6 to 8 percent.

Finally, the coalition agreement of the current Dutch government formulates the aim to contribute profitably to the economic development of the Caribbean countries by opening up guarantee schemes of the Netherlands Enterprise Agency (RVO), the National Growth fund and schemes for sustainable energy production (SDE++) to applications from all over the Kingdom, including Sint Maarten.

### 2.3 Paying taxes

**Main identified issues**
- Paying taxes is complex and it is mostly done in cash. This makes paying taxes a disproportionately high administrative burden due to the lack of digitalization.
- The tax office is not digitalized and is understaffed.
- The tax compliance rate is low.
- The TOT in combination with absence of import tax stimulates vertical integration, which reduces the possibility for new entrant, and direct parallel import, which hurts local businesses.
- TOT raises costs for companies that trade cross-border or are active abroad as exporting firms cannot easily comply with the strict requirements for TOT exemption.

Taxation is a relevant aspect of the entrepreneurial climate. If taxes are too high, they can be a drag on investment and firms. Moreover, if the process of paying taxes is complex and burdensome, it is not only costly because it requires resources, but can also be a source of uncertainty. Since uncertainty curtails investment, it worsens the entrepreneurial climate. Taxes could also be used as an instrument to stimulate innovation and investment, through special tax regime of discounts.

Firms in Sint Maarten pay several taxes. They have to pay a corporate profits tax of 34.5 percent, dividend tax (which is currently not being levied, although legislation is in place) and the company turnover tax (TOT) of 5 percent on revenues derived from services and deliveries (also applicable to non-resident service providers if the delivery of goods takes place in Sint Maarten or the services are consumed in Sint Maarten). Furthermore, individuals pay a progressive income tax which increases from 12.5 percent to 47.5 percent, which is levied from the firm. The high

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33 For resident entities, corporate income tax is levied on net profits during the accounting period. Non-resident entities are subject to tax on specific Sint Maarten income items, such as profits earned through a permanent establishment and income related to real estate property in Sint Maarten. The net profits are taxed at a standard rate of 34.5 percent. This rate is subject to change due to tax holidays arrangements and other potential tax exemptions.
tax burden makes Sint Maarten less competitive with other regions. There is also a 5 percent room tax and a 4 percent transfer tax levied on the transfer of real estate. In addition, there is legislation for an annual real estate property tax of 0.3 percent of the value of the property, but the tax is not being levied. However, the real estate property tax is currently not levied due to the lack of a well-functioning real estate value system in Sint Maarten. Overall, the tax system is very similar to that of Curaçao.

Several tax incentive schemes exist that relate to promoting investment. When investing in assets for more than US$2.809 a year, companies can get an investment allowance, where the rate of the allowance is 12 percent for new buildings and 8 percent for other fixed assets. For hotels, land development and other businesses that substantially benefit the economy of Sint Maarten, specific tax holidays are possible. A tax holiday implies that for certain companies that contribute to the broadening of the economic bases of Sint Maarten, a special tax facility is available, namely that they are exempted from taxes for a certain period. Sint Maarten used to have an offshore tax regime that was abolished in 2001, however there is a grandfathering regime for offshore companies. Also, for solidarity aid, tax exemptions are available.

In its National Resilience and Recovery Plan (NRRP), the Government of Sint Maarten remarks on the need to improve public financial management capacity as well as to modernize the tax system. The NRRP mentions investments in IT-systems and capacity building at the Tax Administration as ways to increase the efficiency of tax collection. The 2021 IMF Article IV consultation also highlights the need for reforms in tax administration, including addressing understaffing in tax administration in the short term, as well as developing a strategic management framework for long-term objectives and operational work plans.

Entrepreneurs perceive the turnover tax (TOT) as too high. It was increased in 2011 from 3 percent to 5 percent (initially the increase was planned to be temporary). The process of paying TOT is also quite cumbersome. Firms have to declare TOT on a monthly basis and payment can be done online, but proof of payment has to be shown physically and the monthly tax declaration and payment form has to be presented physically to the Tax Administration Office. The waiting times for handing over paperwork can take up to an hour. Many entrepreneurs outsource the physical handover to their accountants. In practice, the tax bill can come after several years, which can lead to liquidity problems with firms. They can come so late, that the statute of limitations (5 years) has expired and the government has no tax claim anymore. This may incentivize some firms to not pay taxes in the hope of the five-year period expiring.

Also, the TOT raises the cost of doing business if products and services are delivered through a value chain, which gives an incentive to vertically integrate. The longer the chain, the higher the tax burden. This creates a barrier to entry for new firms, which cannot enter just on part of the supply chain, but need to be integrated as well, because otherwise they would face higher costs. In addition, the TOT creates an incentive for parallel direct import from firms

35 See Tax - Guide to doing business (doingbusinessdutchcaribbean.com)
36 See Tax info of SXM - Island Dreams Realty St Maarten Real Estate (idr.sx)
39 IMF (2021) Kingdom of the Netherlands – Curaçao and Sint Maarten, 2021 Article IV consultation discussions – press release; and staff report. See Kingdom of the Netherlands–Curaçao and Sint Maarten: 2021 Article IV Consultation Discussions; Press Release and Staff Report (imf.org)
40 Jennifer Carty, CoCI President On Data, Doing Business on St. Maarten, Chamber Activities & More - YouTube
and consumers because there is not import tax and in that way the TOT does not have to be paid. The IMF also recognizes this and in her technical assistance report on sustainable tax reforms proposes to impose a 7.5 percent retail sales tax on purchases from foreign suppliers direct to Sint Maarten consumers (both residents and non-residents). This will increase the cost for consumers of buying products that are not directly available on the island. For goods that are not directly available on the island, this will reduce consumer surplus. However, it may also increase economic activity on the island. The tax would not apply to any sales by a Sint Maarten business that is subject to the TOT.

The TOT also creates a competitive disadvantage for exporting firms relative to firms from other islands. Although exporting companies may be exempt from turnover tax if 50 percent or more of a company’s turnover is realized through the exporting of goods, it is difficult in practice to use this exemption, as firms are required to obtain documentation (other than factual payment for the goods or notification of arrival by customs) from the foreign customer that serves as proof of actual receiving the exported goods. The TOT is an important source of revenue for the government, covering roughly 1/3 of the budget. Any substantial change to the TOT will require an overhaul of the tax system.

Lastly, the process of paying taxes is burdensome. In 2021 the average payments per month at the Receivers office is approximately 16,000, comprising of 19 percent online payments, 20 percent checks and 61 percent cash. The level of the amounts per payment are not stated. When compared to 2019 this was an average of approximately 17,000 payments comprising of 6 percent online payments, 24 percent checks and 70 percent cash. This indicates that still a high amount of taxes is paid in the form of cash. Banks’ increasing reluctance to accept local checks may drive a move towards more online payments.

2.4 Getting electricity and internet

Main identified issues
- Energy is supplied by a government monopolist and that lacks market disciplining incentives. Energy costs are high, while power outages are frequent, especially during the tourist season.
- There is no transparent source of information on the frequency and duration of power outages.
- Even though solar power has potential on the island, little use is made of this possibility. This is partly due to stipulations by GEBE that solar power cannot be connected to the electricity network.
- Although there is competition on internet services, costs are relatively high, while quality is relatively low.

2.4.1 Electricity

NV GEBE supplies electricity to Sint Maarten. NV GEBE is fully owned by the Government of Sint Maarten. NV GEBE is responsible for both the production and distribution of electricity in Sint Maarten. NV GEBE employs fossil fuel generators to produce electricity. According to one 2015 report, the costs of oil imports are significant, namely 18 percent of the GDP. That same report notes comparatively high costs of electricity for end users: ± US$ 0.35/KWh

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41 Interestingly, casinos are exempt from TOT.
42 St Maarten General Audit Chamber, Mini Audit: The settlement of bounced cheques, July 2021.
43 https://www.nvgebe.com/our-history
44 See https://www.nrel.gov/docs/fy15osti/64122.pdf
in Sint Maarten versus ± US$ 0.12/KWh on Saint Martin (the French side). The comparatively low costs on Saint Martin may be accounted for by the fact that French regulations require the equalization of electricity rates throughout France and its overseas territories, even though production costs may be higher in overseas territories. Energy prices in Sint Maarten consist of a base rate and a variable fuel surcharge based on commodity prices.

Power outages are considered by some to be frequent, especially during the tourist season, with one account by the SHTA registering 9 outages per month in 2017. According to the SHTA, this frequency of power outages is similar to countries such as Tanzania and Burkina Faso. Companies in Tanzania and Burkina Faso report losses due to power outages of between 5.8 percent (Burkina Faso) and 15.1 percent (Tanzania) of annual revenues. Although comparable numbers are not available for Sint Maarten, the disruption of electricity supply does impose costs in Sint Maarten residents and businesses. Normal business operations are hindered by power outages, and power surges after an outage may damage equipment. Interview participants mentioned examples such as:

- store owners not being able to complete card transactions when customers come to their stores during a power outage;
- phone calls or video conferences with international partners and clients being disturbed, interrupted or re-scheduled.

Additionally, power outages may affect telecommunication network operations (see below). Interestingly, there are little to no solar panels being used in Sint Maarten, in contrast to other Caribbean islands, which could provide additional and sustainable sources of energy. This arises because according to the law households are not allowed to generate electricity other than through an aggregate. To use solar power, individual households need a ministerial exemption. In interviews it was claimed that the electricity company NV GEBE actively prevents households from using solar power. Interviewees also argue that usage lacks because solar panels cannot withstand hurricanes. Empirically, solar systems can be designed to withstand hurricanes. Also, because solar energy is decentralized, it is up and running quickly in case of damage compared to a centralized energy system. Thereby, introducing solar will help in bringing new entrepreneurs to the island.

### 2.4.2 Internet

There are four internet providers in Sint Maarten: Coral Telecom, Flow, TelEM, and WTN cable. Internet speed is comparatively slow (average download: ± 19 Mb/s, average upload: ± 13 Mb/s). Reports of internet service interruptions are frequent. Interruptions may be caused by issues such as power outages, damaged fibre cables, or interruptions of service off-island. Internet service rates are relatively high. For instance, Flow offers 10 Mbps fixed line internet to business consumers at US$ 65 / month and TelEM offers Postpaid internet up to 12 Mbps at US$85 per month. Interview respondents furthermore remark that ISPs are slow to respond to entrepreneur’s requests or complaints. The low quality and high rates may stem from a lack of competition.

### 2.5 Trading across borders

**Main identified issues**

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47 See [https://rmi.org/solar-under-storm-for-policymakers/](https://rmi.org/solar-under-storm-for-policymakers/)

48 See [https://www.broadbandspeedchecker.co.uk/isp-directory/Sint-Maarten.html](https://www.broadbandspeedchecker.co.uk/isp-directory/Sint-Maarten.html) checked on October 4, 2021.
SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

- The TOT creates a distortion on the costs of trade and the incentives to buy from local or foreign suppliers.
- The post office on the Dutch side of the island is expensive and very slow compared to the post office on the French side of the island, which is why entrepreneurs prefer to use the post office on the French side.

On a small island like Sint Maarten, cross-border trade is an important aspect of daily economic life and trade therefore contributes to a healthy entrepreneurial climate. There are no import and export taxes in Sint Maarten. Customs Sint Maarten differs from most other countries in the region in that it is mainly a law enforcement agency and not primarily an import duty collecting organization. The only import tax levied by Customs Sint Maarten is tax/excise on unleaded gasoline. The absence of import and export taxes has the indirect consequence that there is little information available on the amount of goods being imported or exported. This is further complicated by the fact that Sint Maarten has an open border with the French part of the island, creating in effect a one economic region.

For small local entrepreneurs that want to provide goods (for example locally designed clothes) to foreign customers, the shipping costs are relatively high. The post office on the Dutch side of the island is expensive and very slow compared to the post office on the French side of the island, which is why entrepreneurs prefer to use the post office on the French side.

The TOT creates a distortion on the costs of trade and the incentives to buy from local or foreign suppliers. This has been discussed in the section on taxes.

### 2.6 Dealing with construction permits

**Main identified issues**
- Building guidelines are out-dated, and relatively many aspects are subject to interpretation.
- The process of getting a construction permit is entirely manual and paper-based, and hence prolonged.
- There are no rules on feedback or further internal procedures in case issues are identified. Internal guidelines at the ministry are not publicly available.

Building constructions in Sint Maarten are subject to the Building and Housing Ordinance and on internal guidelines of the former Island Council of Sint Maarten. The norms as stated in the Building Code related to the Building Ordinance have not been updated since its conception in 1935. Construction rules are limited. Internal guidelines are unavailable publicly. The government has to decide whether to grant a permit within a month. If a permit is refused, the government must explain the reasons for a refusal in its decision. Applicants can file an appeal if they disagree with the decision or the decision process takes too long. There is also the possibility to go the competent Court in Sint Maarten. Interviews suggest that in practice building approval may be subject to unexpected policy changes that occur when new government officials take post. There is a substantial number of informal settlements.

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49 Which can be found [here](#) and [here](#). Documents are in Dutch.


and thus illegal building constructions in Sint Maarten. Drone and street view analysis (DSVA) conducted by the World Bank suggests that about 15 percent of the residential units are informal.\textsuperscript{52}

Despite the challenges brought about by the pandemic, investment in the real estate market continues. Construction in Sint Maarten is booming relative to other islands in the Caribbean.\textsuperscript{53} Sint Maarten real estate is a growing industry, suggesting the construction permit system is not an obstacle to real estate development, although it might raise costs.

Submitting building permits is fully manual and paper-based. Documents need to be handed in at Ministry of Public Housing, Spatial Planning, Environment and Infrastructure (VROMI). Next documents are moved manually to the fire department. If issues are found, they have to be fixed by the client before they can continue to the engineering department at VROMI. However, there is no formal procedure on how clients have to be notified or rules on the further internal process in case of issues. Clients therefore have to check continuously with the relevant department and building permits can be delayed for a long time. Also, because of the paper-based nature of the process. Documents sometimes get lost. For real-estate developers there is a need to micromanage the application process.

Also, there may be other issues such as sustainability that are insufficiently incorporated into building rules and regulations. In the context of the aid program following Irma, VROMI collaborated with the Association of Dutch Municipalities VNG-International on a project for developing new Building Codes and Technical Norms.\textsuperscript{54} The norms were drafted after a number of consultations with various stakeholders. The project was financed by the Netherlands Ministry of Interior.

### 2.7 Registering property

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<th>Main identified issues</th>
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<td>o There is no direct link between the GIS register of addresses that is maintained by VROMI and the addresses at Kadaster, or indeed at any other ministry. This leads to a situation where the spelling of addresses across different parts of government or semi-government may differ, complicating the linking or cross-checking of different databases.</td>
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<td>o The Kadaster is not digitalized.</td>
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A relevant part of registering property is registering ownership and the change of ownership of real estate. In Sint Maarten, there are three types of ownership: fee simple, government long lease and private long lease. A large part of Dutch Sint Maarten is government long lease, this is a right given by the government to private individuals for a period of 60 years, for which a fee (canon) has to be paid per square meter.

The Stichting Kadaster en Hypotheekwezen Sint Maarten (Kadaster) is responsible for maintaining an accurate register of titles and deeds of properties in Sint Maarten. Over the last few years, the Kadaster has sometimes struggled to function effectively. In 2018, notaries threatened legal action over the fact that there were no authorized persons at the Kadaster to sign off on titles and deeds.\textsuperscript{55} After a temporary solution was found in 2018, a new mortgage


\textsuperscript{54} See https://www.vng-international.nl/sint-maarten-technical-assistance-ministry-vromi

\textsuperscript{55} See https://www.sxm-talks.com/the-daily-herald/notaries-work-stalled-due-to-non-functioning-kadaster-the-daily-herald/
custodian was appointed in 2019. Overall, interview partners were not aware of problems in registering property. It is worth noticing that the registration at the Kadaster is fairly quick. If you request a cadastral extract, you will often receive it in one day, and the extract also looks good.

There is no direct link between the GIS register of addresses that is maintained by VROMI and the addresses at Kadaster, or indeed at any other ministry. This leads to a situation where the spelling of addresses across different parts of government or semi-government may differ, complicating the linking or cross-checking of different databases. Also, a change of address needs to be registered separately at different government databases since government departments are often poorly connected.

Registering intellectual property such as national and international trademarks is very efficient in Sint Maarten. The Bureau of Intellectual Property Sint Maarten (BIP SXM) was initiated in 2014 and is responsible for the implementation of the National Ordinance on Trademarks. From its inception, the agency has been operating digitally and offers digital products and services, such as the online trademark registration, in close cooperation with the Benelux Office for Intellectual Property who provide the back-office systems. This results in a fast digital process and a transparent and efficient procedure.

2.8 Enforcing contracts

Main identified issues
- The Supervisory Board for Notaries was not operational for ten years, because none of the notaries in Sint Maarten was willing to sit in the board to judge others.

Enforcing contracts is a relevant element that affects the ease of doing business. If firms renege on their obligations, a quick and efficient mechanism to enforce contracts creates more ex-ante certainty for other firms on future income and protection from expropriation.

The ease of contract enforcement depends on the origin of the supplier. For foreign suppliers, foreign law applies. For American suppliers, an American judge is competent. For European suppliers, a European judge is competent. The costs of such foreign proceedings are high as a lawyer’s services are required, since knowledge of the relevant legal system is required. Therefore, this route is only chosen if the claim and interest are large enough.

If a breach of contract involves a supplier from Sint Maarten, it is sometimes difficult, due to legal barriers, to find out whether the party involved has assets. Assets are often given as security to banks and have already been encumbered. The court process itself is relatively quick and efficient and access to the court is reasonably easy. There is no mandatory legal representation and representation may be in your own language. Amounts in the first instance depend on the level of the claim: 1 percent of the financial interest involved with a maximum of US$ 7,500.

The Supervisory Board for Notaries was not operational for ten years, because there was no notary on the board. This situation arose because, of the three notaries on the island, none was willing to sit in the board to judge others.

56 See https://www.sxm-talks.com/the-daily-herald/temporary-solution-found-for-kadaster-the-daily-herald/
57 See https://www.sxm-talks.com/721news/marie-de-weever-new-mortgage-custodian-for-the-kadaster/
Notaries from Curaçao were available but not allowed to substitute in the board. This has been changed and the board is functional again. In practice, there are very few complaints. This is partly due to the small scale of the island, where people do not want to antagonize others.

2.9 Resolving insolvency

Main identified issues
- In cases that enter the bankruptcy proceedings with a curator appointed, often firms’ administration is missing, or incomplete, paper-based and not organised, which makes it difficult for the curator to identify assets and pay claimants.

Insolvency procedures impact the entrepreneurial climate in a number of ways. First, if firms go bankrupt too easily, it is a drag on the economy. Bankruptcy can be seen as a ‘run on a firm’ where claimants compete to extract as much of their claim as possible. Such a run can drive in principle healthy firms into bankruptcy. Second, a healthy insolvency process allows firms to have better access to finance, because banks have a larger possibility of getting their money back in case of insolvency.

The roles of creditors and debtors are defined in the Sint Maarten Bankruptcy Decree 1931 (‘Bankruptcy Decree’). If a firm is not able to satisfy outstanding debts anymore and becomes insolvent, creditors may seize and execute claims on the properties of the debtor, leaving insufficient assets for remaining creditors to properly carry out their claims. This can lead to bankruptcy proceedings being initiated. All legal entities, commercial partnerships and individuals can be declared bankrupt and can be granted a moratorium as stated in Article 204 Bankruptcy Decree. Moratorium is a temporary procedure that is meant to improve the debtor’s financial situation through partial or entire payment of creditors; this may lead to a normal resumption of payments or to a settlement.

In practice, bankruptcy is invoked relatively infrequently. The reason being that the proceedings are often more costly than the potential benefits for claimants, while small non-local entrepreneurs usually just pack up and leave the island. Debts, including tax debt, are left unpaid. In practice, banks will often have secured most of the available collateral, either when initial loans were provided, or by pre-emptively requiring pledge lists and collateralizing income due from creditors. Banks are relatively active in this respect and constantly assessing the outlook of firms. This sometimes results in banks pre-emptively liquidating firms to minimize losses. In practice, this might be efficient as the bank has the largest claim. Consequently, firms are often simply left behind as an ‘empty shell’, with no activity and all assets removed to repay the remaining claimants.

In cases that do enter the bankruptcy proceedings with a curator appointed, often firms’ administration is missing, or incomplete, paper-based and not organised, which makes it difficult for the curator to identify assets and pay claimants. One reason for filing for bankruptcy may be that there are employees left, and they can get unemployment benefit from a special fund if they are fired for reasons beyond their influence, while the firm is unable to provide those benefits. These employees need a bankruptcy verdict to be eligible for such benefits.

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58 See https://www.caribbeannetwork.org/2019/12/31/ten-years-without-a-supervisory-board-for-notaries-on-sint-maarten/
59 See https://www.doingbusinessdutchcaribbean.com/st-maarten/bankruptcy-moratorium-sxm/
Court proceedings are relatively efficient and accessible, which means that the proceedings themselves are do not form a barrier. The court of first instance, where bankruptcy proceedings take place, is shared with Curacao and the BES islands.
3 Policy packages

The previous chapter has identified main issues that adversely affect the ease of doing business in Sint Maarten. This chapter formulates potential policy responses. We do this by defining so-called ‘policy packages’ that consist of several policy measures or actions. This focus on ‘packages’ helps ensure that the formulated policy response is both comprehensive and coherent. In total, we identify 6 policy packages, namely,

1. Optimize and modernize the licensing system;
2. Digitalize and centralize all licensing procedures and digitize tax payment office;
3. Bolster entrepreneurial (access to) knowledge and skills;
4. Increase access to finance and financial market integrity;
5. Improve effectiveness of product and service markets; and
6. Foster entrepreneurship through pro-entrepreneurship fiscal and labour market arrangements.

Each of these packages contributes to alleviating one or more of the main identified issues negatively affecting the ease of doing business in Sint Maarten. Table 3.1 outlines the mapping between policy packages and main identified issue.

<table>
<thead>
<tr>
<th>Ease of doing business indicator</th>
<th>Main identified issues</th>
<th>Addressed by policy package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a business</td>
<td>There are too many licensing requirements and the financial costs of obtaining and keeping licenses are too high.</td>
<td>Policy packages 1, 2</td>
</tr>
<tr>
<td></td>
<td>Licencing requirements and the process of obtaining a licence are not transparent.</td>
<td>Policy packages 1, 3</td>
</tr>
<tr>
<td></td>
<td>The system of moratoria is not transparent and leads to rent seeking behaviour and creates the risk of political favouritism.</td>
<td>Policy package 1</td>
</tr>
<tr>
<td></td>
<td>The restrictions of the National Ordinance forces employers to put much additional effort, time and money in the process to hire foreign labour.</td>
<td>Policy package 6</td>
</tr>
<tr>
<td></td>
<td>Currently there is no competition law on the island.</td>
<td>Policy package 5</td>
</tr>
<tr>
<td></td>
<td>Micro data is often lacking and the quality of macro data is often questionable. Also, many registries are lacking.</td>
<td>Policy package 4, 5</td>
</tr>
<tr>
<td>Getting credit</td>
<td>Many local businesses and entrepreneurs struggle to get loans to start or expand their businesses.</td>
<td>Policy package 4</td>
</tr>
<tr>
<td></td>
<td>Banks lack credible information on the creditworthiness of loan applicants.</td>
<td>Policy packages 3, 4</td>
</tr>
</tbody>
</table>
Many entrepreneurs lack basic financial and business expertise needed to start or run a (small) firm.

Policy package 3

Banks goldplate the AML/CTF requirements of the CBCS to be on the safe side.

Policy package 4

It is not possible to receive international payments using common e-payment solutions with a Sint Maarten bank account.

Policy package 4

Paying taxes

Paying taxes is complex and it is mostly done in cash.

Policy package 2

The TOT in combination with absence of import tax stimulates direct parallel import, hurting local businesses.

Policy package 4

Trading across border

The TOT creates a distortion on the costs of trade and the incentives to buy from local or foreign suppliers.

Policy package 6

Getting electricity and internet

GEBE is a government monopolist and lacks market disciplining incentives. Energy costs for firms are high, while power outages are frequent, especially during the tourist season, however, there is no transparent source of information on the frequency and duration of power outages.

Policy package 5

Although there is competition on internet services, costs are relatively high, while quality is relatively low.

Policy package 5

Dealing with construction permits

Outdated standards that are subject to interpretation as well as long processing times.

Policy package 2

Registering property

There is no direct link between the GIS register of addresses that is maintained by VROMI and the addresses at Kadaster, or indeed at any other ministry.

Policy package 2

Enforcing contracts

The Supervisory Board for Notaries was not operational for ten years, because there was no notary on the board. This situation arose because, of the three notaries on the island, none was willing to sit in the board to judge others.

-

Resolving insolvency

In cases that enter the bankruptcy proceedings with a curator appointed, often firms’ administration is missing, or incomplete.

Policy package 3

Source: SEO Amsterdam Economics.

The remainder of this section presents a prioritisation, based on and in-depth discussion of the policy-measures in the defined policy packages. This more elaborate discussion per measure is relegated to the appendix to improve the readability of the document. In the appendix we outline the rationale for every policy measure, including the issues it seeks to address and the way in which it addresses such issues. We then proceed by outlining (potential) policy measures or actions that are (or may be) part of a policy package, sketch the contents of a certain policy measure or action, and provide a brief assessment of the feasibility, impact and acceptance as well as the resulting degree of prioritization of every (potential) measure or action. We also describe the time span subdivided in short-term (less than three years), medium-term (three to five years) and long-term (more than five years), and the costs subdivided in low, medium and high. We have quantified exactly what low, medium and high mean, but the reason for a certain classification should be clear from the text for each specific policy measure Table 3.2 summarizes the assessment of these factors for the policy measures, the details of which are presented in Appendix A.

Table 3.2 policy measures prioritization
### Package 1  Optimize and modernize the licensing system

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>Cost</th>
<th>Feasibility</th>
<th>Impact</th>
<th>Acceptance</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Define objective of every license and permit in line with current economic situation.</td>
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<tr>
<td>1.2</td>
<td>Define clear criteria/requirements for obtaining a license/permit.</td>
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<tr>
<td>1.3</td>
<td>Abolish unnecessary (parts of) licenses.</td>
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<tr>
<td>1.4</td>
<td>Re-evaluate the objective of the director’s license.</td>
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<tr>
<td>1.5</td>
<td>Re-evaluate the distinction between Antillean-born and non-Antillean born that is part of Sint Maarten’s policy.</td>
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<tr>
<td>1.6</td>
<td>Allocate authority for decision making on all licenses to the SG or the head of department of the relevant department.</td>
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<tr>
<td>1.7</td>
<td>Abolish or substantially lower the yearly fees for some licenses.</td>
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<tr>
<td>1.8</td>
<td>Replace (ex-ante) operational checks with respect to restaurant, bars and cafés, with (ex post) requirements for compliance and apply risk-based supervision.</td>
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<tr>
<td>1.9</td>
<td>Create a lex silencio positivo for licenses.</td>
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<tr>
<td>1.10</td>
<td>Re-evaluate the object and necessity of moratoria and formulate a proposal to loosen or abolish part of the moratoria.</td>
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<tr>
<td>1.11</td>
<td>Make lending or renting of licenses in sectors with moratoria illegal and enforce this.</td>
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<tr>
<td>1.12</td>
<td>Establish clear transparent ex-ante rules on when moratoria may be applied to certain sectors.</td>
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</tr>
</tbody>
</table>

### Package 2  Digitalize and centralize licensing procedure

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>Cost</th>
<th>Feasibility</th>
<th>Impact</th>
<th>Acceptance</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Digitalize the licensing process and create a virtual one stop shop for initializing an application, following the process and making payments for all licenses.</td>
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<tr>
<td>3.2</td>
<td>Digitalize tax office.</td>
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<tr>
<td>3.3</td>
<td>Digitalize administration at Kadaster.</td>
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</tbody>
</table>

### Package 3  Entrepreneurial skills and access to knowledge

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>Cost</th>
<th>Feasibility</th>
<th>Impact</th>
<th>Acceptance</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Create a centralized, complete, and online overview of the required steps to establish businesses of various types, including required documents and a real-time list of moratoria.</td>
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<tr>
<td>Measure 3.2</td>
<td>Teach business administration and entrepreneurial skills in secondary school.</td>
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<tr>
<td>Measure 3.3</td>
<td>Providing entrepreneurs with a standardized information package on taxes, business administration, labour requirements when registering at CoCI.</td>
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<tr>
<td>Measure 3.4</td>
<td>Provide (online) education programs on taxes, business administration, labour requirements.</td>
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<tr>
<td>Measure 3.5</td>
<td>Stimulate coaching programs for starting entrepreneurs.</td>
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</tr>
</tbody>
</table>

**Package 4  Getting credit**

| Measure 4.1 | Introduce a credit register bureau. |
| Measure 4.2 | Require BVs and NVs to file annual reports with CoCI. |
| Measure 4.3 | Develop a proposal for government financial involvement in SME financing, possibly a guarantee scheme. |
| Measure 4.4 | Provide banks with more guidance on Anti-Money-Laundering (AML) requirements. |
| Measure 4.5 | Implement Caribbean Financial Action Task Force (CFATF) round 4 recommendations. |
| Measure 4.6 | Introduce gaming control board |

**Package 5  Competition law and utilities markets**

| Measure 5.1 | Introduce competition law with private enforcement. |
| Measure 5.2 | Increase the transparency of energy provision by publishing a public register of disclosures of service interruptions and their causes. |
| Measure 5.3 | Assess the potential for diversification of energy generation and improve energy consistency. |
| Measure 5.4 | Assess possibilities to allow new private suppliers of 5G network for internet provision on the island. |

**Package 6  Taxation and labour markets**

| Measure 6.1 | Introduce import tax for online purchases to reduce parallel import. |
| Measure 6.2 | Lower the burden of proof for TOT exemption for exporting firms. |
| Measure 6.3 | Re-evaluate and redesign the new criteria that apply to the requirements of employers since February the 7th, 2020 and the associated process. |
| Measure 6.4 | Create the option of bulk applications in which a percentage of foreign working permits is granted ex ante. |
| Measure 6.5 | All procedures and requirements should be available online, with a minimum of policy discretion. |
Based on this assessment, we propose to focus on four of these packages:

- Package 1
- Package 2
- Package 3
- Package 5

The reasons for this focus are the following. First, package 6 on taxation and labour markets is strongly connected to country package C.1: Fiscal reform to create an attractive climate for local and foreign investors and country package E.1: Integral analysis of current labour market policy, legislation and regulations. We strongly recommend that in the reforms being proposed in these country packages, our proposals contained in package 6 are taken into account. However, we think it would be counterproductive to start two initiatives focused on fiscal reform and labour reform, with slightly different focus and perspectives. Second, the measures in package 4 on getting credit are partly being addressed in the context of the FATF assessment of Sint Maarten. In addition, measure 4.3 is being addressed in the current Dutch government coalition agreement, which aims to extend the scope of Dutch SME funding schemes to St Maarten, Aruba and Curacao while measure 4.2 has low priority.
4 Implementation and governance

In this section, we propose five priority projects that we believe can have concrete results in the short-term based on the four packages. We have five projects instead of the four packages because we split package five into two projects: introducing competition law and improving efficiency in utilities markets. In addition, from package two, we leave out digitalizing the tax office and Kadaster. Although especially digitalizing the tax office is very important from the perspective of improving the entrepreneurial climate, the costs are very high and this project is not feasible in the short term.

The key criterion for the selection and definition of these five priority projects is the feasibility and manageability of their implementation. Implementation of these priority projects is feasible within the coming 3 to 4 years and require limited external capacity and funding. Once these priority projects are realized, we recommend proceeding with the remaining policy packages and policy measures on the basis of a renewed prioritization at that time.

The proposed timelines represent, in our view, achievable lead times for the projects. The final determination of the planning however should consider the available capacity within Sint Maarten’s civil service in relation to the implementation of other parts of the Country Package. A further phasing in the planning of these projects may therefore be necessary.

- **Project 1 - Optimize and modernize the licensing system**
  This project includes all measures 1.1 to 1.12 as referred to in Policy Package 1. These measures constitute a coherent set of actions that will fundamentally improve the licensing system. As the licensing system is one of the key instruments for the government in achieving efficient entrepreneurship, while at the same time it constitutes one of the main impediments for entrepreneurs, it is of utmost importance to reform the licensing system. Project 1 optimizes and modernizes the licensing system from a policy and legal perspective.

- **Project 2 - Digitalize and centralize all licensing procedures within a virtual ‘one stop shop’**
  This project consists of measures 2.1 Policy Package 2. While project 1 optimizes and modernizes the (policy and legal) content of licensing system, project 2 focuses on the logistics of the licensing system by rationalizing and centralizing the process of application and provision of licenses in a virtual one stop shop. In addition, project 2 results in digitalization of the entire process of application, provision and payment of licences. Project 2 will be initiated after completion of project 1.

- **Project 3 - Bolster entrepreneurial skills and improve access to knowledge**
  Project 3 consists of measures 3.1 to 3.5 to improve entrepreneurial knowledge and skills. The project focuses on the provision of relevant information for entrepreneurs on establishing and running a business (measure 3.1); developing a curriculum for secondary school (measure 3.2) as well as schooling, training and coaching for entrepreneurs (measures 3.3-3.5). The project improves the ease of doing business (better and more accessible information) and stimulates entrepreneurship (education, training and coaching).

- **Project 4 - Facilitate fair competition by introducing competition law**

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It is stressed that the one stop shop is virtual; the backoffice consists of different government departments and agencies responsible for different steps in the licensing procedure.
Project 4 consists of measure 5.1 and is considered low hanging fruit as Sint Maarten has invested in the development of competition policy. A law has been drafted, as well as a policy document, an implementation plan, a communication plan and a budget. Implementation of the competition policy contributes to effective competition and a favourable business- and investment climate in Sint Maarten. Project 3 aims to finalize the steps that Sint Maarten has undertaken in this field over the past decade.

- **Project 5 - Improve efficiency in utilities markets**

Project 5 consists of measure 5.2 to 5.4 and aims at improving the efficiency of utilities markets in Sint Maarten, specifically the energy and telecommunication markets. The aim is to investigate which measures can improve energy security, efficiency and sustainability, and how to improve the quality of internet provision on the island. Realizing this is an important basis for a sound entrepreneurial climate on the island.

### 4.1 Project definition

#### 4.1.1 Project 1 - Optimize and modernize the licensing system

The objective of project 1 is to include effective deadlines for primary decisions by the government regarding licensing, strengthening the legal position of license applicants, and increasing government responsiveness with regard to the provision of licenses and permits. Furthermore, Project 1 includes that in the legislation and policy guidelines, policy objectives of the various permits are clarified and brought in line with current social and economic conditions and with current economic policy.

All legislation relevant to licensing will be adjusted to include explicit deadlines for primary decision-making and legal remedies to accelerate decision-making in the event of non-compliance. This contributes to strengthening the legal position of the license applicant and to the accountability of the licensing authorities. A link should be sought in this regard with the administrative legislation in Sint Maarten (Landsverordening administratieve rechtspraak).

Project 1 ties in closely with, and enhances the effectiveness of, Project 2; the two projects together ensure a major improvement of the licensing system of Sint Maarten. Project 2 starts when Project 1 is completed.

Project 1 has limited complexity and is relatively easy to implement in the short term. It is a do-able project that is being carried out under the management of the Ministry of TEATT and in close consultation with the legal department (JZ&W) and the government agencies responsible for the relevant licences, such as Ministry of Public Health, Labor and Social Affairs, VROMI, Ministry of Justice, the Policy and the Fire department. The results of the project are highly visible for entrepreneurs and have a significant impact on the business and investment climate.

The table below provides a factsheet for the objective, approach, management and participants, planning, and required capacity, expertise and funding of Project 1.

<table>
<thead>
<tr>
<th>Factsheet Project 1 - Optimize and modernize the licensing system</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
</tr>
</tbody>
</table>
legal position of entrepreneurs in licensing procedures will be strengthened and the responsibility and accountability of the government will increase.

**Approach**
The approach of Project 1 is mainly to include acceleration instruments in the licensing and permit regulations and related legislation. This includes the introduction of fatal terms, criteria for decision making, penalty payment and appeal. Renewing and introducing modern, measurable and verifiable policy objectives for licenses, with the option that parts of the licensing procedures, or even entire licenses, are being removed. Project 1 includes all submeasures of package 1 (1.1 to 1.12).

**Project management and participants**
Project management: Ministry of TEATT.
Participants: Legislation and Legal Affairs Directorate (JZ&W) and the government agencies responsible for the relevant licenses, such as Ministry of Public Health, Labor and Social Affairs, Ministry of Justice, the Policy and the Fire department.

**Timeframe and planning**
12 months; Start in 2022Q2, finalization in 2023Q2.

**External capacity, expertise, and funding**
Capacity and expertise: external project manager to assist TEATT; a senior legislative lawyer for the duration of the project.
Funding required: NAF 400.000.

**Explanation**
Even more than Project 2, Project 1 is essential for optimizing the permit system. At the same time, Project 1 is less complex and faster to implement.

### 4.1.2 Project 2 - Digitalize and centralize all licensing procedures within a virtual ‘one stop shop’

The objective of Project 2 is to place all business licenses behind one virtual integrated desk (virtual ‘one stop shop’) at the Ministry of TEATT. This project is being carried out in two phases.

The first phase of Project 2 has several logistical, subprojects. This involves the rationalization of the processes of business licenses (vestigingsvergunning), director’s licenses (directeursvergunning), licenses for catering services (horecavergunning), the building permits (bouwvergunning), residency permits (verblijfsvergunning) and other licences and permits that entrepreneurs encounter when doing business in Sint Maarten. In this phase, the coordination of all these licenses should be placed with the Ministry of TEATT. This means that while other Ministries and government agencies keep their respective responsibilities, the Ministry of TEATT will be responsible for the process and will be equipped with the required legal instruments to fulfil this responsibility. As an example, rationalization of the licence for catering services implies that a licence is granted automatically after the application with complete information has been submitted and the applicant declares to comply. Supervision is carried out ‘risk-based’ and enforcement takes place ex-post. Existing initiatives to improve licensing procedures are involved in this project.

In phase two, all business permits are technically placed behind one virtual desk at the Ministry of TEATT; the technical preparations are supported by the Digital Government Transformation Project of Sint Maarten (which is part of theme B.11 of the country package).
Undefined and unclear deadlines, poor communication, redundant and duplicate information and procedures, make this project essential in improving the business and investment climate. The complexity of the project lies mainly in political and official resistance; for its success, a clear assignment and commitment at the political and top-official level is required. The project meets a broad need, can count on broad support, is visible/has a substantial impact, and it is in line with recommendations done by several national and international organizations.

### Factsheet Project 2 - Digitalize and centralize all licensing procedures within a virtual ‘one stop shop’

<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th>One virtual, digital desk where entrepreneurs apply for and obtain their permits. The back offices of the various services function in a coordinated and integrated way as far as possible.</th>
</tr>
</thead>
</table>
| **Approach**  | Phase 1: Rationalize, coordinate, and integrate processes of business, catering services, director’s, residence and other licenses and permits.  
Phase 2: Digitization of processes and the virtual one-stop shop for all business permits at the Ministry of TEATT. |
| **Project management and participants** | Project management: Ministry of TEATT.  
Participants:  
Legislation and Legal Affairs Directorate (JZ&W) and the government agencies responsible for the relevant licenses, such as Ministry of Public Health, Labor and Social Affairs, Ministry of Justice, Ministry of Public Housing, Spatial Planning, Environment and Infrastructure, the Police and the Fire department. |
| **Timeframe and planning** | Phase 1: 18 months; start 2023Q2, finalization in 2024Q4. Project 2 starts after realization of Project 1.  
Phase 2: dependent on planning Digital Government Transformation Project. |
| **External capacity, expertise, and funding** | External project manager for Phase 1 for assisting the Ministry of TEATT.  
Required funding: NAF 250,000. |
| **Explanation** | Project 2 and Project 1 together constitute a substantial improvement of the licensing and permit system of Sint Maarten. Project 2 is logistical and technical in nature; Project 1 policy-related and legal. The effectiveness of Project 2 is largely determined by the realization of Project 1. Project 2, in particular phase 2, must be carried out in close coordination with the Digital Government Transformation Project and theme B.11. |

### 4.1.3 Project 3 - Bolster entrepreneurial (access to) knowledge and skills

Project 3 consists of two sub-projects. The objective of the subproject 3.1 is to improve the quality and the accessibility of information relevant for entrepreneurs running or establishing a business, thereby improving the ease of doing business. Currently, information on doing business in Sint Maarten is scattered over different sources, incomplete and sometimes outdated. This hinders the ease of doing business, in particular for foreign entrepreneurs wanting to start a business in Sint Maarten. In this subproject, all relevant information on doing business in Sint Maarten - ranging from information on licensing procedures to taxes; and from getting electricity to training and coaching - will be updated, structured and presented at a central digital location, preferably the website of the Ministry of TEATT. Outdated information constitutes a major dissatisfier for entrepreneurs. It is therefore of importance that after this subproject is realized, the central information point is properly maintained.
The objective of the second subproject is to have an integrated educational, training and coaching program (curriculum) ranging from basic entrepreneurial knowledge educated to pupils in schools, to specialized training and coaching programs to entrepreneurs. The success of this subproject is largely determined by bringing together the knowledge of relevant parties involved, such as schools, the National Institute for Professional Advancement (NIPA) and Other Educational Foundations, the Ministry of Education, Culture, Youth and Sports, the Ministry of TEATT, the Chamber of Commerce, employers organizations, the tax department and – last but not least – successful entrepreneurs in Sint Maarten willing to share their knowledge. This subproject aims to develop a well-structured and professional curriculum for pupils at school and for youthful and adult entrepreneurs. In developing the curriculum, the focus should explicitly be on the demands and needs of the private sector. It is advised to appoint a professional from the educational services industry to develop the curriculum in close cooperation with the stakeholders mentioned.

**Factsheet Project 3 - Bolster entrepreneurial (access to) knowledge and skills**

**Objective**
- Subproject 3.1: a centralized digital point of adequate, relevant, and up to date information on doing business in Sint Maarten.
- Subproject 3.2: develop a well-structured curriculum for teaching basic entrepreneurial skills to pupils in schools and for specialized training and coaching to youthful and adult entrepreneurs.

**Approach**
- Subproject 3.1: collect, structure, update and present in an accessible way information on all relevant aspects of doing business: licenses and permits, taxes, electricity, training and education, financial institutions, etc. Central location for this information should be the Ministry of TEATT.
- Subproject 3.2: educational professional develops curriculum for secondary schools in close cooperation with relevant stakeholders, as well as schooling, training and coaching for entrepreneurs.

**Project management and participants**
- Project management: Ministry of TEATT
- Participants: Schools, the University of Sint Maarten, the Ministry of Education, Culture, Youth and Sports, the Chamber of Commerce, employers’ organizations, the tax department, individual entrepreneurs.

**Timeframe and planning**
- Subproject 3.1: 6 months; start 2022Q1; realized 2022Q4.
- Subproject 3.2: 18 months; start 2022Q2; realized 2023Q4.

**External capacity, expertise, and funding**
- Subproject 3.1: in case the Ministry of TEATT does not have the capacity, a consultant for 6 months needs to be appointed to carry out this project.
- Funding required: NAF 100,000
- Subproject 3.2: educational professional, educational material, printing, training of teachers, communication
- Funding required: NAF 500,000.

**Explanation**
- Subproject 3.1 helps to improve the ease of doing business. Information on doing business in Sint Maarten is scattered, incomplete and outdated. This creates a significant impediment for the ease of doing business, in particular for small entrepreneur with low education or foreign entrepreneurs wanting to start a business in Sint Maarten.
- Subproject 3.2 aims to stimulate entrepreneurship. By providing basic entrepreneurial skills to pupils at schools, specialized training to entrepreneurs, and by knowledge sharing, future entrepreneurs are stimulated, and the success rate is increased.
4.1.4 Project 4 - Introduce competition law to facilitate fair competition

The objective of Project 4 is to implement competition policy in order to improve the functioning of markets in Sint Maarten and facilitate healthy competition, resulting in a more level playing field for incumbent firms and new entrants, a stronger legal position for consumers vis-à-vis suppliers, increased market dynamics and innovation, and hence an improved price-quality ratio of goods and services in Sint Maarten.

Preparations for the introduction of competition policy have already been made by Sint Maarten. An extensive investigation into competition in several sectors in Sint Maarten was carried out in 2011 and a competition policy and accompanying law was prepared in 2016. In addition, an implementation plan for the establishment of the competition authority was prepared, as well as the communication plan. Project 4 qualifies pre-eminently as ‘low hanging fruit’ as substantive preparations have been made by Sint Maarten in recent years and that can be achieved within the foreseeable future with the availability of capacity, expertise and financial resources.

Results of this project are not visible immediately or in the short term; however, the long-term economic benefits are substantial. The implementation of competition policy contributes to improving the functioning of markets, protecting consumer rights, and protecting new entrants from the incumbent economic power. Effective competition policy also contributes to improving the functioning of the capital market and thus to better access to finance. Rules for fair competition are essential for an attractive business and investment climate and prevents firms and distributors from price fixing, market-sharing agreements or other types of anti-competitive behaviour.

The implementation of project 4 is feasible within the foreseeable future, but does require (temporary) capacity, expertise, and financial resources. Because impact is not immediately visible, there is no active and large support; possibly even resistance from companies that may see their economic interests affected by the introduction of competition rules. Because no information has yet been given to companies and citizens on this subject, communication is an essential part of this project. Information is aimed at informing consumers, companies, and the general public about the broad social and economic benefits of competition policy.

Because of the small scale of Sint Maarten and the budgetary restrictions the country will face in the coming years, setting up an independent competition authority seems unfeasible. Therefore, as a first step, it is advised to introduce the competition law, without establishing an independent authority, and facilitate private enforcement. This requires some amendments of the current draft law, the policy paper, and implementation and communication plans for which external expertise and capacity is required. In addition, in order for private enforcement to be effective, properly functioning representation of consumer interests is of importance. Part of phase 1 of this project therefore should be an assessment of, and in recommendations on, strengthening representation of consumers’ interests in Sint Maarten.

**Factsheet Project 4 - Introduce competition law**

<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th>Project 4 results in the competition regulation being in force. In the longer term, competition rules and effective enforcement contribute to dynamics and diversification of the economy, innovation, lower prices and higher quality.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approach</strong></td>
<td>The project can start on the basis of the implementation and communication plans. While these plans and the draft require amendments targeted at private enforcement, the main line of these plans can be implemented. Activities are: amendment of the draft law, starting the legislative and parliamentary process, starting the communication process, assessment</td>
</tr>
</tbody>
</table>
of representation of consumer interests. In addition, an assessment of the current representation of consumer interests is carried out, resulting in recommendations on how this can be improved.

Project management and participants

Project management: Ministry of TEATT.
Participants: JZ&W, employers’ organizations, Chamber of Commerce

Timeframe and planning

12 months (start 2022Q1; realization 2023Q1).
Funding required: NAF 750,000

External capacity, expertise, and funding

legal expert to amend competition law; implementation manager for one year; policy advisor for one year; communication services.

Explanation

Project 4 qualifies pre-eminent as ‘low hanging fruit’. Preparations for implementation have been made by Sint Maarten in the past decade (legislation, policy, implementation plan). Because this is not an immediately appealing subject for the public, and there may be resistance among companies, communication is essential. The importance for consumers, start-ups and the contribution to Sint Maarten’s broad economic objectives must be particularly highlighted.

4.1.1 Project 5 - Improve efficiency in utilities markets

The objective of project 5 aims is to improve the efficiency of utilities markets in Sint Maarten, specifically the energy and telecommunication markets. Well-functioning utilities markets form a basic ingredient of a sound entrepreneurial climate. Businesses have to be able to rely on high-quality and cost-efficient provision of these basic services they need to operate. Especially in the digital era, reliable energy supply and well-functioning telecommunications markets are crucial. Some knowledge regarding these topics has already been built in projects for Saba, Sint Eustatius and Bonaire. This can be used as input for this project.

The project proposes several steps towards improving the efficiency in energy and internet service provision. This includes the establishment of a public register of disclosures of service interruptions and their causes, which increases transparency on the function of utilities markets and thereby may discipline providers; an assessment of the potential for diversification of energy generation, where special attention should be given to options for sustainable generation of energy; and an assessment of the possibilities to allow new private suppliers of 5G network for internet provision in Sint Maarten.

Assessments are proposed instead of more concrete measures because such measures require careful analysis of the market conditions, the current technical state of affairs of energy and telecommunication networks, and the feasibility of particular technical solutions available to improve efficiency of these networks on the supply side of the market, as well as specific needs on the demand side of the market. This could not take place within the scope of the current project and requires also additional expertise.

Factsheet Project 5 - Improve efficiency of product and service markets

See https://www.rijksdienstcn.com/economie-klimaat/energie
### Objective
Project 5 results in a public register for interruptions in the energy supply and – based on the assessment carried out – a plan of approach for efficiency improvements in energy and internet service provision.

### Approach
The project starts with the establishment and publication of the register and the required assessments.

### Project management and participants
Project management: Ministry of TEATT. Participants: employers’ organization, BTP Sint Maarten, GEBE, Telecommunication companies.

### Timeframe and planning
12 months (start 2022Q2; realization 2023Q2).

### External capacity, expertise, and funding
Policymakers and experts in energy and telecommunications markets that can do the assessment. A consultant for 6 months needs to be appointed to carry out this project. Funding required: NAF 250.000
Building a webpage where the register can be published has limited costs.

### Explanation
Project 5 is noted specifically because companies are relevant to their functioning. The costs are limited initially, because they only involve an assessment of the options available, while the costs of building an online register are limited.
4.2 Governance

The project definitions for the four priority projects are the starting point for the implementation of proposed reforms. The four priority projects together constitute the Program ‘Improving business and investment climate Sint Maarten’, which can be implemented between 2022 and 2024. A programmatic and project-based approach to these reforms is an important, but not yet a sufficient condition for effective implementation of the proposed reforms. Implementation requires an effective governance structure. To provide inspiration to the policy makers that will decide on the governance structure, this report provides a tentative proposal for such a structure that reflects the researchers view on an effective and transparent division of tasks and responsibilities.

Figure 4.1 provides an overview of the proposed structure.

Governance structure

In the researchers view, it is essential that a workable, broadly supported implementation and governance structure is established that makes it clear to all organizations and persons involved in the implementation how responsibilities for implementation, support, management, monitoring, reporting, commissioning, escalation and ultimate responsibility are organized. Without such an implementation and governance structure, projects will become out of step, sub-goals will become leading instead of the main goal (improvement of the business and investment climate), accountability will fall short and the chance of successful implementation of the program will be small.

The proposed governance structure has been tested with those involved in Sint Maarten and the Netherlands and outlines an effective approach in broad terms; details will have to be further thought out and worked out by Sint Maarten, in consultation and cooperation with the Netherlands. It is strongly recommended to apply the same/comparable structure for the various themes of the Country Package.

The ‘Improving business and investment climate Sint Maarten’ program is part of the Sint Maarten country package and of the implementation agendas that Sint Maarten and the Netherlands agree in that regard. The ultimate political responsibility therefore rests with the Prime Minister of Sint Maarten and the State Secretary for the Interior and Kingdom Relations. They should remain informed about the progress of the program and the fulfillment of
agreements made in the Country Package and the implementation agendas, so that they can be held accountable for this to the parliaments of Sint Maarten and the Netherlands. In case of backlogs or other problems in the progress of the program, they serve as the highest escalation platform.

**Council of Ministers**

In the proposed structure, the Council of Ministers of Sint Maarten determines the program and mandates the minister of TEATT as the politically responsible minister of the program. This implies that all government departments involved in the implementation of the program and of the individual projects work on behalf of this minister. Other ministers do not intervene in the commissioning, management, or implementation of the program nor individual projects. This requires a concrete, clear assignment that has been established in the Council of Ministers and to which the full cabinet commits itself.

**Steering Committee**

In the researchers’ proposal, the Steering Committee of the program falls under the commissioning Minister of TEATT. The Steering Committee consists of the secretary generals and top officials the ministries involved in the implementation. As it concerns an economic program aimed at the business and investment climate, the Secretary General of the Ministry of TEATT chairs the Steering Committee. The Steering Committee directs the project teams and, where necessary, establishes the project plans and progress reports and interim results to the Minister of TEATT. In the event of problems in the progress, the steering group will direct or, if the result is insufficient, escalate to the Minister of TEATT.

With the implementation of this program, the secretaries general of the ministries involved, and in particular the Secretary General of TEATT, will have a heavy additional task for a period of several years. It is therefore important that the (chairman of) the Steering Committee - as with other themes in the Country Package - receives adequate organizational support. This includes preparing agendas, organizing meetings, ensuring information flows between the Steering Committee and project teams and between the Steering Committee and the Minister of TEATT.

**Sounding board**

Separate from the Steering Committee, the proposal adds a sounding board consisting of experts that represent non-governmental stakeholders. Stakeholders include de Social Economic Council, employers organizations and labor unions. The goal of having this sounding board is to improve acceptance and take on board expertise from outside the government. For the sounding board to operate effectively, it is proposed to have main stakeholders to delegate an expert in the sounding board.

**Project teams**

We propose to organize the implementation in five project teams. The project teams are led by a top manager/senior policy advisor. The project teams are staffed by expert employees from the ministries and government agencies involved. External support is required for the different projects to make the implementation feasible: project or implementation managers, specialized legal capacity, sector-specific expertise, and financial resources to cover implementation costs.

Although the precise role of COHO is not known at the time of writing this report, it is assumed that COHO will provide the necessary capacity, expertise, and financial resources that Sint Maarten itself does not have available. It is obvious that without a substantial contribution of capacity, expertise, and financial resources the implementation of the program will not – at least not in the proposed form and at the proposed pace – will get off the ground. With its own manpower, knowledge and resources Sint Maarten can – not least because of the precarious financial
situation in which the country finds itself - carry out at most a few (parts of) the proposed projects. Importantly, also COHO has limited the availability of capacity and resources, with exact financing possibilities unclear at this point.

COHO

In the proposed governance structure, COHO’s role is to facilitate implementation by making capacity, expertise, and resources available, monitoring progress and (interim) results, and providing information and advice to the Kingdom Council of Ministers, and it serves as an escalation platform in case of identified implementation problems. With regard to the monitoring role, it is important that COHO has access to adequate and up-to-date progress information with regard to the implementation of the program. COHO has no role in the steering/management or implementation of the program.
Appendix A Assessment of policy measures

Package 1: Optimize and modernize licensing system

Summary of package
Policy package 1 focusses on the optimization and modernization of the license system. In addition to being cumbersome to acquire, license requirements may impose restrictions on business activities. Together, this both increases start-up costs for firms, as well as restricting the scope for entrepreneurial activities. Optimizing and modernizing the license system then serves to lower start-up costs for entrepreneurs, as well as to lessen restrictions on entrepreneurial activities.

On the policy side, these measures aim to modernize the license system by redefining the scope of licenses and license requirements. On the process side, as well as to optimize the licensing system by streamlining the process through which license requirements and policies are determined, codified and communicated, as well as the process through which licenses are issued.

Measure 1.1. Define objective of every license and permit in line with current economic situation

Measure 1.1

Overview

Issue
The objectives of licenses and permits are often unclear or outdated. When the objective is not clear or not in line with the current economic situation and recent economic policy objectives of Sint Maarten, the justification of a license in terms of serving the general interest cannot be guaranteed. Moreover, when the objectives are not in line with the current economic situation and policy objectives, licenses are likely to have counterproductive effects and can harm entrepreneurship.

Description
This measure proposes to: (i) define the objective of every license and permit in line with the current economic situation and policy objectives; (ii) make criteria on which licenses are being granted explicit; and (iii) include fixed terms for decision-making by the licensing authority (lex silecio positivo).

Rationale
If there is no objective for a licenses or permit - or for certain steps within a certain licensing procedure - that is in line with the current economic situation and policy objectives, the license or permit should be amended or abolished (measure 1.3). In addition, entrepreneurs should experience a high degree of legal certainty regarding the request and the granting of licenses and permits. Therefore, explicit criteria and fixed terms should be included.

Responsible agents
All authorities that issue licenses and permits should be involved in this measure. As this project is specifically aimed at improving the business climate, it should be implemented under the responsibility of the Minister of TEATT; implementation should be coordinated by the Ministry of TEATT.

Connection to other packages
n/a.

Timespan
Short-term
### Assessment

**Costs**  
**Low.** The costs consist mostly of additional human resource (legal expertise) to re-evaluate and re-draft the relevant regulations. In addition, coordination between departments is needed to align the structure and objective of the licenses and permits.

**Feasibility**  
**High.** The legal expertise required for this project is scarce in Sint Maarten and should be made available by the COHO/The Netherlands. Moreover, as several departments are involved in this project, adequate coordination is needed to bring the measure to a good end. On the other hand, the measure is not dependent on other projects. Nor is there a risk for potential negative side effects. This leads to an overall high feasibility of this measure.

**Impact**  
**High.** Re-defining the objectives make the licenses and permits more effective as they become more aligned with the current economic situation and policy objectives. This measure reduces barriers for entry and increases overall transparency and legal certainty for entrepreneurs.

**Acceptance**  
**High.** This measure will probably be welcomed by (potential) applicants. No significant resistance is expected from other stakeholders, except for licensing authorities that may feel that their room for discretion is significantly reduced.

**Priority**  
**High.** Feasibility, impact and acceptance are considered high for this project. Although there are some costs associated with obtaining the required legal expertise and capacity, costs are low, this measure is considered a high priority.

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### 1.2 Define clear criteria/requirements for obtaining a license/permit.

#### Measure 1.2

**Overview**

**Issue**  
The criteria/requirements to obtain a license or permit are in many instances not written down clearly and contribute to a discrete application process. When ministries rely on informal policy rules instead of fixed regulation that are not written in the law, uncertainty arises on the side of the entrepreneurs. Moreover, entrepreneurs hand in a set of documents at the start of their application but the process is often delayed as documents are missing. This prolongs the application process.

**Description**  
This measure states that clearly defined criteria for obtaining a license or permit should be established. The criteria consist both of requirements that the entrepreneur or business should full fill for a certain license, and the documents that the entrepreneur should hand in. The criteria should be stated based on three aspects: 1) which requirements are mentioned in the law or regulation? 2) which requirements were added by the department itself and what was the reasoning behind this? 3) What should further be in the criteria related to the objective (measure 1.1)?

**Rationale**  
Defining clear criteria for every license and permit beforehand, makes the application process more transparent, faster and equal for all applicants.

**Responsible agents**  
All authorities that issue licenses and permits should be involved in this measure. One department (e.g. TEATT) should take the lead.

**Connection to other packages**  
n/a.

**Timespan**  
Short term

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### Assessment
SPURING ENTREPRENEURSHIP IN SINT MAARTEN

Costs

**Low.** The costs consist mostly of human resources (legal expertise) to re-evaluate every license and permit and to define clear criteria for the licenses and permits. In addition, coordination between departments is needed to align the structure and criteria of the licenses and permits. This generates coordination costs.

Feasibility

**High.** The legal expertise required for this project is likely scarce in Sint Maarten and should probably be hired from abroad, which can be a cumbersome process. Moreover, as several departments are involved in this project, adequate coordination is required to bring the measure to a good end. On the other hand, the measure is not dependent on other projects. Nor is there a risk for potential negative side effects. This leads to an overall high feasibility of this measure.

Impact

**High.** With clear criteria and requirements, entrepreneurs know what to do when applying for a license or permit. This lowers uncertainty and increases transparency. In addition, the time savings result in lower opportunity costs for applicants (for the waiting period in which the business remains inactive) as well as a saving of (human) resources for the issuing authorities. Subsequently, entrepreneurial risk and entering barriers are reduced.

Acceptance

**High.** This measure will probably be welcomed by (potential) applicants. No significant resistance is expected from other stakeholders.

Priority

**High.** Both the feasibility, impact and acceptance are considered high for this project. Although, there are some costs associated with obtaining sufficient legal expertise, costs are in general low. This measure has therefore a high priority.

1.3. Abolish unnecessary (parts of) licenses

**Measure 1.3**

**Overview**

**Issue** Licenses do not always have a clear objective and sometimes put seemingly artificial or outdated restrictions on what businesses can do. This increases the administrative and financial burden for entrepreneurs.

**Description** Abolishing the unnecessary (parts of) licenses implies lowering the number of licenses (and permits) or removing certain aspects/steps in a licence. Revenue loss will need to be estimated if a policy is to be abolished.

**Rationale** Abolishing unnecessary (parts of) licenses contribute to a licenses and permit system that supports entrepreneurs regarding the current economic situation. It lowers the administrative burden for both the concerning government departments as entrepreneurs. In addition, financial costs for entrepreneurs could decrease.

**Responsible agents** All authorities that issue licenses and permits should be involved in this measure. One department (e.g. TEATT) should take the lead.

**Connection to other packages** n/a

**Timespan** Short term

**Assessment**
Costs **Low.** The preparation costs are low as this measure only requires some human resources (legal expertise) to review the license and permits to determine whether (parts of) licenses and permits are redundant. However, this legislative expertise is not available on the island and is not cheap. In addition, coordination between departments is needed to discuss the relevance of (parts of) licenses. Finally, if certain licenses and permits are abolished due to redundancy, the government misses out on revenue. However, these operational costs (the foregone revenue) are expected to be low.

Feasibility **High.** The legal expertise required for this project is likely scarce in Sint Maarten. Some legal expertise should possibly be hired from abroad, which can be a cumbersome process. On the other hand, the measure is not dependent on other projects. Nor is there a risk for potential negative side effects. This leads to an overall high feasibility of this measure.

Impact **High.** Abolishing unnecessary (parts of) licenses will increase efficiency as entrepreneurs no longer have to apply for licenses and permits with superfluous aspects. This results in time saving which is accompanied by lower (opportunity) costs. This reduces barriers for entry of new entrepreneurs.

Acceptance **High.** This measure could potentially face resistance from businesses that already are in possession of a license of which a part or the whole license is abolished, as this could be regarded as unfair. Furthermore, as government income decreases, this can lead to some resistance at the Ministry of Finance / fiscal department. However, this resistance is probably low. An important condition is data collaboration between the government and the CoCI, as both entities require information from on and other. This collaboration has started but there is need for further data collaboration and data synchronization.

Priority **High.** Both the feasibility, impact and acceptance are considered high for this project. Although, obtaining sufficient legal expertise and the corresponding costs form some obstructions to this measure, costs are low. This measure has therefore a high priority.

### 1.4 Re-evaluate the objective of the director’s license

**Measure 1.4**

**Overview**

**Issue**
A director’s license is required for non-Antillean born to establish a business. This generates additional costs for non-Antillean born entrepreneurs. This difference is made to protect Antillean-born. However, the residency permit has a similar objective.

**Description**
This measure encompasses an assessment of the necessity of having a director’s while a residency permit is already in place.

**Rationale**
It is unclear what the economic function is for the director’s license, while it is costly for firms (with a non-Antillean born owner). Many countries, like the Netherlands, do not have such requirements. The abolishment of this license reduces the administrative and financial burden for non-Antillean born entrepreneurs. Revenue loss will need to be estimated if a policy is to be abolished.

**Responsible agents**
Ministry of TEATT

**Connection to other packages**
n/a

**Timespan**
Short-term
Assessment

Costs **Medium.** The costs consist of several aspects. First, it consists of human resources (mainly legal and economic expertise) preparation costs to investigate whether and how the requirement of a director’s licence can be abolished. Secondly, it results in foregone government income, since the revenue from the director’s license is gone. The yearly amount of issued director licenses can provide an indication of the foregone government income.

Feasibility **High.** The legal expertise required for this project is likely scarce in Sint Maarten and should probably be hired from abroad, which can be a cumbersome process. On the other hand, this measure requires little additional funding, and can be implemented in isolation without the need of further research (apart from the legal assessment). Potential side-effects could be lower barriers for foreigners to establish a business in Sint Maarten and thereby upward pressure on immigration.

Impact **High.** The economic function of the director’s licences is unclear, while it is costly for firms. Many other countries do not have such a requirement and it hampers entrepreneurship. The abolishment of this license will reduce time and costs for (new) entrepreneurs and subsequently lower entry barriers.

Acceptance **High.** The abolishment of this license can lead to political resistance, since this reduces the governmental control over a sector. In addition, abolishment results in lower government revenue. Businesses that are already in possession of directors licenses could also regard a possible abolishment as unfair. No significant resistance is expected from most stakeholders. Abolishing this measure was on the table, but not implemented because of financial revenue consequences. The directors license currently is a route to a residency permit.

Priority **Medium.** Both the feasibility and impact are considered high for this measure. On the other hand, some resistance could be expected. Furthermore, although, obtaining sufficient legal expertise and there could be foregone government revenue, costs are medium. Concludingly, this measure has a medium priority.

1.5 Re-evaluate the distinction between Antillean-born and non-Antillean born that is part of Sint Maarten’s policy

**Measure 1.5**

**Overview**

**Issue** The process of starting a business is different between Antillean-born and non-Antillean born, this is a policy from before 10-10-2010 which has no basis in the Business Establishment Ordinance (Vestigingsregeling voor bedrijven). Non-Antillean born also include inhabitants that have been living in Sint Maarten for most of their lives but are simply born elsewhere. Non-Antillean born are charged with additional steps in the application process, resulting in a higher administrative and financial burden for these entrepreneurs.

**Description** The distinction between Antillean-born and non-Antillean born that is part of Sint Maarten’s policy should be re-evaluated with the intention to lower the burden for non-Antillean born entrepreneurs.

**Rationale** The policy distinction between Antillean-born and non-Antillean born causes an unequal level playing field as non-Antillean born face a more cumbersome application process and higher license costs. Re-evaluating this distinction, with the intention of abolishing the difference, equalizes the constraints of licenses for both groups. Even with this abolishment, locally born people still remain a comparative advantage to non-inhabitants, as non-inhabitants require a residence (and employment) permit.
Responsible agents Ministry of TEATT
Connection to other packages n/a
Timespan Short-term

Assessment
Costs Medium. The costs consist of several aspects. First, it consists of human resources (legal expertise) preparation costs to re-evaluate the distinction between Antillean-born and non-Antillean born. Secondly, it generates operational costs as the government revenue decreases. Non-Antillean born namely require additional licenses compared to Antillean-born. The yearly amount of issued licenses by non-Antillean-born that do not have to be issued by Antillean-born can give a direction of the foregone government income.

Feasibility High. The legal expertise required for this project is likely scarce in Sint Maarten. Some legal expertise should possibly be hired from abroad, which creates some additional restrictions. On the other hand, this measure requires little additional funding, and can be implemented in isolation without the need of further research. Potential side-effects could be lower barriers for foreigners to establish a business in Sint Maarten and thus increase immigration.

Impact Medium. The abolishment will lower time and (opportunity) costs for non-Antillean-born. Barriers for new (non-Antillean-born) entrepreneurs are removed. Removing the distinction also reduces the administrative complexity for the government and the applicants.

Acceptance Medium. There are grades of acceptance depending on different views/perspectives. Re-evaluation and potentially abolishment of the policy distinction can likely lead to resistance from the Antillean-born population, politicians, entrepreneurs and civil servants. Important to design the measure in such a way that it doesn’t limit the possibility of Antillean-born population but expands those of the non-Antillean born. Also, it is important to acknowledge that a small island like Sint Maarten might require restrictions on who can come to the Island and work there. There is, however, no need to incorporate that in the business licence procedures.

Priority Medium. This measure contributes to a more equal level-playing field for Antillean-born and non-Antillean-born that have been living in Sint Maarten for several years. As the feasibility is high, costs are medium and there is a medium impact, this measure is given a medium priority.

1.6 Allocate authority for decision making on all licenses to the SG or the head of department of the relevant department.

Measure 1.6

Overview

Issue Currently, the Minister of TEATT needs to give the final approval of the license/permit, while the department has already prepared the process and a view on whether or not licenses should be granted. This may lead to delays in the license approvals. Also, the Minister has discretion in granting licenses and can depart from internal policies if he or she deems this necessary.
SPURING ENTREPRENEURSHIP IN SINT MAARTEN

Description
This measure proposes to allocate the decision making for licenses and permits to the SGs of a ministry or the department head of the relevant department. Some types of licenses may be exempted because they have a substantial impact in Sint Maarten. The department has already prepared the process and a view on whether or not licenses should be granted. This measure can be achieved in two ways: It can either be done through a mandate or the law must be amended. A mandate would suffice in case of allocating to a head of department, but not in case of an SG because of the legal structure of a ministry. However, a mandate can easily be revoked when a new minister is in place, leading to inconsistent policy. This has happened in the past. Amending the law to allocate the authority for decision making to a department head or the SGs is thus a more consistent and hence recommended approach.

Rationale
Allocating the authority for decision making on all licenses to the SGs of the respective ministries lowers the discretion of the application and shortens the waiting-times for entrepreneurs. Entrepreneurs can start their business faster, lowering the opportunity costs.

Responsible agents
TEATT. However, all authorities that issue licenses and permits should be involved in this measure.

Connection to other packages
n/a

Timespan
Short-term

Assessment

Costs
Low. Costs of preparation are limited to the assessment of how to implement the measure legally. Currently, the Minister has the formal decision-power, sometimes resulting in a second after the other officials at the Ministry have already reviewed the application.

Feasibility
Medium. This measure requires little additional funding, the required expertise is available on the island, and can be implemented in isolation without the need of further research (apart from the legal assessment). Nor is there a risk for potential negative side effects. In the end, the measure only requires a change in the law.

Impact
Medium. Delegating authority results in shorter processing time of applications, thereby saving time for both the applicant and the issuing authority. In addition, the time savings result in lower opportunity costs for applicants (for the waiting period in which the business remains inactive) as well as a saving of (human) resources for the issuing authorities.

Acceptance
Low. This measure will probably be welcomed by (potential) applicants, but is likely to face political resistance as the Minister will lose part of the decision power.

Priority
High. This is a relatively cost-effective measures that can be installed quickly, whilst it has an immediate effect on one of the stumbling blocks in Sint Maarten: the long processing time of licenses and permits.

1.7 Abolish or substantially lower the yearly fees for some licenses.

Measure 1.7

Overview
**Issue**
A fee must be paid for the licenses and permits, often on an annual basis. This is in contrast to other (nearby) jurisdictions. As costs of licenses and permits are also considerable, the financial burden of obtaining and maintaining a license can be quite high. This increases the costs of doing business in Sint Maarten and may raise the barriers (to entry) for potential entrepreneurs.

**Description**
This measure proposes to abolish or substantially lower the yearly fees for some licenses. Abolishing is the most extreme form as this implies that the license fee is only paid once the license is approved. Substantially lowering the yearly fee is an intermediate form between the current situation and completely abolishing the yearly fee. Revenue loss will need to be estimated if a policy is to be abolished.

**Rationale**
Licensing fees should not be a source of income for the government but instead at most cover operational expenses for the service provided to a firm. It lowers the costs of doing business and as a result reduces barriers (to entry) for potential entrepreneurs. Note: As the government is currently dependent on the (annual) fees from the licenses and permits, simply abolishing or substantially lowering the yearly fees will cause financial problems at the government. This measure should therefore go hand-in-hand with a tax reform.

**Responsible agents**
TEATT. However, all authorities that issue licenses and permits should be involved in this measure.

**Connection to other packages**
Foregone government income could (partly) be substituted with a tax reform – C.1: Fiscal reform to create an attractive climate for local and foreign investors.

**Timespan**
Medium-term

## Assessment

### Costs
**High.** The preparation costs of this measure are low, but the operational costs (foregone revenue) are substantial. At the moment, the government obtains 5-10 percent of its income from license fees. Removing or substantially lowering the yearly licence fees, significantly reduces government income. However, this could be (partly) offset by increased tax incomes. In the long run, the abolition of the yearly license fee can lead to more tax-paying businesses. In addition, abolishing certain fees will also reduce government administrative costs. As part of the preparation, one should make an assessment of the potential impact on government revenue.

### Feasibility
**Medium.** This measure has a low complexity in the sense that it does not require specific expertise or many (human) resources. However, it does require an analysis of the financial impact and from a budgetary perspective needs to be closely coordinated with the fiscal department / Ministry of Finance. Furthermore, the measure could go hand in hand with a tax reform and thus a close connection to the part of the country package C.1.

### Impact
**High.** The impact of this measure is high, as the license and permit fees are a financial burden for entrepreneurs. The removal of the annual fee will a) increase the profitability of existing business and potentially b) attract new businesses, thereby contributing to an improvement of the entrepreneurial climate in Sint Maarten.

### Acceptance
**Medium.** The measure will be welcomed by (new) entrepreneurs but is expected to face resistance from parts of the government (e.g. the Ministry of Finance / Fiscal department) due to the loss of income.
Priority **High.** The yearly license fees are a real financial burden for entrepreneurs and are also not present in similar jurisdictions like Aruba and Curaçao. Although the costs are substantial, a revision of the licensing system is crucial for spurring entrepreneurship on the island.

### 1.8 Replace (ex-ante) operational checks with respect to restaurant, bars and cafés, with (ex post) requirements for compliance and apply risk-based supervision.

#### Measure 1.8

**Overview**

**Issue**

An operational license is needed for businesses to provide certain types of additional services. This license is only mandatory for some types of businesses (often in relation to bar, restaurant, and hotel services). Before getting an approval on the license, advice needs to be sought from the following departments: Inspectorate of Public Health, Fire Department and Department of Inspection TEATT. This prolongs the waiting time for entrepreneurs and this comes with high (opportunity) costs, as entrepreneurs are not allowed to do business while costs are accumulating. The VSA wants to create an additional operational permit for the establishment of a restaurant, supermarket, vendor, coffeehouse etc. This permit does not exist currently. If this permit will be implemented, the requirements for this new operational permit should also be checked ex post.

**Description**

This measure proposes to replace the ex-ante operational checks to an ex-post check. This implies that entrepreneurs obtain their operational license directly after application. The entrepreneur can start the business while waiting for the operational check of the relevant department. If the ex-post check states that the entrepreneur fulfills all criteria, the entrepreneur keeps the license. If the criteria are not fulfilled, the license is withdrawn.

**Rationale**

When replacing the ex-ante operational checks to ex-post, entrepreneurs can start doing business right away. It removes the period when costs are already occurring but revenue cannot be generated yet. This measure thus improves the entrepreneurial climate. Note: It is essential that the criteria to obtain an operational license are clearly defined and communicated with the entrepreneur.

**Responsible agents**

Ministry of TEATT and the three inspection departments

**Connection to other packages**

n/a

**Timespan**

Short-term

**Assessment**

**Costs**

**Low.** The preparation costs of this measure are low, whilst the operational costs remain virtually constant to the current situation. The preparation costs consist of human capital/legal expertise needed for adapting the operational license requirements and procedures. The measure does not require additional checks, but only changes the timing of it.

**Feasibility**

**High.** The internal procedures need to be adapted, but the measure is not dependent on external expertise, public funding or the implementation of other projects. The thoroughness and the number of checks also do not change, only the timing of it.
Impact  **High.** This new measure ensures that entrepreneurs do not have to wait for the required checks before they can obtain their operational license. Entrepreneurs can start right away and hence can generate revenue from the beginning. This lessens the barriers for growth and business entry.

Acceptance  **Medium.** The acceptance from entrepreneurs is likely to be high, as the waiting time is reduced and they can start earlier with the revenue generating activities. More resistance is expected from the government and the three inspection departments, as it reduces their control over (new) businesses to some extent. In addition, it might require a larger burden of proof for the authorities, because negative judgement results in firms needing to terminate their operations (rather than preventing them from starting).

Priority  **High.** The relatively low costs and high impact, together with the high feasibility, gives this measure high priority.

### 1.9 Create a lex silencio positivo for licenses

#### Measure 1.9

<table>
<thead>
<tr>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
</tr>
<tr>
<td>The current process of getting a license is for many entrepreneurs very burdensome and slow. As a consequence, businesses face the risk of a long waiting time to obtain the license(s). At the same time, they are often already making costs. If the licensing process takes too long, these expenses can force an entrepreneur into financial problems before he or she has even started.</td>
</tr>
</tbody>
</table>

| Description |
| Lex silencio positive (Latin for ‘legally positive in silence’) is a legal term indicating that sometimes a license or permit is granted without it being explicitly approved. This may be the case when the administrative department does not respond or decide on the permit application within the required period. The license or permit is then considered to have been granted ‘by operation of law’ or ‘tacitly’. Some licenses may be exempt from this law, if public interests require so (examples may be casinos or brothels). |

| Rationale |
| Imposing a lex silencio positive limits the time frame for obtaining a license. Entrepreneurs have certainty that their application will be approved or rejected within a certain time frame. This limits the application time and opportunity costs, and moreover reduces uncertainty for entrepreneurs. |

| Responsible agents |
| All departments with licenses and permits. |

| Connection to other packages |
| B.11: A digital government environment and digital services |

| Timespan |
| Medium-term |

#### Assessment

| Costs |
| **Medium.** The costs of this measures are medium: 1) a registration-system that supports the application process and provides internal red flags to be able to prioritize efforts 2) costs to ensure enough human resources to respond to the requests in a timely manner. In addition, the law has to be written, which requires legal expertise and leads to human resource costs. |
SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

Feasibility **Medium.** The complexity mostly lies in the registration-system that needs to 1) register when an application is filed, 2) monitor when the deadline has passed, 3) automatically register the approval once the deadline has passed and subsequently inform all the relevant stakeholders. Hence, this measure should be combined with the general digitalization of the government. Besides, the capacity at departments could be insufficient. In that case, human resources from abroad could be needed. Potential side-effects can be minimised by excluding certain sectors from this ‘semi-automatic approval’ and by ensuring a proper IT-infrastructure and enough human resources. Moreover, the terms should be in line with the Landsverordening administratieve rechtspraak van Sint Maarten regarding terms for decisions by governing entities.

Impact **High.** This addresses (part of) two stumbling blocks in Sint Maarten: uncertainty and the general processing time. The high uncertainty disincentives entrepreneurs from starting a business in Sint Maarten, while the long processing time results in undesirable situations in which entrepreneurs face costs but cannot generate revenues for a relatively long time (opportunity costs), or in which they choose to be in operation without a license.

Acceptance **Medium.** On the side of the entrepreneur, acceptance will be high as it reduces uncertainty and overall waiting time. However, there is the risk that parts of the government administration will be reluctant as it 1) increases time pressure, and 2) reduces part of the authority/decision power (i.e. a loss of control).

Priority **High.** It is crucial to streamline the licensing process for the sake of doing business in Sint Maarten. Other measures (such as simplifying or abolishing licenses) might result in a timely approval/rejection of applications, reducing the impact of a lex silencio positive.

1.10 Re-evaluate the object and necessity of moratoria and formulate a proposal to loosen or abolish part of the moratoria

**Measure 1.10**

**Overview**

**Issue** Approval of applications for some sectors is subject to moratoria. These are rules that put a maximum on the number of businesses operating in a certain market sector. Not all moratoria might have sufficient economic or public interest necessity, and consequently unnecessarily restrict economic development.

**Description** This measure proposes to re-evaluate the object and necessity of moratoria with the intention to examine the need of the moratoria. If the objective of the moratoria is not in line with the current economic situation, the moratoria should be adapted or abolished (partly). Note: if loosening or abolishing a cap on the number of businesses operating in a certain market sector harms public interest, a moratoria should not be loosened or abolished.

**Rationale** As the optimal number of businesses active in a section market sector is determined by politicians instead of market forces, this could lead to a non-optimal market outcome. Also, a (regulated) cap on number of businesses operating in a certain market sector can encourage favouritism and leads to rent-seeking. The high costs of obtaining a license in the secondary market unnecessarily raise the costs of doing business.

**Responsible agents** TEATT

**Connection to other packages** n/a
Timespan  
Short-term

**Assessment**

**Costs**  
*Low.* Each moratorium should be assessed thoroughly on its economic and social relevance and effectiveness to determine which moratoria should be maintained and which sectors can be “regulated” by the market. The costs consist of the human resources to perform this review and formulate a proposal.

**Feasibility**  
*High.* The project can be performed by a single department and is limited in scope.

**Impact**  
*Medium.* The moratoria limit entrepreneurs from entering a market. Abolishing some will increase competition in a limited number of markets. Since market forces often determine the optimal market outcome (number of businesses), the market can in many cases determine the number of players in the market as long as negative externalities are absent or limited. Also, reducing the number of moratoria is likely to curb abuse of the licenses through renting them out illegally that occurs in practice. Finally, the reduction will lower the operational costs of maintaining the system of moratoria.

**Acceptance**  
*High.* This measure may generate resistance from businesses that are currently in a market with a moratorium expecting increased competition or other stakeholders that benefit from the system of moratoria. However, increased competition is beneficial for other stakeholders, including new entrants, and overall acceptance is expected to be high.

**Priority**  
*High.* The project is feasible, has relatively low costs, while acceptance is medium. The project can be realised fairly quickly. All in all, priority is high.

1.11 Make lending or renting of licenses in sectors with moratoria illegal and enforce this.

**Measure 1.11**

**Overview**

**Issue**  
The system of moratoria creates an incentive for those who hold scarce licenses for particular activities to rent them out, as some licenses are worth a multiple of the actual license fee. This creates an informal secondary market for licenses.

**Description**  
Preventing lending or renting of licenses in sectors with moratoria implies that this action should be illegal. This might currently not be the case for all types of licenses. This should be assessed and, if necessary, changes so that this is not allowed. Subsequently, these rules should be enforced.

**Rationale**  
The current status leads to rent-seeking behaviour and an inefficient allocation of licences. Also, it raises costs for those who have to obtain a licence in the secondary market. Enforcing illegality will make lending or renting out licenses in sectors with moratoria less attractive. Consequently, rent-seeking behaviour decreases and licenses can be allocated more efficiently.

**Responsible agents**  
TEATT and the police

**Connection to other packages**  
E2: Counteraction of informal economy and illegal labour
Timespan

Medium-term

**Assessment**

**Costs**  Medium. Enforcing compliance increases operational costs: it requires extra police deployment, ex post administrative follow up in case of fines, and legal costs when cases end up in court.

**Feasibility**  Medium. The capacity (and willingness) to enforce compliance may generate complications. It may be difficult to assess whether the use of a license is illegal in some cases, while authorities may be reluctant to repeal licenses.

**Impact**  Medium. Renting out licenses in sectors with moratoria creates unequal competition between entrepreneurs. Since only part of the licenses that are in sectors with a moratorium and an only part are rented out illegally, the impact of the measure is medium. The impact will be to reduce income of those who now benefit from illegally renting licenses but increase income from those who are now forced to pay large sums for these licenses. Also, it will increase business dynamics. It also reduces the incentives for favouritism in the licensing process.

**Acceptance**  High. Resistance to this measure may come from people/business that lend or rent out licenses illegally. This is a limited group.

**Priority**  Medium. This measure is important to create equal competition between entrepreneurs. However, since it comes with extra costs while it does not target many cases, we give the measure a medium priority.

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1.12 Establish clear transparent ex-ante rules on when moratoria may be applied to certain sectors

**Measure 1.12**

**Overview**

**Issue**  The absence of clear ex ante rules leads to a non-optimal number of moratoria.

**Description**  The measure proposes to establish clear transparent ex-ant rules on when a moratorium may be applied to a certain type of license or economic sector. A moratorium should only be applied when there is a clear public policy objective whose benefits outweigh the costs of distorting market outcomes.

**Rationale**  This measure reduces market distortions and increases transparency and certainty for entrepreneurs.

**Responsible agents**  TEATT

**Connection to other packages**  n/a

**Timespan**  Short-term

**Assessment**
**Package 2: Digitalize and centralize all licensing procedures and digitalize tax payment office**

**Summary of package**

Administrative costs for entrepreneurs to start and run their business are unnecessarily high due to a lack of digitization of government services. This applies to both license application and payment processes as well as filing and paying taxes. Further digitization of government services reduces administrative costs and frictions, saving entrepreneurs time and allowing them to focus on growing their business. We note that these measures may be related to different work packages in the Country Package specifically B.11: A digital government environment and digital services.

### 2.1 Digitalize the licensing process and create a virtual one stop shop for initializing an application, following the process and making payments for all licenses.

**Measure 2.1**

<table>
<thead>
<tr>
<th>Overview</th>
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**Issue**

Many steps in the licensing process have to be done manually or require physical visits to government institutes. In additional, there are duplications in information that needs to be provided to different authorities. This makes the application process highly time-consuming and inefficient. In addition, various licenses have to be demanded at different government bodies, that do not coordinate or communicate efficiently. This further increases the process time and complexity.

**Description**

This measure proposes to make the licensing process available online (digitalized). This will also include the new proposed additional operational permit for the establishment of a restaurant, supermarket, vendor, coffeehouse etc. by the VSA. Secondly, it proposes a virtual one stop shop, where all required licenses needed for an entrepreneur to do business, can be applied for at the same time and the same (online) place. The one stop shop is virtual (perspective of the entrepreneur) as the responsibilities of the respective authorities remain in place.

**Rationale**

This reduces administrative burden for both entrepreneurs as for the government, facilitates coordination between departments, and will help in reducing discretion in the licensing process.
Spurring Entrepreneurship in Sint Maarten

Responsible agents
TEATT, other departments involved in licensing

Connection to other packages
B.11: A digital government environment and digital services

Timespan
Long-term

Assessment

Costs
High. The costs of this measure are high, as it requires 1) the functioning of digital infrastructure that encompasses licencing 2) human resources to create well-defined licensing processes and 3) costs to train the staff in the use of the software. These factors cause high costs of the implementation. After implementation of this measure, the costs related to maintenance and updates.

Feasibility
Medium. This measure is complex for several reasons. First, it requires a coherent overview of the licensing process. Furthermore, a well-function IT system is a pre-condition to be able to implement this measure. Setting up an IT system is costly and quickly runs into resource constraints. Also, staff needs to be trained to be able to use the new software. Currently there are large differences between ministries regarding the level of digitalization, but TEATT is a frontrunner in this aspect. A bottleneck occurs where connections to other, less digitalized, departments, such as the fire department or hygiene department come into play.

Impact
High. It reduces the administrative burden for the government, helps to facilitate the coordination between departments and will contribute to reduce discretion in the licensing process. In addition, one central and digital application point makes the application process for entrepreneurs less complex and less time-consuming.

Acceptance
High. All stakeholders (entrepreneurs, civil servants, ministries, politicians) would welcome further digitalization. The Ministry of TEATT is currently already in the first phase of digitalizing the licenses application process. This measure aims to first optimize the process before digitalizing it.

Priority
High. Although the costs of this measure are high, and feasibility is medium, it is of vital importance for efficient entrepreneurship on the island. Furthermore, the measure is part of the digitalization process of the government and can best be implemented simultaneously/after the digitalization.

2.2 Digitalize tax office

Measure 2.2

Overview

Issue
Paying taxes is complex and it is mostly done in cash. This creates unnecessary costs for firms and the government. The tax office is not digitalized and is understaffed.

Description
Both the front- and the back-office of the tax office must be digitalized. Digitalizing the tax office implies that paying taxes should be possible to do online. Online payments should become the norm and replacing cash transactions. All physical interaction should be removed from the process.
Rationale
Paying taxes is a disproportionally high administrative burden due to the lack of digitalization. Digitalizing the tax office lowers the administrative burden for both entrepreneurs and the government significantly, and it provides a clear overview of tax revenue and tax burden.

Responsible agents
Tax office

Connection to other packages
B.11: A digital government environment and digital services
C.4: Modernization of the tax office

Timespan
Long-term

Assessment
Costs
High. Progressing from an analogue to a digital tax office is probably characterized by non-negligible start-up costs. A manager (human resources) is required to coordinate the project. In addition, there are high preparation costs that are the result of drawing up the plan how and what to digitalize. However, working with a digital system should be more efficient (time- and money-wise) for both the supplier (tax office) and the user (taxpayer) in the medium- to long-term.

Feasibility
Low. Similar as 3.1, the transition will be even more complex because the history and back-log of tax applications will have to be transferred to a new system, but once the system is up and running, it should be easier to work with.

Impact
High. The digital system should result in time-saving for entrepreneurs in Sint Maarten. In addition, an online system that can be consulted by the taxpayers themselves, contribute to increased transparency and certainty.

Acceptance
High. Given that a transition is beneficial to both the supplier and the user, there is little reason to suspect strong opposition.

Priority
High. It is highly advised to start this transition. However, this transition alone is far from sufficient to significantly improve the business climate in Sint Maarten.

2.3 Digitalize administration at Kadaster

Measure 2.3

Overview
Issue
Kadaster database is currently not digitized. Although the property registration at the Kadaster is fairly quick, the register is not transparent.

Description
Digitalizing the administration of the Kadaster implies converting the administration to an online register and administration.

Rationale
Digitalizing the administration at the Kadaster makes property registration more transparent and clearer. This provides insights to entrepreneurs and the government, for example where current businesses are located. Also, when the Kadaster is digitalized, it can be linked to other (digitalized) government entities, which is required to ensure one complete digitalized government and reduces the cost of doing business.

Responsible agents
Kadaster (Cadastre & Land Registry)
Connection to other packages: B.11: A digital government environment and digital services
Timespan: Long-term

Assessment

Costs: Medium. Requires creating an online system and putting all information online.
Feasibility: Low. Similar to 3.1/3.2
Impact: Medium. Although the Kadaster has not always functioned effectively, interview partners noted that registration at the Kadaster is currently fairly quick. For this reason, the potential impact from digitalization is lower than in other areas.
Acceptance: High. No significant resistance is expected.
Priority: Medium. Given that registration at the Kadaster is currently already fairly quick, this is not earmarked as a high-priority area.

Package 3: Bolster entrepreneurial (access to) knowledge and skills

Summary of package
To operate their business effectively, entrepreneurs need access to information and knowledge as well as have or develop entrepreneurial skills. Policy package 2 focusses on bolstering access to knowledge and information as well as skills. These actions and measures focus on the public provision of relevant information for entrepreneurs about setting up and running a business, as well as providing schooling, training and coaching for both current and potential entrepreneurs.

3.1 Create a centralized, complete, up-to-date, and online overview of the required steps to establish businesses of various types, including required documents and a real-time list of moratoria.

Measure 3.1

Overview

Issue: Currently, the steps that have to be taken to establish and run a business are unclear. Information is lacking or scattered across different institutions. In addition, some requirements are not formally communicated, but only known internally within the department, or by specialized service providers such as notaries. As a clear overview is lacking, it is complex for an entrepreneur to establish a business independently. The same holds for moratoria. When moratoria change, the information and the allocation of licences that become available is unclear. The government website does not list the moratoria that are currently in place. This makes it difficult for entrepreneurs to obtain relevant information on the moratoria and to react accordingly.

Description: This measure proposes to create a centralized, complete, leading and online overview of the required steps to establish business of various types, including required documents and a real-time list of moratoria. This overview should provide all relevant information for entrepreneurs. The government should validate and collect the information. This can be put online on their website, so that other parties, like the CoCI, the notaries and the government have access to the same information. The CoCI can assist to promote the overview once finalized.
SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

Rationale
Currently it is very difficult for entrepreneurs to obtain relevant information. Creating a centralized, complete, leading and online interview will provide entrepreneurs with this information. The steps to establish a business will be clearer and this improves transparency and business certainty.

Responsible agents
TEATT

Connection to other packages
B.11: A digital government environment and digital services.

Timespan
Short-term

Assessment

Costs
**Low.** The costs of this measure are human resources costs to collect all relevant information and to place it in a comprehensive overview online. Subsequently, some human resources are also required to keep the overview up-to-date after implementation. There might also be IT costs of hosting and managing a webpage.

Feasibility
**High.** The ministries that issue licenses and permits should provide correct and complete information. Feasibility is high as the information can simply be added to the website of the government and CoCI. Information is available, but not always centralized or publicly. Hence it is mostly about the collection of relevant information and creating a comprehensive overview. An important issue is how to create incentives to keep the information up-to-date.

Impact
**High.** The impact is high. The information is highly visible. With an up-to-date overview, entrepreneurs are better able to prepare themselves for opening a business, thereby increasing the efficiency. Furthermore, they can make better business decisions if information is publicly available.

Acceptance
**High.** The acceptance is likely to be high, as entrepreneurs have easy access to relevant information and it costs relatively little effort to set up such a system. The CoCI has already made a big first step. On their website the provide an overview of some of the steps that are required to establish a business.

Priority
**High.** A clear and informative overview of the steps that entrepreneurs need to take is currently lacking. An overview can lower the time for entrepreneurs to establish a business and improve business decisions.

3.2 Teach business administration skills in secondary school

Measure 3.2

Overview

Issue
(Aspiring) entrepreneurs often lack (financial) knowledge and there is no ecosystem that provides easy access to education.

Description
Teaching business administration skills in secondary school implies that students/pupils can follow (a) business course(es) in secondary school.

Rationale
Teaching basic administrative and financial skills at a young age will improve entrepreneurial quality. It may also encourage students/pupils to become an entrepreneur later on in life.
SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

Responsible agents
OCJS (Onderwijs, Cultuur, Jeugd en Sport)

Connection to other packages
G1: Education

Timespan
Medium-term

Assessment

Costs
Low. The preparation costs are relatively low: one only needs to develop a curriculum, potentially based on existing curricula. In addition, teachers should be trained to cover this issue in secondary school. However, opportunity costs are also present, as one or more subjects in the current curriculum needs to be removed or shortened to make place for this business course. An alternative could be to add the subject as an ‘additional subject to the curriculum’ for those aspiring to become an entrepreneur. Operational costs mostly consist of keeping teacher up to date regarding the curriculum, whilst additional human resources are needed in case the business course is added as an ‘additional subject’.

Feasibility
High. Business skills are already be taught in some schools. In case the business course is a substitute, the feasibility is high as (economics) teachers are in principle available at schools and should be able to teach these courses after having received training. If the business course is an addition to the existing curriculum, the feasibility is lower due to the need for additional teachers, which are not necessarily readily available in Sint Maarten. Moreover, the measure is most likely not dependent on external expertise. It could for example be taught by economics teachers.

Impact
Medium. Not all attendants to secondary school will become an entrepreneur, nor do all entrepreneurs already know at a young age that they wanted to become one. Therefore, there is a probability that the (optional) business courses are not provided to the specific group that needs it. However, Sint Maarten has roughly 4000-5000 firms and 40,000 inhabitants, which means that many will at some point in their lives become entrepreneurs.

Acceptance
Medium. Business courses (either as a mandatory or a supplementary subject) add to the discussion of what to include in the curriculum given time requirements and potentially demand extra work for the teachers. Moreover, business courses are not necessarily relevant for all pupils.

Priority
Medium. Given the medium impact and acceptance of this project we classify this as medium priority.

3.3 Providing entrepreneurs with a standardized information package online on taxes, business administration, labour requirements when registering at CoCI.

Measure 3.3

Overview

Issue
Aspiring entrepreneurs often lack (financial) knowledge and business knowledge as information is not readily available.

Description
This measure proposes to provide every new entrepreneur with an online information package on relevant business topics when they pick up their registration. The package is recommended to be online but could be provided on paper whilst digitalization is not completed. For a proper implementation there needs to be full cooperation with the Ministry of Finance and TEATT to obtain the relevant information.
Rationale
Starting entrepreneurs will receive easy access to information that will help them coping with these aspects of doing business. Better informed entrepreneurs can make better firm decisions, which will benefit their business.

Responsible agents
TEATT and CoCI

Connection to other packages
n/a

Timespan
Short-term

Assessment

Costs
Low. The preparation and operational costs of providing this information is relatively low. Often, this information already exists and only needs to be collected and presented to entrepreneurs at a digital centralized place (preferably in a digital format).

Feasibility
High. Only an online centralized place needs to be developed that is up-to-date and accessible for all (potential) entrepreneurs, as the information itself is generally speaking readily available (the CoCI is already working on providing information to entrepreneurs in a comprehensive and standardized way). Also, the Business Centre of the CoCI is a place the CoCI provides business support and the do’s & don’ts when operating a business. Moreover, the measure is not dependent on external expertise or the implementation of other projects.

Impact
Medium. It is essential for potential entrepreneurs to know what the requirements are and which actions they need to undertake in order to open a business. In addition, the absence of clear information results in uncertainty, which is in itself a barrier for investment/entrepreneurship. However, entrepreneurs can currently already this information via alternative ways (e.g. CoCI or the notary), but increased information provision could help lowering the barriers for entry and for running a business.

Acceptance
High. It is unlikely that any party is opposing the clear provision of information.

Priority
High. Information provision is one of the easiest and cost-efficient ways to foster entrepreneurship in Sint Maarten.

3.4 Provide (online) education programs on taxes, business administration, labour requirements

Measure 3.4

Overview

Issue
(Aspiring) entrepreneurs often lack (financial) knowledge. The CoCI has taken a first step to provide business courses on an open platform to teach entrepreneurs additional skills/knowledge.

Description
This measure implies providing (online) education programs on relevant topics like taxes, business administration and labour requirements. This program should be a supplement to the business seminars of the CoCI.

Rationale
Entrepreneurs looking for information on these aspects will have easy access to the required information. Better informed entrepreneurs can make better firm decisions, which will benefit their business.
Responsible agents: The Ministry of TEATT, CoCI, and Ministry of Finance.

Connection to other packages: n/a

Timespan: Medium-term

Assessment

Costs: Low. The preparation and operational costs of this measure are relatively low. These could be elaborated and dispersed further at little additional costs, especially if provided online. These courses can either 1) be interactive courses (online or physical) or 2) can be constructed as a video. If the former, the measure requires additional human resources during the operational phase. If the latter, the measure requires additional human resources for developing the video during the preparation phase. The costs are expected to be lower in the second scenario. Costs for the government may be lowered by charging a fee to entrepreneurs for this education.

Feasibility: High. One can build on the (online) business workshops already done by the CoCI and the measure is not dependent on external expertise or the implementation of other projects. In addition, Qredits provides coaching programmes to loan applicants (on a small scale). If the courses are provided in an interactive manner, the implementation is depending on the availability of teachers/course providers. Furthermore, this measure can be completed independently and nor has many potential side-effects. Finally, ministries should get involved in developing this by providing funding and input for the education programs.

Impact: Medium. Once the courses are online, everybody will be able to follow them. Thus, entrepreneurs looking for information and learn new skills will be able to do so at no costs. Providing business courses to those who need it, will increase the capacity of existing and new entrepreneurs. However, to some extent, these parties already have access to the workshops provided by the CoCI (and there are no signs that the demand is currently higher than supply).

Acceptance: High. In case the required human resources are freed up, this should be easily accepted by the provider (who can potentially develop this into a business model itself) and the recipient (who can improve its business skills).

Priority: High. Given the medium impact of the project, we classify it as medium priority.

3.5 Stimulate coaching programs for starting entrepreneurs.

Measure 3.5

Overview

Issue: The number of coaching programs for (starting) entrepreneurs is limited. This increases the barrier to obtain knowledge and information on starting and running a business.

Description: Stimulating coaching programs implies subsidizing business courses for (starting) entrepreneurs.

Rationale: Stimulating coaching programs will increase the number of business courses available for (starting) entrepreneurs. These courses can help starting entrepreneurs to improve business and administrative skills.
### Responsible agents
- **TEATT**

### Connection to other packages
- n/a

### Timespan
- Medium-term

#### Assessment

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td><strong>Medium.</strong> The preparation costs are relatively low as one can build on the already existing coaching programmes (e.g. Qredits, while there are also other private companies active in the coaching industry in Sint Maarten). The government could connect to these existing initiatives. The costs of subsidizing the programs will be more costly.</td>
</tr>
<tr>
<td>Feasibility</td>
<td><strong>High.</strong> One can build on the work that is already done. The measure is not dependent on external expertise or the implementation of other projects. The implementation is however depending on the availability of coaches.</td>
</tr>
<tr>
<td>Impact</td>
<td><strong>Medium.</strong> Providing coaching programmes will have some impact, but it is unclear how big this impact is. Providing coaching programmes to those who actually want to become an entrepreneur is more efficient and probably more effective than adding a business course to the secondary school curriculum. Moreover, these programmes do not necessarily have to be provided at no cost. Programme fees could be used to market/expand the programmes, thereby possibly also contributing to government income.</td>
</tr>
<tr>
<td>Acceptance</td>
<td><strong>High.</strong> Based on the experience with Qredits, entrepreneurs seem to be enthusiastic about these kinds of programmes. With the help of TEATT, private companies can turn coaching programmes into a business model.</td>
</tr>
<tr>
<td>Priority</td>
<td><strong>Medium.</strong> Providing business courses to those who need it, will increase the capacity of existing and new entrepreneurs. However, to some extent, these parties already have access to the courses provided by the CoCI and private parties.</td>
</tr>
</tbody>
</table>
Package 4: Increase access to finance and financial market integrity

Summary of package
While obtaining credit is essential for entrepreneurs, bank risk aversion, high transaction costs due to a lack over verifiable information, and AML compliance frictions result in credit constraints for entrepreneurs. By increasing the supply of information to assess credit worthiness and by increasing guidance on AML compliance, credit market frictions may be reduced. This supports access to finance for entrepreneurs. We note that these measures may be related to different work packages in the Country Package, specifically theme D: financial markets.

4.1 Introduce a credit register bureau.

<table>
<thead>
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<th>Measure 4.1</th>
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<tbody>
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**Assessment**

- **Costs**: High. The costs of this project consist of designing and setting up a credit register and adapting the law where necessary. This leads to IT infrastructure costs, human capital costs (lawyers and IT specialists) and also, the credit register has operational costs, while banks and other lenders will incur administrative costs.
- **Feasibility**: Medium. First, the credit register should be designed with efficiency and privacy guarantees. This requires expertise on this topic. Furthermore, a properly functioning IT infrastructure is a precondition and the credit register should be regulated and updated. Also, a credit register should be mandated by law.
- **Impact**: High. By introducing a credit register, available information for banks on credit histories of firms and entrepreneurs will improve. Consequently, firms have better access to finance.
- **Acceptance**: Medium. A credit register improves firms access to finance by giving banks better insights in the financial status of the parties they lend to. However, administrative burden for firms will rise. This might lead to opposition from entrepreneurs and politicians.
Priority **Medium.** This measure will improve financial access of firms and thus stimulate entrepreneurship. As it requires a properly working IT infrastructure, that is now available yet, this measure has a medium priority.

### 4.2 Require BVs and NVs to file annual reports with CoCI.

#### Measure 4.2

**Overview**

**Issue**

Banks lack credible information on the creditworthiness of loan applicants. Firms often do not have solid financial administration and lack annual reports. Although it is in theory mandatory to set up annual reports, it is not mandatory to fill them. Also, the Tax administration does not provide incentives for firms to keep sufficiently good financial administration.

**Description**

This measure proposes that BVs and NVs should not solely set up annual reports but also file them annually with the CoCI digitally. Some businesses already do file their reports on paper but there is little compliance to file the reports annually. In addition, the annual reports should be accessible to outside parties.

**Rationale**

Filing annual reports will force firms to improve their financial registration. This will result in better financial information when firms apply for loans, and hence improve financing possibilities for entrepreneurs in the long run. Additionally, firms looking to do business with each other can verify each other’s financial health, reducing risk. In the short-term however, this will result in extra administrative costs for entrepreneurs and the CoCI.

**Responsible agents**

TEATT, CoCI, Ministry of Justice

**Connection to other packages**

D.1: Comprehensive review of the financial sector

**Timespan**

Long-term

#### Assessment

**Costs**

**Medium.** The costs consist of three parts: 1) the law must be changed such as to make the requirements explicit. This requires legal expertise. 2) Staff of the CoCI must check which firms have filed their annual report and which have not. If a firm has not filed its annual report, these firm must be alerted to deliver this report. 3) firms will incur extra administrative costs because they have to produce the reports.

**Feasibility**

**Medium.** Implementing this is somewhat complex. The law (registry ordinance) must be amended to make it possible to file the reports annually, as the law does currently not allow to store or receive documentation in a digital format. Also, annual reports must be checked and firms that do not file their report must be alerted, which requires a sufficiently developed IT system. This might be an issue for CoCI.

**Impact**

**Medium.** Filing annual report will force firms to improve their financial registration. This will result in better financial information when firms apply for loans.

**Acceptance**

**Low.** Filling an annual report creates additional workload for both entrepreneurs. This might lead them to oppose the measure. It also leads to an extra workload and IT requirements for CoCI, which might induce resistance.
Priority: Low. This measure is more complex and costly to implement and further assume resistance from entrepreneurs and staff of the CoCI. Although this measure will contribute to a better financial situation of firms, the priority is low.

4.3 Develop a proposal for government financial involvement in SME financing, possibly a guarantee scheme.

Measure 4.3

Overview

Issue
Banks have high collateral requirements, which make it very difficult for entrepreneurs to obtain a loan as they often have little collateral to offer. Many entrepreneurs also lack financial skills, while credible credit information is not readily available. The introduction of Qredits has been a welcome addition to the financial sector. Qredits is effectively the only possibility for starting entrepreneur to get a loan but suffers from capacity constraints and limited back-office capacity. Also, it aims to be self-sufficient in serving the market resulting in relatively high interest rates.

Description
This measure proposes to involve the government in financing for SMEs to increase credit possibilities for starting entrepreneurs by developing a guarantee scheme where the government guarantees a part of the loan provided by private financiers. A design feature should be which private financiers other than banks can actually use the scheme.

Rationale
The root causes of limited access to credit are threefold: limited risk appetite at banks, limited collateral availability with entrepreneurs, and a lack of administrative and business skills with entrepreneurs. A properly designed guarantee scheme would address the first two root causes.

Responsible agents
TEATT, Ministry of Finance

Connection to other packages
D4: Modernization of known deficiencies in laws and regulations

Timespan
Medium-term

Assessment

Costs
Medium. Drafting a proposal requires legal expertise, although the government can use existing guarantee schemes as examples to decide on the specifications. The main costs are financial (the funding by government that has to be provided) and human resources (the scheme has to be administered). The financial costs of a guarantee schemes can be managed by a proper design of the scheme. Another possibility is that the guarantee scheme is funded and run from the Netherlands, which would lower costs.

Feasibility
High. Drafting a proposal can be complex, but the government may rely on existing (Dutch) structure/schemes and study the design of such schemes on other Caribbean islands. Regulations for the Dutch BMKB are currently being adapted to Curacao, with the possibility of more widespread application from the Netherlands. This could include Sint Maarten. Moreover, there is a statement in the current coalition agreement that the Netherlands will contribute to the economic development of the Caribbean countries by opening up a guarantee scheme of the RVO, the National Groeifonds (National Growth Fund) and schemes for sustainable energy production all over the Kingdom.

Impact: **High.** Access to finance is currently a problem in Sint Maarten. This measure will make starting and upscaling a business become easier (and possibly less expensive). Potential issues involve moral hazard and crowding-out of private financiers.

Acceptance: **Medium.** The majority of the stakeholders acknowledges that access to finance is a problem in Sint Maarten that needs to be addressed. Current commercial financial institutions will also welcome such a scheme because it will reduce the credit risk they take on. However, the government can be more resistant as there is a risk that the community develops a sense of entitlement on this scheme.

Priority: **High.** This measure addresses two of the root causes of lack of access to finance.

### 4.4 Provide banks with more guidance on Anti-Money-Laundering (AML) requirements

**Measure 4.4**

**Overview**

**Issue**

Banks goldplate the AML requirements of the CBCS to be on the safe side. Suggestions in the guidelines are interpreted very strict, which then become de facto standards. This leads to banks having very stringent requirements and elaborate internal procedures when opening bank accounts.

**Description**

This measure implies that banks should be provided with more information and guidance on the AML requirements. CBCS could improve its guidance on this aspect.

**Rationale**

Part of the strict requirements arises from an unfamiliarity with the exact rules and regulation. Banks will be able to loosen requirements, which improves the access to credit and possibilities to open a bank account for entrepreneurs.

**Responsible agents**

Central Bank of Curaçao and Sint Maarten.

**Connection to other packages**

D4: Modernization of known deficiencies in laws and regulations

**Timespan**

Medium-term

**Assessment**

**Costs**

**Low.** The costs consist of preparations costs and information costs. The preparation costs are low as the staff of the CBCS needs to be up-to-speed on the AML requirements and their implementation. Hereafter, the banks need to be informed and guided on the AML requirements by the CBCS staff, this leads to information costs. For this human capital (consultants) is required.

**Feasibility**

**High.** This measure has a low complexity in the sense that it does not require specific expertise or many (human) resources, nor is it depending on other projects and departments. In addition, there is a low risk of potential negative effects. The Dutch Central Bank has recently provided banks from the BES islands with guidance through a seminar. This approach could be duplicated for Sint Maarten.
Impact **Medium.** When banks obtain more guidance on the AML requirements, risk concerning money laundering (related to the unregulated gambling sector) may be curbed more effectively. However, it might not immediately impact overcompliance. In the long run, this could reduce entrepreneurial risk and remove barriers for growth.

Acceptance **High.** This measure will probably be welcomed by all, as it mainly consists of improving knowledge, sharing insights and information.

Priority **High.** When banks align better with the AML requirements, and reduces gold-plating, this improves entrepreneurs’ chances of getting credit. In addition, costs are low, and the feasibility is high. Although the impact is medium, the relatively simple and easy implementation make this measure high priority.

### 4.5 Implement Caribbean Financial Action Task Force (CFATF) round 4 recommendations

**Measure 4.5**

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**Assessment**

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<tr>
<th>Costs</th>
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<tr>
<td><strong>Medium.</strong> Costs consist of human capital (legal expertise) to implement the CFATF round 4 recommendations. It requires an adequate and independent institutional structure and trained personnel.</td>
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<th>Feasibility</th>
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<tr>
<td><strong>High.</strong> The legal expertise required for this project is likely scarce in Sint Maarten and should possibly be hired from abroad. This requires some additional funding which creates some additional restrictions. On the other hand, the measure is not dependent on other projects. Also, Sint Maarten is in the process of becoming compliant with FATF recommendations to combat money laundering and terrorism financing. Currently, Sint Maarten is in the fourth round of the CFATF assessment, which focuses on technical compliance and effectiveness. Some stipulations still have to be translated into local legislation. This leads to an overall high feasibility of this measure.</td>
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<tr>
<th>Impact</th>
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<td><strong>Medium.</strong> Effectively complying with FATF requirements will help in tackling Sint Maarten’s image. In the long run, this could reduce entrepreneurial risk.</td>
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Acceptance: **High.** This measure will contribute to a positive image of Sint Maarten therefore probably be welcomed by all.

Priority: **High.** Money laundering and terrorist financing remain a problem in Sint Maarten. The implementation of this measure will curb these problems and tackle the image of Sint Maarten. As first steps have already been taken and costs are restricted, the measure has a high priority.

4.6 Introduce gaming control board

**Measure 4.6**

**Overview**

**Issue**

Sint Maarten is seen as a high-risk country from a money laundering perspective. Casinos are viewed as high-risk from a money laundering perspective. Regulation of the casinos is absent; there is no gambling authority or regulation. This negatively influences Sint Maarten image.

Sint Maarten is making process with the reform of its policy for games of chance and seems to be one step further than Curacao in this respect, although a gaming control board has already been implemented in Curacao. Furthermore, although there are 13 casinos in Sint Maarten, there is no significant tax on casinos or other gambling in Sint Maarten. Therefore, the IMF recommends imposing a gambling tax. 63

**Description**

This measure implies the implementation of a government agency charged with the regulation of casinos and other types of gaming firms. This gaming control board will oversee the gambling industry on the island.

**Rationale**

Gambling is generally seen as a source of money laundering. Sint Maarten has 13 casinos. Regulating gambling will therefore help in tackling Sint Maarten’s image.

**Responsible agents**

TEATT

**Connection to other packages**

H2: gaming reform

**Timespan**

Long-term

**Assessment**

**Costs**

**High.** Both preparation costs and operational costs are high. Preparation costs require human capital to investigate the set-up of the gaming board. Operational costs are the result of human resources of an active operating gaming board.

**Feasibility**

**Medium.** The required expertise for the preparation and operation may not all be available in Sint Maarten and may be obtained from abroad. This requires some additional funding which creates some additional restriction. In addition the new legislation has to be approved by parliament and the gaming board needs to be installed. On the other hand, the measure can be implemented in isolation. Also, the IMF has proposed setting-up a gambling board. A proposal exists since 2014 and draft regulation is also available.
Impact **Low.** Complying with the FATF requirements is expected to be the largest contributor to a positive image of Sint Maarten and the ease of making payments by attracting payment providers. The introduction of a gambling board is expected to add to that development, but not significantly. In the long run, it could however reduce entrepreneurial risk slightly.

Acceptance **High.** From an entrepreneurial perspective, the presence of a gambling authority will contribute to a positive image in Sint Maarten and the ease of making payments by attracting payment providers. The measure could face resistance from casinos themselves.

Priority **High.** The measure improves Sint Maarten’s image from a money laundering perspective. In addition, a draft regulation is already available, and the board can be installed almost instantly. The high feasibility together with the low costs, makes this measure a priority.

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Package 5: Improve efficiency of product and service markets

**Summary of package**
Efficient markets for products and services allow for fitting market entry and exit by firms, as well as appropriate competition on product and service quality and costs. The latter serves both consumers who get better and cheaper final goods and services, as well as firms who use certain goods and services as intermediate inputs. This policy package aims to improve the efficiency of markets by introducing a competition law, as well as by providing incentives for more efficient energy and internet service provision.

**5.1 Introduce competition law with private enforcement.**

**Measure 5.1**

**Overview**

**Issue**
Although preparations have been made over the past ten years, competition law and policy in Sint Maarten has not been implemented yet. One of the reasons for lacking implementation is that Sint Maarten has insufficient funds to set up a competition authority. In addition, it is questioned whether an independent competition authority is feasible and efficient in a small country as Sint Maarten. An alternative would be to implement competition law and facilitate private enforcement instead of establishing an independent authority.

**Description**
Competition law promotes or seeks to maintain market competition by regulating anti-competitive conduct (like cartels) by businesses. With private enforcement an individual, a legal entity, an organization or a public entity (such as the government) can go to court to establish an antitrust infringement and demand the recovery or compensation of the damage.

**Rationale**
In the absence of competition law, it is complex to fight cartels and curb on monopoly power. This sets up barriers for (small) entrepreneurs. Private enforcement is a first step, which doesn’t necessitate setting-up a full-fledged competition authority.

**Responsible agents**
TEATT

**Connection to other packages**
n/a

**Timespan**
Short-term
Assessment

Costs

Low. The costs of this measure are low. A draft law is already available. However, it should be adapted to focus on private enforcement. Secondly, specialized legal expertise is required to adapt the law.

Feasibility

High. There is a growing consensus that some form of competition law would be useful. In addition, if the law does not require the set-up of a competition authority, the complexity created and the additional costs are limited. If it does, feasibility will be low.

Impact

Medium. A competition law can be an effective instrument in fighting cartels and curbing monopoly power. Private enforcement is a first step, which doesn’t necessitate setting-up a full-fledged competition authority. However, relying on private enforcement will reduce the impact of introducing a competition law.

Acceptance

Medium. Acceptance/encouragement is expected from entrepreneurs that want to enter the market, since barriers for new firms are lower. Incumbent firms however may oppose to the instruction of a competition act as they may see possibilities to use their dominant position for self-interested, regulated and diminished.

Priority

High. The impact of this measure is high, as more competition in markets stimulates entrepreneurship, innovation and investment. Costs are low, feasibility is high and impact is medium.

5.2 Increase the transparency of energy provision by publishing a public register of disclosures of service interruptions and their causes.

Measure 5.2

Overview

Issue

Power outages are frequent, especially during the tourist season. Although numbers are not available for Sint Maarten, the disruption of electricity supply does impose costs in Sint Maarten residents and businesses. Normal business operations are hindered by power outages, and power surges after an outage may damage equipment.

Description

This measure proposes that GEBE (monopolist) publishes a public register online with all disclosures on service interruptions and the corresponding causes of the interruptions.

Rationale

Publishing the register increases transparency about the reliability of the energy supply. In addition, when causes are stated clearly, it becomes easier to solve the problem and improve future energy supply.

Responsible agents

GEBE

Connection to other packages

n/a

Timespan

Short-term

Assessment

Costs

Low. The costs of this measure consist of some human resource costs to keep record of the service interruptions. In addition, it requires limited human capital and ICT costs to publish this online.
### Feasibility
**High.** Keeping track of the service interruptions and publishing these online is highly feasibly. Finding the cause of a service interruption can be more complex but is still regarded as feasible.

### Impact
**Low.** Publishing the list does not immediately have a significant impact. However, it is a pre-condition to make the energy supply more reliant and consistent.

### Acceptance
**High.** Inhabitants of Sint Maarten will likely support this measure as it increases transparency. Limited resistance could however be expected from GEBE.

### Priority
**Medium.** This measure has a medium priority as although costs are low and feasibility and acceptance are high, the impact is limited. As public register improves transparency and insights in the number of service interruptions and its causes, it can improve the energy supply in the long run.

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#### 5.3 Assess the potential for diversification of energy generation and improve energy consistency.

**Measure 5.3**

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<tr>
<td><strong>Costs</strong></td>
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<td><strong>Feasibility</strong></td>
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Impact **Medium.** Power outages result in a loss of revenue due to the interruption of normal business operations. Consistent energy supply can prevent these losses. Moreover, some businesses currently need to invest in back-up energy supply, which would no longer be necessary. In that light, many businesses have already found ways to cope with the service interruptions through back-up energy supplies, reducing the potential impact of this measure on business operations. The overall impact is therefore medium.

Acceptance **High.** Acceptance among the local population will be high as all businesses and households benefit from a more consistent energy supply. Resistance from VROMI may occur, as the measure has consequences for the set-up of energy markets.

Priority **Medium.** Consistent and reliable energy supply is crucial for the business climate in Sint Maarten, and it is plausible that the lack thereof has prevented (foreign) investments. Current business cope (at least partly) with the power outages by e.g. installing back-up energy supply systems. Compared with other measures, this measure therefore has medium priority.

5.4 Assess possibilities to allow new private suppliers of 5G network for internet provision on the island.

**Measure 5.4**

**Overview**

<table>
<thead>
<tr>
<th>Issue</th>
<th>There are four internet providers in Sint Maarten. The internet speed is comparatively slow and reports of internet service interruptions are frequent. Also, internet services rates are relatively high.</th>
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<tbody>
<tr>
<td>Description</td>
<td>This measure assesses the possibilities to allow new private suppliers of 5G for internet provision.</td>
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<tr>
<td>Rationale</td>
<td>The low quality and high rates may stem from a lack of competition. Allowing new private suppliers of 5G networks for internet provision could increase the speed and quality of the internet.</td>
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<tr>
<td>Responsible agents</td>
<td>TEATT</td>
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<td>Connection to other packages</td>
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<td>Timespan</td>
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**Assessment**

**Costs** **Low.** The costs of this measure are relatively low: it only requires granting one or more additional companies permission (i.e. through licenses and permits) to start providing internet services on the island.

**Feasibility** **High.** Assessing possibilities for new suppliers in Sint Maarten is relatively easy. However, allowing new suppliers and implementing 5G is complex.

**Impact** **Medium.** Increased competition in the sector is expected to improve the quality, speed and costs of the internet to the benefit of the end user. In addition, 5G will improve quality and speed. However, the impact of higher-quality internet depends on the nature of the business: a local greengrocer will be less affected by the internet quality than an online service provider. Since entrepreneurs already have access to the internet (albeit imperfectly), the impact is therefore medium.
Acceptance **Medium.** Acceptance among the local population will be high as most businesses and households benefit from faster and more reliable internet. The measure also does not involve high costs, so little resistance is expected from the Ministry of Finance from a budgetary perspective. However, resistance is expected from the current four telecom suppliers as they will face more competition and possibly lose market power.

Priority **Medium.** Reliable internet is important for doing business in Sint Maarten, especially in certain sectors. However, current businesses already have access to internet (albeit imperfectly) most of the time. For many businesses, the increased competition will only result in a reduction of costs. This reduction will add to the profitability of businesses in Sint Maarten but is not expected to change the entire business climate. Compared with other measures, this measure therefore has medium priority.

Package 6: Foster entrepreneurship through pro-entrepreneurship institutional arrangements

**Summary of package**

Whilst not directly targeting entrepreneurs, tax and labor market policies do effect entrepreneurs. Ensuring that such institutional arrangements support entrepreneurship then is beneficial for business activity. Care needs to be taken that institutional arrangements in taxation and labor markets balance the interest of revenue collection, security for workers, and entrepreneurship. The measures and actions in policy package 6 aim to streamline certain taxes and labor market policies with supporting entrepreneurial activity in mind. We note that these measures may be related to different work packages in the Country Package, specifically C.1 (Fiscal reform to create an attractive climate for local and foreign investors) and E.1 (Integral analysis of current labour market policy, legislation and regulations).

**6.1 Introduce import tax for online purchases to reduce parallel import.**

**Measure 6.1**

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### Assessment

**Costs** *Medium.* It is complex to design a tax that targets the final consumption of goods.

**Feasibility** *Low.* Levying an import tax implies that cross-border trade needs to be monitored more thoroughly, providing an additional burden to the customs authority. However, suitable IT systems are already in place at the customs office. An additional hurdle to feasibility is the open border with the French side of the island, which itself does not maintain an import tax. If implemented, people may utilize an address on the French side of the island, because cross-border movements are difficult to control.

**Impact** *Low.* It is not expected that the import taxes will result in a strong improvement of the business climate in Sint Maarten.

**Acceptance** *Low.* An import tax results in additional costs for business in Sint Maarten that are engaged in cross-border trade (excluding the French part of the Island). For this reason, there will be resistance from this group of stakeholders. From the perspective of public finances, this can be seen as a necessary evil given the potential reduced revenue from e.g. the licensing scheme (as proposed in other measures).

**Priority** *Medium.* The TOT in combination with absence of import tax stimulates direct parallel import, hurting local businesses. In order to provide a ‘level playing field’ an import tax could be considered. Also in light of other measures that result in less governmental income (e.g. abolishing certain licenses).

### 6.2 Lower the burden of proof for TOT exemption for exporting firms.

#### Measure 6.2

**Overview**

**Issue**

Exporting companies may be exempted from turnover tax if 50 percent or more of the company’s turnover is realized through the exporting of goods. However, in practice firms cannot comply with the requirements for TOT exemptions as firms are required to obtain strict documentation from the foreign customer that serves as proof of actual receiving the exported goods. Tot exemption is therefore only granted to a restricted number of exporting firms.

**Description**

This measure implies that the requirements for TOT exemption for exporting firms should be loosened or redefined.

**Rationale**

Currently, it is prohibitively difficult to benefit from the TOT exemption for exporting firms. Loosening the requirements lower the administrative burden for these entrepreneurs when applying for TOT exemption. With a lower administrative complexity, more TOT exemptions will be requested and granted. Consequently, reducing the competitive disadvantage for exporting firms relative to firms from other islands.

**Responsible agents**

Ministry of Finance

**Connection to other packages**

C.1: Fiscal reform to create an attractive climate for local and foreign investors.

**Timespan**

Medium-term
6.3 Re-evaluate and redesign the criteria and the application procedure for hiring foreign employees that applies since February 2020

**Measure 6.3**

**Overview**

**Issue**
The government has tightened the requirement regarding the employment of foreign workers to improve the job opportunities for locals. Employers are required to fill all vacancies as much as possible with suitable jobless persons from Sint Maarten. Stakeholders mention that the process of registering vacancies and getting a permit has become bureaucratic, which makes hiring foreign employees when skills and knowledge are not available on the island unnecessarily costly.

**Description**
The new requirements should be re-evaluated and redesigned with the goal of simplifying and streamlining the process. Required information should be minimalized, clear and reasonable. It could also involve a more lenient procedure for employees with certain skills and knowledge which are known to be scarce in Sint Maarten.

**Rationale**
The effect of the stringent criteria on unemployment is unclear, while the restrictions of the NESC forces employers to put much additional effort, time and money in the process to hire foreign labour. Re-designing the measures (for certain critical areas) will make it less cumbersome to hire foreign labour when the skills or knowledge is not available on the island.

**Responsible agents**
VSA (Volksgezondheid, Sociale Zaken en Arbeid)

**Connection to other packages**
E.1: Integral analysis of current labour market policy, legislation and regulations

**Timespan**
Medium-term

**Assessment**
Costs **Medium.** Since February 2020 new criteria apply for hiring (foreign) labour. The costs of this measure consists the human resources needed to re-evaluate and adapt these requirements. It also requires a change in the "Landsverordening arbeid vreemdelingen".

Feasibility **High.** The feasibility is high. The complexity of implementing a change in the law is limited. Also, it will reduce the administrative burden within and outside the government.

Impact **High.** Once the criteria for requirement of new (foreign) employees are removed, it becomes easier and less costly to hire foreign workers. Consequently, businesses can better conduct their activities and be economically viable.

Acceptance **Low.** The criteria regarding hiring foreign labour were implemented to protect the locally born inhabitants of Sint Maarten, therewith lowering the high unemployment rate. When the criteria are abolished, locally born inhabitants face additional competition from foreign workers. Politically this topic is very sensitive. Acceptance of this measure is therefore low.

Priority **High.** As the costs of this measure is medium, in combination with the high impact and feasibility, this measure has a high priority. Acceptance, however, is low and resistance can be expected. But as businesses can operate more effectively when it is easier to attract (foreign) workers with the needed skills, a healthier and stronger Sint Maarten economy will emerge.

### 6.4 Create the option of bulk applications in which a percentage of foreign working permits is granted ex ante.

#### Measure 6.4

**Overview**

**Issue**

Some stakeholders regard employing foreign labor in Sint Maarten as a cumbersome process. Employers and employees sometimes spend months on the process of registering a vacancy and getting a permit. This negatively impacts the entrepreneurial climate and thereby the economy.

**Description**

Bulk applications with subsequent fast tracking have been done in the past (e.g. for construction workers after Irma and also bulk applications for teachers). However, these are ad hoc measures. We propose a structural policy for certain types or areas of labor where a certain percentage of foreign employment permits is granted immediately at the time of application. The requirements will then be checked ex post. In case the requirements are not fulfilled, the permit is withdrawn and costs involved have to be paid by the employer. Note that it is essential that the requirements to obtain a employment permit are clear ex ante.

**Rationale**

Creating the option of bulk applications reduces the administrative burden for employers and uncertainty for prospective employees. (A certain amount of) the required labour can be hired directly when needed.

**Responsible agents**

VSA (Volksgezondheid, Sociale Zaken en Arbeid)

**Connection to other packages**

E.1: Integral analysis of current labour market policy, legislation and regulations

**Timespan**

Medium-term

**Assessment**
Costs: **Low.** The costs of this measure consist of 1) Assessing whether an amendment of the current legislation is required or if there is policy discretion on the part of the minister to provide for this 2) human capital to change the policy regarding working permits and 3) human capital to conduct checks of which percentage of working permits have already been given ex-ante. Moreover, the measure does not require additional checks, but mostly changes the timing of it.

Feasibility: **Medium.** There is limited complexity because of the absence of interconnectedness with other departments. Moreover, making the bulk application structural for certain types of employment may require a change in the law (Landsverordening), depending on the exact implementation.

Impact: **Medium.** This reduces administrative burden for employers and reduces uncertainty for prospective employees and employers. However, it will mainly affect the larger companies active on the island.

Acceptance: **Medium.** This measure reduces the uncertainty and administrative burden and is therefore likely to be accepted by entrepreneurs. However, this measure increases the competition between local and foreign workers (somewhat) and thus some resistance can be expected. In addition, the government might be reluctant, it will mainly benefit larger companies active on the island.

Priority: **Medium.** This measure is given a medium priority as it does not change the requirements regarding foreign employment, it is merely at timing issue. Revising the rules regarding hiring foreign workers has higher priority.

---

### Measure 6.5

**Overview**

**Issue**

Not all procedures, requirements and forms to register a vacancy and obtain a permit to hire foreign workers are available online. Sometimes, additional requirements are sent via email. Also, the procedures and requirements are subject to frequent changes. This increases uncertainty for employees and employers and leads to policy discretion.

**Description**

All procedures, requirements and forms should be published online in detail and kept up to date. This connects with effort where the Labor department looking how entrepreneurs can have more insights in the timeline, requirements etc.

**Rationale**

This measure reduces policy discretion and increased certainty and transparency for employees and employers.

**Responsible agents**

All authorities that issue licenses and permits should be involved in this measure. One department (e.g. TEATT) should take the lead.

**Connection to other packages**

E.1: Integral analysis of current labour market policy, legislation and regulations

**Timespan**

Short-term

---

### Assessment

**Costs**

**Low.** The direct costs of this measures are relatively low as the existing requirements only need to be publicly disclosed in online manner.

**Feasibility**

**High.** For the same reason, feasibility is high: it mostly requires a functioning website.
| Impact | **High.** The overall impact is high as it reduces uncertainty for entrepreneurs. (Potential) entrepreneurs know what to expect from the onset and will not encounter unforeseen rejection of their applications if they have taken note of the requirements and acted upon those. |
| Acceptance | **Medium.** From the entrepreneur point of view, this measure reduces red tape. However, authorities might be reluctant to give up discretion. Full disclosure may also mean that entrepreneurs can go to court in case of deviations. |
| Priority | **High.** As the costs are low, feasibility high and impact high, this measure scores high on priority. |
Appendix B Required licenses and permits

This overview tries to provide insight in the necessary steps for an entrepreneur when establishing a business. We make an important distinction between Antillean-born citizens (born in Aruba, Bonaire, Curacao, Sint Maarten, Saba, Sint Eustatius) and Non-Antillean born citizens (everyone else - including people born in The Netherlands), as this process differs between the two groups. Therefore, throughout this document, we make a distinction between four legal forms of businesses:

1) Sole Proprietorship for Antillean born citizens
2) Sole proprietorship for non-Antilleans born citizens
3) N.V./B.V/Partnership for Antillean-born citizens and non-Antillean born citizens
4) Foundation/Association

Additional information on the various topics can be found at the end of the document.

<table>
<thead>
<tr>
<th>Sole proprietor Antillean-born citizen</th>
<th>Sole proprietor non-Antillean-born citizen</th>
<th>N.V./B.V/ Partnership</th>
<th>Foundation/Association</th>
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<td>Operational licenses</td>
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<td>Business license</td>
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<td>Director’s license</td>
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<td>Going to the notary</td>
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<td></td>
<td>Residency permit</td>
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<td>(only non-Antillean born)</td>
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<td></td>
<td></td>
<td>Certificate of conduct</td>
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<tr>
<td></td>
<td></td>
<td>(only persons without the-Dutch nationality)</td>
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<tr>
<td>Other licenses</td>
<td>Other Licenses</td>
<td>Other licenses</td>
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<tr>
<td>Register at CoCI</td>
<td>Register at CoCl</td>
<td>Register at CoCl</td>
<td>Register at CoCl</td>
</tr>
<tr>
<td>Registering at the tax office</td>
<td>Registering at the tax office</td>
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<tr>
<td>Registering for health Insurance</td>
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<tr>
<td>Employment</td>
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<tr>
<td>Arranging basic utilities</td>
<td>Arranging basic utilities</td>
<td>Arranging basic utilities</td>
<td>Arranging basic utilities</td>
</tr>
</tbody>
</table>

Sole proprietor for Antillean-born citizens
### SPURRING ENTREPRENEURSHIP IN SINT MAARTEN

#### Step | Action
--- | ---
**Preparation** | • Check whether a moratorium exists in the sector where one wants to start a business.  
• Obtain legal and business advice (C.5).  
• Find a suitable location for the business’ operations (C.6).  
• Arrange financing to start-up the business.

**Operational Licenses** | The provision of certain services (e.g. catering services) require an additional operational license from TEATT.  
• In order to obtain the license, the Inspectorate of Public Health, the Fire Department and the Department of Inspection TEATT conduct multiple checks on the businesses. (A.4.)

**Other Licenses** | • Check if one needs to apply for other licenses e.g.:  
  o Branch license (expansion of the company) (A.1)  
  o Vending license (A.6)  
  o Other licenses (A.5).  
• Check if one needs to apply for other permits e.g.:  
  o Hindrance (environmental) permit (B.3)  
  o Building permit (in case of building, renovating and or extend a premise) (B.1).

**Register at Chamber of Commerce and Industry (CoCI)** | • Submit the following documents to the CoCI 1) A valid passport 2) A valid ID Card 3) A census registration form, and 4) The operational license from TEATT *(if applicable)*.  
• Complete and submit a MODEL A form *(form for Sole Proprietorship)* (C.3).  
  *Subsequently, the CoCI performs a check of entrepreneur’s name and business’ name and address.*

**Business Bank account** | • Open a business bank account at any of the local banks (C.1).

**Registering at the Tax office** | • Request a business CRIB-number at the Sint Maarten Tax administration office to be able to declare business taxes (C.8).

**Employment** | • Find employees (local or foreign). The National Employment Service Center (NESC) assists in local recruitment and validates that no suitable candidates are available locally before one can try to find foreign employees (C.10).  
• Workers without an Antillean, Dutch or American nationality need to apply for an employment permit (B.2) at the Department of Labor Affairs and optionally for a residence permit at the Department of Immigration (B.4).

**Registering for health Insurance** | • All employers (and their employees) need to register for health insurance at the SZV. However, the employers themselves, depending on the height of their own salaries, may not qualify for SZV health insurance and end up having to take private health insurance (C.4).

**Arranging basic utilities** | • Arrange utilities and IT-infrastructure (e.g. water, electricity, internet, phone and email).

---

**Sole proprietor for non-Antillean-born citizens**
Non-Antillean-born citizens that want to establish a Sole proprietor are required to 1) be registered in Sint Maarten for at least 10 consecutive years, or 2) have a Dutch passport.
<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| Preparation                             | • Check whether a moratorium exists in the sector where one wants to start a business.  
                                         • Obtain legal and business advice (C.5).  
                                         • Find a suitable location for the business’ operations (C.6).  
                                         • Arrange financing to start-up the business.                                                                                      |
| Registering at the Tax office           | • Request a business CRIB-number at the Sint Maarten Tax administration office to be able to declare business taxes (C.8).             |
| Business license                        | • Request a business license from TEATT (A.2).  
                                         *Non-Antillean born need to obtain approval for a business license (finalization letter) from TEATT, before they can register themselves at the CoCl.*|
| Operational Licenses                    | The provision of certain services (e.g. catering services) require an additional operational license from TEATT.  
                                         • In order to obtain the license, the Inspectorate of Public Health, the Fire Department and the Department of Inspection TEATT conduct multiple checks on the businesses. (A.4.) |
| Other Licenses                          | • Check if one needs to apply for other licenses e.g.:  
                                         o Branch license (expansion of the company) (A.1)  
                                         o Vending license (A.6)  
                                         o Other licenses (A.5).  
                                         • Check if one needs to apply for other permits e.g.:  
                                         o Hindrance (environmental) permit (B.3)  
                                         o Building permit (in case of building, renovating and or extend a premise) (B.1). |
| Register at Chamber of Commerce and Industry (CoCl) | • Submit the following documents to the CoCl: 1) Finalization letter 2) A valid passport 3) A valid ID Card 4) A census registration form, and 5) The business and operational licenses from TEATT *(if applicable).*  
                                         • Complete and submit a MODEL A form *(form for Sole Proprietorship)* (C.3).  
                                         *Subsequently, the CoCi performs a check of entrepreneur’s name and business’ name and address.* |
| Business Bank account                   | • Open a business bank account at any of the local banks (C.1).                                                                                                                         |
| Employment                              | • Find employees (local or foreign). The National Employment Service Center (NESC) assists in local recruitment and validates that no suitable candidates are available locally before one can try to find foreign employees (C.10).  
                                         • Workers without an Antillean, Dutch or American nationality need to apply for an employment permit (B.2) at the Department of Labor Affairs and optionally for a residence permit at the Department of Immigration (B.4). |
| Registering for health insurance        | • All employers (and their employees) need to register for health insurance at the SZV. However, the employers themselves, depending on the height of their own salaries, may not qualify for SZV health insurance and end up having to take private health insurance (C.4). |
| Arranging basic utilities               | • Arrange utilities and IT-infrastructure (e.g. water, electricity, internet, phone and email).                                                                                           |
## N.V./B.V./ Partnership Antillean-born citizen and non-Antillean-born citizens

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| Preparation              | • Check whether a moratorium exists in the sector where one wants to start a business.  
• Obtain legal and business advice (C.5).  
• Find a suitable location for the business’ operations (C.6).  
• Arrange financing to start-up the business. Financial institute will ask for the chamber registration no. and the business license before providing finance.                                                                                                                                                                                                                               |
|Going to the notary       | • Incorporation (the legal process used to form a corporate entity or company) is done by the Notary:  
  o The Notary certifies a person’s identity on documents and authenticates true copies of original documents.  
  o The Notary can also provide legal information and records agreements if requested (C.7).                                                                                                                                                                                                                                                                                     |
|Registering at the tax office|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Business License         | A business license based on the “Vestigingsregeling voor Bedrijven” is needed to start a business (A.2).  
• The Notary submits the request for a Business License to the Minister of TEATT along with other documents required on the client’s behalf.                                                                                                                                                                                                                                                                                           |
|Directors license (only for non-Antillean born) | In order for an individual to operate as the director of a business, a personal Director’s license is needed (A.3). The director’s license is based on the ‘Vestigingsregeling voor bedrijven’.  
• The Notary submits the request for a director’s license to the Minister of TEATT along with other documents required on the client’s behalf.                                                                                                                                                                                                                  |
|Residency permit (only for non-Antillean born) | After obtaining the Director’s license, a Residency permit is required for the foreign director who intends to reside on the island.  
• The application of this permit can be submitted to the Department of Immigration, Border Protection Service (B.4).                                                                                                                                                                                                                                                                                  |
|Operational License       | The provision of certain services (e.g. catering services) require an additional operational license from TEATT.  
In order to obtain the license, the Inspectorate of Public Health, the Fire Department and the Department of Inspection TEATT conduct multiple checks on the businesses. (A.4.)                                                                                                                                                                                                                                         |
|Other licenses            | • Check if one needs to apply for other licenses e.g.:  
  o Branch license (expansion of the company) (A.1)  
  o Other licenses (A.5).  
• Check if one needs to apply for other permits e.g.:  
  o Hindrance (environmental) permit (B.3)  
  o Building permit (in case of building, renovating and or extend a premise) (B.1).                                                                                                                                                                                                                                                                                              |
|Register at Chamber of Commerce and Industry (CoCl) | All businesses and legal entities must register themselves in the CoCl Commercial Register. The notary also handles this process, because the registration at the CoCl is needed to file for the crib-number and to apply for the business license.  
Complete and submit a Model P for Public, Limited and Silent Partnership; a Model C form for a B.V. or N.V (C.2) and hand in the relevant documentation (valid passport, valid ID card, the census registration form, and if applicable, the operational license).                                                                                                                                                                       |
Business Bank Account

• Open a business bank account with anyone of the local banks (C.1).

Registering for health Insurance

• All employers (and their employees) need to register for health insurance at the SZV. However, the employers themselves, depending on the height of their own salaries, may not qualify for SZV health insurance and end up having to take private health insurance (C.4).

Employment

• Find employees (local or foreign). The National Employment Service Center (NESC) assists in local recruitment and validates that no suitable candidates are available locally before one can try to find foreign employees (C.10).
• Workers without an Antillean, Dutch or American nationality need to apply for an employment permit (B.2) at the Department of Labor Affairs and optionally for a residence permit at the Department of Immigration (B.4).

Certificate of conduct (only for non-Antillean born)

• Request a Certificate of Conduct with the Public Prosecutor’s Office or Police Department from either the country of birth or residence (C.2).

Arranging basic utilities

• Arrange water, electricity, internet connection, phone and email.

Foundation/Association

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| Preparation | • Check whether a moratorium exists in the sector where one wants to start a business.  
• Obtain legal and business advice (C.5).  
• Find a suitable location for the business’ operations (C.6).  
• Arrange financing to start-up the business. Financial institute will ask for the chamber registration no. and the business license before providing finance. |
| Registering at the tax office | • Request a business CRIB-number at the Sint Maarten Tax administration office to be able to declare business taxes (C.8). |
| Going to the notary | • Incorporation (the legal process used to form a corporate entity or company) is done by the Notary:  
  o The Notary certifies a person’s identity on documents and authenticates true copies of original documents.  
  o The Notary can also provide legal information and records agreements if requested (C.7).  
  o The Notary will check if additional licenses are needed. |
| Residency permit (only for non-Antillean born) | A Residency permit is required for the foreign director who intends to reside on the island. The application of this permit can be submitted to the Department of Immigration, Border Protection Service (B.4). |
| Operational License | The provision of certain services (e.g. catering services) require an additional operational license from TEATT. In order to obtain the license, the Inspectorate of Public Health, the Fire Department and the Department of Inspection TEATT conduct multiple checks on the businesses. (A.4.) |
Other licenses

- Check if one needs to apply for other licenses e.g.:
  - Branch license (expansion of the company) (A.1)
  - Other licenses (A.5).
- Check if one needs to apply for other permits e.g.:
  - Hindrance (environmental) permit (B.3)
  - Building permit (in case of building, renovating and or extend a premise) (B.1).

Register at Chamber of Commerce and Industry (CoCI)

All businesses and legal entities must register themselves in the CoCI Commercial Register. The notary also handles this process, because the registration at the CoCI is needed to file for the crib-number and to apply for the business license. Complete and submit a Model E form for an association, a federation and a foundation (C.2) and hand in the relevant documentation (valid passport, valid ID card, the census registration form, and if applicable, the operational license).

Business Bank Account

- Open a business bank account with anyone of the local banks (C.1).

Registering for health Insurance

- All employers (and their employees) need to register for health insurance at the SZV. However, the employers themselves, depending on the height of their own salaries, may not qualify for SZV health insurance and end up having to take private health insurance (C.4).

Employment

- Find employees (local or foreign). The National Employment Service Center (NESC) assists in local recruitment and validates that no suitable candidates are available locally before one can try to find foreign employees (C.10).
- Workers without an Antillean, Dutch or American nationality need to apply for an employment permit (B.2) at the Department of Labor Affairs and optionally for a residence permit at the Department of Immigration (B.4).

Certificate of conduct (only for non-Antillean born)

- Request a Certificate of Conduct with the Public Prosecutor’s Office or Police Department from either the country of birth or residence (C.2).

Arranging basic utilities

- Arrange water, electricity, internet connection, phone and email.

Appendix B.1 Licenses

Until now, the application process for all licenses requires a physical visit to the Ministry of TEATT. However, the Ministry of TEATT is currently in a test phase of making the application of business licenses, director licenses and amendments online (including uploading documents and digital identification). If this works properly, TEATT will also slowly roll this out to other licenses (whilst still allowing physical application for those without online access). Other Ministries are also making an attempt to provide more of their services online.

Table 1 The (annual) permit and license fees are relatively high
## Amendments in License

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
<th>Frequency</th>
<th>Additional Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Naf 312.50</td>
<td>Per amendment</td>
<td>Naf 150</td>
</tr>
<tr>
<td>N.V.</td>
<td>Naf 1550</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>B.V.</td>
<td>Naf 1550</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Sole Proprietorship</td>
<td>Naf 312.50</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Applicant branch license</td>
<td>Naf 1250</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Local residency and sole director</td>
<td>Naf 312.50</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Local residency and multiple directors</td>
<td>Naf 625</td>
<td>Annual, per director</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Residing abroad (non-resident)</td>
<td>Naf 1250</td>
<td>Annual</td>
<td>Naf 150</td>
</tr>
<tr>
<td>Employees in a management position</td>
<td>Naf 3000</td>
<td>Annual</td>
<td></td>
</tr>
<tr>
<td>Non-management position</td>
<td>Naf 1600</td>
<td>Annual</td>
<td></td>
</tr>
<tr>
<td>Domestic worker and gardeners</td>
<td>Naf 800</td>
<td>Annual</td>
<td></td>
</tr>
<tr>
<td>Applicant hindrance permit</td>
<td>Naf 550</td>
<td></td>
<td>Naf 250</td>
</tr>
</tbody>
</table>

### Director’s License

- Local residency and sole director: Naf 312.50 Annual
- Local residency and multiple directors: Naf 625 Annual, per director
- Residing abroad (non-resident): Naf 1250 Annual
- Employees in a management position: Naf 3000 Annual

### Employment Permits

- Non-management position: Naf 1600 Annual
- Domestic worker and gardeners: Naf 800 Annual
- Applicant hindrance permit: Naf 550

### Residence Permit

- Permanent for adults: Naf 750 One time
- Permanent for children: Naf 250 One time
- Temporary for adults: Naf 500 First time application and per extension
- Temporary for children: Naf 200 First time application and per extension
- Statement of Guarantee: Naf 45 For every application and extension

## Branch License

Required for all businesses that are already established (either locally or abroad) and want to open a branch in Sint Maarten. In order to get a branch license, one needs to send a letter in English to the Minister of Tourism, Economic Affairs, Traffic & Telecommunication (TEATT), including the address of the business, the original business license and a Client Information Sheet.

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64 Costs of licenses: Business, Director, Branch Licenses (sintmaartengov.org)
65 Employment Permit Application (sintmaartengov.org)
66 For Dutch National and Americans this is Naf 200 for first-time applications. No extensions are necessary.
Business License
A business license is compulsory for all businesses except for a Sole Proprietorship established by Antillean-born citizens. The Minister of TEATT is authorized to pose conditions concerning the nature and the place of the business as well as the creditworthiness of the applicant and the overall financing of the business. The Minister can refuse a business license for the sake of the public order, peace and the general interest of Sint Maarten. To obtain a business license, one needs to send a letter addressed to the Minister of TEATT, including 1) information on the business and its owner, 2) a copy of the Police records (not older than six months, only for non-Dutch nationals), 3) a copy of Census registration form, 4) a copy of the permanent residency permits. For N.V.’s, B.V.’s and partnerships the request for a business license is handled by the Notary.

Director License
In order to operate as the director of a business, one needs to apply for a personal director’s license. A director’s license needs to be requested by the Notary upon incorporation of the legal entity. To obtain a director’s license, the Notary sends a letter addressed to the Minister of TEATT.

Operational license
In order for businesses to operate certain additional services, one needs to apply for an additional operational license. There are different types of operational licenses depending on the business type. Businesses that are (often) required to apply for an operational license are bars, deli’s, (fast food) restaurants, wholesale/retail of alcoholic beverages, hotels, guesthouses, ice cream parlors and vending machine holders. Operational licenses are the responsibility of the Ministry of TEATT from the Department of Economic Licenses. As part of the approval process, the Ministry seeks advice from the several departments: the Inspectorate of Public Health, Fire Department and Department of Inspection TEATT. The applicant must submit the request to the aforementioned departments in order to schedule the necessary inspections. For this reason, it is also necessary that a location is assigned to the business before once can apply for an operational license. These departments provide a report to the applicant once the necessary inspections are completed. The application is published in the local newspaper(s) and will be put on public review for two weeks.

Remaining Licenses
Examples are licenses for extended opening hours, explosives & fireworks.

Vending License
Owners of (im)mobile vending’s and organizers of markets and other street activities are also required to apply for a Vending license. These include mobile vending licenses, immobile vending licenses (issued for beach & water activities or for the sale of food and beverages or vegetables alongside the public roads), market licenses and activity licenses (like Carnival). Each of these licenses should be requested at the Ministry of TEATT.

67 Preferably in English, it cannot be refused when sent in Dutch but English is helpful to facilitate the process
68 Operational License (sintmaartengov.org)
69 PDF operational License request. A change in director later can be done by any natural person or an attorney can assist.
70 Licenses and Permits (sintmaartengov.org)
71 Vending License (sintmaartengov.org)
Appendix B.2 Permits

B.1 Building permit
A building permit is required for new or extending business premises and can be requested at the Department of VROMI.

B.2 Employment permit
For an individual to be officially allowed to work in Sint Maarten, the employer needs to apply for an Employment permit. This applies to all non-Antillean, non-Dutch, non-American foreign workers. American workers are included due to the Dutch American Friendship Treaty (DAFT) established in 1956. This treaty allows US entrepreneurs to obtain Dutch residency for the purpose to start a business.

The employment permit must be requested at the Department of Labor Affairs.
For a first-time request, the following documents need to be submitted:

1. A copy of the entire passport
2. A recent passport picture
3. Information on the education background of the non-national with copies of diplomas, certificates and reference letters
4. An off-island declaration signed by the employer.

Employers who wish to extend an Employment permit or change an employee need the following:

1. Registration form from the Census Office
2. Copy of the present residence and employment permit
3. A copy of a valid passport and a recent passport picture
4. A valid medical insurance
5. Information on the educational background of the non-national with copies of diplomas, certificates and reference letters
6. The crib number for the non-national.

In addition, an employer needs to fulfil the following requirements:

1. Proof of the labor registration of the current year
2. Proof of notification of the vacancy
3. Proof that the add was placed in the local newspaper
4. Completed application form dated and signed
5. A copy of the labor agreement which must indicate the salary, duration, working hours and position
6. Summary form of monthly taxes starting (wage tax/AOV) receipts
7. A tax declaration letter (for sole Proprietorship).

B.3 Hindrance (environmental) permit
A Hindrance permit is required for specific types of activities that can cause danger, damage and/or nuisance to the environment or the surroundings. It is tied to regulations which are meant to protect the environment and ensure safe and clean practices in Sint Maarten. There are various stages to obtain a hindrance permit:

1) Registration.

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72 Permits (sintmaartengov.org)
73 Employment Permit Application (sintmaartengov.org)
74 What is DAFT? - Dutch American Friendship Treaty
75 Source: PDF Hindrance Permits Brochure
A permit evaluator will ensure that the application form (available at VROMI) is filled in and completed correctly with all required documentation enclosed.

2) Public Review
After having received confirmation of payment, the request will be placed on public review for 2 (two) weeks, for which a notice will be made in the daily newspapers. After having received confirmation of payment, the request will be placed on public review for 2 (two) weeks, for which a notice will be made in the daily newspapers.

3) Evaluation
Permit applications are evaluated for compliance to the Hindrance Ordinance and derivative regulations. Consultation is requested from both internal as well as external parties. Consultation is requested from both internal as well as external parties. Adjustments to the application and/or additional information could be required for compliance to applicable laws and regulations. In such case the applicant will be notified and a maximum of four weeks are provided to make the necessary adjustments. Failure to do so can result in denial or cancellation of the request.

4) Approval or denial
After completion of the evaluation an advice is submitted to the Minister of VROMI for decision making. The decision can result in an approval, partial approval or denial of the Hindrance Permit application.

5) Issuance
The Decree entailing the decision of the Minister of VROMI will be issued to the applicant by the Department of Permits.

B.4 Residence permit
Any employer or employee must obtain a residence permit in order to reside in Sint Maarten for longer than 90/180 days. This applied to all non-Antillean, non-Dutch, non-American foreign workers. In order to obtain a residence permit, one needs to send a letter to the Immigration Department.

Appendix B.3 Other information 76

C.1 Business Bank account
The business bank account should be opened with anyone of our local banks:
- Banco Di Caribe
- First Caribbean
- Orco Bank
- RBC Royal Bank
- Republic Bank
- Windward Island Bank
- PSB Bank

Keep in mind that it is a quite cumbersome process to open a bank account and it can take a long time. In order to open a bank account, you need references to declare that you are financial stable/reliable. Furthermore, you would need the following documents:
- Articles of Incorporation of the company
- Excerpt from the Chamber of Commerce

76 Much information is obtained from Starting a Business – St. Maarten Chamber of Commerce & Industry
• Shareholder’s registry
• Business License (not for sole Proprietorship Antillean born)
• Director’s License (not for sole Proprietorship)
• An original bank reference letter
• Forms of valid identification
• Address verification
• Financial statements and/or projections and/or business case

C.2 Certificate of Conduct
The Certificate of Conduct is to be requested with the Public Prosecutor’s Office or Police Department from your country of birth or country of residence. It is needed for persons without the Dutch nationality to establish a N.V., B.V., Foundation, Association or Partnership. Contact the Public Prosecutor’s Office or Police Department from your country of birth or country of residence.

C.3 CoCI
In order to be officially allowed to be operational, every business also need to be registered at the Chamber of Commerce and Industry of Sint Maarten (CoCI). There are different registration forms depending on the type of legal entity (see table below). The forms are provided by CoCI or via Online Registration Portal and hence registering can be done online or you can visit the office. Mutations in the firm can also be registered online. You can pay for the services online or at the office. The fee of the CoCI is annual and the height depends on the type legal entity (range from NAF 250 - 1250).

<table>
<thead>
<tr>
<th>Model A</th>
<th>Registration of a Sole Proprietorship</th>
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<tr>
<td>Model B</td>
<td>Registration of a Public Partnership</td>
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<td>Model C</td>
<td>Registration of a (Shareholder-Managed) Private Limited Liability Company or Limited Liability Company</td>
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<td>Model E</td>
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<td>Model F</td>
<td>Registration of a Foreign Legal Entity or Foreign Company</td>
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<td>Model G</td>
<td>Registration of a Branch</td>
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<td>Model J</td>
<td>Registration of an Authorized Representative (Proxy)</td>
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<td>Model P</td>
<td>Registration of a (Managing) Partner</td>
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<tr>
<td>Model Q</td>
<td>Registration of Official(s) of Legal Entities</td>
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<td>Model R</td>
<td>Registration of Change(s) in Details of Business or Legal Entity</td>
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<td>Model S</td>
<td>Receivership Curatorship, discontinuance, Dissolution, Bankruptcy and Moratorium of Payment</td>
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<td>Model X</td>
<td>Additional Information</td>
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<td>Model Y</td>
<td>Registration of Relevant Documents</td>
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<tr>
<td>Model Z</td>
<td>Change of Officials details</td>
</tr>
</tbody>
</table>

C.3 Employment
Because employment remains high in Sint Maarten, new criteria apply to the requirement of employers since February the 7th, 2020.

1. Employers will have to closely work together with the designated representatives from the National Employment Service Center (NESC) to fill all possible vacancies as much as possible with suitable jobless persons in Sint Maarten.
2. Employers will have to request and obtain whenever they have a vacancy, a list of suitable candidates, from the NESC.

77 Model/Registry Forms - St. Maarten Chamber of Commerce & Industry
78 PDF ‘Policy employers effort_Minister of Public Health, Social Development and Labour’
3. Before filling an application for a work permit for a foreigner, employers must furthermore conduct interviews with the candidates presented by the NESC.

4. The interviews must be conducted in the presence of the designated representative of the NESC. The employer and the NESC will jointly coordinate the scheduling of the interviews.

5. The NESC will keep a ledger of all interviews conducted, stating the dates on which the interviews were held, the names of all participants and possible special observations/remarks. Within ultimately one week after all potential candidates referred by the NESC to the employer, have been interviewed, the NESC will send a copy of the ledger to the employer.

6. The employer will, within ultimately four weeks after each interview has been conducted, inform the NESC if the interviewed candidate is a match or not and if the job offer had been made and accepted.

7. Rejections by an employers of interviewed candidates will be adequately motivated by his same employer.

8. The NESC can decide to discuss compel an employer to conduct a follow-up meeting, to discuss the findings of the employer and the decision to employ an interviewed candidate, or not.

9. Noncompliance by an employer with the criteria set for what constitutes efforts for filling vacancies for foreigners, can constitute a ground for rejection of labor permit applications filed.

C.4 Health Insurance

If you are a company in the private sector with employees, you are obliged by law to register your company and employees by SZV. Employers are obliged to comply with the regulation regarding the medical insurance (ZV) for their employees and the dependents of employees. Moreover, they are obliged to comply with the regulations concerning the accident insurance (OV) for their employees. All employers (and their employees) are required by law to register for the health insurance with SZV. SZV have an online 24/7 self-service where SZV registered employers can declare their monthly ZV/OV declarations, submit employee mutations and other SZV service requests. Moreover, employers can look into an online archive of their administration and can communicate with SZV in the portal.

Both insurances are part of the social security system of Sint Maarten and are executed based on legislation, in which the rules and regulations are stipulated. The ZV and the OV insurances are mandatory and are mainly employee insurances. Hence, an employer cannot decide to opt out. The employer benefits from the insurance in case of sick-leave, as the SZV insurances cover loss of wages.

C.5 Information

It is of importance to have adequate information about entrepreneurship, your sort of legal entity and the market you are operating. There are several (online) places where you can obtain relevant business information. At first, much information can be found on the website of the CoCi and the website of the government of Sint Maarten. It is also possible to visit these authorities. Moreover, the CoCi provides webinars on various business topics. You can register for free to join the upcoming webinars are watch the videos of the previous webinars. At second, a Notary or Attorney at law can give more information on legal entities and doing business. Keep in mind that this is often comes with costs. At third, the SBDF is a Business Support Organization for small and medium enterprises in Sint Maarten. They provide entrepreneur and skill courses for people starting a business and for current entrepreneurs.

C.6 Location

In theory, the location of the business should be aligned with the Zoning plan of the Ministry of Public Housing, Environment, Spatial Planning, and Infrastructure (VROMI). In practice people would scout locations and look for appropriate rental space. Zoning plans are not properly in place and zoning is, due to the limited space in Sint Maarten, a major issue.

79 About Zoning/Development Plans (sintmaartengov.org)
C.7 Notary
The incorporation of N.V., B.V., Foundation, Association and Partnership is done by the Notary. The Notary assists in the process of licenses and registration at the CoCI. The Notary can also provide legal advice and records agreements upon request of parties and/or by law. The costs resulting from their assistance is dependent on the type of business and is determined by the Notary. There are three notaries in Sint Maarten.
- Boekhoudt Notary Office
- Mingo Civil Law Notary Office
- Tjon Ajong & Associates Notary Office SXM

C.8 Tax Office (CRIB-number)
Visit the Sint St Maarten Tax Administration Office, a department of The Ministry of Finance, to request your business CRIB-number, in order to declare your business taxes.

C.9 Taxes
The tax system of Sint Maarten is regulated under the national Ordinance on General National Taxes and the National Ordinance on Income Tax. There are several sorts of taxes for corporations. Citizens needing to make a payment to the government can either pay by cash or via a debit/credit card at the Receiver’s Office. Alternatively, the amount due can be transferred via the bank to the government’s bank account. However, the tax system is not technologically and efficiently suited to cope with direct bank payments. The tax department is online for certain services.
Sint Maarten enjoys a Duty-Free status with no import or export taxes. However, excise is levied on gasoline and other derivatives from petroleum. Other taxes (for businesses) are:

Indirect tax
Turnover tax (TOT). The TOT is levied on the delivery of goods and all services rendered by both resident and non-resident entrepreneurs within the scope of their business in Sint Maarten. Entrepreneurs carrying out a business are required to register to for VAT/GST and other indirect taxes. The height is 5 percent.

Direct tax
- Corporate profit tax 34 percent
- Income tax 12.5 percent-47.5 percent
- Payroll tax
- Dividend tax

Furthermore, there are some additional direct taxes, but they are often not applicable to firms. These taxes are:
- Transfer tax of 4 percent is levied on the transfer of real estate.
- EU saving tax.
- Real Estate Property tax (0.3 percent of the value of both unimproved property and improved land with structure)
- Inheritance and Gift tax is paid by a person who inherits money or a property (this tax is not enforced)
- Land and Occupancy tax (this tax is not enforced)

81 Tax - Guide to doing business (doingbusinessdutchcaribbean.com)
Appendix C Consulted stakeholders

Table 4.2

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private stakeholders and branch organisations</td>
<td>The association of businesses in Sint Maarten, start-ups, young investors, the Chamber of Commerce and Industry (CoCI), Sint Maarten Hospitality and Trade Association (SHTA), Indian Merchants Association (IMA)</td>
</tr>
<tr>
<td>Sint Maarten government</td>
<td>Government department related to TEATT (Fiscal Affairs, the Labour department and the Immigration department), Social-Economic Council (SER), The department of finance Council of Advice, Central Bank of Curacao and Sint Maarten.</td>
</tr>
<tr>
<td>Executors/ suppliers</td>
<td>Economic Development Corporation Content experts: IT companies, lawyers, notaries, law firms</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>Qredits, commercial banks</td>
</tr>
<tr>
<td>Government agencies</td>
<td>RVO, DNB, IMF</td>
</tr>
<tr>
<td>Future players in the market</td>
<td>Dutch businesses that consider doing business on St Maarten</td>
</tr>
</tbody>
</table>

Source: SEO Amsterdam Economics
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