



GOVERNMENT OF **ARUBA**

Minister of Finance
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EXECUTIVE QUARTERLY REPORT

2024 Q3

Colophon

Title	:	Executive Quarterly Report 2024 Q3 GOA
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In collaboration with	:	Tax Department Customs Department Department of Human Resources Department of Public Works
Sources	:	Central administration of GOA – GFS/EnterpriseOne, PSA, SAP Quarterly reports (preliminary figures) of the General Government

Disclaimer

This report is a free translation of the “Uitvoeringsrapportage 3e kwartaal 2024 Land Aruba” drafted under the provision of the State Ordinance Aruba Financial Supervision (LAft). The report contains a summary of the main findings, including the most relevant tables and graphs, as published in the Dutch edition. All amounts are in Aruban guilders (AFL) unless stated otherwise. All figures are preliminary results pending final approval and publication of the Government of Aruba’s annual report.

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1. Introduction

In May 2015, The Netherlands and Aruba agreed to a new supervisory mechanism for fiscal policy to realize a General Government fiscal surplus. Supervision duties were assigned to the Aruba Board of Financial Supervision (College Aruba financieel toezicht, abbreviated as CAft), which began operations in August 2015. The duties and authority of CAft is established in the State Ordinance Aruba Financial Supervision (Landsverordening Aruba financieel toezicht, abbreviated as LAft). The area of supervision focuses mainly on:

- providing advice on public financial management matters to the Council of Ministers of The Kingdom of The Netherlands, the Dutch Ministry of Domestic and Kingdom Relations and the Aruban Ministry of Finance;
- independent financial supervision based on agreed budgetary targets as established in article 14.2 of LAft and the protocol between Aruba and The Netherlands of November 22, 2018;
- assistance in establishing and monitoring of the execution of the Central Government's budget;
- alerting the governments if fiscal policy deviates from the established parameters.
- In December 2023, the LAft was updated to incorporate the new fiscal norms and thus extending the operational period of CAft.

The CAft will temporarily oversee and advise the Government of Aruba (GOA) in its effort to achieve a balanced budget in the medium term and secure sustainable finances in the long term. Upon achieving a balanced budget, in cooperation with The Netherlands, a permanent Fiscal Counsel would take over the supervisory function.

The main objective of this quarterly report is to provide the Aruban Council of Ministers and the Parliament of Aruba with information on the execution of the budget. Furthermore, to provide information to other stakeholders in the area of public finance (i.e. CAft, GOA's Central Audit Department and other interested parties). The Government of Aruba includes all ministries, departments and agencies whose activities are part of the budgetary operation of the government's central administration. The operations of state-owned enterprises, including privatized entities, are therefore excluded from the Government of Aruba's budget.

2. Summary

Refer to Table 2 (page 8) for a summary of the 2024 budget and the preliminary results of the Central Government for the second quarter of 2024.

Preliminary results and findings

The preliminary results at the end of the third quarter 2024 indicates that the overall balance of the General Government is AFL 13.4 million, i.e. 4.0% of the GDP.

The 2024 GDP is forecasted at AFL 7,408.0 million¹ by the Department of Economic Affairs, Commerce & Industry (DEACI).

Table 1: Key figures

<i>in AFL millions</i>	<i>Actual 2024</i>	<i>Budget 2024</i>
GOA (Central Government)		
Financing requirements	-80.8	-402.4
Loan maturities	375.5	567.7
Financial balance	294.7	165.3
General Government		
Financial deficit/surplus	13.4	
as % of GDP	0.2%	
GDP	7,408.0	

Source table: Department of Finance and General Government.

Source GDP: Department of Economic Affairs, Commerce & Industry.

¹ Economic Outlook, April 2024.

The third quarter of 2024 delivered AFL 1,423.2 million in revenues which is 79.1% of the budget. Direct and indirect taxes are the main contributors in the revenue category with a share in total revenues of 36.1% and 43.1% respectively. In comparison to the third quarter of 2023 , revenues increased by AFL 189.6 million.

Expenditures for the third quarter of 2024 totaled AFL 1,141.9 million and comprise 70.1% of the budget. The highest expenditure categories include personnel cost (31.0%), interest expenditure (17.2%), subsidies (70.8%), goods and services (69.6%), and contributions & depreciation (72.7%). The preliminary operational result at the end of the third quarter amounts to AFL 281.3 million.

Capital account realization of revenues equaled 80.9% and its realization of expenses totaled 42.3% of the budget, thus providing for a net capital balance surplus of AFL 13.4 million. The result of the operational and capital balance equals a financial balance of AFL 294.7 million for the Central Government for the third quarter. The financial balance is equal to 4.0% of the GDP.

The debt position at the end of the third quarter is AFL 5,570.5 million, of which AFL 5,452.1 million are loans.

Table 2: Preliminary results 2024

<i>in AFL thousands</i>			
Revenues	Actual 2024	Budget 2024	% Budget
Direct taxes	513,596	636,300	80.7%
Indirect taxes	613,989	806,025	76.2%
Administrative fees	21,015	22,856	91.9%
Premiums, penalties & other fees	46,839	46,466	100.8%
Interest revenues	1,105	312	354.2%
Non-tax revenues	160,979	213,584	75.4%
Internal capital settlements	1,939	4,848	40.0%
Other revenues	63,750	68,124	93.6%
	1,423,212	1,798,515	79.1%

Expenditures	Actual 2024	Budget 2024	% Budget
Personnel costs	353,747	483,682	73.1%
Goods & services	153,965	221,117	69.6%
Interest expenditures	196,259	306,262	64.1%
Subsidies	173,857	245,637	70.8%
Transfers	124,460	179,384	69.4%
Contributions & depreciation	139,616	192,102	72.7%
	1,141,903	1,628,185	70.1%

Operational balance	281,309	170,330	165.2%
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Capital revenues	Actual 2024	Budget 2024	% Budget
Sale of assets	3,238	10	32376.8%
Capital revenues	-	-	-
Domestic credit repayment	3,740	6,134	61.0%
Grants	-	-	-
Remitted depreciation	25,554	34,072	75.0%
	32,531	40,216	80.9%

Capital expenditures	Actual 2024	Budget 2024	% Budget
Investments	4,842	20,894	23.2%
Capital transfers	3,810	4,400	86.6%
Domestic lending	10,516	20,000	52.6%
	19,167	45,294	42.3%

Net capital balance	13,364	-5,078	-263.2%
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Financial balance	294,674	165,252	178.3%
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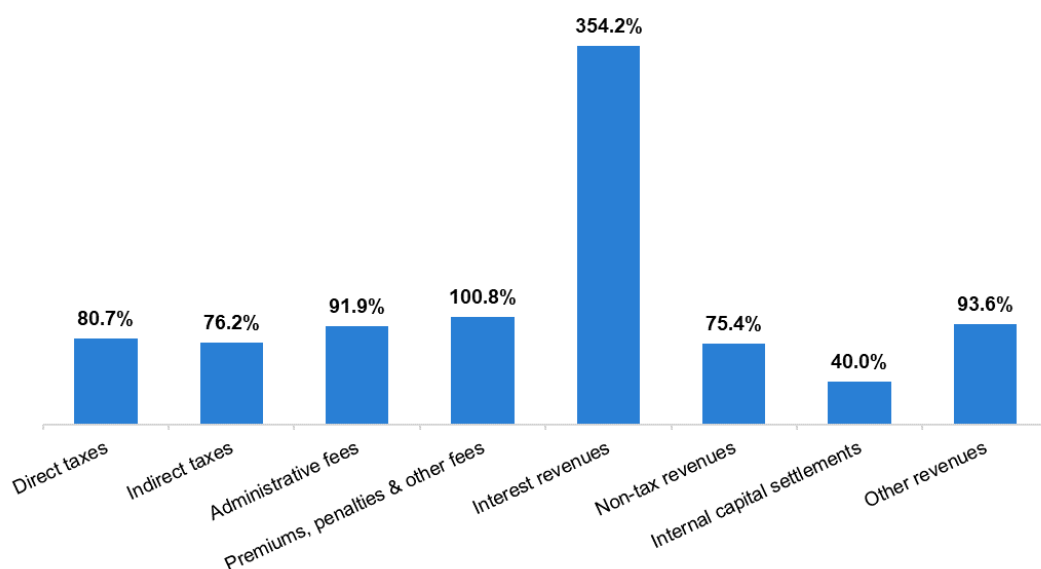
Source table: Department of Finance.

Note: Personnel costs includes employer's contribution.

3. Budget Execution

Revenues

Graph 1: Revenue results as percentage of the 2024 budget

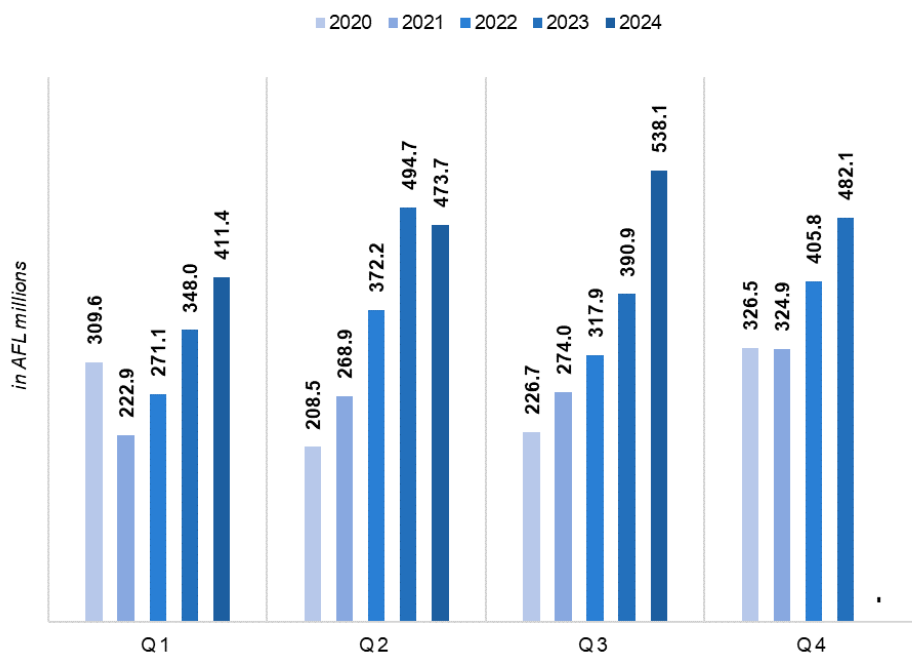


Source graph: Department of Finance.

Note: Graph does not include capital revenues.

In order to assess whether the realization of revenues is in line with the expectations for the quarter, a number of seasonal effects should be taken into account. In fact, it is by no means fitting to assume a mathematical standard of 25% average realization per quarter. Some revenues are heavily influenced by, for example, the timing of issuing invoices or imposing tax assessments.

Graph 2: Comparison of revenues per quarter during 2020-2024

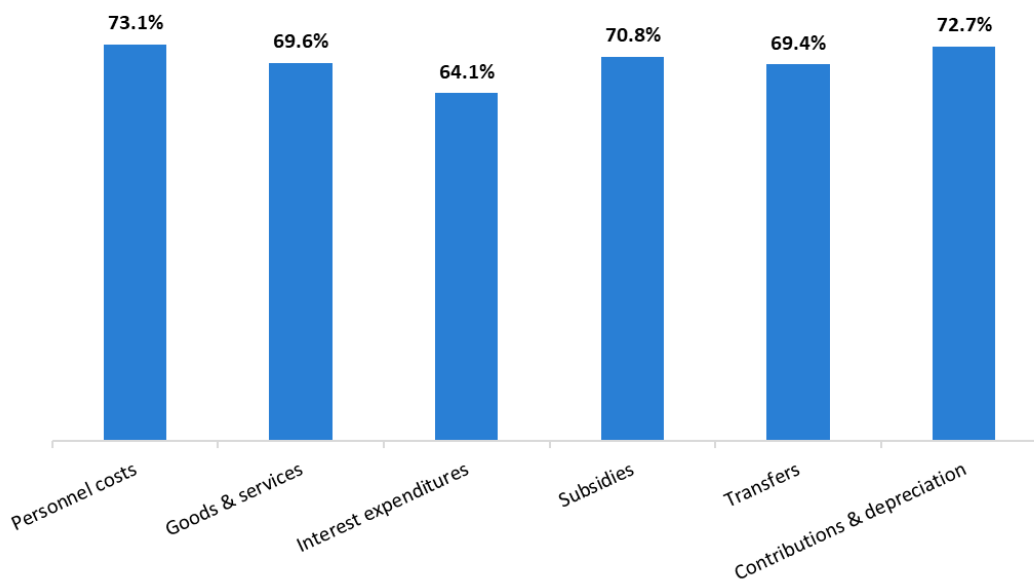


Source graph: Department of Finance.

Note: Graph does not include capital revenues.

Expenditures

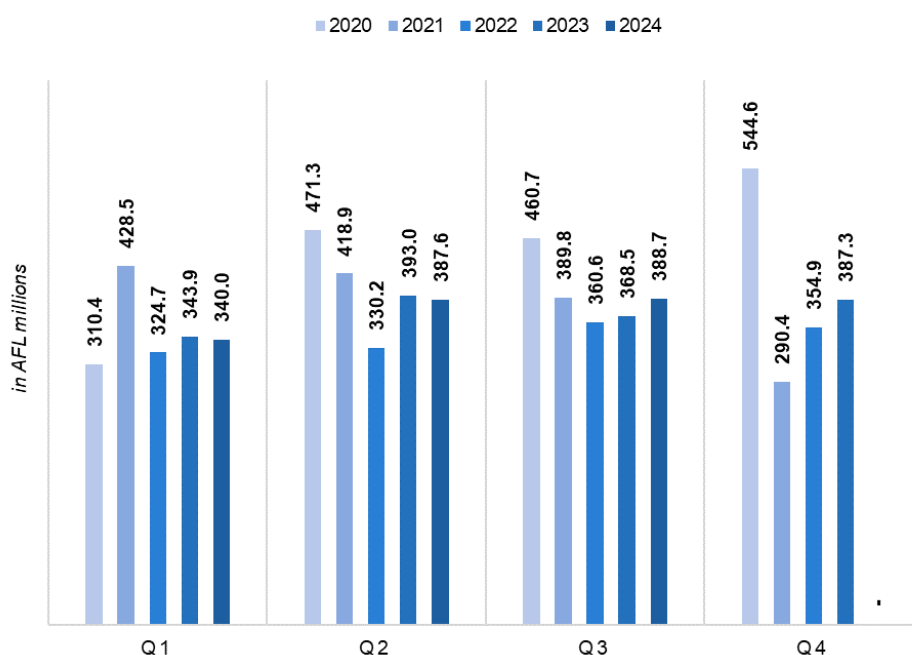
Graph 3: Expenditure results as percentage of the 2024 budget



Source graph: Department of Finance.

Note: Graph does not include capital expenditures.

Graph 4: Comparison of expenditures per quarter during 2020-2024



Source graph: Department of Finance.

Note: Graph does not include capital expenditures nor depreciation costs.

Table 3: Personnel stock in FTE illustrates the stock flow of government personnel. In comparison to the second quarter of 2024, an decrease of 33 FTE is recorded. Personnel costs, including overtime allowances, increased by AFL 6.6 million compared to the third quarter of 2023.

Table 3: Personnel stock in FTE

Ministry of	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Gen Affairs, Innovation, Govt Organization, Infr and Spatial Development	545	547	548	549	550
Labor, Energy and Integration	187	185	186	184	184
Economic Affairs, Communication and Sustainable Development	114	113	110	109	107
Finance and Culture	573	567	577	584	586
Justice and Social Affairs	1,475	1,470	1,476	1,470	1,440
Education and Sport	199	197	195	198	197
Transportation, Integrity, Nature and Elderly Affairs	167	171	172	173	164
Tourism and Public Health	171	166	167	168	174
Total	3,431	3,416	3,431	3,435	3,402
Education personnel	771	767	774	781	796
Coast Guard personnel	49	58	58	55	61
SCP personnel	0	0	0	0	0

Source table: Department of Human Resources.

Ministries are divided according to stipulations of the LIM2022

4. Debt Management and Funding

In the first quarter, Aruba was rated by three rating agencies Moody's, S&P, and Fitch. Two of which delivered an investment grade rating, S&P BBB with a positive outlook and Moody's Baa3 with a stable outlook. Fitch rated Aruba at BB+ with a positive outlook.

Table 4: Projected and actual debt service 2024

	Principal	Interest	Total
<i>in AFL millions</i>			
Q1 proj.	158.7	57.6	216.3
Q2 proj.	133.5	68.9	202.4
Q3 proj.	83.3	72.9	156.2
Q4 proj.	192.1	106.8	298.9
Total	567.7	306.2	873.9

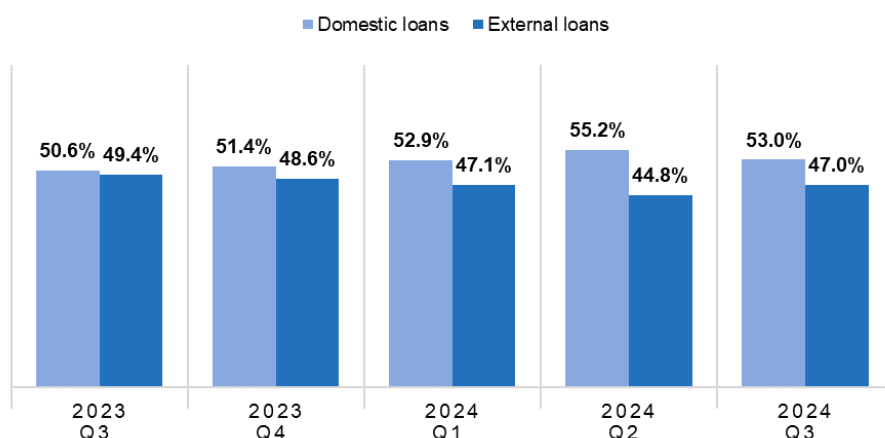
	Principal	Interest	Total
<i>in AFL millions</i>			
Q1 actual	159.4	57.1	216.5
Q2 actual	133.5	77.6	211.1
Q3 actual	83.2	61.3	144.5
Q4 actual			-
Total	376.1	196.0	572.1

Source table: Department of Finance.

Note: Table excludes principal repayment of Treasury bills. Interest paid on Treasury bills is included in table.

The classification of a loan as domestic or external, as indicated in the GOA's budget and in the annual report, reflects the market of issuance. Graph 5: Market allocation of government loans, gives insight in the market placement for the last five quarters. As illustrated in the graph, the loans portfolio consisted of 53.0% domestic loans at the end of the second quarter.

Graph 5: Market allocation of government loans



Source graph: Department of Finance.

The Central Government's debt composition is presented in Table 5: Public Debt. To make the debt management strategy more insightful, a distinction is made between loans, short-term debt (i.e. Unmet Financing Requirement, abbreviated as UFR) and deferred liabilities.

Total debt increased by AFL 120.6 million in the reporting period while the UFR decreased by approximately AFL 24.3 million.

The debt position at the end of the second quarter is AFL 5,570.5 million, which is 75.2% of GDP.

Table 5: Public Debt

<i>in AFL millions</i>	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Domestic loans	2,742.0	2,790.3	2,788.9	2,919.2	2,888.2
Government bonds	2,233.6	2,311.6	2,311.6	2,471.6	2,442.1
Commercial loans	285.8	257.5	257.5	229.2	229.2
Other loans	222.6	221.2	219.8	218.4	216.9
External loans	2,681.5	2,637.4	2,479.3	2,373.9	2,563.9
Loans N.I.O.	3.2	3.2	3.2	1.6	1.6
The Netherlands	1,439.5	1,439.6	1,438.9	1,438.9	1,438.9
Other loans EUR	4.4	4.4	4.2	3.9	4.1
Loans USD	1,234.4	1,190.3	1,033.0	929.5	1,119.3
Total loans	5,423.5	5,427.7	5,268.2	5,293.1	5,452.1
as % of GDP	83.1%	79.6%	77.3%	71.5%	73.6%
	195.8	134.9	170.9	156.9	118.4
UFR- Foreign	4.0	0.6	0.7	3.5	1.6
UFR- Domestic	127.6	70.3	106.3	89.8	67.4
Treasury bills	56.3	56.3	56.3	56.3	42.3
Long lease agreement	8.0	7.8	7.5	7.3	7.1
Total debt	5,619.3	5,562.7	5,439.1	5,450.0	5,570.5
as % of GDP	86.1%	81.6%	79.8%	73.6%	75.2%
GDP	6,526.0	6,817.0	6,817.0	7,408.0	7,408.0

Source table: Department of Finance.

Source GDP: Department of Economic Affairs, Commerce & Industry (Apr 2024).

5. General Government

According to art. 14 of the LAft, the stipulated norms apply to the General Government. It has been agreed upon that the entities forming the General Government will be determined biannually.

Since 2017, the General Government consists of the following entities:

- Government of Aruba (GOA)
- Uitvoeringsorgaan Algemene Ziektekosten Verzekering (AZV)
- Sociale Verzekeringsbank (SVB)
- Aruba Tourism Authority (ATA)
- Servicio di Limpieza di Aruba (Serlimar)
- Stichting Educacion Profesional Basico (SEPB)
- University of Aruba (UA)

On March 21, 2023, the State Secretary of Kingdom Relations approved the Government of Aruba's proposal to maintain the composition of the General Government for the year 2022. For the year 2023 and onwards, the State Secretary would like to make new arrangements for the involvement of the Central Bureau of Statistics of the Netherlands in the process for determining the entities that are included in the General Government. Pending this cooperation, the aforementioned entities will be provisionally included in this report as the General Government.

The third quarter 2024 operational results are presented below in Table 6.

Table 6: Operational results of the General Government

<i>in AFL thousands</i>				
	<i>Revenues 2024</i>	<i>Expenditures 2024</i>	<i>Results 2024</i>	<i>Projected results 2024</i>
GOA	1,423,212	1,141,903	281,309	173,545
AZV	443,006	378,210	64,797	90,358
SVB	343,488	281,443	62,045	61,281
ATA	111,847	49,784	62,063	18,000
Serlimar	24,093	24,011	82	109
SEPB	18,703	18,778	-74	0
UA	13,125	14,072	-948	-482
Consolidation differences	-11,077	-46,204	35,126	-32,500
Total	2,366,397	1,861,997	504,399	310,311

Source table: Department of Finance and General Government.

Note: Preliminary figures. Consolidation differences capture a number of flows between GOA and the other entities that are part of the General Government.



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