



GOVERNMENT OF **ARUBA**

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EXECUTIVE QUARTERLY REPORT

2024

Colophon

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In collaboration with	:	Tax Department Customs Department Department of Human Resources Department of Public Works
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Disclaimer

This report is a free translation of the “Uitvoeringsrapportage 4e 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

The 2024 budget and the preliminary results of the Central Government for year 2024 are provided in table 2.

Preliminary results and findings

The preliminary results at the end of 2024 indicates that the overall balance of the General Government is AFL 476.9 million, i.e. 6.7% of the GDP.

The 2024 GDP is forecasted at AFL 7,076.0 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	-260.8	-395.0
Loan maturities	567.6	567.7
Financial balance	306.8	172.7
General Government		
Financial deficit/surplus	476.9	
as % of GDP	6.7%	
GDP	7,076.0	

Source table: Department of Finance and General Government.

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

¹ Economic Outlook, Dec 2024.

The fourth quarter of 2024 delivered AFL 1,873.0 million in revenues which is 100.6% of the budget. Direct and indirect taxes are the main contributors in the revenue category with a share in total revenues of 35.3% and 44.4% respectively. In comparison to the fourth quarter of 2023 , revenues increased by AFL 157.02 million.

Expenditures for the fourth quarter of 2024 totaled AFL 1,578.0 million and comprise 96.3% of the budget. The highest expenditure categories include personnel cost (29.7%), interest expenditure (19.7%), subsidies (14.9%), goods and services (12.5%), and contributions & depreciation (12.2%). The preliminary operational result at the end of the fourth quarter amounts to AFL 294.7 million.

Capital account realization of revenues equaled 106.0% and its realization of expenses totaled 33.8% of the budget, thus providing for a net capital balance surplus of AFL 12.1 million. The result of the operational and capital balance equals a financial balance of AFL 306.8 million for the Central Government for the fourth quarter. The financial balance is equal to 4.3% of the GDP.

The debt position at the end of the second is AFL 5,265.4 million, of which AFL 5,198.4 million are loans.

Table 2: Preliminary results 2024

<i>in AFL thousands</i>			
Revenues	Actual 2024	Budget 2024	% Budget
Direct taxes	660,841	656,950	100.6%
Indirect taxes	830,801	826,225	100.6%
Administrative fees	26,439	22,855	115.7%
Premiums, penalties & other fees	59,350	49,466	120.0%
Interest revenues	1,176	312	376.8%
Non-tax revenues	210,622	226,953	92.8%
Internal capital settlements	2,395	4,848	49.4%
Other revenues	81,075	74,124	109.4%
	1,872,698	1,861,733	100.6%

Expenditures	Actual 2024	Budget 2024	% Budget
Personnel costs	469,053	481,450	97.4%
Goods & services	197,389	226,135	87.3%
Interest expenditures	311,092	316,070	98.4%
Subsidies	235,813	244,931	96.3%
Transfers	172,186	180,686	95.3%
Contributions & depreciation	192,452	189,472	101.6%
	1,577,985	1,638,745	96.3%

Operational balance	294,713	222,988	132.2%
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Capital revenues	Actual 2024	Budget 2024	% Budget
Sale of assets	3,312	10	100.0%
Capital revenues	-	-	-
Domestic credit repayment	5,257	6,134	85.7%
Grants	-	-	-
Remitted depreciation	34,072	34,072	100.0%
	42,640	40,216	106.0%

Capital expenditures	Actual 2024	Budget 2024	% Budget
Investments	13,835	66,119	20.9%
Capital transfers	3,809	4,400	86.6%
Domestic lending	12,934	20,000	64.7%
	30,578	90,519	33.8%

Net capital balance	12,063	-50,303	-24.0%
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Financial balance	306,775	172,685	177.7%
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Source table: Department of Finance.

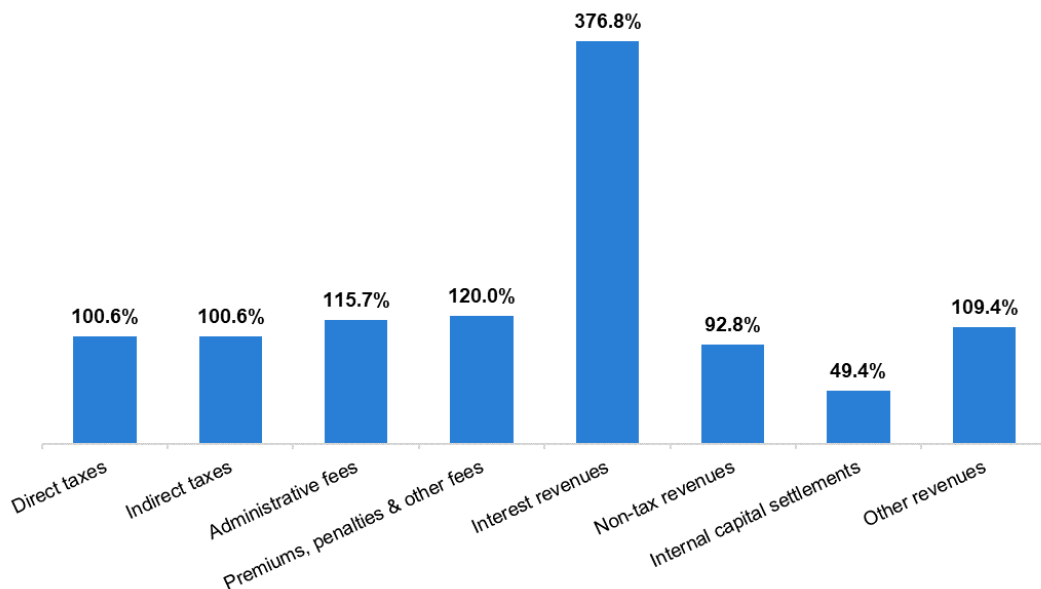
Note: Personnel costs includes employer's contribution.

3. Budget Execution

The second amendment to the 2024 budget was approved by Parliament on the 16th of December, 2024 (refer to table 2).

Revenues

Graph 1: Revenue results as percentage of the 2024 budget

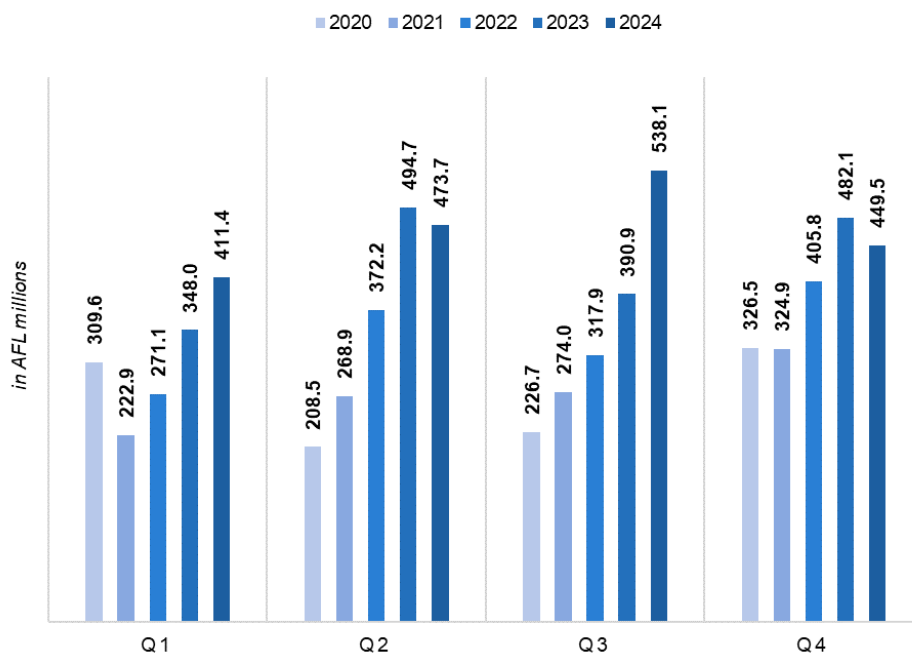


Source graph: Department of Finance.

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

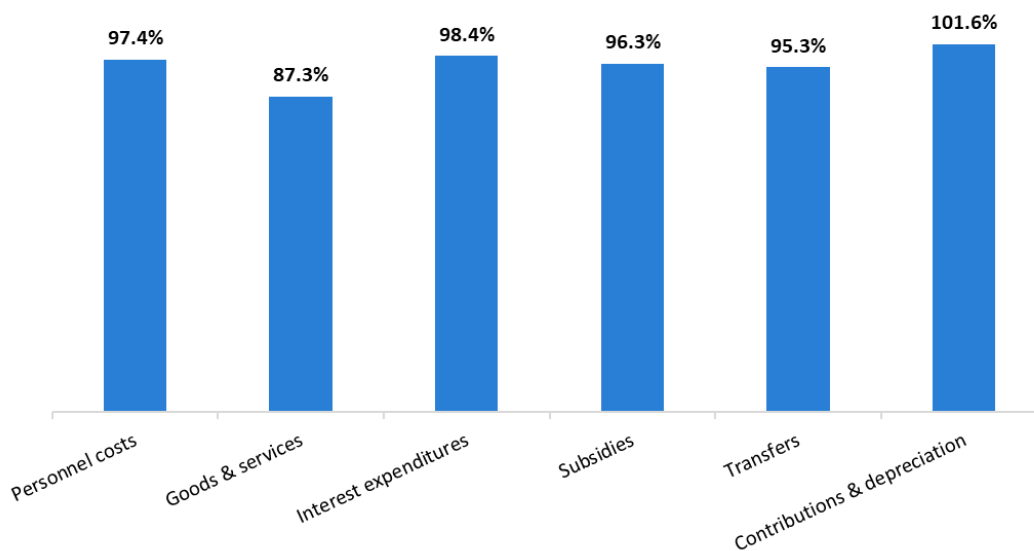


Source graph: Department of Finance.

Note: Graph does not include capital revenues.

Expenditures

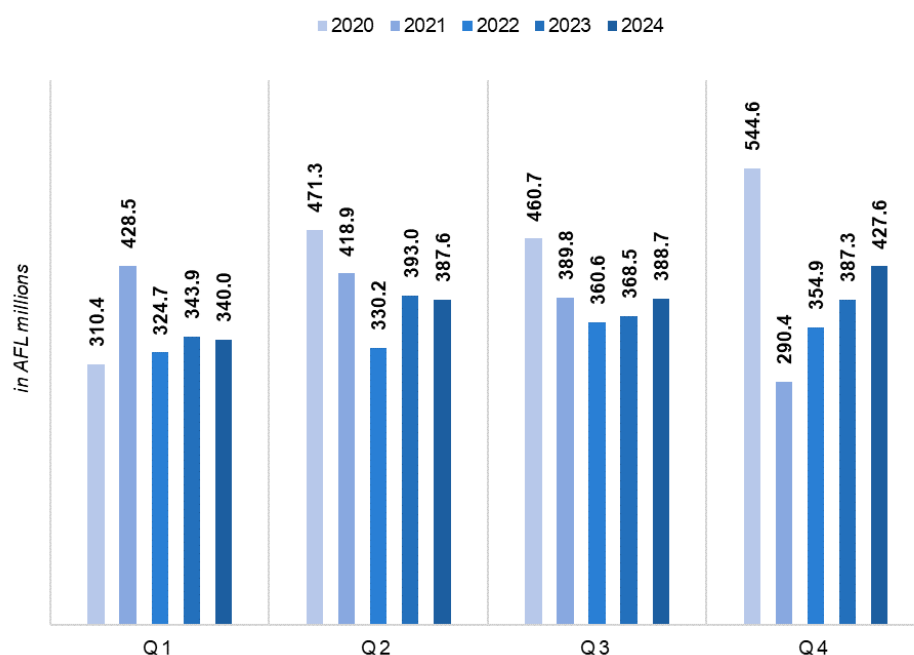
Graph 3: Expenditure results as percentage of the 2024 budget



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. The amount of FTE for the fourth quarter remained the same in comparison to the third quarter of 2024. Personnel costs, including overtime allowances, increased by AFL 12.3 million compared to the fourth quarter of 2023.

Table 3: Personnel stock in FTE

Ministry of	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Gen Affairs, Innovation, Govt Organization, Infr and Spatial Development	547	548	549	550	548
Labor, Energy and Integration	185	186	184	184	181
Economic Affairs, Communication and Sustainable Development	113	110	109	107	105
Finance and Culture	567	577	584	586	586
Justice and Social Affairs	1,470	1,476	1,470	1,440	1,455
Education and Sport	197	195	198	197	192
Transportation, Integrity, Nature and Elderly Affairs	171	172	173	164	163
Tourism and Public Health	166	167	168	174	172
Total	3,416	3,431	3,435	3,402	3,402
Education personnel	767	774	781	796	811
Coast Guard personnel	58	58	55	61	62
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

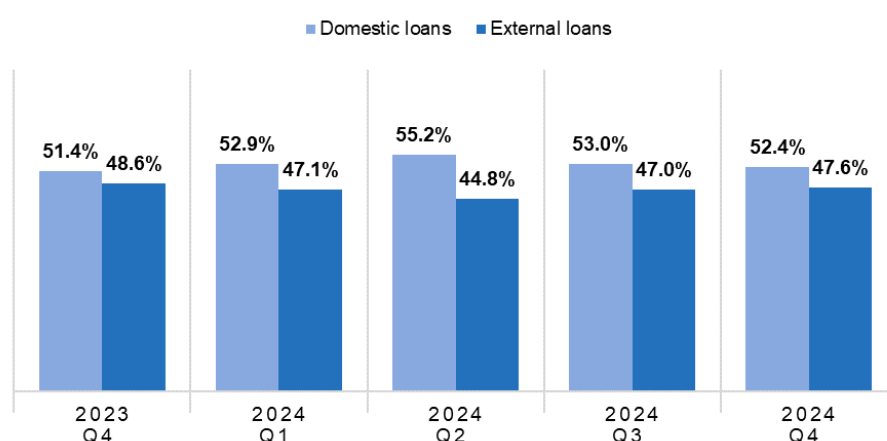
	Principal	Interest	Total
<i>in AFL millions</i>			
Q1 actual	159.4	57.1	216.5
Q2 actual	133.5	77.6	211.1
Q3 actual	83.2	61.3	144.5
Q4 actual	253.5	115.0	368.4
Total	629.6	310.9	940.5

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 52.4% domestic loans at the end of the fourth quarter.

Graph 5: Market allocation of government loans



Source graph: Department of Finance.

The Central Government's long-term debt is presented in Table 5: Public Debt and the short-term debt (i.e. Unmet Financing Requirement, abbreviated as UFR) and deferred liabilities is presented in Table 6: UFR.

The public debt totaled AFL 5,198.4 which is 73.5% of the GDP and decreased by AFL 253.8 million in the reporting period. The UFR totaled AFL 67.1 million which is 0.9% of the GDP and it decreased by approximately AFL 51.3 million for the fourth quarter of 2024. The total decrease in debt position for 2024 is 297.3 million.

The total debt position at the end of the fourth quarter is AFL 5,265.4 million, which is 74.4% of GDP.

Table 5: Public Debt

<i>in AFL millions</i>	<i>2023 Q4</i>	<i>2024 Q1</i>	<i>2024 Q2</i>	<i>2024 Q3</i>	<i>2024 Q4</i>
Domestic loans	2,790.3	2,788.9	2,919.1	2,888.2	2,725.1
Government bonds	2,311.6	2,311.6	2,471.6	2,442.1	2,341.8
Commercial loans	257.5	257.5	229.2	229.2	229.2
Other loans	221.2	219.8	218.4	216.9	154.1
External loans	2,637.4	2,479.3	2,374.0	2,563.9	2,473.3
Loans N.I.O.	3.2	3.2	1.6	1.6	1.6
The Netherlands	1,439.6	1,438.9	1,438.9	1,438.9	1,392.9
Other loans EUR	4.4	4.2	3.9	4.1	3.6
Loans USD	1,190.3	1,033.0	929.5	1,119.3	1,075.2
Total loans	5,427.8	5,268.2	5,293.1	5,452.1	5,198.4
as % of GDP	81.9%	74.5%	74.8%	77.1%	73.5%
GDP	6,630.0	7,076.0	7,076.0	7,076.0	7,076.0

Source table: Department of Finance.

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

Table 6: UFR

<i>in AFL millions</i>	<i>2023 Q4</i>	<i>2024 Q1</i>	<i>2024 Q2</i>	<i>2024 Q3</i>	<i>2024 Q4</i>
Creditors	70.9	107.1	93.3	69.0	60.2
Short-term - Domestic	70.3	106.3	89.8	67.4	59.2
Short-term - External	0.6	0.7	3.5	1.6	1.0
Other	64.0	63.8	63.6	49.3	6.8
Treasury bills	56.3	56.3	56.3	42.3	-
Long lease agreement	7.8	7.5	7.3	7.1	6.8
Total loans	134.9	170.9	156.9	118.4	67.1
as % of GDP	2.0%	2.4%	2.2%	1.7%	0.9%
GDP	6,630.0	7,076.0	7,076.0	7,076.0	7,076.0

Source table: Department of Finance.

Source GDP: Department of Economic Affairs, Commerce & Industry (Dec 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 fourth quarter 2024 operational results are presented below in Table 7.

Table 7: Operational results of the General Government

<i>in AFL thousands</i>			
	<i>Revenues 2024</i>	<i>Expenditures 2024</i>	<i>Results 2024</i>
GOA	1,872,698	1,577,985	294,713
AZV	596,021	502,251	93,770
SVB	467,852	397,697	70,155
ATA	147,046	108,135	38,911
Serlimar	32,124	32,015	109
SEPB	25,168	26,090	-923
UA	17,573	17,189	384
Consolidation differences	-91,283	-59,034	-32,249
Total	3,067,199	2,602,328	464,870

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. Please be aware that here is a discrepancy in the "consolidation differences" results between the Dutch (uitvoeringsrapportage) version and the English (Executive Report) version.



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