



Emergency measures to mitigate the effects of COVID-19

April 19th 2020

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0. Executive Summary

Economies across the world have been negatively impacted by the COVID-19 pandemic and Sint Maarten is no exception. The necessary measures of closing the borders in order to control the spread of the virus have resulted in a practical halt of all economic activities on the island. The foremost effected are all economic activities that are directly related to tourism; the so-called frontline or first tier. Depending on the source and what is considered “directly related, indirect and induced”, tourism accounts for 50 - 80 per cent of the GDP of Sint Maarten. This further cements the need for a substantial financial injection considering the current dilemma.

The severity of the economic and social impact can be considered even more profound than others in the region or internationally as the country finds itself in the recovery phase after Hurricanes Irma and Maria, which devastated the island in September 2017. There is already a high level of uncertainty, which is further exacerbated by not knowing how long this pandemic will last and how long it will take the global tourism sector to start recovering. This, coupled with Sint. Maarten heading into its low season and hurricane season, puts the island in a vulnerable position.

The government acknowledges that it is imperative that adequate measures are taken to absorb the economic and social impacts of this new shock and to achieve a rapid recovery of the economy. Businesses that are severely affected will need financial assistance and, for those who risk losing their jobs, the creation of a social safety net is essential. These measures are presented and outlined in more detail below.

The Government of Sint. Maarten has put much effort into following the guidelines set forth by CFT for the budget 2020, but it is clear that the budget cannot finance the measures necessary to safeguard the health of the population, avoid social unrest and disruption of the already fragile economy. Sint Maarten has implemented all measures in its power up until this point, however we need the support of the Netherlands.

The request for support totals ANG 258.3M for the first three (3) months and can be summarized in the table below.

Proposed Measures Amounts in ANG *1M	Section	March 2020	April 2020	May 2020	June 2020	Total second Quarter
Direct relief	2.1					
Payroll Support Program	2.1.1		32.3	20.9	20.9	74.1
Income Support Program	2.1.2		1.4	1.3	1.3	4
Soft Loan Program	2.1.3		33	0	0	33
Unemployment	2.1.4		1.1	1.2	1.2	3.5
<i>Subtotal</i>		0	67.8	23.4	23.4	114.6
Government related	2.2					
Loss of Income	2.2.1	15.7	25.9	17.5	8.4	67.5
Dividend Government Owned Entities	2.2.1.2		10.5			10.5
Food Vouchers	2.2.2.1		1.1	1.1	1.1	3.3
Food boxes for vulnerable groups	2.2.2.2		0.4	0.4	0.4	1.2
Meals on wheels for elderly	2.2.2.2		1.1	1.1	1.1	3.3
Additional psycho-social care	2.2.2.2		0.5	0.5	0.5	1.5
<i>Subtotal</i>		15.7	39.5	20.6	11.5	87.3
Additional Healthcare expenses						
Additional healthcare expenses			4.7			4.7
SZV with Government measures	2.2.3.2		8.2	8.2	8.2	24.6
OZR	2.2.3.2		3.1	3.1	3.1	9.3
SMMC	2.2.3.3	3.4	4.8	4.8	4.8	17.8
<i>Subtotal</i>		3.4	20.8	16.1	16.1	56.4
Total		19.1	128.1	60.1	51	258.3

1. Introduction

On March 6, 2020, Government of Sint Maarten began implementing the measures and travel restrictions to control the spread of COVID-19. The World Health Organization declared COVID-19 a global pandemic on March 11, 2020, to which Sint Maarten responded with further tightening of its travel restrictions and public health measures. On March 22, 2020, our ports were closed completely for transportation of persons, however remained open for cargo operations. The pandemic continues to expand with more than 175 countries having reported cases of COVID-19. The COVID-19 viral outbreak has already brought considerable human suffering and major economic disruption, prompting governments worldwide to act swiftly and forcefully with targeted public-health responses and supportive macroeconomic policies.

With the closure of its borders, the economic activity in Sint Maarten has drastically declined and is further projected to have continued adverse effects on the major economic pillar, tourism. The CBCS forecasts economic contraction of approximately 30 per cent of our GDP if borders remain closed for six (6) months. As a result, the impact is not limited to rapid increase of unemployment, but includes (i) businesses and individuals failing to meet financial obligations, (ii) increased government budget deficits due to sharp drop in tax revenues and increasing expenditures putting pressure on balance of payments and (iii) foreign reserves coming under pressure.

Based on the above elucidation, Sint Maarten is in dire need of financial assistance to implement measures to assist affected groups, mitigate any potential spillover effects and restore growth and confidence.

The Government of Sint Maarten has put together a Relief and Economic Stimulus Program that captures direct relief for the following:

- Payroll support for businesses that are impacted;
- Income support for Sole proprietors, vendor license holders, bus and independent taxi drivers;
- Income support for unemployed;
- Liquidity support for government;

We have included the financial needs for each section for the short, medium and long term in accordance with CBCS scenario. The assumptions and considerations are as follows:

- Initial 3 months - 0% economic activity;
- Following 3 months - 50% economic activity;
- Final 3 months - 75% economic activity;

We are concerned about using this premise of the CBCS as it is based on the Economic Impact Assessment made by the CBCS dated March 17, 2020. Since this date, there have been major developments regarding the economic activity, the spread of the pandemic within Sint Maarten/St. Martin and our target markets for tourism, which have not been included in the assessment of March 17. The position of the island as it stands today is different and should be taken into consideration when assessing this Relief and Economic Stimulus Package.

Therefore, we have included an alternative, but conservative outlook, which assumes recovery commencing in the fourth quarter of 2020. This assumption considers:

- a. The impact of the pandemic on the economy is primarily dependent on tourism demand;
- b. Tourism is highly dependent on the recovery in our primary sales markets, which suggests the period of closure of Sint Maarten for foreign travel is not considered a constraint factor;

- c. The forecasted weakening of tourism is a direct consequence of the fast increasing, widening and deepening economic impact of the COVID-19 crisis on the US, European and Latin American economies and the related levels of income in these regions;
- d. As travel/vacation is a relative luxury good with a high-income elasticity, a contraction of economic activity in our target markets will be reflected in reduced demand for tourism;
- e. In connection with the previous factor, tourism numbers are not assumed to bounce back fast after the COVID-19 crisis subsides, but rather over a 12-month period;
- f. Stay-over demand is assumed to be primarily driven by economic- and disposable income-recovery in our target markets;
- g. Cruise demand recovery is assumed to lag considerably behind, based on negative experiences with cruise vacations during the COVID-19 crisis and possible impact of the crisis on the cruise companies' operations, logistics and general business model (risk mitigation measures).

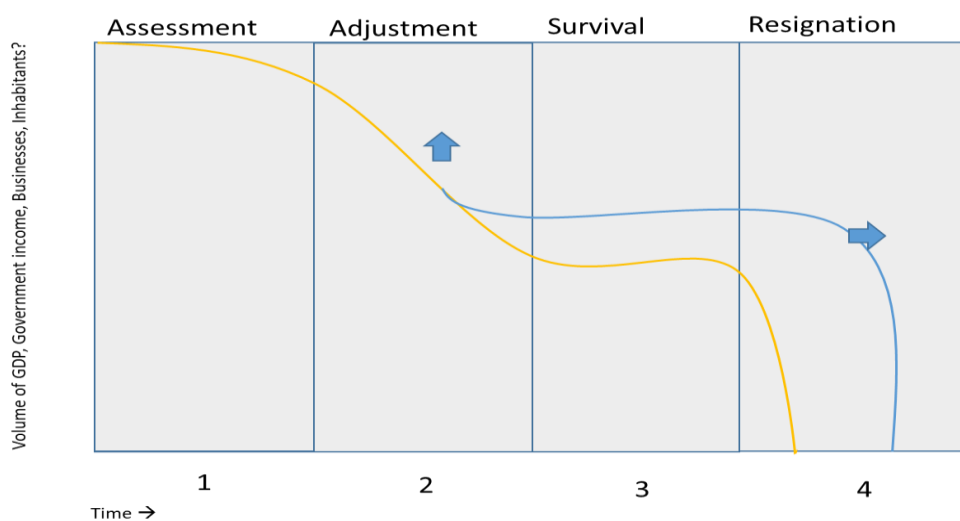
1.1 Impact on the economy if no relief measures implemented

If no relief is provided, we project our economy will go through 4 phases.

A short description of these phases are as follows:

- Phase 1: Current situation, businesses decide to maintain operation, close and lay off workers or at least take measures to reduce costs.
- Phase 2: Businesses cease operations, which results in a steep downsizing of the economy.
- Phase 3: Businesses that remain operational go into survival mode and downsize the personnel.
- Phase 4: This situation is not sustainable, businesses cease operations, leading to closure.

The timing of relief disbursement is vital in reducing the number of bankruptcies, having a larger economic impact to recover from (arrow Phase 2). The quicker the disbursement, the higher the number of businesses that remain in operation. The support measures will strengthen Phase 3 resulting in more businesses maintaining operations, which further mitigates the risk of massive lay-offs (arrow Phase 4).



Each phase 1 to 6

2. Measures

2.1 Direct Relief

Government has put together direct relief programs for businesses and individuals who are impacted by the COVID-19 pandemic. The uncertain nature of the pandemic makes economic forecasting variable. Based on this uncertainty, we have included a short, medium and long-term projection in line with CBCS' approach. This approach assumes no tourist-related income for the first three months (April-June 2020), for the following three (July-September), the tourist-related income would be limited to 50% and the tourist-related income for October to December 2020 would increase to 75%.

We have also included an alternative outlook that is more conservative when projecting the recovery of the economy. This approach assumes there will be 0% tourist-related income for the first six (6) months (April-September), thereafter, 25% tourist-related income for October-December 2020.

As stated in above sections, Sint. Maarten's recovery is highly dependent on the economy of the US, Europe and other target markets and the strong public measures implemented by these countries to cushion economic impact. Hence, we strongly emphasize considering both presented scenarios.

Overview of the total costs of the payroll support and income support programs combined under both scenarios are estimated:

Period	Number of months	Gross amount per month in ANG million	CBCS Scenario	Conservative Outlook
Quarter 2, 2020	3	32.3-20.9	74.10	74.10
Quarter 3, 2020	3	20.9	31.35	62.7
Quarter 4, 2020	3	20.9	15.68	47.025
			121.125	183.825

2.1.1. Payroll Support for Businesses

To support businesses that are facing revenue losses and to assist in the prevention of layoffs, government will provide eligible employers with payroll support. This initiative will ensure job retention and create a buffer for furthering economic impact. Government will pay up to 80% of the payroll of qualifying businesses with a minimum of ANG 1,150 for a full-time employee for a maximum period of three (3) months.

The main condition is that qualifying companies/employers should keep their employees on their payroll to prevent mass layoffs. These companies will need to demonstrate that their revenue has decreased by more than 20%, because of the COVID-19 pandemic. Revenue of March 2019 will be compared to that of 2020 for the same period. Monthly Tax & Premium Declarations will be used to determine if the relevant threshold is met. For newly established companies, revenues of January, February and March 2020 will be compared as well as other information such as benchmarks in the relevant sectors.

In collaboration with SZV, an analysis of the sectors was done to determine the levels of impact, which further determined which companies under which sectors will qualify for this support program.

The Government is excluded from this calculation in addition to sectors listed on our business exemption list.

In regards to the Government-Owned Companies:

1. Harbor and Winair are labeled as high impact as operations have fully ceased and are hence included.
2. Airport, Telem and G.E.B.E. have minimal impact and are not included in the calculation at this time.

The outcome of the stimulus package will support approximately 60% of the workforce which deviates from the CBCS' assessment of forecasted 30% contraction of the economy.

Following the scenario of CBCS, the total cost for the payroll support program is estimated to be:

Period 2020	Number of months	Support percentage	Gross amount per month in ANG million	Expenses for Income support Program
Quarter 2, 2020	April	100%	32.3	32.3
	May	100%	20.9	20.9
	June	100%	20.9	20.9
Subtotal				<u>74.10</u>
Quarter 3, 2020	3	50%	20.9	31.35
Quarter 4, 2020	3	25%	20.9	15.68
				<u>121.13</u>

Following the conservative outlook, the total cost for the payroll support program is estimated to be:

Period 2020	Number of months	Support percentage	Gross amount per month in ANG million	Expenses for Income support Program
Quarter 2, 2020	3	100%	32.3-20.9	74.10
Quarter 3, 2020	3	100%	20.9	62.7
Quarter 4, 2020	3	75%	20.9	47.025
				<u><u>183.825</u></u>

The Payroll Support program will be managed by SZV, which has all the relevant data to monitor compliance with the detailed procedures that are worked out in Appendix 1 which provides a summary of the most important procedures to manage this payroll support.

2.1.2. Income Support for Sole Proprietors, Vendor License Holders, Bus and Independent Taxi and Tour Drivers

This proposal includes income support to sole proprietors, vendor license holders, independent bus and taxi drivers who are facing revenue losses due to COVID-19. Government is proposing to pay up to ANG 1,150 to qualifying individuals. SMTF (St. Maarten Training Foundation) will be handling all requests and payments.

Total cost of this program is estimated to be ANG 1.34 million per month based on the assumption that all listed sole proprietors who have permits for public vending and public transportation are paid a maximum of ANG 1,150 per month.

Following the scenario of CBCS, total cost for the income support program, not including administrative cost, is estimated to be:

Table 1: Income Support Program
CBCS scenario

Period	Number of months	Support Percentage	Gross amount per month in ANG million	Expenses for income support program
Quarter 2	3	100%	1.34	4.00
Quarter 3	3	50%	1.34	2.00
Quarter 4	3	25%	1.34	1.00
				7.00

Following the conservative outlook, the total cost for the income support program, not including administrative cost, is estimated to be:

Table 2: Income Support Program
Conservative Outlook

Period	Number of months	Support Percentage	Gross amount per month in ANG million	Expenses for income support program
Quarter 2	3	100%	1.34	4.00
Quarter 3	3	100%	1.34	4.00
Quarter 4	3	25%	1.34	3.00
				11.00

See Appendix 1 for more details regarding procedure of eligibility and disbursement.

2.1.3. Soft Loan Program (MSMEs)

In addition to the payroll support for businesses, the Government of St. Maarten has requested the CBCS to assist with creating a soft loan program for a total amount of ANG 33M. This program is geared at providing additional support to small and medium-sized businesses. This will be an effective tool for helping viable businesses remain resilient during these very uncertain times.

2.1.4. Unemployed

With no formal unemployment insurance, and only limited social assistance and anti-poverty measures, the capacity of the Government of St. Maarten to cushion the impact of unemployment and reduced incomes in low-income households is constrained at a time of increased demand for social assistance to support consumption smoothing. Fiscal space to strengthen the social protection system is likely to remain limited over the medium term in light of the significant hurricane budget deficits that still exist.

In collaboration with the World Bank, the Ministry of VSA developed a scenario model to estimate the impact of the COVID-19 virus on Sint Maarten's unemployment. If payroll support isn't provided to assist in reducing mass layoffs, the model projects unemployment at approximately 5,000 persons within the next three (3) months.

In addition to the established social assistance which will continue to be provided, a COVID-19-specific Unemployment Support Program has been developed. In a scenario in which payroll support is provided further limiting and reducing layoffs, ANG 1,150 will be provided to persons who become unemployed due to COVID-19.

# of Beneficiaries	2020-Apr	2020-May	2020-Jun	Total	in ANG Million
w/ impact of payroll	926	1000	1000	2926	3.36
w/out relief	926	2485	1593	5005	5.76

2.2. Government Related

This section outlines government related loss of income and additional expenses projected in the next 3 months.

Proposed Measures	Section	March 2020	April 2020	May 2020	June 2020	Total second Quarter
Amounts in ANG *1M						
Government related	2.2					
Loss of Income	2.2.1	15.7	25.9	17.5	8.4	67.5
Dividend Government Owned Entities	2.2.1.2		10.5			10.5
Food Vouchers	2.2.2.1		1.1	1.1	1.1	3.3
Food boxes for vulnerable groups	2.2.2.2		0.4	0.4	0.4	1.2
Meals on Wheels for Elderly	2.2.2.2		1.1	1.1	1.1	3.3
Additional psycho-social care	2.2.2.2		0.5	0.5	0.5	1.5
Subtotal		15.7	39.5	20.6	11.5	87.3
Additional Healthcare expenses						
Additional healthcare expenses			4.7			4.7
SZV with Government measures	2.2.3.2		8.2	8.2	8.2	24.6
OZR	2.2.3.2		3.1	3.1	3.1	9.3
SMMC	2.2.3.3	3.4	4.8	4.8	4.8	17.8
Subtotal		3.4	20.8	16.1	16.1	56.4
Total		19.1	60.3	36.7	27.6	144.0

2.2.1 Loss of Income

2.2.1.1 Direct tax (Turn over Tax, Wage Tax)

A scenario model has been set up to assess the impact of the COVID-19 crisis on the economy of Sint. Maarten and, eventually, on government's budget. The model was built in cooperation with and based on input by IMF, the World Bank and CBCS.

The model is intended to help with the windows of different effects:

1. Government revenue decline;
2. Increase in government costs:
 - a. Increase in health care;
 - b. Decrease in labor market/unemployment;
 - c. Cost scaling up provisions for government.

The model is based on the following considerations:

- It is assumed that all economic activities will follow the trend of the turnover of businesses. Estimations are estimates across the board.
- It is assumed that the impact of the COVID-19 crisis on the economy of Sint. Maarten and employment depends primarily on the demand for tourism.
- The closure period of Sint Maarten for foreign travel is only of limited importance. In other words, even if Sint. Maarten were to open earlier than later tourists will only return after the recovery of demand in primary markets.
- This position is elected, because of the rapidly increasing, widening and deepening of the economic impact of the COVID-19 crisis on the US, Europe and Latin American economies and the associated income levels in these regions. Since travel/holidays are a relative luxury commodity, downsizing economic activity in our target markets will reflect in reduced tourism.
- In connection with this, tourism is not supposed to recover immediately after the COVID-19 crisis, but there is great uncertainty about the speed of recovery. In order to be able to estimate a first impression of the damage, the three (3) recovery scenarios are based on three (3), six (6) and nine (9) months respectively to achieve the pre- COVID-19 level.
- Demand for overnight stays is expected to be driven mainly by the recovery of economic and disposable income in target markets. Cruise tourism is expected to lag significantly behind, given the negative experiences of outbreaks on cruise ships during the COVID-19 crisis. Cruise tourism is expected to eventually fully recover in the model, which in itself is an optimistic assumption.

The scenario model has the following main parameters (adjustable):

- Approximately 40% of the labor force is affected by a shock in tourism, in the short term. In other words, if all tourism activities drop to zero, 40% of the labor force will become unemployed in the short term. This number takes into account various sensitivities of each industry.
- A factor is included for increased employment sensitivity of each sector as the crisis lasts longer.

- Layoffs will take place quickly with a spread over two (2) months after loss of turnover, but probably could be curbed with quickly published commitments on the assistance that will be provided to employers (e.g. as payroll support).
- Workers will be rehired by companies in parallel with restoring tourism levels, with a brief delay.
- There are now three scenarios regarding the depth of the COVID-19 crisis and its impact on tourism demand; Optimistic (three (3) months of zero receipts stayover, five (5) months in cruise sector) medium (six months) and pessimistic (nine months) each followed by a 12-month gradual linear recovery.
- A zero-yield scenario of one month (April) followed by recovery is already no longer realistic. Some tour operators have cancelled their flights until June 1 and more are likely to follow. Demand is not expected to result in recovery before June 2020.

The following table shows the scenarios based on the model as well as the scenario developed by CBCS. The CBCS scenario starts recovery as early as June 2020, but this can be considered too optimistic. We will monitor the real developments closely to adjust the figures when appropriate.

Amounts in ANG *1M	MRT	APR	MEI	JUN	JUL	AUG	SEPT	OKT	NOV	DEC	JAN	FEB	Total
Government Income	31,433	51,836	34,977	33,615	37,143	37,166	33,058	39,067	32,676	47,695	45,478	38,356	462,500
% reduction 3 months	41	48	44	33	23	17	14	2	0	0	0	0	0
Amount reduction 3 months	12,805	24,953	15,334	10,949	8,563	6,436	4,507	774	0	0	0	0	84,320
% reduction 6 mnd	41	48	44	46	43	42	36	18	15	16	15	10	
Amount reduction 6 months	12,805	24,953	15,510	15,545	15,912	15,654	11,854	7,161	4,805	7,712	6,662	3,798	142,372
% reduction CBCS	50	50	50	25	25	25	12.5	12.5	12.5	0	0	0	
Amount reduction CBCS	15,716	25,918	17,488	8,404	9,286	9,291	4,132	4,883	4,085	0	0	0	99,204
Amount after reduction CBCS	15,716	25,918	17,488	25,211	27,857	27,874	28,926	34,184	28,592	47,695	45,478	38,356	363,296

The consequences for Sint Maarten as a result of the COVID-19 crisis shows in this model. Three things stand out:

1. Speed is essential to mitigate unemployment. Employers have started to drain reserves since March 14 and layoffs can only be mitigated by at least commitments on the assistance that will be provided to employers;
2. The volume of assistance to be provided depends, of course, mainly on the duration of the relapse. A 50% reduction in GDP is already causing social damage of around ANG. 75M per month. The volume also depends on the conditions given to the aid, such as the level of benefits. The level of these variables is not yet known to the parts of the public and we therefore count on the conditions already published for BES.
3. The government is facing a steep fall in its revenues and, at the same time, sees its costs increase significantly. This seriously increases the already existing budget deficit.

2.2.1.2 Dividends of Government-Owned Companies

Due to the impact of the COVID-19 crisis, the government-owned companies and government-related institutions will encounter huge financial constraints. It is, therefore, not realistic to expect that those companies/institutions will be able to pay for the 2020 budgeted amount of concessions and or dividend as included in the table below. Therefore, the income of government will be reduced further attributing to the loss of government income. The total impact is ANG 10.5M.

Government Entity	Begrote Ontvangsten 2020 in ANG
Port of Sint Maarten (Harbour) concession	4,000,000
Concession Revenue GEBE	6,500,000
	10,500,000

2.2.1.3 Extension Filing Profit Tax and Audits

As part of government's swift response, we have provided further tax relief to the community by extending filing of taxes. See below measures implemented:

1. A postponement is granted of filing the 2019 Income Tax Return from the deadline of May 31, 2020, to August 31, 2020.
2. Businesses are granted a postponement to file and pay the Provisional Profit Tax Return (due March 31, 2020) by June 30, 2020 along with the Final Profit Tax Return. A request for extension on the filing of the Final Profit Tax Return can be submitted before June 30, 2020, based on Art. 9 ALL.
3. Postponement has been granted to filing the monthly tax and premium declarations of due on April 15, 2020, to May 4, 2020. Employers who want to apply for the Payroll Support will have to file its monthly tax and premium declarations not later than April 24, 2020. Payment is due not later than May 4, 2020.
4. For enterprises that are experiencing cash flow problems, extended payment arrangements are available. Taxpayers must be able to show, they are experiencing cash flow problems. The Receiver will handle these cases on an individual basis. Evidence of hardship is required.
5. Audits have already been suspended (includes personal audits).
6. Tax Returns can be dropped into the mailbox outside the Vineyard Building (includes personal taxes).

2.2.2 Increased Expenditures

2.2.2.1 Food Voucher Program

VSA has extensive experience with providing food vouchers after Hurricane Irma. In total, roughly 3,000 food vouchers were issued and approximately 1,700 households were assisted. These numbers include incidental requests for assistance during the emergency phase. Food vouchers are a form of emergency relief, which can be used for temporary relief in cases of immediate job loss. Food vouchers can also be used for in-kind relief in addition to income support for the medium term.

Advantages:

- 1) Access to immediate help
- 2) Direct access to basic necessities

Disadvantages:

- 1) If due to shortages food prices go up, leading to less value of the voucher,
- 2) The administration required to process is considerable, and

3) More distribution challenges due to COVID-19 when issuing food vouchers, large gathering of groups should be avoided.

Next, a family cannot live from food vouchers alone, and households need other economic income support to cope with duration of unemployment.

Calculation is based on the following existing criteria: less than two (2) persons in a household an ANG. 150 Food Voucher per two (2) weeks and three (3) and more in a household an ANG 300 Food Voucher every two (2) weeks.

On a monthly basis: ANG. 300 for families of two (2) persons or less; ANG. 600 for families of three (3) persons or more. Based on the Statistical Yearbook 2017, roughly 60% are households of two (2) persons or less and 40% consists of households of three (3) persons or more.

Assumptions

In total, there are approximately 15,000 households on Sint Maarten. Given the severity of economic impact, VSA assumes that one-third of the households will be in immediate need of in-kind support at one point in time.

If one applies the calculation model of CBCS, the statistics will be the following:

First three (3) months: 2,500 households

Second three (3) months: 1,250 households

Next three (3) months: 625 households

Total 4,375 households

Worst case scenario: VSA assumes that more households are in need of more in-kind relief via Food Vouchers in addition to other form(s) of economic support via income support. Calculations are made with 2,500 households over a term of six (6) months and 1,250 for a term of additionally three (3) months and 625 households for another three (3) months, which means up to 12 months.

	Q2 3 months	Q3 3 months	Q4 3 months	Worst Case (12 months)
Food Vouchers	ANG. 3.3M	ANG. 1.6M	ANG. 788K	ANG. 8.7M
Total	ANG. 3.3M	ANG. 4.7M	ANG. 5.5M	

Ultimate worst case scenario is providing food in case of complete shut-down of the supermarkets to the entire registered population.

Food Packages	Worst case scenario emergency support in case no access to supermarkets Only for vulnerable groups	3.42 million ANG per month based on population of 40.616 Approx. 1.500 persons Costs per month	Depends on scaling up of the crises
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2.2.2.2. Additional Social Care

Providing social care to the people is the core business of VSA. Currently, VSA has about 1,500 clients who receive some form of assistance. This assistance needs to be guaranteed. On top of this, providing more care can be expected due to stress-related effects of the personal situation of the people, losing their jobs and facing difficult times. All crises lead to more social tension and unfortunately more forms of violence, inside and outside the household. Safety is an issue and measures need to be in place to create stability so that people do not need to use other means to provide for their families. With food prices increasing, families on financial aid will struggle even more.

Next, due to the social distancing, the elderly residents are especially vulnerable. Many of the elderly depend on family or friends for care. Extra measures need to be put in place for them. Also, many people depend on social safety nets in the form of churches and other NGOs that provide for soup kitchens. These organization mainly depend on donations, which are drying up. Further, subsidies for organizations that provide care for persons with additions and other social care (displacement etc.) come under pressure. In order to mitigate the risk, these subsidies should remain in government's budget. The following measures need to be put in place immediately to be able to cope with social unrest and provide care for the extra vulnerable:

- Food boxes for vulnerable groups as a form of direct humanitarian aid; AND
- Meals services to vulnerable groups which cannot care/cook as a form of direct humanitarian aid; AND
- Additional psycho-social support in different forms to decrease stress and increase safety.

Considerations

The number of VSA clients is currently 1,500. If there are no immediate measures taken for the public, this number will rise significantly due to a poverty gap that will develop rapidly. If measures are taken and income support and food vouchers are provided, the number does not need to rise. Based on this consideration, the group is, in this sense, stable. Food boxes for 1,500 costs per month ANG. 400,000, including operational costs.

For the elderly, given the CBCS model, the following calculation scheme is applied:

First three (3) months meals to: 2,045 elderly

Next three (3) months meals to: 1,022 elderly

Next three (3) months meals to: 511 elderly

Additional psycho-social support will remain across the board. Given the expected negative impact, VSA calculated this support for a duration of 12 months.

Worst case scenario is difficult to predict and to calculate, but the calculation included extension of support for 12 months, instead of nine (9) months.

Assumptions

Food boxes for vulnerable groups, calculated based on existing clientele of VSA: total 1,500.

For the second quarter, it is expected that the regular elderly day cares will not be accessible for elderly due to the travel restriction. Therefore, this group needs to be supported by the Meals-on-Wheels program. It is estimated that approximately 50% of the elderly of 63 years and over, based on statistics

from 2018 numbering 2,045, will use this program and will receive for three (3) months, two meals a day at USD 10.

Additional psycho- social support: calculation based on total population and data from increase incidents after Irma.

Food boxes 1.500 clients	Q2 3 months	Q3 3 months	Q4 3 months	Worst Case (12 months)
	ANG. 1.2M	ANG. 1.2M	ANG. 1.2M	ANG. 4.8M
Total	ANG. 1.2M	ANG. 2.4M	ANG. 3.6M	

Meals for elderly	Q2 3 months
	ANG. 3.3M
Total	ANG. 5.1M

The table below represents additional psycho-social care that will be required for vulnerable groups. It includes additional cost for social workers, legal assistance and mediation costs for dismissals.

Additional psycho-social care	Q2 3 months
Total	ANG. 1.5M

2.2.2.3 Additional Healthcare Expenses

Additional urgent healthcare expenses include the following items for immediate and direct support to combat the COVID-19 pandemic:

CPS - Estimated 250 patients in isolation Avg 4 pp p/d 15 days - Surgical masks for isolated patients	ANG 845k ANG 145K	Contact tracing/ home visits: <ul style="list-style-type: none"> • Extra nurses (15) • Epidemiologist support (Data entry and Analyst) • Sample swabs • Information to general public • PPE (Gloves, Full suit, Goggles, Surgical mask, N95 masks)
SMMC - Estimated based on 24 patients medium care Avg 1 month - 6 patients severe care avg 1 month	ANG 500K ANG 1.1M	Expansion of service medium care pavilion <ul style="list-style-type: none"> • Set up/ containers/ Equipping/ Operation Expansion of service severe care <ul style="list-style-type: none"> • Isolation chambers/ Ventilators/ Specialists
Medical labs Respiratory panel COVID-19 test Incl. Shipping cost Testing equipment (HCLS) Reagents	ANG 400K ANG 60K	
General Isolation space estimate based on: approximately 4 weeks 150 rooms @ 360 /night	ANG 1.6M	Designated Isolation space <ul style="list-style-type: none"> • Security/ 3x meals/ Housekeeping/ Surgical masks/ Medication
Total	ANG 4.7M	

2.2.3. Indirect

2.2.3.1. Effects of SZV

The drastic decrease of Sint Maarten's economy will have a devastating effect on the income of SZV. In the past, SZV had already sustained substantial loss of revenues and increased expenses in several funds as a result of the passing of Hurricanes Irma and Maria in 2017. SZV made an in-depth analysis of the estimated impact on the COVID-19 crisis on the projected income and the projected benefits (the expenses for SZV) of the various funds based on the recommended impact announced by CBCS.

The effects, without having the mitigating impact of the possible stimulus package that the Government of Sint Maarten is considering is as follows for 2020:

SZV: Overview impact for 9 months in 2020 (all amount in ANG x1M)							
Funds	Budgeted Premium	Projected Premium	Premium Impact	Budgeted Benefit	Projected Benefit	Benefit Impact	Total Financial Impact
AOV/AWW	122	93.6	28.4	88.1	88.1	0	28.4
ZV/OV	80.4	65.7	14.7	96.3	110.3	14	28.7
FZOG	6.2	6.2	0	13.5	13.5	0	0
AVBZ	23.3	17.5	5.8	20.6	20.6	0	5.8
CESS	0.6	0.5	0.1	0.2	4.8	4.6	4.7
Total	232.5	183.5	49	218.7	237.3	18.6	67.6

Reference is made to Appendix 3 for a more detailed explanation of the impact on the various funds. Based on this table, considering the assumptions of CBCS, the impact per quarter can be determined as pictured below. Furthermore, the possible impact of the stimulus package has been included as 50% of the premium reduction which result as following:

Per Quarter (all amount in ANG x1M)	Quarter 2/2020	Quarter 3/2020	Quarter 4/2020	Total 2020
SZV impact no measures	38.63	19.31	9.66	67.60
SZV impact with measures	24.63	12.31	6.16	43.10

SZV is also administrating, on behalf of the Government of St. Maarten, the OZR program which is the healthcare program for civil servants and PP card holders. Also, this program will be affected as there will be more medical expenses and more PP card holders.

SZV: Overview impact for 9 months in 2020 (all amount in ANG x1M)							
Funds	Budgeted Premium	Projected Premium	Premium Impact	Budgeted Benefit	Projected Benefit	Benefit Impact	Total Financial Impact
OZR	42.2	58	16	48	48	0	16

Per Quarter (all amount in ANG x1M)	Quarter 2/2020	Quarter 3/2020	Quarter 4/2020	Total 2020
SZV impact no measures	9.14	4.57	2.29	16.00

2.2.3.2. Effects of SMMC

SMMC has requested liquidity support in order to be able to deliver the services required to accommodate this pandemic and improve after the crisis. The medical center has downscaled its services drastically to have the facility available for the influx of COVID-19 and to adhere to international standards. As of now, the hospital is on a maximum of 30.5% of its capacity and is estimated to be down to 27.5% while awaiting and during a possible outbreak.

Measures already taken:

- Most of SMMC services (non-essential care) have ceased , or will cease within short;
- In-patients (patients staying at the hospital) are phased out to zero;
- Elective surgeries and treatments are postponed;
- Consultations are prioritized for high urgency cases;
- For dialysis, chemotherapy, ER and complex deliveries which cannot be done outside SMMC, will be continued where needed.

SMMC is in the process of developing a new hospital. The existing crisis clearly indicates the need for that. SMMC, therefore, will continue with this process which means that the available free cash is required for that project. Downscaling of number of personnel is not considered as an option, hence as soon as the COVID-19 crisis allows, SMMC has to provide the now suspended services and has to manage the backlog in treatments due to the COVID-19 suspension.

Financial request

Payroll is approximately 50% of the monthly expenses so only payroll support is not sufficient to sustain the hospital as the expected cashflow forecast is 27.5% of normal levels due to the downscaling of services for the first three (3) months. Incremental revenue is expected from the possible influx of COVID-19 patients. However, the forecasted gap is being requested to be financed. SMMC has not been included in the payroll support program as a more tailormade approach is required to make sure that the hospital can both support the patients in need due to the Covid-19 virus, the emergency treatment for regular patients, and to start up quickly with the elective services as soon as the crisis allows. In line with the assumptions of the CBCS, the following support has been requested by SMMC:

x ANG 1000	Expected Cash	COVID-19 Period	
		Cash	Liquidity Shortage
March	6,667	3,334	3,334
April	6,667	1,833	4,834
May	6,667	1,833	4,834
June	6,667	1,833	4,834
		Total	17,834
x ANG 1000			Liquidity Shortage
July- Dec 2020			10.876