



The Honorable Silveria E. Jacobs  
Prime Minister of Sint Maarten

Ref nr.: IC-A/20.001

Re: Recommendations for the execution of the SSRP

Philipsburg, May 7, 2020

Honorable Minister,

The Integrity Chamber applauds government's quick response to the COVID-19 pandemic and the development of the St. Maarten Stimulus & Relief Plan (SSRP). The insecurity caused by the pandemic can bring with it fear and desperation. It is, therefore, important that the relief offered by government is utilized in a way that is efficient and fair, that everyone in need of relief receives it and that the economy gets the much-needed boost. The execution of the SSRP can, however, lead to certain integrity risks, such as the misuse and misallocation of funds.

Given the special circumstances under which the SSRP had to be drafted it is understandable that the Integrity Chamber was not consulted to give advice on the SSRP. The Integrity Chamber feels, however, that the SSRP qualifies as "an extraordinary case of a serious nature" as mentioned in Article 16, Paragraph 2 of the National Ordinance Integrity Chamber. The Integrity Chamber is therefore honored to provide an advice based on Article 16, Paragraph 1 of the National Ordinance Integrity Chamber.

The Integrity Chamber has identified certain integrity risks associated with each measure of the SSRP and listed the risks and recommendations to mitigate these risks, below. The condensed version of the plan, dated April 19th 2020, published online via [www.ssrp.sx](http://www.ssrp.sx), and the content on this website, was therefore reviewed. Some recommendations may have already been addressed in the comprehensive version of the plan; that version was unfortunately not provided to the Integrity Chamber nor made public. The Integrity Chamber wishes to make a constructive contribution to the execution of the SSRP.

The (condensed) SSRP contains the following support and relief measures:

- Payroll Support for businesses;
- Income support for Sole Proprietors, Vendor License Holders, Bus and Independent Taxi and Tour Drivers;
- Soft Loan Program for businesses;
- Income support for the unemployed; and
- Food vouchers and additional social care.

### **Payroll Support for businesses**

In order to support businesses facing revenue losses and to assist in the prevention of layoffs, government will provide eligible employers with payroll support. There are numerous integrity risks associated with this support. Firstly, it is possible that businesses that are not in need of the support, apply and fraudulently receive said support. This depletes the limited funds that are available and prevents government from supporting the businesses that are really in need. Secondly, it is possible that the businesses that obtain support, do not pay employees the (full) salary that they are owed or nevertheless initiates (mass) layoffs. Thirdly, well-known businesses (or business owners) may receive help quicker than those that are lesser known, resulting in an unfair fight for the limited funds.

The Integrity Chamber recommends the following:

- Establish clear guidelines and conditions for obtaining payroll support. This should also include conditions in case of misuse, e.g. (partial) repayment if a business has misapplied the received funds. Publicize online and in the media the guidelines and conditions.
- Publish online and in the media a list of the businesses that have been provided with payroll support. This will promote equal treatment and prevent misallocation of funds.
- Establish a toll-free hotline for employees who do not receive a salary or who were laid off, while the employer was provided with payroll support. Couple this with an awareness campaign that focuses specifically on the rights of employees whose employer has been granted payroll support.
- Spot check businesses to ensure that they adhere to the rules and conditions.
- Ensure that smaller companies are given equal opportunity as the larger (more well-known) companies to receive payroll support by providing extra assistance.
- Request insight (reports) from the executing agency (SZV) into the application procedure, the businesses that applied, and the process of distributing funds.
- Coordinate contact between relevant departments, such as the Labour Department to avoid businesses making use of loopholes.
- Evaluation of the program.

### **Income Support for Sole Proprietors, Vendor License Holders, Bus and Independent Taxi and Tour Drivers**

In order to support Sole Proprietors, Vendor License Holders, Bus and Independent Taxi and Tour Drivers facing revenue losses, government will provide those eligible with income support. The Integrity Chamber identifies the following integrity risks. First, there is the possibility that the resources are not equally and fairly distributed among sole proprietors and permit holders in need, due to popularity or certain favoritism within the assessment or distribution procedures. A second possibility is that eligible sole proprietors and permit holders who are not in need of support, or have multiple streams of income, nevertheless claim the support. The above-stated bring with it the risk that the relief funds are prematurely and inefficiently distributed among those that are not really in need.

The Integrity Chamber therefore recommends the following:

- Establish clear guidelines and conditions for Sole Proprietors, Vendor License Holders, Bus and Independent Taxi and Tour Drivers to obtain income support. This should include guidelines for persons who are renting a license, and conditions in case of misuse, e.g. (partial) repayment if a business/license holder has unfairly received funds. Publicize online and in the media the guidelines and conditions.
- Publish online and in the media a list of the sole proprietors and permit holders who have received income support. To maintain privacy of individuals, business names or license numbers should be published.
- The Sint Maarten Training Foundation will be handling all requests and payments for the support. This involves a lot of discretion of this relatively unknown foundation. For transparency sake, the names of the board members should be published, and its specific mandate should be clarified.
- Request insight (reports) from the Sint Maarten Training Foundation into the process of approving and denying applicants and the distribution of funds.
- Coordinate contact between relevant departments, such as the Department of Economic Affairs to avoid businesses making use of loopholes.

### **Soft Loan Program (MSMEs)**

The soft loan program is geared at providing (additional) support to small and medium-sized businesses in the form of a low-interest loan. The program will be executed by the local commercial banks and an "oversight committee". The soft loan program brings a number of integrity risks, namely that the larger or more well-known businesses could be favoured above the smaller businesses and are quicker in receiving loans. This may also deplete funds faster preventing smaller businesses, that might have a greater need, from obtaining a loan. Larger businesses usually have other means of obtaining credit. Another risk is that without properly defining to whom repayments should be made and how those funds will be allocated, repaid funds could easily be mismanaged.

The Integrity Chamber has the following recommendations:

- Establish clear guidelines and conditions for businesses obtaining a soft loan, including repayment conditions and maximum duration. Publicize online and in the media the guidelines and conditions. This will also deter arbitrariness per bank.
- Ensure that smaller businesses are given the same chance to receive a soft loan as larger businesses, e.g. by allocating a specific portion of the funds for small lenders.
- To prevent abuse of the program, publish online and in the media a list of businesses receiving large portions of the fund.
- Decide how the repayments will be allocated. Designate a specific Government account to monitor these funds.
- Publicize online and in the media the incentive that banks are earning for the execution of the Soft Loan Program.
- Clarify the role of the "oversight committee" and publish the name of its members and its specific mandate.

### **Income support for the unemployed**

Income support will be provided to those on social welfare and those who are unemployed due to COVID-19. Similar to the support for sole proprietors and permit holders, the integrity risk here is with persons who have multiple sources of income. A person can be laid off by their employer and still earn enough via other sources of income, such as a second job, rent from real estate, etc., to support their household. It is important that income support is only given to persons in real need.

The Integrity Chamber recommends the following:

- Establish clear guidelines and conditions for obtaining unemployment income support. This should include conditions in case of misuse, e.g. repayment of unnecessarily received funds. Publicize online and in the media these guidelines and conditions.
- Coordinate contact between relevant departments, such as the Tax Administration and the SZV, to verify other sources of income and to avoid the use of loopholes.

#### **Food vouchers and additional social care**

Food vouchers will be distributed as a form of emergency relief in case of unemployment or as in-kind relief in addition to income support. Government will also provide additional social care in the form of food boxes and meal services for vulnerable groups, and additional psycho-social support. The Integrity Chamber identifies the following integrity risks. Like the income support for the unemployed, there is the possibility of support being given to persons who are not really in need. This would unnecessarily drain government funds causing the persons that are in need, not to receive any help. Also, without accurate data, multiple persons within the same household may qualify for food vouchers, while other households might not qualify for any.

The Integrity Chamber recommends the following:

- Establish clear guidelines and conditions for obtaining food vouchers and other social care. This should include guidelines in case of misuse, e.g. more than one individual requesting food vouchers per household. Publicize online and in the media the guidelines and conditions.
- Coordinate contact between relevant departments or non-governmental organizations (NGOs) to avoid the use of loopholes, such as receiving food vouchers and meal boxes.
- Pay attention to vulnerable groups, such as undocumented immigrants, unregistered persons and homeless persons, that might fall under the radar.
- Request insight into the process of distribution by the executing agency.

The Integrity Chamber trusts that the Government of Sint Maarten will find the recommendations constructive. The Integrity Chamber believes that by following the above recommendations, the SSRP will be executed in a way that is both effective and fair in providing support to the individuals and businesses that are in the most need of it, while avoiding misuse of the program.

The Integrity Chamber will follow-up on the implementation of the recommendations, in accordance with the National Ordinance Integrity Chamber.

If you have any further questions, please do not hesitate to contact us via [secretaris@integritychamber.sx](mailto:secretaris@integritychamber.sx).

Sincerely,

THE INTEGRITY CHAMBER,  
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R.A. Boasman  
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