SAINT VINCENT AND THE GRENADINES

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EASTERN CARIBBEAN CENTRAL BANK

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ECONOMIC AND FINANCIAL REVIEW

SAINT VINCENT AND THE GRENADINES

EASTERN CARIBBEAN CENTRAL BANK

Address:
P. O. Box 89
Basseterre
St Kitts and Nevis
West Indies

Telephone
(869) 465-2537

Website
www.eccb-centralbank.org

Email
rsdad@eccb-centralbank.org

The analysis in this report uses data available as at September 2024 to estimate 2024 full-year figures. For the most recent updates and detailed statistics, please refer to the Statistics page on the ECCB's website.

Saint Vincent and the Grenadines
Economic and Financial Review - December 2024

Eastern Caribbean Central Bank

Contents

Overview

- The economy of Saint Vincent and the Grenadines has proven resilient and has done well to weather pandemic, volcanic eruption and extreme weather shock woes and has recuperated past its pre-pandemic size, in nominal and real terms. Real Gross Domestic Product (GDP) growth in 2024 is estimated at 3.9 per cent.[1]
- Growth in the projection period however, is anticipated to remain strong supported by tourism activity and capital investments.
- Government's operational balances will remain in a deficit position, reaching its peak in 2025 as a result of increased spending on post-Hurricane Beryl rebuilding and recovery, as well as the implementation of major Public Sector Investment Projects (PSIP). Some improvement is expected towards the end of the projection path.
- In line with Government's operational balances, financing requirements will remain elevated in the medium term, as debt levels remain at a higher level. The Government is not anticipated to meet its 2035 debt target unless fiscal adjustments related to expenditure, in particular, capital expenditure, are initiated and implemented.
- In line with strong growth, the current account balance is expected to widen resulting from an increase in imports. The expected upturn in tourism receipts, however, would not be sufficient to compensate for the worsening goods trade balance.
- Domestic credit and the money supply will increase in line with economic activity.

Recent Economic Developments

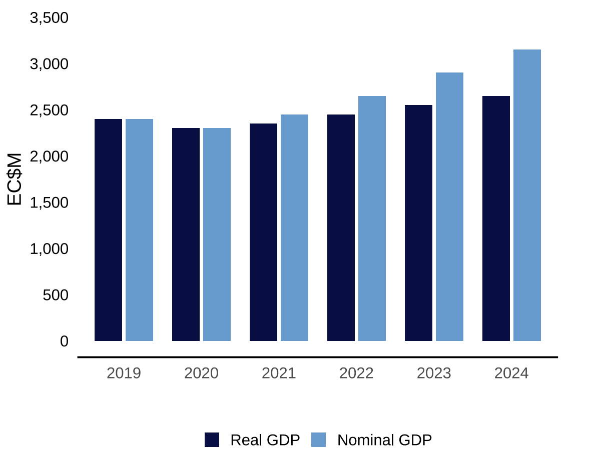
Real Sector Developments

The Saint Vincent and the Grenadines economy expanded past its pre-pandemic size, both in real and nom-

[1] The data presented for 2024 in this report reflect estimates based on data available through October 2024. Readers should note that these figures are subject to change as more complete data become available. Updated data for 2024 may be accessed via the statistics page on our website, and readers are encouraged to refer to this resource for the latest information.

inal terms. Despite the economic turmoil faced by the COVID-19 pandemic and multiple climatic events including Hurricane Beryl, the La Soufriere volcanic eruption and extreme temperatures, the economy continued an upward trajectory. Growth at the end of 2024 was recorded at 3.9 per cent.

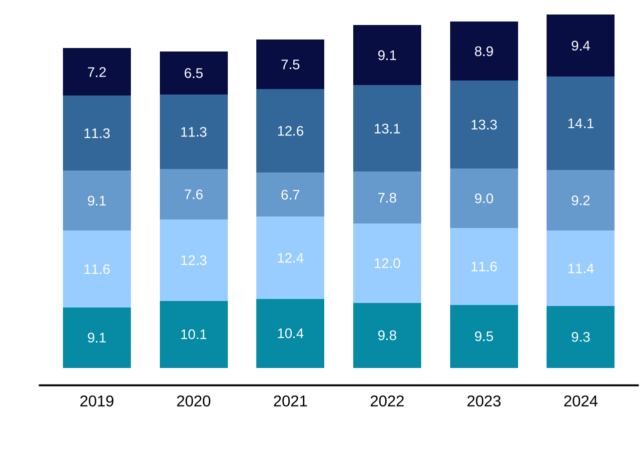
Figure 1: Nominal and Real GDP



Sources: Central Statistics Office, Saint Vincent and the Grenadines and EC(

Broad based growth in the economy was driven primarily by five major industries, combined they account for over half (53.4 per cent) of the economy's GDP.

Figure 2: Top-Five Contributors to Real GDP

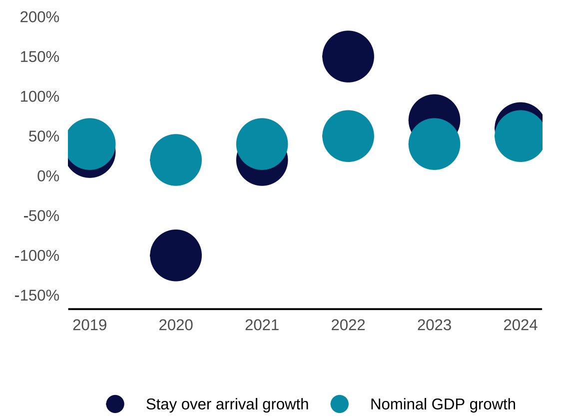


Sources: Central Statistics Office, Saint Vincent and the Grenadines and ECCB

The tourism sector contributed significantly to Saint Vincent and the Grenadines' economic growth. The sector's contribution is far reaching, impacting industries such as construction, wholesale and retail trade and transport.

Despite the catastrophic impact of Hurricane Beryl, stay over arrivals, at the end of 2024, exceeded 100,000 visitors, an 18.0 per cent increase over pre-pandemic levels and 25.0 per cent higher than the 2023 levels. This growth was supported by the opening of Sandals Resort and its ramped up marketing efforts, as well as the recent opening of the Holiday Inn, and the entrance of four new airline carriers (Jet Blue, Liat2020, Winair and Sunrise Airlines) into the market—increasing both regional and international access to the country.

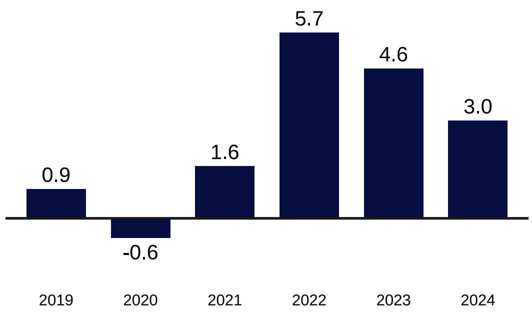
Figure 3: Growth in Stay over Arrivals and Nominal GDP



Sources: Central Statistics Office, Saint Vincent and the Grenadines and EC

Growth in the number of stay over arrivals is closely related to economic growth (Figure 3); tourist activity is expected to continue driving economic growth in the near and medium term as the Government continues to pursue avenues that will make Saint Vincent and the Grenadines a premiere travel destination.

Figure 4: Inflation Trends (end of period)



Sources: Central Statistics Office, Saint Vincent and the Grenadines and ECCB

The general price level in Saint Vincent and the Grenadines continued to increase, albeit at a decelerated pace. At the end of 2024, inflation (end of period) was 3.0 per cent, 1.6 percentage points lower than the rate in 2023. Inflation throughout the island chain is driven primarily by external factors (Box 1).

Fiscal Developments

Government operations at the end of 2024 registered deficits as spending on expenditure categories outweighed revenue collections. Higher spending on rebuilding and recovery efforts resulted in a widening of central government's overall deficit. The overall deficit, which stood at 12.3 per cent of GDP, widened by 4.1 percentage points as a direct result of capital expenditure related to Hurricane Beryl's rebuilding and recovery efforts. This deficit led to an increase in the required level of financing by the same amount (Table 1). As a result of the Government's pledge to rebuild all damaged homes, capital expenditure outlays rose significantly moving from 9.4 per cent of GDP in 2023 to 13.0 per cent of GDP at the end of 2024 (Table 1). In lockstep with the overall deficit, the government's primary deficit widened to 9.2 per cent of GDP at the end of 2024.

Table 1: Central Government Fiscal Operations (EC$M)

Item	2019	2020	2021	2022	2023	2024
Total Revenue	27.7	30.7	32.2	27.5	26.7	**27.9**
Current Revenue	24.5	26.0	28.3	25.5	24.3	**26.2**
of which Tax Revenue	22.7	24.2	26.6	24.0	22.2	**23.2**
Total Grants	3.0	2.7	2.6	1.9	2.3	**1.7**
Total Expenditure	30.9	36.5	38.6	34.3	34.9	**40.2**
Current Expenditure	24.4	27.5	28.9	25.2	25.5	**27.1**
Capital Expenditure	6.5	9.0	9.7	9.1	9.4	**13.0**
Current Account Balance (after Grants)	0.1	-1.5	-0.6	0.3	-1.2	**-0.6**
Overall Balance (after Grants)	-3.3	-5.9	-6.3	-6.8	-8.2	**-12.3**
Primary Balance (after Grants)	-0.9	-3.6	-3.8	-4.5	-5.7	**-9.2**
Financing	3.3	5.9	6.3	6.8	8.2	**12.3**
Domestic	-10.0	-10.9	-13.1	-10.6	2.1	**7.3**
External	15.5	16.8	19.4	17.3	6.1	**5.0**

Sources: Central Statistics Office, Saint Vincent and the Grenadines and ECCB

Representative of a bustling economy, current revenues at the end of 2024 stood at 26.2 per cent of GDP, a 1.9 percentage point increase over 2023 (Table 1). This increase was primarily supported by greater demand for goods and services as the economy expanded; this consumption activity, loosely measured by gross value added tax (VAT) receipts, represented 32.0 per cent of current revenues. The impact of Hurricane Beryl resulted in greater current expenditure outlays, particularly in the areas of transfers, operating expenses and rental of assets. At the end of 2024, the current account deficit stood at 0.6 per cent of GDP.

External Developments

In line with greater economic activity, the trade balance widened to 35.0 per cent of GDP driven by strong import demand for goods, particularly investment-related imports. Despite an increase in the level of exports, the merchandise trade balance widened in 2024 as imports continued to dominate the trade balance. Similarly, the current account deficit in nominal terms expanded, while as a ratio of GDP, showed a slight tapering at the end of

2024 (16.7 per cent of GDP) over 2023 (Table 2). This tapering is in line with rising travel receipts marginally compensating for the worsening trade balance. Travel receipts increased by 3.1 percentage points to 22.8 per cent of GDP by the end of 2024 and foreign direct investment (FDI) inflows declined slightly at the end of 2024 to 6.4 per cent of GDP in the same period. (Table 2)

Table 2: External Sector Outcomes

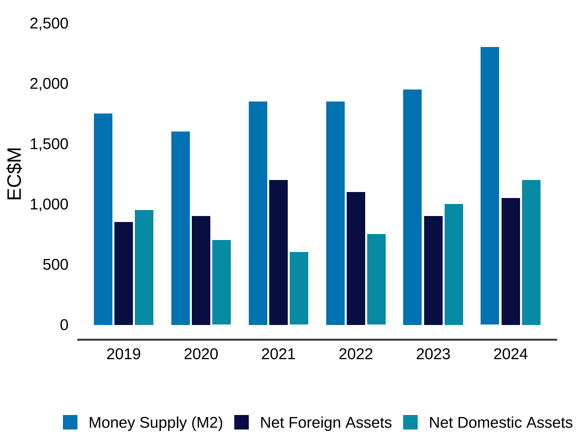
In Per cent of GDP unless stated otherwise	2019	2020	2021	2022	2023	Projection 2024
Current Account	(2.4)	(15.9)	(23.2)	(20.2)	(16.8)	(16.7)
Trade Balance	(27.6)	(26.0)	(32.6)	(33.8)	(32.9)	(35.0)
Exports	4.9	6.7	4.3	5.2	4.6	5.9
Imports	32.4	32.7	37.0	39.0	37.5	40.9
Services	16.8	4.0	0.0	7.3	10.2	13.6
Transportation	(4.0)	(3.1)	(4.2)	(5.5)	(5.8)	(6.0)
Travel	23.9	9.0	5.8	15.8	19.7	22.8
Other services	(3.1)	(1.9)	(1.6)	(3.1)	(3.7)	(3.2)
Primary income	(0.2)	(0.9)	(1.9)	(1.1)	0.2	(0.9)
Secondary income	8.5	7.0	11.3	7.4	5.7	5.6
Capital Account	0.5	0.6	1.0	0.7	2.1	1.6
Financial Account	-	-	-	-	-	-
of which direct investment	(7.0)	(7.3)	(18.9)	(6.7)	(6.9)	(6.4)
Memo Item						
Current Account (EC$M)	(58.7)	(371.0)	(556.9)	(539.3)	(487.2)	(522.9)
Trade Balance (EC$M)	(677.4)	(607.0)	(783.3)	(902.9)	(952.8)	(1,097.8)

Source: Central Statistics Office, Saint Vincent and the Grenadines and ECCB

Banking and Monetary Developments

The money supply (M2) continued an upward trajectory, in line with increased economic activity. At the end of 2024, the Money supply reached $2.3b, mainly driven by net domestic assets (NDA) (Figure 6).

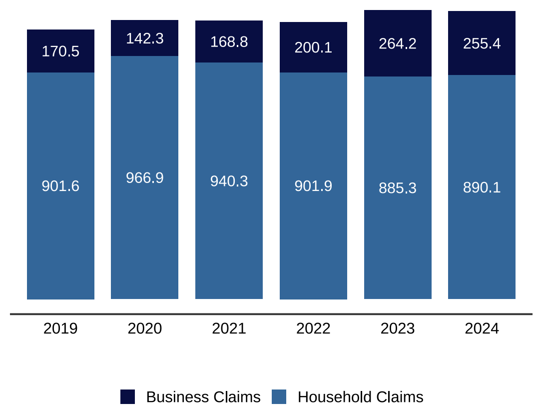
Figure 6: Components of Money Supply



Source: ECCB

Lending activity to the general government and other sectors also increased at the end of 2024, to meet the demands of the expanding economy and to finance post Hurricane Beryl rebuilding and recovery efforts. Lending to the private sector, however, remained relatively flat (Figure 7) as increased lending ($4.8m) to households subdued a fall off ($8.8m) in business credit activity.

Figure 7: Components of Private Credit (EC$M)



Source: ECCB

The financial system improved at the end of 2024 as some financial stability indicators showed modest improvement, despite high levels of liquidity. Non-performing loans continued on a downward trajectory albeit remaining above the ECCB's prudential guide of 5.0 per cent (Table 3).

Table 3: Selected Financial Stability Indicators

Item	2019	2020	2021	2022	2023	2024
Non-performing Loans (NPLs)	6.4	7.4	7.8	10.1	8.1	**7.0**
Liquidity Ratios						
Liquid assets to total assets	41.7	44.0	47.2	48.4	43.5	**46.2**
Customer deposits to total (non-interbank) loans	141.5	143.8	160.3	163.4	158.4	**157.4**

Source: ECCB

High levels of liquidity continue to be a major characteristic of the financial system. The ratio of liquid assets to total assets increased at the end of 2024 (Table 3), reflective of the commercial banks' risk-averse stance and lower lending to businesses (Figure 7).

Medium Term Outlook

Outlook

Global growth is expected to remain subdued in the medium term, at a rate of 3.3 per cent (IMF WEO January 2025), on account of geopolitical tensions and economic uncertainty related to policy decisions in the United States with respect to trade and migration. Global disinflation is also anticipated to continue in the medium term.

Table 4: Medium Term Outlook for Select Indicators
(% GDP unless otherwise stated)

Indicator	*Medium Term Forecasts*	
	2025	**2026**
Real Sector		
Nominal GDP (EC$M)	3,359.4	3,596.8
Real GDP (EC$M)	2,730.4	2,808.2
Inflation (end of period; per cent)	1.8	1.6
Government Sector		
Current Revenue	24.5	24.5
Current Expenditure	26.1	25.1
Capital Expenditure	12.5	10.6
Primary Balance	(9.8)	(7.9)
Overall Balance	(13.0)	(10.9)
Financing	35.5	33.5
External Sector		
Balance of trade	(32.9)	(32.9)
Travel receipts	24.7	27.7
Current account	(13.7)	(13.7)
Foreign Direct Investment	(6.7)	(6.7)
Monetary Sector (EC$M)		
Money Supply	2,458.6	2,632.3
Net Foreign Assets	856.4	862.5
Net Domestic Assets	1,602.1	1,769.8
Domestic Credit	1,338.4	1,468.5
Of which private sector credit	1,227.7	1,314.5
Of which credit to businesses	273.7	293.0
Of which credit to households	954.0	1,021.5
Memo Items:		
Total public sector debt (EC$M)	3,313.0	3,466.2
Total public sector debt to GDP	98.6	96.4

Sources: *Central Statistics Office, Saint Vincent and the Grenadines and ECCB*

While global growth remains below its historical average, the Saint Vincent and the Grenadines economy is anticipated to experience robust growth in the medium term, driven by continued economic activity in the construction and accommodation industries.

Construction on key PSIP projects will continue in the medium term with the culmination of works on the Port Modernization project, the continuation of the Arnos Vale Acute Care Hospital alongside other clinics and polyclinics and the start of construction on the Marriott Hotel. Tourism is also expected to remain robust, as regional and international carriers expand their flight service and improve the interconnectivity between the mainland and the Grenadines.

As a result of this growth, the trade balance is expected to continue to widen as domestic suppliers and consumers meet growing economic demand. Similarly, the money supply in also anticipated to increase, largely driven by increased lending activity. Despite this robust economic growth, the ECCU debt target is not anticipated to be attained by 2035 without the implementation of corrective fiscal policies (Box 2).

Risks in the medium term are mainly tilted to the downside as a result of global uncertainty and potential downside risks as a result of geopolitical tensions, conflict and trade disputes.

Upside Risks

- Growth in the Accommodation Industry is expected to remain robust.

  * Supported by additional airlift from regional and international carriers, contributing to an influx of stay over arrivals. * The room stock increased by 394 rooms in 2024 with the opening of Sandals Resort (301) in March and the recent opening of Holiday Inn (93) in November. This will accommodate greater stayover arrivals.

- PSIPs are anticipated to continue, resulting in sustained growth in construction. Despite the culmination of the port project in May 2025, the Arnos Vale Acute Care Hospital is anticipated to maintain construction activity along with other major projects including, National Road Rehabilitation, Natural Disaster Management Rehabilitation and Risk Reduction Projects, and the construction of the Halls of Justice Marriott Resort.

Downside Risks

Risks	Likelihood	Impact
Global/External Risks		
Intensification of Geopolitical conflict. Escalation of conflict in the Middle East can disrupt trade routes and flows of key commodities including energy. Similarly, protectionist policies can upset global trade and worsen trade balances.	**High**	**High.** Intensified inflationary pressures can erode disposable incomes, stifle demand, widen fiscal and trade deficits, and impact food and energy security. Higher tariffs imposed on major suppliers such as China can result in increased prices within the U.S economy, this inflation is likely to be passed on to the domestic economy (see Box 1) and impact living standards.
Commodity price volatility. Exacerbated supply chain woes due to conflict and OPEC+ decisions can result in commodity (food and energy) price upswings.	**High**	**High.** Higher international oil prices would increase inflation, slow down growth and affect living standards.
Domestic/Local Risks		
Intensified Climatic Events. Extreme temperatures can result in heat waves, droughts and devastating tropical cyclones.	**Medium/ High**	**High.** Can result in lower growth, worsened fiscal and external positions. Continued slow recovery of the agriculture and fishing industries can threaten food security. Recurring climatic events can jeopardize fiscal response mechanisms as well as threaten the debt sustainability and the achievement of the 2035 ECCU debt-GDP target.
Cost Overruns of Capital Projects. Higher domestic prices as a result of global inflationary pressures due to geopolitical conflicts and heightened trade tensions.	**Medium/ High**	**High.** Results in widened fiscal deficits and threatens the implementation/ delay of key PSIP projects due to ballooning costs. Higher capital expenditure outlays influence fiscal deficits which in turn, negatively impacts the debt stock and sets the economy off its 2035 debt target path.

Policy Recommendations

Growth has been centered on private and public infrastructure development which has spurred economic activity in construction and tourism. Central to encouraging stronger, more inclusive growth, the following are encouraged:

- Supported by the Government's aim to develop a post-colonial modern society, continued emphasis on advancing core digital skills including, information and data literacy; communication and collaboration; digital content creation; safety; and problem solving. Improving digital literacy would drive human capital and long term growth through improved efficiency in the wake of a digitalized economic transition. It will also enhance public sector regulations for permitting and registrations and will complement the modernization of the services sector, including tourism. In addition, it will improve the attainment of SDGs[2] 4, 8, 9b and 9c. In the 2025 Budget, the Government has placed strong focus on Digital Transformation, allocating \$17.5m to the Digital Transformation Project with the aim of streamlining government services and

[2]SDG 4 aims to ensure inclusive and equitable quality education, SDG 8 aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, while SDG 9b and 9c focus on driving industrial diversification through technology and improving access to ICT.

improve the ease of doing business, including the development of a citizen portal and a single window for land and property transfers —which will encourage investment and support its process.

- Continued investments in the Agricultural industry with particular emphasis on climate smart/climate resilient agriculture—as set out in the National Climate Change Policy—will not only address food insecurity but bolster the industry's contribution to economic growth and sustain the livelihoods of many farmers and fisher folk. The World Bank's Food Insecurity Project and multiple efforts to drive crop and livestock production should be continued, particularly as the industry continues to recover post-extreme climatic events.

- Continued development of climate-related strategies and alignment of sectoral policies[3] to the National Climate Change Policy. This will support the overall objective of building resilience and mainstreaming climate change into the national development agenda for low carbon and sustainable growth. While risks to the outlook are mainly tilted to the downside, and the threat of natural disasters loom, the Government should consider strengthening its medium-term fiscal framework to ensure fiscal sustainability and continued economic growth. The following policy options should be considered:

- In the aftermath of consecutive climatic events, the government's efforts have been and continue to focus on recovery, rebuilding and resilience, resulting in continued fiscal deficits; barring any future natural disasters, the government should shift its focus in the medium term to strengthening its position on fiscal consolidation, by updating and enforcing its fiscal rules or achievement of fiscal targets; taking the necessary policy actions as needed.

- The medium-term primary balance target should be aligned with achieving the long-term debt anchor of 60.0 per cent of GDP by 2035. Based on DDT analysis, the government should maintain a constant primary balance adjustment of 2.2 per cent of GDP each year, beginning in 2027 (Box 3).

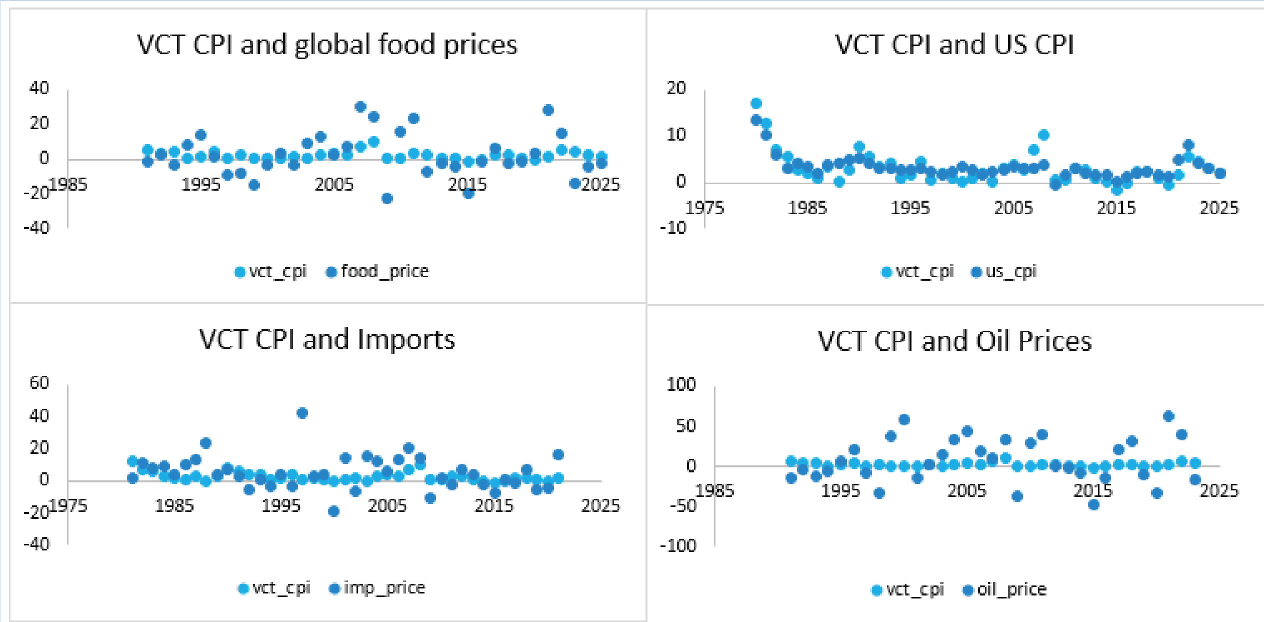
- In line with its financing needs, the government should consider increasing its presence on the Regional Government Securities Market and borrow less from the domestic banking system, in a move to improve interest rate differentials and reduce the cost of debt servicing.

[3]Sectoral policies include the energy policy and the water sector policy.

Box 1. CPI is driven chiefly by external factors

Saint Vincent and the Grenadines is an import dependent economy, and as such, it is a price taker, importing global prices and susceptible to external shocks. Prices in the economy are closely related to the inflation levels in the United States of America as well as global food prices—the USA is a major trading partner for the domestic economy and a large percentage of the economy's import bill is allocated to food.

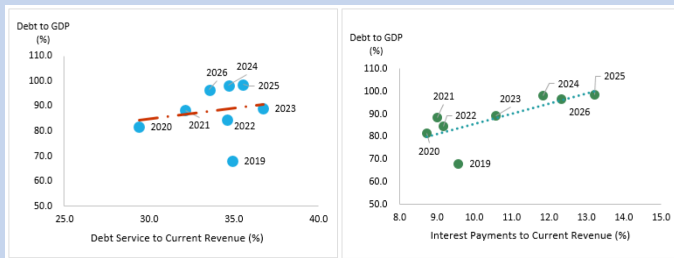
The analysis shows that imports and oil prices are not strongly correlated to domestic inflation. Global oil prices do not directly impact the economy, this impact is subdued because of the domestic pricing mechanism for petroleum products such as gasoline and diesel which uses a three-month averaging methodology.[a]



[a]VCT: Saint Vincent and the Grenadines

Box 2: Journey to 2035

Saint Vincent and the Grenadines has faced significant economic setbacks due to the impact of climatic events, resulting in increased borrowing. In a span of 25 years (2000-2024), Saint Vincent and the Grenadines was impacted by 11 major climatic events, not inclusive of the recent (2023/2024) drought and the global COVID-19 pandemic. Within this period, the Government has set its course on a developmental trajectory that would bring Saint Vincent and the Grenadines into an era referred to as "modern competitive post-colonial economy". These climatic events, coupled with recovery and rebuilding efforts and developmental feats including the Argyle International Airport, the Port Modernization Project and the Arnos Vale Acute Care Hospital, have led to a recurrence of budget deficits (Figure 9). The financing of these deficits adds to the debt stock and deviates away from the ECCU debt target of 60.0 per cent of GDP by 2035. The debt stock in 2024 is estimated at $3.1b or 98.3 per cent of GDP in 2024.



In 2025, the debt to GDP ratio is anticipated to increase further to 98.6 per cent, driven by large outlays in capital expenditure for major PSIPs such as the construction of the Arnos Vale Acute Care Hospital, the Halls of Justice, the Marriott Hotel, home reconstruction and road rehabilitation. As a result of these projects, it is expected—based on historical implementation rates—that Capital expenditure would amount to $419.2m or 12.5 per cent of GDP. While the debt to GDP ratio remains elevated in the medium term, debt service and interest payments in relation to current revenue are anticipated to increase (Figures 11 and 12). According to Finance Minister Gonsalves, the Government is committed to borrow on concessional terms to achieve the ECCU target of 60.0 per cent of GDP by 2035.

During the 2025 budget, the Minister of Finance noted that budget capital estimates for the fiscal year are $698.6m with unidentified sources of finance of $278.5m. If these unidentified sources of finance do not materialize fully, then budgeted capital expenditure would be partially executed and the impact on Government's fiscal balances would be reduced. However, if the sources of financing are fully materialized in 2025 and the capital expenditure budget is fully executed, the overall deficit is expected to be 21.3 per cent of GDP, an 8.6 percentage point increase over 2024. Similarly, the primary deficit to GDP ratio will increase to 18.1 per cent of GDP, once incorporated into the baseline.

St. Vincent and the Grenadines Public Sector Debt Dynamics - Baseline Scenario

(in percent of GDP unless otherwise indicated)

Debt and Economic Indicators 1/

	Actual		Est.	Projections						6.3	-26.6							
	2015-2021 2/	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Nominal gross public debt	75.8	84.7	**89.1**	**90.5**	**95.6**	**99.2**	**98.9**	**97.7**	**95.4**	**93.1**	**90.2**	**86.3**	**82.0**	**77.2**	**72.2**	**66.5**	60.4	53.8
Of which: guarantees (uncalled) 3/	6.8	2.2	4.0	3.0	2.7	3.0	3.1	3.2	2.9	2.9	3.1	3.1	3.0	3.0	3.0	3.1	3.0	3.0
Real GDP growth (in percent)	1.4	3.1	2.0	8.4	7.5	7.4	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Inflation (GDP deflator, in percent)	0.5	3.4	4.1	4.3	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Nominal GDP growth (in percent)	1.9	6.6	6.2	13.1	9.4	9.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Effective interest rate (in percent) 4/	3.2	3.0	3.4	4.0	4.0	3.8	2.6	2.5	2.5	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.5

Contribution to Changes in Public Debt

	Actual		Est.	Projections						
	2015-2021	2022	2023	2024	2025	2026	2027	2028	2029	cumulative
Change in gross public sector debt	1.8	-3.6	4.4	1.4	5.1	3.6	-0.3	-1.2	-2.3	6.3
Identified debt-creating flows	0.1	1.1	5.3	1.4	5.1	3.6	-0.3	-1.2	-2.3	6.3
Primary deficit	0.4	4.5	5.7	9.2	9.8	7.9	0.9	0.1	-0.6	27.3
Primary (noninterest) revenue and grants										0.0
Primary (noninterest) expenditure										0.0
Automatic debt dynamics	0.9	-2.9	-2.2	-6.8	-4.3	-4.6	-1.4	-1.4	-1.4	-19.9
Interest rate/growth differential	0.9	-2.9	-2.2	-6.8	-4.3	-4.6	-1.4	-1.4	-1.4	-19.9
Of which: real interest rate	1.8	-0.4	-0.6	-0.5	1.7	1.7	0.7	0.6	0.6	4.8
Of which: real GDP growth	-0.9	-2.5	-1.5	-6.3	-6.0	-6.3	-2.1	-2.1	-2.0	-24.7
Exchange rate depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SFA due to intra-year exchange rate change:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in guarantees (uncalled)	-1.2	-0.5	1.7	-1.0	-0.4	0.3	0.1	0.1	-0.3	-1.1
Residual 6/	1.6	-4.7	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Realism and Fiscal Adjustments	
debt levels in 2035: historical and constant pb scenarios	
117.4	164.2
debt-reducing primary balance in 2026 and in 2035	
3.1	3.1
level and yearly change of the primary balance that yield a 60% debt ratio in 2035 7/	
3.1	2.2
probability of debt below: end-2023 and 60 percent in 2035	
48.0	17.5

Based on analysis using the debt dynamics tool (DDT) and assuming capital expenditure will wind down in 2027, the debt to GDP ratio in 2035 is expected to reach 72.2 per cent. This gradual reduction of the debt to GDP ratio is as a result of continued economic expansion and improvements in the primary balance beginning in 2028—after a fall off in major PSIP and developmental projects. If unmanaged, the debt to GDP ratio is anticipated to reach 117.4 per cent (Figure 13). Barring the impact of any climatic event, the likelihood of the debt to GDP ratio of 60.0 per cent being achieved in 2035 is 17.5 per cent. In order to achieve the target by 2035, the Government of Saint Vincent and the Grenadines is expected to incur a primary balance to GDP ratio of -7.9 per cent in 2026 with constant primary balance adjustments of 2.2 percentage points each year beginning 2027—after the culmination of major development projects such as the Arnos Vale Acute Care Hospital and the Marriott Hotel until reaching a primary balance to GDP ratio of 11.5 per cent in 2035.

Box 3. 25-year Review of the Climatic Events impacting Saint Vincent and the Grenadines

Saint Vincent and the Grenadines has faced significant economic setbacks due to the impact of climatic events,[a] resulting in increased borrowing. In a span of 25 years (2000-2024), Saint Vincent and the Grenadines was impacted by 11 major climatic events, not inclusive of the recent (2023/2024) drought and the global COVID-19 pandemic.

2002 Hurricane Lili made landfall as a tropical storm causing significant damage to homes and the agriculture industry. Resulting in damage and losses of US$ 14.8m in 2002 US$ (9.o per cent of 2002 GDP) or US$ 25.9m in 2024 US$.

2004 Hurricane Ivan made landfall as a category 3 cyclone resulting in damages of US$ 40.0m in 2004 US$ (8.0 per cent of 2004 GDP) or US$ 66.5m in 2024 US$. Severe damage to residential homes and the Hospital in Union Island.

2010 Hurricane Tomas made landfall as a category 2 hurricane causing damage and losses of US$ 48.0m in 2010 US$ (7.0 per cent of 2010 GDP) or US$ 69.0m in 2024 US$. A significant proportion (20.0 per cent) of damages occurred in the agriculture sector, followed by residential homes and major damage to the electricity network. CCRIF triggered payout of US$1.1m

2011 Sixteen Flood events caused severe flooding and landslides, resulting in damages of US$ 31.1m in 2011 US$ (19.0 per cent of 2011 GDP) or US$ 43.4m in 2024 US$.

2013 Christmas Trough resulted in major landslides and damages to residential property and physical public infrastructure such as roads and bridges. Economic losses of US$122.0m in 2013 US$ (equivalent to 16.2 per cent of 2013 GDP) or US$ 165m in 2024 US$. Direct damages of US$ 86.4m in 2013 US$ (US$ 117.0m in 2024 US$).

2016 Tropical Cyclone Matthew's impact resulted in a CCRIF Payout of US$0.3m through its excess rainfall policy. 2016 November Floods resulted in widespread damage to public and residential infrastructure with estimated damages of US$ 29.7m in 2016 US$ (4.0 per cent of GDP) or US$ 38.9m in 2024 US$.

2017 Tropical Cyclone Maria brought significant rainfall to the island chain, resulting in significant damages and a CCRIF Payout of US$0.2m under its excess rainfall policy. It later developed into a major Hurricane.

2019 Tropical Cyclone Dorian caused significant damages to the island chain, resulting in a CCRIF Payout of US$17,613.0 (ADC).

2021 La Soufrière Volcanic Eruption resulted in major damage to tourism, agriculture, forestry and fisheries, transport, water, sanitation and hygiene. Damage and loss estimates were EC$15.3m (Private loss of EC$8.2m and Public losses of EC$7.1m).

2024 Hurricane Beryl made landfall as a category 4 hurricane, severely impacting the agriculture sector and public and private infrastructure in the Grenadines and southern parts of the island. Economic Damages were estimated at US$230.6m or 22.0 per cent of 2023's GDP. Damages triggered a CCRIF Payout of US$1.9m.

[a] Sources: Caribbean Catastrophe Risk Insurance Facility (CCRIF), University of the West Indies (UWI), World Bank Global Rapid Post-Disaster Damage Estimation (GRADE) Report.

Selected Economic Indicators

Selected Economic Indicators

in EC$M, unless otherwise stated

Item	2019	2020	2021	2022	2023	2024P	2025P	2026P
Real Sector								
Nominal GDP	2,458.3	2,334.3	2,399.4	2,670.8	2,895.0	3,134.4	3,359.4	3,596.8
Real GDP	2,403.7	2,301.0	2,349.2	2,422.3	2,551.3	2,649.8	2,730.4	2,808.2
Real GDP Growth	0.7	−4.3	2.1	3.1	5.3	3.9	3.0	2.8
Inflation (end of period; per cent)	0.9	−0.6	1.6	5.7	4.6	3.0	1.8	1.6
Government Sector								
Current Revenue	601.7	606.3	679.5	681.2	703.1	821.4	823.2	881.6
Current Expenditure	600.4	641.8	694.0	672.8	739.0	850.8	875.4	904.4
Capital Expenditure	159.6	211.2	231.6	243.0	272.2	407.9	419.2	381.5
Primary Balance	−22.4	−84.4	−90.5	−119.0	−164.2	−287.6	−329.0	−284.1
Overall Balance	−80.0	−137.3	−151.8	−181.5	−238.5	−384.9	−437.7	−392.9
Debt Servicing as a share of Current Revenue	34.9	29.4	32.1	34.6	36.7	34.7	35.5	33.5
Financing	80.0	137.3	151.8	181.5	238.5	384.9	437.7	392.9
External Sector								
Balance of trade	−677.4	−607.0	−783.3	−902.9	−952.8	−1,097.8	−1,106.8	−1,185.1
Travel receipts	587.6	209.8	139.4	422.3	569.4	715.2	830.8	997.3
Current account	−58.7	−371.0	−556.9	−539.3	−487.2	−522.9	−460.8	−493.4
Foreign Direct Investment	−171.9	−171.3	−454.5	−179.9	−200.8	−199.4	−224.3	−240.1
Monetary Sector								
Money Supply	1,758.8	1,643.5	1,853.5	1,847.9	1,926.9	2,293.9	2,458.6	2,632.3
Net Foreign Assets	826.6	904.7	1,238.0	1,092.2	930.2	1,062.2	856.4	862.5
Net Domestic Assets	932.2	738.8	615.5	755.7	996.7	1,231.7	1,602.1	1,769.8
Domestic Credit	1,071.7	1,120.4	1,057.2	1,071.0	1,248.0	1,329.4	1,338.4	1,468.5
Of which private credit	1,072.1	1,109.2	1,109.1	1,101.9	1,149.4	1,145.5	1,227.7	1,314.5
Of which business credit	170.5	142.3	168.8	200.1	264.2	255.4	273.7	293.0
Of which households credit	901.6	966.9	940.3	901.9	885.3	890.1	954.0	1,021.5
Memo Items:								
Total public sector debt (EC$M)	1,670.4	1,904.9	2,117.7	2,261.5	2,579.8	3,081.6	3,313.0	3,466.2
Total public sector debt to GDP	68.0	81.6	88.3	84.7	89.1	98.3	98.6	96.4

Source: Central Statistics Office and ECCB Data as at September 2024