



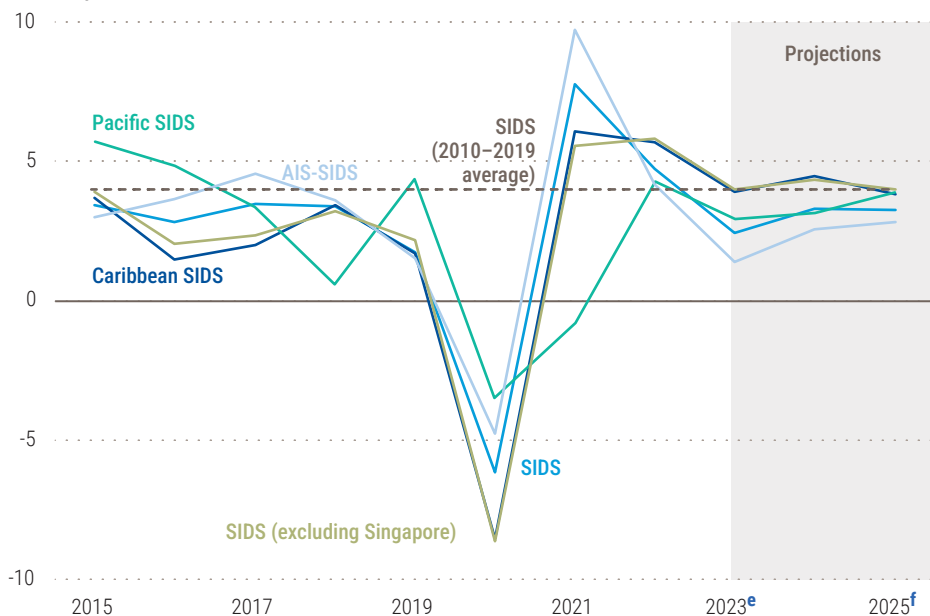
# SIDS: ECONOMIC SITUATION AND PROSPECTS

## Economic growth

The economic outlook for Small Island Developing States (SIDS) is improving, with real gross domestic product (GDP) growth projected to accelerate from 2.4 per cent in 2023 to 3.3 per cent in 2024, mainly driven by the sustained rebound in tourism activity and the recovery in remittances inflows. Excluding Singapore, SIDS are projected to grow by 4.3 per cent in 2024, slightly above the 2010-2019 average of 4.0 per cent. By subregions, economic growth in 2024 is projected to range from 2.5 per cent in the Atlantic and Indian Ocean SIDS (AIS-SIDS) and 3.1 per cent in the Pacific SIDS to 4.5 per cent in the Caribbean SIDS. While the short-term economic outlook is improving, the SIDS continue to face significant structural challenges such as growing debt sustainability concerns and high exposure to external shocks, including the devastating impacts of climate change.

## Real GDP growth

Percentage



**Source:** UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

**Notes:** e = estimates, f = forecasts. AIS=Atlantic, Indian Ocean and South China Sea SIDS, comprising Cabo Verde, Comoros, Guinea-Bissau, Maldives, Mauritius, Sao Tome and Principe, and Singapore.





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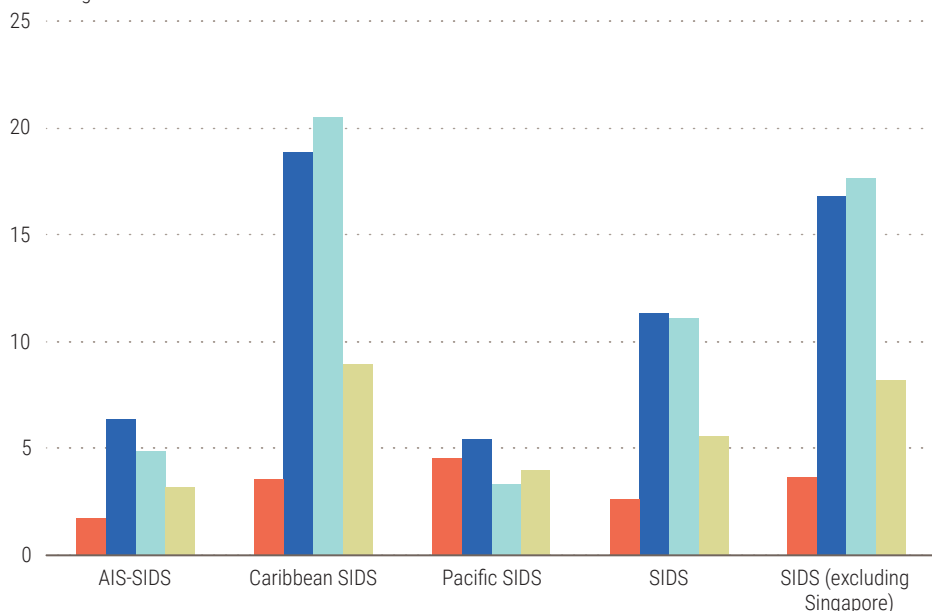
## Inflation

Annual inflation in the SIDS is projected to decelerate substantially, from 11.1 per cent in 2023 to 5.5 per cent in 2024, as international food prices remain on an overall downward trend. Nevertheless, adverse impact of extreme weather events and potential spikes in international food and energy prices could derail the disinflation process, particularly in highly import-dependent SIDS. Annual inflation in the Pacific SIDS is projected at 3.9 per cent in 2024, slightly above the 3.3 per cent in 2023, while in the AIS-SIDS inflation is expected to decelerate from 4.9 per cent in 2023 to 3.2 per cent in 2024. Although annual inflation in the Caribbean SIDS is forecast to decelerate sharply from 20.5 per cent in 2023 to 8.9 per cent in 2024, it will remain above 10 per cent in Cuba, Haiti, and Suriname, further eroding household incomes and exacerbating food insecurity.

### Inflation rate

■ 2010-2019 average ■ 2022 ■ 2023<sup>e</sup> ■ 2024<sup>f</sup>

Percentage



**Source:** UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

**Notes:** e = estimates, f = forecasts. Regional and country group averages are GDP-weighted. AIS=Atlantic, Indian Ocean and South China Sea SIDS, comprising Cabo Verde, Comoros, Guinea-Bissau, Maldives, Mauritius, Sao Tome and Principe, and Singapore.





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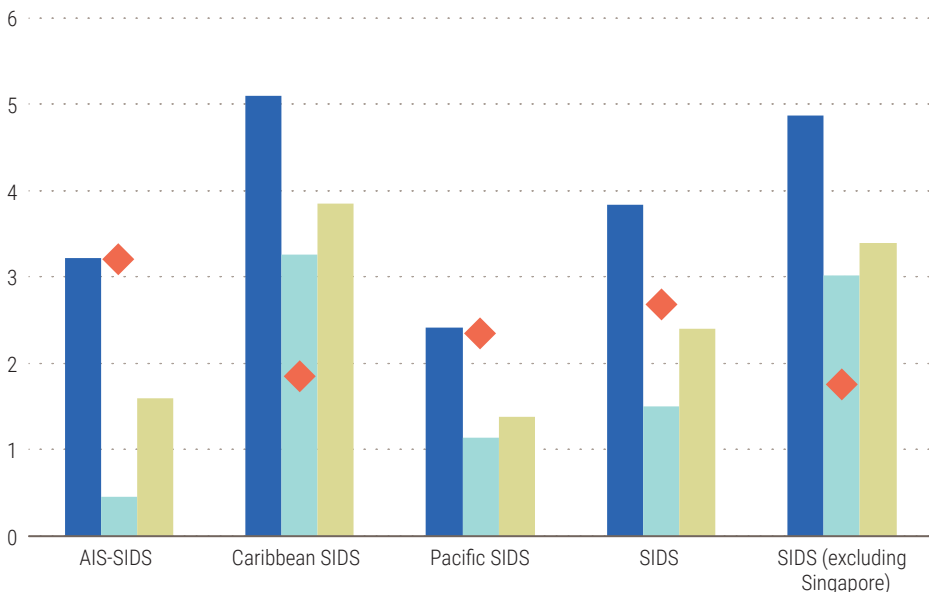
## GDP per capita

GDP per capita varies widely among SIDS, even within the same region. In 2024, average GDP per capita is projected at \$7094 in the Caribbean SIDS, three times more than in the Pacific SIDS and 1.5 times more than in the AIS-SIDS. In terms of growth rates, GDP per capita is expected to expand by 2.4 per cent in 2024, up from 1.5 per cent in 2023, albeit slightly below the 2010-2019 average of 2.7 per cent. Excluding Singapore, the output per capita is projected to grow by 3.4 per cent in 2024, exceeding the long-term average of 1.8 per cent. While in the Caribbean SIDS the output per capita is forecast to increase by 3.8 per cent in 2024 – largely fuelled by Guyana's rapid economic growth – it is projected to grow modestly in the Pacific SIDS and the AIS-SIDS.

## Growth of GDP per capita

◆ 2010-2019 average ■ 2022 ■ 2023<sup>e</sup> ■ 2024<sup>f</sup>

Percentage



**Source:** UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model, and data from United Nations (2022), *World Population Prospects 2022*.

**Notes:** e = estimates, f = forecasts. AIS=Atlantic, Indian Ocean and South China Sea SIDS, comprising Cabo Verde, Comoros, Guinea-Bissau, Maldives, Mauritius, Sao Tome and Principe, and Singapore.





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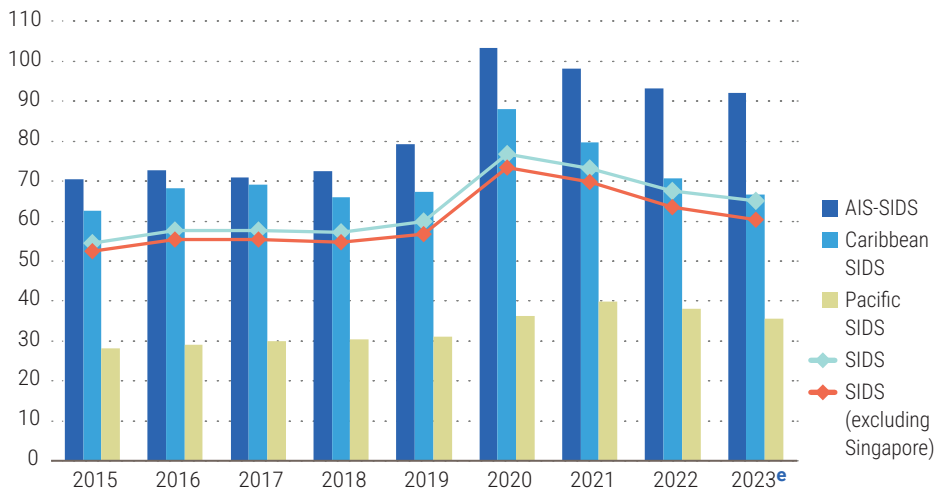
## Macroeconomic policy trends and challenges

**Monetary policy:** During the first quarter of 2024, most central banks in the SIDS kept their policy rates unchanged. Since several SIDS have their local currencies tied to the value of the United States dollar or the euro, the monetary policies adopted by the United States Federal Reserve and the European Central Bank exert a significant influence on the monetary decisions of those economies.

**Fiscal policy:** Several SIDS are likely to pursue fiscal consolidation over the forecast period to improve debt sustainability as high public debt remains a major structural challenge for many. The COVID-19 pandemic, coupled with higher interest rates, exacerbated existing fiscal vulnerabilities during the last few years, increasing debt sustainability risks in many SIDS. On average, the general government debt-to-GDP ratio in the SIDS increased from 54.6 per cent in 2015 to a record 76.9 per cent in 2020, before falling to 65.0 per cent by 2023. In Barbados, Cabo Verde, the Maldives, and Suriname, general government debt as a share of GDP exceeds 100 per cent. Moreover, many SIDS allocate over 15 per cent of their government revenues to interest payments, restricting their capacity to invest in health, education, infrastructure, and climate resilience.

## General government gross debt

Percentage of GDP



**Source:** UN DESA, based on data from the IMF World Economic Outlook database, April 2024.

**Notes:** e = estimates. AIS=Atlantic, Indian Ocean and South China Sea SIDS, comprising Cabo Verde, Comoros, Guinea-Bissau, Maldives, Mauritius, Sao Tome and Principe, and Singapore.

