

ST. VINCENT AND THE GRENADINES

Growth is expected to moderate slightly in 2026 but remain robust in the medium term, with expanded tourism capacity supporting exports, job creation, and poverty reduction. The fiscal deficit is projected to rise to 18.6 percent in 2026, driven by higher capital and current expenditure, then fall to 14.2 percent by 2028 as infrastructure spending decreases. Fiscal, external, and climate risks abound.

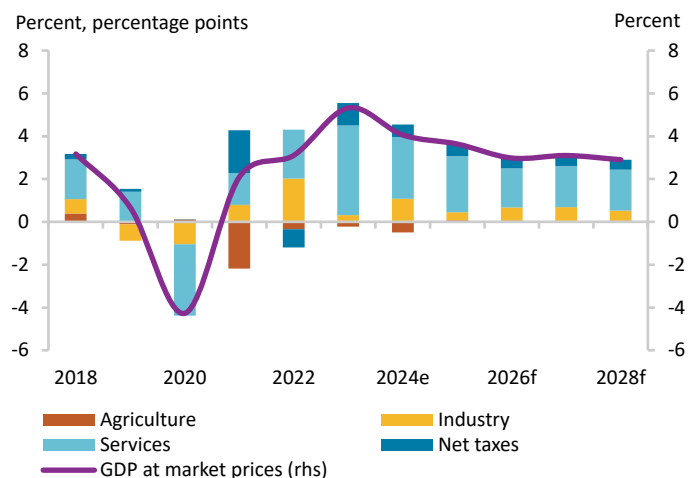
Key conditions and challenges

St. Vincent and the Grenadines is a small economy driven by tourism, agriculture, and construction. While it has been affected by a series of shocks that impacted lives and livelihoods, including the La Soufrière eruption in 2021 and Hurricane Beryl in 2024, growth has remained resilient, averaging 3.6 percent in 2021–2024 period.

St. Vincent and the Grenadines is ranked as a high human development country. While there is no recent data on poverty and inequality, indicators related to education, health, and economic wellbeing of the population have steadily improved over the past two decades. Nonetheless, challenges in human capital outcomes remain. In 2020, the country's Human Capital Index stood at 0.5, meaning a child born this year will reach only half of their potential productivity.

The fiscal deficit has remained elevated since Hurricane Beryl caused significant damage to infrastructure and livelihoods.

FIGURE 1 / Real GDP growth and sectoral contributions to real GDP growth



Sources: Ministry of Finance, Eastern Caribbean Central Bank, and World Bank.

Population ¹ thousand	99.9	Poverty	..
Life expectancy at birth ² years	71.2	School enrollment ³ primary (% gross)	111.3
GDP ⁴ current US\$, billion	1.2	GDP per capita ⁵ current US\$	12173.1

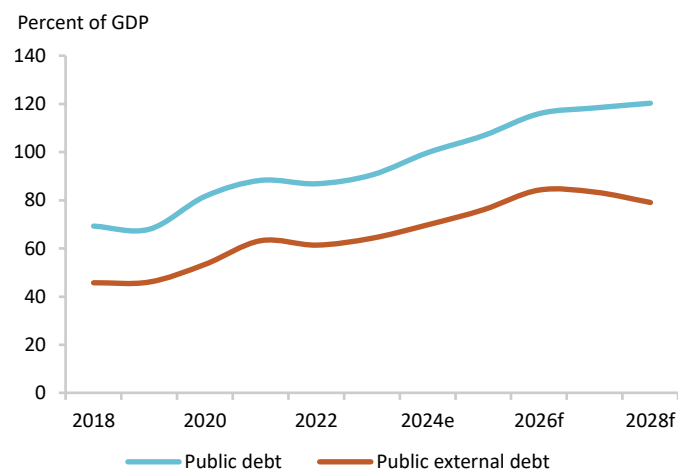
Sources: WDI, MFMMod, and official data. 1/ 2025. 2/ 2023. 3/ 2023. 4/ 2025. 5/ 2025.

The country's main challenge is to reduce its fiscal deficit to reach the regional debt target of 60 percent by 2035, while preserving priority investment needed for inclusive growth.

Recent developments

GDP growth has decelerated to an estimated 3.6 percent in 2025, following the completion of major infrastructure projects—such as the Sandals Resort and Holiday Inn—and the winding down of the Port Modernization Project, which opened in 2025. These projects strengthened tourism capacity, stayover arrivals rose by 14 percent in January–September 2025 relative to the same period in 2024. Tourism directly supports jobs in wholesale and retail trade and accommodation and food services (17.5 and 7.9 percent of workers in 2017, respectively), with high female employment (21.2 and 11.2 percent in 2017, respectively). Inflation slowed to 1.4 percent in 2025, aided by lower utility and transportation costs, supporting continued poverty reduction.

FIGURE 2 / Public debt



Sources: Ministry of Finance, Eastern Caribbean Central Bank, and World Bank.

The current account deficit narrowed marginally to an estimated 15.2 percent of GDP in 2025 (from 16.7 percent in 2024), reflecting higher tourism receipts. Increased imports associated with tourism services were offset by a moderation in construction-related imports. External financing needs were met by foreign direct investment inflows and concessional external borrowing. Gross international reserves remained adequate at around five months of imports.

The fiscal deficit narrowed to an estimated 11.9 percent of GDP in 2025, down from 15.6 percent in 2024, reflecting lower capital outlays and the winding down of Hurricane Beryl-related reconstruction. At the same time, current government expenditure rose from 26.9 to 28.1 percent of GDP, driven by an expanding wage bill and higher social transfers, while government revenue declined slightly to 28.9 percent of GDP (from 29.1 percent in 2024) due to value-added (VAT) reductions and moderating economic activity. The debt-to-GDP ratio increased sharply to 106.9 percent of GDP (from 99.8 percent in 2024).

Outlook

Real GDP growth is projected at 3.0 percent in 2026, fueled by new investment projects, including the construction of Beaches Resort and Marriott hotel, which will add over 700 rooms by 2027; a climate-resilient acute care hospital set for completion

in 2027; and the Halls of Justice judicial complex. Expansion of tourism infrastructure will continue to boost employment disproportionately benefiting women workers. While tourism receipts remain strong, the current account deficit will widen in the near term due to higher imports driven by construction materials and higher oil prices associated with the conflict in the Middle East, then narrow to 14.5 percent of GDP by 2028. Inflation is expected to increase to 2.6 percent in 2026, due to higher oil prices, and stabilize at 2.1 percent by 2028.

The fiscal deficit is expected to reach 18.6 percent of GDP in 2026 due to capital spending on new projects, VAT holidays, an expanded wage bill, and higher social spending. It is anticipated to decline to around 14.2 percent by 2028 as large infrastructure projects are completed. Public debt is projected to be 116 percent of GDP in 2026 and to increase gradually to 120.3 percent by 2028. Achieving the debt target of 60 percent by 2035 will require sharp and sustained fiscal consolidation, stronger debt management, and growth-enhancing structural reforms.

As a small island economy, St. Vincent and the Grenadines is exposed to external market fluctuations, global economic shifts, and the impact of natural disasters. Building resilience will require strengthening the fiscal framework, diversifying the economy, and enhancing disaster preparedness, including extending social assistance to the most vulnerable during times of shock.

Recent history and projections

	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	5.3	4.1	3.6	3.0	3.1	2.9
Real GDP growth, at constant factor prices	5.1	4.1	3.6	3.0	3.1	2.9
Agriculture	-5.0	-11.9	2.1	1.6	1.6	1.6
Industry	2.1	7.3	2.5	4.1	4.2	3.1
Services	6.5	4.4	4.0	2.8	2.9	2.9
Inflation (consumer price index)	4.6	3.6	1.4	2.6	2.1	2.1
Current account balance (% of GDP)	-17.8	-16.7	-15.2	-16.9	-16.4	-14.5
Fiscal balance (% of GDP)¹	-8.2	-15.6	-11.9	-18.6	-18.2	-14.2
Revenues (% of GDP)	26.7	29.1	28.9	27.2	25.4	25.1
Debt (% of GDP)²	90.5	99.8	106.9	116.0	118.4	120.3
Primary balance (% of GDP)¹	-5.7	-12.4	-8.2	-14.5	-13.8	-9.7
GHG emissions growth (mtCO₂e)	3.0	2.0	1.9	1.8	1.6	1.5

Source: World Bank, Fiscal Policy & Growth Department, Ministry of Finance and Eastern Caribbean Central Bank. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

1/ Budget balances are for the central government.

2/ Public debt includes central government and public bodies.