IMF Country Report No. 26/3

ST. LUCIA

January 2026

2025 ARTICLE IV CONSULTATION—PRESS RELEASE AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV Consultation, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on November 14, 2025, with the officials of St. Lucia on the Article IV Consultation. Based on information available at the time of these discussions, the staff report was completed on December 15, 2025.
- An **Informational Annex** prepared by the IMF staff.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org

International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR 26/03

IMF Executive Board Concludes 2025 Article IV Consultation with St. Lucia

FOR IMMEDIATE RELEASE

- On January 12, 2026, the Executive Board of the International Monetary Fund (IMF) concluded the 2025 Article IV consultation discussions with St. Lucia and considered and endorsed the staff appraisal without a meeting, on a lapse of time basis.[1]
- St. Lucia has staged a robust performance in recent years. The economy is projected to grow by 1.7 percent in 2025, following a strong expansion of 4.7 percent in 2024, with weaker tourism but strong construction activities, domestic demand and credit expansion. The economy is then expected to rebound in 2026 from tourism pickup.
- Inflation was negative in 2024 from lower international food and energy prices, and it is projected to increase to 0.8 percent in 2025. Despite improved net exports, the current account deficit increased in 2024 from a widening net income deficit but is expected to decline over the medium term. Public finances are improving with primary balance surpluses recorded for three consecutive years.
- Nonetheless, long-standing challenges remain with income per capita diverging from the U.S. in the past decades, weak productivity, high public debt stock, and the ever-present risk of natural disasters.

Washington, DC – January 14, 2026: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for St. Lucia.[2] The authorities have consented to the publication of the Staff Report prepared for this consultation.[3]

Real GDP expanded by 4.7 percent in 2024, driven by robust tourism flows from the U.S. and construction activity. However, stayover tourist arrivals declined by 3.2 percent y/y during January-September 2025, underperforming regional peers, mainly driven by a decline in U.K. and Canadian tourists as temporary hotel closures and reduced airlift weighed in. In line with economic developments, the unemployment rate reached 10.8 percent in 2024, a historic low, but then inched up to 13.4 percent in Q22025. The headline CPI fell by 0.5 percent in 2024,

[1] Under the Fund's lapse-of-time procedure, the Executive Board completes Article IV consultations without convening formal discussions.

[2] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[3] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/countries/lca page.

primarily driven by easing international food and energy prices, and increased modestly by 0.5 percent in H12025.

Growth is expected to decline to 1.7 percent in 2025 with weaker tourism but strong construction activities, domestic demand, and credit expansion, and then rebound to 2.3 percent in 2026 as tourism picks up. Over the medium term, growth will converge to its potential rate of 1.5 percent as tourism flows stabilize and planned infrastructure and construction projects complete.

Twelve-month moving-average inflation is projected to increase by 1.3 percentage points to 0.8 percent in 2025 due to, amongst other factors, higher import costs from tariffs imposed elsewhere, and then gradually converge to 2 percent over the medium-term, consistent with the expected trend among major trading partners. The current account deficit will gradually narrow to 1.1 percent of GDP by 2030 as planned construction at hotels, airports and cruise facilities is completed.

The overall fiscal deficit excluding natural disaster costs is expected to narrow to 2.3 percent of GDP by FY2030/31, with rising interest and wage bills partly offset by a decline in capital expenditure. Public debt, which also pencils in natural disaster costs, is projected to stabilize at around 77 percent of GDP in the medium term.

Risks to the outlook remain tilted to the downside. External risks include geopolitical tensions, escalating trade measures and prolonged policy uncertainty, which could dampen global economic activity, potentially weaken tourism and FDI flows to St. Lucia and increase its import costs. On the domestic front, weaker-than-expected performance in the tourism and construction sectors may further constrain growth. St. Lucia is also vulnerable to the ever-present natural disasters and climate change risks. Upside risks to growth include stronger-than-expected growth in tourism, construction, and public investment.

Executive Board Assessment

The St. Lucian economy has staged a robust performance in recent years. After one of the largest declines in the region in 2020, economic growth rebounded sharply, buoyed by increased tourism services. Following a strong expansion in 2024, growth is expected to fall in 2025 from weaker tourism amid temporary hotel closures and reduced airlift but rebound in 2026 as tourism picks up. The external position in 2024 was assessed as broadly consistent with fundamentals and desirable policies. Fiscal performance has strengthened, supported by three consecutive years of primary surpluses. Nonetheless, long-standing challenges remain with income per capita diverging from the US in the past decades, weak productivity, high public debt stock, and the ever-present risk of natural disasters.

The overarching fiscal policy priority is to reduce public debt and create room for capital spending through revenue-based measures. Under current policies, public debt will fall short of the regional target of 60 percent of GDP by 2035. Without further actions, development resources may shrink, and debt and borrowing costs could increase further during shocks. A growth-friendly and feasible fiscal adjustment would help to decisively reduce public debt to the regional target, lower borrowing costs, and enable resources for higher capital expenditure to address growth bottlenecks. It could include three pillars: (i) a comprehensive tax reform and enhanced tax administration—starting now and implemented gradually over the medium term; (ii) improved control and targeting of current expenditures; and (iii) adoption of a sound fiscal rule within a fiscal responsibility framework.

Reforming the tax system would boost revenue, improve equity, and reduce distortions. St. Lucia's tax system has high tax expenditures which weaken collection. Tax measures could include rationalizing corporate income tax incentives, broadening the VAT base (including digital services)—accompanied with targeted support to vulnerable households, improving personal income tax progressivity, shortening property exemptions, reforming fuel taxes and increasing excises on alcohol and tobacco. Tax administration priorities include strengthening audit and inspection, accelerating digitalization of processes, enhancing compliance and improving transparency.

Higher efficiency and spending rebalancing would create space for growth- and equity-enhancing expenditures. Social protection initiatives should be well-targeted and budgeted. Strengthening the public-private partnerships (PPPs) framework through transparent reviews and sound institutional structures can support infrastructure development without undermining fiscal discipline. The recent increase in pension benefits, amid a rapidly aging population, creates longer-term fiscal risks and requires forward-looking reforms.

Introduction of a medium-term fiscal framework (MTFF) and formal fiscal rules, and continued strengthening of the Citizenship Investment Program (CIP) could further instill fiscal planning, prudence, and discipline. Further priorities, building upon past initiatives, include: (i) publication of an MTFF prior to the annual budget, with at least three years' projections, a fiscal risk statement, a debt sustainability analysis, and policy scenarios; (ii) examining the potential establishment of operational fiscal rules; and (iii) continuing to improve CIP governance and transparency.

Efforts to strengthen the financial sector should be sustained. The banking sector is well-capitalized and highly liquid, but NPLs remain elevated despite recent improvements. Policy priorities include ensuring full compliance with the ECCB's 60 percent provisioning requirement for NPLs and avoiding excessive reliance on general reserves. The recent enactment of legislation aimed at strengthening debtor rights and streamlining movable asset financing marks a significant milestone. Introducing foreclosure legislation—that balances market efficiency with strong borrower protections—to effectively secure real estate mortgages could be the next step.

Further strengthening the resilience of non-bank financial institutions is essential. Building on the new Co-operative Societies Act, additional steps are needed to strengthen credit union regulation and supervision, including developing and enforcing prudential standards, streamlining provisioning rules to align with ECCB practices, and progressively extending Asset Quality Reviews and stress testing to all credit unions. Rising reinsurance costs and low property retention ratios among local insurers constrain profitability and coverage, underscoring the need for a more integrated regional supervisory framework to strengthen oversight, narrow the protection gap, and support affordability. Efforts to mitigate ML/FT risks should continue.

Addressing supply-side bottlenecks will increase long-run growth and reduce the cost of living. Structural bottlenecks—such as high financing costs, limited credit access, and regulatory burdens—need to be addressed to improve productivity and reduce living costs. The recent introduction of a minimum wage provides an important safeguard for low-income workers, but careful monitoring is required to make sure that it supports vulnerable groups without hampering their employment opportunities or competitiveness. Digitalization efforts must continue, with a focus on expanding internet access, improving digital literacy, and fostering innovation to create jobs and attract investment. Continued efforts on climate adaptation, energy transition, and climate insurance are essential.

Expanding trade relationships, improving connectivity, and strengthening regional cooperation are key to enhancing resilience and affordability. St. Lucia's economy is highly open, driven by tourism services and imports of goods, which heightens vulnerability to external shocks. Import concentration increases living costs and external vulnerability. Policy efforts should streamline customs procedures, help reduce freight costs and shipping fees, and enhance market competition. However, the scope and the size of source-reorientation would depend on addressing diversification challenges related to the size of the economy. Tourism and export broadening over time should continue, including expanding into new source markets, and broadening the economic base beyond tourism (e.g., developing human capital-intensive service sectors such as digital and professional services). Proactive engagement in new and existing trade opportunities, in collaboration with OECS and CARICOM partners, can support sustainable trade reorientation.

St. Lucia: Selected Social and Economic Indicators, 2020-30

I. Social and Demographic Indicators

Area (sq. km)	616	Infant mortality (per thous. live births, 2023)	14.3
		Human Development Index ranking (of 189 countries, 2023)	103
Population Characteristics			
Total (thousands, 2024, UN)	179.7	Gross Domestic Product (2024)	
Rate of growth (average 2014-2024)	0.34	(millions of US dollars)	2,574
Population density (per sq. km., 2024)	291.8	(millions of EC dollars)	6,951
Secondary education enrollment (percent, 2023)	90.41	(US$ per capita)	14,323
Life expectancy at birth (years, 2024)	72.8		

II. Economic and Financial Indicators

					Est.	Projections					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(Annual percentage change, unless otherwise specified)										
Output and Prices											
Real GDP (at market prices)	-23.8	11.3	20.6	3.3	4.7	1.7	2.3	1.8	1.7	1.6	1.5
Consumer prices, period average	-1.8	2.4	6.4	4.5	-0.5	0.8	1.5	1.9	2.0	2.0	2.0
Unemployment rate (% annual average)	21.7	21.9	16.5	14.0	10.8	...	...	...	...		...
Real effective exchange rate											
(annual average, depreciation -)	101.0	98.9	101.3	101.2	97.2	...	...	...	...		...
Central Government Finances 1/											
Revenue	21.6	21.3	21.3	22.1	22.6	22.4	22.5	22.3	22.2	22.1	22.1
Tax revenue	18.9	18.0	18.1	18.7	19.7	19.3	19.2	19.1	19.0	18.9	18.9
Nontax revenue	1.6	1.8	2.0	1.9	1.8	1.9	2.2	2.0	2.0	2.0	2.0
Grants and capital revenue	1.1	1.5	1.2	1.5	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Expenditure	33.1	26.7	23.8	25.3	24.4	25.2	25.1	24.9	24.8	24.6	24.4
Current primary expenditure	23.1	19.3	17.3	17.2	17.9	18.6	18.4	18.3	18.2	18.1	18.0
Interest payments	3.8	3.2	3.5	3.4	3.3	3.2	3.3	3.5	3.6	3.8	3.9
Capital expenditure	6.2	4.2	3.0	4.6	3.2	3.5	3.3	3.1	2.9	2.7	2.5
Overall balance excl. ND cost 2/	-11.5	-5.4	-2.5	-3.2	-1.8	-2.9	-2.5	-2.7	-2.6	-2.5	-2.3
Overall balance, incl. ND cost 2/	-11.5	-5.4	-2.5	-3.2	-1.8	-2.9	-3.2	-3.3	-3.2	-3.2	-3.0
Total public sector debt 3/	94.4	81.9	73.9	75.2	76.7	77.2	77.2	77.2	77.1	77.1	77.0
Domestic	49.2	39.3	35.9	31.8	31.5	30.9	30.5	30.2	29.9	29.7	29.5
External	45.3	42.6	38.0	43.5	45.1	46.3	46.7	47.0	47.2	47.4	47.4
Central government debt	89.3	76.8	69.3	70.3	72.4	73.1	73.2	73.4	73.5	73.6	73.6
Money and Credit, eop (annual percent change)											
Broad money (M2)	-6.6	14.9	3.8	11.3	4.6	3.0	4.3	4.5	4.5	4.4	4.1
Credit to private sector (nominal)	2.7	-0.1	1.7	2.8	5.1	5.1	4.6	4.3	4.0	3.8	3.4
Credit to private sector (real)	4.5	-2.5	-4.4	-1.6	5.6	4.2	3.1	2.4	2.0	1.8	1.4
Balance of Payments											
Current account balance, *o/w:*	-18.8	-11.3	-3.6	-1.6	-2.5	-3.6	-2.6	-2.1	-1.6	-1.4	-1.1
Exports of goods and services	29.8	38.0	55.3	59.2	62.1	60.1	61.5	62.3	62.8	63.1	62.9
Imports of goods and services	-47.3	-47.8	-51.4	-53.9	-56.2	-55.2	-56.1	-57.0	-57.7	-58.4	-58.3
Financial account balance	-14.2	-8.1	-1.5	-1.3	-1.6	-2.3	-1.3	-0.7	-0.3	-0.2	0.2
Direct investment	-8.2	-5.8	-3.3	-6.4	-7.3	-7.0	-6.8	-6.5	-6.3	-6.0	-5.8
Portfolio investment	6.2	3.3	3.4	-2.0	8.3	7.5	6.6	5.8	4.9	4.1	3.2
Other investment	-10.2	-13.8	0.2	4.5	-1.9	-4.2	-2.5	-1.3	-0.1	0.8	2.0
Net reserves assets	-2.0	8.3	-1.8	2.6	-0.7	1.5	1.4	1.3	1.1	1.0	0.8
External debt (gross) 4/	78.4	69.9	63.3	68.0	68.7	69.1	68.3	67.5	66.7	65.9	65.0
Memorandum Items:											
Nominal GDP (EC$ millions)	4,081	5,047	6,301	6,471	6,951	7,158	7,466	7,805	8,156	8,515	8,866
Net imputed international reserves											
Months of imports of goods and services	3.0	3.5	2.9	3.1	3.4	3.5	3.6	3.6	3.6	3.7	3.7
Percentage of demand liabilities	88.3	92.3	91.4	90.6	92.7	93.1	93.4	93.6	93.7	93.7	93.7

Sources: St. Lucia authorities; ECCB; UNDP HDI; and Fund staff estimates and projections.

1/ Fiscal year (April-March) basis. Fiscal balances do not include the airport project, which is implemented by a public corporation.

2/ ND stands for the estimated cost of natural disasters.

3/ Public sector debt includes payables and overdrafts/ECCB advances.

4/ Comprises public sector external debt, foreign liabilities of commercial banks and other private debt.

INTERNATIONAL MONETARY FUND

ST. LUCIA

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

December 15, 2025

KEY ISSUES

Context. St. Lucia staged a robust recovery after the pandemic, buoyed by tourism rebound. The economy is projected to grow by 1.7 percent in 2025, following a strong expansion of 4.7 percent in 2024, with weaker tourism but strong construction activities, domestic demand, and credit expansion. Growth is expected to rebound in 2026 as tourism picks up and to converge back to its potential rate of 1.5 percent over the medium term as tourism stabilizes and planned infrastructure and tourism-related projects are completed. Inflation turned negative in 2024 from easing international food and energy prices, then increased modestly in H12025. Despite improved net exports, the current account deficit increased in 2024 from a widening net income deficit but is expected to decline over the medium term. Public finances are improving with primary balance surpluses during three consecutive years. Nonetheless, high public debt stock and large rollover needs represent important vulnerabilities.

Fiscal policy. A growth-friendly and feasible fiscal adjustment would help to decisively reduce public debt to the regional target of 60 percent of GDP by 2035 and create space for higher capital expenditure and other spending aimed at addressing growth bottlenecks. It would include three pillars: (i) a comprehensive tax reform and enhanced tax administration, implemented gradually over the medium term; (ii) improved efficiency and targeting of current expenditures; and (iii) adoption of a sound fiscal rule within a fiscal responsibility framework.

Financial policy. Systemic risks in the financial sector remain contained. Priorities include strengthening bank balance sheets, further reducing their non-performing loans (NPLs), closing legislative gaps related to foreclosures and asset recoveries to encourage lending, addressing natural disaster insurance protection gaps, and building on recent legislation to enhance the oversight and capitalization of credit unions.

Supply side policies. Addressing supply-side bottlenecks will increase productivity and long-run growth and reduce the cost of living. Priorities should be given to infrastructure and digitalization, education and innovation, addressing frictions to credit access, along with labor market reforms and improvements to social protection. These, along with increased connectivity, enhanced regional coordination, and skill upgrade will help to broaden exports over time.

Approved By
Mauricio Villafuerte (WHD) and Cemile Sancak (SPR)

Discussions for the 2025 Article IV consultation took place in Castries, St. Lucia, on November 3-14, 2025. The team comprised Swarnali Ahmed Hannan (head), Olga Bespalova, Enrico Di Gregorio, Junghwan Mok, and Entian Zhang (all WHD). Jenna Hartman (OED) joined several meetings, as did Justin Carter (CDB) and Josh Kelly (ECCB). The team met with Prime Minister Philip J. Pierre, Permanent Secretary Francis Fontenelle, and other senior government officials, as well as representatives of the opposition, the private sector, and labor unions. Eliana Porras Herrera (WHD) provided editorial assistance and Yishun Cao (WHD) provided research assistance.

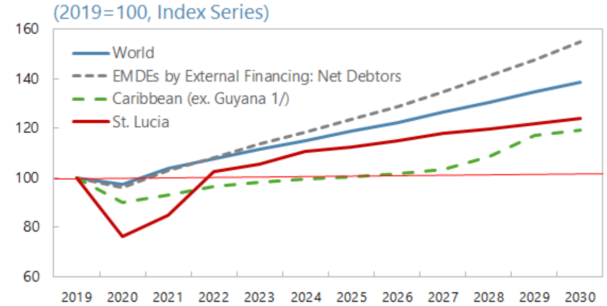
CONTENTS

ANNEXES

CONTEXT

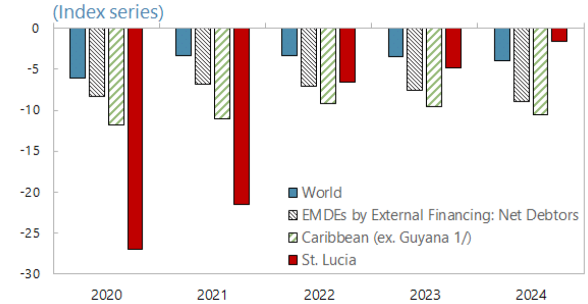
1. **St. Lucia staged a robust recovery following the Covid-19 pandemic.** After one of the largest declines in the region in 2020, real GDP growth rebounded sharply and the current account deficit narrowed, buoyed by a strong increase in tourism. Real GDP has caught up to pre-pandemic projections faster than the region. The cyclical recovery of revenues and the wind-down of pandemic-related expenditures narrowed the fiscal deficit from 11.5 percent of GDP in FY2020/21 to an estimated 1.8 percent of GDP in FY2024/25, with the primary balance recording a surplus for the third consecutive year.[1]

Real GDP Since Pandemic
(2019=100, Index Series)



Source: WEO and IMF staff calculation.
1/ Guyana is excluded as an outlier because of its exceptionally high growth rate since the pandemic, driven by a rapid expansion in oil production.

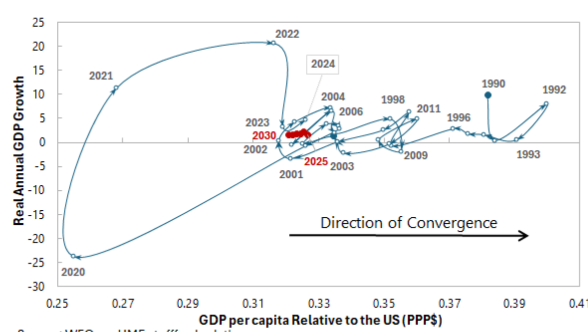
Real GDP Deviation from 2019 WEO Projection
(Index series)



Source: WEO and IMF staff calculation.
1/ Guyana is excluded as an outlier because of its exceptionally high growth rate since the pandemic, driven by a rapid expansion in oil production.

2. **Long-standing challenges remain, nonetheless.** Income per capita has diverged from that of the U.S. in the past decades and potential growth remains very weak, constrained by limited productivity, labor market distortions and high informality, and weak credit growth. Public debt-to-GDP remains higher than pre-pandemic levels and is unlikely to reach the regional target without strong policy measures. Borrowing costs and rollover risks remain high. Located in the hurricane belt, St. Lucia is highly susceptible to natural disasters (ND), underscoring the need for increased investments in resilience.

Convergence of Real Income Per Capita With the U.S.



Source: WEO and IMF stafff calculation.
Note: The red dots indicate staff projections.

3. **The government has taken important actions to address some of these shortcomings.** To support the poor, vulnerable, differently abled, and elderly population, the government increased pensions and minimum pensions, implemented a minimum wage, expanded the Universal Health Care program, established a Ministry for Persons with Disabilities, and announced a plan to establish an unemployment insurance program. Policies were aimed at strengthening the regulatory framework and financial preparedness for natural disasters and at advancing renewable energy

[1] The fiscal year begins in April.

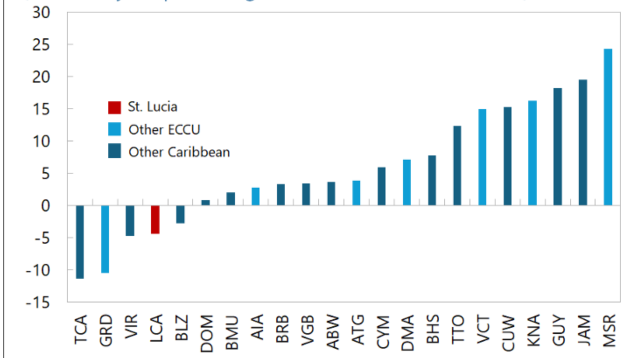
prospects (e.g., a recently enacted Co-operative Societies Act[2] for the rapidly growing credit union (CU) sector, an approved Disaster Risk Financing Strategy,[3] a proposed Electricity Supply Bill).

4. **Prime Minister Phillip J. Pierre was re-elected for a second term in December 2025.** St. Lucia Labour Party gained another large parliamentary majority, holding 14 of the 17 seats in the House of Assembly, in the 2025 general elections. The administration remains committed to fiscal discipline as well as to a strong social agenda, including promoting health, social protection, food security, climate resilience, education, digitalization, and youth employment.

RECENT DEVELOPMENTS

5. **After a strong 2024, economic growth has moderated.** Real GDP expanded by 4.7 percent in 2024, driven by robust tourism flows from the U.S. and construction activity. However, stayover tourist arrivals declined by 3.2 percent y/y during January-September 2025, underperforming regional peers, mainly driven by a decline in U.K. and Canadian tourists as temporary hotel closures and reduced airlift weighed in. In line with economic developments, the unemployment rate reached 10.8 percent in 2024, a historic low, but then inched up to 13.4 percent in Q22025. The headline CPI fell by 0.5 percent in 2024, primarily driven by easing international food and energy prices, and increased modestly by 0.5 percent in H12025.

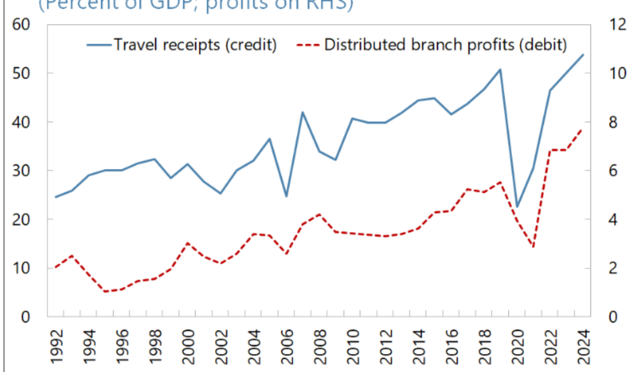
Stayover Arrival Growth in the Caribbean
(Year-on-year percent growth, M1-6, 2025 vs. 2024)



Sources: ECCB and IMF staff calculation. For CYM and BMU, data cover M1-5.

6. **After reaching a post-pandemic low in 2023, the current account deficit widened in 2024.** Strong tourism flows and lower global energy and food prices offset increased imports for construction activities and reduced exports of alcoholic beverages (one of the largest home-grown export sectors). Despite improved net exports, the current account deficit increased to 2.5 percent of GDP in 2024 from 1.6 percent of GDP in 2023 from a widening net income deficit. The external position in 2024 is assessed as broadly in line with fundamentals and desirable policies (Annex IV), while the real

Travel Receipts and Distributed Branch Profits
(Percent of GDP; profits on RHS)



Source: ECCB BOP Transactions statistics and IMF staff calculations.

[2] See "Co-operative Societies Act".

[3] See "Saint Lucia's National Adaptation Plan (NAP) 2018-2028".

effective exchange rate (REER) has depreciated over the past two years. The current account deficit, expected to close at 3.6 percent of GDP in 2025, was pushed up in the first six months of the year due to lower number of stayover and cruise tourists and their weaker-than-expected spending, only partly compensated by an improvement in the merchandise trade balance.

7. **The fiscal balance improved in FY2024/25 mainly from lower capital expenditure.** The overall fiscal deficit declined to 1.8 percent of GDP in FY2024/25 from 3.2 percent of GDP in FY2023/24. Despite increased current spending from higher wages, total expenditure as a share of GDP dropped due to a sharp decline of 1.4 percentage points in capital expenditure. Higher taxes on international trade and transactions and the *Citizenship by Investment Program* (CIP) supported a modest increase in revenue-to-GDP. The authorities' recent policies are moderately expansionary with expenditure-increasing measures (see paragraph 3 and text table) and revenue reducing ones; the latter related to increased tax allowances and removal of import duties on all price-controlled food and VAT on several food items. A notable exception is the tax amnesty extension.

Selected Recent Fiscal Measures by the St. Lucian Authorities

Expenditure Measures	Revenue Measures
Permanent Measures	
Implemented the first minimum wage on October 1, 2024 (EC$6.52 per hour or EC$1,131 per month) for all workers.	Removal of import duties and service charges on all price-controlled food items effective June 1st, 2025.
Expanded Universal Health Care program. Added the Ministry for Persons with Disabilities to a portfolio of the Ministry of Home Affairs and Crime Prevention.	Removal of VAT on several food items, and change the status of exempt food items to zero-rated.
All non-established government employees who are daily paid or classified as wage earners will be given permanent employment after two years. In August 2025, about 1000 workers became permanent.	Tax deductibles up to ES$50,000 to businesses investing in cybersecurity, artificial intelligence tools, and approved ICT training for staff. 1/
Increased the minimum monthly pension to EC$725 for government pensioners. An additional 131 new police officers were hired. Temporary teachers will now receive full salaries for the month of August, starting in August 2025.	Increased income tax allowances from January 1st, 2025 from EC$30,000 to EC$40,000, with specific increases in child allowance, dependent relatives allowance, mortgage, university education, credit union shares and savings, and investment instruments. 1/
Tuition support to nursing students. 1/	Exempt income derived from pensions from all taxes from January 2025. 1/
Temporary Measures	
Three one-off payments of about EC$600 were made to central government pensioners.	Extensions of tax amnesty program (now till May 1, 2026), including fines and penalties for late corporate filings at the Companies Registry.
An additional one-off payment of about EC$600 will be made to central government pensioners in November 2025. 1/	Temporary 50 percent reduction of the Airport Service Charge for all regional flights effective from June 1 to December 31, 2025.
Bakers will recieve a rebate on the bul gas purchased. 1/	Effective May 1st, the price of fuel will be capped at $16.00 per gallon until January 1st, 2026.

Source: The Prime Minister's 2025/26 Budget Address.

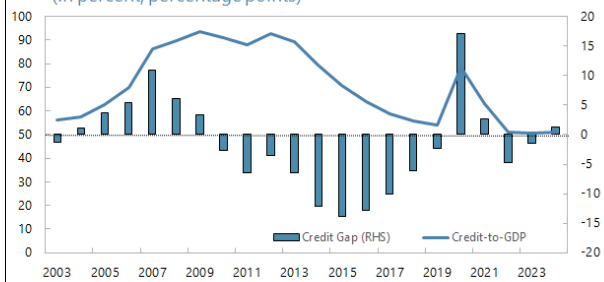
1/ This measure has been announced, but not yet implemented as of November 21, 2025

8. **The FY2024/25 deficit was largely financed through bonds and loans.** New financing came from loans, due to favorable multi-lateral terms, and bond and note proceeds, while the maturing debt was almost completely rolled over. Public debt rose from 75.2 percent of GDP in

FY2023/24 to 76.7 percent of GDP in FY2024/25. At the end of FY2024/25, overdrafts and payables rose to 3.0 percent of GDP, but have since dropped to 1.6 percent of GDP by September 2025.[4]

9. The banking sector is well-capitalized and highly liquid, but non-performing loans remain elevated despite recent improvements. The risk-weighted capital ratio stood at 16.5 percent as of Q22025, while nearly half of total assets are liquid. Real credit to the private sector rebounded strongly by 5.6 percent in 2024, the highest in fifteen years, primarily driven by commercial real estate lending, including loans to construction and real estate development companies. Credit unions continued to expand their lending, but many have yet to comply with regulatory requirements.

Credit-to-GDP and Credit Gap
(In percent; percentage points)

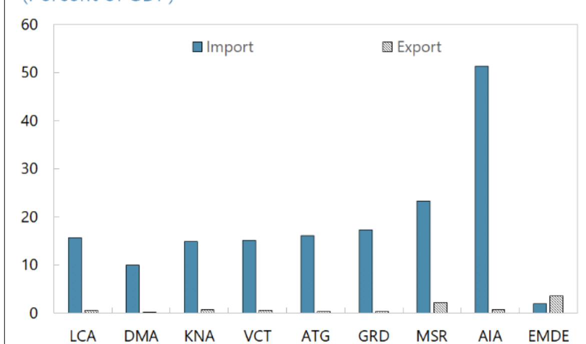


Source: ECCB, WEO, and IMF staff calculation.
Note: Credit gap is calculated as a percentage point deviation from the trend of credit to GDP ratios filtered by one-sdied HP Filter.

OUTLOOK AND RISKS

10. Growth is expected to moderate to its potential rate of 1.5 percent as tourism flows stabilize, and planned construction projects are completed. The direct impact of higher tariffs from the U.S. is expected to be limited given St. Lucia's low exports of goods to the country. However, 12-month moving-average inflation is projected to increase by 1.3 percentage points to 0.8 percent in 2025 due to, amongst other factors, higher import costs from tariffs imposed elsewhere, and gradually converge to 2 percent over the medium-term, consistent with the expected trend among major trading partners. The current account deficit will gradually narrow to 1.1 percent of GDP by 2030 as planned construction at hotels, airports and cruise facilities are completed.

Goods Trade With the US as a Share of GDP, 2024
(Percent of GDP)



Sources: IMF DOTS, July 2025 WEO, and IMF staff calculations.

11. The medium-term fiscal outlook remains challenging amid a high public debt stock and large rollover needs. The overall fiscal deficit excluding natural disaster costs is expected to narrow to 2.3 percent of GDP by FY2030/31, with rising interest and wage bills partly offset by a decline in capital expenditure due to limited access to financing.[5] Public debt, which also pencils in

[4] Overdrafts refer to the net overdrawn balance on St. Lucia's operating account at the ECCB, while payables mostly reflect arrears on contracts within 120 days of delay.

[5] Natural disaster costs reflect the estimated annualized fiscal cost of a natural disaster in St. Lucia (see the 2018 Staff Report).

natural disaster costs, is projected to stabilize at around 77 percent of GDP in the medium term. The gross financing needs will remain elevated at an average of 14.9 percent of GDP over the medium term, compared to 14.8 percent of GDP in FY2024/25, implying continued high rollover risk.

12. Risks to the outlook remain tilted to the downside. External risks include geopolitical tensions, escalating trade measures and prolonged policy uncertainty, which could dampen global economic activity, potentially weaken tourism and FDI flows to St. Lucia and increase its import costs (Annexes I and V). On the domestic front, downside risks stem from higher-than-expected deterioration of tourism flows and larger recognition of non-performing loans potentially depressing credit growth. Though low likelihood of occurrence, a weakening fiscal position and tightening financial conditions could result in a disorderly fiscal adjustment with a high negative impact, particularly on growth and debt. St. Lucia is also vulnerable to ever-present natural disasters and climate change risks. Upside risks include stronger-than-expected growth in tourism, construction, and public investment, which could provide a positive boost to the economy.

13. A global slowdown triggered by escalating trade measures and prolonged uncertainty would weigh heavily on St. Lucia's economy, given its dependence on tourism flows and reliance on imports. Weaker demand from key tourism markets and higher import prices would dampen growth directly and create negative spillovers across other sectors, further reducing fiscal revenues. St. Lucia's high reliance on the U.S. economy heightens this vulnerability: a one percentage point decline in U.S. growth is estimated to lower St. Lucia's growth rate by about 0.6 percentage points, mainly through the tourism channel (Annex I). The external position would also come under pressure, with the current account deficit potentially widening. The latter effect could be partly cushioned by lower oil import costs and weaker domestic demand for construction-related imports. St. Lucia's inflation is also heavily exposed to that of the U.S. given the island's goods import dependence.

Authorities' Views

14. The authorities expect stronger growth than staff's projections in 2025 and the medium term. In 2025, they expect that robust construction activity will sufficiently offset tourism decline. Given the openness of St. Lucia's economy, they expressed concern about potential shifts in global trade policies, which could exert upward pressure on import prices. The authorities broadly agreed with staff's risk assessment.

POLICY DISCUSSIONS

A. Rebuilding Fiscal Buffers and Creating Space for Spending Priorities

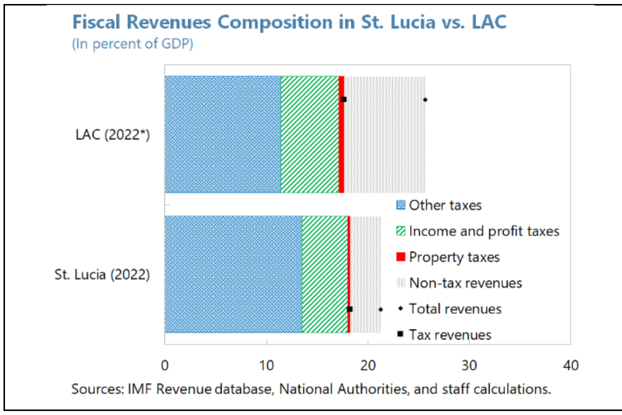
15. The overarching fiscal policy priority is to reduce public debt and create room for capital spending through a revenue-based consolidation. Under current policies, public debt—while remaining stable—will not meet the regional debt target of 60 percent by 2035. This raises risks, particularly from high rollover needs and a limited domestic investor base (Annex VI). Without policy action, resources for development may shrink, while debt and borrowing costs could increase further during shocks (e.g., natural disaster), complicating future adjustments. A growth-friendly and feasible fiscal adjustment would help to decisively reduce public debt to the regional target and enable resources for higher capital expenditure to address growth bottlenecks. It should include three pillars: (i) a comprehensive tax reform and enhanced tax administration—starting now and implemented gradually over the medium term; (ii) improved control and targeting of current expenditures; and (iii) adoption of a sound fiscal rule within a fiscal responsibility framework. An illustrative scenario suggests that an adjustment of about 2½ percent of GDP could be implemented gradually over time, including revenue increases of about 3½ percent of GDP and a 1 percent of GDP increase in spending on investment and other priority areas, would reduce public debt to its regional target by 2035. Coupled with labor, social, and financial sector reforms, this scenario would improve medium-term potential growth (and equity) due to a positive multiplier effect of public investment and improved productivity.[6]

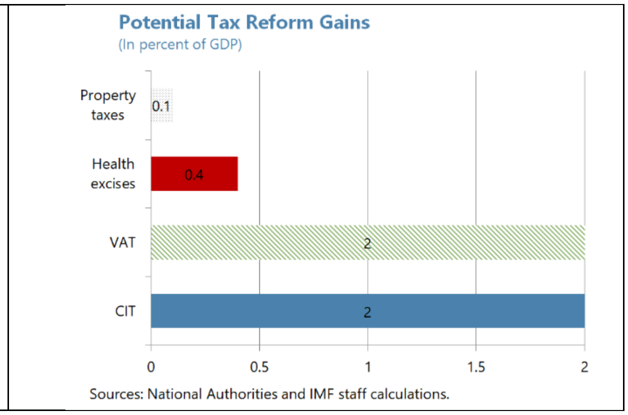
16. Reforming the tax system would boost revenue, improve equity, and reduce distortions. St. Lucia's tax system has high tax expenditures (e.g., exemptions and deductions) contributing to weak tax collection. The potential reform gains from staff's recommended measures are higher than the size of adjustment required to meet the regional debt target. This would allow some flexibility to opt for reforms based on feasibility and political economy considerations (see text table and chart below on estimated yields). The options for reforms could include:

- *Tax measures.* (i) Rationalization of corporate income tax incentives, particularly in the profitable hospitality sector; (ii) VAT reform, through broadening the tax base, lowering threshold, limiting zero-rated items including increasing the fuel VAT rate to the statutory rate, introduction of VAT on digital services—accompanied with targeted support to vulnerable households; (iii) Personal income tax improvement, including by replacing extensive allowances, deductions, and exemptions with tax credits for low-income earners; (iv) Property tax changes, including shortening of three-year exemption for new commercial properties; (v) Increase of excises on alcohol and tobacco.

- *Tax administration measures.* While progress has been made, further efforts are critical, particularly improving auditing and inspection capabilities, digitalization of tax processes (including full implementation of InfoCloud Suite which supports electronic invoicing and vendor payments), and enhancing public account transparency through timely preparation of financial statements. In addition, the tax amnesty extension, while yielding revenues in the short-term, could incentivize non-compliance if taxpayers come to expect new amnesties in the future and should not be renewed further.

[6] Using a large sample of 129 countries over 1980-2019, World Bank (2024) find that public investment can significantly increase economic growth, with an increase in public investment by 1 percent of GDP raising output by 1.1 percent after five years, on average.





Staff-Recommended Fiscal Measures for Active Scenario

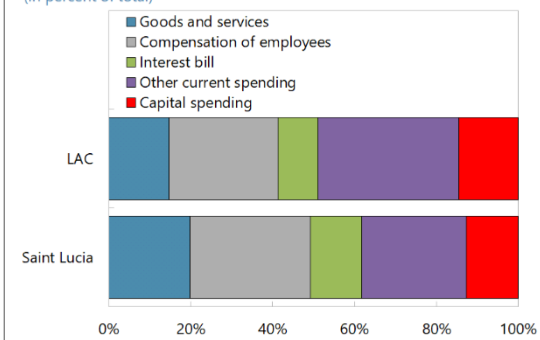
Areas of measures	Priority Recommendations	Timing
Corporate Income Tax (CIT)	1. Eliminate widespread tax exemptions and holidays (especially in hospitality). Reform tax incentives. Allow full expensing of capex and loss carryforwards. Cap interest deductability.	ST-MT
	2. Lower the CIT rate from 30 to 25 percent after broadening base and thorough reform of exemptions and incentives.	MT
Value-Added Tax (VAT)	1. Broaden the base, lower threshold, apply statutory rates to tourism, consider digital VAT.	ST
	2. Minimize zero-rated items including fuel, supplement with targeted transfers.	MT
Personal Income Tax (PIT)	1. Eliminate regressive tax breaks. Replace pre-tax breaks with flat tax credits. Tax dividends, rental income, capital gains, and interest income.	ST-MT
	2. Introduce a fourth income bracket.	MT
Property Taxes	1. Phase out residential property exemption, lower transaction taxes.	ST
	2. Update/expand cadaster. Consider progressive tax rates.	MT
Excise Taxes	1. Raise excises on alcohol and tobacco.	ST
	2. Introduce excises on sugar-sweetened beverages.	ST-MT
Tax Administration	Use *Tax Administration Modernization Project* with data-driven risk management to enhance auditing and inspection and improve compliance and taxpayer services. Phase out tax amnesties, improve staffing, and promote compliance culture.	MT
Digitalization of Tax Processes	Use unified company ID for IRD and Customs, apply tax intelligence to identify audits, implement electronic invoicing for large taxpayers, and promote electronic payments.	MT
Public Accounts Transparency	Timely prepare financial statements, comply with Public Finance Management Act deadlines, apply International Public Sector Accounting Standards (IPSAS).	MT

17. **The tax reform should focus on areas most likely to boost revenue, while considering growth, equity, and implementation costs.** The priorities could include reviewing taxation of the tourism sector and digital services, eliminating corporate income tax exemptions, and broadening and equalizing the VAT. Making the PIT more progressive and resuming and improving property taxation could also be considered. The CIT reform would potentially generate the largest revenue increase but require substantial legislative changes that would take time to be introduced. Some positive changes could be implemented in the near term, while the broader legislative work can continue over a longer period. Some elements of staff's proposed reforms (i.e., not extending existing exemptions) carry little implementation costs. For example, higher and broader recurrent

property taxes complemented by a significant cut in transaction taxes would be growth-friendly, helping the secondary property market and bank lending.[7] Better fuel and health taxation would reduce negative externalities and finance both green transition and social investment. The simplification of the CIT and PIT would help reduce informality, improve fairness and efficiency.

18. Higher efficiency and spending rebalancing will create space for growth- and equity-enhancing expenditures. Many of the government's initiatives will improve social protection (e.g., see Section C on minimum wages), and should be carried out efficiently, targeting the intended population, and within the budget envelope. St. Lucia spends more on public sector wages, goods and services, and debt interest than the Latin America and Caribbean (LAC) average, while investing less in capital. Shifting focus to capital and social spending is crucial, including through controlling spending items like compensation of employees (projected to increase over medium term) and increasing resources through revenue measures. Strengthening the public-private partnerships (PPPs) framework using international best practices—including through extensive and transparent contract reviews, understanding fully the budgetary implications, and ensuring institutional structures are in place to appropriately manage fiscal risks—could promote critical infrastructure development without undermining fiscal discipline. Digital solutions could help ensure that social transfers are well-targeted based on income, vulnerability, or demographic criteria, thereby promoting inclusive and equitable growth. Investing in capacity development, digital infrastructure and public services could improve data integration across government agencies, reduce administrative costs and leakages, expand access, and boost social spending effectiveness.

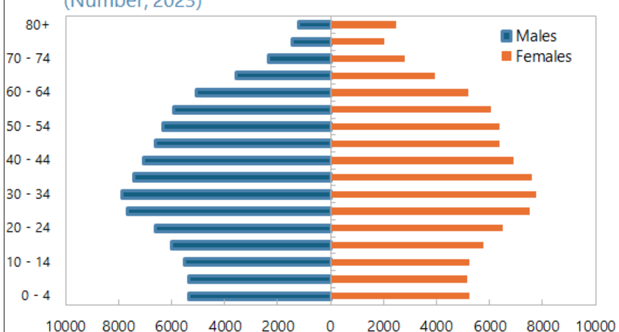
Public Expenditure Composition
(In percent of total)



Sources: National Authorities and IMF staff calculations.

19. The recent increase in pension benefits, in the context of rapidly aging population, creates longer-term fiscal risks and requires forward-looking reforms. IMF (2024) projects that the National Insurance Corporation's (NIC) expenditures will exceed total income by 2035, leading to reserve depletion by 2051. Restoring the pension system's actuarial balance will require parametric (*i.e.*, rule-based) or structural reforms, including higher contribution rates and/or lower replacement rates, increasing the retirement age, gradually eliminating the early

Population Pyramid
(Number, 2023)



Source: Central Statistical Office of St. Lucia.

[7] Currently, property taxes are paid only on commercial properties, with three-year exemptions for newly-built commercial properties. Residential properties have been exempted since 2017.

retirement options, introducing pension caps and offering voluntary investment options for high earners. The recent increases in benefits are likely to worsen the funding gap, making the need for comprehensive reforms even more urgent.

20. Introduction of a medium-term fiscal framework (MTFF) and formal fiscal rules, and strengthening of CIP could further instill fiscal planning, prudence, and discipline. It is worth noting that the recent legislation has strengthened procurement and debt management practices, including through implementation of a medium-term debt strategy (MTDS). Other fiscal priorities, in some cases building upon past initiatives, include:

- *Publication of an MTFF prior to the annual budget*—containing at least three years' projections beyond the next budget year, a fiscal risk statement, a debt sustainability analysis, and policy scenarios. It would provide a structured multi-year plan that aligns government revenue and expenditure projections with fiscal targets and policy objectives, improve the budget process, strengthen the fiscal discipline, and support introduction of a formal fiscal rule.

- *Operational fiscal rules* could include a legal floor on the primary balance and a ceiling on current expenditures, with narrowly defined escape clauses for natural disasters and external shocks to preserve flexibility. The interaction between fiscal rules and MTFF would strengthen fiscal accountability and improve monitoring.[8]

- While the *CIP* is small, and its due diligence process has been strengthened recently, governance and transparency could be improved further, including through simplification of fund transfers to the Treasury and saving of the proceeds in a separate fund for planned public investment and self-insurance against natural disasters. The government has recently approved the creation of the first sovereign wealth fund, financed by CIP proceeds, to reportedly support sustainable economic development and climate resilience. The authorities are taking significant regionally coordinated steps to strengthen investor screening and CIP integrity, including through establishment of a new regulatory body with powers to set common standards and conduct oversight of the relevant stakeholders. This also represents an important opportunity to strengthen data transparency and CIP project monitoring to ensure the investment options deliver the expected economic benefits.

Authorities' Views

21. The authorities remain committed to fiscal prudence. They highlighted a solid track record of three consecutive years of primary balance surpluses and intend to maintain budget discipline in the coming years. They emphasized their continued efforts to improve revenue administration and the fiscal framework. The Inland Revenue Department is actively working to improve relationships with taxpayers and exploring options to enhance software to improve efficiency. The Customs and Excises Department (CED) appointed a risk management champion and

---

[8] See SDN "Second-Generation Fiscal Rules: Balancing Simplicity, Flexibility, and Enforceability", SDN "The Return to Fiscal Rules", "Fiscal Rules In Disaster-Prone Countries: Implications for the ECCU".

engaged the Caribbean Center for Development Administration (CARICAD) to support modernization and develop strategic and communication plans. The operationalization of the regional memorandum on CIP helped to establish standardized due diligence and improve cooperation with international enforcement partners. The authorities emphasized prudent liquidity and debt management, aiming to secure government financing and manage risks by reducing rollover, improving debt composition, and extending maturity.

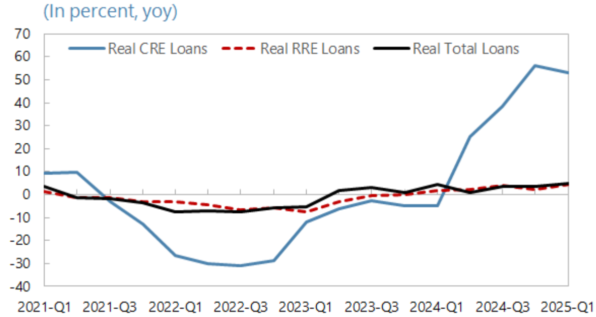
22. The authorities are making efforts to strengthen the social security system. The NIC plans to update the actuarial review and is contemplating the recommended increase in contribution rates (from both employees and employers) and gradually eliminating early retirement options.

B. Strengthening Financial System Resilience

23. Systemic risks in the financial sector remain contained and broadly unchanged since the last consultation. The banking sector continues to demonstrate resilience, supported by ample liquidity—driven by robust deposit growth—and solid capital buffers. However, banks' appetite for holding foreign risky securities over bonds may be susceptible to potential asset price corrections. Although CUs are expanding rapidly, partly due to regulatory arbitrage, their relatively small size and limited interlinkages with the banking sector imply limited systemic risk spillovers. Nonetheless, the persistently high levels of NPLs, along with the presence of some fragile CUs operating under weak regulatory oversight, remain areas of potential vulnerability.

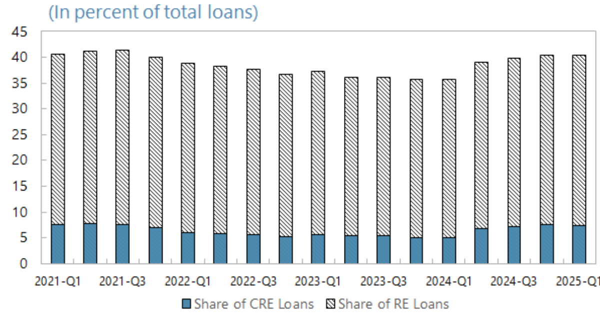
24. The recent surge in commercial real estate (CRE) lending warrants close monitoring. Although CRE loans accounted for just 7.4 percent of total loans as of Q12025, the rapid pace and scale of the increase are notable, in contrast to persistently sluggish overall credit growth. If this trend persists, it could pose financial stability risks, especially if financial conditions deteriorate. To mitigate potential vulnerabilities, lending standards should be carefully reviewed, and stress testing could be employed to assess institutional resilience under adverse shocks.

Real Estate Loan Growth Rates
(In percent, yoy)



Source: FSI and IMF staff calculation.
Note: CRE: Commercial real estate, RRE: Residential real estate.

Share of Real Estate Loans
(In percent of total loans)



Source: FSI and IMF staff calculation.
Note: CRE: Commercial real estate, RRE: Residential real estate.

25. Efforts to strengthen the banking sector should be sustained. Policy priorities should focus on safeguarding banks from potential losses by ensuring full compliance with the ECCB's 60 percent provisioning requirement for NPLs and avoiding excessive reliance on general reserves in place of adequate loan-loss provisioning. For persistently high NPLs, prudential oversight should be reinforced to promote timely write-offs or restructuring of impaired assets, supported both by stronger supervisory enforcement and by targeted incentives such as capital charges or time limits. Strengthening market infrastructure would help resolve distressed assets. In particular, greater capitalization of the ECAMC and the establishment of a property cadaster would facilitate asset disposal and revive the secondary real estate market. Banks should also pursue prudent foreign investment strategies focused on high-grade securities.

26. Complementary foreclosure legislation that balances market efficiency with strong borrower protections would strengthen the country's financial regulatory framework. Although the Insolvency Act[9] and Security Interest in Moveable Property Act have strengthened debtor rights and streamlined movable asset financing, the absence of foreclosure legislation leaves real estate mortgages effectively unsecured, discourages banks from lending, increases the cost of credit, and constrains market development. A foreclosure framework should give lenders a predictable and efficient mechanism for recovering collateral while reducing reliance on lengthy, court-driven processes.[10] To be effective, this framework could mandate pre-foreclosure negotiations, impose a legal duty on creditors to secure fair market value, and align fully with the Insolvency Act to create a coherent creditor-debtor regime. In addition, it could embed borrower safeguards through strict and transparent notice requirements, a statutory right to cure arrears before sale, a fair process for returning surplus funds, and access to judicial review in cases of error or abuse.

27. Building on the new Co-operative Societies Act, further steps are needed to strengthen the regulatory framework and supervisory practices for CUs. The Act, which came into effect in January 2025, designates the Financial Services Regulatory Authority (FSRA) as the primary regulator of CUs and introduces stricter capital and liquidity requirements. The next steps could include developing and enforcing prudential standards to safeguard stability and streamlining provisioning rules—such as removing collateral from provision calculations given valuation uncertainty—and aligning them more closely with ECCB practices. Building on the successful Asset Quality Review conducted for two credit unions, the review process should be progressively extended to other credit unions, complemented by regular stress testing. On deposit insurance, the immediate focus

[9] The Insolvency Act has moved into full implementation as the Office of the Supervisor of Insolvency has launched on November 12, 2025.

[10] Moore, Rodriguez-Vives, Saca-Saca (2013) highlight that non-judicial foreclosure —by allowing lenders to recover collateral without court involvement—can reduce costs and delays but requires safeguards to ensure fairness. Cyprus' foreclosure reform in 2023-24 introduced fast-track court procedures to expedite collateral recovery, reduce legal uncertainty, while also expanding the Financial Ombudsman's role to enhance transparency, ensure fair treatment in property-for-debt exchanges, and support vulnerable households through a mortgage-to-rent scheme.

should be on creating a regionally coordinated system for banks within the ECCU, then gradually broadening its scope to include CUs.

28. Strengthening the insurance sector's resilience is critical given St. Lucia's exposure to natural disasters and climate-related risks. Insurance companies in St. Lucia exhibit lower property reinsurance retention ratios and premium levels compared to other ECCU peers.[11] While reducing direct exposure to property damage, this constrains profitability. Given the small size of the domestic insurance market and the prevalence of cross-border operations, a more integrated regional supervisory framework is recommended to strengthen oversight and resilience across jurisdictions. Stronger resilience would also help narrow the insurance protection gap by lowering reinsurance costs and supporting affordability. This, in turn, would safeguard households, limit spillovers to the banking and CU sectors, and reduce the fiscal burden of disaster recovery.

29. Efforts to mitigate ML/FT risks should continue, including through addressing remaining regulatory gaps. The ongoing 2025 National Risk Assessment (NRA) process is expected to improve understanding of ML/FT risks and help develop targeted measures, including those associated with the CIP scheme.[12] Further progress on implementation is needed to ensure financial institutions apply appropriate AML/CFT measures through effective risk-based supervision to mitigate cross-border illicit financial flows. Efforts should also continue to address other remaining AML/CFT gaps, including measures to increase entity transparency and strengthen oversight of higher risk designated non-financial businesses and professions, such as real estate agents and lawyers.

30. The ECCB has taken steps to address most of the recommendations from the previous safeguards assessment. The remaining recommendation concerns further strengthening the ECCB's operational autonomy and aligning its Agreement Act with leading practices. The next periodic safeguards assessment of the ECCB is scheduled for early 2027.

31. St. Lucia has not introduced any changes in the foreign exchange system that: (i) may give rise to exchange restrictions or MCPs pertaining to obligations under Article VIII[13]; or (ii) could be designed to limit capital flows and may need to be assessed under the revised Institutional View.

Authorities' Views

32. The authorities broadly agreed on the importance of strengthening financial resilience. They highlighted that the launch of the Office of the Supervisor of Insolvency, following last year's enactment of the Insolvency Act, will play a key role in facilitating debt resolution, benefiting both borrowers and lenders. While acknowledging that foreclosure legislation could help

---

[11] See "2025 ECCU: Selected Issues".

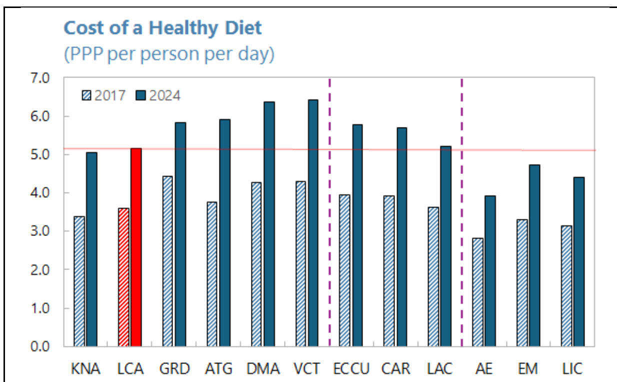
[12] 2025 NRA also includes an assessment of Proliferation Financing (PF) and Trade-Based Money Laundering (TBML).

[13] St. Lucia has accepted the obligations of Article VIII, Sections 2, 3, and 4, in 1980, and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices.

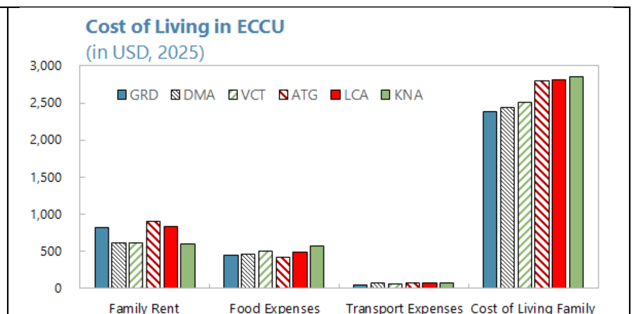
mitigate risks associated with mortgage lending, the authorities expressed reluctance to advance legislation on primary residences, citing the need to protect households. Regarding the CUs, the FSRA highlighted the implementation of the new Co-operative Societies Act, effective from 2026, will allow them to impose moratoriums on dividend distributions, prohibit such distributions when credit unions fall below specified thresholds, and replace management teams when necessary. The expansion of the Asset Quality Review to other credit unions has already been planned by the authorities and they intend to move ahead with this work.

C. Enhancing Growth and Resilience Through Structural Reforms

33. Addressing supply-side bottlenecks will increase long-run growth and reduce cost of living. These bottlenecks—identified by firms as high finance costs and limited access to credit, inadequate workforce education, and difficulties to comply with tax and customs regulations—have contributed to the slowdown in potential growth over the past three decades, while income per capita convergence has stalled. Tackling these key growth obstacles could improve productivity and growth (IMF 2024 Staff Report, St. Lucia). Policy efforts should prioritize expanding trade partnerships and addressing supply-side bottlenecks, which are expected to yield up-front economic benefits while building the foundation for sustained productivity gains. Implementation should be sequenced, leveraging regional coordination and aligning with ongoing initiatives in digitalization, climate adaptation, and energy transition to maximize impact. Although St. Lucia's overall cost of living—based on the FAO's Cost of a Healthy Diet[14]—is lower than that in peer countries, it's still high by global standards. Delving deeper, St. Lucian households incur higher expenses than many ECCU peers for items like family rent and food.



Source: FAOStat and IMF staff calculation.

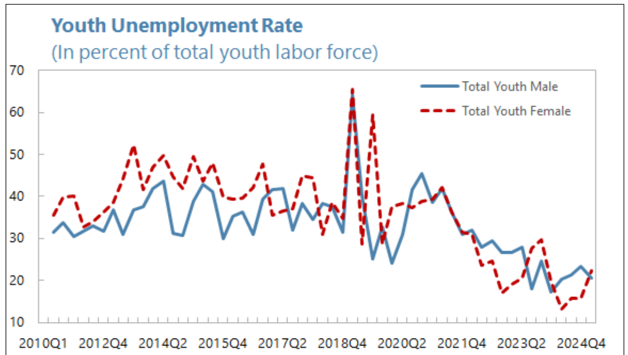


Source: Livingcost and IMF staff calculation.
Note: The cost of living is calculated as a consumer basket for a moderate lifestyle in developed countries and thus might seem too high for some less developed countries where maintaining such a standard of living is expensive.

34. Strengthening labor market institutions remains essential for inclusive growth. The government's proposed unemployment insurance scheme would strengthen social protection and make the labor market more resilient, especially given persistently high youth unemployment and skill mismatches despite the overall decline in unemployment (see Annex VII for other government

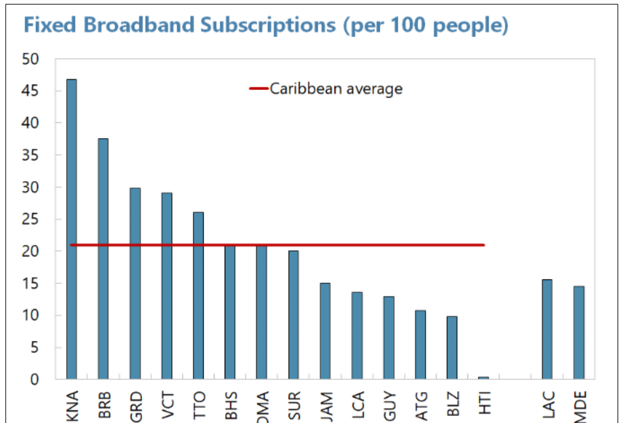
[14] The FAO's cost of a healthy diet is the cost of purchasing the least expensive locally available foods to meet requirements for energy and food-based dietary guidelines in current PPP$/person/day, for a representative person within energy balance at 2,330 kcal/day. PPP = purchasing power parities.

initiatives in the labor market). The recent introduction of a minimum wage provides an important safeguard for low-income workers. However, careful monitoring is required to make sure that the minimum wage supports vulnerable groups without unduly restricting their employment opportunities or undermining economic competitiveness. Continued calibration of the wage floor may be warranted to account for sectoral productivity differentials and demographic heterogeneity.



Source: Labour Force Survey 2025 and IMF staff calculation.
Note: The values for 2020Q1, 2021Q3, and 2023Q1 have been interpolated due to missing data points.

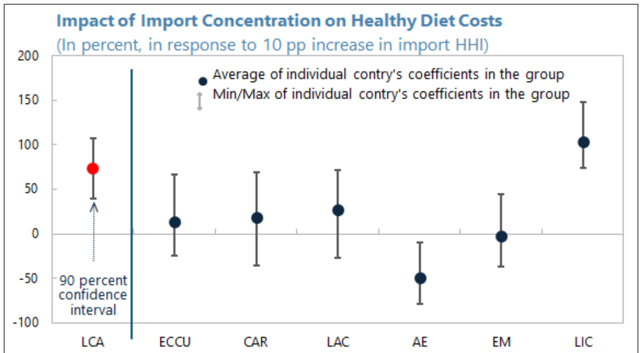
35. The authorities' efforts to accelerate digitalization should be sustained to unlock long-term growth and foster new opportunities. Further efforts to improve digital infrastructure and public services could aim to expand internet connectivity, strengthen digital literacy, and encourage innovation. Advancing education in digital technologies would support job creation, facilitate economic diversification, and attract foreign investment in innovative sectors.



Source: World Bank World Development Indicators and IMF staff calculations.

36. Expanding trading relationships, improved connectivity, and regional coordination could increase economic resilience and affordability. Like other ECCU economies, St. Lucia is significantly more open than other country groups, with international trade comprising more than 100 percent of its GDP, mainly from exports of services (tourism) and imports of good (Annex II). The high reliance on tourism subjects St. Lucia to higher services export volatility than elsewhere. The country is heavily reliant on selected trade partners, with 40 percent of its goods being imported and 57 percent of tourists coming from the U.S. in 2024.

- *Import concentration.* Staff estimates that higher import concentration is associated with increased living costs as reliance on a limited number of suppliers heightens vulnerability to external shocks, such as supply chain disruptions and commodity price volatility. Policy efforts should prioritize opportunities to streamline customs procedures, reduce freight costs and shipping fees, and enhance market competition. However, the scope and the size of source-reorientation would hinge on addressing diversification challenges—for example, lack of economies of scale limiting entry for producers of tradeable goods, availability of shipping routes and exchange rate risks.



- *Tourism and export broadening over time.* Continued efforts to develop St. Lucia's touristic appeal in established and new source markets, broadening the economic base beyond tourism and ensuring a level playing field amongst different entities in the hospitality sector can foster a balanced and sustainable economic development. As broadly envisaged in the National Export Strategy 2020-2024, export diversification to other sectors could be achieved through fostering innovation, skill upgrading, improving competitiveness, and enhancing infrastructure and connectivity. St. Lucia's English-speaking workforce, political stability, and ongoing investment in IT position it well to expand in business process outsourcing and high human capital-intensive service sectors such as digital and professional services, while nurturing niche agro-processing markets where it holds a regional and global competitive edge.

- *Trade policies and regional coordination.* The pace of trade liberalization in St. Lucia has been slower than in emerging markets (Annex III). While the number of trade agreements is limited compared to other country groups, they connect St. Lucia to a comparable number of countries and policy areas. Proactively looking for trade opportunities through existing and new trading relationships and in cooperation with OECS and CARICOM partners could support a sustainable reorientation of St. Lucia's trade network.

37. Continued efforts on climate adaptation and energy transition are essential. These should be anchored in risk-informed physical planning, improved public asset management, and strengthened financial preparedness. Recent reforms—such as the revision of land-use regulations,[15] the adoption of a Disaster Risk Financing Strategy, and the establishment of a contingent credit line through the World Bank's CAT DDO[16]—represent important progress in enhancing institutional capacity and financial resilience. The Electricity Supply Bill currently under discussion is expected to advance the government's renewable energy objectives.[17] In particular, the geothermal initiative,

[15] In November 2024, the Development Control Authority (DCA) has rolled out major updates to its Land Development Regulations, including strengthened standards for disaster resilience and safety.

[16] In April 2025, the World Bank approved a US$20 million Disaster Risk Management Development Policy Financing project, which includes a Catastrophe Deferred Drawdown Option (Cat DDO), enhancing the authorities' capacity to deliver a timely and effective response to climate-related shocks.

[17] The proposed bill aims to open up the electricity market to independent renewable energy producers.

whose exploratory drilling is expected to commence in 2025, could reduce electricity costs and oil dependence, while supporting long-run growth.

38. Climate insurance protection gaps should be addressed, as low affordability contributes to widespread non- and under-insurance. The vulnerability to natural disasters poses significant risks to the economy and could result in substantial fiscal burden. To reduce reliance on post-disaster government compensation, the authorities recently introduced a parametric insurance mechanism for banana and plantain farmers, in partnership with a private insurance company.[18] Although promising, such an insurance scheme must address basis risk, maintain affordable premiums via targeted subsidies, and improve climate data systems to ensure effective execution.

Authorities' Views

39. The authorities broadly agreed with staff's recommendations. They emphasized that the youth unemployment rate has declined significantly in recent years and expressed confidence that the Youth Economy Agency will create opportunities for young people to establish businesses, thereby fostering entrepreneurship and supporting economic growth. They concurred with the recommendation on the importance of addressing logistics bottlenecks, leveraging existing trade agreements, and deepening regional integration in both goods and services. They welcomed staff's work on trade and export diversification opportunities, noting their ongoing policy efforts to explore additional trading partners and the challenges posed by the economy's small size.

STAFF APPRAISAL

40. The St. Lucian economy has staged a robust performance in recent years. After one of the largest declines in the region in 2020, economic growth rebounded sharply, buoyed by increased tourism services. Following a strong expansion in 2024, growth is expected to fall in 2025 from weaker tourism amid temporary hotel closures and reduced airlift but rebound in 2026 as tourism picks up. The external position in 2024 was assessed as broadly consistent with fundamentals and desirable policies. Fiscal performance has strengthened, supported by three consecutive years of primary surpluses. Nonetheless, long-standing challenges remain with income per capita diverging from the US in the past decades, weak productivity, high public debt stock, and the ever-present risk of natural disasters.

41. The overarching fiscal policy priority is to reduce public debt and create room for capital spending through revenue-based measures. Under current policies, public debt will fall short of the regional target of 60 percent of GDP by 2035. Without further actions, development resources may shrink, and debt and borrowing costs could increase further during shocks. A growth-friendly and feasible fiscal adjustment would help to decisively reduce public debt to the regional target, lower borrowing costs, and enable resources for higher capital expenditure to address growth bottlenecks. It could include three pillars: (i) a comprehensive tax reform and enhanced tax

[18] A similar insurance scheme was introduced in Dominica and Grenada to protect MSMEs and farmers.

administration—starting now and implemented gradually over the medium term; (ii) improved control and targeting of current expenditures; and (iii) adoption of a sound fiscal rule within a fiscal responsibility framework.

42. **Reforming the tax system would boost revenue, improve equity, and reduce distortions. St. Lucia's tax system has high tax expenditures which weaken collection.** Tax measures could include rationalizing corporate income tax incentives, broadening the VAT base (including digital services)—accompanied with targeted support to vulnerable households, improving personal income tax progressivity, shortening property exemptions, reforming fuel taxes and increasing excises on alcohol and tobacco. Tax administration priorities include strengthening audit and inspection, accelerating digitalization of processes, enhancing compliance and improving transparency.

43. **Higher efficiency and spending rebalancing would create space for growth- and equity-enhancing expenditures.** Social protection initiatives should be well-targeted and budgeted. Strengthening the public-private partnerships (PPPs) framework through transparent reviews and sound institutional structures can support infrastructure development without undermining fiscal discipline. The recent increase in pension benefits, amid a rapidly aging population, creates longer-term fiscal risks and requires forward-looking reforms.

44. **Introduction of a medium-term fiscal framework (MTFF) and formal fiscal rules, and continued strengthening of the Citizenship Investment Program (CIP) could further instill fiscal planning, prudence, and discipline.** Further priorities, building upon past initiatives, include: (i) publication of an MTFF prior to the annual budget, with at least three years' projections, a fiscal risk statement, a debt sustainability analysis, and policy scenarios; (ii) examining the potential establishment of operational fiscal rules; and (iii) continuing to improve CIP governance and transparency.

45. **Efforts to strengthen the financial sector should be sustained.** The banking sector is well-capitalized and highly liquid, but NPLs remain elevated despite recent improvements. Policy priorities include ensuring full compliance with the ECCB's 60 percent provisioning requirement for NPLs and avoiding excessive reliance on general reserves. The recent enactment of legislation aimed at strengthening debtor rights and streamlining movable asset financing marks a significant milestone. Introducing foreclosure legislation—that balances market efficiency with strong borrower protections—to effectively secure real estate mortgages could be the next step.

46. **Further strengthening the resilience of non-bank financial institutions is essential.** Building on the new Co-operative Societies Act, additional steps are needed to strengthen credit union regulation and supervision, including developing and enforcing prudential standards, streamlining provisioning rules to align with ECCB practices, and progressively extending Asset Quality Reviews and stress testing to all credit unions. Rising reinsurance costs and low property retention ratios among local insurers constrain profitability and coverage, underscoring the need for a more integrated regional supervisory framework to strengthen oversight, narrow the protection gap, and support affordability. Efforts to mitigate ML/FT risks should continue.

47. Addressing supply-side bottlenecks will increase long-run growth and reduce the cost of living. Structural bottlenecks—such as high financing costs, limited credit access, and regulatory burdens—need to be addressed to improve productivity and reduce living costs. The recent introduction of a minimum wage provides an important safeguard for low-income workers, but careful monitoring is required to make sure that it supports vulnerable groups without hampering their employment opportunities or competitiveness. Digitalization efforts must continue, with a focus on expanding internet access, improving digital literacy, and fostering innovation to create jobs and attract investment. Continued efforts on climate adaptation, energy transition, and climate insurance are essential.

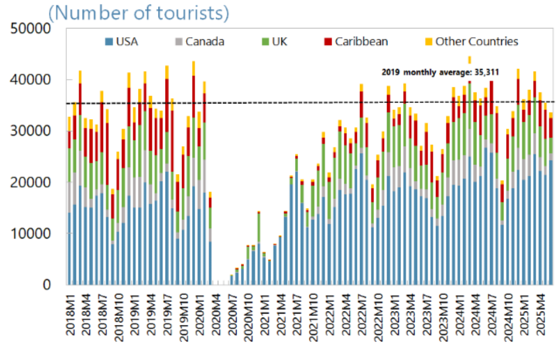
48. Expanding trade relationships, improving connectivity, and strengthening regional cooperation are key to enhancing resilience and affordability. St. Lucia's economy is highly open, driven by tourism services and imports of goods, which heightens vulnerability to external shocks. Import concentration increases living costs and external vulnerability. Policy efforts should streamline customs procedures, help reduce freight costs and shipping fees, and enhance market competition. However, the scope and the size of source-reorientation would depend on addressing diversification challenges related to the size of the economy. Tourism and export broadening over time should continue, including expanding into new source markets, and broadening the economic base beyond tourism (e.g., developing human capital-intensive service sectors such as digital and professional services). Proactive engagement in new and existing trade opportunities, in collaboration with OECS and CARICOM partners, can support sustainable trade reorientation.

49. Staff recommend that the next Article IV consultation be held on the standard 12-month cycle.

Figure 1. St. Lucia: Recent Economic Developments

The tourism sector showed strong growth in 2024, while moderated in the first half of 2025.

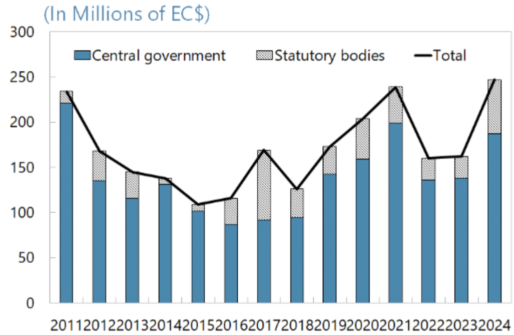
Monthly Stay-Over Tourist Arrivals
(Number of tourists)



Sources: Country authorities and IMF staff calculations.

After remaining flat for two years, public sector construction expenditure increased in 2024.

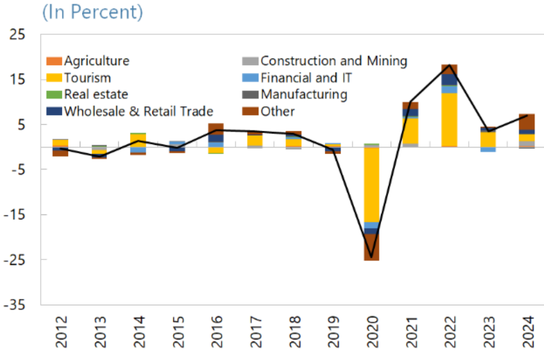
Public Sector Construction Expenditure
(In Millions of EC$)



Source: Ministry of Finance.

Strong GDP growth in 2024 was mainly driven by tourism and construction sectors.

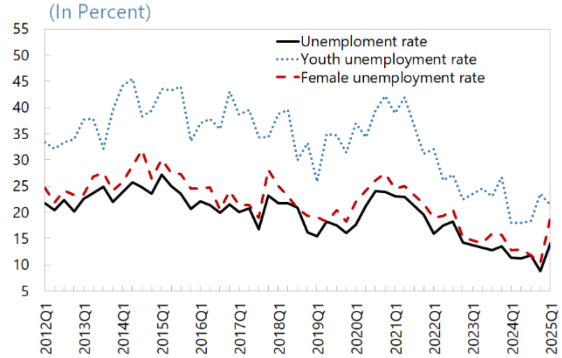
Real GDP Growth
(In Percent)



Sources: ECCB; and IMF staff estimates.

Overall unemployment has gradually declined, but youth unemployment remains high.

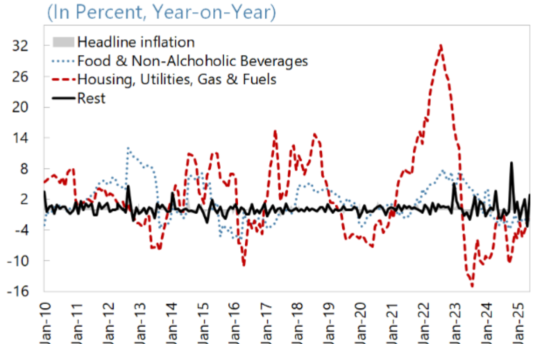
Unemployment Rates
(In Percent)



Sources: Central Statistical Office of St. Lucia.

Inflation turned negative in 2024, primarily due to easing of international food and energy prices.

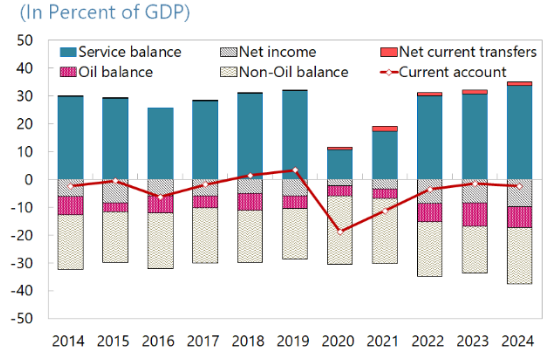
CPI and its Components
(In Percent, Year-on-Year)



Sources: ECCB; and IMF staff estimates.

After reaching a post-pandemic low in 2023, the current account deficit rose in 2024 despite better net exports.

Current Account Balance
(In Percent of GDP)

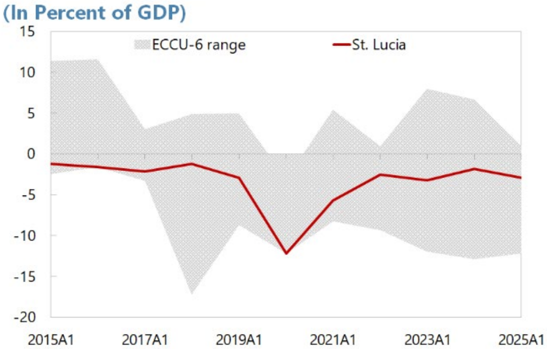


Sources: Country authorities and IMF staff estimates.

Figure 2. St. Lucia: Fiscal Sector Developments

Fiscal balance improved from the largest deficit in the ECCU in 2020 to approaching the upper regional bound.

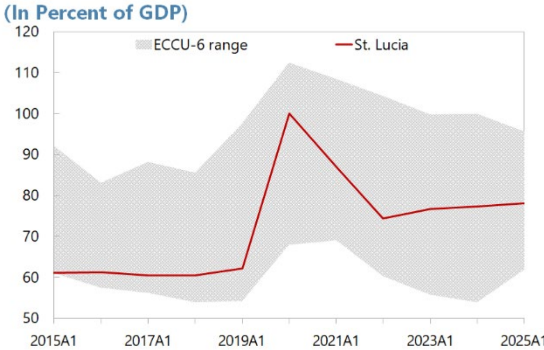
Fiscal Overall Balance
(In Percent of GDP)



Source: National authorities and IMF staff calculations.

Public debt-to-GDP has declined since the pandemic but is still above pre-pandemic levels.

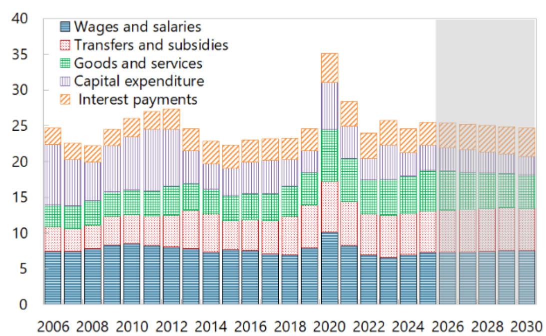
Public Debt
(In Percent of GDP)



Source: National authorities and IMF staff calculations.

Wages and salaries, transfers and subsidies, and purchase of goods and services have remained relatively stable.

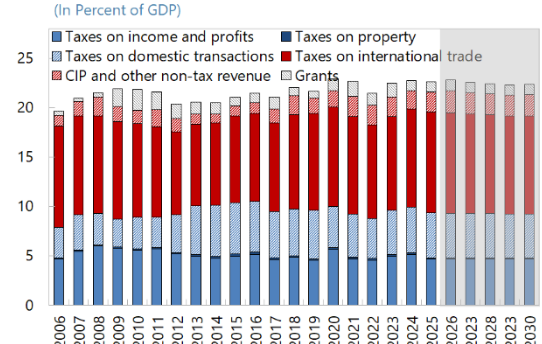
Expenditure Decomposition
(In Percent of GDP)



Sources: Country authorities and IMF Staff Estimates.

Taxes on international trade, domestic transactions, and income comprise most of the central government revenues.

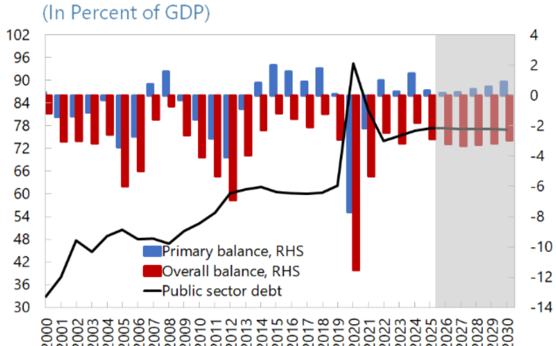
Revenue Composition
(In Percent of GDP)



Sources: National authorities and IMF staff estimates.

Overall and primary fiscal balances are projected to improve gradually toward 2030.

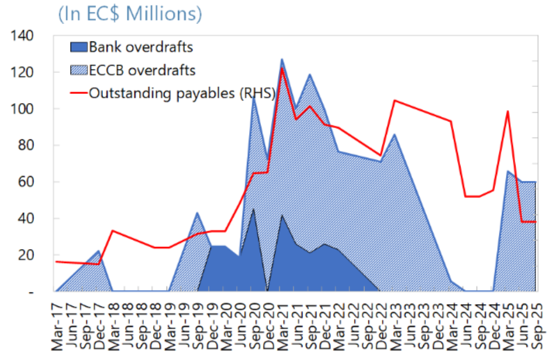
Fiscal Balances and Public Debt
(In Percent of GDP)



Sources: National authorities and IMF Staff calculations.

Overdrafts and payables, at about 1.6 percent of GDP in September 2025, remain below their pandemic-era peak.

Stock of Overdrafts and Outstanding Payables
(In EC$ Millions)

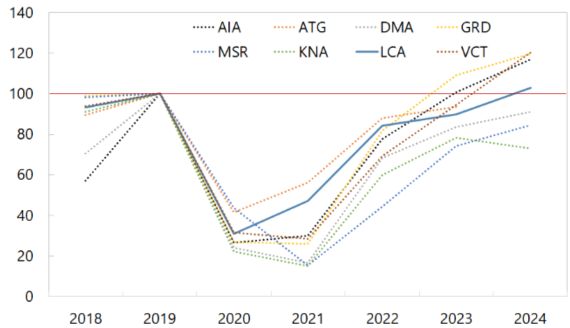


Sources: Country authorities and IMF staff estimates.

Figure 3. St. Lucia: External Sector Developments

Stay-over arrivals displayed strong growth in 2024…

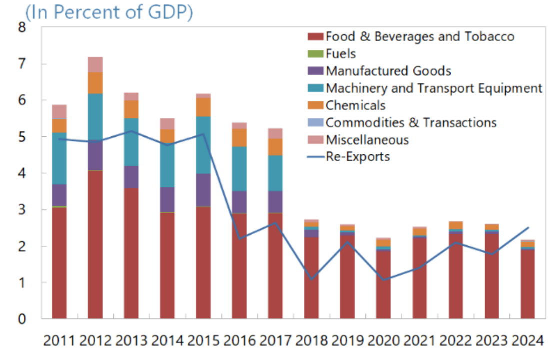
ECCU Stay-Over Visitors
(2019 Index = 100)



Sources: CTO and IMF staff calculations.

…making up for a decline in homegrown goods exports.

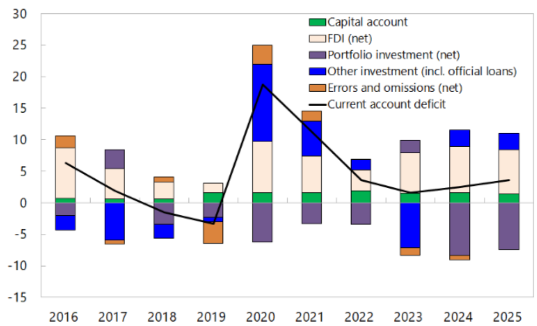
Goods Export Decomposition
(In Percent of GDP)



Sources: ECCB Merchandise Trade Statistics by SITC and IMF staff calculations.

In 2024, FDIs picked up supporting construction activity…

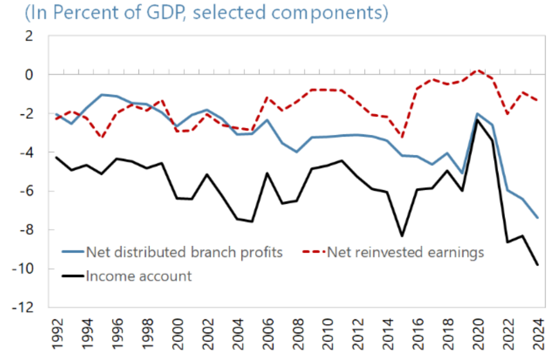
Current Account Sources of Finance
(In Percent of GDP)



Sources: Country authorities and IMF staff calculations.

…while a hike in net distributed branch profits pushed the income account to its lowest levels in three decades.

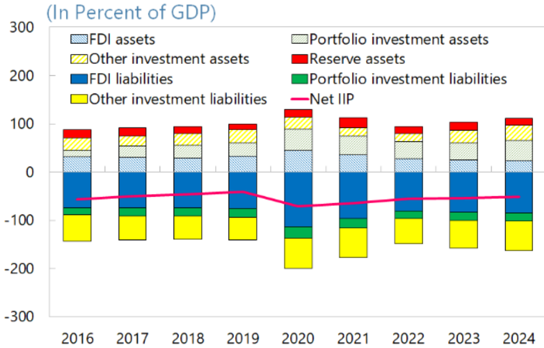
Income Account Evolution, 1992-2024
(In Percent of GDP, selected components)



Source: ECCB and IMF staff calculations.

The progress continued with the NIIP in 2024…

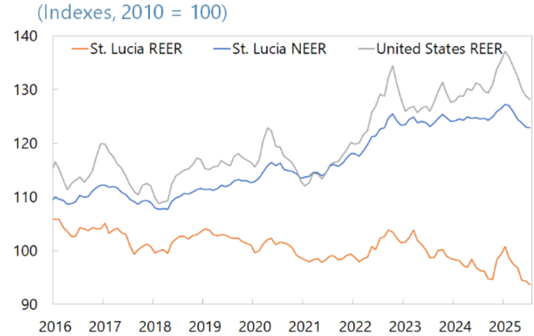
IIP Composition by Instrument
(In Percent of GDP)



Sources: ECCB and IMF staff calculations.

…while the REER continued to depreciate in 2025, driven by both domestic and external developments.

Nominal and Real Effective Exchange Rates
(Indexes, 2010 = 100)

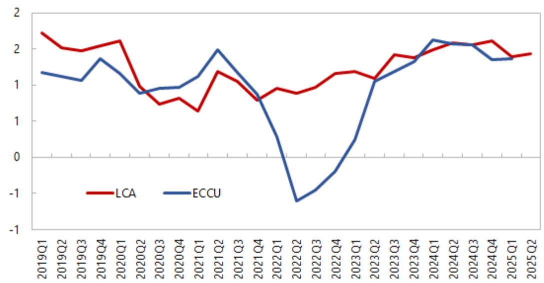


Source: IMF staff calculations. 2025 reflects information up to September.

Figure 4. St. Lucia: Financial Sector Developments

Banks have remained profitable, supported by steady net interest income...

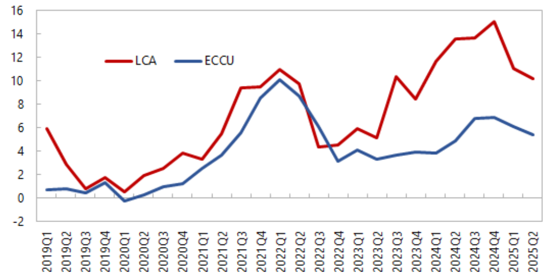
Return on Average Assets
(In percent)



Sources: ECCB MFS and IMF staff calculations.

...while deposits continue to grow rapidly.

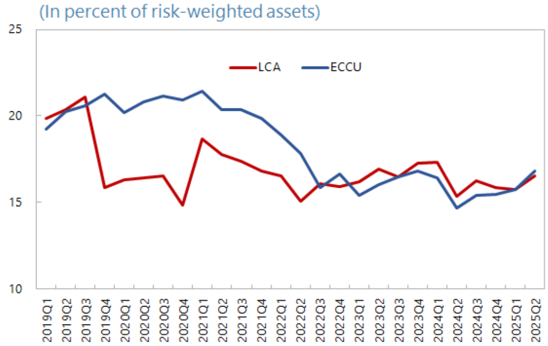
Deposit Growth
(In percent, year on year change)



Sources: ECCB MFS and IMF staff calculations.

The banking sector remains well capitalized, with capital ratios exceeding the regulatory minimum requirements...

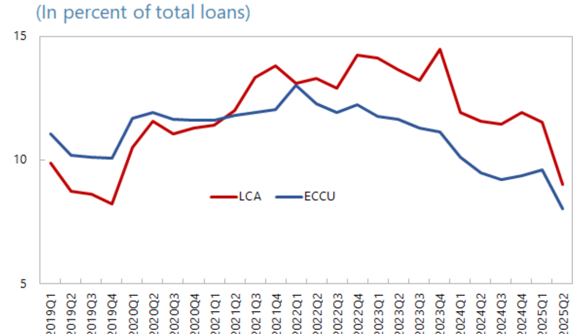
Capital Adequacy Ratios
(In percent of risk-weighted assets)



Sources: ECCB FSI; and IMF staff calculations.

...although the NPL ratio remains high, even if on a downward trend.

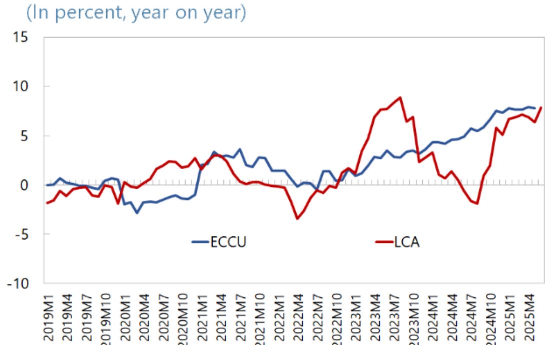
Asset Quality: NPL Ratio
(In percent of total loans)



Sources: ECCB FSI; and IMF staff calculations.

Credit growth rebounded in 2024...

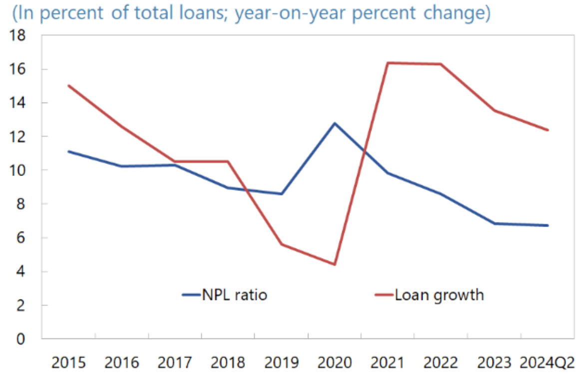
Credit to the Private Sector
(In percent, year on year)



Sources: ECCB MFS and IMF staff calculations.

...with credit unions expanding rapidly, accompanied by an improvement in the NPL ratio.

Credit Unions: NPL Ratio and Loan Growth
(In percent of total loans; year-on-year percent change)



Sources: FRSA; and IMF staff calculations.

Table 1. St. Lucia: Selected Social and Economic Indicators, 2020-30

I. Social and Demographic Indicators

Area (sq. km)	616	Infant mortality (per thous. live births, 2023)	14.3
		Human Development Index ranking (of 189 countries, 2023)	103
Population Characteristics			
Total (thousands, 2024, UN)	179.7	Gross Domestic Product (2024)	
Rate of growth (average 2014-2024)	0.34	(millions of US dollars)	2,574
Population density (per sq. km., 2024)	291.8	(millions of EC dollars)	6,951
Secondary education enrollment (percent, 2023)	90.41	(US$ per capita)	14,323
Life expectancy at birth (years, 2024)	72.8		

II. Economic and Financial Indicators

					Est.	Projections					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(Annual percentage change, unless otherwise specified)										
Output and Prices											
Real GDP (at market prices)	-23.8	11.3	20.6	3.3	4.7	1.7	2.3	1.8	1.7	1.6	1.5
Consumer prices, period average	-1.8	2.4	6.4	4.5	-0.5	0.8	1.5	1.9	2.0	2.0	2.0
Unemployment rate (% annual average)	21.7	21.9	16.5	14.0	10.8	...	...	...	...		...
Real effective exchange rate											
(annual average, depreciation -)	101.0	98.9	101.3	101.2	97.2	...	...	...	...		...
Central Government Finances 1/											
Revenue	21.6	21.3	21.3	22.1	22.6	22.4	22.5	22.3	22.2	22.1	22.1
Tax revenue	18.9	18.0	18.1	18.7	19.7	19.3	19.2	19.1	19.0	18.9	18.9
Nontax revenue	1.6	1.8	2.0	1.9	1.8	1.9	2.2	2.0	2.0	2.0	2.0
Grants and capital revenue	1.1	1.5	1.2	1.5	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Expenditure	33.1	26.7	23.8	25.3	24.4	25.2	25.1	24.9	24.8	24.6	24.4
Current primary expenditure	23.1	19.3	17.3	17.2	17.9	18.6	18.4	18.3	18.2	18.1	18.0
Interest payments	3.8	3.2	3.5	3.4	3.3	3.2	3.3	3.5	3.6	3.8	3.9
Capital expenditure	6.2	4.2	3.0	4.6	3.2	3.5	3.3	3.1	2.9	2.7	2.5
Overall balance excl. ND cost 2/	-11.5	-5.4	-2.5	-3.2	-1.8	-2.9	-2.5	-2.7	-2.6	-2.5	-2.3
Overall balance, incl. ND cost 2/	-11.5	-5.4	-2.5	-3.2	-1.8	-2.9	-3.2	-3.3	-3.2	-3.2	-3.0
Total public sector debt 3/	94.4	81.9	73.9	75.2	76.7	77.2	77.2	77.2	77.1	77.1	77.0
Domestic	49.2	39.3	35.9	31.8	31.5	30.9	30.5	30.2	29.9	29.7	29.5
External	45.3	42.6	38.0	43.5	45.1	46.3	46.7	47.0	47.2	47.4	47.4
Central government debt	89.3	76.8	69.3	70.3	72.4	73.1	73.2	73.4	73.5	73.6	73.6
Money and Credit, eop (annual percent change)											
Broad money (M2)	-6.6	14.9	3.8	11.3	4.6	3.0	4.3	4.5	4.5	4.4	4.1
Credit to private sector (nominal)	2.7	-0.1	1.7	2.8	5.1	5.1	4.6	4.3	4.0	3.8	3.4
Credit to private sector (real)	4.5	-2.5	-4.4	-1.6	5.6	4.2	3.1	2.4	2.0	1.8	1.4
Balance of Payments											
Current account balance, *o/w:*	-18.8	-11.3	-3.6	-1.6	-2.5	-3.6	-2.6	-2.1	-1.6	-1.4	-1.1
Exports of goods and services	29.8	38.0	55.3	59.2	62.1	60.1	61.5	62.3	62.8	63.1	62.9
Imports of goods and services	-47.3	-47.8	-51.4	-53.9	-56.2	-55.2	-56.1	-57.0	-57.7	-58.4	-58.3
Financial account balance	-14.2	-8.1	-1.5	-1.3	-1.6	-2.3	-1.3	-0.7	-0.3	-0.2	0.2
Direct investment	-8.2	-5.8	-3.3	-6.4	-7.3	-7.0	-6.8	-6.5	-6.3	-6.0	-5.8
Portfolio investment	6.2	3.3	3.4	-2.0	8.3	7.5	6.6	5.8	4.9	4.1	3.2
Other investment	-10.2	-13.8	0.2	4.5	-1.9	-4.2	-2.5	-1.3	-0.1	0.8	2.0
Net reserves assets	-2.0	8.3	-1.8	2.6	-0.7	1.5	1.4	1.3	1.1	1.0	0.8
External debt (gross) 4/	78.4	69.9	63.3	68.0	68.7	69.1	68.3	67.5	66.7	65.9	65.0
Memorandum Items:											
Nominal GDP (EC$ millions)	4,081	5,047	6,301	6,471	6,951	7,158	7,466	7,805	8,156	8,515	8,866
Net imputed international reserves											
Months of imports of goods and services	3.0	3.5	2.9	3.1	3.4	3.5	3.6	3.6	3.6	3.7	3.7
Percentage of demand liabilities	88.3	92.3	91.4	90.6	92.7	93.1	93.4	93.6	93.7	93.7	93.7

Sources: St. Lucia authorities; ECCB; UNDP HDI; and Fund staff estimates and projections.
1/ Fiscal year (April-March) basis. Fiscal balances do not include the airport project, which is implementd by a public corporation.
2/ ND stands for the estimated cost of natural disasters.
3/ Public sector debt includes payables and overdrafts/ECCB advances.
4/ Comprises public sector external debt, foreign liabilities of commercial banks and other private debt.

Table 2. St. Lucia: Operations of the Central Government 1/

					Est.	Projections					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(In percent of GDP)										
Revenue	**21.6**	**21.3**	**21.3**	**22.1**	**22.6**	**22.4**	**22.5**	**22.3**	**22.2**	**22.1**	**22.1**
Tax revenue	**18.9**	**18.0**	**18.1**	**18.7**	**19.7**	**19.3**	**19.2**	**19.1**	**19.0**	**18.9**	**18.9**
Taxes on income	5.3	4.4	4.5	4.9	5.1	4.6	4.6	4.6	4.6	4.6	4.6
Taxes on property	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Taxes on goods and services	3.9	4.1	4.0	4.4	4.6	4.5	4.4	4.4	4.4	4.4	4.4
Taxes on international trade and transactions 2/	9.5	9.3	9.4	9.3	9.8	10.1	10.0	10.0	9.9	9.8	9.8
Grants and capital revenue	1.1	1.5	1.2	1.5	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Other revenue	1.6	1.8	2.0	1.9	1.8	1.9	2.2	2.0	2.0	2.0	2.0
o.w. Citizen by Investment Program (CIP)	0.5	0.8	1.0	0.7	0.8	1.0	1.0	1.0	1.0	1.0	1.0
Expenditure	**33.1**	**26.7**	**23.8**	**25.3**	**24.4**	**25.2**	**25.1**	**24.9**	**24.8**	**24.6**	**24.4**
Current Expenditure	**26.9**	**22.4**	**20.8**	**20.6**	**21.1**	**21.8**	**21.8**	**21.9**	**21.8**	**21.9**	**21.8**
Compensation of employees	9.6	7.8	6.9	6.5	7.0	7.2	7.3	7.3	7.4	7.4	7.5
Purchase of goods and services	6.8	5.7	4.7	5.0	5.2	5.6	5.4	5.2	4.9	4.7	4.7
Interest	3.8	3.2	3.5	3.4	3.3	3.2	3.3	3.5	3.6	3.8	3.9
Social benefits	2.7	2.3	2.3	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.3
Retirement benefits	2.3	2.0	1.9	1.8	1.7	1.6	1.6	1.7	1.7	1.8	1.8
Public assistance and casual relief	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other expense	4.1	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.7	3.7	3.5
Transfers to public-sector institutions 3/	4.1	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.7	3.7	3.5
Capital Expenditure	**6.2**	**4.2**	**3.0**	**4.6**	**3.2**	**3.5**	**3.3**	**3.1**	**2.9**	**2.7**	**2.5**
Grant-financed capital expenditure	1.1	0.8	0.8	1.0	0.7	0.7	0.7	0.7	0.6	0.6	0.5
Other capital expenditure	5.1	3.5	2.2	3.6	2.6	2.7	2.6	2.4	2.3	2.2	2.0
Natural Disaster (ND) Annualised Cost 4/	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**
Net Lending/Borrowing (Overall Balance, excl. ND Cos	**-11.5**	**-5.4**	**-2.5**	**-3.2**	**-1.8**	**-2.9**	**-2.5**	**-2.7**	**-2.6**	**-2.5**	**-2.3**
Net Lending/Borrowing (Overall Balance, incl. ND Cos	**-11.5**	**-5.4**	**-2.5**	**-3.2**	**-1.8**	**-2.9**	**-3.2**	**-3.3**	**-3.2**	**-3.2**	**-3.0**
Memorandum Items:											
Primary balance (excl. ND)	-7.7	-2.2	1.0	0.2	1.5	0.3	0.8	0.9	1.1	1.2	1.6
Primary balance (incl. ND)	-7.7	-2.2	1.0	0.2	1.5	0.3	0.1	0.2	0.4	0.6	0.9
Central government debt	89.3	76.8	69.3	70.3	72.4	73.1	73.2	73.4	73.5	73.6	73.6
Public sector debt 5/	**94.4**	**81.9**	**73.9**	**75.2**	**76.7**	**77.2**	**77.2**	**77.2**	**77.1**	**77.1**	**77.0**
Domestic	49.2	39.3	35.9	31.8	31.5	30.9	30.5	30.2	29.9	29.7	29.5
Central government	45.8	36.4	33.4	29.0	29.2	28.6	28.3	28.1	27.9	27.8	27.7
Public corporations 6/	3.4	2.9	2.4	2.8	2.3	2.3	2.2	2.1	2.0	1.9	1.8
External	45.3	42.6	38.0	43.5	45.1	46.3	46.7	47.0	47.2	47.4	47.4
Central government	43.5	40.4	35.9	41.3	43.2	44.4	44.9	45.3	45.6	45.8	45.9
Public corporations 6/	1.8	2.2	2.1	2.2	2.0	1.9	1.8	1.7	1.7	1.6	1.5
Nominal GDP fiscal year (EC$ millions)	4,322	5,360	6,343	6,591	7,003	7,235	7,551	7,893	8,246	8,603	8,966

Sources: Ministry of Finance; and Fund staff estimates and projections.

1/ Fiscal year (April–March) basis. Figures shown for a given calendar year relate to the fiscal year beginning on April 1 of that year.

2/ Includes revenue from the Airport Development Tax, which is fully transferred to St. Lucia Air and Sea Ports Authority (SLASPA).

3/ Includes transfer to SLASPA corresponding to the Airport Development Tax.

4/ For details see 2018 Article IV report.

5/ Includes payables and overdrafts/ECCB advances.

6/ Government guaranteed.

Table 3. St. Lucia: Balance of Payments

	2020	2021	2022	2023	Est. 2024	Projections 2025	2026	2027	2028	2029	2030
					(In percent of GDP)						
Current Account Balance	**-18.8**	**-11.3**	**-3.6**	**-1.6**	**-2.5**	**-3.6**	**-2.6**	**-2.1**	**-1.6**	**-1.4**	**-1.1**
Exports of goods and services	29.8	38.0	55.3	59.2	62.1	60.1	61.5	62.3	62.8	63.1	62.9
Goods	4.0	4.6	5.8	6.0	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Tourism	22.5	30.4	46.4	50.1	53.8	52.1	53.4	54.3	54.8	55.1	54.9
Other services	3.3	3.0	3.0	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Imports of goods and services	-47.3	-47.8	-51.4	-53.9	-56.2	-55.2	-56.1	-57.0	-57.7	-58.4	-58.3
Food	-7.3	-6.6	-6.9	-6.8	-6.5	-6.6	-6.7	-6.7	-6.6	-6.5	-6.5
Fuel	-3.6	-3.7	-7.8	-9.0	-8.2	-6.4	-6.5	-6.6	-6.7	-7.0	-6.9
Other goods	-21.1	-21.3	-17.1	-15.5	-18.2	-19.0	-19.7	-20.5	-21.1	-21.7	-21.8
Services	-15.2	-16.2	-19.5	-22.5	-23.2	-23.2	-23.2	-23.2	-23.2	-23.2	-23.2
Net Income, o.w.	-2.3	-3.4	-8.6	-8.3	-9.8	-9.2	-8.7	-8.1	-7.5	-6.9	-6.4
Public interest payments	-1.5	-1.2	-1.1	-1.5	-1.5	-1.9	-1.9	-1.9	-2.0	-2.1	-2.2
Net current transfers, o.w.	1.0	1.9	1.2	1.4	1.3	0.7	0.7	0.7	0.7	0.8	0.7
Remittances	2.4	2.6	2.0	2.0	1.9	1.5	1.5	1.5	1.5	1.5	1.4
Capital Account	**1.6**	**1.6**	**1.9**	**1.5**	**1.6**	**1.4**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**
Financial Account	**-14.2**	**-8.1**	**-1.5**	**-1.3**	**-1.6**	**-2.3**	**-1.3**	**-0.7**	**-0.3**	**-0.2**	**0.2**
Direct Investment	-8.2	-5.8	-3.3	-6.4	-7.3	-7.0	-6.8	-6.5	-6.3	-6.0	-5.8
Portfolio Investment	6.2	3.3	3.4	-2.0	8.3	7.5	6.6	5.8	4.9	4.1	3.2
Other Investment	-10.2	-13.8	0.2	4.5	-1.9	-4.2	-2.5	-1.3	-0.1	0.8	2.0
Net Reserve Assets	-2.0	8.3	-1.8	2.6	-0.7	1.5	1.4	1.3	1.1	1.0	0.8
Errors and Omissions	**3.0**	**1.6**	**0.2**	**-1.2**	**-0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Memorandum Items:											
Trade balance	-28.0	-26.9	-26.1	-25.4	-27.6	-27.0	-27.9	-28.8	-29.4	-30.2	-30.1
Services balance	10.6	17.2	30.0	30.7	33.6	31.9	33.2	34.1	34.6	34.9	34.7
Net imputed international reserves											
Millions of US dollars, end of period	224.3	350.7	309.9	371.5	409.0	449.0	488.0	524.9	558.9	589.0	614.1
Months of imports of goods and services	3.0	3.5	2.9	3.1	3.4	3.5	3.6	3.6	3.6	3.7	3.7
Percentage of demand liabilities	88.3	92.3	91.4	90.6	92.7	93.1	93.4	93.6	93.7	93.7	93.7
Gross external debt	78.4	69.9	63.3	68.0	68.7	69.1	68.3	67.5	66.7	65.9	65.0
Public sector	45.2	42.5	38.0	43.0	44.5	45.6	45.9	46.1	46.2	46.1	46.1
Private sector 1/	33.2	27.4	25.3	24.9	24.2	23.4	22.4	21.4	20.5	19.7	18.9
GDP (in US$ millions)	1,511	1,869	2,334	2,397	2,574	2,651	2,765	2,891	3,021	3,154	3,284

Sources: Ministry of Finance and Planning; ECCB; World Bank, and Fund staff estimates and projections.

1/ Includes largely gross foreign liabilities of commercial banks and other private debt.

Table 4. St. Lucia: Monetary Survey

					Est.	Projections					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(12-month percentage change)										
Net Domestic Assets	-14.2	2.9	1.1	-19.3	-27.0	30.9	0.1	1.0	-2.3	-1.6	-0.9
Public sector credit, net	-65.4	84.6	29.9	22.4	3.1	-16.7	1.1	0.9	0.9	0.7	0.5
(real terms)	-65.3	77.2	21.5	20.3	1.4	-17.1	-0.9	-1.3	-0.5	-0.5	-1.6
Private sector credit, net	2.7	-0.1	1.7	2.8	5.1	5.1	4.6	4.3	4.0	3.8	3.4
(real terms)	3.1	-4.1	-4.9	1.0	3.4	4.7	2.5	2.0	2.5	2.6	1.3
Broad Money (M2)	-6.6	14.9	3.8	11.3	4.6	3.0	4.3	4.5	4.5	4.4	4.1
NFA contribution	3.6	12.9	3.1	22.4	15.8	-6.0	4.3	4.2	5.3	4.9	4.4
NDA contribution	-10.2	1.9	0.6	-11.1	-11.2	9.0	0.0	0.4	-0.8	-0.5	-0.3
Money	-5.0	39.9	5.7	10.6	7.6	3.0	4.3	4.5	4.5	4.4	4.1
NFA contribution	-7.4	34.7	-8.1	11.5	-2.8	14.6	5.9	5.4	4.7	4.0	3.2
NDA contribution	2.4	5.2	13.8	-1.0	10.4	-11.7	-1.6	-0.8	-0.2	0.4	0.9
Quasi-money	-7.3	3.3	2.6	11.8	2.7	3.0	4.3	4.5	4.5	4.4	4.1
	(In percent of GDP)										
Net Foreign Assets	26.2	29.2	25.2	37.4	44.3	39.4	40.3	41.0	42.4	43.6	44.5
Net Domestic Assets	50.3	41.8	33.9	26.6	18.1	23.0	22.1	21.3	19.9	18.8	17.9
Public sector credit, net	-3.3	-4.9	-5.1	-6.1	-5.9	-4.7	-4.6	-4.4	-4.3	-4.1	-4.0
Private sector credit, net	78.0	63.0	51.3	51.3	50.2	51.2	51.4	51.3	51.0	50.8	50.4
Broad Money (M2)	76.5	71.1	59.1	64.0	62.4	62.4	62.4	62.4	62.4	62.4	62.4
Money	24.1	27.3	23.1	24.9	24.9	24.9	24.9	24.9	24.9	24.9	24.9
Quasi-money	52.4	43.8	36.0	39.2	37.5	37.5	37.5	37.5	37.5	37.5	37.5
ECCB policy rate (percent, OEP)	2.00	2.00	2.00	2.00	2.00	…	…	…	…	…	…

Sources: St. Lucia authorities; ECCB; and Fund staff estimates and projections.

Table 5. St. Lucia: Banking System Summary Data, 2018–25

(In percent)

	2018 Dec	2019 Dec	2020 Dec	2021 Dec	2022 Dec	2023 Dec	2024 Dec	2025 Jun
Capitalization								
Total Capital/Total Assets	5.4	6.6	7.9	8.0	7.2	8.2	8.7	8.9
Regulatory capital to risk-weighted assets (CAR)	19.1	15.9	14.9	16.8	15.9	17.3	15.9	16.5
Regulatory Tier 1 capital to risk-weighted assets	13.2	10.0	10.4	14.4	14.2	13.6	12.1	12.5
Large exposures to tier capital	27.7	44.7	0.0	9.7	19.9	19.8	18.3	20.4
Asset quality								
Nonperforming loans to total gross loans	10.0	8.2	11.3	13.8	14.2	14.5	11.9	9.0
Nonperforming loans net of provisions to capital	59.7	37.4	47.4	54.3	64.5	56.4	41.3	26.4
Management								
Non-Interest Expenses/Gross Income	60.0	58.9	62.3	67.4	69.2	63.9	63.9	65.8
Personnel Expense/Non-interest Expenses	31.5	34.7	36.8	32.2	30.7	28.9	27.6	26.2
Profitability								
Return on Avg Assets	1.9	1.5	0.8	0.8	1.2	1.4	1.6	1.4
Return on Avg Equity	35.2	25.3	10.8	9.7	16.2	17.4	18.9	16.5
Interest Margin/Gross Income	61.3	60.6	62.4	60.8	53.3	57.2	54.8	---
Interest Spread 1/	6.5	6.1	5.5	5.4	5.6	5.4	5.4	5.4
Liquidity								
Liquid Assets/Total Assets	39.4	40.4	37.8	39.3	43.6	46.9	51.1	46.1
Liquid Assets/Current Liabilities (Short-term liabilities)	42.0	43.2	42.9	43.4	47.8	49.6	54.1	53.4
FX Risk								
Foreign-currency-denominated loans to total loans	9.5	2.1	3.0	3.3	6.1	4.3	4.0	4.7
Foreign-currency-denominated liabilities to total liabilities	14.0	21.8	16.6	16.7	18.4	17.3	19.6	19.0
Net open position in foreign exchange to capital	210.9	84.4	107.7	143.7	182.7	169.5	167.5	165.1

Sources: ECCB and IMF staff calculations.

1/ Interest Spread = Weighted average lending rates - weighted average deposit rates

Table 6. St. Lucia: Selected Labor Market Indicators, 2017–24

	2017	2018	2019	2020	2021	2022	2023	2024
Estimated household population (y-o-y percent change)	-0.3	0.0	-1.3	-1.0	7.8	0.5	0.9	0.32
Population 15 years and over (y-o-y percent change)	-0.2	-0.4	-0.4	-2.1	3.4	6.6	3.1	-0.3
Unemployment rate (percent)	20.2	20.2	16.8	21.7	21.9	16.5	14.0	10.8
o/w male	18.1	18.5	14.9	18.6	20.1	14.8	11.2	9.8
o/w female	22.4	22.1	18.9	24.9	23.9	18.6	17.3	12.0
Youth unemployment rate (percent)	38.5	36.3	31.6	38.2	37.0	26.8	25.0	17.8
Labor force (percent of total population)	59.0	59.9	59.1	56.6	59.6	60.4	61.6	59.3
Labor force participation rate (percent)	71.4	71.4	71.0	68.8	70.5	71.3	71.6	69.3

Sources: St. Lucia Population and Housing Census, National Insurance Corporation, Economic and Social Review 2024.

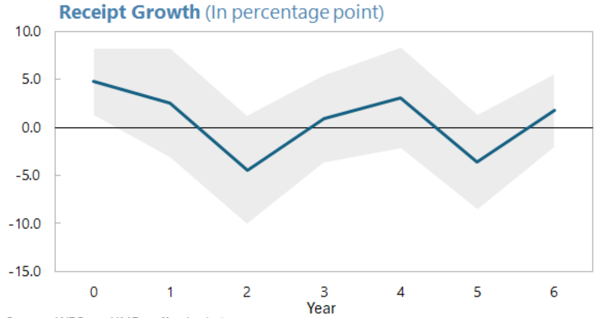
Annex I. External Shocks[1]

St. Lucia's tourism growth and inflation are heavily exposed to the external environment – particularly the United States, its largest tourism source and main trading partner. Due to the economy's openness and small size, shocks originating in the U.S. could transmit rapidly, underscoring the need to enhance resilience.

A. The Impact of U.S. Growth Shocks

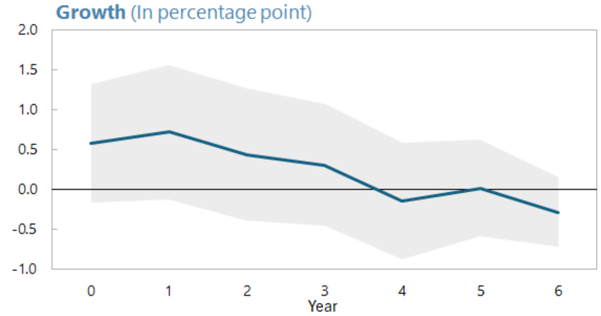
1. **St. Lucia's economic growth is significantly influenced by the U.S. GDP growth, primarily through the tourism channel.** VAR estimates indicate that a positive U.S. GDP shock leads to an immediate and statistically significant increase in tourism revenues, as reflected in travel receipts in the current account.[2] A one percentage point increase in U.S GDP growth increases the tourism revenue growth rate by 4.8 percentage points in the same year.[3] While the direct effect on aggregate GDP is modest, the tourism channel is statistically significant and economically meaningful. A complementary specification using U.S. consumption growth—more closely tied to household travel and discretionary spending—confirms this relationship. Positive consumption shocks sharply increase tourism inflows and, with a short lag, significantly increase growth, highlighting that St. Lucia's economy is strongly exposed to U.S. household demand conditions.

Impact of US GDP Growth on St. Lucia's Travel Receipt Growth (In percentage point)



Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. growth rate on St. Lucia's travel receipt growth. The shaded area indicates the 90% confidence intervals.

Impact of US GDP Growth on St. Lucia's GDP Growth (In percentage point)



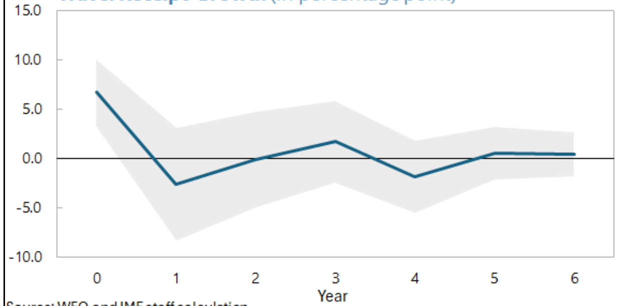
Source: WEO and IMF staff calculation.
Note: The blue solid line shows the impact of one percentage point increase in the U.S. GDP growth rate on St. Lucia's growth rate. The shaded area indicates the 90% confidence intervals.

[1] This annex was prepared by Junghwan Mok (WHD).

[2] The analysis employed a Vector Autoregression (VAR) estimation method, utilizing annual data on GDP and travel receipts, as well as quarterly price indices spanning from 2000 to 2024. The model also controlled for global food and fuel prices to account for global external shocks.

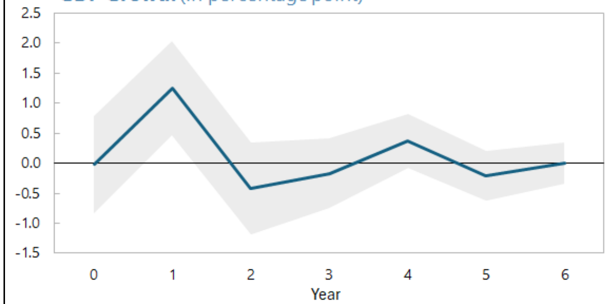
[3] Huidrom, Kose, and Ohnsorge (2019) find that spillover impacts from large emerging markets to other emerging and frontier market are sizeable immediately (within the first year), continue building, and reach their peak around three years after the shock.

Impact of US Consumption Growth on St. Lucia's Travel Receipt Growth (In percentage point)



Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. consumption growth rate on St. Lucia's travel receipt growth. The shaded area indicates the 90% confidence intervals.

Impact of US Consumption Growth on St. Lucia's GDP Growth (In percentage point)

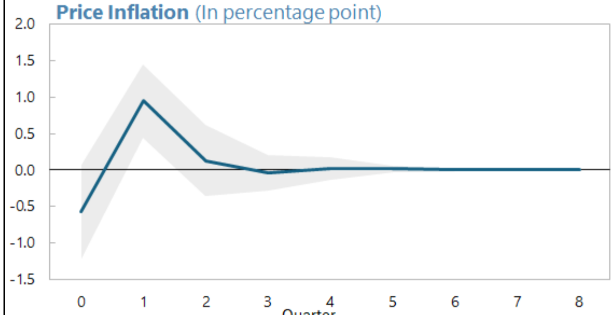


Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. consumption growth rate on St. Lucia's GDP growth. The shaded area indicates the 90% confidence intervals.

B. The Impact of U.S. Inflation Shocks

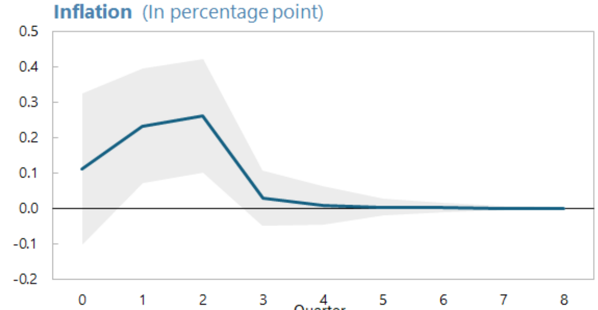
2. **Inflation in St. Lucia is exposed to price developments in the U.S. due to the island's dependence on imported goods.** Staff analysis shows that a higher U.S. PPI—reflecting the cost of tradable goods—directly increases St. Lucia's import prices and subsequently consumer inflation. The model controls for global food and fuel prices, which are the two most volatile and significant drivers of imported inflation, allowing to isolate the effect of U.S. tradable goods prices beyond commodity shocks. A positive U.S. PPI shock significantly increases St. Lucia's import price inflation within one quarter, and this pass-through to consumer prices is immediate and measurable, adding about 0.2 percentage points to CPI inflation in the short term. While the effect dissipates within a few quarters, the results clearly demonstrate how St. Lucia's domestic inflation is exposed to cost-push pressures originating in U.S. export prices, particularly for manufactured goods and fuel products priced in U.S. dollars. The results are robust to an alternative specification using the U.S. CPI rather than U.S. PPI.

Impact of US PPI Inflation on St. Lucia's Import Price Inflation (In percentage point)



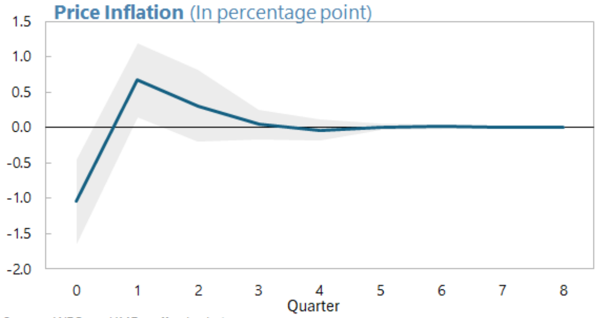
Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. PPI inflation on St. Lucia's import price inflation. The shaded area indicates the 90% confidence intervals.

Impact of US PPI Inflation on St. Lucia's CPI Inflation (In percentage point)



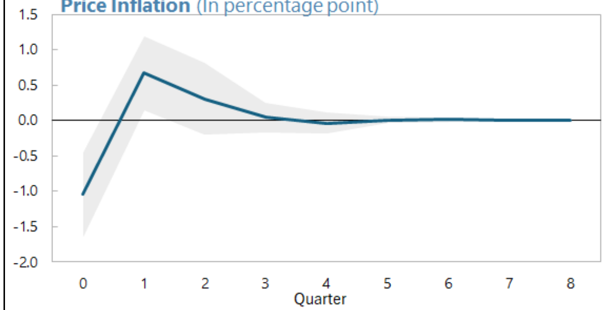
Source: WEO and IMF staff calculation.
Note: The blue solid line shows the impact of one percentage point increase in the U.S. PPI inflation on St. Lucia's CPI inflation. The shaded area indicates the 90% confidence intervals.

Impact of US CPI Inflation on St. Lucia's Import Price Inflation (In percentage point)



Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. CPI inflation on St. Lucia's import price inflation. The shaded area indicates the 90% confidence intervals.

Impact of US CPI Inflation on St. Lucia's Import Price Inflation (In percentage point)



Source: WEO and IMF staff calculation.
Note: The solid line shows the impact of one percentage point increase in the U.S. CPI inflation on St. Lucia's import price inflation. The shaded area indicates the 90% confidence intervals.

Annex II. Trade and Tourism in St. Lucia[1]

St. Lucia exports tourism service and relies heavily on imported goods, including food. The former subjects it to significantly higher service export growth volatility than those of emerging market and developing economies. The export of goods is limited, making it less vulnerable to the most direct effects of tariff shocks. The country's partner base for trade in goods is significantly more concentrated than the rest of the world, but comparable or marginally less than ECCU peers.

1. Like its ECCU peers, St. Lucia predominantly imports goods and exports tourism-driven services. St. Lucia's trade as a share of GDP is above 100 percent of GDP, significantly higher than those of Latin America and Caribbean (LAC), emerging market and developing economies (EMDEs), and OECD countries.

- On average, St. Lucia has imported goods worth over 32 percent of GDP since 2000. The main imported products are crude and refined petroleum, cars, and poultry meats. For instance, 100 percent of cereals are imported,[2] showing the country is highly dependent on food imports, mainly from the U.S. and Canada.

- St. Lucia is highly dependent on tourism, with exports of services constituting 47 and 55 percent of GDP in the decade prior to the pandemic and in recent years (2023-2024), respectively. Compared to the average ECCU peer, St. Lucia attracts a significantly higher share of tourists from the U.S. (57 and 46 percent of 2024 total in St. Lucia and ECCU, respectively), and increasingly so over time. Exposure to U.K. tourists is also higher (18 and 14 percent of 2024 total in St. Lucia and ECCU, respectively), suggesting that tourist origins and income sources are amongst one of the most concentrated among its ECCU peers.

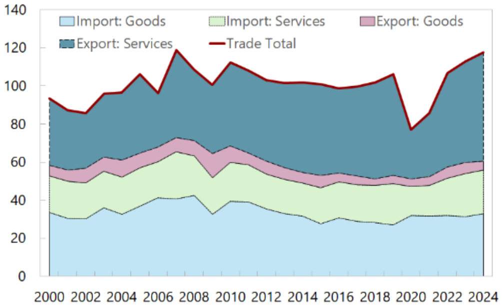
- The exposure to goods exports is low at an average of 5.3 percent of GDP over 2023-2024, but includes significant re-exports, primarily from mineral fuels and manufactured items.

[1] This annex was prepared by Enrico Di Gregorio (WHD), with research assistance from Yishun Cao (WHD).

[2] According to the Food and Agriculture Organization (FAO), St. Lucia's three-year average cereal import dependency ratio is 100 percent over 2021-2003, defined as the share of net cereal imports to the sum of domestic production and net cereal imports.

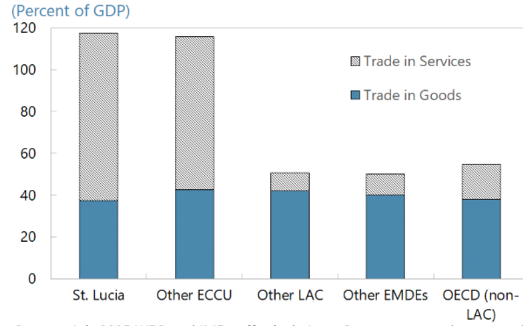
Annex II. Figure 1. St. Lucia: Trade and Tourism Structure

Trade Components as a Share of GDP, 2000-2024
(Percent of GDP)



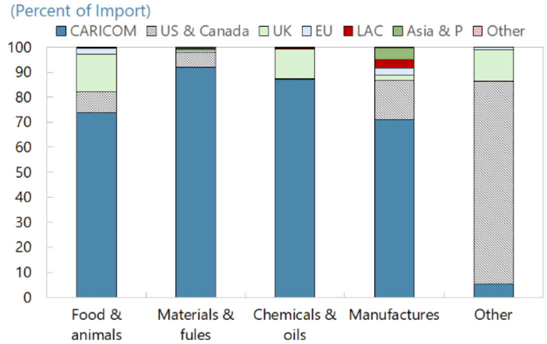
Sources: July 2025 WEO and IMF staff calculations.

Trade Composition across Country Groups, 2024
(Percent of GDP)



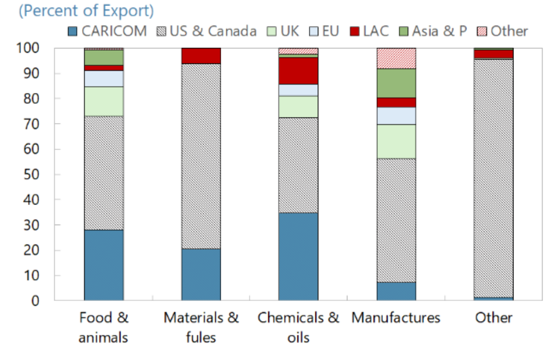
Sources: July 2025 WEO and IMF staff calculations. Country groups do not overlap. For group aggregates, trade and nominal GDP values in US dollars are summed across individual countries.

Share of Import by Product Category and Partners, 2024
(Percent of Import)



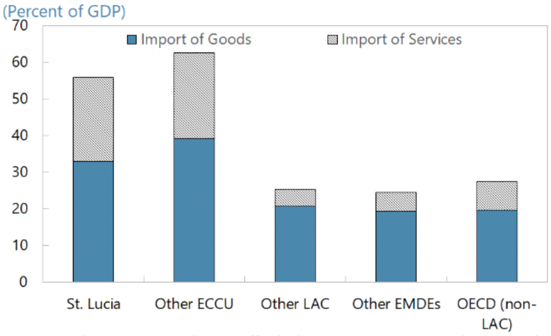
Sources: UN COMTRADE and IMF staff calculations. Country groups do not overlap. Underlying values are FOB.

Share of Export by Product Category and Partners, 2024
(Percent of Export)



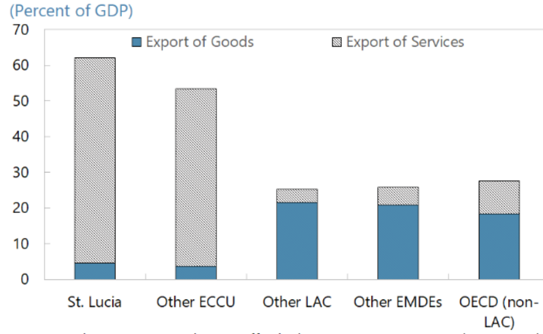
Sources: UN COMTRADE and IMF staff calculations. Country groups do not overlap. Underlying values are CIF.

Import Composition across Country Groups, 2024
(Percent of GDP)



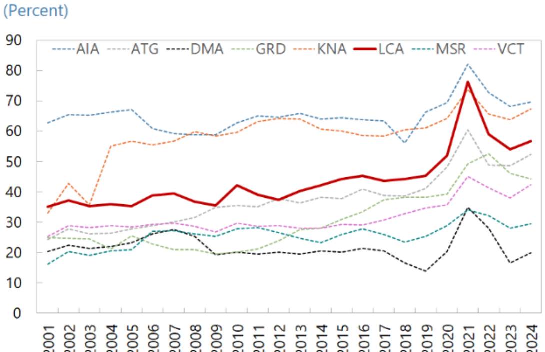
Sources: July 2025 WEO and IMF staff calculations. Country groups do not overlap. For group aggregates, trade and nominal GDP values in US dollars are summed across individual countries.

Export Composition across Country Groups, 2024
(Percent of GDP)



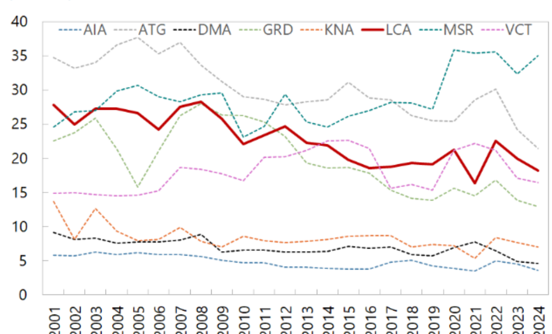
Sources: July 2025 WEO and IMF staff calculations. Country groups do not overlap. For group aggregates, trade and nominal GDP values in US dollars are summed across individual countries.

Stayover Arrivals: Share from the US
(Percent)



Sources: ECCB Seleted Tourism Statistics and IMF staff calculations.

Stayover Arrivals: Share from the United Kingdom
(Percent)

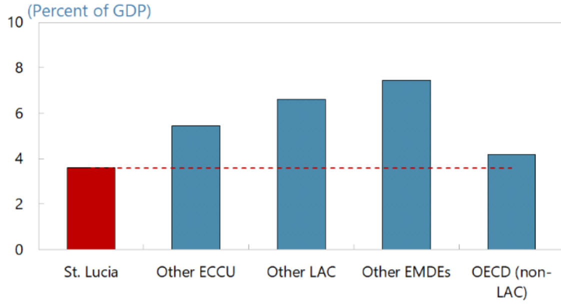


Sources: ECCB Seleted Tourism Statistics and IMF staff calculations.

2. Tourism-dependence exposes St. Lucia to high export volatility. The overall trade growth volatility in St. Lucia is lower than that of ECCU and other country groupings (LAC, EMDE, OECD), but this masks important divergences within trade components. The service-export growth volatility is comparable to the ECCU's but substantially higher than elsewhere in the world. On the other hand, the good-import growth volatility is lower than the ECCU's and other country groups, possibly due to high import dependence on essential items like food.

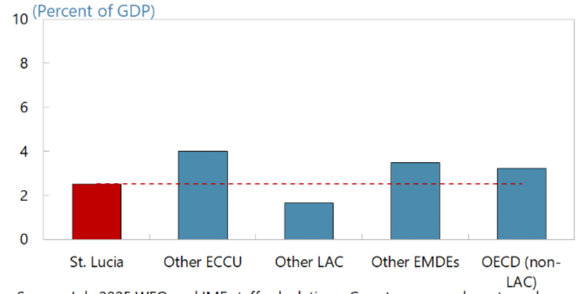
Annex II. Figure 2. St. Lucia: Trade Volatility

Mean Goods Import Growth Volatility across Country Groups, 2000-2024
(Percent of GDP)



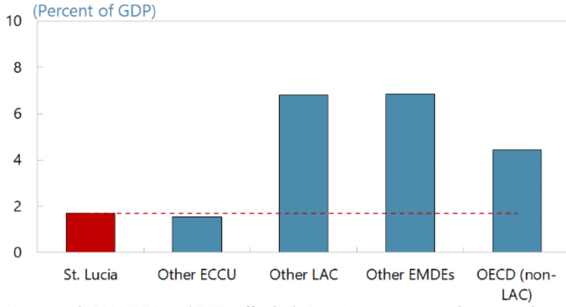
Source: July 2025 WEO and IMF staff calculations. Country groups do not overlap. Volatility is computed as the standard deviation of the yearly change in the relevant trade-to-GDP concept, averaged across countries in each group.

Mean Services Import Growth Volatility across Country Groups, 2000 -2024
(Percent of GDP)



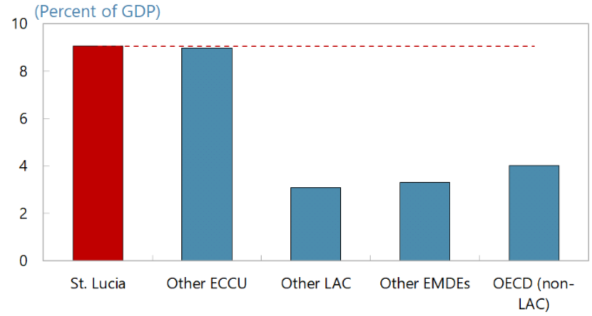
Source: July 2025 WEO and IMF staff calculations. Country groups do not overlap. Volatility is computed as the standard deviation of the yearly change in the relevant trade-to-GDP concept, averaged across countries in each group.

Mean Goods Export Growth Volatility across Country Groups, 2000 -2024
(Percent of GDP)



Source: July 2025 WEO and IMF staff calculations. Country groups do not overlap. Volatility is computed as the standard deviation of the yearly change in the relevant trade-to-GDP concept, averaged across countries in each group.

Mean Services Export Growth Volatility across Country Groups, 2000 -2024
(Percent of GDP)

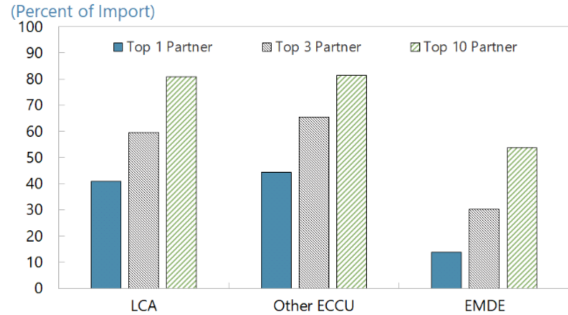


Source: July 2025 WEO and IMF staff calculations. Country groups do not overlap. Volatility is computed as the standard deviation of the yearly change in the relevant trade-to-GDP concept, averaged across countries in each group.

3. St. Lucia's trade in goods is highly concentrated on its top three partners, less than other ECCU countries but significantly more than EMDEs. Though the concentration of top export partners has declined over time, that of import partners has been largely stable. Measures of concentration that account for a broader group of partners, such as the Herfindahl-Hirschman index or export penetration index, also suggest a relatively lower concentration than many regional peers.

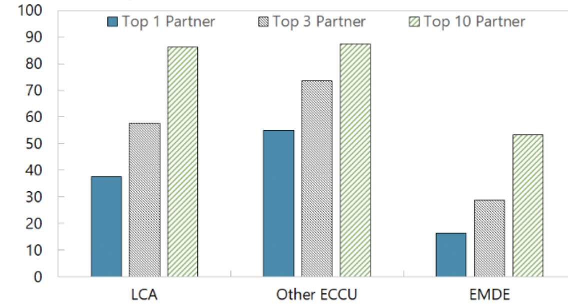
Annex II. Figure 3. St. Lucia: Trade Concentration

Top Partner's Goods Import as a Share of Total 2014-2024 Import
(Percent of Import)



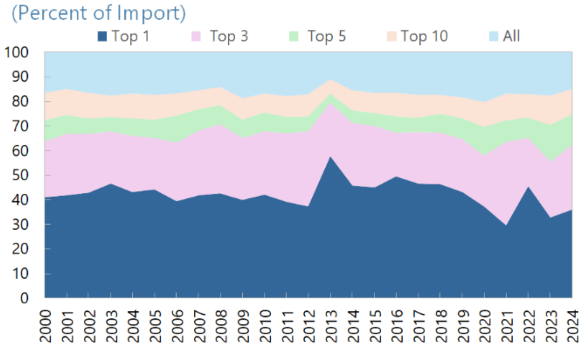
Sources: IMF DOTS and IMF staff calculations. Shares are based on total 2014-2024 import in 2024 USD terms. Trade flows with Russia are excluded due to inconsistency in the underlying data. Group aggregates reflect the sum of bilateral trade flows for all countries within the group. Top partners are then identified for the group as a whole.

Top Partner's Goods Export as a Share of Total 2014-2024 Export
(Percent of Export)



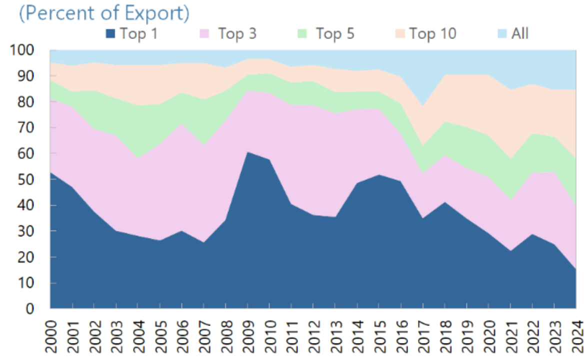
Sources: IMF DOTS and IMF staff calculations. Shares are based on total 2014-2024 export in 2024 USD terms. Trade flows with Russia are excluded due to inconsistency in the underlying data. Group aggregates reflect the sum of bilateral trade flows for all countries within the group. Top partners are then identified for the group as a whole.

Top Partner's Share of Total Imports, 2000-2024
(Percent of Import)



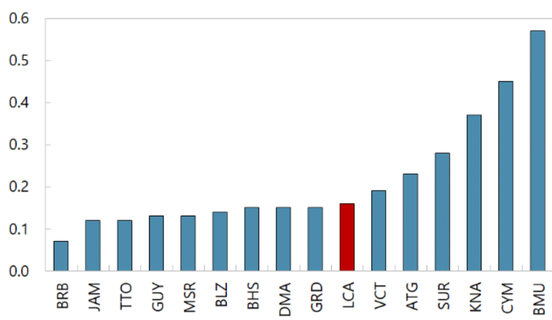
Sources: IMF DOTS and IMF staff calculations. Top partners are defined on a yearly basis. Data exclude Russia due to inconsistencies in trade information.

Top Partner's Share of Total Exports, 2000-2024
(Percent of Export)



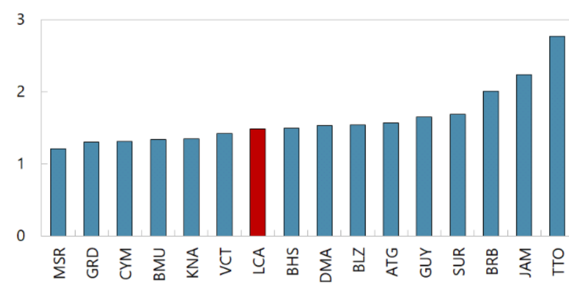
Sources: IMF DOTS and IMF staff calculations. Top partners are defined on a yearly basis. Data exclude Russia due to inconsistencies in trade information.

CARICOM: Herfindahl–Hirschman Trade Market Concentration Index
(0-1 Index)



Source: World Integrated Trade Solution (WITS) and COMTRADE. Data refer to 2019 or closest available.

CARICOM: Export Market Penetration
(Ratio of number of countries)



Source: World Integrated Trade Solution (WITS) and COMTRADE. Data refer to 2019 or closest available. The index is calculated as the number of countries to which the reporter exports a particular product divided by the number of countries that report importing the product that year.

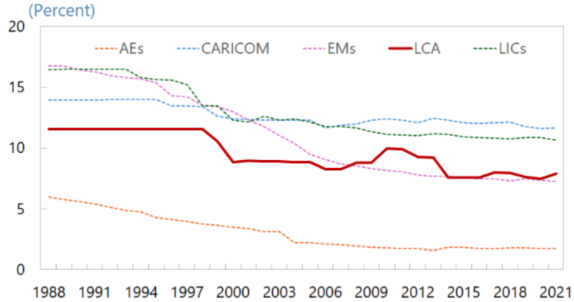
Annex III. Trade Policies in St. Lucia[1]

The pace of trade liberalization was slower in St. Lucia and CARICOM compared to other regions in the world. While trade agreements are limited compared to international standards, they connect St. Lucia to similar number of countries and policy areas as other emerging markets.

1. In the past decades, trade liberalization in St. Lucia and CARICOM was slower than in other emerging markets. The average bilateral tariff rates in St. Lucia are comparable to emerging markets and lower than that of average CARICOM and low-income countries. They dropped by 3.7 percentage points since late 1980s, slower than the decline in emerging markets (9.5 percentage points) and low-income countries (5.8 percentage points) but faster than other CARICOM economies (2.3 percentage points). St. Lucia's trade restrictions are comparable to those with the same income per capita, and less restrictive than most CARICOM peer.

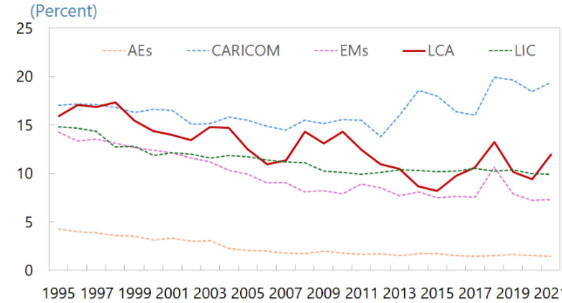
Annex III. Figure 1. St. Lucia's Trade Costs in Comparative Perspective

Average Bilateral Import Tariff Rates, 1988-2021
(Percent)



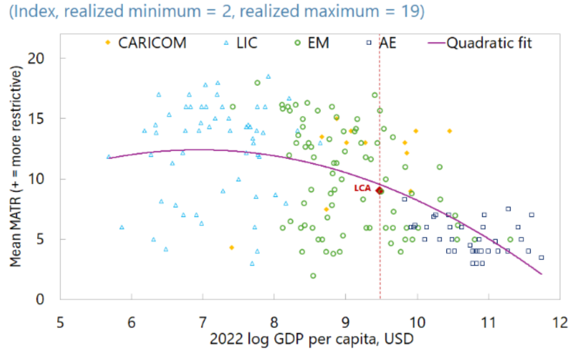
Sources: Global Tariff Database and IMF staff calculations. Groups do not overlap. Underlying data record the average bilateral import tariff rate across product categories by country pair in each year. Rates are then averaged across import partners for each country-year. Lastly, resulting country-year rates are averaged within each country group in each year.

Average Bilateral Weighted Import Tariff Rates, 1995-2021
(Percent)



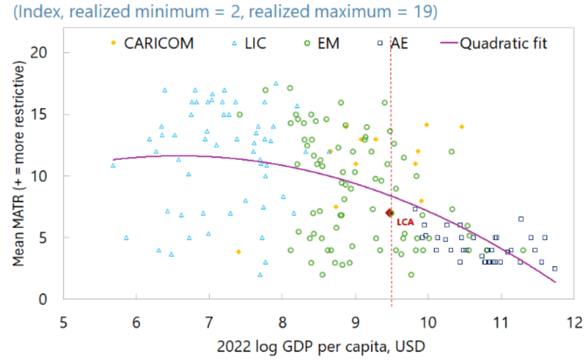
Sources: Global Tariff Database and IMF staff calculations. Groups do not overlap. Underlying data record the average bilateral import tariff rate across product categories by country pair in each year, weighted by product import values. Rates are then averaged across import partners for each country-year. Lastly, resulting country-year rates are averaged within each country group in each year.

Overall Trade Restrictions by Development Level
(Index, realized minimum = 2, realized maximum = 19)



Sources: MATR, July 2025 WEO, and IMF staff calculations.
Note: Country groups do not overlap. MATR is averaged over 2017-2022.

Non-tariff Trade Restrictions by Development Level
(Index, realized minimum = 2, realized maximum = 19)



Sources: MATR, July 2025 WEO, and IMF staff calculations.
Note: Country groups do not overlap. MATR is averaged over 2017-2022.

2. St. Lucia and CARICOM economies are members of relatively fewer regional trade agreements (RTAs) than countries in other regions, but these RTAs connect them to a similar

[1] This annex was prepared by Enrico Di Gregorio (WHD), with research assistance from Yishun Cao (WHD).

number of countries as other emerging markets. St. Lucia's international trade is guided by a range of relationships, encompassing global and regional agreements of both a reciprocal and non-reciprocal nature (see box). Though limited in numbers, the RTAs for St. Lucia cover a broader range of policy areas than those of emerging markets.

Annex III. Box 1. St. Lucia's Trade Arrangements

Global arrangements. St. Lucia took part to the General Agreement on Tariffs and Trade (GATT, 1979), before becoming a founding member of the World Trade Organization (WTO, 1995).

Regional and preferential agreements.

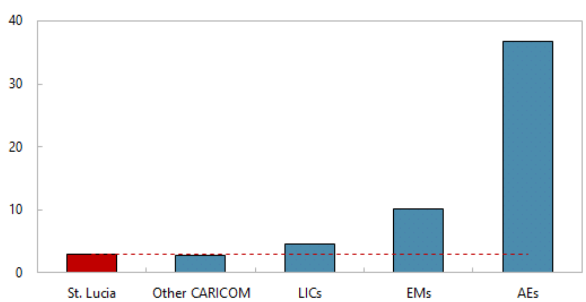
- Organization of Eastern Caribbean States (OECS, 1981); functioning as a union since 2010: Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines as member countries; Anguilla and British Virgin Islands, VGB as associate members.
- Caribbean Community (CARICOM, 1973); adopting the Caribbean Single Market and Economy (CSME) since 1989: responsible for the definition of a common external tariff qualified by national-level lists of exempted products.
- Caribbean Forum (CARIFORUM) and European Union (EU)'s Economic Partnership Agreement (EPA, 2008): asymmetric reciprocity, removal of EU tariffs and quotas to CARIFORUM exports to the EU; EU imports placed under a gradual liberalization scheme in CARIFORUM member countries.
- CARIFORUM & United Kingdom's EPA, 2019.

Bilateral (through CARICOM): Canada, Colombia, Cuba, Costa Rica, Dominican Republic, Venezuela.

Non-reciprocal. The United States' Caribbean Basin Initiative (CBI, 1984; Caribbean Basin Trade Partnership Act or CBTPA, 2000); the Trade and Economic Cooperation Agreement Between the Government of Canada and the Governments of the Member States of the Caribbean Common Market (known as CARIBCAN, 1986).

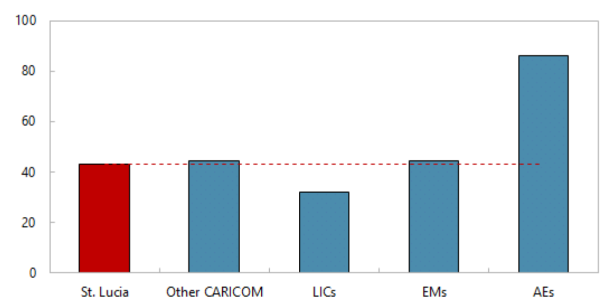
Annex III. Figure 2. Features of St. Lucia's Regional Trade Agreements

Regional Trade Agreements (RTAs) Notified to the GATT/WTO and in Force, 2021



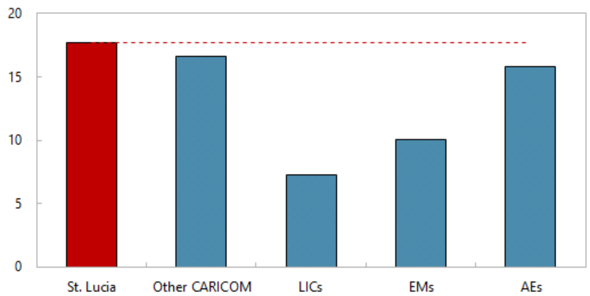
Source: World Bank's Deep Trade Agreements database and IMF staff calculations. Groups do not overlap.Group aggregates reflect the average value across countries within the group.

Number of Countries with Whom an RTA Has Been Signed, 2021



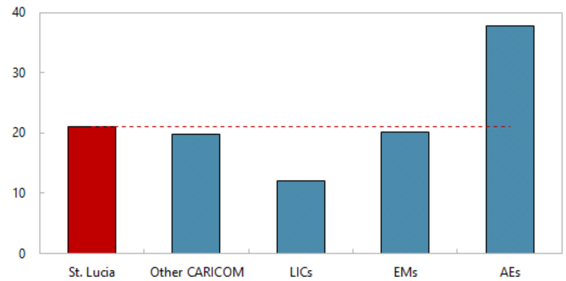
Source: World Bank's Deep Trade Agreements database and IMF staff calculations. Groups do not overlap.Group aggregates reflect the average value across countries within the group.

RTAs: Average Number of Legally Enforceable Policy Areas, 2021



Source: World Bank's Deep Trade Agreements database and IMF staff calculations. Groups do not overlap.Group aggregates reflect the average value across countries within the group.

RTAs: Maximum Number of Legally Enforceable Policy Areas, 2021



Source: World Bank's Deep Trade Agreements database and IMF staff calculations. Groups do not overlap.Group aggregates reflect the average value across countries within the group.

Note: in the case of St. Lucia's regional trade agreements, the World Bank and the WTO only consider St. Lucia's membership in CARICOM and in CARIFORUM's EPAs with the EU and the United Kingdom.

Annex IV. External Sector Assessment[1]

Overall Assessment: *The external position of St. Lucia in 2024 is assessed as broadly in line with the level implied by fundamentals and desirable policies. Continued recovery of the tourism sector and easing pressures on food and energy prices helped bring the current account balance to -1.6 percent of GDP in 2023, though a widening net income deficit and construction activities increased the current account deficit to -2.5 percent of GDP in 2024. After adjusting for cyclical contributions and a natural disaster factor, staff finds a cyclically adjusted current account of -1.8 percent of GDP. After continued deterioration in the short-term due to subdued tourism performance in 2025, the current account deficit is expected to gradually narrow to 1.1 percent of GDP over the medium term.*

Potential Policy Responses: *Notwithstanding the overall assessment, competitiveness challenges and a negative net international investment position (NIIP) pose risks related to higher current account deficit and its financing. The competitiveness challenges include inadequate workforce education, high unit labor costs, labor skill mismatches, and high cost of living, particularly in the non-tourism sectors, and reinforce the need for supply-side reforms. Amid low structural growth, continued policy effort to address structural bottlenecks is essential to increase competitiveness, including through investing in human capital and skill upgrading, addressing youth- and gender- gaps in salaries and labor force participation and bridging skill gaps in the labor market, expanding the energy mix to reduce business costs, and reducing import costs (Policy Discussions, Section C). In addition, reducing high NPL levels and closing legislative gaps related to foreclosures and asset recoveries would contribute to reviving private credit growth.*

Foreign Assets and Liabilities: Position and Trajectory

Background. The NIIP rose from -71 percent of GDP in 2020 to -51 percent of GDP in 2024, close to the average level of -49 percent of GDP during 2015–19 but still at a negative level in light of St. Lucia's post-pandemic current account deficits. In 2024, foreign direct and portfolio investments, together accounting for 58 percent of total assets, constituted the largest components from the asset side; while foreign direct and other investments were the largest components from the liability side, comprising 90 percent of total liabilities.

Assessment. With the expected medium-term improvement in the current account deficit as construction plans come to completion, the net IIP will steadily improve to -44 percent of GDP by 2030, close to the pre-pandemic level of -41 percent in 2019).[1]

2024 (percent of GDP)	NIIP: -51	Gross Assets: 112	Debt Assets: 39	Gross Liabilities: 163	Debt Liabilities: 86

Current Account

Background. The current account deteriorated from an average of -1.1 percent of GDP during 2014–19 to -18.8 percent of GDP in 2020, mainly driven by the sharp fall in travel receipts from 50.8 percent of GDP in 2019 to 22.5 percent of GDP in 2020. With the recovery of tourism and slowing pressures from fuel and food inflation, the current account deficit first rapidly narrowed to 1.6 percent of GDP by 2023, above the pre-pandemic level, before rising again to 2.5 percent of GDP in 2024. The deterioration was mainly driven by increasing distributed branch profits in line with high hotel prices and strong tourist stayover arrivals, as well as increased imports of services and non-essential goods supporting brisk activity in the construction sector.

Assessment. The external position is assessed as broadly in line with the level implied by fundamentals and desirable policies. The EBA-lite REER model indicates a positive current account gap of 1.0 percent of GDP.

[1] Based on the ECCB estimates through 2024 and IMF staff projections thereafter.

[1] This annex was prepared by Enrico Di Gregorio (WHD).

On the other hand, the EBA-lite CA model suggests a positive current account gap of 1.7 percent of GDP, though this gap has reduced compared to the previous year. Like previous years, the overall assessment is based on the EBA-lite REER model, which aligns reasonably well with actual data, while the current account data is subject to revisions which adds another layer of uncertainty for the results derived from EBA-lite CA model. The external position is assessed as broadly in line with the level implied by fundamentals and desirable policies based on the EBA-lite REER model and several factors that hinder St. Lucia's competitiveness.[2]

EBA-Lite Model Results, 2024

	CA model 1/	**REER model** 1/
	(in percent of GDP)	
CA-Actual	**-2.5**	
Cyclical contributions (from model) (-)	-0.7	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	**-1.8**	
CA Norm (from model) 2/	**-3.5**	
Adjusted CA Norm	**-3.5**	
CA Gap	**1.7**	**1.0**
o/w Relative policy gap	-0.2	
Elasticity	-0.4	
REER Gap (in percent)	**-4.7**	**-2.7**

1/ Based on the EBA-Lite 3.0 methodology

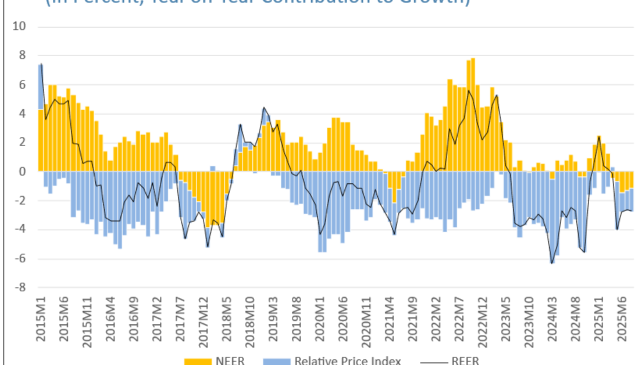
2/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. After appreciating until the first half of 2023, the real effective exchange rate (REER) weakened up to the final months of 2024, with stronger trading partner inflation more than offsetting the modest gains in the nominal exchange rate (NEER). In 2025, the depreciation of the U.S dollar, to which the regional currency is pegged, reinforced the negative REER trend.

Assessment. The REER is estimated to be undervalued by 2.7 percent in 2024, based on the EBA-lite REER model.[3] The EBA-lite CA model suggests an undervaluation of 4.7 percent.

REER Appreciation
(In Percent, Year-on-Year Contribution to Growth)



Source: INS Database and IMF Staff Estimates.

Capital and Financial Accounts: Flows and Policy Measures

Background. In recent years, St. Lucia has attracted increasing net FDI inflows supporting the development of its hotel industry. Net FDI inflows increased from 1.5 percent of GDP in 2019 to 7.3 percent of GDP in 2024, while net other investment inflows fluctuated from -1.9 percent of GDP in 2019 to 1.9 percent of GDP in 2024.

[2] Saint Lucia's competitiveness is hindered by several factors. High costs of finance, inadequate workforce education, and skill mismatches in the labor market provide a drag on the attractiveness of St. Lucia's economy. Relatively high hotel prices, hotel room stock constraints, and limited airlift capacity made Saint Lucia less appealing than closer tourist destinations following the pandemic. Relative to 2023, the introduction of the minimum wage in 2024 further affected St. Lucia's business competitiveness.

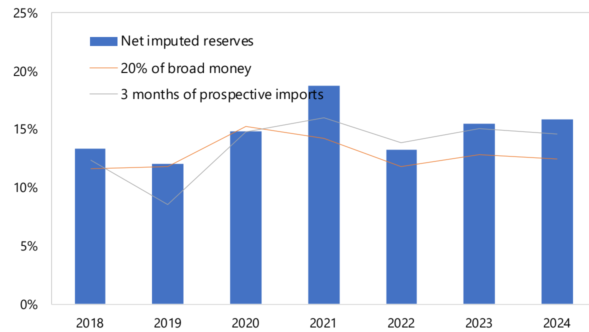
[3] The EBA-lite model does not provide a country-fixed effect for St. Lucia. Compared to the last assessment, a slightly lower country-fixed effect was used to minimize the REER model residuals for St. Lucia over the post-pandemic period (2021–24).

Assessment. Over the medium-term, the capital account is projected to stabilize at 1.3 percent of GDP, and net FDI inflows are expected to gradually normalize to 5.8 percent of GDP as construction plans complete. However, St. Lucia's high exposure to natural disasters poses downside risks to FDI projections.

FX Intervention and Reserves Level

Background. St. Lucia's reserve position moderately improved in 2024. As a member of the Eastern Caribbean Currency Union, St. Lucia is under a currency board arrangement. Foreign assets and liabilities of the ECCB cannot be directly assigned to an individual country. Net imputed reserves, averaging 14.2 percent of GDP during 2016–20, improved from 15.5 percent of GDP in 2023 to 15.9 percent of GDP in 2024. **Assessment.** In 2024, imputed reserves were 27 percent above the benchmark of 20 percent of broad money and were estimated to cover 3.4 months of prospective imports, above the commonly used three months benchmark.

Foreign Currency Reserves and Adequacy Thresholds
(In Percent of GDP)



Sources: ECCB; and IMF staff calculations.

Annex V. Risk Assessment Matrix[1]

Risks	Likelihood	Impact	Policy Response
Conjunctural Risks			
Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	**High**	Medium	Provide targeted transfers to the vulnerable. Monitor financial risks to FDI. Monitor the banking sector development in coordination with ECCB. Diversify source markets and exports over time and pursue structural measures to increase competitiveness and boost growth.
Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	**High**	Medium	Explore opportunities to reorient towards cheaper source markets. Provide targeted transfers to the vulnerable. Increase value added of tourism and diversify exports over time through skill upgrade, innovation, and improved infrastructure. Monitor financial risks and banking sector developments.
Commodity Price Volatility. Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.	**High**	Medium	Provide temporary and targeted transfers to the vulnerable. Allow a gradual pass-through of international prices and phase out generalized subsidies. Accelerate transition to renewable energy sources.
Financial Market Volatility and Correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these	**High**	Medium	Monitor asset quality and ensure adequate loan loss provisioning. Vigilantly monitor the financial sector development in coordination with ECCB. Maintain liquidity buffers, enhance oversight of leveraged non-bank and ensure continued adequacy of loss-absorbing financial system buffers.

[1] This annex was prepared by Junghwan Mok and Entian Zhang (both WHD). The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly. The conjunctural shocks reflect shorter-term risks (12-18 months) while structural risks are more persistent.

Risks	Likelihood	Impact	Policy Response
vulnerabilities by increasing the risk of redemption runs and market dislocations.			
Fiscal Vulnerabilities and Higher Long-Term Interest Rates. Rising public debt and deficit levels may put upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus.	**High**	Medium	Start gradual fiscal consolidation through tax reforms, provide a credible medium-term fiscal consolidation, and pursue structural reforms to maintain investor confidence, reduce debt and sovereign risk. Strengthen fiscal frameworks and public financial management to improve transparency.
Decline in International Aid. A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security.	**High**	Low	Mobilize domestic revenues, reprioritize spending toward essential services, and strengthen multilateral and private partnerships to offset reduced aid flows and protect vulnerable populations.
Rising Social Discontent. High living costs, weak growth, and inequality may fuel social unrest, hinder necessary reforms, and weaken countries' capacity to address domestic and external shocks.	**Medium**	Medium	Provide temporary and targeted transfers to the vulnerable. Strengthen the labor market and provide more diversified and higher-quality job opportunities. Pursue structural reforms to increase growth prospects. Strengthen the fiscal position to build up sufficient buffers.
New Trade Agreements. A breakthrough in trade talks could reduce uncertainty and protectionism, boost investment and productivity, and support broader reforms to lift medium-term growth.	**Low**	Low	Capitalize on new trade agreements to reduce uncertainty, explore trading with new partners, boost investment, improve connectivity, and support productivity-enhancing reforms. Pursue structural reforms to increase competitiveness, skill upgrading, reduce labor market mismatches, increase labor training to diversify exports.
Structural Risks			
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	**High**	Medium	Enhance digital security in public and private platforms.

Risks	Likelihood	Impact	Policy Response
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	High	Invest in resilient infrastructure and implement a multi-layered insurance framework against NDs. Proceed with energy transition initiatives, including geothermal.
Domestic Risks			
Sharp Tourism Slowdown. Tourism continues to fall, but at a sharper pace, from unanticipated developments (e.g., sharp growth slowdown or changes in preference of source markets).	Low	High	Provide targeted support to the vulnerable population. Actively seek new markets and opportunities. Pursue structural measures to increase competitiveness, skill upgrade, training; with the aim of diversifying exports over time.
Disorderly Fiscal Adjustment. A weakening fiscal position and tightening financial conditions could result in a sharp adjustment.	Low	High	Announce a credible medium-term plan of gradual fiscal consolidation through tax reforms, start the adjustment process, and pursue structural reforms to maintain investor confidence and reduce debt and sovereign risks. Enhance fiscal frameworks and public financial management to improve transparency.
Financial Sector Weakness. Commercial banks continue to report high NPLs, which could impair credit intermediation.	Medium	High	Monitor asset quality and ensure adequate loan loss provisioning.

Annex VI. Debt Sustainability Analysis[1]

Annex VI. Table 1. St. Lucia: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**High**	The overall risk of sovereign stress is high, reflecting a high underlying level of debt and vulnerabilities in the medium and the long term stemming from both climate and demographic risks.
Near term 1/			
Medium term	Moderate	**High**	Medium-term risks are assessed as high against a moderate overall mechanical signal, due to high debt fanchart signal and the vulnerability in the financial sector (high NPLs and low provisions). The debt fanchart signal is high, reflecting a history of high volatility and a high terminal debt level. The GFN financeability signal is moderate, reflecting a high average GFN offset by low bank claims on government.
Fanchart	**High**	...	
GFN	Moderate	...	
Stress test	Nat. Diast.	...	
Long term	...	**High**	Long-term risks are high due to large amortization-, climate adaptation-, and demographic risks. In particular, the growth of pension benefits has the potential of placing debt on a steep path. Absent reforms, the pension fund's reserves would deplete by 2051, resulting in underfunding by over 160 percent of GDP in 60 years and requiring fiscal outlays of about 3 percent of GDP in the same period.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	N.A.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

St. Lucia is assessed to be at a high overall risk of sovereign stress. Public debt dropped from 94.4 percent of GDP to 76.7 percent of GDP over 2020-2024 thanks to a swift tourism-led recovery and inflation surprises, but progress has stalled in recent years. As growth moderates to its potential, debt is expected to stabilize around 77 percent of GDP in the medium term, higher than the 60 percent of GDP ECCU-wide debt target, unless decisive fiscal consolidation is implemented. High medium-term risks reflect high gross financing needs (GFNs) of around 15 percent of GDP on average over the medium term, driven by amortization of medium and long term debt (both domestic and external). Long-term risks stem from large amortization risks, demographic trends and climate adaptation risks. Natural disasters present a recurrent threat to fiscal stability.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

[1] This annex was prepared by Enrico Di Gregario (WHD).

Annex VI. Table 2. St. Lucia: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					No	
2. Subsectors included in the chosen coverage in (1) above:						

Sector		Subsectors captured in the baseline	Inclusion	Comments
CPS / NFPS / GG: expected / CG	1	Budgetary central government	Yes	
CPS / NFPS / GG: expected / CG	2	Extra budgetary funds (EBFs)	Yes	Airport redevelopment
CPS / NFPS / GG: expected / CG	3	Social security funds (SSFs)	No	Separate entity (NIC)
CPS / NFPS / GG: expected	4	State governments	No	Not applicable
CPS / NFPS / GG: expected	5	Local governments	No	Not applicable
CPS / NFPS	6	Public nonfinancial corporations	Yes	
CPS	7	Central bank	No	
CPS	8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

	Basis of recording		Valuation of debt stock		
4. Accounting principles:	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:	Consolidated	Non-consolidated

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

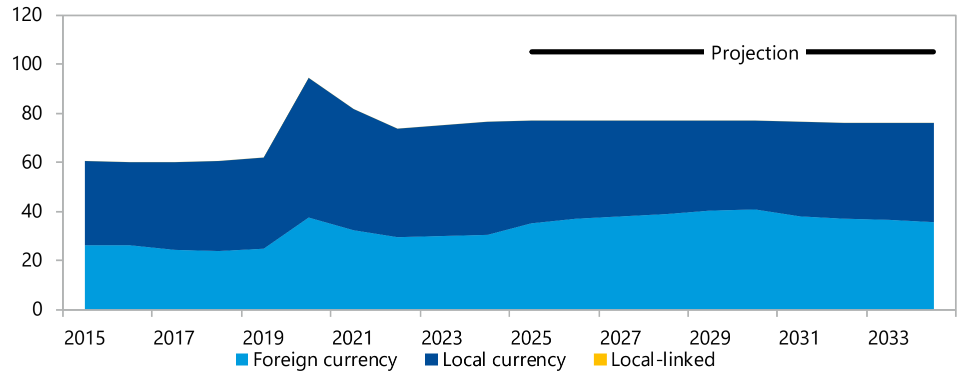
Issuer \ Holder		Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
1	Budget. central govt									0
2	Extra-budget. funds									0
3	Social security funds									0
4	State govt.									0
5	Local govt.									0
6	Nonfin pub. corp.									0
7	Central bank									0
8	Oth. pub. fin. corp									0
	Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

The debt sustainability analysis covers the central government, inclusive of central government-led project loans, and government-guaranteed public sector nonfinancial corporations, which incur debt most prominently in the execution of large-scale infrastructural projects.

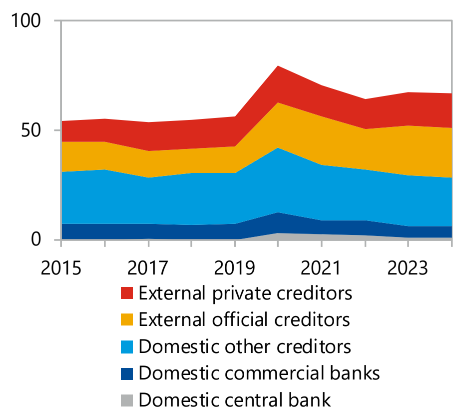
Annex VI. Table 3. St. Lucia: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



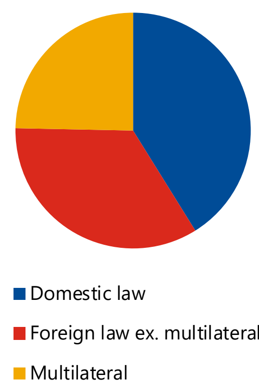
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



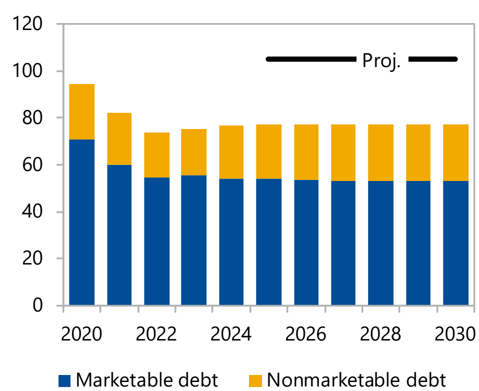
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)



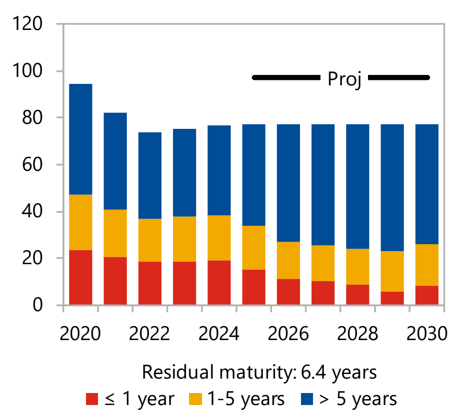
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is general government.

Most public debt consists of marketable instruments, with non-marketable debt reflecing investment project loans and multilateral debt. Domestic debt markets are relatively shallow, giving relevance to external and multilateral funding. Over time, outstanding debt maturity is expected to lengthen in line with the authorities' debt management strategy.

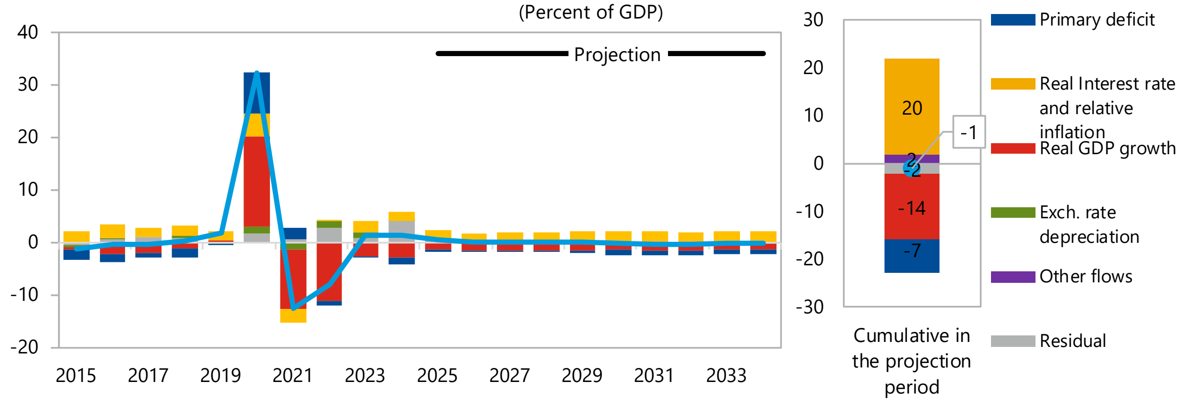
Annex VI. Table 4. St. Lucia: Baseline Scenario

(Percent of fiscal year GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public debt	76.7	77.2	77.2	77.2	77.1	77.1	77.0	76.6	76.2	76.0	75.8
Change in public debt	1.4	0.6	0.0	0.0	-0.1	0.0	-0.2	-0.4	-0.4	-0.2	-0.2
Contribution of identified flows	-2.6	0.2	0.0	0.3	0.2	0.3	0.1	0.0	0.0	0.1	0.0
Primary deficit	-1.5	-0.3	-0.1	-0.2	-0.4	-0.6	-0.9	-0.9	-0.9	-0.9	-0.9
Noninterest revenues	22.6	22.4	22.5	22.3	22.2	22.1	22.1	22.1	22.1	22.1	22.1
Noninterest expenditures (incl. ND)	21.1	22.0	22.4	22.1	21.8	21.5	21.2	21.2	21.2	21.2	21.2
Automatic debt dynamics	-1.2	0.1	-0.1	0.2	0.3	0.6	0.8	0.7	0.8	1.0	1.0
Real interest rate and rel. inflation	1.6	1.4	1.5	1.6	1.6	1.8	1.9	1.8	1.9	2.1	2.1
Real interest rate	1.7	1.8	1.5	1.3	1.4	1.5	1.6	1.4	1.6	1.9	1.9
Relative inflation	0.0	-0.3	0.0	0.3	0.2	0.3	0.3	0.4	0.4	0.2	0.2
Real growth rate	-2.8	-1.4	-1.6	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.1	-1.1
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...
Other identified flows	0.0	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	-0.1
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	0.0	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	-0.1
Contribution of residual	4.0	0.3	0.0	-0.3	-0.2	-0.3	-0.3	-0.4	-0.4	-0.2	-0.2
Gross financing needs	14.4	13.9	17.4	14.8	15.3	15.0	12.9	16.5	16.8	16.4	17.3
of which: debt service	15.9	14.3	17.5	15.0	15.7	15.6	13.8	17.4	17.7	17.3	18.2
Local currency	10.5	10.4	8.5	5.9	6.8	6.8	6.3	6.5	8.3	7.9	8.4
Foreign currency	5.4	3.9	9.0	9.1	8.9	8.8	7.5	10.9	9.4	9.4	9.8
Memo:											
Real GDP growth (percent)	3.9	1.8	2.1	1.8	1.7	1.6	1.5	1.5	1.5	1.5	1.5
Inflation (GDP deflator; percent)	2.3	1.5	2.2	2.7	2.7	2.7	2.7	3.0	2.9	2.5	2.5
Nominal GDP growth (percent)	6.3	3.3	4.4	4.5	4.5	4.3	4.2	4.5	4.4	4.0	4.0
Effective interest rate (percent)	4.6	3.9	4.2	4.4	4.6	4.7	4.9	4.9	5.0	5.0	5.1

Contribution to Change in Public Debt

(Percent of GDP)



Debt-to-GDP is to projected to remain elevated around 77 percent in the medium term before gradually falling, while still missing the regional debt target of 60 percent by 2035. Slowing real GDP growth and an unfavorable interest rate to inflation differential will make a sustained reduction in public debt less likely unless decisive fiscal consolidation is implemented.

Annex VI. Table 5. St. Lucia: Realism of Baseline Assumptions

Forecast Track Record 1/	t+1	t+3	t+5
Public debt to GDP			
Primary deficit			
r - g			
Exchange rate depreciaton			
SFA			

	real-time	t+3	t+5
Historical Output Gap Revisions 2/			

Comparator Group:

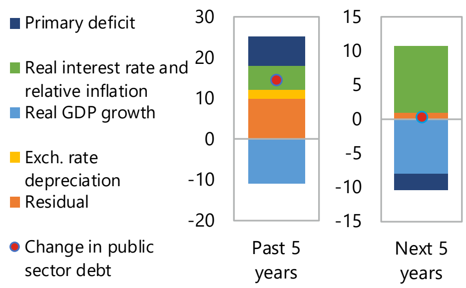
Emerging Markets, Non-Commodity Exporter, Surveillance

Color Code:

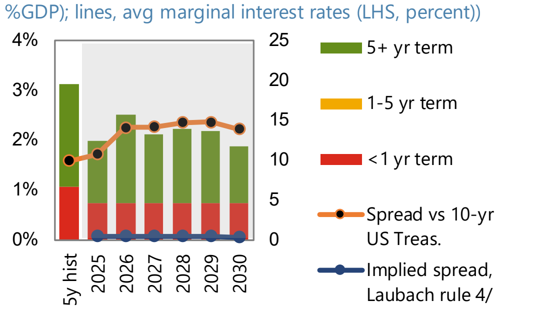
Optimistic	> 75th percentile
	50-75th percentile
Pessimistic	25-50th percentile
	< 25th percentile

Public Debt Creating Flows

(Percent of GDP)

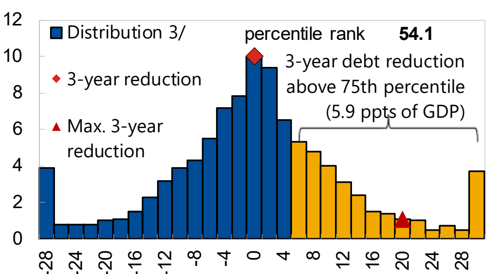


Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))

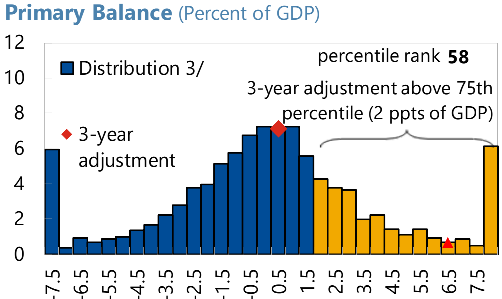


3-Year Debt Reduction

(Percent of GDP)

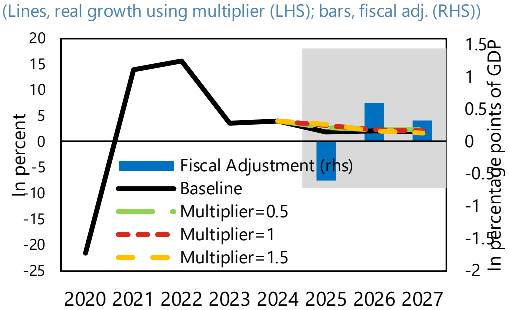


3-Year Adjustment in Cyclically-Adjusted Primary Balance (Percent of GDP)



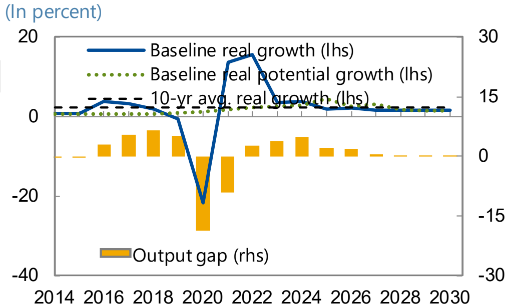
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Staff's realism analysis does not point to major concerns: past forecast errors do not reveal any systematic biases and the projected fiscal adjustment is within norms.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

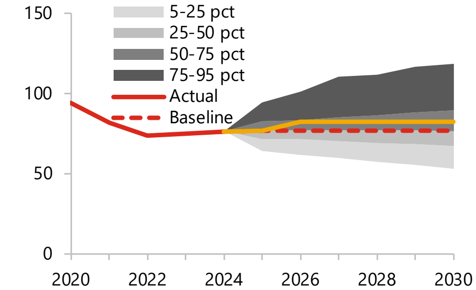
3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

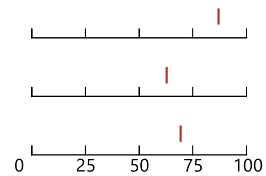
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex VI. Table 6. St. Lucia: Medium-Term Risk Analysis

	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	65.8	1.0	
Probability of debt non-stabilizaiton *(percent)*	48.0	0.4	
Terminal debt-to-GDP x institutions index	41.0	0.9	
Debt fanchart index (DFI)		2.2	
Risk signal: 3/		**High**	

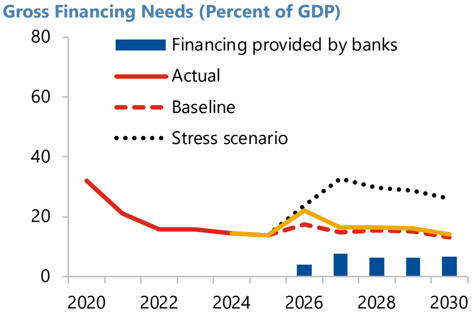
Final Fanchart (Percent of GDP)

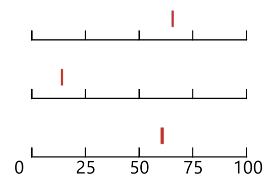




	Value	Contrib 1/	Percentile in peer group 2/
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	14.9	5.1	
Initial Banks' claims on the gen. govt *(pct bank assets)*	3.8	1.2	
Chg. In banks' claims in stress *(pct banks' assets)*	12.3	4.1	
GFN financeability index (GFI)		10.4	
Risk signal: 4/		**Moderate**	

Gross Financing Needs (Percent of GDP)

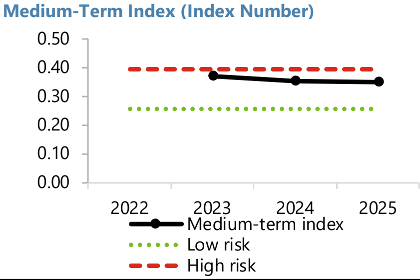




Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	2.2	0.5	0.5	0.2
GFN finaceability index	10.4	0.2	0.5	0.1
Medium-term index		0.4		
Risk signal: 5/		**Moderate**		
Final assessment:		**High**		

Prob. of missed crisis, 2025-2030, if stress not predicted: 27.3 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 20.5 pct.

Medium-term risks are assessed as high against a moderate overall mechanical signal, considering the high debt fanchart signal and the vulnerability in the financial sector displayed by high NPLs and low provisions. The fanchart signal is high, reflecting a history of volatility and a high terminal debt. The GFN financeability index is moderate, reflecting a high average GFNs offset by low bank claims on government. The natural disaster stress test indicates the risk of higher GFNs and public debt accumulation should such disasters materialize.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex VI. Table 7. St. Lucia: Long-Term Risk Analysis

Triggered Modules

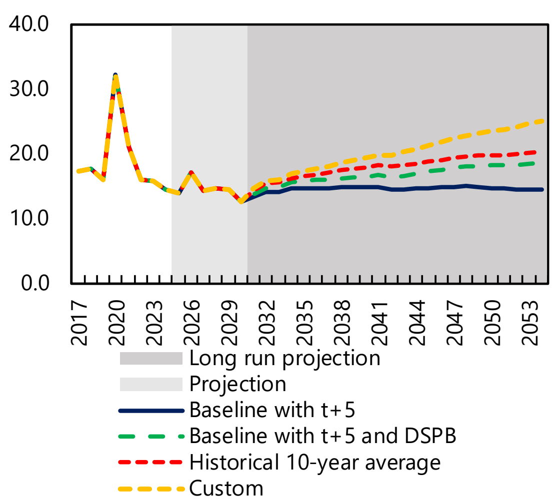
Large amortizations	**Pensions**	**Climate change: Adaptation**	Natural Resources
	Health	Climate change: Mitigation	

Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

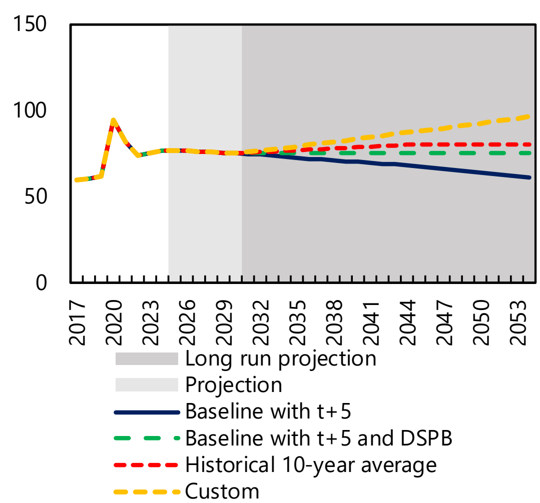
Projection	**Variable**	**Risk Indication**
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

Variable	**2030**	**2034 to 2038 average**	**Custom Scenario**
Real GDP growth	1.5%	1.5%	1.5%
Primary Balance-to-GDP ratio	0.9%	0.9%	-0.4%
Real depreciation	-2.6%	-2.6%	-2.6%
Inflation (GDP deflator)	2.7%	2.7%	2.7%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



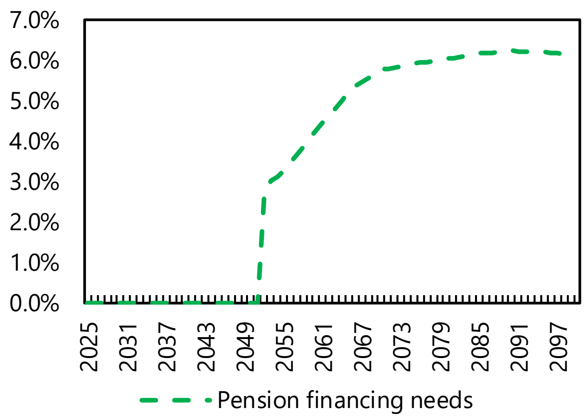
St. Lucia's long-term debt risks are assessed to be high due to large upcoming amortization needs and GFNs that will be relatively stable at a high level. The selected baseline reflects a custom scenario assuming primary balance permanently equal to its pre-pandemic 10-year average of -0.4 percent of GDP.

Annex VI. Table 7. St. Lucia: Long-Term Risk Analysis (continued)

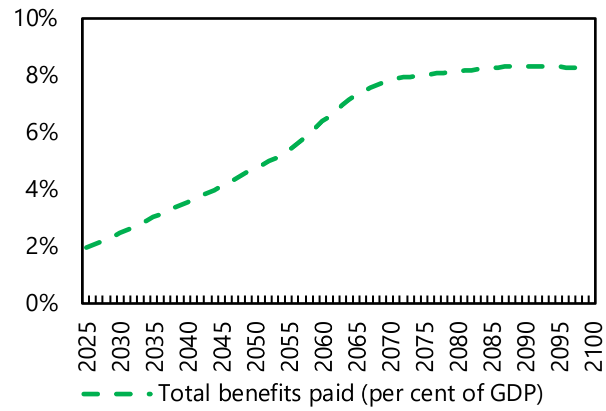
Demographics: Pensions

Permanent adjustment needed in the pension system to keep pension assets positive for:	30 years	50 years	Until 2100
(pp of GDP per year)	0.2%	1.8%	2.8%

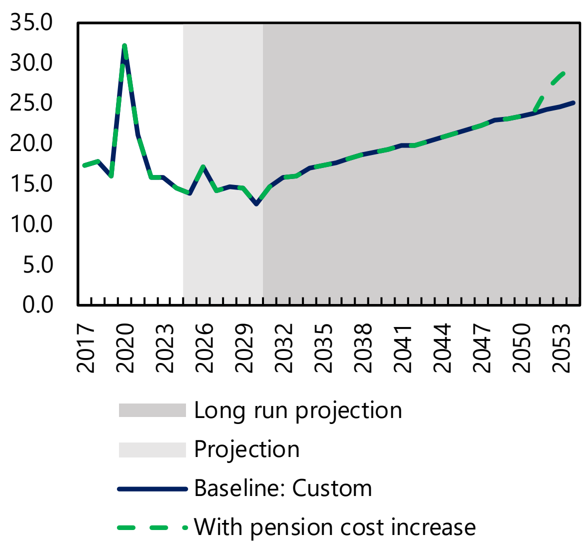
Pension Financing Needs



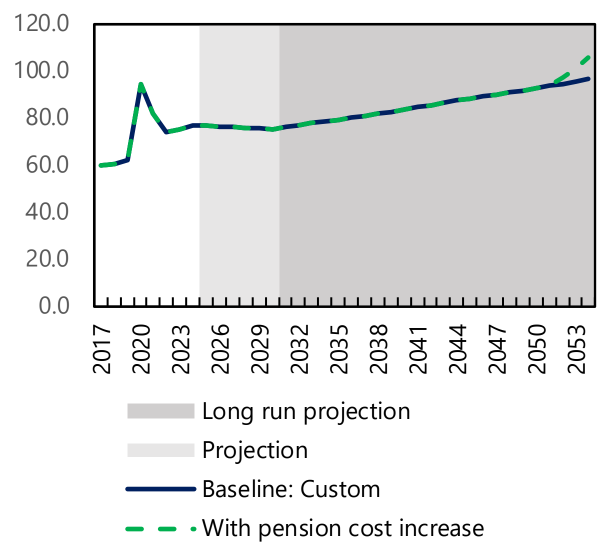
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

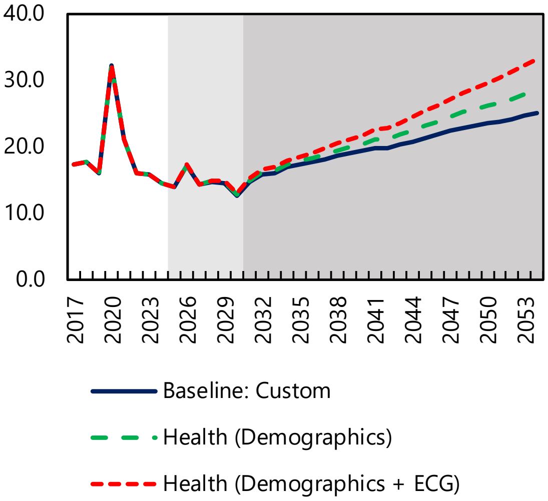


The authority's study projects that in the absence of reforms, the pension fund's reserves would be depleted by around 2051, resulting in an underfunding gap of around 165 percent of GDP in 60 years, requiring annual fiscal outlays of about 3 percent of GDP.

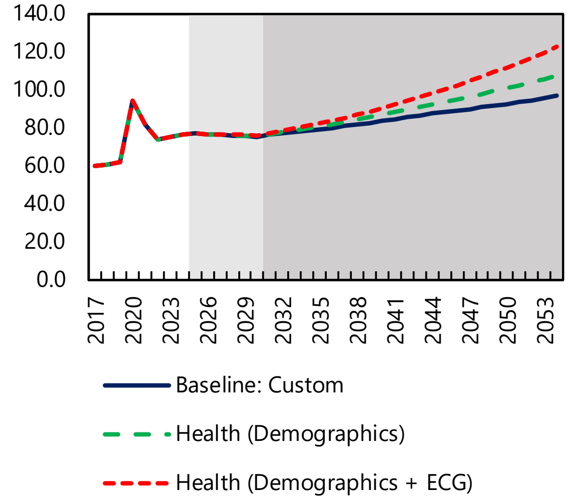
Annex VI. Table 7. St. Lucia: Long-Term Risk Analysis (concluded)

Demographics: Health

GFN-to-GDP Ratio



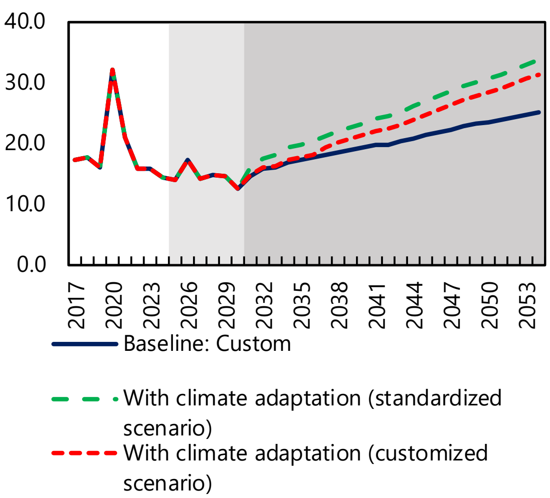
Total Public Debt-to-GDP Ratio



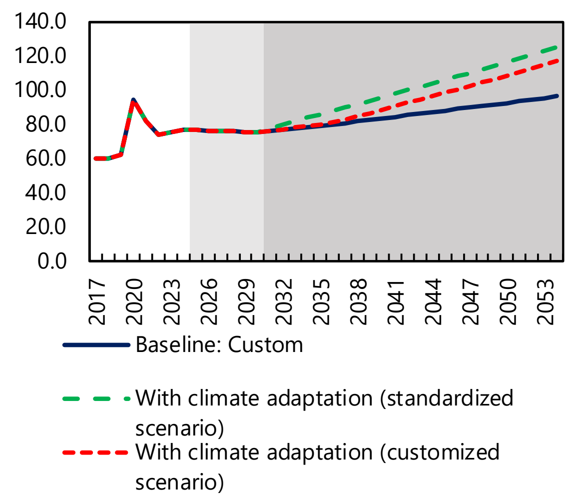
The health module suggests that with increase in healthcare costs related to demographic change, debt-to-GDP ratio could increase by 11 p.p. by 2054 over the custom baseline scenario. With additional 0.6 pp of growth in healthcare costs, debt-to-GDP ratio could increase by 15 p.p. more, further increasing long term sustainability risks.

Climate Change: Adaptation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



The customized scenario, assuming an adaptation cost of 1.3 percent of GDP, 0.7 p.p. of which is already included in the baseline scenario, suggests that debt-to-GDP could increase by 21 p.p. by 2054, further increasing long term sustainability risks.

Annex VII. Past Policy Advice[1]

Recommendations from the 2024 Article IV Consultation	Current Status
Fiscal Policies	
Implement medium-term adjustment to reach the regional debt target and increase public investment.	The overall fiscal deficit declined to 1.8 percent of GDP in FY2024/25 from 3.2 percent of GDP in the previous fiscal year. The recommended tax measures have not been implemented yet.
Strengthen tax administration and discontinue the tax amnesty program.	While progress has been made, further efforts to improve tax administration are critical. The tax amnesty was extended.
Adopt fiscal rules within a fiscal responsibility framework.	The authorities are committed to fiscal prudence. However, they would currently prefer flexibility with fiscal rules.
Ensure sustainability of the National Insurance Corporation through parametric and complementary reforms.	The national pension fund has proposed to the Cabinet gradual increases in contribution rates and the early retirement age, which would postpone the fund's depletion date from 2051 to 2080.
Strengthen debt management and improve governance of the Citizenship-by-Investment Program.	The authorities have made progress to bolster the CIP, but further improvement in governance and transparency remains necessary. The government has recently approved the creation of the first sovereign wealth fund, financed by CIP proceeds, to reportedly support sustainable economic development and climate resilience. The authorities are taking significant regionally coordinated steps to strengthen investor screening and CIP integrity.
Financial Policies	
Reduce non-performing loans and strengthen bank provisioning.	The banks have reduced NPLs in aggregate, increased their provisions, and made progress with NPL disposals, but the stock of legacy NPLs remain high.
Close legislative gaps, including foreclosure laws, to improve credit access. Enhance credit infrastructure and support distressed asset resolution.	The regional credit bureau is operational, but time is needed to collect and collate the credit score data. The Bankruptcy and Insolvency Bill was passed in September 2024, and the Office of the Supervisor of Insolvency was officially launched in November 2025.
Advance credit union regulation and supervision.	Asset quality reviews for two CUs were completed in 2025, with plans to expand it to others. The Co-operative Societies Act to strengthen requirements and empower the national supervisor (in line with harmonized regional regulations) was passed in October 2024 and will take effect in January 2026.
Structural Policies	
Invest in infrastructure, education, and digitalization to raise productivity.	The authorities are pursuing several initiatives to develop TVET skills, including with the aid of the OECS, and facilitate the skill matching process by planning for a national skill registry in collaboration with employers. The Youth Economy Agency (YEA) is facilitating the provision of small-scale credit for the establishment of young entrepreneurs' businesses and signed a Technical Agreement with Taiwan Province of China for a grant of $1.2 million to support youth training.
Advance climate resilience through disaster preparedness and energy transition.	Recent reforms include the revision of land-use regulations, the adoption of a Disaster Risk Financing Strategy, and the establishment of a contingent credit line through the World Bank's CAT DDO.

[1] This annex was prepared by Junghwan Mok and Entian Zhang (both WHD).

Annex VIII. Data Issues[1]

Annex VIII. Table 1. St. Lucia: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	C	B	B	C	B	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	C	B	B		
Granularity 3/	C		B	B	B		
			B		B		
Consistency			B	C		B	
Frequency and Timeliness	C	B	C	C	B		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment.
Real: Nominal GDP data are compiled using the production and expenditure approaches on an annual basis. While quarterly, nominal GDP data is published, experimental expenditure-based estimates are currently produced for internal use only. Real GDP data are compiled only using the production approach, subject to significant delays. While CPI data is provided in a timely manner, the CPI basket weights remain based on the 2016 Household Expenditure Survey (base Jan. 2018). To align with international best practices, the CPI weights could be updated every five years.
Fiscal **:** Reporting of budgetary central government data has deficiencies in the compilation of both general government and public sector statistics. The data is subject to frequent and substantial revisions. There is a need for improvement in accounting system for capital expenditure to record outlays associated with grant-financed projects as they are realized. Data for the rest of the public sector (financial and nonfinancial public corporations) are not readily available and should be compiled on a regular basis.
External: External sector data suffers large historical revisions. More granularity of administrative information is needed for analytical purposes. That said, while full BOP data are not directly provided by the national authorities, the regional central bank, ECCB, provides sufficiently detailed information to support surveillance activities. The response rate to the balance for payments surveys is low (about 45 percent). Strengthening collaboration of the nonfinancial private sector and the SO is warranted to improve data quality. The visitors' expenditure survey, conducted by the Tourist Board and processed by the Statistical Office, requires improved response rates and stronger monitoring of its representativeness. Capacity constraints limit processing of the visitors' expenditure survey.
Monetary and Financial: The ECCB reports all core and 10 additional financial soundness indicators (FSIs) for commercial banks in St. Lucia. The Financial Services Regulation Authority (FSRA) compiles FSIs for credit unions and insurance companies quarterly, with some lag.

Changes since the last Article IV consultation. None.

Corrective actions and capacity development priorities. A CARTAC technical assistance (TA) mission on external sector statistics (ESS) to the Central Statistics Office (CSO) of Saint Lucia was conducted in October 2024. The mission focused on data collection issues related to the Citizenship by Investment Program (CIP), and the work program to improve estimates for trade in goods, travel exports, and direct investment.
Following a previous mission recommendation, the Tourism Authority incorporated valid surveys for estimating the total visitor expenditure, and new estimates were incorporated in December 2023. Given the importance of tourism in St. Lucia —accounting for around 55 percent of GDP—the mission recommends that the Tourist Board shift from email-based surveys (a measure adopted during the pandemic) to in-person surveys, with particular emphasis on improving expenditure estimates for yacht and cruise visitors. As the mission revised 2023 balance of payments (BOP) estimates that were previously published in March 2024, net errors and omissions (NEOs) went from negative EC$1 million to negative EC$68 million.
Another CARTAC technical assistance (TA) mission on Price Statistics Accounts to the CSO was conducted in September 2024. The main purpose of the mission is to assist the CSO with the development of new producer price indices (PPIs) for the mining, manufacturing, utilities, and construction sectors. Follow-up TA for enhancing PPIs is scheduled for March 2025.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics.

Other data gaps. Data on the capital stock, particularly real estate market data, would help in the assessment of climate-change related risks. Enhanced supervisory data on credit unions, insurance companies, reinsurance and other soundness indicators would strengthen assessment of risks (including from climate) in the non-bank financial institution sector. The Citizenship by Investment Program (CIP) Unit does not share data on flows and stocks of the foreign escrow accounts and land sales to nonresidents.

[1] This annex was prepared by Junghwan Mok, Entian Zhang, and Yishun Cao (all WHD).

Annex VIII. Table 2. St. Lucia: Data Standards Initiatives

St. Lucia participates in the Enhanced General Data Dissemination System (e-GDDS) and first posted its metadata in September 2000 but is yet to disseminate the data recommended under the e-GDDS.

Annex VIII. Table 3. St. Lucia: Table of Common Indicators Required for Surveillance

As of December 2025

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data 6/	Frequency of Reporting 6/	Expected Frequency 6/, 7/	St. Lucia 8/	Expected Timeliness 6/, 7/	St. Lucia 8/
Exchange Rates	Fixed Rate	NA	NA	NA	D	...	...	1
International Reserve Assets and Reserve Liabilities of the Monetary Authorities 1/	Sep-25	Dec-25	M	M	M	...	1M	...
Reserve/Base Money	Sep-25	Dec-25	M	M	M	30	2M	42
Broad Money	Sep-25	Dec-25	M	M	M	30	1Q	42
Central Bank Balance Sheet	Sep-25	Dec-25	M	M	M	30	2M	42
Consolidated Balance Sheet of the Banking System	Sep-25	Dec-25	M	M	M	30	1Q	42
Interest Rates 2/	Sep-25	Dec-25	M	M	M	30	...	42
Consumer Price Index	Jul-25	Sep-25	M	M	M	30	2M	14
Revenue, Expenditure, Balance and Composition of Financing 3/–General Government 4/	Jun-25	Sep-25	NA	NA	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing 3/–Central Government	Jun-25	Sep-25	M	M	Q	30	1Q	90
Stocks of Central Government and Central Government-Guaranteed Debt 5/	Mar-25	May-25	Q	A	Q	365	2Q	90
External Current Account Balance	2024	Jun-25	A	A	Q	365	1Q	240
Exports and Imports of Goods and Services	2024	Jun-25	A	A	M	30	12W	42
GDP/GNP	2024	May-25	Q	A	Q	365	1Q	60
Gross External Debt	NA	NA	NA	NA	Q	...	2Q	...
International Investment Position	2024	Jun-25	A	A	A	...	3Q	...

1/ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

2/ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

3/ Foreign, domestic bank, and domestic nonbank financing.

4/ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

5/ Including currency and maturity composition.

6/ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

7/ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

8/ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

ST. LUCIA

December 15, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

Western Hemisphere Department (in consultation with other departments and the Caribbean Regional Technical Assistance Center, CARTAC)

CONTENTS

FUND RELATIONS

(As of Oct 31, 2025)

Membership Status:	Joined: November 15, 1979; Article VIII	
General Resources Account:	SDR Million	Percent of Quota
Quota	21.40	100.00
Fund holdings of currency	19.87	92.85
Reserve Tranche Position	1.53	7.16
SDR Department:	SDR Million	Percent of Allocation
Net cumulative allocation	35.08	100.00
Holdings	20.12	57.35
Outstanding Purchases and Loans:	SDR Million	Percent of Quota
RCF Loans	19.26	90.00
Latest Financial Arrangements:		
Outright Loans		

	Date of Commitment	Date of Drawn/Expired	Amount approved (SDR million)	Amount approved (SDR million)
RCF	April 28, 2020	April 30, 2020	21.40	21.40

Overdue Obligations and Projected Payments to the Fund[1]

(SDR Million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2025	2026	2027	2028	2029
Principal		4.28	4.28	4.28	4.28
Charges/Interest	0.09	0.41	0.41	0.41	0.41
Total	0.09	4.69	4.69	4.69	4.69

Implementation of HIPC Initiative:	Not Applicable
Implementation of Multilateral Debt Relief Initiative (MDRI):	Not Applicable
Implementation of Catastrophe Containment and Relief (CCR):	Not Applicable

[1] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Exchange Rate Arrangement: The de jure and de facto exchange rate arrangements are classified as a currency board. St. Lucia participates in a currency union with seven other members of the ECCU and has no separate legal tender. The Eastern Caribbean dollar is pegged to the U.S. dollar under a currency board arrangement at EC$2.70 per U.S. dollar. St. Lucia has accepted the obligations of Article VIII, Sections 2, 3 and 4 of the IMF's Articles of Agreement, and maintains an exchange system free of restrictions on payments and transfers for current international transactions and multiple currency practices.

Safeguards Assessment: Under the Fund's safeguards policy, the Eastern Caribbean Central Bank (ECCB) is subject to periodic safeguards assessments. An update assessment was completed in August 2021 and found that the ECCB has maintained strong external audit and financial reporting practices that continue to be aligned with international standards. The ECCB has taken steps to address most of the 2021 assessment's recommendations. The pending recommendation is on further strengthening the ECCB's operational autonomy and aligning its Agreement Act with leading practices. The next periodic safeguards assessment of the ECCB is scheduled for early 2027.

Article IV Consultation: The last Article IV consultation was concluded by the Executive Board on February 7, 2025. St. Lucia is on a 12-month cycle.

Technical Assistance: St. Lucia has received substantial technical assistance from the Caribbean Region Technical Assistance Center (CARTAC) and the IMF. Technical assistance missions focused on macroeconomic programming and analysis, reforms of the revenue administration, public financial management, real and external sector statistics, and the financial sector.

Macroeconomic Programming and Analysis

- July 2024 (CARTAC): Building capacity in medium-term macro-fiscal frameworks
- February 2022 (ICD and CARTAC): Provide ECCU member countries with a customized workshop on public debt dynamics
- October 2021 (ICD and CARTAC): Fiscal Frameworks Course (offered to all CARTAC countries)
- September 2019 (ICD and CARTAC): Provide ECCU member countries with a customized workshop on public debt dynamics
- September 2019 (CARTAC): Provide ECCU customized DSA/FP course
- July 2019 (CARTAC): Provide Macroeconomics Diagnostics Course (offered to all CARTAC countries)
- May/June 2019 (CARTAC): A workshop on the MAC DSA framework
- April 2016 (CARTAC): Updating the Macro Framework and drafting the medium-term fiscal framework

National Accounts

- September 2024 (CARTAC): Developing Expenditure-based GDP
- February 2022 (CARTAC): Support for development of estimates of Gross Domestic Product expenditure components
- January-February 2020 (CARTAC): Follow up mission of national statistics; Compile rebased GDP estimates and update of the SUT benchmark estimates
- September 2017, September 2018 and February 2019, October 2019 (CARTAC): Assist with compiling the supply and use tables (SUT) for 2016 and improve national accounts estimates
- September 2016 (CARTAC): Develop the compilation system to produce quarterly GDP by economic activity estimates and to improve the annual GDP estimates.
- September 2015 (CARTAC): Expand & improve the national accounts, including producing SUT and rebasing the GDP estimates.

Consumer Price Index

- May 2025 (CARTAC): PPC – PPI.
- September 2024 (CARTAC): Producer Price and Trade Price Statistics (PPT)
- April 2024 (CARTAC): Real Sector - Prices-PPI
- November 2022 (CARTAC): Updating CPI

External Sector Statistics

- October 2025 (CARTAC): Balance of payments and IIP—Source Data.
- October 2024 (CARTAC): Balance of payments and IIP – Source Data
- October 2023 (CARTAC): Balance of payments and IIP – Source Data
- August 2023 (CARTAC): External Sector Statistics
- October 2022 (CARTAC): Balance of payments and IIP – Source Data
- January 2022 (CARTAC): Size and evolution of net errors and omissions
- March 2021 (CARTAC): Data collection continuity in the context of the COVID 19 pandemic.
- January 2020 (CARTAC): Assist on the backcasting for balance of payments data for 2000-2013, addressing methodological changes reflected in the 2014-18 following the BPM6.

- April 2019 (CARTAC): Strengthen source data for the balance of payments and IIP.
- September 2018 (CARTAC): Dealing with nonresponse and improving the compilation of trade in goods statistics
- March 2018 (CARTAC): Strengthening the compilation of the recently revised balance of payments and new international investment position (IIP) statistics.
- October 2016 (CARTAC): Reviewing preliminary BPM6-based balance of payments and new IIP statistics for dissemination.
- March 2016 (CARTAC): Assessing data sources for the compilation of balance of payments and IIP Statistics according to the BPM6.

Tax Reforms and Revenue Administration

- October 2025 (CARTAC): Strengthening Taxpayer Relationship.
- September 2024 (CARTAC): Digital technologies better aligned with strategic objectives/Data Cleansing (HYBRID)
- September 2024 (CARTAC): Taxpayers meet their payment obligations as required by law/Collection and Enforcement
- May 2024 (CARTAC): Public Sector Accounting Standards (IPSAS) Support.
- May 2024 (CARTAC): Review of Ledger
- November 2023 (CARTAC): Development of a Request for Proposal (RFP) for system acquisition
- April 2023 (CARTAC): Strengthening management and Governance Arrangements – Annual Reporting
- February 2023 (CARTAC): Strengthening Reform Management Capacity – Reform Plan WS
- October 2022 (CARTAC): Strengthening Reform Management Capacity
- September 2022 (CARTAC): Strengthening Human Capital – Middle Managers
- April 2022 (CARTAC): Developing Performance Targets and KPI in Customs
- November 2021 (FAD and CARTAC Revenue Administration): Provide a ‘Tax Administration Diagnostic Assessment Tool’ (TADAT) diagnostic
- October 2021 (CARTAC): Developing Performance Targets and KPI in Customs

- September 2021 (FAD and CARTAC Revenue Administration): Provide a virtual TADAT Training course
- July 2021 (CARTAC): Review of dispute resolutions framework at the Inland Revenue Department
- December 2020- May 2021 (LEG and CARTAC): Support the Inland Revenue Department in drafting a Tax Administration and Procedures Act (TAPA) to apply to all major domestic taxes and to make consequential amendments to existing tax acts
- November 2020 (CARTAC): Provide a virtual training to build audit and assessment capacity, focusing on strengthening non-filers program
- July- Aug. 2020 (CARTAC): Compliance Management Strategy Plan for the Tourism and Hospital sector at the Inland Revenue Department (IRD).
- May 2020 (CARTAC): Review the existing IRD's business processes and IT and prepare a new business model with processes.
- May-September 2020 (CARTAC): Supporting implementation of new tax administration information technology system
- November 2019 (CARTAC) Strengthening HQ Capacity: Program Development
- November 2019 (CARTAC): Regional seminar in Developing Trusted Trader and Authorized Economic Operator Programs.
- September 2019 (CARTAC): Regional workshop, Tax Audit Training
- July 2019 (CARTAC): IT Support - Implementation of ICT System
- July 2019 (CARTAC): Strengthening Audit Capacity and Audit Program
- June 2019 (CARTAC): Regional seminar in Disaster Preparedness Planning for Tax and Customs.
- June 2019 (CARTAC Tax Administration): Strengthening HQ functions
- May & November 2018 (CARTAC): Regional Tax Audit Training
- October 2018 (CARTAC): Building HQ & Audit Capacity
- June 2018 (CARTAC): Audit Effective Management
- June 2018 (CARTAC): Strengthening IRD IT Business Processes & Control
- FY 2018/19 (CARTAC): Provide training on extracting data from the ASYCUDA system
- October & November 2017 (CARTAC): Building Technical Capacity in VAT Legislation

- June & November 2017 (CARTAC): Building and enhancing HQ capacity, data gathering, analysis, and program reporting
- March 17, October 2016 (CARTAC): Developing a Compliance Risk Management Strategy.
- November 2016: Strengthening Performance Management – establishing KPI
- November 2016: IT Support – (via Peer-to-Peer Technical Assistance (TA) Attachment)
- October 2016: Data Analytics
- September 2016 (CARTAC): Developing a Taxpayer Service Strategy.
- June 2016 (CARTAC): Building Audit Capacity
- June 2016 (CARTAC): Strengthen the Post Clearance Audit Function.

Expenditure Rationalization and PFM Reforms

- November 2024 (CARTAC): Implementing a revised and modern Chart of Accounts (CoA)
- September 2024 (CARTAC): Implementing a revised and modern Chart of Accounts (CoA)
- April 2022 (CARTAC): A Roadmap for Treasury Reform
- January 2022 (CARTAC): Establishing a Centralized Internal Audit Function
- July-August 2021 (CARTAC): Strengthening Budget Planning and Preparation
- April 2018 (CARTAC): PFM Action Plan
- September 2017 (CARTAC): Budget Workshop with MoF and all Ministries
- July 2017 (CARTAC): PEFA Assessment
- June 2017 (CARTAC): PEFA Workshop
- January 2016 (CARTAC): Diagnostic Assessment of Internal Audit.

Financial Sector

- January 2025 (CARTAC): Corporate Governance and Risk Management for insurance
- September 2024 (CARTAC): Guidelines on Corporate governance and ERM - Insurance
- May 2024 (CARTAC): RBS Implementation Credit Unions and IFRS 9

- October 2023 (CARTAC): Insurance Follow-up RBS insurance & review ORSA guideline
- June 2023 (CARTAC): Insurance Training ORSA and Risk-Based Capital
- February 2022 (CARTAC): Implement Risk-based supervision (RBS) across credit unions and insurance companies
- November 2020 (CARTAC): Provide follow-up TAs to enhance Financial Services Regulatory Authority (FSRA)'s capacity to implement Risk-based supervision (RBS) across credit unions and insurance companies
- FY18–FY20 (CARTAC): Regional Workshops on the supervision of Credit Unions and Insurance companies, consolidated supervision, risk-based supervision, and on other topical or emerging issues such as cyber risk, and FinTech
- October 2019 (CARTAC): Implementation of Risk-based supervision across non-bank financial institutions
- October 2019 (CARTAC): Develop the Stress Testing Framework for the Credit Union Sector
- February 2020 (MCM): Contingency Planning for Crisis Preparedness and Management
- September 2018 (CARTAC): Review & analyze Life and General Insurance Actuarial Valuation reports
- June 2018 (CARTAC): Stress Testing the Insurance Sector (joint mission for four ECCU countries)
- September 2017 (CARTAC): Developing Financial Health and Stability Indicators for the Insurance Sector (joint mission for four ECCU countries)
- April 2016 (CARTAC): Basel II Implémentation
- February 2016 (CARTAC): Basel II Implementation

FSAP: A joint IMF/World Bank team performed an assessment of the financial sector of the member states of the ECCU, in two missions—September 1–19 and October 20–31, 2003. The missions assisted the authorities in assessing the development needs and opportunities for the financial sector, identifying potential vulnerabilities of financial institutions and markets to macroeconomic shocks, as well as assessing risks to macroeconomic stability from weaknesses in the financial sector. The Financial System Stability Assessment (FSSA) was discussed by the Executive Board on May 5, 2004, and subsequently published on the IMF's external website, including the Report on the Observance of Standards and Codes (ROSC) on Banking Supervision.

Debt Management

- September 2025 (CARTAC): Investor Relations Assistance
- February 2024 (CARTAC): Debt Management MTDS and Green Financing
- August 2021 (CARTAC): Fiscal Financing Gaps and Debt Management (joint seminar for the ECCB and ECCU countries)
- June 2021 (CARTAC): Debt Management strategy and Annual Borrowing Plan (joint workshop for the ECCB and ECCU countries)
- January 2020: Preparation of an Annual Borrowing Plan
- October 2019: Developing the Regional Government Securities Market (joint mission for the ECCB and ECCU countries)

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- World Bank: WBG Finances - Country Details - St. Lucia (worldbank.org)
- Caribbean Development Bank: https://www.caribank.org/countries-and-members/borrowing-members/saint-lucia