


## IMF Staff Completes 2026 Article IV Mission to Solomon Islands

March 19, 2026

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- The Solomon Islands economy is estimated to have grown by 3.5 percent in 2025, driven by agriculture and gold production. The conflict in the Middle East, if prolonged, would weigh on economic activity and outlook.
- Reducing fiscal deficits and rebuilding government cash balances remain an urgent priority. If the government decides to introduce measures to help mitigate the impact of the conflict, such measures should be targeted to the most vulnerable, be strictly temporary, and closely coordinated with donors.
- The central bank should continue to monitor developments in the Middle East and adjust its monetary policy stance as warranted, while avoiding ad-hoc exchange rate adjustments.

**Washington, D.C.:** An International Monetary Fund (IMF) team led by Mr. Masafumi Yabara visited Solomon Islands during March 9 to 20 to hold discussions on the 2026 Article IV Consultation. At the conclusion of the visit, Mr. Yabara issued the following statement:

“Staff estimates that the economy grew by 3.5 percent in 2025, driven by agriculture and gold production. The conflict in the Middle East is 

projected to slow growth to 2.7 percent in 2026 and raise inflation to 4.8 percent on average. The current account is estimated to have registered a surplus in 2025—a first since 2012—but is expected to return to a deficit in 2026 due to rising import prices. Staff expects the fiscal deficit to remain wide in 2026.

“A prolonged conflict in the Middle East could significantly dampen economic activity and raise inflation. A potential freeze in the execution of the 2026 budget due to financing shortfalls could further weigh on activity. Risks of extreme climate events and political instability persist. An expansion of gold mining—if supported by robust resource management, limited fiscal incentives, and strengthened revenue administration—could boost economic activity.

“Reducing fiscal deficits and rebuilding liquidity buffers remain critical. The 2026 budget marks progress, including the presentation of a medium-term fiscal framework; however, realistic and fully financed budgeting, aided by simple, top-down guidelines, is needed to avoid disruptive budget freezes and rebuild buffers. Should the government introduce measures to help mitigate the impact of the Middle East conflict, they should be targeted to the most vulnerable, strictly temporary, and closely coordinated with donors. Further delays in introducing a value-added tax should be avoided, and efforts to strengthen tax enforcement and rationalize exemptions should be accelerated.

“Persistent delays in fiscal reporting, audits of government financial statements, and the completion of the Pacific Games audit continue to weaken accountability.

“Staff welcomes the central bank’s readiness to respond to inflationary risks stemming from the Middle East conflict. Staff advises against ad-hoc exchange rate adjustments to address inflation, as strict adherence to the fixed exchange rate regime anchored to the currency basket is imperative to ensure policy credibility and foster market development.

“The financial sector remains broadly sound. Legislation to upgrade the governance and regulatory frameworks of financial institutions and to establish a robust system for anti-money laundering and combating the financing of terrorism should be expedited. Completing the rollout of the outstanding National Payment System components would support financial inclusion.

“Addressing longstanding governance weaknesses—by advancing legislation in the extractive sectors and resuming implementation of the National Anti-Corruption Strategy—would help foster investor confidence and support more resilient and inclusive growth.

“Climate change is expected to have incremental but meaningful cumulative effects on the debt trajectory over the long term. This underscores the need for adaptation policies, particularly to mitigate impacts on populations living in areas vulnerable to sea-level rise.

“The quality of key statistics, including national accounts and government finance statistics, needs to be improved. The resource of statistical agencies should be strengthened.

“The IMF team wishes to express its deep appreciation to the authorities and other stakeholders for frank and constructive discussions.”

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