



THE BAHAMAS

2025 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

February 2026

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 with The Bahamas, 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 December 12, 2025, with the officials of The Bahamas on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 20, 2026.
- An **Informational Annex** prepared by the IMF staff.

The documents listed below have been or will be separately released.

Selected Issues

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.

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International Monetary Fund
Washington, D.C.



IMF Executive Board Concludes 2025 Article IV Consultation with The Bahamas

FOR IMMEDIATE RELEASE

- *The Executive Board of the International Monetary Fund (IMF) concluded the 2025 Article IV consultation with The Bahamas on February 4, 2026.*
- *The Bahamian economy has experienced a solid recovery in recent years, boosted by tourism, and steps have been taken to strengthen public finances.*
- *Real GDP growth is expected to be around 2.8 percent in 2025, supported by construction and cruise tourism.*
- *Risks to the economic outlook are broadly balanced, and looking ahead, it remains essential to further reduce fiscal vulnerabilities and foster sustained growth.*

Washington, DC – February 5, 2026: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation with The Bahamas¹ and considered and endorsed the staff appraisal without a meeting, on a lapse-of-time basis. The authorities have consented to the publication of the Staff Report prepared for this consultation.²

The Bahamian economy has strengthened in recent years, with real GDP expanding by 3.4 percent in 2024. Growth remained resilient in the first half of 2025, supported by construction and cruise tourism, and the unemployment rate stood at 9.3 percent in the second quarter of 2025. Inflation has decelerated (1.3 percent in July 2025), partly reflecting lower global energy prices.

The fiscal position continued to improve in the last fiscal year. Driven by tax revenues and expenditure containment, the primary balance remained in surplus and the fiscal deficit

¹ 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.

² 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/Bahamas page.

narrowed to 0.5 percent of GDP in FY2024/25. Central government debt has declined but is still elevated, at around 74 percent of GDP.

Growth is expected to be around 2.8 percent in 2025, and then it would gradually slow toward 1½ percent (the assessed potential growth rate of the economy). Headline inflation is projected to settle at around 2 percent, and the current account deficit would narrow to about 6 percent of GDP over the medium term. Risks to the outlook are balanced, with downside risks including a potential global slowdown with adverse impact on tourism, and natural disasters. Upside risks notably include greater-than-expected effects of public and private infrastructure projects linked to tourism and the energy sector reform.

Executive Board Assessment³

In concluding the 2025 Article IV consultation with The Bahamas, Executive Directors endorsed staff's appraisal, as follows:

"The economy has strengthened in recent years. Robust post-pandemic tourism has been a key driver of economic growth and fiscal revenues. Actions have been taken to improve public finances and to enhance disaster risk management. Continued fiscal consolidation, the ongoing electricity sector reform, increased capacity for tourism, and investment in climate resilience will be critical to further reduce fiscal vulnerabilities and foster sustained growth.

"Growth is expected to moderate gradually. Growth in 2025 has been supported by construction and cruise tourism, but the economic expansion is expected to slow somewhat in 2026, converging toward the estimated potential rate of 1½ percent over the medium term. Risks are broadly balanced, with downside risks including a potential global slowdown and natural disasters, and upside risks entailing greater-than-expected effects of public and private infrastructure projects linked to tourism and the electricity reform. Inflation remains low.

"Additional policy measures are necessary to achieve the authorities' medium-term target for central government debt. A primary surplus was reached again in FY2024/25, and the FY2025/26 budget targets an overall surplus. While declining, public debt remains elevated. Going forward, new revenue-enhancing and expenditure-optimizing measures should be prioritized to achieve the authorities' 50 percent of GDP target for central government debt. These measures can include introducing corporate and personal income taxes, rationalizing tax expenditures, raising the standard VAT rate, and reducing transfers to SOEs. These efforts can give space to invest more in priority areas, such as education and resilient infrastructure.

"More work is needed to strengthen fiscal institutions and reduce fiscal risks. An immediate priority should be to improve fiscal reporting and enhance the institutional framework for PPPs. It is also critical to accurately assess and mitigate fiscal risks arising from SOEs. The

³ The Executive Board takes decisions under the lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

planned reform to civil service pensions should be supplemented with more holistic changes to address actuarial imbalances. Advancing plans to adopt an accrual-based accounting system for the budget would improve fiscal transparency. Efforts to reduce debt rollover risks should continue.

“Financial sector policies should continue to aim at preserving financial stability. Systemic financial stability risks remain moderate. As bank credit to the private sector increases, safeguarding banks’ resilience is crucial, including by monitoring potential risks stemming from banks’ exposure to the sovereign. The oversight of nonbanks should be strengthened, and closing data gaps is a priority. Operationalizing real estate price indices is still needed. Planned legal reforms can help improve resolution frameworks and safety nets. Reducing the ceiling on central bank advances to the government would support the exchange rate peg, and it is essential to maintain efforts to implement the 2024 DARE Act. Actions to enhance risk-based AML/CFT supervision and promote financial inclusion should continue.

“Fostering economic resilience and investing in human and physical capital should ease supply-side constraints to growth. Policies to raise productivity, together with fiscal consolidation, can help narrow external imbalances, given that the external position is moderately weaker than the level implied by medium-term fundamentals and desirable policies. Ongoing infrastructure projects in hotels and airports can alleviate capacity constraints in tourism. To reduce vulnerable employment and lessen informality, it is important to cut red tape for businesses, strengthen education, and continue expanding training and upskilling opportunities. Trade diversification could strengthen economic resilience and reduce import costs (with more benefits for consumers if coupled with greater product market competition). The energy sector reform is advancing and may significantly improve the cost and reliability of electricity. There is scope to continue enhancing disaster risk management and investing in climate resilience. To address housing affordability challenges, investing in social housing and refining rental market regulations could help ease supply constraints.”

Table 1. The Bahamas: Selected Economic Indicators

	2023	2024	2025	2026	2027	2028	2029	2030
			Est.	Projections				
Real GDP (annual % change)	3.0	3.4	2.8	2.2	1.9	1.8	1.6	1.5
Unemployment rate (%)	10.2	8.4	9.5	9.4	9.2	9.0	9.0	9.0
Current account balance (% of GDP)	-7.0	-7.6	-7.8	-7.5	-7.3	-6.8	-6.5	-6.1
CPI inflation (% , period average)	3.1	0.4	0.6	1.2	1.8	1.8	2.0	2.0
CPI inflation (% , end of period)	1.9	0.0	0.7	1.5	1.8	1.9	2.0	2.0
Fiscal overall balance (% of GDP) 1/	-3.7	-1.2	-0.5	-0.5	-0.4	-0.3	0.1	0.2
Fiscal primary balance (% of GDP) 1/	0.3	2.7	3.7	3.6	3.6	3.7	3.8	3.8
Central government debt (% of GDP) 1/	78.3	73.8	74.1	72.7	71.4	69.9	67.9	65.8

Sources: The Bahamian authorities; and IMF staff calculations.
1/ Fiscal year (FY, July 1 - June 30)



THE BAHAMAS

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

January 20, 2026

KEY ISSUES

Context. The Bahamas has been in the midst of a solid economic recovery, supported by buoyant tourism. This has created space to strengthen public finances, improve the institutional framework for fiscal policymaking, and invest in disaster risk management. Inflation has declined, supported by the peg with the U.S. dollar. An ambitious electricity sector reform is underway but Hurricane Melissa is a vivid reminder that the country remains vulnerable to unpredictable natural disasters.

Outlook and Risks. Growth is projected to slow to 1½ percent, consistent with the assessed potential growth rate of the economy. Public debt is on a downward path but still at an elevated level. Downside risks stem from a potential global slowdown (which would eat into tourism receipts) and the possibility of more frequent and extreme weather events. On the plus side, capacity constraints in the tourism sector are being alleviated through public and private infrastructure projects which can imply somewhat higher actual and potential growth in the years ahead.

Policy Discussions. The consultation focused on the best way to reinforce the authorities' planned fiscal consolidation while relieving supply side constraints to growth. Revenue-enhancing tax policy measures and the reprioritization of expenditures will be needed to underpin the authorities' medium-term fiscal goals. There is a need to both accurately assess and mitigate fiscal risks, including those arising from public-private partnerships in new infrastructure projects and from climate-related shocks. A range of financial sector reforms will help preserve stability and improve financial inclusion. There is scope to do better on potential growth to complement ongoing investments in infrastructure (through higher spending in human capital accumulation, cutting red tape for businesses, and making the economy more resilient to extreme weather events).

Approved By
**Nigel Chalk (WHD) and
 Jarkko Turunen (SPR)**

Discussions took place in Nassau during December 2–12, 2025. The team comprised Jorge Salas (head), Julien Acalin, Maria Alexandra Castellanos, and Yuanchen Yang (all WHD), with support from Pablo Tillan (WHD, remotely). Astrid Baigorria and Kristine Laluces (WHD) provided editorial assistance. Ben Aldersey (LEG) virtually joined some meetings. Brad Recker (OED) participated in the discussions. The mission met with Prime Minister Philip Davis, Minister of Economy Michael Halkitis, Central Bank Governor John Rolle, Financial Secretary Simon Wilson, other senior officials, and private sector and civil society representatives.

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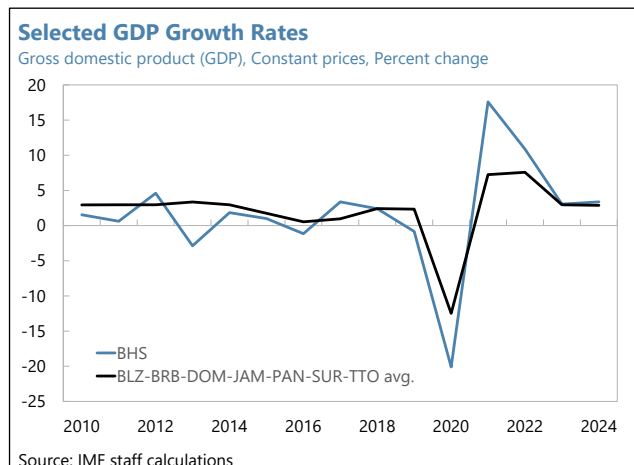
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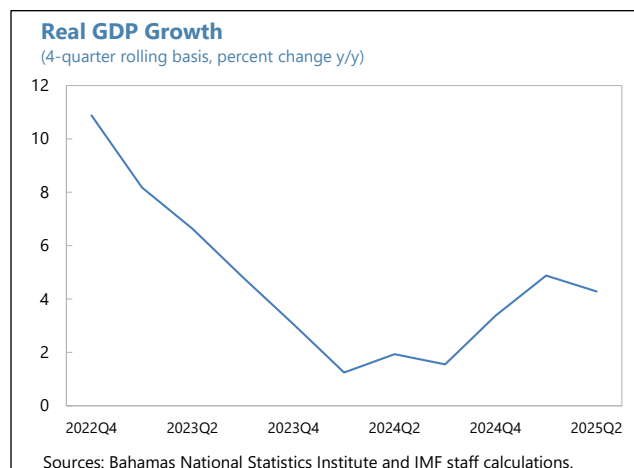
CONTEXT

1. The Bahamian economy has strengthened in recent years. Following a pre-pandemic decade of low growth and adverse shocks, The Bahamas has staged a robust post-Covid recovery. Tourism remains the major driver and The Bahamas has continued to perform strongly against other Caribbean peers in a very competitive market. Steps have been taken to reduce deficits and debt, with the budget benefitting from higher tourism-related revenue flows (Annex I). The goal ahead will be to further reduce fiscal vulnerabilities and foster sustained growth. The ongoing electricity sector reform, increased capacity for tourism, and investing in climate resilience will all be key. General elections are scheduled to take place on or before September 2026.



RECENT DEVELOPMENTS

2. Growth is expected to be around 2.8 percent in 2025.¹ Real GDP growth in the first half of 2025 was 4.7 percent y/y, with construction as a key driver, contributing nearly 2 percentage points and boosted by commercial projects in tourism and energy. Cruise sea arrivals have increased significantly (up 11.6 percent y/y until October), contrasting with a drop in stayover tourists (-1.9 percent y/y until October). Hotel capacity constraints are binding in peak periods but the short-term vacation rental market is growing to provide some additional scope to accommodate stayover tourists (Box 1). Unemployment was 9.3 percent in the second quarter of 2025, an uptick relative to 2024 but in part due to an increase in labor force participation. In late October, Hurricane Melissa prompted evacuations from some scarcely populated islands but its economic impact has been modest.



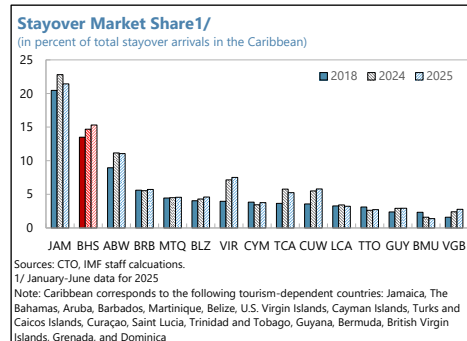
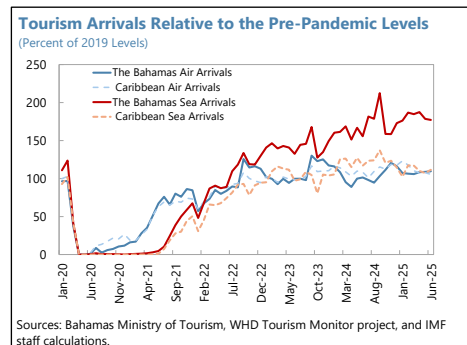
¹ In May 2025, The Bahamas National Statistics Institute revised the historical GDP series, which led to an increase in the GDP level of nearly 7 percent by 2023. The revision included better accounting for activities in cruise private destinations.

Box 1. Recent Developments in The Bahamas' Tourism Sector

Stayover visitors account for the bulk of tourism. Around 90 percent of tourism expenditure (or 28 percent of GDP) is from stayover visitors. After a strong post-pandemic rebound, growth in arrivals has slowed even as hotel capacity constraints have been partly mitigated by short-term rentals.

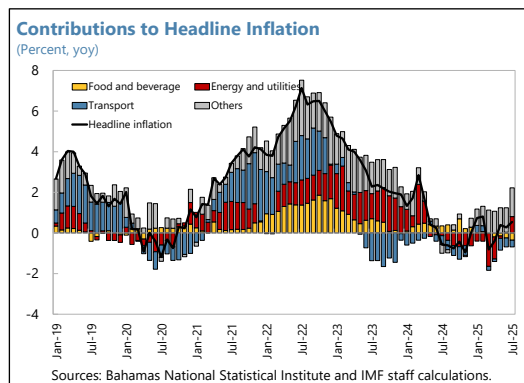
The Bahamas' share in the Caribbean's stayover tourism market has been stable at around 14 percent, largely from U.S. tourists. There is a strong comparative advantage in the luxury tourism segment but tourist inflows are very geographically concentrated (around 80 percent from the U.S.). The authorities are, though, increasing promotion efforts in other markets and working to upgrade airport capacity.

Cruise arrivals have surged. The Bahamas now leads the cruise segment with around 40 percent of sea arrivals in the Caribbean going to The Bahamas. This reflects strong overall demand for cruises, proximity to the U.S., and the development of infrastructure for private destinations for cruise passengers.



3. Inflation has decelerated. After peaking at 7.1 percent y/y in July 2022, inflation fell to 1.3 percent by July 2025. Lower global energy and goods prices and reductions in local electricity tariffs have been the main factors behind this decline.²

4. The primary balance recorded another surplus in FY2024/25. Higher departure taxes (reflecting strong tourist flows and tax increases for cruise passengers) and improved collections of the value-added tax have buoyed the fiscal position. While this was partially offset by spending on goods and services and transfers to non-financial public corporations, the overall result was close to budget balance in FY2024/25.

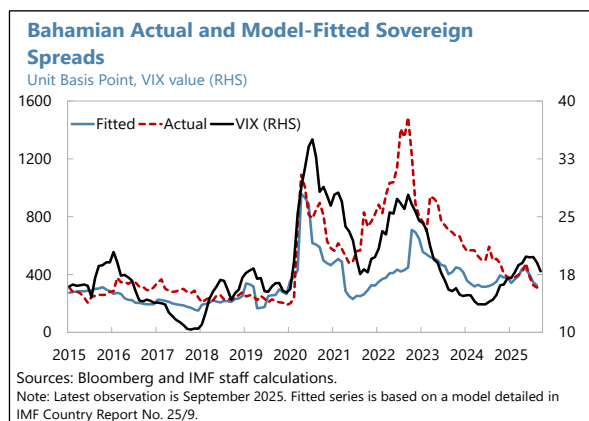
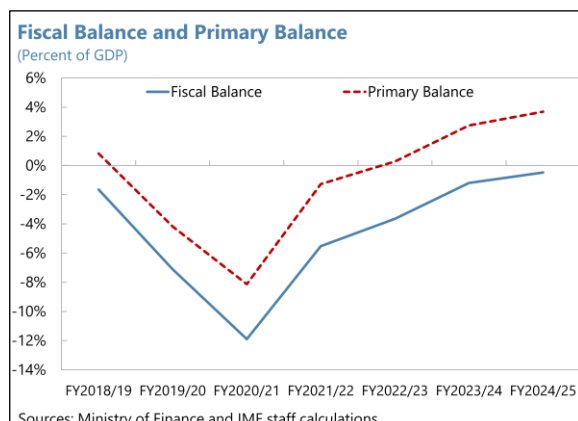


5. The budget is being financed by a Eurobond issuance. Domestic financing was concentrated on short maturity debt largely held by local banks. An IDB-supported debt-for-ocean-conservation swap raised US\$300 million, and a US\$1.1 billion Eurobond issued in June 2025 allowed for a buyback of US\$0.8 billion in more expensive external obligations.³ Central government

² A progressive electricity rate adjustment was implemented in July 2024 (see IMF Country Report No. 25/9).

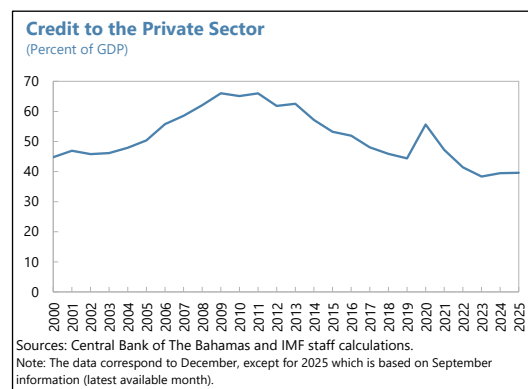
³ The debt-for-nature swap (November 2024) extended the average debt maturity and lowered debt service by US\$242 million through 2030. The Eurobond issuance and the associated buyback operation are estimated to extend the average maturity of outstanding Eurobonds by 2.1 years and to lower scheduled principal repayments by about \$451 million over the next three years.

debt is around 74 percent of GDP (with downward revisions to the historical debt-to-GDP ratio reflecting the recent statistical changes to the historical GDP series). S&P upgraded the sovereign rating from B+ to BB-, and spreads have fallen below 300bps.



6. The 2025 external position is moderately weaker than the level implied by medium term fundamentals and desirable policies (Annex II). The current account deficit is expected to be 7.8 percent of GDP in 2025, with a large goods deficit offset by a services surplus. The direct impact of U.S. tariffs has been limited (the average trade-weighted tariff for The Bahamas is around 3.1 percent). International reserves are adequate at 143 percent of the IMF's ARA metric.

7. The banking system remains in good health. The risk-based capital ratio was 30.7 percent in September 2025, almost double the regulatory minimum. Bank profitability is strong and risks to asset quality are relatively low (5.2 percent of loans are nonperforming and banks have provisioned at 86 percent of that amount). Private sector credit is growing at a steady pace (around 6 percent y/y).



Authorities' Views

8. The authorities highlighted that growth momentum was maintained in the first three quarters of 2025. They underscored the strength of cruise tourism and noted that robust construction activity is associated with foreign investment projects. While inflation is low, they remain concerned about the cost of living. The authorities agreed with staff's assessment of the external sector position.

OUTLOOK AND RISKS

9. Growth is expected to slow toward 1½ percent over the medium term. As capacity constraints in the tourism sector bind and the growth in cruise arrivals moderates, output growth is expected to align with estimates of potential growth. Headline inflation is projected to settle at

around 2 percent over the medium term. The current account deficit should narrow to about 6 percent of GDP, with increased tourism and a smaller fiscal deficit.

10. Risks to growth are balanced (Annex III). Downside risks include a tourism slowdown, tighter global financial conditions, natural disasters, or cyber threats. Upside risks arise from the potential for source-country diversification in tourism, faster growth in short-term vacation rentals, and greater-than-expected impact from public and private infrastructure projects. Inflation risks are broadly balanced. The potential upsides to global goods prices are offset by the possibility of larger-than-expected disinflationary effects from slowing demand, the electricity sector reform, and efforts to diversify the sources of imports.

11. A global slowdown would be felt mostly through the effects on tourist arrivals. In the event of the October 2025 WEO downside risk scenario being realized, The Bahamas' GDP growth could be 1-2 percent lower in 2026-2027, with an increase in the current account deficit and an adverse impact on the fiscal deficit and the debt-GDP ratio. In these circumstances, some time-bound and well-targeted countercyclical policy support can be provided, including through targeted assistance to vulnerable households, accompanied by a fiscal plan (which could incorporate policies discussed below, especially in paragraph 15) to return to compliance with the debt-to-GDP target under a clear timeframe. The policy response should also accelerate reforms that are designed to ease supply-side constraints to growth (e.g., barriers to businesses) and enhance vigilance of financial stability risks, particularly in the domestic banking sector.

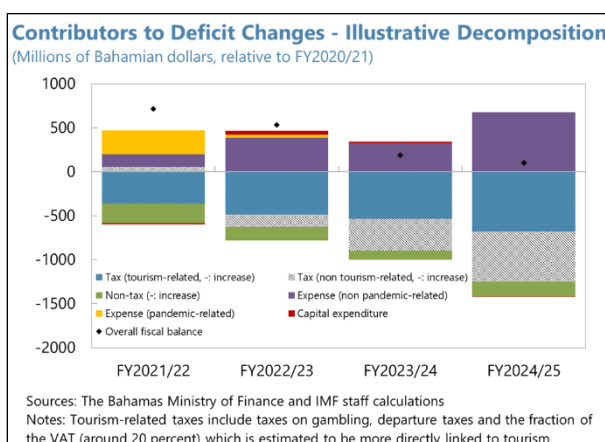
Authorities' Views

12. The authorities concurred that capacity constraints are weighing on stayover tourism but underscored some upside risks to the outlook. The authorities highlighted the expected positive impact of investments in the tourism and energy sectors. However, they remain cautious towards risks stemming from global developments. In a downside global scenario, the authorities would prioritize spending on social programs while aiming to safeguard fiscal revenues and preserve favorable financing options. The authorities see the financial sector well prepared to withstand an adverse global shock.

POLICY DISCUSSION

A. Fiscal Policy

13. The reduction in the fiscal deficit has been largely underpinned by higher tourism-related revenues and expenditure discipline. Revenues were also boosted by higher fees for business licenses and immigration applications, increases in the departure tax, and tax administration gains (e.g., from digitalization).



Current spending, transfers to public corporations, and capital spending have all been contained (allowing spending to fall as a share of GDP).

14. The FY2025/26 budget targets an overall fiscal surplus. New revenue from the Domestic Minimum Top-Up Tax (DMTT) on large corporations is expected to yield around 0.7 percent of GDP.⁴ The authorities should continue working on additional regulations and guidance to taxable companies that can help ensure effective DMTT implementation and collection. Receipts will continue to be supported by departure taxes and immigration-related fees. The 2025 public service salary review will increase the wage bill as a share of GDP, and the government plans a modest increase in investment spending. The budget also lowers the VAT for basic goods and provides for customs duty exemptions on certain goods.⁵ These measures will support vulnerable households but that objective could have been better achieved through targeted support rather than broad-based tax relief that will complicate tax administration and raise the risks of tax evasion. Continued fiscal tightening is required in the near term, including in the context of a positive output gap.

15. Staff estimates suggest that meeting the authorities' 50 percent of GDP target for central government debt in FY2030/31 will require additional policy measures. The public debt is declining as a ratio of GDP but the risk of sovereign stress is moderate (Annex IV).⁶ In addition to sustained efforts to improve tax administration and compliance, quickly reducing debt to 50 percent of GDP could be achieved most equitably and efficiently by:

- Replacing the business license fee with a new corporate income tax, with an estimated annual yield of 1.3 percent of GDP by FY2029/30.
- Introducing a progressive personal income tax, with an estimated annual yield of 2.0 percent of GDP by FY2029/30.
- Reducing tax expenditures (notably exemptions to the VAT and customs duties), which would yield around 0.2 percent of GDP.
- Eliminating the ceiling on the real property tax, which would yield 0.1 percent of GDP.
- Raising the standard VAT rate to around 15 percent (i.e., the midpoint of that charged by regional peers), leading to about 2 percent of GDP in additional revenue.

⁴ The [DMTT Act](#) was enacted in November 2024 in the context of the OECD's Pillar Two framework. It applies retroactively to fiscal years beginning after December 31, 2023, with revenue collection set to start in FY2025/26. Relatedly, the [Business Development Incentives Programme Bill](#), enacted in June 2025, introduced tax credits to large businesses in strategic sectors that may be deducted from DMTT liabilities.

⁵ In mid-January 2026, the government announced the removal of VAT on unprepared food, effective April 1, along with property tax relief measures. These policies pose some downside risks to staff's baseline tax-revenue projections (on a preliminary basis, these new measures might lower revenues by around 0.2 percent of GDP annually), especially from FY2026/27 onwards.

⁶ The risk of sovereign stress has been upgraded to "moderate" from "high" in the previous 2024 Article IV Consultation.

- Improving the operations of state-owned enterprises and reducing fiscal transfers to these entities (especially the health and water enterprises), which could reduce current expenditure by nearly 1 percent of GDP.

These measures would allow for a reduction in the fiscal deficit but would also give some space to invest more in education, social protection, and hardening infrastructure for natural disasters (i.e. creating the possibility to raise spending on these items by around 2.2 percent of GDP over the medium term). In terms of sequencing, the reduction of SOE transfers and revenue-enhancing measures related to tax expenditures, the property tax, and the VAT rate could be frontloaded, while the introduction of corporate and personal income tax regimes would require efforts to build broad public support and enhancements to administrative and institutional capacity can take time to bear fruit. Delaying the implementation of these measures could pose risks to achieving the authorities' fiscal and debt targets.

16. A range of efforts are underway in various areas to improve fiscal institutions:

- The authorities are working to increase domestic financing and mitigate rollover risks. The borrowing strategy prioritizes the issuance of medium to long-term securities, concentrated in a relatively limited number of maturities. Liability management operations would be used to help achieve the preferred debt portfolio structure.
- Plans are envisioned to adopt an accrual-based accounting system for the budget, which would improve fiscal transparency and decision-making. Work is also underway to strengthen the capacity to monitor and manage fiscal risks.
- Changes could be made to the PFM Act to incorporate correction mechanisms—with predefined triggers, timelines, and corrective measures—to automatically raise the fiscal balance target when debt-to-GDP moves above the government's targeted path. This would help reduce sovereign spreads and provide a valuable and credible fiscal anchor.⁷
- Finally, it remains critical to monitor and publish SOEs' audited financial statements (especially given the scope of government guarantees of SOEs' debt).

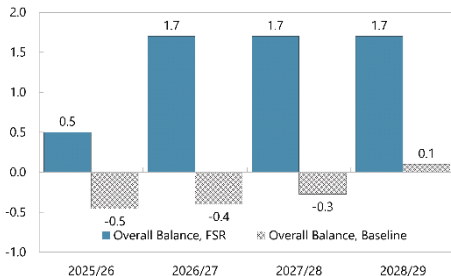
17. The planned reform to the civil service pension system should be supplemented with more holistic changes. This scheme for public servants is funded entirely by the central government, and the unfunded liability exceeds 15 percent of GDP. The authorities' proposal would convert the system over time into a defined contribution pension system. The reform should be complemented by broader changes to lessen the actuarial imbalance of the whole system, by indexing the retirement age to life expectancy and transitioning over time all public servants to the new scheme (instead of only the new hires) while honoring the benefits that have accrued under the existing plan.

⁷ See Acalin et al., [2025a](#) and [2025b](#).

Fiscal Projections Under Different Scenarios

Fiscal Balance Projections

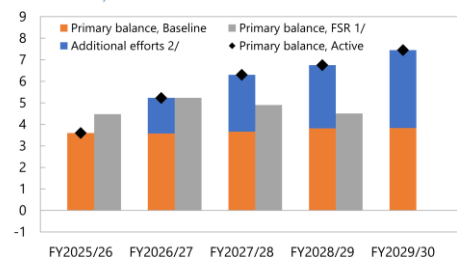
(Percent of GDP)



Sources: Fiscal Strategy Report 2025 and IMF staff calculations.

Primary Balance: Active vs Government's Scenarios

(Percent of GDP)



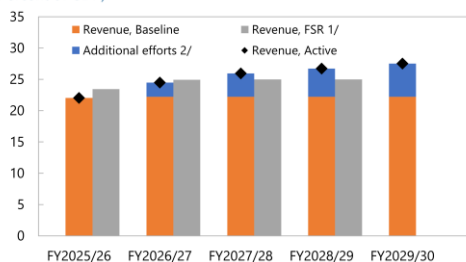
Sources: The Bahamian authorities; and IMF staff calculations.

1/ Fiscal Strategy Report 2025 using staff's GDP projections as the denominator.

2/ "Additional efforts" refers to effort needs in active scenario compared to baseline scenario.

Revenue: Active vs Government's Scenarios

(Percent of GDP)



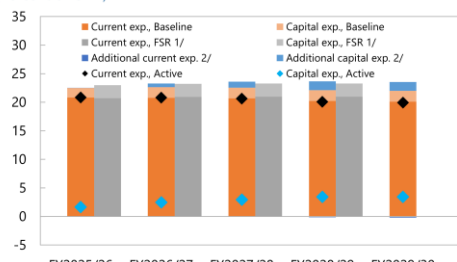
Sources: The Bahamian authorities; and IMF staff calculations.

1/ Fiscal Strategy Report 2025 using staff's GDP projections as the denominator.

2/ "Additional efforts" refers to effort needs in active scenario compared to baseline scenario.

Expenditure: Active vs Government's Scenarios

(Percent of GDP)



Sources: The Bahamian authorities; and IMF staff calculations.

1/ Fiscal Strategy Report 2025 using staff's GDP projections as the denominator.

2/ "Additional expenditure" refers to effort needs in active scenario compared to baseline scenario.

Notes: See the main text for details. The active scenario assumes the implementation of the policy measures described in paragraph 15 since FY2026/27, with the CIT and PIT measures assumed to start only in FY2027/28. The active scenario also implies larger GDP gains from structural reforms.

18. The increased use of public-private partnerships to develop infrastructure should go hand in hand with stronger PPP oversight and governance. Using this tool effectively will require a strengthening of the institutional framework to clarify risk-sharing arrangements, improve monitoring and enforcing of private partners' obligations, and ensure transparent fiscal reporting (Box 2).⁸ An immediate priority should be to improve fiscal reporting and enhance the overall institutional framework for PPPs. It would be important to quantify and report potential liabilities associated with ongoing energy sector investments.

Box 2. The Role of PPPs

A [2025 IDB report](#) finds that meeting the country's investment needs in healthcare, roadworks, airports, water networks, and renewable energy will require over 3 percent of GDP in additional annual investment by 2030.

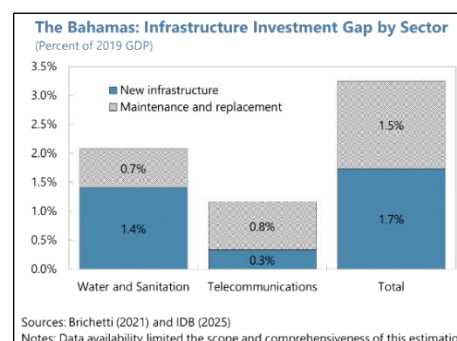
The authorities have prioritized PPPs in providing this incremental investment, building on recent efforts to upgrade airports and improve the electrical grid. The 2023 Public Procurement Act provides a regulatory framework for these investments.

⁸ For a discussion of PPPs, including in the Caribbean and The Bahamas, see [IMF \(2019\)](#), [IMF \(2021\)](#), and IMF Country Report No. 25/9.

Box 2. The Role of PPPs (concluded)

Caution, though, is warranted given the risk of underestimating the liabilities associated with PPPs. Effective PPP implementation requires robust governance including in contract bidding, procurement, and the monitoring of projects. This should include:

- a clear process to govern the preparation and procurement of PPP projects, drawing on expertise in the Ministry of Finance;
- dedicated and proactive fiscal risk management of PPPs;
- proper budgeting, accounting, and reporting standards that ensure full fiscal transparency and accountability, with potential liabilities quantified and reported; and
- a clear and consistent enabling legal framework.

**Authorities' Views**

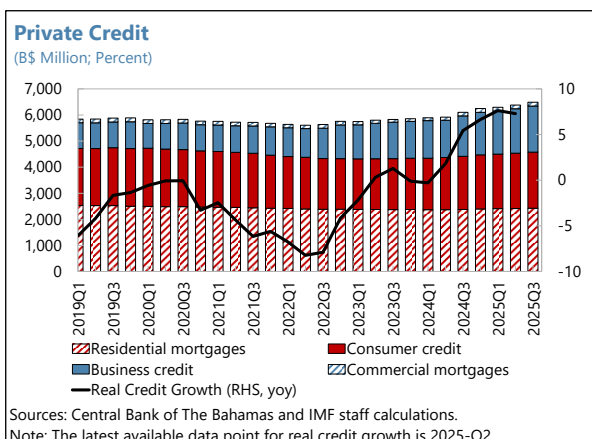
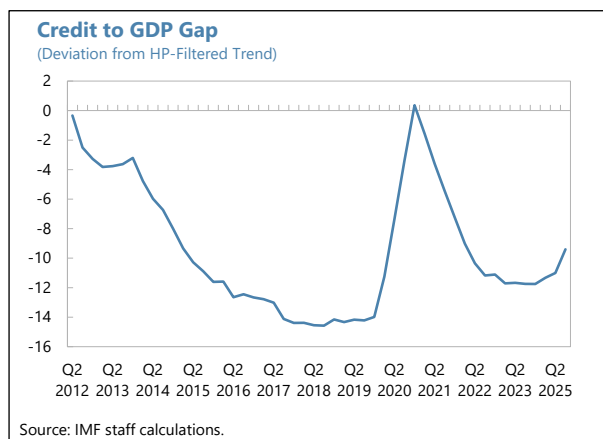
19. The authorities remain committed to meeting their fiscal and debt targets, and they are aiming to strengthen fiscal institutions. Their immediate priority is to further enhance revenues under the current tax regime, including through administrative and compliance measures to improve collection from VAT and other taxes. They continue to engage with the OECD Inclusive Framework to secure transitional “qualified” status for the DMTT. The authorities agreed on the need to reduce transfers to SOEs. Based on the findings of the 2025 Public Expenditure and Financial Accountability (PEFA), they plan to strengthen fiscal institutions, including improving the oversight of SOEs. While highlighting that risk-sharing arrangements under PPPs are carefully designed, they agreed that more efforts could be made to reinforce the PPP institutional framework.

20. The authorities reported progress on debt management. To reduce refinancing risks, they are mobilizing more domestic financing at longer maturities. The authorities are working to deepen the domestic debt market by refining competitive bidding mechanisms, broadening the investor base, and aiming to develop a repo market.

B. Financial Sector Policy

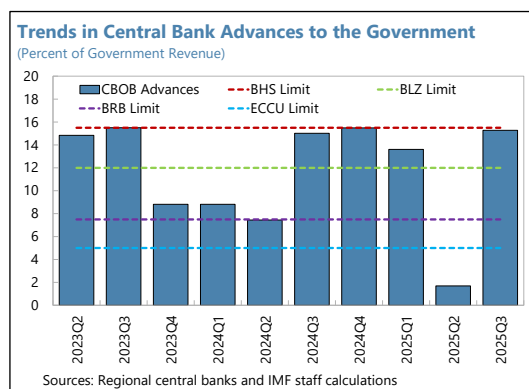
21. Systemic financial stability risks are moderate. Banks dominate the financial system and they remain liquid and well capitalized. Central Bank stress tests indicate that banks are broadly resilient to even severe adverse shocks. Total loans to households and corporates are relatively low, although corporate loans are growing relatively quickly (Annex V). As credit expands, supervisors should continue safeguarding banks’ resilience, ensuring the maintenance of high lending standards. The banks face latent risks from their sizable exposure to the sovereign, with a potential for higher exposure in the future as a result of the authorities’ efforts to develop the domestic debt

market and banks’ appetite for government securities.⁹ Supervisory vigilance and efforts to broaden the investor base for public debt would help prevent banks from facing potential adverse feedback effects linked to sovereign exposure. The insurance sector’s financial position appears healthy, although it does face a material exposure to natural disasters. Work is underway to improve the governance of the credit unions, but there is more work needed to improve oversight of the nonbanks more broadly.



22. The Financial Stability Council’s work should aim to close data gaps. The council became operational in February 2025 and brings together the heads of the Central Bank, Ministry of Finance, the Insurance Commission, the Securities Commission, and the Deposit Insurance Corporation to coordinate financial stability oversight, systemic risk assessments, and crisis response. The Council’s focus on addressing data gaps should translate into the adoption of a time-bound plan for operationalizing real-estate price indices and loan-level data (from bank and nonbank lenders). These efforts would help to effectively calibrate borrower-based macroprudential tools.

23. Work is being undertaken to implement reforms, including to address the 2019 FSAP recommendations (Annex VI). Legal improvements have been drafted to strengthen the resolution frameworks and provide backstop funding mechanisms to the deposit insurance corporation. Enacting these legal changes should help tackle shortcomings in crisis preparedness and safety nets. Other legal reforms have been prepared to improve oversight of payments and money services providers. The Central Bank is working to incorporate climate risks into its stress-testing framework, has released



⁹ Banks’ holdings of government securities have increased from about 16 percent of bank assets in pre-pandemic years to nearly 19 percent of bank assets in 2024. Slightly less than a half of these total holdings correspond to Treasury Bills, and the rest to bonds, as of 2024.

regulatory guidelines to allow for the testing of fintech innovations, and is aiming to improve cybersecurity resilience. Supervisors should have adequate resources to continue enhancing their technical capacity. It is essential to maintain efforts to implement the 2024 DARE Act, which upgraded the regulatory framework for digital assets (notably by extending the scope of digital asset activities subject to the regulations, increasing investor protections and controls, introducing requirements for stablecoin issuers, and strengthening AML/CFT requirements), including by providing guidance and feedback to digital assets firms to ensure they are meeting regulatory expectations. In 2024, the government took steps to ease existing CFMs (see Annex II) and enacted legislative reforms applicable to foreign exchange transactions.¹⁰ Work is still needed to lower the ceiling on central bank advances to the government (to support the exchange rate peg).

24. The Central Bank has completed a consultation on agency banking, aiming to improve access to banking services by allowing licensed non-bank entities to deliver services on behalf of banks and credit unions. These licensed entities would have to ensure full operability of the SandDollar, which is slowly expanding access to financial services for underserved communities, including in some small islands.¹¹ An initiative has been launched to implement fast payment systems. To match these efforts, it is necessary to continue investing in financial literacy and, especially, to enhance telecommunications and electricity infrastructure.

25. Actions are being taken to address money laundering threats and vulnerabilities identified in the 2024 National Risk Assessment. This includes increasing the capability to investigate and prosecute money laundering and ensuring the allocation of appropriate resources to risk-based AML/CFT supervision. A review of the country's AML/CFT framework by the Caribbean Financial Action Task Force is planned for late 2026.

Authorities' Views

26. The authorities indicated that financial stability risks remain low. In their view, domestic banks' lending standards remain prudent, supported by an active use of credit bureau information. The authorities noted that the recovery in bank credit is consistent with the economic outlook and the reduction of credit risk. They agreed that it is important to monitor potential risks stemming from banks' sovereign exposure, but do not see this as a major area for concern. They also emphasized the need to strengthen stress testing capacity and to close data gaps, including to evaluate climate risks and enhance the oversight of nonbanks. The authorities noted that the Financial Stability Council has helped improve coordination, but acknowledged that upgrading technical capacity across financial supervisors would be helpful.

¹⁰ Staff is assessing the changes introduced in 2024 to The Bahamas' capital flow measures and stamp duties regime in accordance with the Fund's Institutional View on liberalization and management of capital flows and Article VIII of the Articles of Agreement.

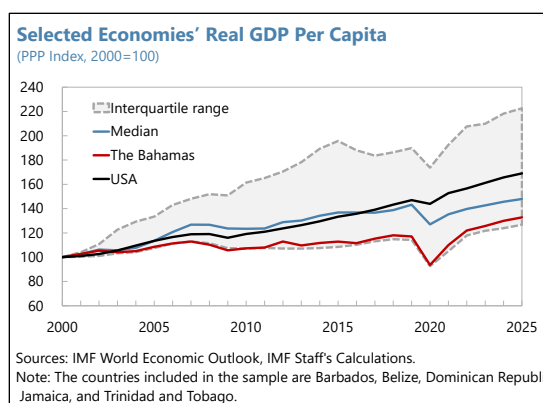
¹¹ The SandDollar (central bank digital currency) represented about 0.4 percent of total currency in circulation at end-2024. Consumer wallets reached 133,481 users by December 2024, representing about a third of the country's population and an annual increase of 12.2 percent, while merchant wallets expanded by 3.2 percent to 2,034 users over the same timeframe.

27. The authorities remain committed to modernization of the domestic payments system and to boosting financial inclusion. They underscored the SandDollar’s positive impact especially on the scattered islands of the archipelago, with limited access to banking services. Other measures aimed at improved access to banking services include agency banking and basic banking, which were presented for public consultation in 2025 and intended for implementation in 2026. The Central Bank also proposed a suite of legislative reforms aimed at further strengthening the financial sector’s regulatory framework, depositor protection, and overall financial system resilience. These proposals were also published for public consultation in 2025, ahead of presentation at parliament in 2026.

28. The authorities are preparing for the 2026 Financial Action Task Force (FATF) evaluation. On AML/CFT supervision, they indicated their strong focus on preparing for the 2026 evaluation by the Caribbean FATF. The authorities also noted their use of gap analysis to ensure that digital-asset firms are adapting to the 2024 DARE Act requirements.

C. Supply Side Policies

29. Growth in income per capita continues to underperform that of the U.S. and of Caribbean peers. Labor productivity remains below pre-pandemic levels and the contribution of human and physical capital to potential growth has declined over time.¹² The medium-term outlook is constrained by skill shortages, barriers to businesses formation and expansion, and the ever-present potential for natural disasters.



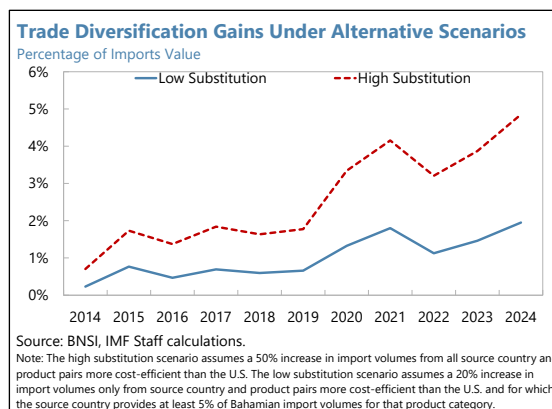
30. The authorities have embarked on initiatives to lift potential growth, including through the electricity sector reform and the creation of the National Productivity Task Force. Further relieving capacity constraints in the tourism sector, investing in human capital, tackling crime, and enhancing financial inclusion can boost long-term growth. Policies to raise productivity (along with fiscal consolidation) can also help to narrow the country’s external imbalances.

31. A priority has been placed on import diversification in an effort to source goods directly rather than re-importing them from the U.S. Steps are being taken to improve the infrastructure for trade in bulk imports, including in warehousing and logistics. Effective trade diversification could lower the import bill by 2 to 5 percent.¹³ Yet, there are challenges and

¹² [Amundsen et al. \(2025\)](#) estimate that, during 2000-19, the average contribution to potential growth was negative from physical capital and almost zero from human capital. That paper also finds that removing barriers that affect business operations can lead to important productivity gains.

¹³ See Acalin, J., forthcoming, “Tackling the Cost of Living in the Bahamas: A Trade Diversification Perspective”, IMF Working Paper.

constraints linked to the lack of economies of scale, importers' ability to manage currency risk from different suppliers, supply chain reliability and resilience, and an absence of harmonized product regulations (Box 3). Efforts are also being made to incentivize domestic production of certain imported goods (largely for food) and to promote local product market competition.



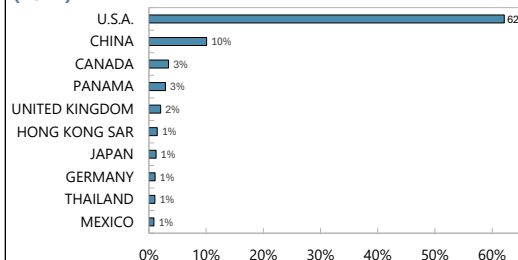
Box 3. Tackling the Cost of Living in the Bahamas: A Trade Diversification Perspective

The Bahamas mainly relies on imports from the U.S. including for food and other essential goods. Yet, the U.S. price advantage over other trading partners has eroded somewhat over the past decade. While the U.S. offered the lowest prices (measured as CIF unit values) for 73 percent of product categories in 2014, this share fell to 62 percent in 2024, with countries like China gradually emerging as competitive suppliers.

Effective trade diversification could lower the import bill. Quantitative analysis of bilateral trade data suggests that a strategic reallocation of around 2 percent of Bahamian import volumes from the U.S. to other lower-cost suppliers could have reduced the annual import bill by 2–5 percent, depending on the degree of import substitution at the intensive and extensive margins. For food products, potential savings range from 1.5 to 3.5 percent of the import bill. These gains are concentrated in a small number of trading partners and product categories, suggesting that targeted efforts—such as trade missions and focused supply-chain initiatives—could yield meaningful benefits.

However, some obstacles may prevent full realization of these gains. Domestic infrastructure may limit the ability to source goods at a large scale directly from lower-cost partners, rather than re-importing them from the U.S. Limited competition in shipping, distribution, and retail sectors could also reduce the pass-through of imports' savings to local consumers.

Trading Partners' Share of Cheapest Product Categories (2024)



Source: BNSI, IMF Staff's calculations.
Note: The chart shows the share of HS-6 product categories for which each trading partner was the lowest-cost source in 2024.

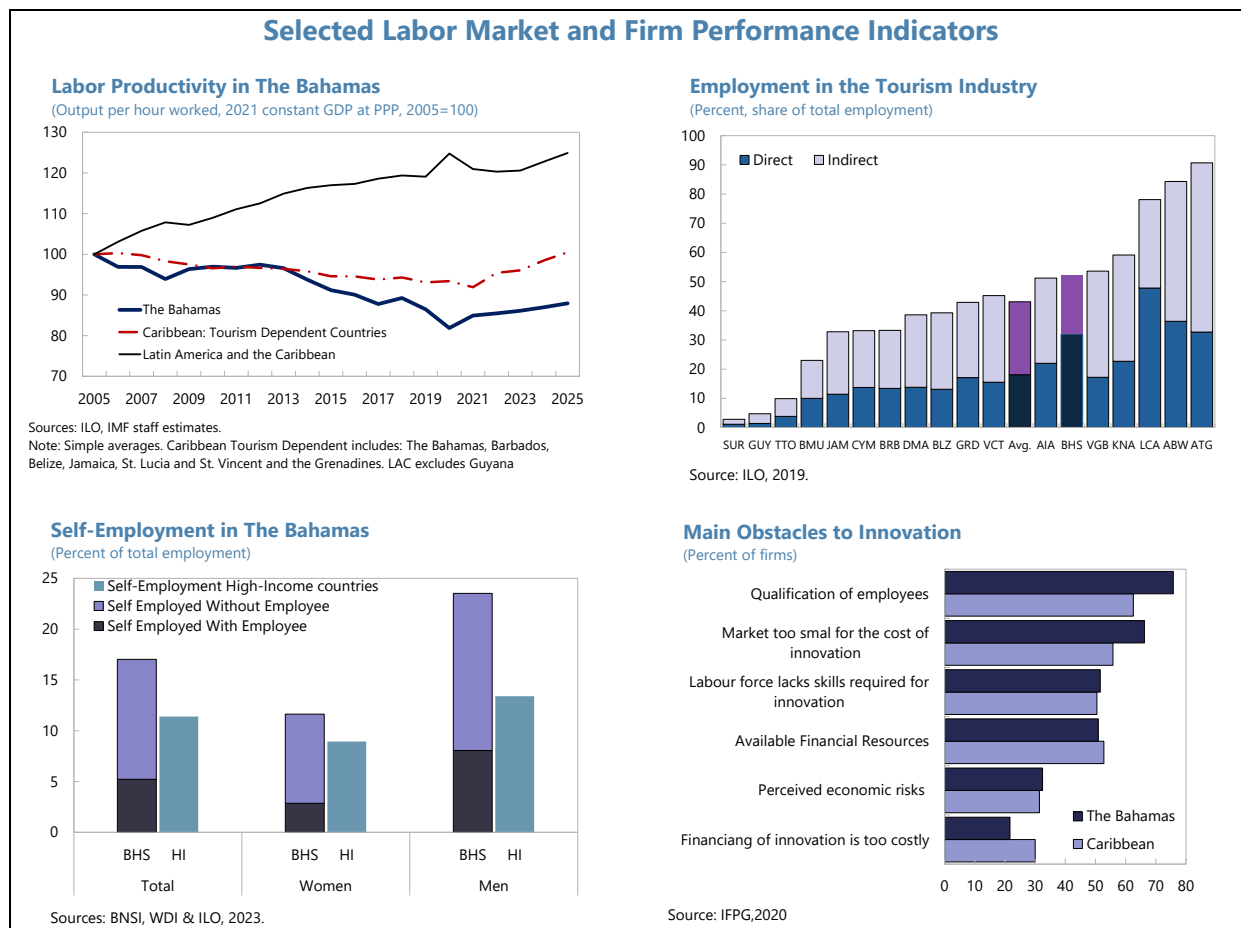
Top 10 Trading Partners' Contributions to Trade Diversification Gains

Country	All (%)	Country	Food (%)
CHINA	25	CANADA	12
JAPAN	17	DOMINICAN REP.	10
CANADA	5	BRAZIL	10
MEXICO	4	THAILAND	7
UNITED KINGDOM	4	UNITED KINGDOM	5
DOMINICAN REP.	3	CHINA	4
TURKIYE	3	MEXICO	4
BRAZIL	2	JAMAICA	4
HONG KONG SAR	2	TURKIYE	4
JAMAICA	2	BELGIUM	3

Source: BNSI, IMF Staff calculations.
Note: The table shows the top 10 trading partners' shares in the trade diversifications gains estimated for all products and food categories under the high substitution scenario.

32. The services industry is characterized by a relatively high share of labor costs, seasonal work, and the need for work beyond standard hours, which creates conditions for flexible work arrangements and relatively unstable jobs. There is a relatively high share of labor informality (around 18 percent of employment), and self-employment has become widespread in services and construction. Microdata indicates that self-employment is associated with lower earnings (see *Selected Issues Paper*). Some of these labor market patterns have the potential to undermine productivity growth. Streamlining business registration requirements, creating a

supportive environment for startups (including through improved informational outreach), and strengthening the education system, together with continued actions to expand vocational training, enhance job-matching services, and improve upskilling opportunities (including through lifetime learning) would help reduce vulnerable employment and lessen informality.

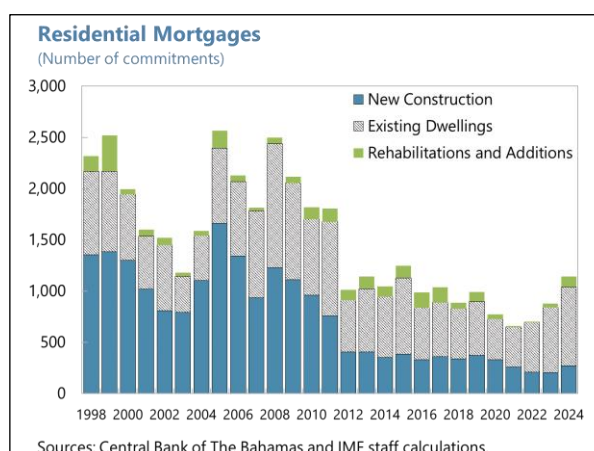
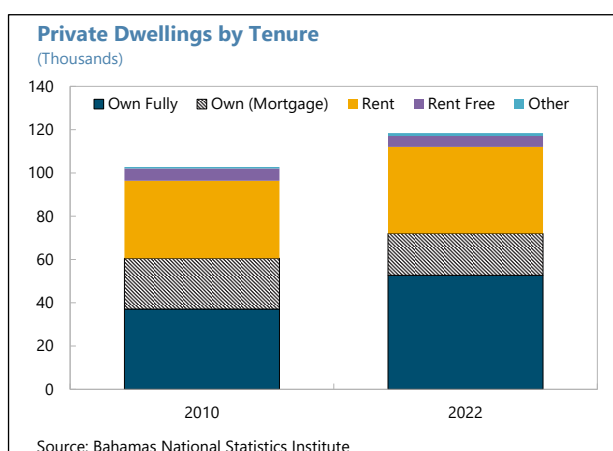


33. The authorities are targeting the generation of at least 30 percent of electricity with renewables and lower emissions energy by 2030. There are ongoing projects to construct an LNG regasification plant and build solar arrays in the Family Islands.¹⁴ The deployment of hybrid microgrids—combining solar energy, battery storage, and natural gas—is enabling the phase-out of costly generation equipment. The government is upgrading the grid to modernize transmission and distribution in New Providence. CAF recently approved a US\$100 million loan to improve energy affordability and resilience. Initially, planned investment was estimated at US\$500 million over the next five years, but investments are now expected to exceed that amount, largely relying on power purchase agreements with private sector partners. Enhancing the operational efficiency of the Bahamas Power and Light Corporation (an SOE) would also support these reform efforts.

¹⁴ See IMF Country Report No. 25/9.

34. In 2025, the IDB approved a US\$160 million loan to improve the implementation capacity of the disaster risk management authority. Tapping into available global climate finance could expand the 2024 debt-for-nature swap, support adaptation (including by improving public infrastructure), and reduce borrowing costs. Around 1.8 percent of GDP in additional annual capital expenditure over the next few years would be needed to strengthen the resilience of public assets.¹⁵ Resources for adaptation needs may also be obtained from private sector investments and multilateral sources (e.g., IDB and CAF). The Comprehensive Financial Strategy for Disaster Risk Management, adopted in July 2025, establishes a multi-layered financial protection system envisaging the use of risk retention and risk transfer instruments in response to disasters for an amount equivalent to nearly 2 percent of GDP. This strategy also considers elements on risk analysis and reduction as well as disaster preparedness, response, and recovery. Building on these important steps, more work is needed to address gaps in property insurance to ensure resources are available in the event of a natural disaster. This could include improving financial literacy, creating uniform policy terms, and strengthening data on the pricing and coverage of insurance products.

35. Homeownership rates have increased but housing affordability is a social and economic challenge. Residential mortgage applications have the lowest bank approval rate among all credit categories and banks face difficulties in verifying borrowers' income and employment status. Stronger supervisory efforts to reduce the stock of mortgage NPLs could help address overly stringent mortgage supply conditions faced by potential homebuyers. New housing construction has been weak for several years, creating supply constraints.¹⁶ Public spending on housing is low, and the authorities could create fiscal space to invest more in affordable social housing. Better regulations to govern rental contracts and landlord-tenant relationships could help incentivize increased supply of rental properties.¹⁷ However, elevated construction costs and relatively modest rates of wage growth could deepen affordability pressures in the near term.



¹⁵ See [Aligishiev et al. \(2022\)](#).

¹⁶ See IMF Country Report No. 25/9.

¹⁷ For a discussion of rental market affordability and policies, see [Elfayoumi et al. \(2021\)](#).

36. There is a need to improve data collection and quality (Annexes VII and VIII). There are publication lags for the CPI and fiscal data and an absence of data on the International Investment Position. There is a need for greater resourcing of the statistics agency and an increased priority on improving data quality and timeliness.

Authorities' Views

37. The authorities highlighted actions to tackle structural challenges. They noted that investments in airports and new cruise destinations, together with actions to improve airlift connectivity and source-country diversification, will help alleviate capacity constraints for tourism. They emphasized their efforts to address skill shortages through training, apprenticeship, and upskilling programs. The authorities indicated that the trade diversification strategy has buy-in from the private sector and they agreed that complementary actions are necessary, including to improve domestic shipping and logistics. They also acknowledged the need for greater product market competition and mentioned plans to introduce new competition legislation. Additionally, the authorities underscored that the electricity sector reform has helped reduce outages in New Providence, with the bulk of the reform expected to materialize by end 2027. They highlighted their actions to continue improving disaster risk management and explore new climate financing options. To address housing affordability challenges and expand supply, the authorities are considering increasing expenditure on social housing and revising rental regulations. They see the sluggish mortgage market as a constraint for potential homebuyers.

STAFF APPRAISAL

38. The economy has strengthened in recent years. Robust post-pandemic tourism has been a key driver of economic growth and fiscal revenues. Actions have been taken to improve public finances and to enhance disaster risk management. Continued fiscal consolidation, the ongoing electricity sector reform, increased capacity for tourism, and investment in climate resilience will be critical to further reduce fiscal vulnerabilities and foster sustained growth.

39. Growth is expected to moderate gradually. Growth in 2025 has been supported by construction and cruise tourism, but the economic expansion is expected to slow somewhat in 2026, converging toward the estimated potential rate of 1½ percent over the medium term. Risks are broadly balanced, with downside risks including a potential global slowdown and natural disasters, and upside risks entailing greater-than-expected effects of public and private infrastructure projects linked to tourism and the electricity reform. Inflation remains low.

40. Additional policy measures are necessary to achieve the authorities' medium-term target for central government debt. A primary surplus was reached again in FY2024/25, and the FY2025/26 budget targets an overall surplus. While declining, public debt remains elevated. Going forward, new revenue-enhancing and expenditure-optimizing measures should be prioritized to achieve the authorities' 50 percent of GDP target for central government debt. These measures can include introducing corporate and personal income taxes, rationalizing tax expenditures, raising the

standard VAT rate, and reducing transfers to SOEs. These efforts can give space to invest more in priority areas, such as education and resilient infrastructure.

41. More work is needed to strengthen fiscal institutions and reduce fiscal risks. An immediate priority should be to improve fiscal reporting and enhance the institutional framework for PPPs. It is also critical to accurately assess and mitigate fiscal risks arising from SOEs. The planned reform to civil service pensions should be supplemented with more holistic changes to address actuarial imbalances. Advancing plans to adopt an accrual-based accounting system for the budget would improve fiscal transparency. Efforts to reduce debt rollover risks should continue.

42. Financial sector policies should continue to aim at preserving financial stability. Systemic financial stability risks remain moderate. As bank credit to the private sector increases, safeguarding banks' resilience is crucial, including by monitoring potential risks stemming from banks' exposure to the sovereign. The oversight of nonbanks should be strengthened, and closing data gaps is a priority. Operationalizing real estate price indices is still needed. Planned legal reforms can help improve resolution frameworks and safety nets. Reducing the ceiling on central bank advances to the government would support the exchange rate peg, and it is essential to maintain efforts to implement the 2024 DARE Act. Actions to enhance risk-based AML/CFT supervision and promote financial inclusion should continue.

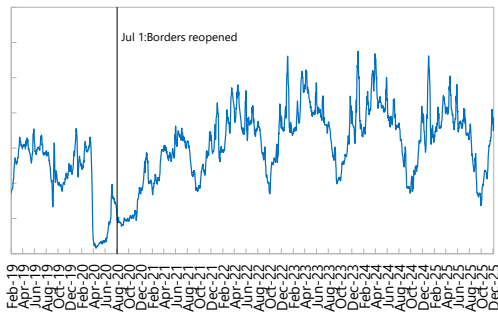
43. Fostering economic resilience and investing in human and physical capital should ease supply-side constraints to growth. Policies to raise productivity, together with fiscal consolidation, can help narrow external imbalances, given that the external position is moderately weaker than the level implied by medium-term fundamentals and desirable policies. Ongoing infrastructure projects in hotels and airports can alleviate capacity constraints in tourism. To reduce vulnerable employment and lessen informality, it is important to cut red tape for businesses, strengthen education, and continue expanding training and upskilling opportunities. Trade diversification could strengthen economic resilience and reduce import costs (with more benefits for consumers if coupled with greater product market competition). The energy sector reform is advancing and may significantly improve the cost and reliability of electricity. There is scope to continue enhancing disaster risk management and investing in climate resilience. To address housing affordability challenges, investing in social housing and refining rental market regulations could help ease supply constraints.

44. It is proposed that the next Article IV consultation with The Bahamas take place on the standard 12-month cycle.

Figure 1. The Bahamas: Real Sector and Price Developments

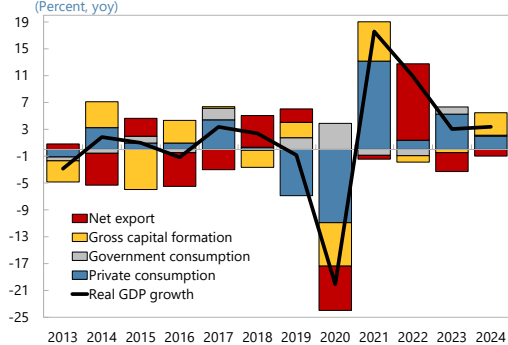
Flight arrivals have recently hovered around pre-pandemic levels....

Inbound Flights
(7-day moving average)



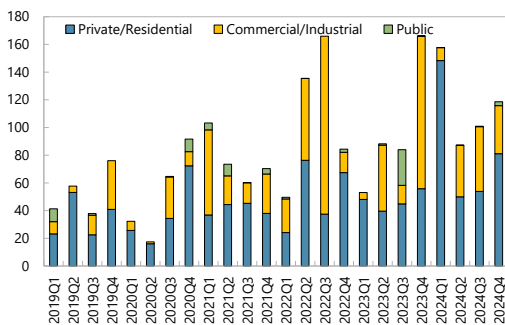
...while cruise-tourism buoyance and related investments have supported GDP growth above potential in 2024-25.

Contributions to Real GDP Growth
(Percent, yoy)



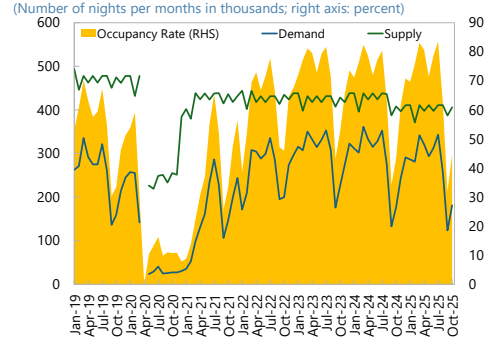
Completed private and commercial construction projects were at relatively high levels in 2024.

Value of Construction Completions Issued
(B\$ million)



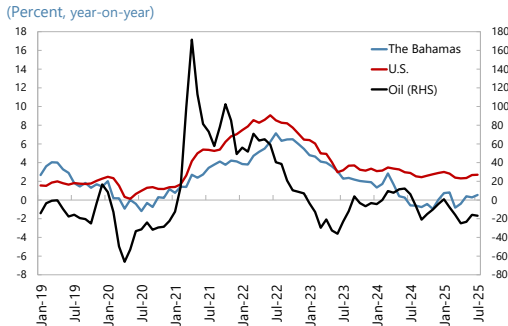
At its seasonal peaks, hotel occupancy rates have recently increased slightly.

Hotel Demand and Supply
(Number of nights per months in thousands; right axis: percent)



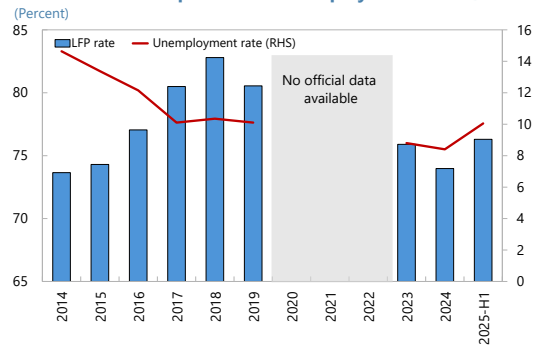
Amid subdued international oil prices, inflation is low.

Headline Inflation and Oil Prices
(Percent, year-on-year)



The unemployment rate declined in 2024 and moderately rose in the first half of 2025.

Labor Force Participation and Unemployment Rate 1/
(Percent)



Sources: Ministry of Tourism, Bahamas National Statistical Institute, FlightRadar24, Google, CoStar database, and IMF staff calculations.

1/ Values for 2023 are based on May's survey, before the new Labor Force Survey (LFS) methodology was implemented. Starting in Q3 2023, newly released LFS data may not be comparable to past data.

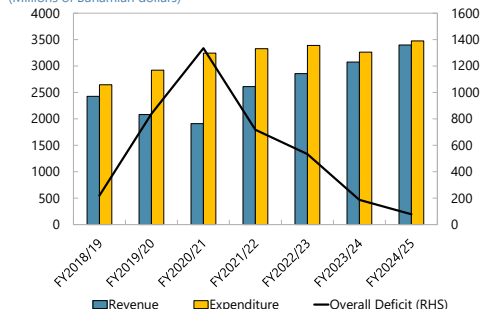
Figure 2. The Bahamas: Fiscal Developments

The fiscal performance continued to improve in FY2024/25...

... and the debt level has tended to stabilize; however, gross financing needs remain high.

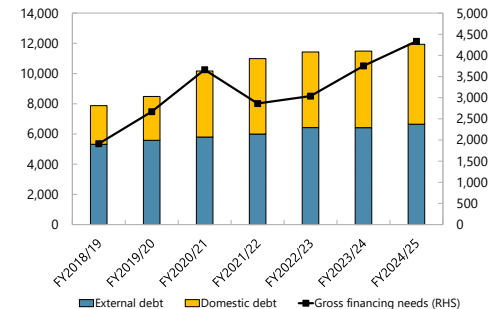
Fiscal Operations

(Millions of Bahamian dollars)



Government Debt and Gross Financing Needs

(Millions of Bahamian dollars)

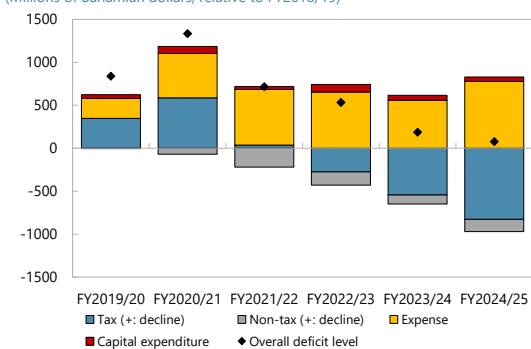


Strong revenue growth has supported fiscal consolidation...

... due to higher tourism-related revenues, the cyclical rebound, and improved tax collection.

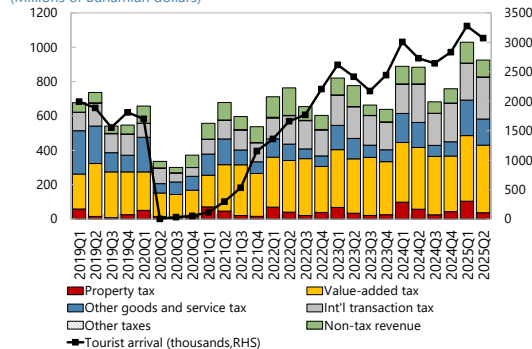
Contributors to the Change in Deficit

(Millions of Bahamian dollars, relative to FY2018/19)



Total Revenue

(Millions of Bahamian dollars)

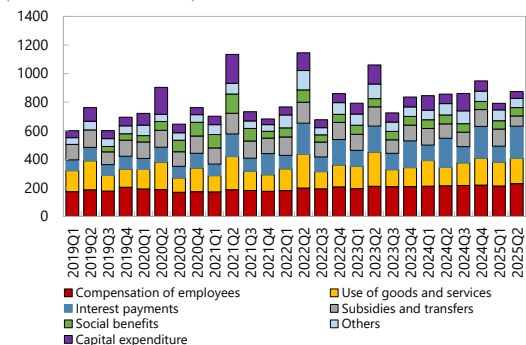


Expenditure increased moderately but remains contained...

... partly reflecting under-execution of capital spending.

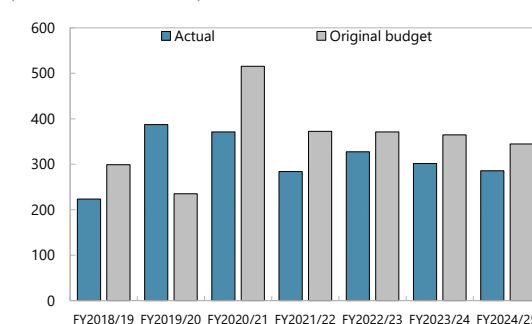
Total Expenditure

(Millions of Bahamian dollars)



Capital Expenditure and Capital Transfers

(Millions of Bahamian dollars)



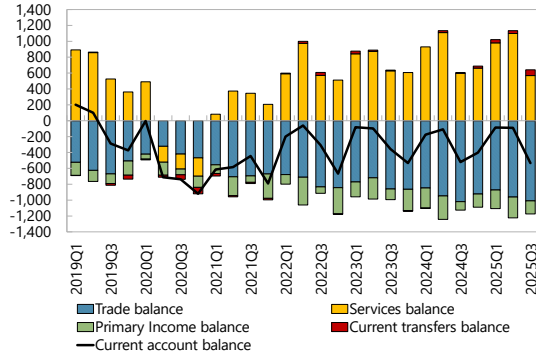
Sources: The Bahamian authorities and IMF staff calculations.

Figure 3. The Bahamas: External Sector Developments

By mid-2025, the current account level stayed broadly in line with previous years...

Current Account Balance

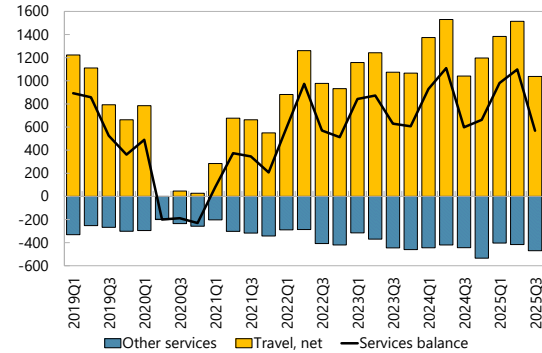
(B\$ billions)



.... mostly supported by travel receipts.

Services Balance

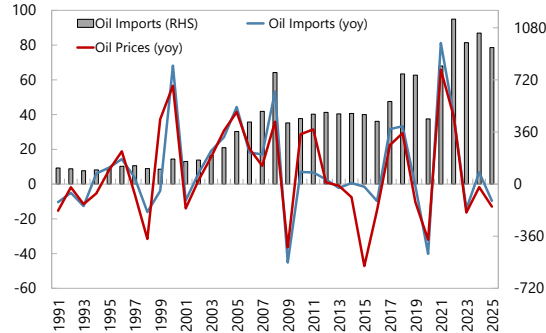
(B\$ billions)



Lower commodity prices led to reduced oil imports....

Oil Imports and International Oil Prices

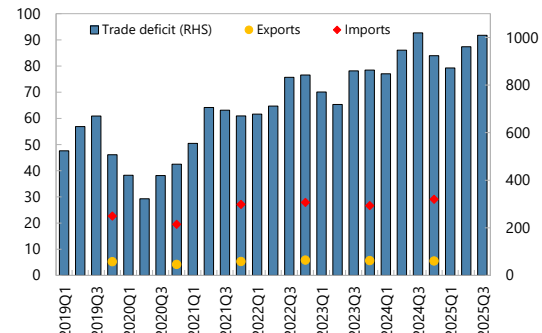
Left axis, Percent; right axis, US\$ millions



.... but the trade deficit in goods remains elevated.

Trade Deficit

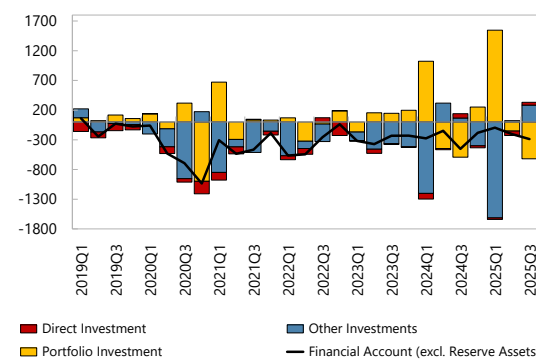
Left axis, Percent of GDP; Right axis, B\$ Billions



Net capital inflows have remained broadly stable and financed the trade deficit...

Capital Flows 1/

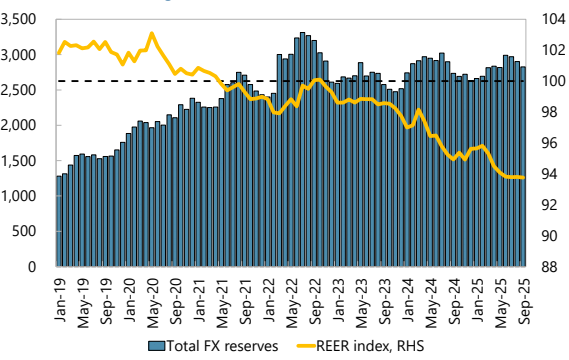
(B\$ billions)



.... supporting FX reserves' accumulation.

Real Effective Exchange Rate (REER) and Reserves

(Left axis, B\$ millions; right axis, index: 2010 = 100)



Sources: Ministry of Tourism, Bahamas National Statistical Institute, and IMF staff calculations.

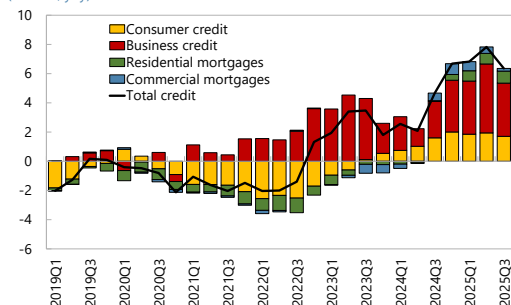
1/ Negative sign means a capital inflow; positive sign means a capital outflow.

Figure 4. The Bahamas: Financial Sector Developments

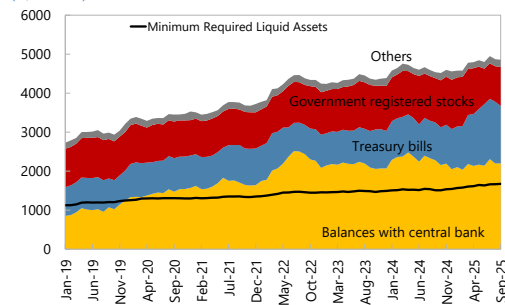
Private sector credit growth has risen since mid-2024, mainly boosted by business loans, ...

... with substantial liquidity in the banking system.

Contributions to Private Sector Credit Growth^{1/}
(Percent, yoy)



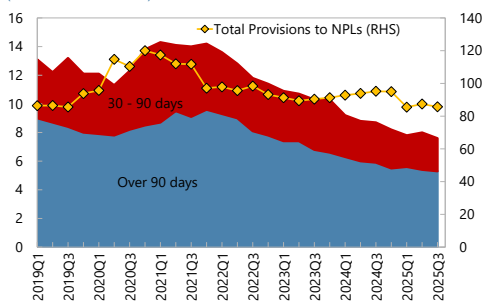
Banking Sector Liquid Assets
(B\$ millions)



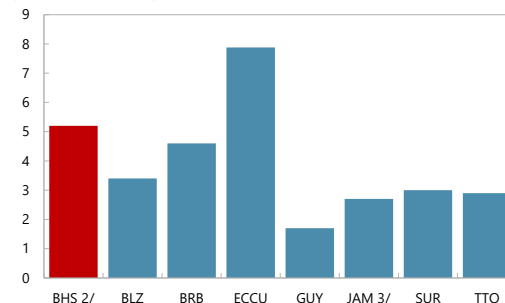
NPLs have moderated their pace of reduction....

... but remain somewhat higher compared to regional peers.

Non Performing Loans (NPLs) 2/
(Percent of Total Loans)



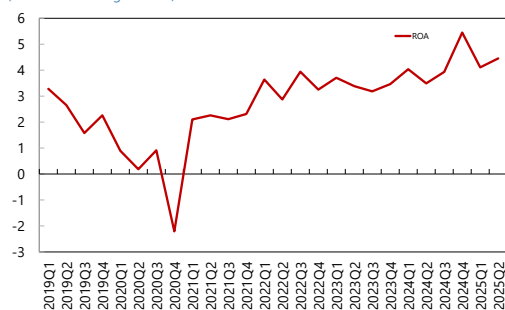
Banking Sector NPLs - 2025Q3
(Percent of Total Loans)



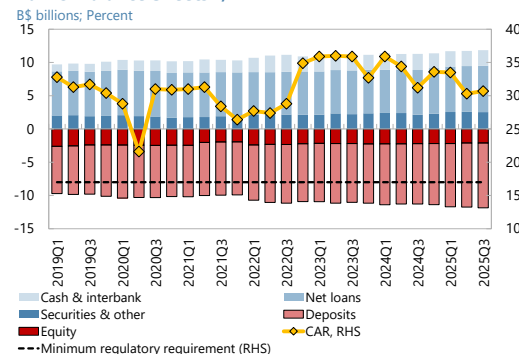
Banks' profitability remains at healthy levels...

... with capital ratios well above the regulatory minimum.

Bank's Profitability
(Percent of Average Assets)



Banks' Balance Sheets 4/
B\$ billions; Percent



Sources: CBOB, Caribbean central banks, and IMF staff calculations.

1/ A stock of U.S. dollar loans previously classified as nonresident was reclassified as resident loans from Q4 2022.

2/ NPLs as a ratio of private sector loans.

3/ NPL ratio for deposit taking institutions as of June 2025.

4/ Equity and deposits are shown with negative signs. "CAR" means Capital Adequacy Ratio.

Table 1. The Bahamas: Selected Social and Economic Indicators 2020-2030

I. Social Indicators												
GDP (US\$ millions), 2024	15,833								Poverty rate (percent), 2017			14.8
GDP per capita (US\$), 2024	38,792								Unemployment rate (percent), Q2 2025			9.3
Population (thousands), 2024	408								Infant mortality rate (per 1,000 live births), 2022			12.9
Life expectancy at birth (years), 2023	74.6								Human development index (rank), 2023			66
Literacy rate (percent), 2020	96											
II. Economic Indicators												
	Average							Projections				
	1991-2019	2020	2021	2022	2023	2024	2025 (Est.)	2026	2027	2028	2029	2030
(Annual percentage changes, unless otherwise indicated)												
Real Sector												
Real GDP	1.4	-20.1	17.6	10.9	3.0	3.4	2.8	2.2	1.9	1.8	1.6	1.5
Nominal GDP	3.3	-21.9	16.2	15.5	9.9	3.7	3.6	2.7	3.2	3.0	3.3	3.6
GDP Deflator	1.9	-2.3	-1.2	4.1	6.6	0.3	0.7	0.5	1.3	1.2	1.7	2.1
Consumer Price Index (Annual average)	2.1	0.0	2.9	5.6	3.1	0.4	0.6	1.2	1.8	1.8	2.0	2.0
Consumer Price Index (End of period)	2.0	1.2	4.1	5.5	1.9	0.0	0.7	1.5	1.8	1.9	2.0	2.0
Unemployment rate (In Percent)	11.0	25.9	17.4	10.7	10.2	8.4	9.5	9.4	9.2	9.0	9.0	9.0
Gross National Saving rate (Percent of GDP)	18.9	0.0	5.7	17.5	17.4	18.8	18.7	19.4	19.7	20.3	20.9	21.7
Investment rate (Percent of GDP, constant price)	27.5	21.9	26.0	26.4	24.4	26.5	26.5	26.9	27.0	27.2	27.4	27.7
Financial Sector												
Credit to the Nonfinancial Public Sector	10.1	-3.4	16.0	9.1	6.0	2.9	1.2	-2.1	3.6	3.5	2.4	2.3
Credit to the private sector	4.6	-2.1	-1.5	1.3	1.8	6.7	6.6	4.2	3.2	3.0	3.3	3.6
External Sector												
Exports of Goods and Services	4.1	-67.2	96.6	62.9	10.8	10.5	2.2	6.3	6.8	6.8	6.7	5.5
<i>Of which: Travel Receipts (Gross)</i>	4.4	-76.6	140.0	81.8	12.6	13.9	2.1	7.0	7.1	7.1	6.7	5.3
Imports of Goods and Services	5.3	-29.5	45.0	18.1	7.4	12.9	2.4	5.3	5.9	5.6	5.4	4.5
(In percent of GDP, unless otherwise indicated)												
Central Government 1/												
Revenue and Grants	13.5	17.7	17.0	20.1	19.6	19.8	21.1	22.0	22.2	22.2	22.2	22.2
Expenditure	15.7	24.8	28.9	25.6	23.2	21.0	21.6	22.5	22.7	22.6	22.1	22.0
Expense	14.0	22.8	26.5	23.9	21.3	19.4	20.0	20.8	20.8	20.7	20.2	20.1
Net Acquisition of Nonfinancial Assets	1.6	2.0	2.5	1.7	1.9	1.6	1.5	1.7	1.9	1.9	1.9	1.9
Overall Balance	-2.1	-7.1	-11.9	-5.5	-3.7	-1.2	-0.5	-0.5	-0.4	-0.3	0.1	0.2
Primary Balance	-0.4	-4.2	-8.1	-1.3	0.3	2.7	3.7	3.6	3.6	3.7	3.8	3.8
Central Government Debt	30.3	71.9	90.7	84.7	78.3	73.8	74.1	72.7	71.4	69.9	67.9	65.8
External Sector												
Current Account Balance	-5.4	-22.0	-20.2	-8.9	-7.0	-7.6	-7.8	-7.5	-7.3	-6.8	-6.5	-6.1
Change in NIR 2/	0.0	6.0	0.4	1.3	-0.6	0.7	1.1	0.8	0.8	0.7	0.7	0.4
Central Government External Debt	6.4	38.9	36.1	34.9	32.9	32.5	33.1	33.1	32.3	31.6	30.6	29.5
Memorandum Items												
Gross International Reserves												
(End of period; millions of U.S. dollars)	1218	2,382	2,433	2,611	2,517	2,633	2,810	2,941	3,078	3,202	3,339	3,421
(In months of next year's G&S imports)	5.2	5.8	5.0	5.0	4.3	4.4	4.4	4.4	4.3	4.3	4.3	4.3
GDP (In millions of Bahamian dollars)		10,363	12,037	13,897	15,271	15,833	16,396	16,836	17,371	17,888	18,478	19,145
Output gap (Percent)		-16.8	-6.5	0.1	0.3	0.9	1.3	0.9	0.4	0.2	0.0	0.0

Sources: Central Bank of The Bahamas; Department of Statistics; Ministry of Finance; UNDP Human Development Report; and IMF staff projections.

1/ The data refer to fiscal years ending on June 30.

2/ Net International Reserves.

Table 2a. The Bahamas: Operations of the Central Government, FY2020–30 1/
(In millions of Bahamian dollars)

	2020/21	2021/22	2022/23	2023/24	2024/25	Proj.				
						2025/26	2026/27	2027/28	2028/29	2029/30
Revenue	1,909	2,609	2,856	3,076	3,397	3,660	3,799	3,917	4,041	4,170
Taxes	1,612	2,162	2,474	2,743	3,026	3,236	3,364	3,470	3,582	3,697
Taxes on income and profits	0	0	0	0	0	120	124	127	131	135
Taxes on property	143	147	162	203	210	234	243	251	258	267
Taxes on goods and services 2/ of which: VAT	1,167	1,492	1,630	1,808	1,944	1,969	2,029	2,094	2,162	2,233
Taxes on international trade and transactions 2/	299	512	675	725	872	913	968	998	1,029	1,061
Other taxes	3	11	8	7	1	1	1	1	1	1
Grants	0	0	1	0	0	0	0	0	0	0
Other revenue	297	447	381	332	370	423	434	447	459	473
Expenditure	3,244	3,327	3,389	3,262	3,475	3,738	3,875	3,979	4,023	4,128
Expense	2,969	3,102	3,107	3,012	3,231	3,462	3,557	3,647	3,680	3,774
Compensation of employees	701	737	805	843	878	922	930	947	976	1,007
Goods and Services	487	478	578	533	637	684	694	707	729	752
Interest Payments	423	552	573	613	672	677	687	708	676	676
Subsidies	474	496	465	413	402	405	422	430	443	457
Grants	133	170	101	37	64	82	89	92	69	71
Social Benefits	405	286	227	244	234	268	287	301	310	319
Other Expense	346	383	358	329	345	424	446	462	476	491
of which: Transfers to public entities	96	59	45	51	42	50	44	40	41	43
Net acquisition of nonfinancial assets	275	225	282	250	243	276	318	332	343	353
Overall Balance	-1,335	-717	-533.4	-187	-78	-78	-76	-62	19	42
Primary Balance	-912	-166	40	426	595	599	612	646	695	719
Net acquisition of financial assets	368	175	-49	-125	312	71	46	46	46	46
Net incurrence of liabilities	1,703	893	484	62	390	150	122	108	28	4
Debt securities	834	680	186	15	475	85	70	62	16	2
Loans	869	212	298	47	-86	64	53	47	12	2
of which: Usage of RFI resource				-121	-122					
Other net liabilities	0	0	0	0	0	0	0	0	0	0
<i>Memorandum items</i>										
Gross operating balance	-1,060	-492	-251	63	166	198	243	271	362	396
Central government debt	10,167	10,991	11,427	11,483	11,938	12,088	12,210	12,318	12,346	12,350
of which: External	4,368	4,997	5,005	5,065	5,293	5,548	5,597	5,640	5,651	5,653
Central government debt in FRA 3/	9,935	10,793	11,260	11,314	11,769	12,088	12,210	12,318	12,346	12,350
Nominal GDP (In millions of B\$) (FY)	11,215	12,983	14,596	15,557	16,119	16,620	17,108	17,634	18,188	18,759

Sources: Ministry of Finance; and IMF staff projections.

1/ Fiscal year ends June 30.

2/ The authorities re-classified some "Excise tax" under "Taxes on goods and services" to "Taxes on exports" under "Taxes on international trades and transactions" from FY2021/22.

3/ Excludes promissory notes for the resolution of Bank of The Bahamas. FRA means Fiscal Responsibility Act.

Table 2b. The Bahamas: Operations of the Central Government, FY2020–30 1/
(In percent of GDP)

	2020/21	2021/22	2022/23	2023/24	2024/25	Proj.				
						2025/26	2026/27	2027/28	2028/29	2029/30
Revenue	17.0	20.1	19.6	19.8	21.1	22.0	22.2	22.2	22.2	22.2
Taxes	14.4	16.7	17.0	17.6	18.8	19.5	19.7	19.7	19.7	19.7
Taxes on income and profits	0.0	0.0	0.0	0.0	0.0	0.7	0.7	0.7	0.7	0.7
Taxes on property	1.3	1.1	1.1	1.3	1.3	1.4	1.4	1.4	1.4	1.4
Taxes on goods and services 2/ of which: VAT	10.4	11.5	11.2	11.6	12.1	11.8	11.9	11.9	11.9	11.9
Taxes on international trade and transactions 2/ Other taxes	2.7	3.9	4.6	4.7	5.4	5.5	5.7	5.7	5.7	5.7
Other taxes	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	2.6	3.4	2.6	2.1	2.3	2.5	2.5	2.5	2.5	2.5
Expenditure	28.9	25.6	23.2	21.0	21.6	22.5	22.7	22.6	22.1	22.0
Expense	26.5	23.9	21.3	19.4	20.0	20.8	20.8	20.7	20.2	20.1
Compensation of employees	6.2	5.7	5.5	5.4	5.4	5.5	5.4	5.4	5.4	5.4
Goods and Services	4.3	3.7	4.0	3.4	3.9	4.1	4.1	4.0	4.0	4.0
Interest Payments	3.8	4.2	3.9	3.9	4.2	4.1	4.0	4.0	3.7	3.6
Subsidies	4.2	3.8	3.2	2.7	2.5	2.4	2.5	2.4	2.4	2.4
Grants	1.2	1.3	0.7	0.2	0.4	0.5	0.5	0.5	0.4	0.4
Social Benefits	3.6	2.2	1.6	1.6	1.4	1.6	1.7	1.7	1.7	1.7
Other Expense	3.1	3.0	2.5	2.1	2.1	2.5	2.6	2.6	2.6	2.6
of which: Transfers to public entities	0.9	0.5	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Net acquisition of nonfinancial assets	2.5	1.7	1.9	1.6	1.5	1.7	1.9	1.9	1.9	1.9
Overall Balance	-11.9	-5.5	-3.7	-1.2	-0.5	-0.5	-0.4	-0.3	0.1	0.2
Primary Balance	-8.1	-1.3	0.3	2.7	3.7	3.6	3.6	3.7	3.8	3.8
Net acquisition of financial assets	3.3	1.3	-0.3	-0.8	1.9	0.4	0.3	0.3	0.3	0.2
Net incurrence of liabilities	15.2	6.9	3.3	0.4	2.4	0.9	0.7	0.6	0.2	0.0
Debt securities	7.4	5.2	1.3	0.1	2.9	0.5	0.4	0.3	0.1	0.0
Loans	7.7	1.6	2.0	0.3	-0.5	0.4	0.3	0.3	0.1	0.0
of which: Usage of RFI resource				-0.8	-0.8			0.0	0.0	0.0
Other net liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items</i>										
Gross operating balance	-9.5	-3.8	-1.7	0.4	1.0	1.2	1.4	1.5	2.0	2.1
Central government debt	90.7	84.7	78.3	73.8	74.1	72.7	71.4	69.9	67.9	65.8
of which: External	39.0	38.5	34.3	32.6	32.8	33.4	32.7	32.0	31.1	30.1
Central government debt in FRA 3/	88.6	83.1	77.1	72.7	73.0	72.7	71.4	69.9	67.9	65.8
Nominal GDP (In millions of B\$) (FY)	11,215	12,983	14,596	15,557	16,119	16,620	17,108	17,634	18,188	18,759

Sources: Ministry of Finance; and IMF staff projections.

1/ Fiscal year ends June 30.

2/ The authorities re-classified some "Excise tax" under "Taxes on goods and services" to "Taxes on exports" under "Taxes on international trades and transactions" from FY2021/22.

3/ Excludes promissory notes for the resolution of Bank of The Bahamas. FRA means Fiscal Responsibility Act.

Table 3. The Bahamas: Balance of Payments, 2020–30

	2020	2021	2022	2023	2024	2025 (Est.)	Proj.				
							2026	2027	2028	2029	2030
(In millions of U.S. dollars)											
Current account balance	-2,280	-2,434	-1,233	-1,069	-1,206	-1,285	-1,268	-1,268	-1,219	-1,208	-1,162
Goods (trade balance)	-1,588	-2,626	-3,065	-3,213	-3,737	-3,718	-3,883	-4,107	-4,339	-4,556	-4,745
Exports	436	639	814	862	871	895	925	976	1,029	1,102	1,187
Imports	2,024	3,264	3,879	4,075	4,607	4,613	4,809	5,083	5,369	5,658	5,932
Services	-130	1,008	2,648	2,950	3,300	3,258	3,467	3,728	4,029	4,337	4,602
Travel (net)	857	2,173	4,052	4,541	5,143	5,269	5,674	6,069	6,484	6,912	7,295
Travel (credit)	967	2,322	4,222	4,755	5,413	5,526	5,913	6,331	6,780	7,233	7,617
Travel (debit)	110	149	170	214	271	257	240	262	295	321	322
Other services	-987	-1,165	-1,405	-1,591	-1,843	-2,011	-2,207	-2,341	-2,455	-2,575	-2,693
Income	-562	-817	-815	-807	-769	-824	-852	-888	-908	-988	-1,020
Capital Account	650	54	0	0	0	0	0	0	0	0	0
Transfers	650	54	0	0	0	0	0	0	0	0	0
o/w Hurricane insurance payout	650	0	0	0	0	0	0	0	0	0	0
Financial Account	-1,692	-1,443	-1,223	-1,245	-942	-1,285	-1,268	-1,268	-1,219	-1,208	-1,162
Direct investment	-375	-298	-316	-97	-77	-142	-209	-263	-319	-342	-357
Portfolio investment	-657	447	-100	330	239	248	258	268	278	288	299
Other Investment	-1,285	-1,643	-985	-1,385	-1,218	-1,568	-1,448	-1,409	-1,302	-1,291	-1,186
Reserve Assets	624	51	178	-94	115	177	131	137	124	137	82
Net errors and omissions	-63	937	9	-176	264	0	0	0	0	0	0
(In percent of GDP)											
Current account balance	-22.0	-20.2	-8.9	-7.0	-7.6	-7.8	-7.5	-7.3	-6.8	-6.5	-6.1
Goods (trade balance)	-15.3	-21.8	-22.1	-21.0	-23.6	-22.7	-23.1	-23.6	-24.3	-24.7	-24.8
Exports	4.2	5.3	5.9	5.6	5.5	5.5	5.5	5.6	5.8	6.0	6.2
Imports	19.5	27.1	27.9	26.7	29.1	28.1	28.6	29.3	30.0	30.6	31.0
Services	-1.3	8.4	19.1	19.3	20.8	19.9	20.6	21.5	22.5	23.5	24.0
Travel (net)	8.3	18.1	29.2	29.7	32.5	32.1	33.7	34.9	36.2	37.4	38.1
Travel (credit)	9.3	19.3	30.4	31.1	34.2	33.7	35.1	36.4	37.9	39.1	39.8
Travel (debit)	1.1	1.2	1.2	1.4	1.7	1.6	1.4	1.5	1.7	1.7	1.7
Other services	-9.5	-9.7	-10.1	-10.4	-11.6	-12.3	-13.1	-13.5	-13.7	-13.9	-14.1
Income	-5.4	-6.8	-5.9	-5.3	-4.9	-5.0	-5.1	-5.1	-5.1	-5.3	-5.3
Capital Account	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital transfers	6.3	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w Hurricane insurance payout	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Account	-16.3	-12.0	-8.8	-8.2	-5.9	-7.8	-7.5	-7.3	-6.8	-6.5	-6.1
Direct investment	-3.6	-2.5	-2.3	-0.6	-0.5	-0.9	-1.2	-1.5	-1.8	-1.9	-1.9
Portfolio investment	-6.3	3.7	-0.7	2.2	1.5	1.5	1.5	1.5	1.6	1.6	1.6
Other Investment	-12.4	-13.6	-7.1	-9.1	-7.7	-9.6	-8.6	-8.1	-7.3	-7.0	-6.2
Reserve Assets	6.0	0.4	1.3	-0.6	0.7	1.1	0.8	0.8	0.7	0.7	0.4
Net errors and omissions	-0.6	7.8	0.1	-1.2	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items											
Net international reserves											
(End of period; millions of U.S. dollars)	2,382	2,433	2,611	2,517	2,633	2,810	2,941	3,078	3,202	3,339	3,421
(In percent of base money)	112.5	110.6	97.2	94.0	97.7	100.1	100.7	101.4	102.4	103.4	102.2
(In months of next year's G&S imports)	5.8	5.0	5.0	4.3	4.4	4.4	4.4	4.3	4.3	4.3	4.3
Nominal GDP (millions of U.S. dollars)	10,363	12,037	13,897	15,271	15,833	16,396	16,836	17,371	17,888	18,478	19,145

Sources: Central Bank of The Bahamas; Department of Statistics; and IMF staff projections.

Table 4. The Bahamas: Summary Accounts of the Central Bank and the Financial System, 2020–30

	2020	2021	2022	2023	2024	2025 (Est.)	Proj.				
							2026	2027	2028	2029	2030
(In millions of Bahamian dollars, end of period)											
Central Bank											
Net international reserves 1/	2,382	2,433	2,611	2,517	2,633	2,810	2,941	3,078	3,202	3,339	3,421
Net domestic assets	-264	-232	74	160	62	-3	-21	-41	-75	-110	-75
Credit to nonfinancial public sector (net)	132	395	702	872	827	827	827	827	827	827	827
Of which: Central Government	178	458	791	887	895	895	895	895	895	895	895
Other	-397	-628	-628	-712	-764	-829	-847	-868	-902	-936	-901
Reserve money	2,118	2,200	2,685	2,678	2,695	2,807	2,920	3,036	3,127	3,230	3,346
Currency held by the private sector	547	557	601	609	645	680	717	757	779	805	834
Liabilities with financial institutions	1,571	1,643	2,085	2,069	2,050	2,127	2,203	2,279	2,347	2,425	2,512
Financial system											
Net foreign assets	2,141	2,586	2,722	2,552	2,446	2,863	2,987	3,113	3,209	3,373	3,454
Of which: Commercial banks and OFIs	-241	153	111	35	-187	53	46	35	7	34	33
Net domestic assets	5,722	5,634	6,262	6,551	7,040	6,984	7,222	7,462	7,680	7,875	8,200
Credit to nonfinancial public sector, net	2,669	3,096	3,378	3,580	3,683	3,726	3,647	3,779	3,913	4,008	4,099
Of which: Central Government, net	2,524	2,933	3,210	3,424	3,489	3,442	3,265	3,292	3,310	3,280	3,236
Credit to private sector	5,766	5,681	5,756	5,859	6,251	6,661	6,939	7,160	7,373	7,616	7,891
Other	-2,713	-3,143	-2,872	-2,888	-2,893	-3,402	-3,363	-3,477	-3,606	-3,749	-3,790
Liabilities to the private sector (broad money)	7,863	8,220	8,983	9,104	9,486	9,846	10,209	10,574	10,889	11,248	11,654
Money	3,471	3,715	4,297	4,319	4,627	4,895	5,173	5,458	5,620	5,806	6,015
Currency	373	386	423	431	467	492	519	548	564	583	604
Demand deposits	3,098	3,330	3,874	3,888	4,160	4,402	4,654	4,910	5,056	5,223	5,412
Quasi-money	4,392	4,504	4,687	4,785	4,859	4,952	5,036	5,116	5,268	5,442	5,639
(Change in percent of liabilities to the private sector at the beginning of the period)											
Net foreign assets	4.4	5.7	1.7	-1.9	-1.2	4.4	1.3	1.2	0.9	1.5	0.7
Net domestic assets	-4.8	-1.1	7.6	3.2	5.4	-0.6	2.4	2.3	2.1	1.8	2.9
Credit to nonfinancial public sector	-1.2	5.4	3.4	2.3	1.1	0.4	-0.8	1.3	1.3	0.9	0.8
Credit to private sector	-1.6	-1.1	0.9	1.2	4.3	4.3	2.8	2.2	2.0	2.2	2.4
Liabilities to private sector (broad money)	-0.4	4.5	9.3	1.3	4.2	3.8	3.7	3.6	3.0	3.3	3.6
Money	2.8	3.1	7.1	0.2	3.4	2.8	2.8	2.8	1.5	1.7	1.9
Quasi-money	-3.2	1.4	2.2	1.1	0.8	1.0	0.9	0.8	1.4	1.6	1.7
(Annual percentage change)											
Net domestic assets	-6.2	-1.5	11.1	4.6	7.5	-0.8	3.4	3.3	2.9	2.5	4.1
Credit to nonfinancial public sector	-3.4	16.0	9.1	6.0	2.9	1.2	-2.1	3.6	3.5	2.4	2.3
Credit to private sector	-2.1	-1.5	1.3	1.8	6.7	6.6	4.2	3.2	3.0	3.3	3.6
Liabilities to private sector (broad money)	-0.4	4.5	9.3	1.3	4.2	3.8	3.7	3.6	3.0	3.3	3.6
Money	6.9	7.0	15.6	0.5	7.1	5.8	5.7	5.5	3.0	3.3	3.6
Quasi-money	-5.4	2.6	4.0	2.1	1.6	1.9	1.7	1.6	3.0	3.3	3.6

Sources: Central Bank of The Bahamas; and IMF staff projections.

1/ Under the assumption that reserves are used to sterilize the monetary impact of government drawing down on its deposits at the central bank.

Table 5. The Bahamas: Financial Soundness Indicators for the Banking System, 2015–24

(In percent, unless otherwise indicated)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Adequacy										
Regulatory capital to risk-weighted assets	33.3	28.6	32.5	34.1	30.8	30.9	28.7	34.5	32.7	34.7
Credit to economic sectors ^{1/}										
Nonfinancial corporations	18.0	17.2	15.5	16.5	16.3	14.0	15.2	16.4	16.7	19.4
Households	75.6	75.3	77.5	74.7	73.1	72.3	72.0	72.5	72.6	72.1
Financial institutions	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.7	0.7
Government	6.0	7.3	6.7	8.5	10.2	13.4	12.6	10.9	9.9	7.9
Asset Quality ^{2/3/}										
Nonperforming loans to total gross loans	14.2	11.4	9.2	9.1	8.0	8.5	9.6	7.7	6.6	5.5
Total provisions to nonperforming loans ^{3/}	59.7	70.6	74.6	84.8	93.8	121.2	97.1	89.6	91.3	95.0
Profitability										
Return on assets	1.9	2.0	1.8	2.3	2.4	-0.1	2.3	3.5	3.4	4.2
Return on equity	7.0	7.9	6.8	8.8	10.6	-0.3	10.9	17.9	18.0	23.2
Noninterest expenses to gross income	47.4	48.4	52.1	48.0	49.0	60.5	50.2	49.0	51.8	48.6
Personnel expenses to noninterest expenses	46.8	44.0	40.8	42.6	40.2	34.0	40.0	37.7	34.1	35.2
Liquidity ^{2/}										
Liquid asset to total assets	24.1	25.9	29.0	26.6	30.1	32.4	33.8	37.0	37.4	37.6
Liquid asset to short-term liabilities ^{4/}	37.0	37.8	42.7	38.3	41.6	45.7	46.7	48.8	49.4	49.7
Memo items ^{2/}										
Total private sector credit to GDP	53.0	51.9	48.1	45.9	44.4	55.6	47.2	41.4	38.4	39.5
Spread between domestic lending and deposit rates	10.9	11.3	10.8	10.5	9.9	9.9	9.5	10.5	10.5	10.9

Sources: Central Bank of The Bahamas and IMF staff calculations.

1/ In percent of total credit.

2/ Includes the two largest credit unions.

3/ 2018 & 2019 data does not include Credit Union data for Asset Quality.

4/ Short-term liabilities are defined as resident deposits.

Annex I. Past Policy Advice

Recommendations	Current Status
Fiscal Policy	
Ensure an independent selection process for members of the fiscal council to bolster the council's independence.	The Fiscal Responsibility Council, established as an independent body corporate under the 2023 Public Finance Management Act, became operational with five independent members appointed by the Minister of Finance in October 2024.
Reform the national and civil service pension systems.	The public consultation process for the civil service pension reform has concluded, and the Bill could be tabled in Parliament during the FY 2025/26 budget exercise.
Introduce taxes on personal and corporate income.	The authorities have passed legislation to implement OECD's global minimum tax rules that introduces a 15 percent minimum effective tax rate for large multinational enterprise groups operating in The Bahamas. Revenue collection starts in FY 2025/26.
Prioritize spending on education, health, social transfers, and climate resilient infrastructure.	In the latest Fiscal Strategy Report, the authorities announced plans to make strategic investments in critical infrastructure. Priority projects focus on sectors such as healthcare, education, security, transportation, and utilities, with funding sourced through a combination of budgetary allocations, public-private partnerships (PPPs), and semi-concessional financing mechanisms.
Structural and Climate Policy	
Increase access to liquidity in the event of a natural disaster and address market failures in the insurance sector.	The authorities and the private sector are designing a partially subsidized natural disaster micro-insurance parametric product to address insurance affordability for the most vulnerable and to minimize post-disaster losses.
Increase recourse to lower cost climate finance.	The authorities have joined the Development Bank of Latin America and the Caribbean (CAF) and have leveraged policy-based guarantees from the IDB to reduce the cost of external financing.
Accelerate the transition to renewable energy.	The 2024 Electricity Act will help to facilitate investments in electricity transmission and distribution and to accelerate the transition toward 30 percent renewable energy by 2030.
Complete the ongoing digitalization of public services, close data gaps, publish statistics in line with international standards, and leverage the census to design targeted policies.	The Registrar General's Department launched the new Corporate Administrative Registry Services portal in June 2024. The final results for the 2022 census were published in 2024.
Financial Policy	
Allow short term interest rates to rise toward those in the U.S. to help preserve international reserves.	The central bank has kept its rate unchanged, but international reserves remain adequate, supported by the recovery in tourism, public sector borrowing, and capital flow management measures. U.S. interest rates have since started to decline.

Recommendations	Current Status
Lower the ceiling on central bank financing of the government and introduce a well-designed “escape clause”.	The legal limit on central bank financing of the government was reduced by the amendments to the Central Bank Act in 2023. A well-designed “escape clause” has not been introduced yet.
Strengthen the regulatory framework for digital assets.	The new DARE Act was enacted in 2024. It expands the range of activities considered and the scope of regulation on digital asset business activities, seeks to improve financial and reporting requirements for digital asset businesses, and aims to strengthen the framework for consumer and investor protection and risk management.
Increase the coverage of deposit insurance for domestic banks and enhance the Deposit Insurance Corporation’s governance and operational structure.	The Deposit Insurance Corporation approved an increase in the premiums levied on banks effective January 2024. The Government and the Central Bank are working to align the liquidation framework for credit unions with that of member banks of the DIC.
Collect data for a real estate price index.	A real estate price index has not yet been introduced.
Collect loan-level data from both bank and nonbank lenders.	Bank and nonbank loan-level data has not yet been made available.

Annex II. External Sector Assessment

Update as of December 11, 2025

Overall Assessment: Based on preliminary data, the external position of The Bahamas in 2025 was assessed as moderately weaker than the level implied by fundamentals and desirable policies. The current account deficit is expected to remain financed by government external borrowing and foreign direct investment (FDI). International reserves are projected to remain adequate in 2025 at 4.4 months of imports and at the upper end of the ARA metric range.

Potential Policy Responses: Improving the ease of doing business, investing in human capital, and further enhancing resilience to climate-induced economic shocks would raise productivity, encourage economic diversification, and help attract more FDI. Continuing energy transition reforms and upgrading agriculture quality can shield the country from external shocks and decrease the pressure on the current account through import substitution in the medium run. Staff's proposed fiscal adjustment would narrow external imbalances and support the level of international reserves, ultimately strengthening the currency peg vis-à-vis the US dollar.

Current Account

Background. With limited land area, and an open, tourism-based economy, The Bahamas is significantly vulnerable to external price shocks and global economic trends, and it heavily relies on imports to meet its consumption and investment needs. The country has had persistent current account (CA) deficits that averaged 9.9 percent of GDP in the 5 years preceding the Covid-19 pandemic, fell sharply to 22 percent of GDP in 2020 and 20.2 percent in 2021, and averaged 7.8 percent of GDP over 2022-24. The CA deficit is expected to reach 7.8 percent of GDP in 2025, broadly similar to 2024. In line with the previous year, the CA deficit would be mostly driven by a large goods trade deficit, partially offset by a robust services trade surplus. Travel receipts are expected to be broadly unchanged at around 34 percent of GDP. The income deficit would be largely stable at around 5 percent of GDP. The CA balance reflects saving-investment deficits of both the public and private sectors. The CA deficit is projected to remain at around 6 percent in the medium term.

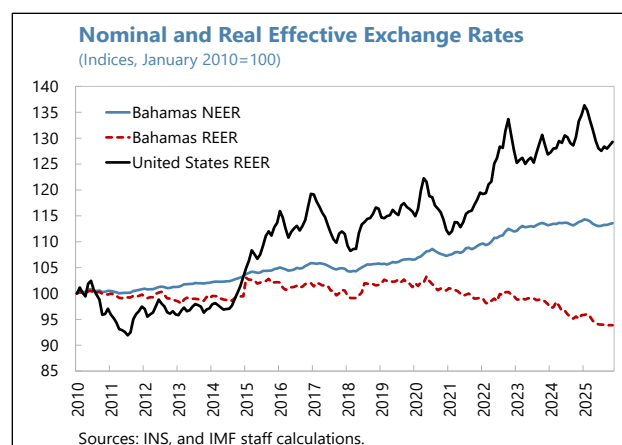
Assessment. The EBA-lite CA model estimates a CA norm of -4.2 percent of GDP and a cyclically adjusted CA of -7.3 percent, resulting in a CA gap of -3.2 percent of GDP in 2025. Policy gaps contribute 0.7 percentage points to the model-estimated CA gap, and the remainder reflects country-specific factors and/or regression residuals. The EBA-lite CA model indicates a real effective exchange rate (REER) overvaluation of 12.3 percentage points. However, given its better fit historically, staff's bottom-line assessment draws on the REER model, which suggests a -1.1 percent CA gap, placing The Bahamas in the range of [-2%, -1%] percent of GDP that indicates a moderately weaker level than that implied by fundamentals and desirable policies.

The Bahamas: Model Estimates for 2025		
	CA model 1/ (Percent of GDP)	REER model 1/
CA-Actual	-7.8	
Cyclical contributions (from model) (-)	-0.2	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	-7.3	
CA Norm (from model) 2/	-4.2	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	-4.2	
CA Gap	-3.2	-1.1
o/w Relative policy gap	0.7	
Elasticity	-0.3	
REER Gap (in percent)	12.3	4.5
1/ Based on the EBA-lite 3.0 methodology		
2/ Cyclically adjusted, including multilateral consistency adjustments.		

Real Exchange Rate

Background. The real effective exchange rate (REER) has depreciated by 2.0 percent y/y in January-November 2025, partly mirroring the observed U.S. REER depreciation. Historically, the REER has been relatively stable, with a standard deviation of only 1.3 in the decade before the pandemic (2010-2019), and depreciating by 5.3 percent between January 2022 and November 2025.

Assessment. The EBA-Lite REER model estimates an overvaluation of 4.5 percent in 2025. Policy gaps contribute 0.6 percentage points to the model-estimated REER gap. While the REER gap likely captures some structural challenges to The Bahamas' competitiveness, this model-based assessment does not necessarily account for other features of its economy, not least its heavy reliance on tourism.



Capital and Financial Accounts: Flows and Policy Measures

Background. The 2025 financial account surplus is expected to increase to 7.8 percent of GDP from 5.9 percent in 2024. Net FDI inflows are projected to expand to 0.9 percent of GDP (from 0.5 percent in 2024 and an average of 3.3 percent between 2017-21). Net public sector external borrowing is expected to reach 9.9 percent of GDP, driven by government borrowing, including from IFIs (e.g., IDB, CAF) and a Eurobond issuance in June 2025. In 2024, the Central Bank of The Bahamas introduced some relaxation of capital flow measures, including to increase the delegated limits up to which authorized dealers can sell foreign currency to the private sector.¹

Assessment. In 2025, The Bahamas re-accessed international bond markets for the first time since 2022. Recent sovereign credit rating upgrades might encourage capital inflows. New projects related to the ongoing electricity sector reform and tourism sector infrastructure could boost FDI inflows in the near term. While the relaxation of capital flow measures in 2024 should ease some cross-border transactions, it may not have a material impact on net capital flows. The risk of sharp capital outflows from residents is limited because of existing capital controls.

FX Intervention and Reserves Level

Background. The Bahamian dollar has been pegged to the US dollar at a 1-to-1 value since 1966. Reserves are expected to remain at elevated levels by the end of 2025, around US\$2.8 billion (US\$177 million higher than in 2024) or 4.4 months of imports. The central bank continued to sell FX to the private sector, and it remained focused on ensuring the smooth functioning of foreign currency markets and the stability of the exchange rate peg.

Assessment. Gross international reserves are expected to amount to 143 percent of the Fund's adequacy metric by the end of 2025, at the upper end of the recommended range (100-150 percent). Under staff's baseline projection, reserves are expected to remain adequate over the medium term, at around 4.3 months of imports.

Foreign Assets and Liabilities: Position and Trajectory

Background. Considering the reliance on imports, FDI, and public external borrowing, The Bahamas' net international investment position (NIIP) is likely to be negative, with direct investments likely accounting for a large share of foreign liabilities. (Note: The Central Bank of The Bahamas does not publish international investment position data.)

Assessment. In the medium term, current account deficits are expected to persist, weakening the underlying NIIP. However, resilient real GDP growth gradually converging to its potential rate, the ongoing energy sector reform with possible impact on the balance of payments, and a projected decline of external government debt could mitigate the deterioration. Finalizing the compilation of data on the NIIP (together with continuing efforts to enhance balance-of-payments data, including with IMF's technical assistance), is critical to properly assessing relevant potential sources of risks for the economy.

¹ The easing of capital flow measures also included the removal of CBOB approval requirement for FX purchases related to portfolio investments, overdraft facilities, and non-residents' property transactions; and the removal of residence requirement to mortgage financing up to BSD 1,000,000.

Annex III. Risk Assessment Matrix¹

Risks	Likelihood	Impact	Policy Response
Conjunctural Global 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	Build fiscal buffers to provide targeted support to the most vulnerable. Strengthen tourism diversification efforts. Undertake structural reforms including investing in human capital and closing digitalization gaps to lift long-term growth prospects.
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 vulnerabilities by increasing the risk of redemption runs and market dislocations.	High	Medium / High	Allow interest rates to rise as external conditions demand to support the peg. In an imminent crisis scenario, temporary capital flow management measures could be considered as part of a broader package to address the root causes of the crisis in accordance with the IMF's Institutional View. Build fiscal buffers to provide targeted support to the most vulnerable. Update the borrowing plan to fulfill rollover needs and mitigate the impact of higher external borrowing costs, while preserving prudent debt management strategies.
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 / High	

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of 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
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	Enhance trade diversification efforts including strengthening ties with regional trading partners to enhance economies of scale through deeper integration. Provide targeted support to vulnerable households.
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	Allow higher international food and energy prices to pass through to domestic prices alongside targeted support to protect low-income households. Over the medium term, continue advancing renewable energy investments to reduce reliance on oil imports.
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	Medium	Enhance trade diversification efforts including strengthening ties with regional trading partners to enhance economies of scale through deeper integration.
Structural Global Risks			
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	High	Medium / High	Strengthen data protection, reinforce cybersecurity, and enforce the latest digital assets regulation. Increase resources available for regulators to allow for more regular inspections.
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	Enhance ex-ante preparedness strategies, invest in resilient infrastructure, and strengthen financial resilience. Expand private properties' insurance coverage. Leverage recent issuances, including to finance climate adaptation needs, while safeguarding debt sustainability.
Country-Specific Risks			
Domestic banks reduce their appetite for domestic debt. Revenue falls short of expectations and domestic banks opt not to rollover short-term debt coming due, leading to a short-term liquidity crunch, a rise in monetary financing, and recourse to more expensive external borrowing.	Medium	High	Review expenditure (including by SOEs) to reprioritize spending should the need arise. Systematically evaluate performance of multi-year financing strategy. Undertake contingency planning and update the borrowing plan while preserving prudent debt management strategies. Continue efforts to lengthen debt maturity.

Risks	Likelihood	Impact	Policy Response
<p>Increased capacity and spending in the tourism sector. Proposed private sector projects increase already-limited hotel room capacity and supplements continued growth in the short-term rentals market. New cruise projects across the archipelago attract higher spending cruise passengers.</p>	<p>Medium</p>	<p>Medium</p>	<p>Relieve labor shortages in the construction sector through increased vocational and technical training. Streamline business registration and improve job matching services for the youth. Pursue comprehensive strategies to ensure sustainable tourism.</p>

Annex IV. Public Debt Sustainability Analysis¹

Annex IV. Table 1. The Bahamas: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	The Bahamas' overall risk of sovereign stress is assessed as moderate. The public debt ratio has continued to decline, with a fiscal consolidation process underway, and the associated medium-term risks have receded.
Near term 1/	...	...
Medium term	Moderate	Moderate	Medium-term risks are assessed as moderate. Public debt is expected to decline over the baseline, though still from a high level. Gross financing needs (GFNs) remain elevated, including a large share of T-Bills to be rolled over, but should fall with ongoing fiscal consolidation. Domestic banks have started to show more appetite for long-term government securities, which is another mitigating factor. Both debt and GFNs are vulnerable to natural disasters and the realization of contingent liabilities.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test	Cont. Liabty. Nat. Diast.	...	
Long term	...	High	Long-term risks are assessed as high. The paths of public debt and GFNs are vulnerable to a scenario where the primary balance reverts to its 10-year average. Additional spending on climate adaptation would increase GFNs and debt, absent additional revenue-raising measures. In this scenario, both GFNs and debt remain elevated, but the debt-GDP ratio is still expected to fall over the long-term.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	
Debt stabilization in the baseline			Yes

DSA Summary Assessment

The Bahamas' overall risk of sovereign stress is assessed to be moderate. This assessment has been upgraded from "high" risk of sovereign stress in the 2024 Article IV Consultation. The public debt ratio has fallen from 95.9 percent of GDP in FY2020/21 to 77.4 percent of GDP in FY2024/25, sovereign spreads have declined, and international market re-access was achieved in 2025 after three years. On its current path, public debt is projected to fall further to 68.1 percent of GDP by FY2029/30, though with uncertainty. Gross financing needs (GFNs) are elevated with an important share of short-term debt to be rolled over, but the banking system has significant excess cash to provide additional financing. From a longer-term perspective, debt and GFNs are vulnerable to natural disasters, the realization of contingent liabilities, a reversal of fiscal consolidation efforts, or unfunded investments in climate adaptation.

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.

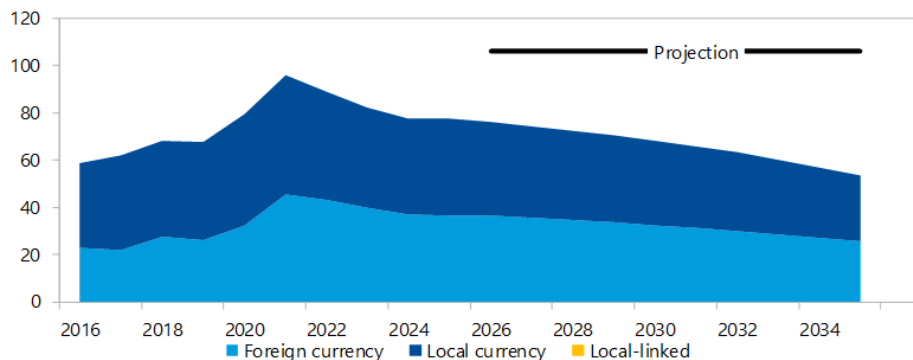
¹ The public sector DSA in this annex is based on the fiscal year (July – June). For example, 2025 refers to fiscal year 2024/25.

Annex IV. Figure 1. The Bahamas: Debt Coverage and Disclosure

Annex IV. Figure 1. The Bahamas: Debt Coverage and Disclosure										Comments									
1. Debt coverage in the DSA: 1/																			
										CG	GG	NFPS	CPS	Other					
1a. If central government, are non-central government entities insignificant?															n.a.				
2. Subsectors included in the chosen coverage in (1) above:																			
Subsectors captured in the baseline										Inclusion									
CPS	NFPS	GG: expected	CG	1	Budgetary central government						Yes	Not applicable							
				2	Extra budgetary funds (EBFs)						No								
				3	Social security funds (SSFs)						No								
				4	State governments						No								
				5	Local governments						No								
				6	Public nonfinancial corporations						Yes								
				7	Central bank						No								
				8	Other public financial corporations						Yes								
3. Instrument coverage:										Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/					
4. Accounting principles:										Basis of recording		Valuation of debt stock							
										Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/					
5. Debt consolidation across sectors:										Consolidated		Non-consolidated							
■ chosen coverage ■ Missing from recommended coverage ■ Not applicable																			
Reporting on Intra-Government Debt Holdings																			
Issuer										Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	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	
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 SRDSA uses The Bahamas' public sector debt, which includes central government debt and debt owed by public financial and nonfinancial corporations. Public sector debt is consolidated by netting out the cross holdings of intra-government debt holdings between the central government and public corporations.																			

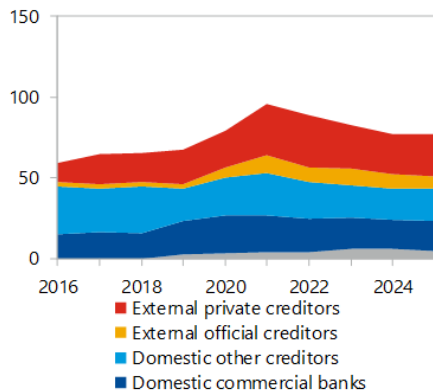
Annex IV. Figure 2. The Bahamas: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



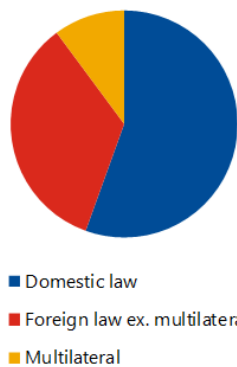
Note: The perimeter shown is consolidated public sector.

Public Debt by Holder (Percent of GDP)



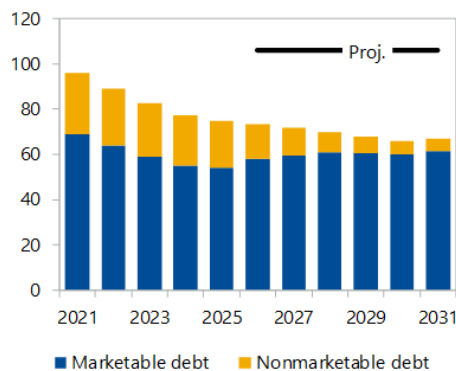
Note: The perimeter shown is consolidated public sector.

Public Debt by Governing Law, 2025 (percent)



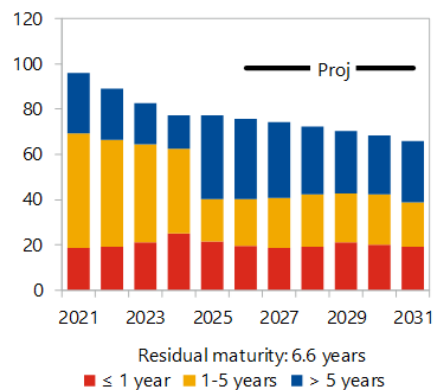
Note: The perimeter shown is consolidated public sector.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is consolidated public sector.

Public Debt by Maturity (Percent of GDP)



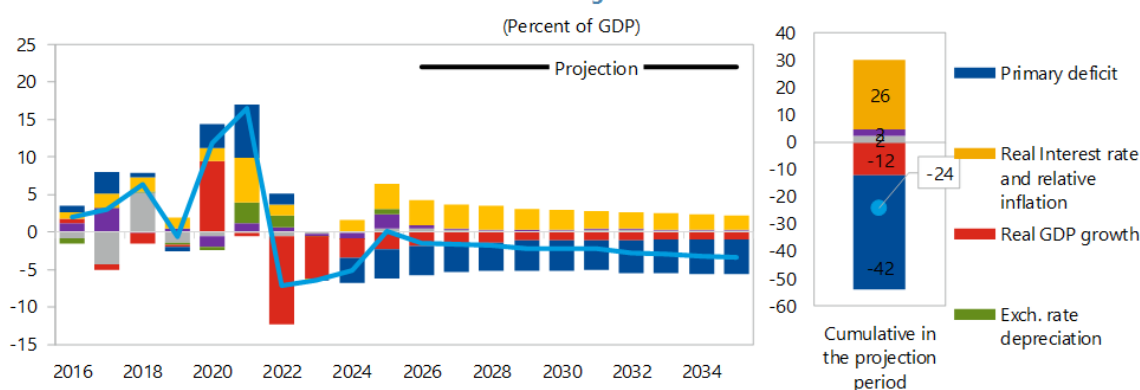
Note: The perimeter shown is consolidated public sector.

The government relied on both domestic and external financing instruments during FY2024/25, and the FY2025/26 annual borrowing plan continues to draw on diversified financing sources. These sources have included a US\$160 million IDB policy-based loan, a US\$100 million CAF loan, a US\$300 million debt-for-nature swap, a successful US\$1.1 billion Eurobond issuance, a \$10 million disbursement on a \$30 million facility from the African Export-Import Bank, and a \$195 million loan from the China Export-Import Bank.

Annex IV. Figure 3. The Bahamas: Baseline Scenario
(Percent of GDP unless indicated otherwise)

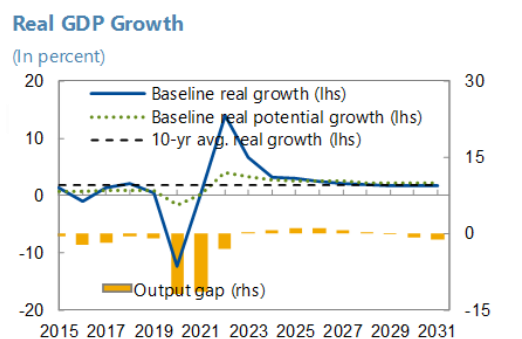
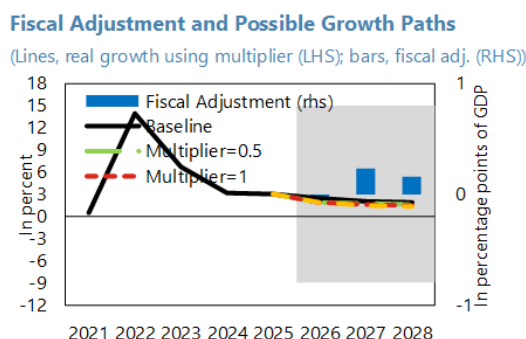
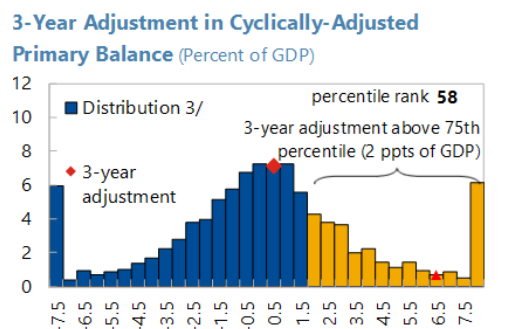
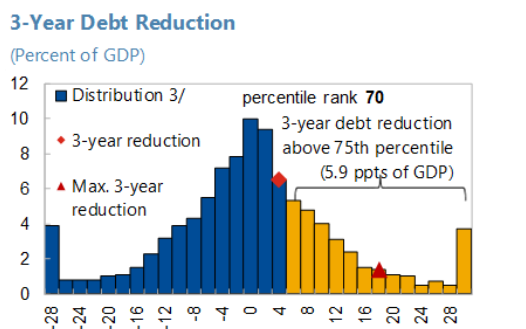
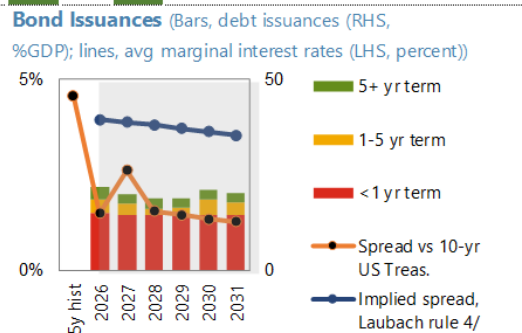
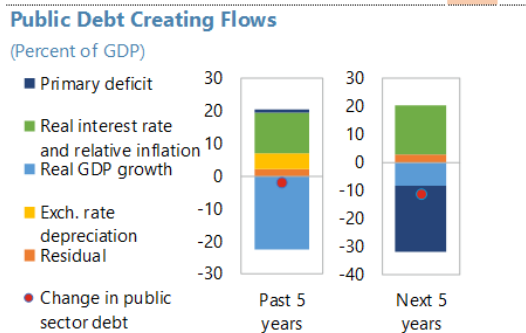
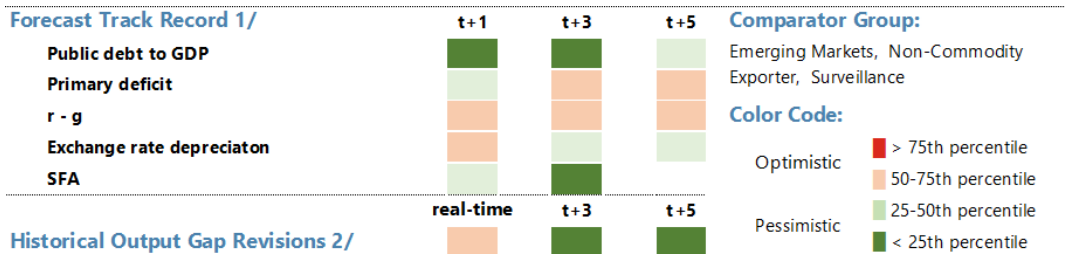
	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	77.4	75.9	74.2	72.5	70.3	68.1	65.9	63.1	60.2	57.0	53.5
Change in public debt	0.1	-1.5	-1.6	-1.7	-2.2	-2.2	-2.3	-2.7	-3.0	-3.2	-3.4
Contribution of identified flows	-0.3	-2.0	-1.9	-1.9	-2.2	-2.3	-2.6	-3.0	-3.1	-3.3	-3.5
Primary deficit	-4.0	-3.9	-3.9	-3.9	-4.0	-4.0	-3.9	-4.3	-4.5	-4.6	-4.7
Noninterest revenues	20.8	21.8	22.0	22.0	22.0	22.1	22.1	22.4	22.6	22.7	22.9
Noninterest expenditures	16.9	17.9	18.2	18.2	18.0	18.1	18.1	18.1	18.1	18.1	18.2
Automatic debt dynamics	1.7	1.4	1.7	1.8	1.6	1.5	1.2	1.1	1.1	1.1	1.0
Real interest rate and relative inflation	3.3	3.3	3.2	3.1	2.7	2.6	2.3	2.2	2.2	2.1	1.9
Real interest rate	4.0	3.8	3.5	3.3	2.8	2.7	2.6	2.5	2.3	2.2	2.0
Relative inflation	-0.7	-0.5	-0.3	-0.2	-0.1	-0.1	-0.3	-0.3	-0.1	-0.1	-0.1
Real growth rate	-2.3	-1.9	-1.5	-1.3	-1.2	-1.2	-1.1	-1.1	-1.0	-1.0	-0.9
Real exchange rate	0.7	...	...	...	...	...	...	...	...	...	...
Other identified flows	2.0	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
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	2.0	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Contribution of residual	0.4	0.5	0.3	0.2	0.1	0.1	0.3	0.3	0.1	0.1	0.1
Gross financing needs	24.6	21.4	19.7	18.6	18.6	20.9	19.9	18.5	18.8	20.2	18.4
of which: debt service	28.6	25.2	23.6	22.4	22.6	24.9	23.8	22.8	23.3	24.8	23.1
Local currency	16.6	18.8	17.0	16.0	16.3	18.5	17.8	16.9	16.7	18.5	17.4
Foreign currency	12.0	6.4	6.5	6.5	6.3	6.4	6.1	5.9	6.6	6.2	5.8
Memo:											
Real GDP growth (percent)	3.1	2.5	2.0	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Inflation (GDP deflator; percent)	0.5	0.6	0.9	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Nominal GDP growth (percent)	3.6	3.1	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Effective interest rate (percent)	5.8	5.6	5.7	5.8	5.5	5.5	5.4	5.3	5.2	5.2	5.1

Contribution to Change in Public Debt



Staff expects that stronger primary surpluses, falling nominal borrowing costs and modest nominal GDP growth should support a slow but sustained reduction in public debt over the medium-term. Consequently, public debt is projected to fall to 68.1 percent of GDP by FY2029/30 and to 53.5 percent of GDP by 2034/35.

Annex IV. Figure 4. The Bahamas: Realism of Baseline Assumptions



The recovery from COVID-19 complicates the effects on the growth path and the interpretation of the realism analysis. However, the realism analysis does not point to major concerns: past forecast errors do not reveal any systematic biases and the projected fiscal adjustment and debt reduction are feasible.

Source : IMF Staff.

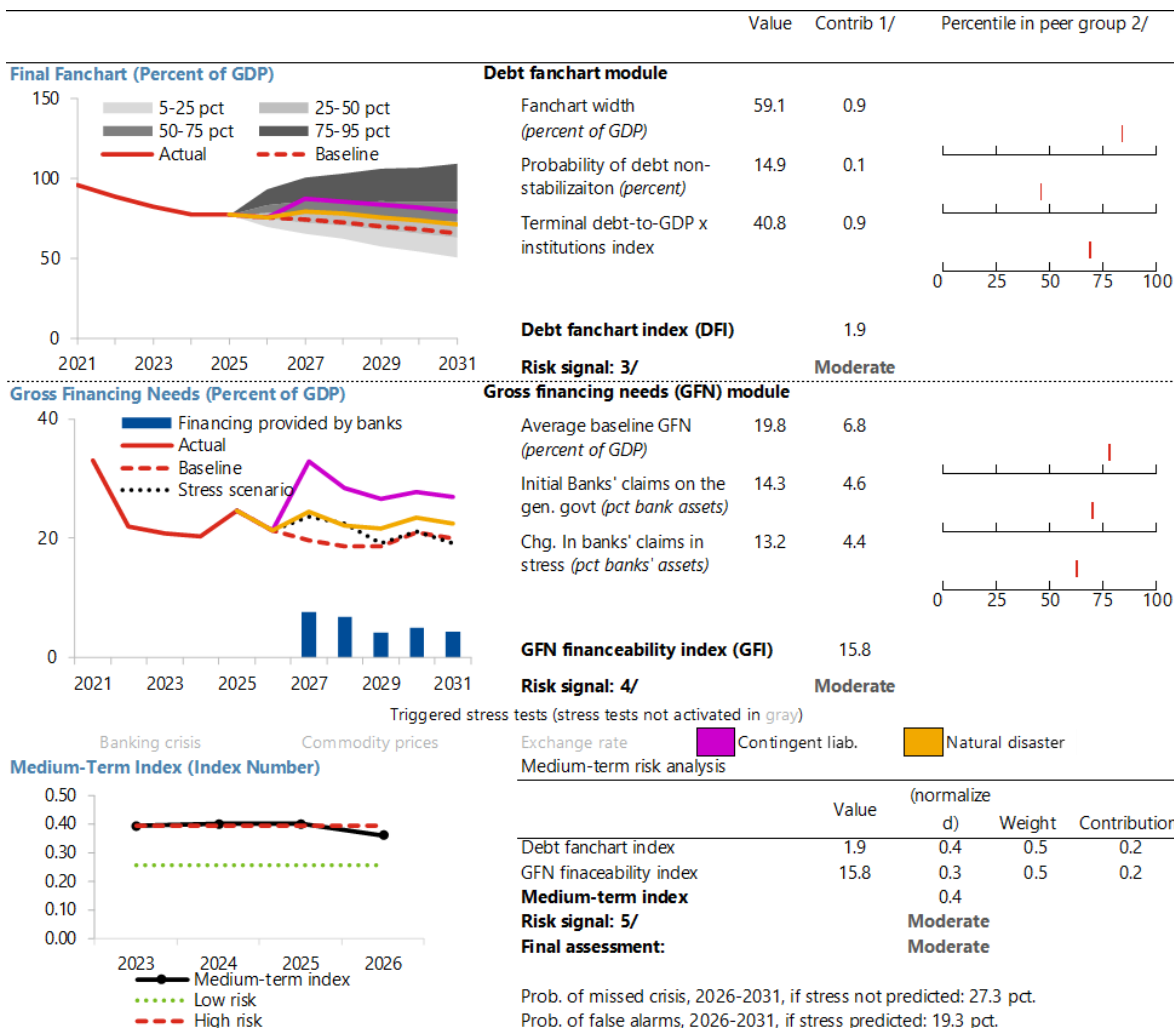
1/ Projections made in the October and April WEO vintage.

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 IV. Figure 5. The Bahamas: Medium-Term Risk Analysis



Staff assesses medium-term risk as moderate, as indicated consistently by the Debt Fanchart index, the GFN module, and the GFN Financeability index. Negative shocks stemming from a natural disaster or the realization of contingent liabilities, linked to the social security system and the use of PPPs, would increase debt and gross financing needs further, but not sufficiently to justify a more adverse assessment for the GFN Financeability index. The authorities are seeking to lengthen bond maturities, reduce rollover risks, and deepen the domestic debt market, including by prioritizing the issuance of medium to long-term securities (concentrated in a relatively limited number of maturities), refining competitive bidding mechanisms in debt auctions, broadening the investor base, and conducting liability management operations.

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 IV. Figure 6. The Bahamas: Long-Term Risk Analysis

Triggered Modules

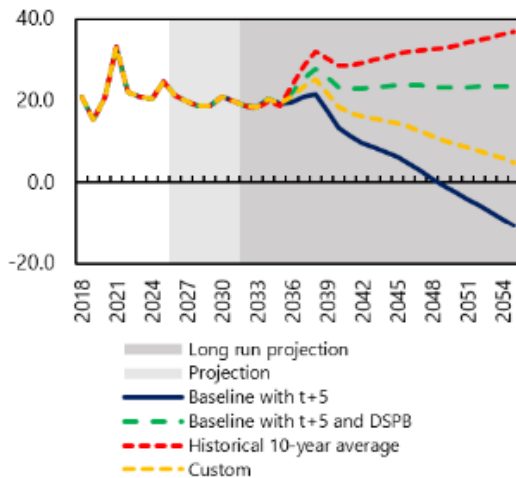
Large amortizations	Pensions Health	Climate change: Adaptation Climate change: Mitigation	Natural Resources
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Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

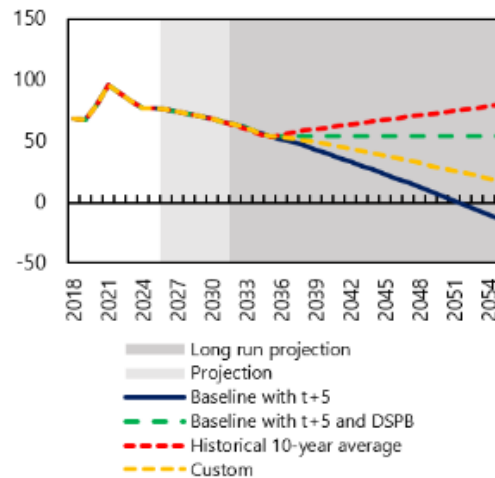
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	■
	Amortization-to-GDP ratio	■
	Amortization	■
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	■
	Amortization-to-GDP ratio	■
	Amortization	■
Historical average assumptions	GFN-to-GDP ratio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

Variable	2031	2035 to 2039 average	Custom Scenario
Real GDP growth	1.7%	1.7%	1.7%
Primary Balance-to-GDP ratio	3.9%	4.6%	2.5%
Real depreciation	-1.4%	-1.4%	-1.4%
Inflation (GDP deflator)	1.4%	1.4%	1.4%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

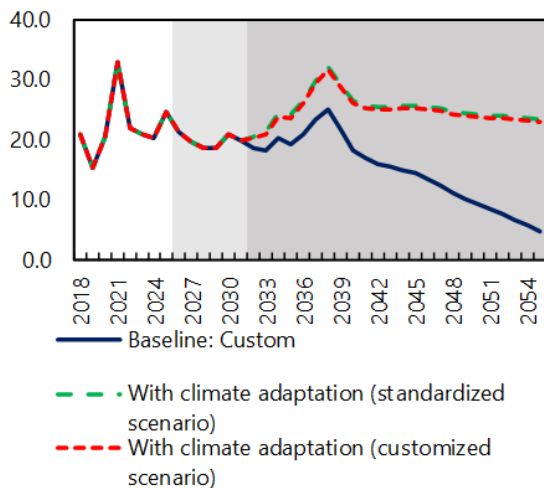


A shift in the primary balance from surplus back to the historical 10-year deficit would put gross financing needs and the debt-to-GDP ratio on upward trajectories, reaching 37 percent and 80 percent of GDP respectively by 2054. However, under the custom scenario, where the primary balance falls to 2.5 percent of GDP over the long-run, both public debt and GFNs remain on firm downward trajectories.

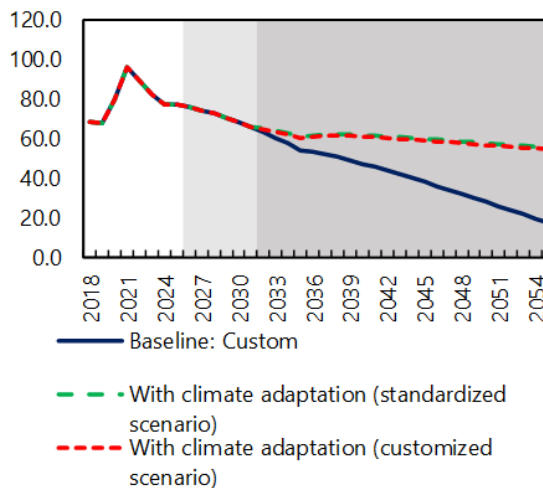
Annex IV. Figure 6. The Bahamas: Long-Term Risk Analysis (Concluded)

Climate Change: Adaptation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

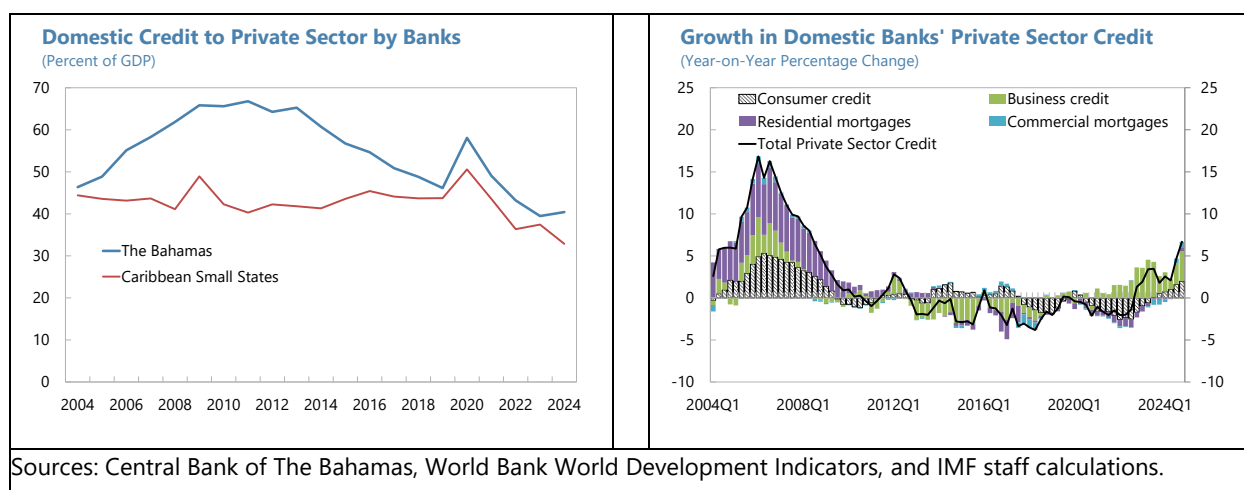


Absent additional measures, GFNs and public debt would rise due to higher average investment of 1.4 percent of GDP associated with climate adaptation. Still, both GFNs and debt are expected to decline over the long-run. However, several caveats to this assessment are in order. This assessment does not include potential payoffs from adaptation investments, which may yield different results, particularly over the long term. Even then, investments in climate adaptation absent global mitigation efforts will not be able to completely shield The Bahamas from the effects of climate change.

Annex V. Understanding Private Sector Credit in The Bahamas¹

This annex discusses the recent evolution of private sector credit in The Bahamas. It describes the decline in private sector credit after the global financial crisis (GFC) and its ongoing recovery.

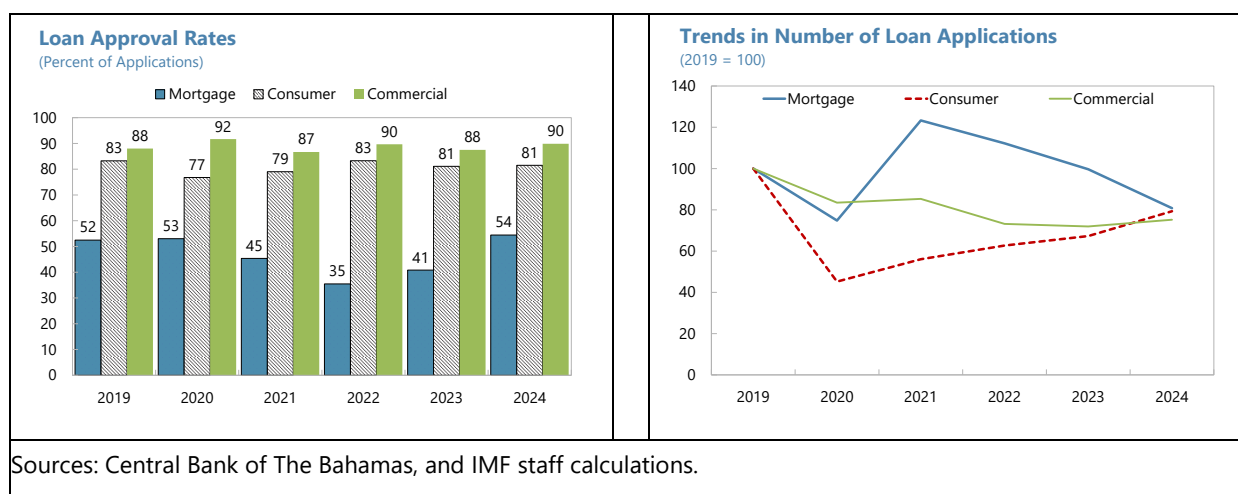
1. Growth in private sector credit was generally weak in The Bahamas following the GFC and immediately after the pandemic. After strong growth leading up to 2008, driven by expansions in lending for residential mortgages and to consumers and businesses, private credit from banks peaked as a share of GDP in 2009 and in nominal terms in 2011. Credit growth declined sharply thereafter—more so than the Caribbean average—coinciding with factors such as periods of weaker economic activity, elevated nonperforming loans (NPLs), and challenges associated with a domestic bank.² This credit slowdown was broad-based across all major segments and contributed to a substantial rise in domestic banks' excess liquidity in the post-GFC period.



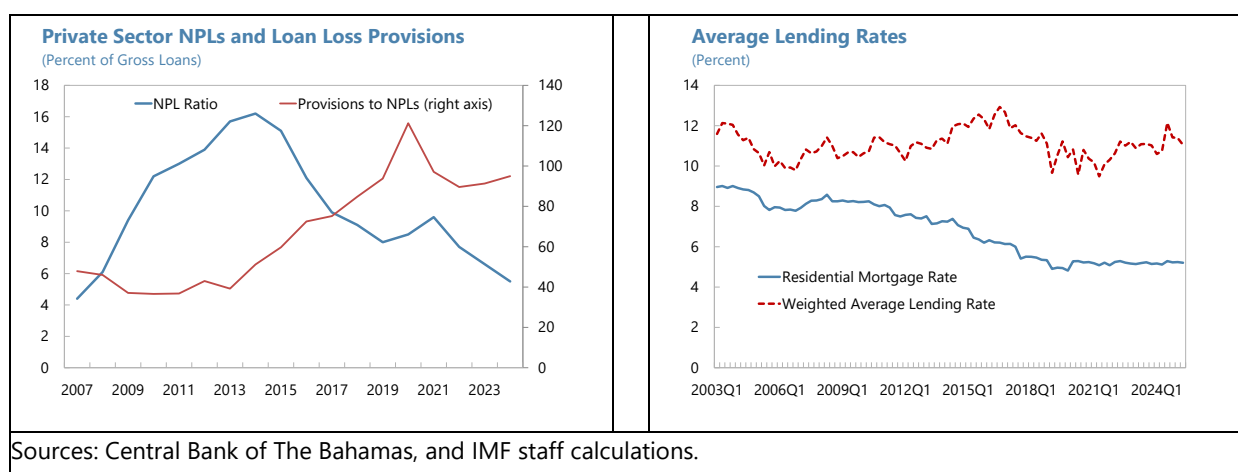
2. Private sector credit has rebounded since 2022, following a remarkable rebound in real GDP following Hurricane Dorian in 2019 and the Covid-19 pandemic. Strong lending to firms in transportation, distribution, professional services, and tourism has underpinned rapid growth in business loans. A more modest growth in personal lending is also driving the credit recovery. During this period, domestic banks' loan approval rates—particularly in mortgages—have recovered to pre-pandemic levels. However, the number of applications for mortgages, consumer loans and commercial credit, while higher than its 2020 trough, remained below pre-pandemic levels by 2024. Still, despite robust growth, private sector credit was at 39 percent of GDP by end-2024, 5 percentage points below 2019 levels and 27 percentage points below the 2009 peak.

¹ Prepared by Shane Lowe (WHD).

² See Appendix IV in [The Bahamas' 2019 Financial System Stability Assessment](#).



3. The rebound in private sector credit has coincided with falling trends in the NPL ratio and lending rates, and policies may also have helped increase lending. The NPL ratio has continued to decline to its lowest levels since pre-GFC, supported by the strong economic recovery, while provisions-to-NPLs have declined from their 2020 peak, in part due to a reversal in buffers built up during the pandemic. Lending rates, particularly on mortgages, have tended to fall in recent years. Policies may have played a role in the observed credit recovery, too, as the Central Bank relaxed some borrower-based measures associated with personal loans and it eased certain requirements for mortgages in 2022 and 2023, respectively.³



³ In 2022, the central bank increased the maximum debt-to-income ratio for personal loans to 50 percent from 40–45 percent and permitted banks to lend up to the value of collateral, except for mortgages. Since 2023, borrowers are no longer required to obtain mortgage indemnity insurance to qualify for a lower down payment on mortgages.

Annex VI. Implementation of 2019 FSAP Recommendations— Assessment (as of October 2025).

Recommendation	Status
Banking Supervision	
Strengthen assessments of credit underwriting and enhance credit risk management and ICAAP reviews. Update guidelines on impaired assets and other asset classifications.	The Central Bank published the Guidelines for the Management of Credit Risk in 2022 which included how impaired assets are recognized. The minimum expectation for the ICAPP were incorporated into The Bahamas Capital Regulation 2022 as a component of capital governance. However, the Central Bank continues to advance work on revisions to the Guidelines for the Management of the ICAAP as part of its Policy Work Agenda.
Ensure strong governance arrangements for state-controlled financial institutions.	Governance at the Bank of Bahamas has improved and the previous moratorium on commercial lending has been lifted.
Strengthen effectiveness assessments of bank boards of directors, senior management, and internal audits.	The Corporate Governance Guidelines is currently under review as a part of the Policy Work Agenda.
Increase the number of on-site examinations of onshore banks. Perform on-site examinations of offshore banks that have not been subject to visits in the past five years.	The central bank continues to conduct onsite examinations of both domestic and international banks, most of which are generally risk-based. In some cases, where risks are assessed as high, the Bank conducts special reviews. The Bank notes that their complement of onsite examiners could benefit from adding inspectors with special skillsets. The Central Bank is increasing its examination staffing by 2 full-time equivalents (FTEs) and 2 contractual specialists.
Financial Crisis Management and Safety Nets	
Enact bank resolution legislation, including guidance for public AMCs.	Parliament enacted the Banks and Trust Companies Regulations Act, 2020; the Central Bank Act, 2020 and the Protection of Depositors (Amendment) Act, 2020, all of which came into force on September 1, 2020. Guidance for Public AMCs is still to be developed. In October 2025, the Central Bank launched for public consultation a draft legislative reform to strengthen the resolution framework for systemically important financial institutions, including banks and credit unions.
Create a Crisis Management Committee to improve coordination and operationalize reforms.	A Crisis Preparedness Working Group was formed by the Group of Financial Service Regulators. The MoU for the establishment of the Financial Stability Council—which will have a financial stability and crisis management role—was concluded in December 2024. The Council became operational in February 2025.
Increase DIC funding to reach 2 percent of insurable deposits. Establish a pre-arranged emergency funding facility.	The Deposit Insurance Corporation increased the premiums levied on banks effective January 2024. DIC funding would reach 4 percent of insured deposits by 2026. Legal reforms are planned to establish a back-up funding regime for the deposit insurance scheme.
Issue Resolve financial statements and asset sales information, and commission a	The third-party review was provided to the Government.

Recommendation	Status
third-party comprehensive review of its operations.	
Financial Stability Analysis and Stress Testing	
Operationalize the proposed Consumer Credit Bureau.	The credit bureau began operations in 2021.
Improve data collection and analytical capacity for assessing solvency and liquidity risks; strengthen focus on key systemic and macroeconomic risks.	<p>Financial institutions report their liquidity risk management strategy, liquidity position, and maturity-wise analysis of liabilities and assets on an ongoing basis or more frequently as needed. The Central Bank also conducts ad hoc collections and surveys as required.</p> <p>The Basel III Liquidity Risk Regulations and Guidelines are in progress. Implementation of this framework would require financial institutions to report their Liquidity Coverage Ratio (their ability to meet their liquidity needs in a 30-day stress scenario) and Net Stable Funding Ratio (to capture structural issues and provide a sustainable maturity structure over a one-year horizon).</p>
Develop a real estate price index.	Central Bank staff has begun preliminary work on constructing a real estate price index. The Central Bank is still in the process of sourcing data to complete the index.
Systemic Risk Oversight and Macroprudential Policy	
Introduce a macroprudential capital buffer above a core common equity requirement.	The Bahamas Capital Regulations (2022) and the associated Guidelines for the Management of Capital and the Calculation of Capital Adequacy took effect in July 15, 2022. These include the requirement of additional capital buffers including a capital conservation buffer and a systemic risk buffer.
Collect loan-level data for potential implementation of LTV/DTI mortgage lending standards.	The central bank collects data on the largest credit exposures from banks but has not yet started collection of detailed loan-level data for all loans.
Introduce CBOB recommendations regarding lending standards in NBFIs.	The Financial Stability Council is prioritizing to identify a comprehensive approach to surveying the nonbanking sector and to improve surveillance of nonbank lending activities. The 2025 Co-operative Credit Unions (Amendment) Bill to promote enhanced transparency and accountability as endorsed by international standards setting bodies responsible for supervisory and regulatory oversight of credit unions is under public consultation.
Strengthen the role of the Group of Financial Services Regulators in systemic risk surveillance and oversight.	The Group of Financial Services Regulators formed 3 working groups to assist in this regard, the AML External Relations, Crisis Preparedness and Joint Guidance Working Groups. Moreover, the MOU has been finalized to establish a Financial Stability Council whose membership will comprise the banking, securities and insurance regulators. The Council became operational in February 2025. Amendments to legislation on Financial Sector Resilience and Payments Services are currently under public consultation.
Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT)	
Continue to strengthen AML/CFT risk-based supervision of FIs and DNFBPs by enhancing risk analysis,	Central bank supervised financial institutions are all routinely supervised with respect to AML. The Bank has asked institutions to provide self-risk assessments and has noted more timely completion of remediation requests. The Central

Recommendation	Status
dedicating resources, and using enforcement actions.	Bank is also investing in an AML Risk Assessment tool to be rolled out by Q2 2025. This technology will allow for a more efficient risk assessment process.
Assess potential ML/TF risks related to Fintech initiatives.	The central bank has published a Digital Assets Framework and Guidelines to identify and address any issues which may threaten financial stability. The 2024 DARE Act has strengthened the regulatory framework for digital assets in The Bahamas by broadening oversight of digital asset activities, enhancing disclosure requirements, improving investor and consumer protections, and reinforcing AML/CFT obligations for digital asset businesses.
Prevent pressure on correspondent banking relationships, including by ensuring availability of accurate beneficial ownership information.	The Register of Beneficial Ownership Act was passed in 2018. Progress continues in ensuring accuracy of beneficial ownership information in the register.
Developmental Recommendations: Financial Inclusion–Payment Systems and SMEs	
Open the ACH to regulated and supervised NBFIs and modernize the electronic payment infrastructure. Differentiate debit and credit merchant discount rates.	The 2023 Central Bank Act allows supervised NBFIs to have direct access to the ACH. Regulated credit unions, international banks, PSPs and MTBs are now permitted to establish settlement accounts directly with the Central Bank as opposed to having to negotiate settlement arrangements with commercial banks.
Promote digitizing government payments and allow Treasury participation in the ACH.	The 2023 Central Bank Act allows supervised NBFIs to have direct access to the ACH. In the past, the Bank has also proposed that the Government and the National Insurance Board would be allowed to join the ACH, as the two largest single originators and recipients of payments.
Improve operations and coordination of public empowerment funds targeting SMEs.	The Small Business Development Center (SBDC), established in 2018, is an institute to promote small business under the partnership among the government, University of The Bahamas, and The Bahamas Chamber of Commerce and Employers Confederation. SMEs access financing and training via the SBDC, including in collaboration with the IDB.

Annex VII. Data Issues

Annex VII. Table 1. The Bahamas: 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
	B	C	A	B	A	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	B	C	B		
Granularity 3/	A		A	B	A		
			A		A		
Consistency			A	B		B	
Frequency and Timeliness	B	C	C	A	A		
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 <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i> , 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.						
<p>Rationale for staff assessment Data provision has some shortcomings but are broadly adequate for surveillance. All critical macroeconomic data, including comprehensive central government finance statistics, are regularly published in the Central Bank of The Bahamas' "Monthly Economic and Financial Developments" and "Quarterly Statistical Digest" and the Ministry of Finance's "Quarterly Report on Budgetary Performance", "Monthly Fiscal Summary Report", and "Quarterly Public Debt Statistics Bulletin". However, there are delays in the publication of some government finance statistics, even though these lags have recently started to shorten. The data coverage for government operations and debt also has some gaps relative to peer countries (e.g., lack of general government accounts). The authorities have yet to compile data on the International Investment Position (IIP). National Accounts and Balance of Payments historical data are revised often. National accounts, employment, and inflation data are published with lags. Weaknesses of coverage and timeliness reflect capacity constraints. Staff continue to support the authorities' efforts towards addressing data gaps, including with technical assistance.</p>							

Changes since the last Article IV consultation. None.
Corrective actions and capacity development priorities. In 2025, the Bahamas National Institute of Statistics (BNSI) made historical revisions to the GDP and other national accounts data, introducing methodological improvements to the measurement of economic activity. The authorities are in the process of completing data collection to launch a new household survey, after which they plan to rebase the CPI. Staff continue to support the authorities' efforts towards addressing data gaps, including continuing technical assistance on IIP and balance of payments statistics. Additional capacity development support can also be provided to improve government finance statistics.
Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff's definition of central government debt includes payment arrears and promissory notes for the resolution of the Bank of The Bahamas, neither of which is included in the authorities' published central government debt statistics. This payment was completed in FY2024/25, though.
Other data gaps. More timely and frequent publication of labor statistics and expanding the coverage of the reports to include informal labor would enhance staff's analysis. More timely updates to statistics on the tourism sector would also be helpful.

Annex VII. Table 2. The Bahamas: Data Standards Initiatives

The Bahamas participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since December 2018.

Annex VII. Table 3. The Bahamas: Table of Common Indicators Required for Surveillance

As of December 17, 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}	The Bahamas ⁸	Expected Timeliness ^{6,7}	The Bahamas ⁸
Exchange Rates	Fixed				D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	30-Oct	16-Dec	M	M	M	M	1M	5M
Reserve/Base Money	30-Oct	16-Dec	M	M	M	M	2M	5M
Broad Money	30-Sep	10-Nov	W	M	M	M	1Q	5M
Central Bank Balance Sheet	30-Oct	16-Dec	M	M	M	M	2M	5M
Consolidated Balance Sheet of the Banking System	30-Sep	10-Nov	M	M	M	M	1Q	5M
Interest Rates ²	30-Sep	5-Nov	M	M	M	M	...	5M
Consumer Price Index	30-Jul	3-Dec	M	M	M	M	2M	3M
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	NA	NA	NA	NA	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	31-Oct	12-Dec	M	M	Q	Q	1Q	1Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	30-Sep	30-Nov	M	M	Q	Q	2Q	1Q
External Current Account Balance	Q3 2025	8-Dec	Q	Q	Q	Q	1Q	5M
Exports and Imports of Goods and Services	Q3 2025	8-Dec	Q	Q	M	Q	12W	4M
GDP/GNP	Q2 2025	14-Nov	A	A	Q	A	1Q	5M
Gross External Debt	24-Sep	24-Nov	Q	Q	Q	Q	2Q	3M
International Investment Position	NA	NA	NA	NA	A	...	3Q	...

¹ Includes net market value of 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 "...".

Annex VIII. Integrating Surveillance and Capacity Development

Sector	Surveillance Recommendations	Capacity Development (CD) Recent Actions/Plans
Tax Policy and Administration	Review tax expenditures and consider a comprehensive tax reform.	FAD provided technical assistance (TA) on tax policy, including on the implementation of a Corporate Income Tax, CARTAC on tax administration, and LEG on tax appeals. Additional FAD and CARTAC support is expected in the near term.
Expenditure Policy	Contain rising outlays to SOEs and pensions. Enhance fiscal transparency by the timely publication of audited financial statements for public sector entities, including beneficial ownership information of companies awarded public procurement contracts.	The Inter-American Development Bank released a public expenditure review in 2022. CARTAC has delivered TA to strengthen fiscal risk management.
Public Financial Management	Implement key elements of the PFM and Public Procurement Act.	CARTAC has provided several TA missions on public financial management. ICD is providing TA to operationalize the DIGNAD model for the Bahamian economy, including to quantify macro-fiscal impacts of natural disasters.
Financial Sector and Domestic Debt Management	Update the central bank's supervisory framework for bank intervention to ensure that early warning indicators are used more effectively and include climate risks into its stress testing frameworks. Make amendments to the 2020 Central Bank Act to help safeguard the central bank's institutional and financial autonomy. Develop a local real estate price index and expand digitalization of financial services. Continue strengthening the regulators' internal capacity. Enhance interagency coordination on systemic matters. Improve domestic debt management operations.	CARTAC has delivered TA on financial stability framework and macro-prudential and systemic risk indicators for financial stability assessment. MCM and CARTAC have delivered TA on developing the local currency debt market, and additional IMF CD support in this area is expected in the near term. ICD has delivered TA to strengthen macro-financial modelling and forecasting capacities. CARTAC plans to provide TA on stress testing, laying the groundwork for future climate stress testing.
AML/CFT	Establish and implement a robust supervisory framework to regulate registration, ensure prudential supervision, and AML/CFT compliance of digital assets.	CARTAC has delivered TA on corresponding bank relationship monitoring toolkit.

Sector	Surveillance Recommendations	Capacity Development (CD) Recent Actions/Plans
Statistics	Close data gaps and publish statistics according to international standards. Conduct a household survey.	ICD has delivered TA focused on improving macro modelling and forecasting capacities, and CARTAC has provided TA on national accounts statistics and price statistics. CARTAC plans to provide TA on GDP forecasting. Regarding external sector statistics, CARTAC has engaged with the authorities during several TA missions to expand Balance of Payments data collection, reduce the size of errors and omissions, and to produce international investment position (IIP) statistics. STA has provided several TA missions to the BNSI on external sector statistics, and to the CBOB to implement the standardized report forms (SRFs). Staff continue to support the authorities' efforts towards addressing data gaps, including continuing TA to compile and publish IIP statistics. With Statistics Canada's support, a National Accounts Advisory Committee has been established and MOUs are being implemented to improve administrative data classification, quality assurance and sharing.



THE BAHAMAS

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

January 20, 2026

Prepared By

Western Hemisphere Department
(In consultation with other departments)

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FUND RELATIONS

(As of December 31, 2025)

Membership Status: Joined August 21, 1973; Article VIII

General Resources Account:

	SDR Millions	Percent of Quota
Quota	182.40	100.00
Fund Holdings of Currency	163.12	89.43
Reserve Position in the Fund	19.29	10.57

SDR Department:

	SDR Millions	Percent of Quota
Net Cumulative Allocation	299.24	100.00
Holdings	120.35	40.22

Outstanding Purchases and Loans: None

Financial Arrangements: None. (The final repayment on the 2020 RFI was made on June 3, 2025.)

Overdue Obligations and Projected Payments to Fund¹:

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

	Forthcoming				
	2026	2027	2028	2029	2030
Principal	...	...	...	...	...
Charges/Interest	4.79	4.77	4.77	4.76	4.77
Total	4.79	4.77	4.77	4.76	4.77

Implementation of HIPC Initiative: Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable

Implementation of Catastrophe Containment and Relief (CCR): Not Applicable

Exchange Rate Arrangements: The de jure and de facto exchange rate arrangements in The Bahamas are classified as a conventional peg, vis-à-vis the US dollar. The Bahamian dollar has been pegged to the U.S. dollar at B\$1 per US\$1. The Bahamas has accepted the obligations under

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.

Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement. In 2024, the authorities introduced changes to exchange control arrangements, and IMF staff is currently assessing these changes in accordance with the Fund's Institutional View on Liberalization and Management of Capital Flow Measures and Article VIII of the Fund's Articles of Agreement.

Last Article IV Consultation

The Bahamas is on a 12-month cycle. The last Article IV consultation was concluded by the Executive Board on January 13, 2025 (IMF Country Report No. 2025/8).

Resident Representative: None

Capacity Development		
Department	Dates	Purpose
LEG	July 2012	Payment System Laws
STA	Jan 2013	Government Finance Statistics
MCM	February 2013	Financial Stability Reporting
FAD	April 2013	Tax Reforms for Increased Buoyancy
CARTAC	April 2013	Draft VAT Bill
MCM	May 2013	Basel II Implementation
CARTAC	May/September 2013	Central Revenue Agency
CARTAC	July 2013	Support for Customs and Excise Department's Preparation of VAT
FAD	January/February 2014	Revenue Administration
FAD	March 2014	Tax Administration Readiness to Successfully Launch and Administer VAT
FAD	March 2014	Goods and Services Tax
FAD	March 2014	VAT Revenue Projection
FAD	April 2014	Revenue Impact of Implementing VAT
MCM	March 2014	Financial Crisis Management Planning
MCM	April 2014	Debt Management
CARTAC	June 2014	Price Statistics
CARTAC	August 2014	Balance of Payment and International Investment Position
FAD	September/October 2014	Revenue Administration
FAD	October 2014	Preparation to Launch a Value Added Tax
CARTAC	November 2014	Quarterly National Accounts
CARTAC	December 2014	Price Statistics
CARTAC	December 2014	Risk-Based Supervision of the Securities Market
LEG	March 2015	Strengthening the Legal Framework for Bank Resolution and Crisis Management
CARTAC	August/September 2015	Quarterly National Accounts
FAD	February/March 2016	Assessment of VAT Launch and Administration
CARTAC	August 2016	National Accounts Statistics
CARTAC	August 2016	Financial Health and Stability Indicators for the Pension Sector in the Bahamas
CARTAC	May/June 2017	External Sector Statistics

Capacity Development (continued)		
CARTAC	June 2017	Macro-Prudential and Systemic Risk Indicators for Financial Stability Assessment
CARTAC	August 2017	National Accounts Statistics
CARTAC	November/December 2017	Price Statistics
CARTAC	April 2018	Public Financial Management
STA	April 2018	Monetary and Financial Statistics
CARTAC	May 2018	Financial Stability Framework
CARTAC	June 2018	Corresponding Bank Relationship Monitoring Toolkit
CARTAC	August 2018	National Accounts Statistics
CARTAC	September 2018	Public Financial Management
STA	October 2018	e-GDDS
CARTAC	November 2018	Tax Administration
LEG	July 2019	Tax Appeals
CARTAC	September 2019	National Account Statistics
CARTAC	October 2019	Public Financial Management
CARTAC	February 2020	Public Financial Management
STA	October 2020	External Sector Statistics
ICD	November 2020	Financial Programming and Policies
CARTAC	January 2021	Public Financial Management
FAD	August 2021	Tax Policy
ICD	September 2021	Financial Programming and Policies
STA	September 2021	External Sector Statistics
MCM	October 2021	Crisis Management
ICD	November 2021	Financial Programming and Policies
ICD	March 2022	Financial Programming and Policies
STA	April 2022	External Sector Statistics
CARTAC	September 2022	National Account Statistics
MCM	September 2022	Financial Sector Infrastructure
MCM	December 2022	Bank Regulation
CARTAC	March 2023	External Sector Statistics
CARTAC	April 2023	CPI Statistics
CARTAC	September 2023	Debt management (local-currency bond market)
CARTAC	October 2023	Macroeconomic Program
STA	February 2024	External Sector Statistics
FAD	February 2024	Tax Policy
FAD	April 2024	Public Financial Management
MCM	September 2024-August 2025	Central Bank Governance and Operations

Capacity Development (concluded)		
CARTAC	March 2025	External Sector Statistics
ICD	June 2025	Macroeconomic Frameworks
CARTAC	September 2025	Financial Sector Regulation and Supervision
CARTAC	October 2025	Public Financial Management
CARTAC/LEG	November 2025	Debt management (legal framework)
ICD	November 2025	Debt-Investment-Growth and Natural Disasters (DIGNAD model)
CARTAC/MCM	December 2025	Debt management (repo market)

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

Inter-American Development Bank: [IDB | The Bahamas \(iadb.org\)](#)

Caribbean Development Bank: [The Bahamas | Caribbean Development Bank](#)

World Bank: [WBG Finances One - Bahamas, The](#)

- Multilateral Investment Guarantee Agency: [Projects | World Bank Group Guarantees | MIGA](#)