



**United
Nations**

Committee for
Development
Policy

2025 Monitoring Report

Solomon Islands

February 2025

Table of content:

Summary	2
Macroeconomic situation	2
LDC Criteria and Supplementary Graduation Indicators	3
Productive Capacity	5
Data gap	5
Smooth transition	5
Annex 1. Data for LDC criteria and supplementary indicators	6
Annex 2. Visualization of LDC criteria and Supplementary graduation indicators	9

Notes

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Summary

The economy of Solomon Islands continues to expand only moderately, with growth rates considerably below national and international targets. The country faces continued challenges to diversify its economy and to build resilience against climate shocks. It remains on track to graduate from the least developed (LDC) category in December 2027. After the extensions of the preparatory period granted in upon recommendation by the United Nations Committee for Development Policy (CDP), the country has developed a smooth transition strategy following broad consultations that is currently awaiting endorsement by the Government. The strategy is a subset of the National Development Strategy and consistent with global and regional development agendas. The strategy identifies direct impacts, including on trade and finance, outlines mitigation measures, and highlights complementary plans, enablers and implementation mechanisms for a smooth transition.

Macroeconomic situation

Solomon Islands are expected to continue to experience relatively small, but positive economic growth. In the first half of 2024, fishing, forestry, manufacturing and construction contributed to a strengthening of the economy. In February 2024, the Statistical Office published new national accounts figures, indicating that after a decline in 2020 due to the COVID-19 shock, the country resumed growth in 2021. Previous estimates had indicated a shrinking GDP over three consecutive years from 2020 to 2022. However, economic growth continues to remain far below the targets of the national development strategy, which aims 5 per cent growth by 2025 and 7 per cent by 2030. The IMF in its most recent World Economic Outlook forecasts that growth barely exceeds 3 per cent by 2029. Thereby, economic growth would only slightly outstrip population growth, which is slightly declining but forecasted by the United Nations to remain above 2 per cent until 2034.

Inflation, which according to national data had peaked in November 2022 at 9.7 per cent due to rising food and energy prices caused by the war in Ukraine, continued to subside. Latest estimates for November 2024 show a 4.3 per cent inflation rate. The central bank adopted in September 2024 an accommodative monetary policy stance to increase economic activity in the short- to medium term, as inflation is expected to remain low.

Table 1. Selected macroeconomic data for Solomon Islands, 2018-2024

Indicator	2018	2019	2020	2021	2022	2023	2024
GDP growth rate (per cent, constant price)	2.7	1.7	-3.4	2.6	2.4	3.0	2.6
Inflation rate (%)	3.5	1.6	3.0	-0.1	5.5	5.6	4.1
Government revenue (billions of national currency)	4.66	4.51	4.79	3.80	3.66	4.14	4.3
Government expenditure (billions of national currency)	4.47	4.71	5.10	3.86	3.93	4.41	4.6
Government balance (billions of national currency)	0.19	-0.20	-0.31	-0.06	-0.28	-0.27	-0.3
Government balance (per cent of GDP)	1.5	-1.5	-2.4	-0.5	-2.2	-2.0	-2.2
Net ODA received (millions of US dollars)	195.6	223.9	214.3	264.7	253.6		
Balance of Payments (millions of US dollars)							

Current Account	-47.8	-154.0	-25.1	-78.2	-218.5	-178.2	
Goods, Credit (Exports)	536.0	460.9	378.7	371.2	340.9	430.8	
Goods, Debit (Imports)	529.4	497.3	404.0	468.5	546.3	629.5	
Balance on Goods	6.5	-36.4	-25.3	-97.2	-205.4	-198.7	
Services, Credit (Exports)	144.7	130.4	50.1	42.4	70.5	115.3	
Services, Debit (Imports)	218.8	255.6	152.2	151.0	218.4	254.2	
Balance on Services	-74.1	-125.3	-102.1	-108.6	-147.9	-138.9	
Balance on Goods and Services	-67.6	-161.6	-127.4	-205.8	-353.3	-337.6	
Balance on Income	-20.4	-16.4	35.8	17.9	10.6	25.1	
Balance on Current Transfers	40.2	24.0	66.5	109.7	124.2	134.3	
Capital Account	60.0	63.6	62.3	65.8	137.8	131.8	
Financial Account	54.1	-53.5	16.4	-9.5	-69.4	-97.5	
Direct investment (net)	-15.9	-28.7	-5.7	-23.0	-38.4	-72.5	
Portfolio investment (net)	-0.2	3.9	1.5	6.2	-2.4	4.5	
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	
Other investment (net)	2.0	6.7	-31.4	-71.6	-4.6	-49.4	
Reserve assets	68.2	-35.3	52.0	78.9	-24.0	19.8	
Reserves (months of imports)	9.1	8.4	13.7	12.7	9.7	..	

Source: GDP growth and inflation are from UN DESA, *World Economic Outlook and Prospects 2025*; government finance data are from IMF, *World Economic Outlook Database, October 2024*; net ODA is from OECD, *OECD.Stat*; and all external sector indicators are from IMF, *Balance of Payment Data Reports*.

While debt levels remain relatively low in international comparison, their increase had raised concerns. Between September 2019 and September 2024, government external debt grew by 129 per cent and government domestic debt by 326 per cent, reaching approximately 12 and 8 per cent of GDP in 2024, respectively. The debt increase was driven by fiscal deficits caused by COVID-19 and response measures as well as increased investments for the 2023 Pacific Games. The fiscal deficit is expected by IMF to be 3.3 per cent in 2025, driven by investment in infrastructure and to advance government's priorities. There have been concerns on the liquidity situation of the Government, as cash reserves have been receding.

While the current account remains in deficit and is expected to widen in 2025, the Central Bank reported that in the first three quarters of 2024 the balance of payment remained in surplus and international reserves remain ample.

LDC Criteria and Supplementary Graduation Indicators

Solomon Islands continues to comfortably meet the GNI per capita and HAI criteria, while the EVI remains very high. Table 2 shows the LDC criteria scores over the past five years. It reveals the stagnation of per capita income in the country and the lack of progress in reducing vulnerabilities. The slight decline in HAI scores over the past five years is caused by worsening performance in lower secondary school completion. It should be noted that school completion in Solomon Islands is measured through a proxy indicator, as data availability of education indicators is particularly low for the country.

Annex 1 contains the latest available data for all LDC indicators, whereas annex 2 shows visually the evolution of LDC criteria and indicators since 2000 in comparison to other LDCs and to non-LDC developing countries. The figures further underscore the limited progress in GNI per capita as well as the mixed

performance in HAI, with solid progress in the education indicators between 2000 and 2020, counterweighted by very small progress in tackling stunting. Vulnerability scores have remained elevated over time, driven particularly by frequent and severe disasters from natural hazards as well as the remote location and very high concentration of exports, with exports of logs to China continuing to be the dominating export, despite some decline in recent years.

Table 2: Criteria for LDC Identification, Solomon Islands, 2021-2025

Year	GNI per capita	HAI	EVI
2021	\$ 2,159	79.29	51.62
2022	\$ 2,208	79.27	51.74
2023	\$ 2,204	79.09	50.25
2024	\$ 2,177	78.80	49.67
2025	\$ 2,152	78.48	50.01

Source: CDP Secretariat, Time series estimates (LDC criteria) dataset (2002-2025), available at <https://bit.ly/LDC-data>

Note 1: For GNI per capita, Year refers to the year of a (actual or hypothetical) review. The data reflects the latest three-year average available for a review, i.e., the value for 2025 refers to the 2021-2023 average. Data differ from previous official triennial review data due to data revisions. The graduation threshold for GNI per capita varies over time; it was \$ 1,306 at the 2024 triennial review and \$1,222 at the 2021 triennial review.

Note 2: For EVI and HAI, Year refers to the year of a (actual or hypothetical) review. The timeliness of source data varies by indicator; generally, criteria capture data up to two years prior to a review. See the 'read me' in the source. The graduation threshold is 66 or above.

Note 3: Data differ from previous official triennial review data due to data revisions, changes in data sources, methodological changes and most notable, changes in composition of the composite indices HAI and EVI. Minor differences can also occur due to rounding. The graduation threshold is 32 or below.

The supplementary graduation indicators (SGI) reveal the challenges of Solomon Islands in building resilience to climate change, as the global adaptation index is stagnant and at relatively low levels. While GNI per capita as measured with the newly published purchasing power parity factors calculated for the International Comparison Program shows small but positive growth since the COVID shock, the level of per capita income using this measure is much lower than in other graduating countries due to high costs of living typical for remote Pacific economies. The fibre optic cable connecting Honiara to Papua New Guinea and Australia, which was completed in December 2019, has led to a significant increase in the share of population using the internet. However, the recent stagnation in 2022 indicates further efforts are needed for more widespread use of the internet. With the expansion of the Pacific Australia Labour Mobility scheme, remittances are becoming an increasing source of income in Solomon Islands. Women empowerment has been improving in recent years, indicating some progress amidst a generally challenging governance landscape. As in other LDCs, undernourishment has reemerged as a significant challenge in the aftermath of disruptions to global food markets.

Annex 1 contains the latest available data for all SGI, whereas annex 2 shows visually the evolution of most SGI since 2000 in comparison to other LDCs and to non-LDC developing countries.

Table 3: Supplementary Graduation Indicators for Solomon Islands, 2019-2023

Indicator	2019	2020	2021	2022	2023
Global Adaptation Index	38.59	40.68	39.43	38.15	
GNI per capita at PPP conversion factors	2680	2650	2750	2920	3080
Internet users	28.70	39.55	47.33	44.96	

Remittances (% of GDP)	1.57	1.79	3.35	5.18	5.18
Women empowerment	0.518	0.588	0.603	0.653	0.654
Prevalence of undernourishment	17.5	18.4	19.4	19.9	19.4

Source: CDP Secretariat, Supplementary graduation indicators (SGI) dataset (<period>), available at <https://bit.ly/LDC-data>

Productive Capacity

Solomon Islands shows productive capacities higher than the average of LDCs but far lower than the other developing countries (ODCs). The island's performance is significantly lower than that of ODCs and SIDS in Human Capital, Energy, and ICT components. This means that it may require further efforts and take more time for the Solomon Islands to reach the PCI level comparable to ODCs. Solomon Islands' Private Sector scores better than other developing countries. The country also performs better than LDCs in Institutions and Natural Capital. By contrast, Human Capital, ICT, and Structural Change components present specific challenges due to the dependence of the economy on fisheries and forestry products.

Table 4: Productive Capacity Index, Solomon Islands, 2022

	PCI	Human capital	Natural capital	Energy	Transport	ICT	Institutions	Private sector	Structural Change
Solomon Islands	38.2	24.9	45.2	37.4	46.1	28.1	49.7	53.4	31.2
Other developing countries	46.8	44.3	38.4	61.2	34.1	49.6	51.1	50.9	53.2
LDCs	30.9	27.9	49.8	26.3	19.7	25.2	38.3	37.8	41

Source: UNCTADstat

Data gap

As reported previously, the statistical capacity of Solomon Islands is regarded as low. The notable revision to the national accounts data discussed above further underscores the scale of statistical capacity needs the country faces.

Smooth transition

While the Committee has not yet received any annual report to CDP as suggested by the General Assembly in its resolution [A/RES/67/221](#), Solomon Islands has participating in each of the last four cycle in the annual consultations between the country and CDP.

Solomon Islands is progressing in developing and finalizing its smooth transition strategy (STS). The work is led by the Ministry of National Planning and Development Coordination, with support provided by UN ESCAP and DESA. The strategy is a subset of the National Development Strategy (NDS) 2016-2035, which serves as development blueprint of the country. It is also consistent with global and regional development agendas and has been developed based on broad consultations. The strategy identifies direct impacts, including on trade and finance, outlines mitigation measures, and highlights complementary plans, enablers and implementation mechanisms for a smooth transition. The draft strategy was validated in January 2025 and is awaiting endorsement by the Government.

Annex 1. Data for LDC criteria and supplementary indicators (SGIs)

LDC criteria data

The data table below shows the latest available data and corresponding year for the country based on the 2025 retrospective review.

The calculations of all composite indices and indicators are based on the refinements of the LDC criteria adopted by the Committee for Development Policy (CDP) at its 25th Plenary session in February 2023.

For more detailed information on indicators and data sources, see the '*Time series estimates (LDC criteria) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

Indicator	Latest available data	Year latest available data refer to	LDC average*
GNI - Gross national income (GNI) per capita in US dollar, using Atlas conversion (3-year average)	2,151.77	2023	1,388.26
HAI - Human assets index	78.06	2023	59.42
U5M - Under-5 mortality rate (per 1,000 live birth)	18.28	2022	59.20
STU - Prevalence of stunting	29.8	2022	29.28
MMR - Maternal mortality ratio (per 100,000 live birth)	122.25	2020	381.86
LSEC - Lower secondary education completion rate	61.44	2023	42.60
ALR - Adult literacy rate	85.5	2019	64.26
GPIC - Gender parity index for lower secondary education completion	1.08	2023	1.00
EVI - Economic and environmental vulnerability index	50.01	2023	39.84
AFF - Share of agriculture, forestry and fishing in GDP (% of GDP)	34.44	2023	24.59
REM - Remoteness and landlockedness (location index)	77.1	2023	57.61
XCON - Merchandise export concentration (Theil index)	8.48	2023	7.76
XIN - Instability of exports of goods and services (20-year regression)	10.49	2023	12.39
LECZ - Share of population living in low elevated coastal zones (percentage of population)	17.86	2015	7.94
DRY - Share of population living in drylands (percentage of population)	0.00	2023	33.99
AIN - Instability of agricultural production (20-year regression)	6.93	2022	6.06
VIC - Victims of disasters (per 100,000 population) (15-year average)	5.86	2023	3.34

Source: Time series estimates (LDC criteria) dataset (2000-2025) available on the [LDC Data](#) website.

Supplementary graduation indicators (SGIs)

The supplementary graduation indicators (SGIs) complement the official LDC criteria. They provide quantitative, internationally comparable data for vulnerabilities and other factors that are not fully captured by the LDC criteria but that might be relevant for graduation from the LDC category.

For more detailed information on indicators and data sources, see the '*Supplementary graduation indicators (SGI) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

	Indicator	Latest available data	Year latest available data refer to	LDC average*
ECONOMIC VULNERABILITY	EC01 - GDP growth rate (%)	3.08	2023	3.51
	EC02 - GDP growth volatility	2.78	2023	5.29
	EC03 - External debt (% of GNI)	29.73	2022	55.98
	EC04 - Total debt servicing (% of exports and primary income)	4.88	2023	12.22
	EC05 - Personal Remittances, received (% of GDP)	5.18	2023	6.76
	EC06 - ODA received as percentage of GNI	16.05	2022	10.85
	EC07 - Tourism receipts as share of exports	1.63	2020	13.14
	EC08 - Current account balance (% of GDP)	-10.91	2023	-4.46
	EC09 - Standard deviation of net barter terms of trade over 20 years	8.95	2021	15.11
	EC10 - Cereal import dependency	0.97	2022	0.41
	EC11 - Tax revenue as share of GDP	20.67	2022	13.21
	EC12 - Gross domestic savings (% of GDP)	9.09	2022	7.22
	EC13 - Adjusted net savings (% of GNI)	16.88	2020	3.43
	EC14 - Share of employment in agriculture	37.57	2023	47.82
	EC15 - Productive capacities index	38.19	2022	30.75
	EC16 - Percentage of individuals using the internet	44.96	2022	34.20
	EC17 - Renewable electricity capacity per capita	0.01	2023	0.07
	EC18 - Percentage of population with access to electricity	76.00	2022	54.31
ENVIRONMENTAL VULNERABILITY	EV01 - Environmental Performance Index	41.80	2024	36.42
	EV02 - Global Adaptation Index	38.15	2022	37.81
	EV03 - INFORM Climate Change Risk Index	4.30	2022	5.79
	EV04 - Economic loss from natural disaster (% of GDP)	0.00	2022	0.03
	EV05 - Annual mean levels of fine particulate matter (e.g. PM2.5) in cities (population weighted)	7.83	2019	27.87
	EV06 - Access to at least basic sanitation (% of population)	35.02	2021	41.15
	EV07 - Access to at least basic drinking water (% of population)	67.45	2021	68.27
	EV08 - Freshwater withdrawal as a proportion of available freshwater resources	n/a	n/a	15.81
	EV09 - Proportion of water basins experiencing high surface water extent changes	70.00	2020	28.66
	EV10 - Red list index, showing trends in overall extinction risks of species	0.75	2024	0.86
	EV11 - Change in forest cover (percentage)	-0.03	2020	-0.54
	EV12 - Domestic material consumption per capita	16.66	2022	14.84

	Indicator	Latest available data	Year latest available data refer to	LDC average*
HUMAN ASSETS	HA01 - Human development index	0.56	2022	0.51
	HA02 - Multidimensional poverty index	n/a	n/a	0.27
	HA03 - Proportion of population covered by at least one social protection benefit	17.20	2019	12.35
	HA04 - Prevalence of undernourishment	19.40	2023	21.56
	HA05 - Mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70 (%)	39.20	2019	24.93
	HA06 - Diphtheria tetanus toxoid and pertussis (DTP3) immunization coverage among 1-year-olds (%)	84.00	2023	76.57
	HA07 - Gross secondary school enrolment rate	48.26	2012	47.14
	HA08 - Mean years of schooling	5.88	2022	4.78
	HA09 - Learning-adjusted (expected) years of school	4.68	2020	4.87
	HA10 - Total fertility rate (live birth per woman)	3.51	2024	3.97
	HA11 - Dependency ratio, i.e. the ratio of youth (Age 0-14) and elderly (age 65+) to population of age 15-64	68.38	2024	75.09
	HA12 - Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate)	82.73	2023	53.45
INCOME	IN01 - Gross national disposable income (GNDI) per capita, market exchange rates	2,238.53	2023	1,373.28
	IN02 - GDP per capita, market exchange rates	2,041.63	2023	1,334.95
	IN03 - Gross national income (GNI per capita) at purchasing power parity conversion factors	2,860.00	2023	3,757.73
	IN04 - Gini coefficient of disposable income	42.30	2012	41.45
	IN05 - Percentage of population below international poverty line (\$2.15)	26.60	2012	31.47
OTHER	OT01 - Battle deaths per 100,000, 20-year average	0.00	2023	2.79
	OT02 - Population of concern to UNHCR as percentage of total population	0.12	2024	3.33
	OT03 - Stock of persons internally displaced by conflict as percent of total population	0.13	2023	2.42
	OT04 - Intentional homicides (per 100,000 people)	3.68	2008	6.79
	OT05 - Voice and accountability, capturing perceptions of citizens' participation in selecting governments as well as of freedom of expression, association, and media	0.34	2023	-0.72
	OT06 - Government effectiveness, capturing perceptions of the quality of public services and policies	-0.73	2023	-1.03
	OT07 - Women empowerment index, providing information on women's civil liberties, civil society participation, and political participation	0.65	2023	0.61

Source: Supplementary graduation indicators (SGI) dataset (2000-2025) available on the [LDC Data](#) website.

Notes:

* As not all countries and/or indicators have complete coverage LDC averages are calculated using the latest available data for each country and indicator.

n/a denotes that no data are available.

Annex 2. Visualization of LDC criteria and supplementary graduation indicators (SGIs)

The following figures show the evolution of LDC criteria scores, LDC indicator values and SGI indicators value over the 2000 to 2025 period. The blue line shows the values for the country, abbreviated by its three-letter ISO code. The red and green lines show the simple country average value for least developed countries (LDC) and other developing countries (ODC), respectively. The shaded areas depict the interquartile range to indicate within-group heterogeneity. The group composition of LDCs and ODCs is based on the current list of LDCs and the classification of countries into developing and developed regions by the United Nations Statistics Division. Hence, all former LDCs are included in the ODC group. For details on the composition, see the 'Read-me' tab in the '*Time series estimates (LDC criteria) dataset (2002-2025)*' available on the [LDC Data](#) website.

For all details on the data, see *Time series estimates of the least developed country criteria (2022-2025)* and *Supplementary graduation indicators (SGI) dataset (2000-2025)*, both available on the [LDC Data](#) website.

The figures omit several SGIs with insufficient data for a time-series consideration.

Some indicator names in the figures are shortened versions of the indicator names as contained in annex 1.

Missing data has been linearly interpolated, but not extrapolated. Hence, changes in the lines and shaded areas for LDCs and ODCs can be influenced by changes in data availability over time.

To increase visibility, the following transformation of the data have been undertaken, please refer to annex 1 for the names of the indicators:

- Three-year averages for EC01, EC03, EC04, EC05, EC06, EC07, EC08, EC010, EC011, EC012, EC013, EC018, EV04, EV05, HA06, IN01, IN02, IN03.
- Logarithmic transformation for GNI, VIC, IN01, IN02, IN03, OT01, EC17, EV08.
- Maximum value set to 1: GPIC
- All indicators have been normalized between 0 and 100 using the 'max-min' method, using 5 per cent and 95 per cent quantiles as lower and upper bounds.
- For each figure, the x axis ranges from 2000 to 2025, and the y axis ranges from 0 to 100

All data are current as of 22 January 2025.





