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# COMMON COUNTRY ANALYSIS

UPDATE

# CAYMAN ISLANDS

This document was prepared by the Office of the United Nations Resident Coordinator for Jamaica, the Bahamas, Bermuda, Turks and Caicos & Cayman Islands.

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# Table of Contents

Abbreviations	_____	<b>04</b>
Executive Summary	_____	<b>05</b>
Introduction	_____	<b>05</b>
Political Developments	_____	<b>06</b>
Economic Developments	_____	<b>06</b>
Human Rights Developments	_____	<b>07</b>
Progress on the SDGs	_____	<b>08</b>
Emerging Opportunities and Challenges	_____	<b>09</b>
Conclusion	_____	<b>09</b>

# Abbreviations

CARICOM	Caribbean Community
CIFNSP	Cayman Islands Food and Nutrition Security Policy
CARDI	Caribbean Agricultural Research and Development Institute
CCA	Common Country Analysis
ESO	Economic and Statistics Office
GDP	Gross Domestic Product
MSDCF	Multi-Country Sustainable Development Cooperation Framework
OT	Overseas Territory
SDG	Sustainable Development Goal
UKHO	United Kingdom Hydrographic Office
UNCT	United Nations Country Team

# Executive Summary

In 2023, the Cayman Islands experienced a strong rebound in economic activity. However, the island nation continues to struggle with the cost-of-living crisis that has emerged due to inflationary pressures – which will be discussed in the Economic Developments section of this update.

Progress on the SDGs remains difficult to capture in a systematic way given limited access to standardized and timely data. As such, this update relies on readily available public data and information linked to significant policy changes that have taken place since 2022.

With respect to the impacts from climate change, while it was spared damage during the 2023 Hurricane Season; Cayman Islands experience soaring temperatures and continued to address issues linked to rising sea levels. A promising development in this regard was the introduction of the draft Climate Change Policy 2023-2040 which aims to aid in the present and future “by building<sup>[1]</sup> resiliency into all sectors of society and economy, while safeguarding important ecosystem services.”

## Introduction

The CCA is a key instrument designed to reflect the United Nations integrated, forward-looking and evidence-based joint analysis of the context for sustainable development, in view of achieving the 2030 Agenda and the Sustainable Development Goals. It forms the basis of UN programmatic support through the Multi-Country Sustainable Development Cooperation Framework (MSDCF).

This document is the third CCA update of the newest cycle, with the second CCA update for the Cayman Islands completed at the end of 2022. This document provides an overview of major changes that have taken place in 2023 and highlights the data that has become available since then.

At the time of this update, the Cayman Islands is experiencing a strong rebound in economic activity despite geopolitical uncertainties. The first three sections of this CCA update will outline developments on the political, economic, and human rights front in the Cayman Islands during 2023.

The latter two sections of the report will: 1) highlight SDG progress (and the government’s policy efforts to advance these) and 2) delve into the upcoming threats and opportunities as identified by the Agencies, Funds and Programmes that contribute to programming in the Cayman Islands. For this report, the inputs of the different UN entities, civil society, and the government will be sought.

This document is the third CCA update of the newest cycle, with the second CCA update for Bermuda completed at the end of 2022. This document provides an overview of major changes that have taken place in 2023 and highlights the data that has become available since then.

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[1] Loop News. (2023, May 2). Climate Change Policy consultation opens. Available at <https://cayman.loopnews.com/content/climate-change-policy-consultation-opens>

## Political Developments

In October 2023, the Cayman Islands Parliament underwent an assessment by the Commonwealth Parliamentary Association “to determine if the Cayman Islands Parliament meets the recommended standards for democratic legislatures” based on indicators such as “the regularity of meetings of the House,<sup>[2]</sup> the transparency of proceedings, and availability of records of parliamentary sessions.” The outcome report of this assessment was not published at the time of this update. It is worth noting that benchmarks of the assessment complement the United Nations’ Sustainable Development Goals (SDGs).

## Economic Developments

Unlike the other islands, Cayman is experiencing a steady increase in inflation and cost of living while wages remain stagnant. The government has committed to addressing these issues as a matter of priority in 2024.<sup>[3]</sup> According to the 2023 mid-year Labour Force Survey, Cayman’s population grew to 83,671 by mid-year 2023 – which was a 2.6% increase compared to the previous estimates a year ago. The labour force increased by 7.9% to 58,669 workers. Caymanian employment increased from 19,494 in 2021 to 22,457 in June 2023. Also according to the statistics, unemployment dropped to 2.4% in June, from 5.7% in 2021. The Caymanian unemployment rate fell to 3.7% of the labour force in June, compared to 5.1% a year earlier. As was reflected in the previous CCA Update, Caymanians make up 37.7% of the labour force and 46.5% of the population.<sup>[4]</sup>

In 2022, Cayman’s economy is estimated to have grown by 3.8% - with gross domestic product expanding by 3.4% as the finance, insurance and business services sectors continue to show resilience in the post-pandemic period.<sup>[5]</sup>

**Figure 1: Cayman Islands Projected GDP (in billions of dollars).**



[2] Connolly, N. (2023, October 26). Parliament undergoing assessment to see if it meets democratic standards. Available at: <https://www.caymancompass.com/2023/10/25/parliament-undergoing-assessment-to-see-if-it-meets-democratic-standards/>

[3] Ragoonath, R. (2023, December 28). Year in review: Christmas dinner more expensive this year. Available at <https://www.caymancompass.com/2023/12/28/year-in-review-christmas-dinner-more-expensive-this-year/>

[4] Cayman Finance. (2023). Cayman’s population and labour force continues to expand as economy grows. Available at <https://caymanfinance.ky/2023/09/25/caymans-population-and-labour-force-continues-to-expand-as-economy-grows/>

[5] Ibid.

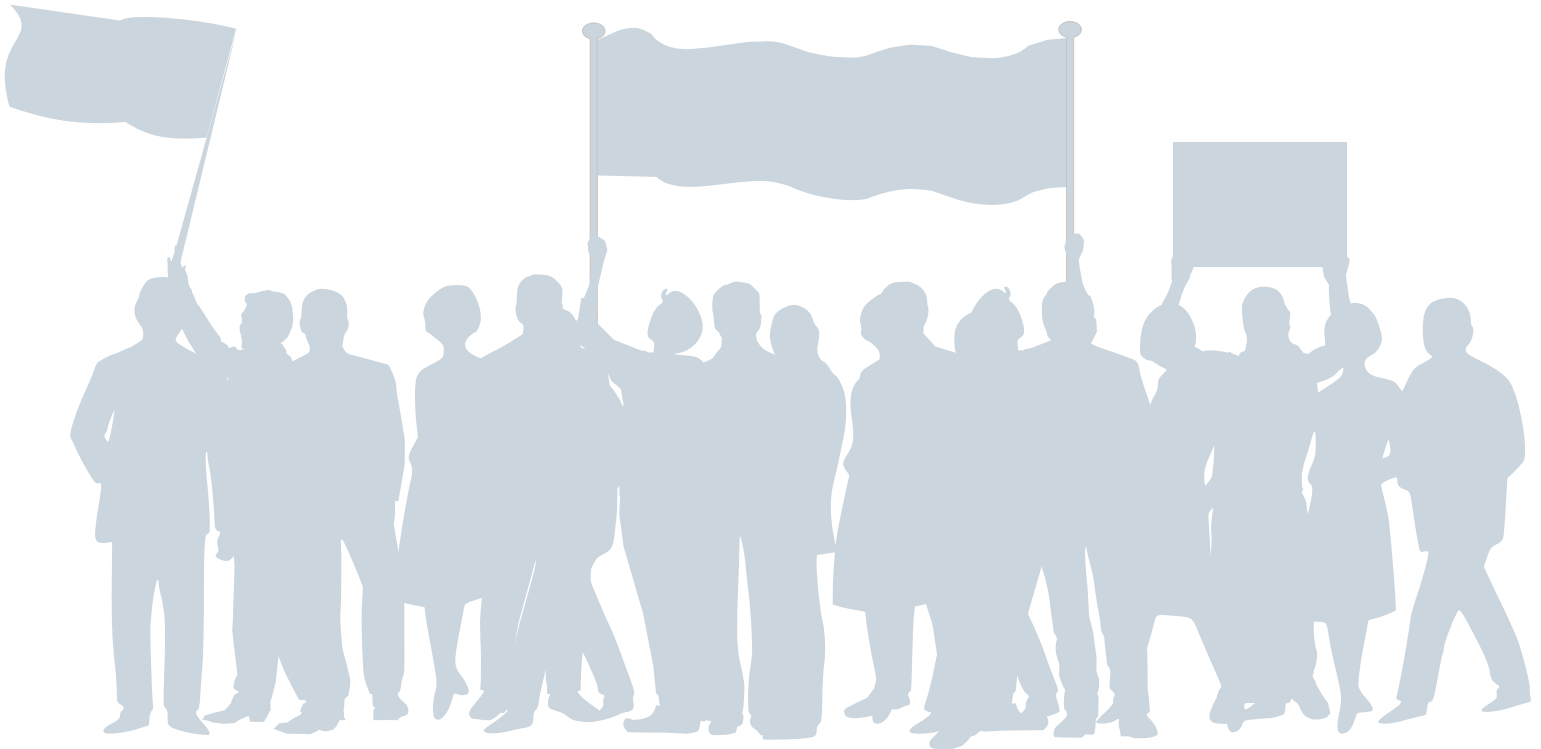


Notwithstanding the positive growth rates as indicated by GDP, the consumer price index (CPI) for the second quarter of 2023 showed that “inflation has moderated with the average price growth slowing to 4.1% down from 6.6% in the first quarter.” This is not the record inflation of 12.1% that was seen in 2022, however, cost-of-living challenges remain. To alleviate the pressures associated with this reality, the government introduced several initiatives, including Free meals to all primary and secondary students in Government schools; Reintroduction of private school grants; Increased benefits for seafarers; with senior citizens, seafarers, and people living with disabilities receiving additional cash benefits.”<sup>[6]</sup>

## Human Rights Developments

While the previous update did not include a dedicated section to human rights issues, it did include the Privy Council’s ruling in relation to the 2019 Court of Appeal decision which upheld the existing definition of marriage as a union between opposite sex individuals – while noting that the 2020 Civil Partnership Act provides the necessary legal protections to same-sex couples.<sup>[7]</sup>

A key development in relation to this was that a Cayman-based advocacy group representing the gay community was granted permission to make representations in a Bermuda same-sex marriage case before the European Court of Human Rights – a case that originated with Bermuda’s application to revoke same-sex marriage provisions in that jurisdiction. While this does not explicitly move the needle on legalizing same-sex marriage in Cayman, it remains a significant sign of progress to the LGBTQI community in Cayman.<sup>[8]</sup>



[6] Cayman Islands Government. (2023). Nurturing Our Future: A United Sustainable Path to Recovery, Hope and Prosperity. Available at <https://www.gov.ky/publication-detail/budget-policy-statement-premier-o'connor-conolly>

[7] Burke, V. (2022, 15 March). Opposition statement on the Privy Council ruling on same-sex marriage. Available at <https://www.caymanchamber.ky/opposition-statement-on-the-privy-council-ruling-on-same-sex-marriage/>

[8] Jeremy, D. (2023, November 9). Cayman group joins island's same-sex marriage fight. Available at <https://www.royalgazette.com/general/news/article/20231109/cayman-group-joins-islands-same-sex-marriage-fight/>

## Progress on the SDGs

The major contribution to this section in the previous CCA update was a summary of the Cayman Islands' Census of Population and Housing Report. While the summary will not be reiterated here, the information contained in this document, over 700 pages is a useful source of baseline information for understanding the current situation regarding Cayman Island's demography, disability and illness, education, marital and union status, fertility, employment, household and housing characteristics, mortality, emigration, crime, agriculture and fishing activities and food security.

The major development since the previous update is the introduction of the draft Cayman Islands Climate Change Policy 2023-2040 which was published in 2023 and highlighted the detrimental effect that sea level rise will have on the tri-island state.<sup>[9]</sup> However, experts note that more work “needs to be done to model flood risk for the threats of rainfall, tides, incremental sea-level rise, and other factors” to assist with more accurate planning and forecasting.<sup>[10]</sup>

This effort is in keeping with the Ministry of Sustainability and Climate Resiliency's comprehensive assessment of the risks the country faces from climate change. The concerning results assessment was discussed in the previous CCA Update and, inter alia, identified as being under threat with warming seas expected to cause local ocean acidification to increase by at least a 20% - a dire threat to the local coral reefs and marine habitat.<sup>[11]</sup>



[9] Klein, M. (2023, September 28). The Cayman Islands As A Sustainable Finance Jurisdiction – Impressions From Spectrum 2023. Available at <https://www.mondaq.com/caymanislands/fund-finance/1371364/the-cayman-islands-as-a-sustainable-finance-jurisdiction--impressions-from-spectrum-2023>

[10] Bird, R. (2023, December 7). Rising sea-levels threaten Cayman's coastline 32 sq km of Cayman's coastlines may be lost to flooding by end of century, new data reveals. Available at <https://www.caymancompass.com/2023/12/07/rising-sea-levels-threaten-caymans-coastline/>

[11] Cayman News Service. (2022, 26 May). Turtles, coral, and mangroves top climate risk list. Available at <https://caymannewsservice.com/2022/05/turtles-coral-and-mangroves-top-climate-risk-list/>



## Emerging Opportunities and Challenges

Given the positive expectations regarding long-term economic performance, low crime rates, and promising efforts to promote social inclusion; the challenges in the Cayman Islands are expected to primarily be linked to the impact of climate change and alleviation of the current consequences of inflation.

There is a further opportunity as it relates to climate finance. However, experts note that more work “needs to be done to model flood risk for the threats of rainfall, tides, incremental sea-level rise, and other factors” to assist with more accurate planning and forecasting.<sup>[12]</sup> In view of the challenges faced by the island, it has committed to developing a sustainable financing strategy, including through issuing thematic bonds “such as green bonds, blue bonds and sustainability-linked bonds” to support conservation and preservation efforts.

## Conclusion

Cayman Islands has seen the introduction of promising initiatives since the 2021 CCA update. These demonstrate a positive step by the Government of Cayman Islands to advance progress on a range of SDGs. That said, it is important to ensure that groups at risk of being left behind in development processes be more explicitly foregrounded, especially in data.

[12] Bird, R. (2023, December 7). Rising sea-levels threaten Cayman's coastline 32 sq km of Cayman's coastlines may be lost to flooding by end of century, new data reveals. Available at <https://www.caymancompass.com/2023/12/07/rising-sea-levels-threaten-caymans-coastline/>