

ENHANCING FISCAL RESILIENCE - TO DRIVE SUSTAINABLE GROWTH AND DEVELOPMENT

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OUTLINE

IFC Mandate



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graph TD; A[IFC Mandate] --> B[Role of the IFC]; B --> C[Implication for the Jamaican Economy]; C --> D[Measures to Strengthen Fiscal Sustainability/Resilience]; D --> E[Conclusion: Key Takeaways];
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Role of the IFC

Implication for the Jamaican Economy

Measures to Strengthen Fiscal Sustainability/Resilience

Conclusion: Key Takeaways

INDEPENDENT FISCAL COMMISSION MANDATE



Entrenched in the Independent Fiscal Commission Act (2021):

Promote Fiscal Sustainability

- Sound Fiscal Policy
- Sound Fiscal Management



Opinions must align with Fiscal Responsibility Framework

Part VII of the Financial Administration & Audit Act

ROLE OF THE IFC



Non-Partisan

Commission of Parliament



Guardian and Interpreter of
Jamaica's Fiscal Rules

Independent Monitorer and Arbiter of
Jamaica's adherence to prudent fiscal
management



Strengthen accountability and promote greater transparency in
fiscal management

ROLE OF THE IFC CONT'D



Informed Public on the soundness and sustainability of Jamaica's fiscal position and policy

Economic & Fiscal Assessment Report
Statement on Fiscal Performance



Conduct Independent Forecast and Analysis of Macroeconomic and fiscal position of Jamaica

POTENTIAL IMPACT OF FISCAL RULES AND IFC ON JAMAICA



Strengthen Macroeconomic Stability

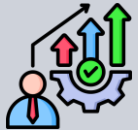
Globally, countries with IFC's, experience lower deficits and better compliance with fiscal rules
Entrench hard-won fiscal gains



Lower Interest Rates

Increase credibility of budget
Reduce sovereign debt default risk

POTENTIAL IMPACT OF FISCAL RULES AND IFC ON JAMAICA CONT'D



Improve Business and Consumer Confidence

Increased credibility of budget
Improve predictability



Strengthen the business environment for economic growth

Macroeconomic Stability **NECESSARY**
albeit **NOT SUFFICIENT** condition for growth

MEASURES FOR CONSIDERATION TO STRENGTHEN FISCAL SUSTAINABILITY

- Updating of Jamaica's System of National Account (SNA) by STATIN (Completed)
 - Higher GDP level (approx. 10% higher in FY 2024/25)
 - Lower Debt to GDP Ratio (62.4% of GDP in FY 2024/25)
 - Potential to achieve target in FY 2025/26, two years ahead of target
 - Increased Fiscal Space

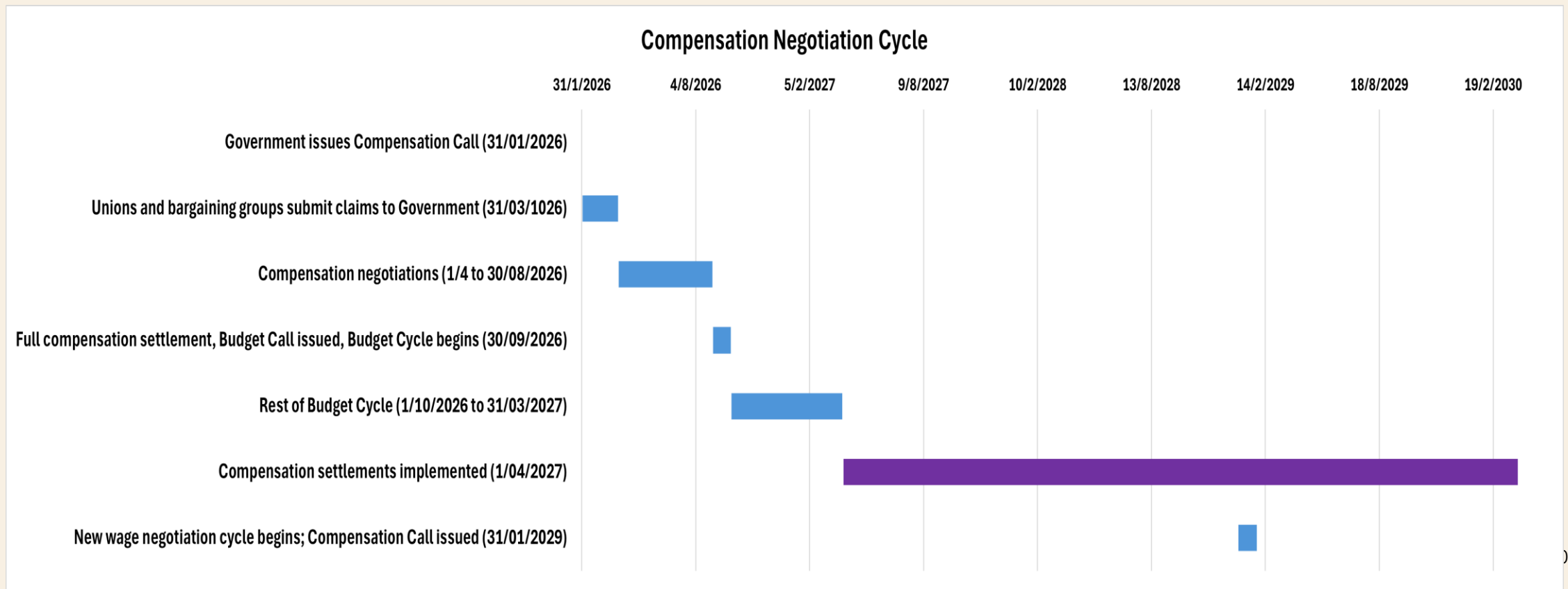
MEASURES FOR CONSIDERATION TO STRENGTHEN FISCAL SUSTAINABILITY CONT'D

- **TIME ANCHOR** ON WAGE NEGOTIATIONS

- Establish a Public Sector Wage Negotiation Cycle as required by law and aligned with the budget process (No commitment by Government)
 - Increased predictability in public sector wages
 - Improve allocation of public expenditure

MEASURES FOR CONSIDERATION TO STRENGTHEN FISCAL SUSTAINABILITY CONT'D

- **TIME ANCHOR** ON WAGE NEGOTIATIONS

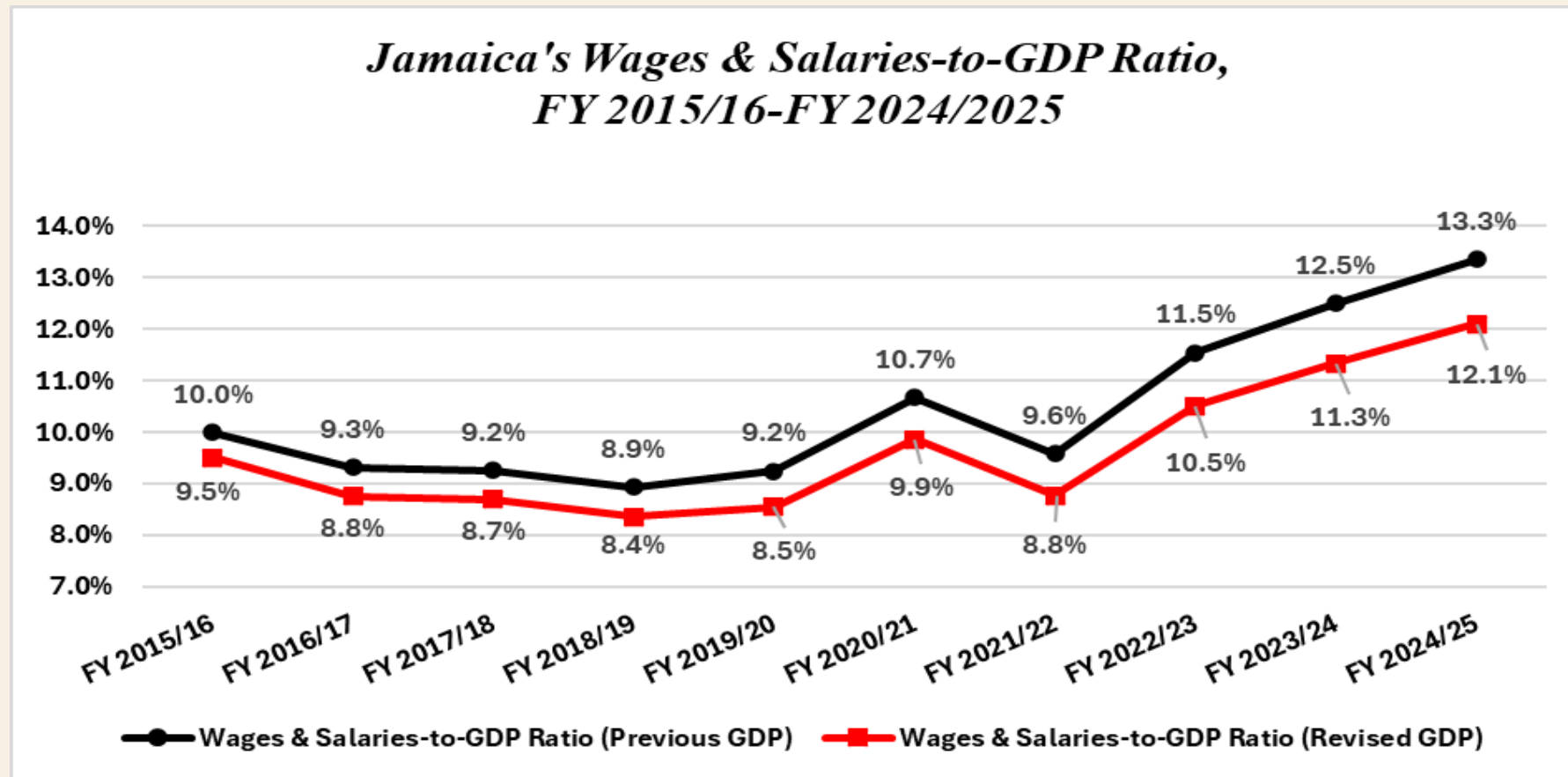


MEASURES FOR CONSIDERATION TO STRENGTHEN FISCAL SUSTAINABILITY CONT'D – **ECONOMIC ANCHOR** ON WAGE NEGOTIATIONS

- Reintroducing an expenditure rule for Wages & Salaries to GDP ratio (No commitment by Government)
 - Tie Wages & Salaries increases to growth in the economy (Labour Productivity)
 - Cumulatively, nominal GDP has grown by **96.8%** between FY 2015/16 and FY 2024/25
 - Cumulatively, the Consumer Price Index, which is used to measure inflation, has grown by **61.5%** between March 2016 and March 2025
 - Cumulatively, Wages & Salaries has grown by **150.6%** between FY 2015/16 and FY 2024/25
 - Greater allocation to Capital Expenditure will improve the pace of growth and by extension Wages & Salaries

MEASURES FOR CONSIDERATION TO STRENGTHEN FISCAL SUSTAINABILITY CONT'D

- ECONOMIC ANCHOR ON WAGES



CONCLUSION: KEY TAKEAWAYS



IFC's Mandate:

Promote sound Fiscal Policy and Fiscal Management in an effort to ensure fiscal sustainability



IFC's Role:

Non-Partisan

Guardian and interpreter of Jamaica's Fiscal Rules

Strengthen accountability & promote transparency in fiscal management

Inform public on the soundness and sustainability of Jamaica's fiscal position and policy

Conduct independent forecast and analysis of Jamaica's Macroeconomic and Fiscal Position

CONCLUSION: KEY TAKEAWAYS



Potential Impact of Fiscal Commission and Fiscal Rules

Strengthen macroeconomic stability
Lower interest rates
Improve business & consumer confidence
Strengthening business environment for economic growth



Measures for Consideration to Strengthen Fiscal Sustainability

Updating of Systems of National Account - Higher GDP, Lower Debt AND Wages to GDP (Completed)
TIME ANCHOR - Establish a public sector Compensation Negotiation Cycle (No commitment)
ECONOMIC ANCHOR - Reintroduce an Expenditure Rule for wages & salaries to GDP Ratio (No commitment)