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NEWS RELEASE

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IFC Releases 2025 Statement on Fiscal Performance

Kingston, Jamaica – The Independent Fiscal Commission (IFC) today released its *Statement on Fiscal Performance (SFP)* report (www.ifc.gov.jm), providing an assessment of the Government of Jamaica's (GOJ) achievement of the budget and fiscal targets as at end-June 2025, as required under the *IFC Act*.

The IFC noted that Jamaica's macroeconomic environment remained broadly stable in FY 2024/25, with relatively low inflation, a stable foreign exchange market, and a strong labour market. However, hydrological (weather-related) shocks constrained real economic activity and limited revenue growth. Despite these challenges, stability persisted into the first quarter of **FY 2025/26**. Inflation stood at **3.8% in June 2025**, below the Bank of Jamaica's target range, while unemployment fell to a record low of **3.3% in April 2025**. Real *Gross Domestic Product (GDP)* was estimated to have grown by 1.4%, though geopolitical headwinds threaten to slow recovery.

A key development was the Statistical Institute of Jamaica's (STATIN) adoption of the 2008 System of National Accounts (SNA), **which increased Jamaica's nominal GDP**

by approximately 8% on average. This revision lowered the **Debt-to-GDP ratio to 62.4% at March 2025**, positioning Jamaica to achieve its legislated debt target of **60% two (2) years ahead of schedule.**

The Central Government primary surplus exceeded targets for FY 2024/25 and the April–June 2025 period, while the overall fiscal deficit of **\$12.6B** for the *Specified Public Sector* was significantly below projection. However, revenue challenges remain: a **\$14.2B tax shortfall at the end of FY 2024/25** overstated the base for FY 2025/26, implying that additional revenue efforts might be required to meet the budgeted amount.

The IFC also flagged under execution in capital spending across the *Specified Public Sector*, with only **\$20.1B spent in the first quarter of FY 2025/26 compared with a budgeted amount of \$40.5B**. This underspending, particularly on infrastructure projects, poses risks to much needed economic growth.

The Commission acknowledged progress in areas such as updating the SNA, reducing informality through digitalization of services and improving the *Public Investment Management System (PIMS)*. However, gaps remain, particularly in relation to public sector compensation negotiations and comprehensive reporting on the *Specified Public Sector*, as required by law.

The full SFP report is available on the IFC's official website at www.ifc.gov.jm.

Since the preparation of the SFP, there have been noteworthy improvements in macro-fiscal outcomes. Specifically, the economy expanded **by 1.6% during the June 2025 quarter**, inflation fell to **1.2% at August 2025** (the lowest point-to-point inflation in nearly 60 years), and **unemployment held steady at 3.3% in July**. Additionally, there was an uptick in tax revenue for the fiscal year to August.

The IFC will undertake a deeper assessment of macro-fiscal performance for the first half of the fiscal year, as well as the outlook for the remainder of FY 2025/26 and the medium-term, following the Government's tabling of the *Interim Fiscal Policy Paper*, expected in October.

About the Independent Fiscal Commission

The Independent Fiscal Commission is Jamaica's non-partisan fiscal oversight body, tasked with monitoring, assessing and reporting on the government's compliance with fiscal rules. Through independent analysis and public reporting, the Commission plays a critical role in promoting transparency, fiscal discipline, and accountability in public financial management.

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