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NEWS RELEASE

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IFC VALIDATES ONE-YEAR EXTENSION OF FISCAL RULES SUSPENSION FOR FY 2027/28

KINGSTON, Jamaica — The Independent Fiscal Commission (IFC) has formally validated the request by the Minister of Finance and the Public Service to extend the suspension of Jamaica's fiscal rules for one additional fiscal year, covering Fiscal Year (FY) 2027/28.

The validation, issued by Fiscal Commissioner Courtney H. Williams on November 13, 2026, follows an independent assessment conducted pursuant to Section 48C (4) of the Financial Administration and Audit (FAA) Act. The Commission concluded that the residual economic and fiscal impacts of Hurricane Melissa, which struck Jamaica as a Category 5 system on October 28, 2025, remain significant, and continue to materially affect the Government's ability to meet its statutory fiscal balance and public debt targets within the previously approved timeframe.

Basis for the Commissioner's Validation

Under *Section 48C (4) of the FAA Act*, an initial suspension of the fiscal rules may be extended for one additional financial year **only,** if the Fiscal Commissioner independently verifies that the lingering effects of the triggering disaster remain significant. Following a review of the Ministry of Finance and the Public Service's November 2026 submission and other fiscal and macroeconomic data, the Commissioner based his validation on four primary findings:

- **Escalated Disaster and Reconstruction Costs:** Updated assessments by the Inter-American Development Bank (IDB) and the Economic Commission for Latin America and the Caribbean (ECLAC) place the total damage and loss from Hurricane Melissa at approximately US$12.2 billion ($1,953.2 billion, or 56.7% of 2024 GDP). This represents a 39.7% ($555.1 billion or US$3.5 billion) upward revision from initial estimates, signalling larger, more prolonged reconstruction spending demands, including a projected $21.8 billion increase in Central Government capital expenditure in FY 2027/28.
- **Slower Nominal Economic Growth:** Cumulative nominal GDP growth between FY 2026/27 and FY 2029/30 is projected to fall 2.2% points below the forecast tabled in the FY 2026/27 *Fiscal Policy Paper (FPP)*. Slower nominal economic expansion constrains tax base growth and slows the natural decline of the debt-to-GDP ratio.
- **Persistent Revenue Underperformance:** Between April and September 2026, total Revenue and Grants fell $27.8 billion short of budget projections, driven largely by a $22.6 billion shortfall in tax revenues. While partially reflecting timing factors, the IFC notes that sluggish revenue inflows reflect lingering economic disruptions from the hurricane and are expected to persist into FY 2027/28.
- **Delayed Debt Reduction Trajectory:** Because of higher recovery outlays, softer nominal economic growth, and lower revenues, the public debt-to-GDP ratio is projected to fall slower to 65.5% at the end of FY 2026/27 and 62.3% by FY 2029/30. Consequently, the Government proposes to defer achieving the statutory debt ceiling of 60% of GDP or less to FY 2031/32, when debt is projected to reach 58.8% of GDP.

The Commission noted that enforcing strict compliance with the fiscal rules in FY 2027/28 without an extension, would require fiscal adjustments of a magnitude that could disrupt vital national recovery and resilience-building efforts.

Understanding the Suspension Process: The IFC's validation is a mandatory legal prerequisite under Jamaica's Fiscal Responsibility Framework. Following the Fiscal Commissioner's communication of the validation to the Minister of Finance, the process moves to the legislature:

1. **Ministerial Order and Parliamentary Approval:** Pursuant to Section 48C (4) of the FAA Act, the Minister of Finance makes an Order to extend the suspension of the fiscal rules through FY 2027/28. This Order only takes legal effect if approved by an **affirmative resolution of Parliament**.

2. **Legislative Amendment for the Debt Target:** Because the statutory deadline to reduce public debt to 60% of GDP or less is fixed in law, the Government has indicated its intention to seek an amendment to the FAA Act to formally extend the date from FY 2027/28 to FY 2031/32.
3. **Ongoing Fiscal Oversight:** An extension of the suspension temporarily relieves the Government from strict adherence to annual fiscal balance rules during FY 2027/28 to accommodate reconstruction spending (such as projects to be executed through the National Reconstruction and Resilience Authority, NaRRA). However, it does not suspend parliamentary oversight, public reporting requirements, or the IFC's independent monitoring of fiscal sustainability and risks.

The Independent Fiscal Commission remains committed to robustly monitoring, assessing, and reporting on Jamaica's public finances, and invites parliamentarians, policymakers, civil society, the media, and the public to examine this report alongside its full catalogue of publications at **www.ifc.gov.jm**.

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