Leighton Beckles
Independent Fiscal Commission
(876) 332-4996
media.queries@ifc.gov.jm

24-26 Grenada Crescent
Kingston 5
www.ifc.gov,jm

NEWS RELEASE

For immediate release
JUNE 3, 2026

JAMAICA SHOWS RESILIENCE AMID HURRICANE SHOCK; IFC URGES STRENGTHENING OF RISK-MANAGEMENT FRAMEWORK

KINGSTON, JAMAICA – The Independent Fiscal Commission (IFC) has released its *Statement on Fiscal Performance (SFP)* for FY 2025/26.

Despite the monumental economic shock from Hurricane Melissa, which caused damage estimated at J$2T (56.7% of 2024 GDP) and triggered suspension of the fiscal rules, Jamaica's macroeconomic pillars remain sound. Key macroeconomic outcomes were better than the post-hurricane forecasts. However, the IFC emphasizes that elevated macro-fiscal risks, primarily from escalating geopolitical tensions, warrants the Government of Jamaica recasting the budget projections and developing alternative macroeconomic scenarios – baseline, upside and downside – to enhance policy preparedness and fiscal planning.

Macroeconomic Performance:

Following the temporary suspension of national fiscal rules, key indicators performed better than the post-hurricane expectations:

- **Inflation:** Headline inflation was **4.3%** at end-March 2026**,** significantly below the post-Melissa projections of 10% and 5.7%, done in January and February, respectively, and, well within the Bank of Jamaica's **4.0%–6.0%** target band.

- **GDP Growth:** While the fiscal year saw a real GDP contraction of **1.7%,** this bettered the post-Melissa projected declines of **4.5%** (January) and **3.1%** (February).

- **Fiscal Accounts:** The Specified Public Sector (SPS) - Central Government plus public bodies excluding the *Bank of Jamaica* and *Jamaica Mortgage Bank* which are exempt from the fiscal rules -, recorded a **J$34.4B** deficit. While this is a deterioration from the original budgeted surplus, it is significantly better than the revised projection of a **J$129.2B** deficit. Both the Central Government and Public Bodies registered better budget balances than the revised projections.

- **Debt:** The public debt-to-GDP ratio was contained at **65.6%,** which is higher than the previous year **(62.5%)** but lower than the post-hurricane forecast of **68.9%.**

Ongoing Concerns: Capital Expenditure

The IFC highlights a continued and concerning "implementation lag" regarding capital projects. Actual capital expenditure for the SPS was **J$104.7B**, representing a **J$57.6B (35.5%)** underspend against the original budget of **J$162.4B.** The Commission stresses that this is not a fiscal saving, but a chronic under-execution, which hinders economic recovery and structural growth. Relatedly, the Commission notes that while the *National Reconstruction and Resilience Authority (NaRRA)* has been allocated J$30B in the 20206/27 Budget, the effectiveness of a NaRRA-led fiscal expansion rests on the pace, scale, and quality of execution rather than budget allocation.

Risk Outlook

The IFC warns of elevated risks from global geopolitical tensions impacting, inter alia, energy and transportation costs, as well as the potential impact of a ***"Super El Niño"*** on food prices. To bolster policy readiness and fiscal planning, the Commission posits that the Ministry of Finance consider utilizing *multi-scenario fiscal forecasts,* specifically developing upside and downside scenarios alongside the conventional baseline scenario.

To address key operational gaps, the IFC posits that the Government considers:

- **Wage Synchronization**: Establish a structured compensation negotiation cycle to align with the budget process as per the *Financial Administration and Audit (FAA) Act* thereby bringing certainty to the wage bill and limiting the risks of overspending.

- **Tax Legislation:** Accelerate the legislative requirements to effect the *Environmental Levy* rate increase to **0.85%** and thereby prevent further revenue loss. The delay in implementing this increase is costing an estimated J**$335M** monthly in lost revenue.

Fiscal Commissioner Courtney H. Williams stated that **"securing world-class governance requires fixing persistent capacity blocks in capital projects and aligning wage negotiations with the legislative budget cycle"**.

For further details on this assessment, or to access other published reports and fiscal analyses, please visit the Independent Fiscal Commissions' official website www.ifc.gov.jm

-END-