



STATEMENT ON FISCAL PERFORMANCE

Fiscal Year April 2025 – March 2026

INDEPENDENT FISCAL COMMISSION

JAMAICA

May 29, 2026

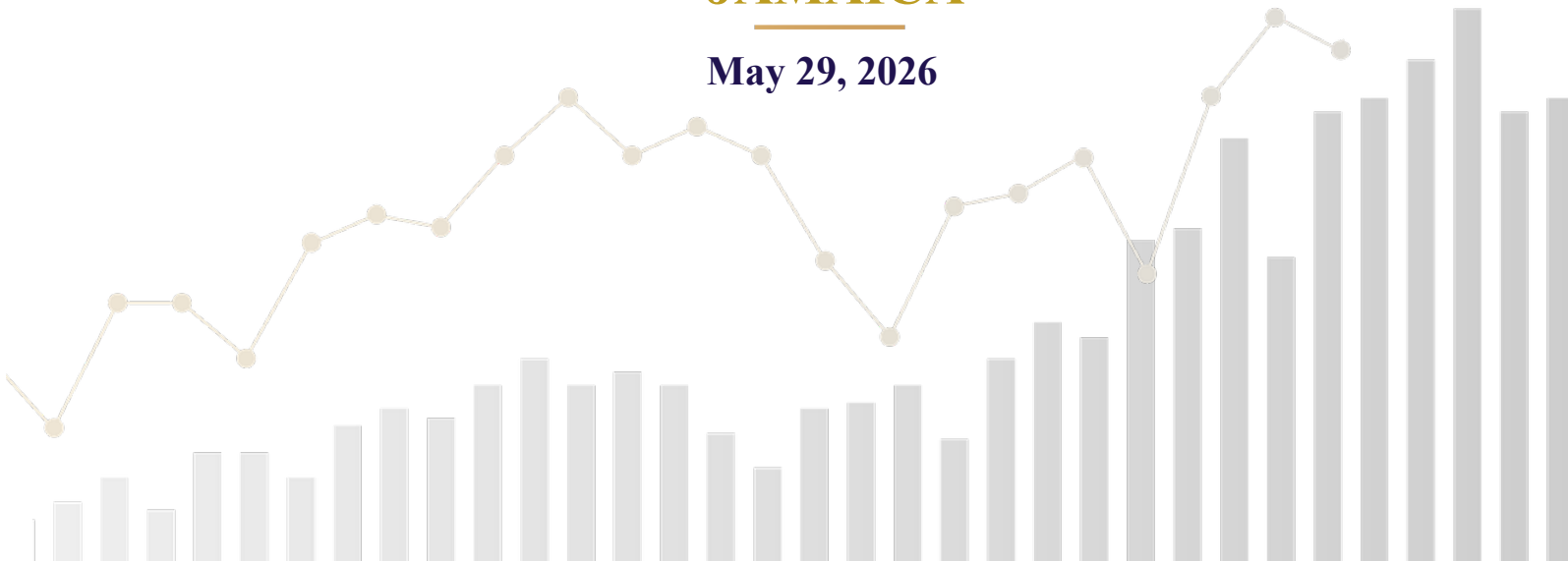


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Executive Summary

This *Statement on Fiscal Performance* provides an assessment of the Government of Jamaica's (GOJ's) achievement of the budget and fiscal targets outlined in Part VII of the *Financial Administration and Audit (FAA) Act*.

Salient results from the assessment revealed that:

- **Jamaica maintained macroeconomic stability in fiscal year (FY) 2025/26** despite the severe shock from Hurricane Melissa on October 28, 2025, which caused estimated damage and losses of **J\$2.0 trillion (56.7 percent of 2024 GDP)** and prompted a **temporary suspension of the fiscal rules through FY 2026/27**.
- **Macroeconomic outcomes bettered revised post-hurricane expectations**. Inflation was contained at **4.3 percent at end-March 2026**, significantly below the revised projections of 10 percent and 5.7 percent, done in January and February 2026, respectively, and within the **Bank of Jamaica's 4.0 percent to 6.0 percent target range**. The **unemployment rate remained near historic lows**, increasing only marginally from **3.3 percent in July 2025 to 3.6 percent in January 2026**.
- **Further, economic activity remained resilient but uneven**. Preliminary estimates indicate that Real GDP contracted by **1.7 percent in FY 2025/26**, reflecting a sharp decline in the second half of the fiscal year following the hurricane shock. This was below the initial projection of 2.2 percent; however, it was better than the revised projections (-4.5 percent and -3.1 percent in January and February, respectively). The stronger-than-expected activity relative to the revised forecasts supported **better-than-anticipated fiscal outcomes and contributed to a lower-than-projected debt-to-GDP ratio**.
- **The medium-term outlook is subject to elevated downside risks, primarily from external developments**. Escalating geopolitical tensions - particularly disruptions to shipping through the **Strait of Hormuz**, for example, have increased **global oil and fertilizer prices**, thus posing risks to **domestic inflation and production**. These pressures, combined with **reconstruction-related import demand and weaker performance in tourism and mining**, are expected to **widen the trade deficit**.

- **Inflation risks are further elevated by the potential onset of a Super El Niño event.** Such conditions typically result in higher temperatures, reduced rainfall and prolonged droughts, which can disrupt agricultural production and place upward pressure on food prices.
- **Given heightened uncertainty, the IFC posits that the Government of Jamaica (GOJ) give consideration to strengthening its macroeconomic risk management frameworks,** including the development of **alternative macroeconomic scenarios** (baseline, downside and upside). This would enhance **policy preparedness and fiscal contingency planning**, thereby reducing reliance on a single forecast path.
- **The passage of the *National Reconstruction and Resilience Authority (NaRRA) Act* has established the institutional framework for the entity mandated to oversee and accelerate the Government of Jamaica’s reconstruction efforts.** However, NaRRA’s operational and expenditure plans are yet to be determined to enable the IFC to assess their credibility and robustness.
- **NaRRA-led fiscal expansion has the potential to support medium-term growth, however its realized impact will depend on the efficiency, sequencing, and domestic integration of capital spending.** While the FY 2026/27 Capital Budget allocates \$30 billion to NaRRA, ultimately, the effectiveness of the fiscal expansion will hinge on the pace, scale and quality of implementation rather than budget allocations.
- **The overall macro-fiscal outcome for FY 2026/27 will depend on the interactions among the better-than-projected macro-fiscal position (higher GDP, lower budget deficit and inflation) at the end of FY 2025/26; implementation of fiscal expansion (particularly NaRRA); and adverse external shocks (Iran-USA/Israel war and Super El Niño).** Accordingly, the IFC reiterates its call for the GOJ to recast the macro-fiscal projections to incorporate these developments.
- **The adverse impact of Hurricane Melissa was reflected in Jamaica’s fiscal accounts.** It necessitated the temporary suspension of the fiscal rules—specifically, the relaxation of expenditure limits aimed at achieving a debt-to-GDP target of at most 60.0 percent, which required an extension of the compliance timeline beyond March 2028 —and led to a

revised budget (*Fourth Supplementary Budget*). This enabled the GOJ to address immediate and short-term socioeconomic and environmental needs.

- With the fiscal rules suspended through end-March 2027, the absence of a **legislated timeline** for returning debt to the 60.0 percent of GDP ceiling remains a significant policy gap, leaving the fiscal adjustment path without a clear statutory anchor. The forthcoming *FPP* should therefore set out the consolidation measures needed, consistent with the requirements of the *FAA Act*, to restore a credible downward debt path toward the statutory ceiling.
- **While Hurricane Melissa significantly weakened the initial fiscal position, fiscal outturns were stronger than anticipated under the revised policy framework, partly reflecting better-than-expected macroeconomic conditions.** The Specified Public Sector (SPS)—comprising the Central Government and Self-Financing Public Bodies (*excluding* the Jamaica Mortgage Bank and the Bank of Jamaica)—recorded a fiscal deficit of \$34.4 billion, compared with the original budget surplus of \$16.0 billion. However, relative to the revised budget deficit of \$129.2 billion, the SPS outperformed expectations by \$94.8 billion as both the Central Government and Self-Financing Public Bodies (SFPBs) performed better than expected.
- **Notably, the weaker-than-originally budgeted SPS fiscal outturn primarily reflects a substantial deterioration in the Central Government fiscal balance.** Central Government recorded a deficit of \$90.7 billion, compared with an originally projected surplus of \$0.8 billion. This was partially offset by a stronger-than-expected surplus of \$56.4 billion from SFPBs, exceeding the original projection of \$15.2 billion.
- **Central Government Revenue & Grants was 2.7 percent below the original budget while Expenditure surpassed budget by \$62.0 billion (5.7 percent) despite underspend on capital projects by \$14.8 billion (23.6 percent).**

Execution of capital projects across the overall Specified Public Sector continued to lag budget allocations. Of the \$162.4 billion budgeted for capital expenditure (Central Government \$62.6 billion and Public Bodies \$99.8 billion), only \$104.7 billion was spent during the entire fiscal year, \$57.6 billion (35.5 percent) below budget.

Of note, while the hurricane adversely impacted revenue inflows, the bulk of the shortfall in FY 2025/26 arose from shifting the due date for Corporate Income Tax (CIT) from

March to April. That said, information on collections for April is *not* yet available to enable the IFC to fully assess performance of the CIT.

- **The adjustments to the menu of new tax measures announced in February are likely to materially impact collections in FY 2026/27.** A delay in amending the legislation to effect an increase in the rate for the Environmental Levy —scheduled for May 1, 2026, but *not* yet done— will result in lost revenue of roughly \$300 million monthly. Moreover, the GOJ should speedily conclude the protracted discussions surrounding the new Sweetened Drinks tax to preserve revenue yield.
- **The IFC welcomes the GOJ recently arranged US\$200-million catastrophe bond that will enhance fiscal sustainability and resilience.**
- **Notwithstanding the aforementioned improvements in the macro-fiscal outcomes, some material gaps remain.** In this regard, the IFC reiterates that the GOJ needs to establish and timely execute a public sector compensation negotiation cycle that aligns with the budget cycle, and to fully report on the Specified Public Sector, as required under the *FAA Act*.

SECTION I: INTRODUCTION

This latest *Statement on Fiscal Performance* is prepared in accordance with **Section 15(3)** of the *Independent Fiscal Commission Act, 2021*.

- **Mandate and Frequency:** The Fiscal Commissioner is mandated to prepare and publish a *Statement on Fiscal Performance* at two intervals during each fiscal year.
- **Publication Timeline:** The *Statement* must be published on the IFC’s official website within **twenty-one days of receiving quarter-end fiscal data for 30th June** and within **forty-two days of receiving quarter-end fiscal data for 31st December** of each year. In this particular instance, the *Statement* is in fulfilment of receiving data for the Specified Public Sector for fiscal year ended March 2026. The *Economic and Fiscal Assessment Report (EFAR)* tabled in March 2026, reported on provisional fiscal data as at December 31, 2025. Prior to publication, the Commissioner shall submit the *Statement* to the Speaker of the House of Representatives and the President of the Senate, who shall table it as soon as possible.
- **Primary Objective:** The *Statement's* central purpose is to provide an **assessment of the Government's achievement of the budget and fiscal targets** outlined in **Part VII of the *Financial Administration and Audit Act***.
- **Scope of Assessment:** The assessment covers the financial performance of the “**Specified Public Sector**” i.e. the Central Government *plus* selected Self-Financing Public Bodies, excluding the Bank of Jamaica (BOJ) and the Jamaica Mortgage Bank, which are certified *exempt* from the fiscal rules by the Auditor General.
- **Information Limitations:** The *Statement* excludes any information that: is confidential, could compromise national security/defence, could significantly harm the Jamaican economy or impair Government’s ability to manage its affairs.

SECTION II: MACROECONOMIC OVERVIEW

Macroeconomic Resilience Amidst the Hurricane

Jamaica’s macroeconomic environment showed strong resilience in FY 2025/26, maintaining overall stability despite being impacted by Hurricane Melissa. The hurricane generated an estimated \$2.0 trillion in damage and losses (Table 1)—approximately 56.7 percent of 2024 GDP—and triggered a temporary suspension of Jamaica’s fiscal rules through FY 2026/27.

Table 1: Hurricane Melissa Effects by Sector		
Area	Damage, Losses and Additional Costs (\$Billion)	Share of Total Damage, Losses and Additional Costs (%)
<i>Social</i>	822.0	42.1
Education	30.3	1.5
Health	18.7	1.0
Housing	767.8	39.3
Culture	5.2	0.3
<i>Productive</i>	792.5	40.6
Agriculture and livestock	36.1	1.8
Fisheries and aquaculture	7.7	0.4
Tourism	601.2	30.8
Commerce	147.5	7.6
<i>Infrastructure</i>	129.5	6.6
Transport infrastructure	48.1	2.5
Power	52.7	2.7
Telecommunications	20.4	1.0
Water and sewerage	8.3	0.4
Environment	209.1	10.7
Total	1,953.2	100.0

Source: ECLAC (2026) i.e. “Assessment of the Effects and Impacts of Hurricane Melissa in Jamaica”.

Stability Indicators

Despite the shock, key pillars of economic stability held firm:

- **Inflation Contained:** 12-month point-to-point inflation was **4.3 percent in March 2026**, supported by timely policy actions that facilitated a rapid rebound in Agriculture.
- **Stable Foreign Exchange Market:** Market conditions remained orderly, with no significant volatility in the exchange rate. These conditions were supported by solid net international reserves.
- **Strong Labour Market:** The 3.6 percent unemployment rate at end-January 2026 remained near historic lows, signalling continued labour market strength.

Impact of Hurricane Melissa on FY 2025/26 Macroeconomic Profile

Hurricane Melissa led to a significant unfavourable revision of Jamaica’s macroeconomic outlook for FY 2025/26. Despite this, year-to-date (YTD) data indicate that most macroeconomic outcomes are likely to *outperform* the projections that informed the FY 2026/27 Budget, as well as the revised forecasts done roughly a week after the Budget was tabled.

The GOJ initially published its FY 2025/26 macroeconomic projections in the *Fiscal Policy Paper (FPP)* in February 2025. These projections were subsequently revised - most notably in the FY 2026/27 *FPP* and informed the Budget (February 2026) - to reflect updated estimates of hurricane-related damage and the expected pace of recovery.

The “Post-*FPP* FY 2026/27 revised projections for FY 2025/26” represent the latest official forecasts and are the key reference points used against actual outturn (Table 2). Specifically, these projections were compared with actual outturns to determine whether the targets were met, exceeded or missed.

Table 2: Key Macro-Fiscal Indicators: Pre- and Post -Melissa Projections for FY 2025/26¹

Metric	FPP for FY 2025/26 (Feb 2025): Pre-Melissa Projections for FY 2025/26	FPP for FY 2026/27 (Feb 2026): Post-Melissa Revised Projections for FY 2025/26	Post-FPP for FY 2026/27 Revised Projection for FY 2025/26	Actual for FY 2025/26
Real GDP Growth (%)	2.2	-4.5	-3.1	-1.7 ²
Nominal GDP Growth (%)	8.9	1.0	2.0	3.0 ³
Debt to GDP Ratio (%)	63.7	68.9	68.2	65.6
Inflation (End of Period) (%)	5.3	10.0	5.7	4.3
Specified Public Sector: Fiscal Balance share of GDP (%)	0.5	-3.7	-3.6	-1.0
Central Government: Fiscal Balance share of GDP (%)	0.0	-3.8	-3.8	-2.5
Central Government: Primary Balance share of GDP (%)	5.1	1.3	1.3	2.3
Net International Reserves (End of Period) (US\$B)	5.8	6.1	6.1	6.9
Oil Prices (WTI) (Average US\$/barrel)	78.2	62.2	61.6	65.0

Sources: Compiled based on data obtained from MOF, BOJ, PIOJ and STATIN.

¹ The change in macro-fiscal projections was not solely attributed to Hurricane Melissa.

² Real GDP estimates for FY2025/26 are based on official data from the Statistical Institute of Jamaica (STATIN) for April–December 2025 and preliminary estimates from the Planning Institute of Jamaica (PIOJ) for January–March 2026.

³ Nominal GDP estimates combine official STATIN data for April–December 2025 with preliminary January–March 2026 estimates, derived from PIOJ real GDP estimates and projected GDP deflators from the IFC.

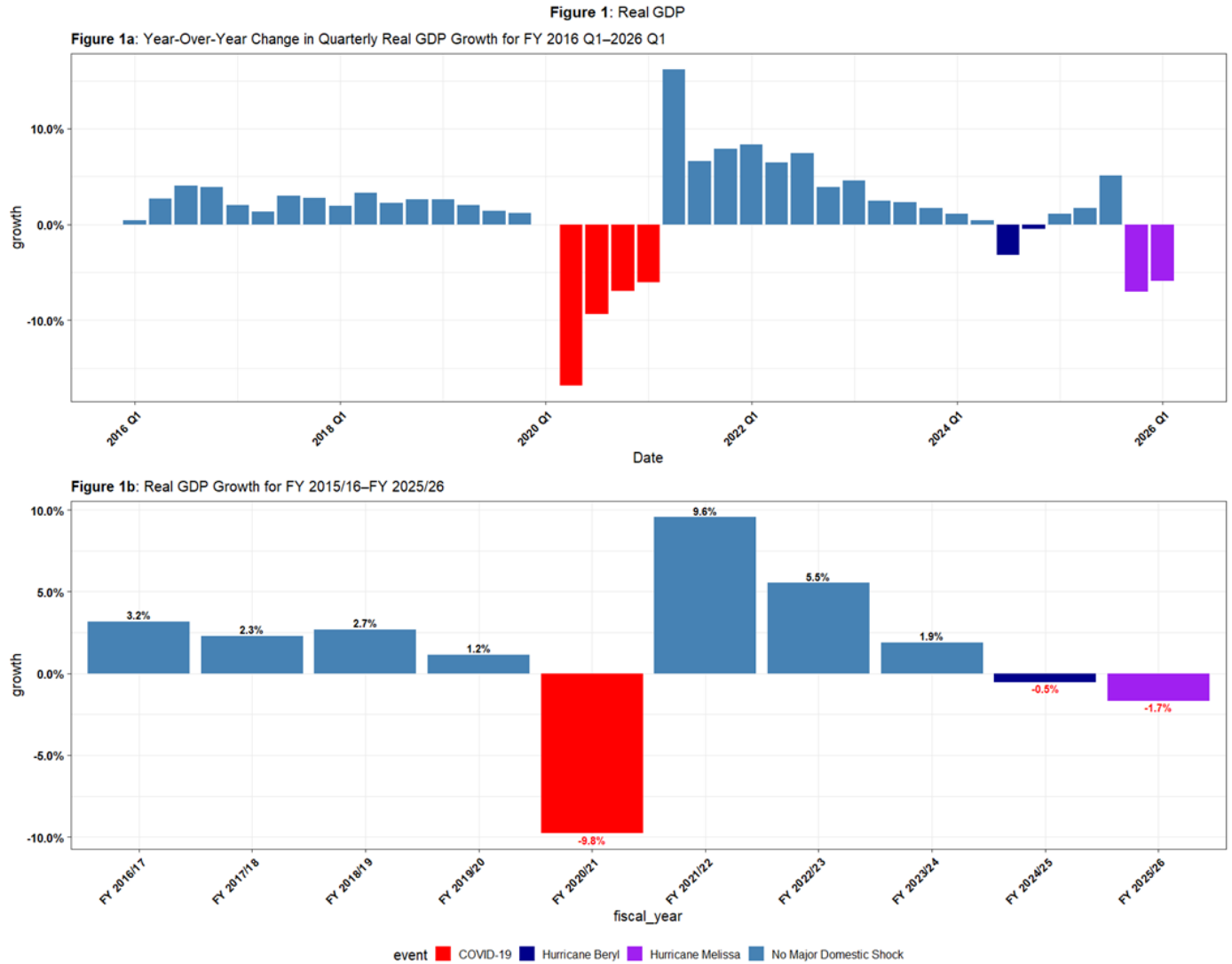
1.0 Real Sector

GDP

Faster economic recovery resulted in better-than-projected GDP outturn for FY 2025/26.

- Real GDP⁴ declined by an estimated **1.7 percent** in **FY 2025/26**. Growth of **3.4 percent** in **April–September** was offset by a 6.5 percent contraction **in the second half of the FY 2025/26 (October 2025–March 2026)** following Hurricane Melissa (**Figure 1**). The preliminary outturn for FY 2025/26 is a smaller contraction than the 3.1 percent in the revised projection, and the estimated decline of 4.5 percent when the FY 2026/27 Budget was tabled. However, it was lower than the initial projection of 2.2 percent for FY 2025/26.
- **Nominal GDP grew by an estimated 3.0 percent in FY 2025/26**. This reflected growth of 8.1 percent in April–September 2025, followed by a 1.9 percent contraction in October 2025–March 2026 due to hurricane-related disruptions.
- This stronger than projected GDP outturn has led to a lower debt-to-GDP ratio than the revised projection.

⁴ Growth in Total Value Added at Basic Prices is used to proxy Real GDP growth, as locally, Real GDP is not produced on a quarterly basis.

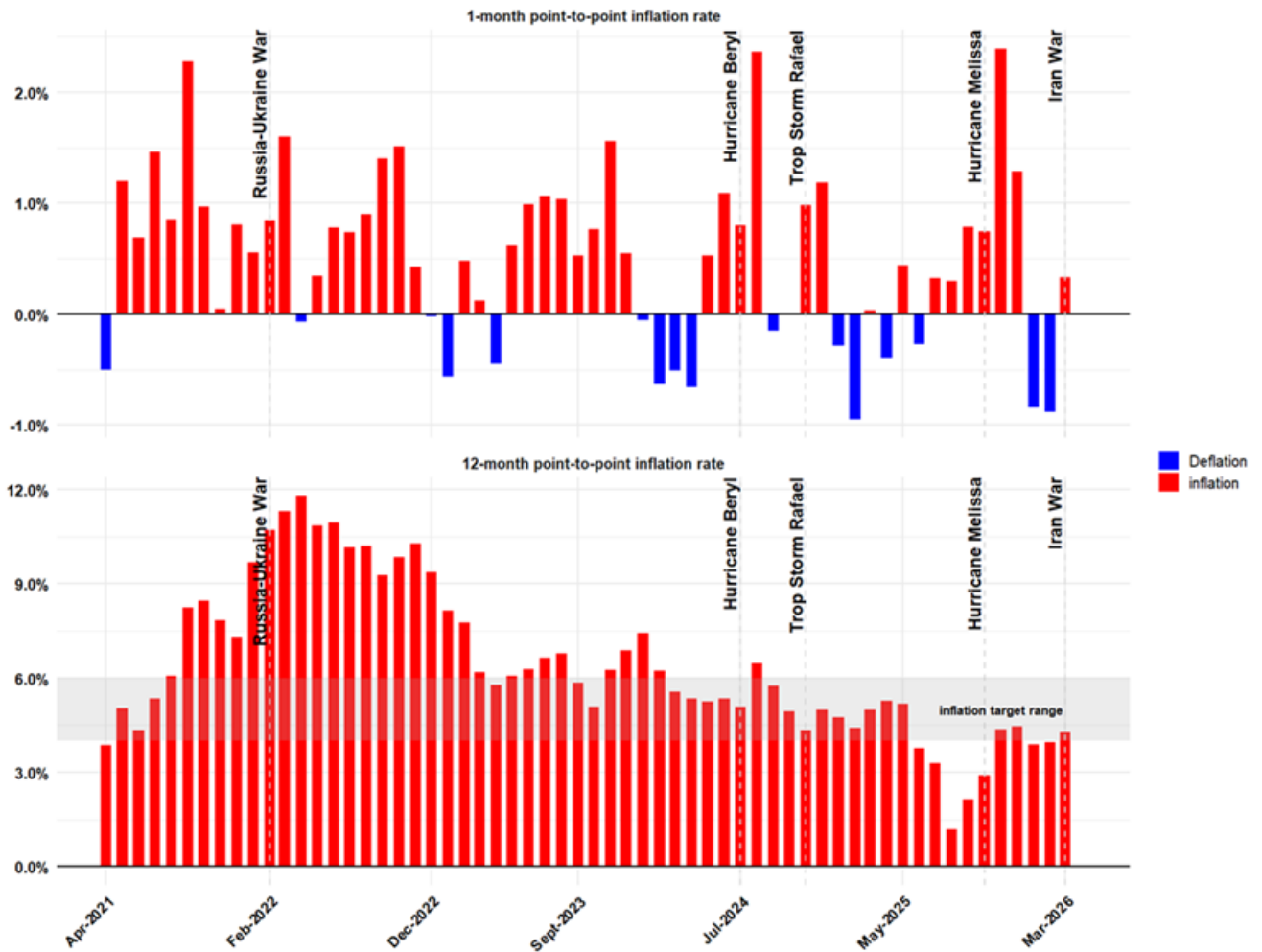


Source: Compiled using data obtained from STATIN.

Inflation

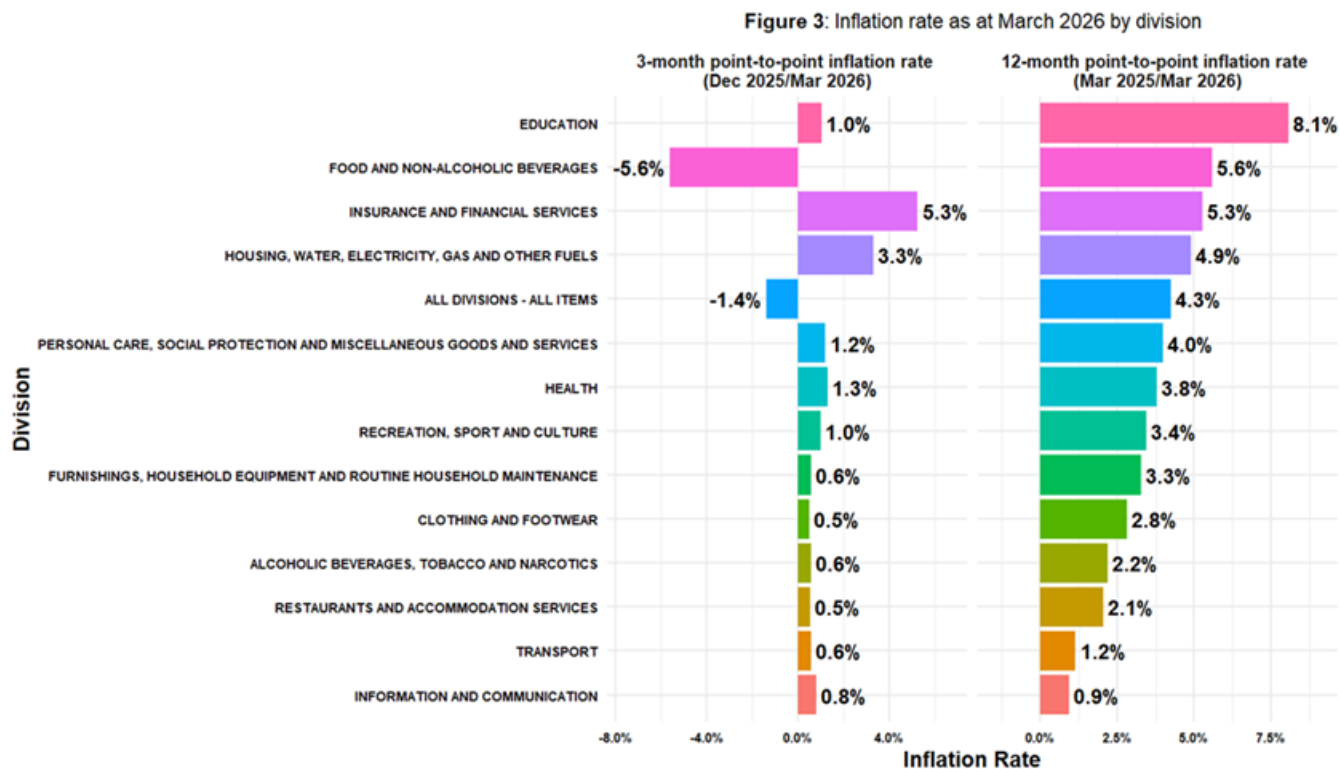
At end-March 2026, 12-month (point-to-point) headline inflation was 4.3 percent, significantly below the revised projection of 5.7 percent (post *FPP*) and within the Bank of Jamaica’s (BOJ) 4.0 percent–6.0 percent target band (Figure 2).

Figure 2: Inflation Rate Apr 2021 to Mar 2026



Sources: Compiled using data obtained from STATIN and BOJ.

The weaker-than-expected inflation outturn largely reflected a stronger-than-expected rebound in agricultural supply, supported by policy interventions and assistance to farmers as well as a moderate appreciation of the nominal exchange rate after Hurricane Melissa (**Figure 3**). These developments helped to temper inflation and contributed to deflation in January and February 2026.



Source: Compiled using data obtained from STATIN.

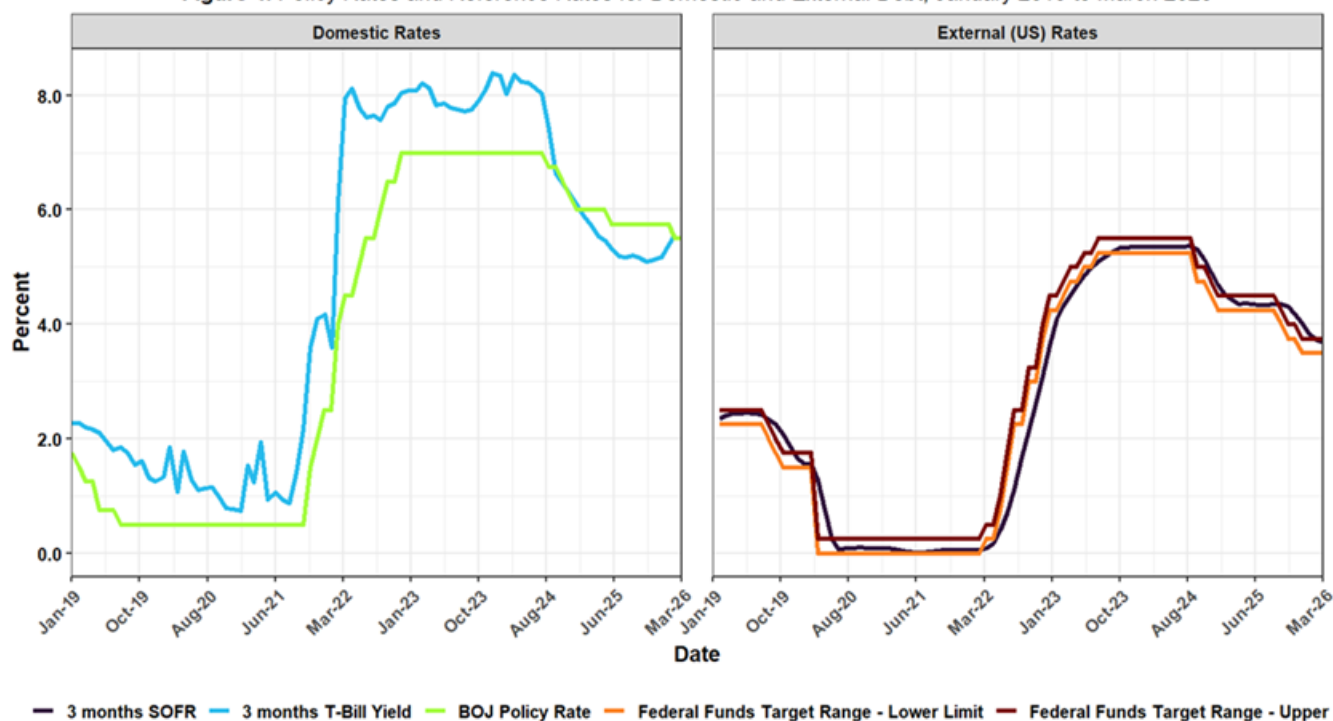
2.0 Monetary and Financial Developments

Monetary policy

BOJ’s monetary policy stance in FY 2025/26 can be characterised as one of *cautious easing*, as the Bank sought to balance persistently subdued inflation dynamics against heightened uncertainty arising from Hurricane Melissa and evolving global conditions.

During FY 2025/26, the BOJ reduced its policy interest rate on two occasions (May 2025 and February 2026), for a cumulative reduction of 50 basis points over the fiscal year, lowering it from 6.0 percent to 5.5 percent (Figure 4). These adjustments reflected supply side deflationary conditions— declining food prices, subdued commodity prices and imported inflation and a moderately appreciating exchange rate. As a result, headline inflation frequently tracked below the lower bound of the BOJ’s 4.0 percent–6.0 percent inflation target range during much of the review period (see Figure 2).

Figure 4: Policy Rates and Reference Rates for Domestic and External Debt, January 2019 to March 2026



Sources: Compiled using data from Bank of Jamaica and Federal Reserve Bank of St. Louis.

At its March 2026 meeting, the Bank of Jamaica’s *Monetary Policy Committee* maintained the policy rate at 5.5 percent, citing heightened global uncertainty and rising external inflationary pressures. These risks stem primarily from disruptions linked to the war in Iran, which have constrained shipping through the *Strait of Hormuz*—a critical transit route for oil and fertilizer. As a result, international commodity prices rose sharply in March 2026, with West Texas Intermediate (WTI) crude oil and urea fertilizer prices increasing by 41.2 percent and 53.7 percent, respectively relative to February 2026. **Against this backdrop, the near-term inflation outlook is now tilted to the *upside*, with inflation likely to exceed the upper bound of the target band.**

In addition to adjustments in the policy rate, the Bank of Jamaica’s *Foreign Exchange Intervention Trading Tool (B-FXITT)* played a central role in preserving orderly conditions in the foreign exchange market and supporting price stability. Between April 2025 and March 2026, the BOJ sold approximately US\$1,140.0 million into the foreign exchange market to smooth excessive volatility and maintain exchange rate stability, particularly in the aftermath of Hurricane Melissa.

Financial Sector

Throughout FY 2025/26, the financial system remained resilient, supported by strong capital adequacy ratios, ample liquidity, and broadly sound regulatory oversight.

The **Capital Adequacy Ratio (CAR)** for deposit-taking institutions (DTIs) stood at **14.5 percent at end-March 2026**, representing a 0.3 percentage point decrease relative to the previous year and remaining comfortably above the statutory minimum requirement of 10.0 percent. Liquidity conditions were similarly robust, with Liquidity Coverage Ratios (LCRs) across DTIs remaining well in excess of the 100.0 percent regulatory threshold.

Asset quality within the banking system remained broadly stable. The ratio of non-performing loans (3 months & over) to gross loans stood at 2.3 percent at March 2026, marginally lower than the 2.5 percent recorded a year earlier, still low by historical standards and indicative of contained credit risk.

3.0 External Sector

Strong international reserves and stable foreign exchange market conditions have so far cushioned emerging weaknesses in the current account, even as the trade balance widens amid rising global uncertainties (Figure 5). Gross International Reserves rose to US\$6.9 billion at end-March 2026, exceeding the revised forecast by US\$0.8 billion and increasing by US\$1.1 billion year-on-year. This provided 28.3 weeks of import cover, well above the 12-week benchmark, while the Assessing Reserve Adequacy (ARA) metric of 154.9 percent, points to comfortable external liquidity buffers.

Figure 5: Jamaica's Weighted Average Exchange Rate (US\$) Movement

Figure 5a: Daily Weighted Average Selling rate for US\$1:00, April 2016 to May 08, 2026

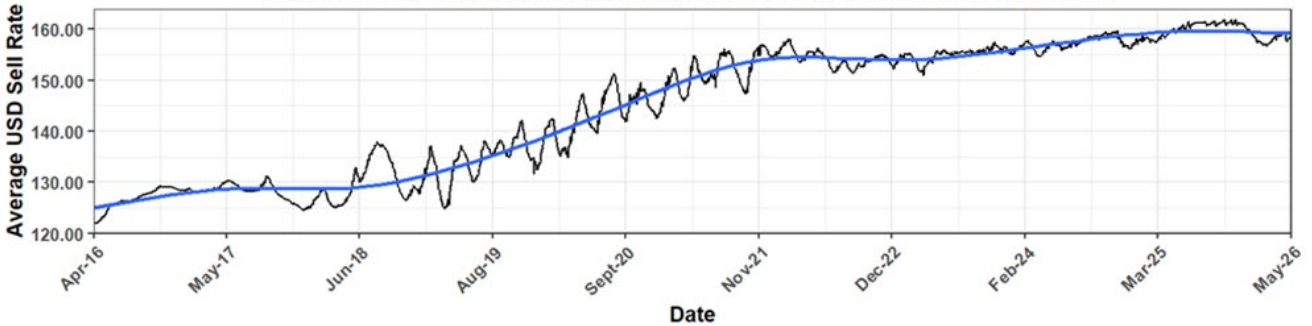
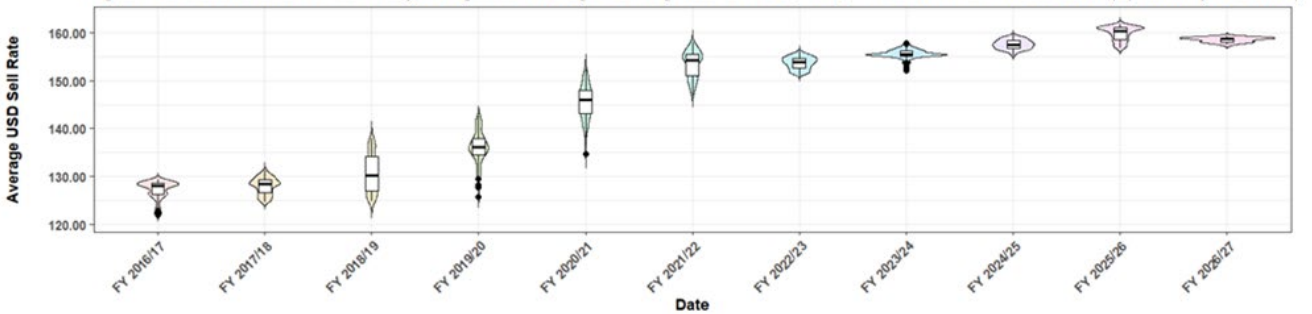


Figure 5b: Distribution of the Daily Weighted Average Selling rate for US\$1:00, FY 2016/17 to FY 2026/27 (up to May 08 2026)



Source: IFC compilation based on data from the BOJ.

Against this backdrop, the Current account recorded a 0.6 percent of GDP surplus during April–December, contrasting with a revised projected deficit of 0.1 percent for FY 2025/26, as stated in the February 2026 *FPP*. This outturn is plausible given that the trade balance is expected to widen in the last quarter of FY 2025/26 reflecting key factors such as:

- The economic impact of Hurricane Melissa, which is likely to increase imports related to recovery and reconstruction activity,
- Elevated global energy prices amid escalating geopolitical tensions and reduced oil supply, and
- Continued below-historical-average outturns in goods and services exports in the near term, reflecting *inter alia* weaker Agriculture, Mining and tourism-related activity.

Foreign exchange market stability is essential for containing fiscal risks, safeguarding revenue predictability and preserving debt sustainability. With nearly 60 percent of Central

Government debt externally denominated, currency depreciation immediately increases the Jamaica dollar value of public debt and debt-servicing costs. Other major expenditure items—particularly energy and transportation—are likewise vulnerable to exchange rate movements. On the revenue side, International Trade taxes accounted for about 35 percent of total tax revenue in FY 2025/26, exposing revenues to fluctuations in trade volumes and the exchange rate.

SECTION III: BUDGETARY and FISCAL OVERVIEW

1.0 Evolution of Fiscal Year 2025/2026 Budget

Fiscal performance in FY 2025/26 weakened relative to initial projections, reflecting lower-than-budgeted Central Government *Revenue & Grants* and higher-than-programmed *Expenditure*. This resulted in an unprogrammed **Fiscal Deficit** and lower-than-budgeted **Primary Surplus**. In view of these fiscal developments, the IFC examined the evolution of the fiscal position through the fiscal year while attempting to distinguish the initial fiscal programme from post-hurricane budgetary adjustments that influenced the final outturns.

The original budget reflected Central Government *Fiscal Balance* and *Primary Balance* of \$0.8 billion (0.02 percent of GDP) and \$178.3 billion (5.1 percent of GDP), respectively (Table 3a). *Revenue & Grants* was projected at \$1,096.1 billion, including the estimated impacts of discretionary tax policy changes. These new policy measures were estimated to reduce Tax Revenue, driven mainly by an increase in the GCT registration threshold, reform of the GCT regime for the supply of electricity to residential customers, a rise in the annual general personal income tax (PIT) threshold and a reduction in the ordinary dividend income tax rate for Non-Residents. *Expenditure* was programmed at \$1,095.3 billion.

The Self-Financing Public Bodies were projected to generate a budget surplus of \$15.2 billion (0.4 percent of GDP). Consequently, the **Specified Public Sector** (i.e. Central Government *plus* Public Bodies exempt from the fiscal rules) was programmed to generate a budget surplus of \$16.0 billion (0.5 percent of GDP). These projections were broadly consistent with guiding the public debt stock towards the legislated ceiling of 60.0 percent of GDP by end-March 2028.

Table 3a: Selected Central Government Budget Summary Indicators for 2025/2026

<i>Indicator</i>	<i>Original Budget</i>	
	<i>J\$ Million</i>	<i>Percentage of GDP</i>
Revenue & Grants	1,096,083.1	31.5
Tax Revenue	949,493.9	27.3
Non-Tax Revenue	139,816.4	4.0
Total Expenditure	1,095,302.8	31.5
Recurrent Expenditure	1,032,707.2	29.7
Programmes	359,375.3	10.3
Compensation of Employees	495,799.4	14.2
<i>of which Wages & Salaries</i>	<i>463,431.5</i>	<i>13.3</i>
Interest	177,532.5	5.1
Capital Expenditure	62,595.6	1.8
Fiscal Balance	780.3	0.0
Primary Balance	178,312.9	5.1

Note: Discrepancies due to rounding.

Source: Compiled by the IFC using data obtained from the MoFPS' *FPP 2025/26* (Part 3, Pages 24 and 25).

Fiscal policy encountered strong headwinds during FY 2025/26 as the GOJ was forced to undertake considerable adjustments to accommodate unprogrammed wage costs alongside significant increases in recurrent programme expenditure, including those that emanated from the onslaught of Hurricane Melissa. These adjustments were appropriated through four *Supplementary* Budgets. The revisions altered the fiscal outlook considerably, particularly after the hurricane, which materially changed the programmed revenue and expenditure profile and shifted the Central Government position from a near fiscal balance to a sizeable projected deficit. (Table 3b).

- ***First Supplementary Budget*** – Passed in July 2025 and provided an additional \$12.7 billion for public sector wages. Revenue & Grants was revised upward by \$10.7 billion, mainly due to higher Non-Tax Revenue (\$9.6 billion) and GCT (Local) (\$1.1 billion) which offset the

estimated \$9.2 billion revenue loss from the discretionary tax policy changes. Additionally, Capital Expenditure was reduced by \$4.9 billion. The fiscal position remained *broadly unchanged*, with the Fiscal Balance projected at a surplus of \$1.0 billion and the Primary Surplus programmed at \$178.5 billion.

- ***Second Supplementary Budget*** – Passed in October 2025 and entailed re-allocations associated with reconfigurations to ministries following the September General Elections and left Revenue & Grants and Expenditure unchanged.
- ***Third Supplementary Budget*** – Passed in December 2025 and marked the main fiscal turning point of the year, incorporating the initial budgetary impact of Hurricane Melissa. Compared with the *First/Second Supplementary Estimate*, Revenue & Grants were reduced by \$41.1 billion. Expenditure increased by \$83.6 billion, mainly due to higher allocations for Programmes (\$70.1 billion), public sector wages (\$10.9 billion) and Domestic Interest (\$4.2 billion) while Capital Expenditure was cut by \$2.2 billion. These revisions shifted the Central Government position from a small programmed surplus to a projected Fiscal Deficit of \$123.7 billion while the Primary Surplus was estimated to decline to \$58.0 billion.
- ***Fourth Supplementary Budget*** – Tabled in February 2026, it provided additional post-Hurricane Melissa allocations. Relative to the *Third Supplementary Estimate*, Revenue & Grants increased by \$3.5 billion, comprising higher Non-Tax Revenue (\$3.0 billion) and Grants (\$0.5 billion). Expenditure rose by \$14.4 billion, entirely due to Recurrent Programmes. Relative to the Original Budget, Revenue & Grants was \$26.9 billion lower, while Expenditure was \$108.4 billion higher. The projected Fiscal Deficit widened to \$134.6 billion (3.8 percent of GDP), while the Primary Surplus was expected to decline to \$47.1 billion (1.3 percent of GDP).

Table 3b: Evolution of Selected Central Government Budget Summary Indicators for 2025/2026

<i>Indicator</i>	<i>Original Budget</i>	<i>1st & 2nd Suppl.</i>	<i>3rd Suppl.</i>	<i>4th Suppl.</i>	<i>Difference: 4th Suppl. vs. Orig. Budget</i>
Revenue & Grants	1,096,083.1	1,106,789.1	1,065,657.9	1,069,133.9	-26,949.2
Tax Revenue	949,493.9	950,593.9	869,012.0	869,012.0	-80,481.9
Non-Tax Revenue	139,816.4	149,422.4	191,140.0	194,160.3	54,343.8
Total Expenditure	1,095,302.8	1,105,791.9	1,189,390.7	1,203,750.7	108,447.9
Recurrent Expenditure	1,032,707.2	1,048,107.2	1,133,908.5	1,148,268.5	115,561.3
Programmes	359,375.3	360,087.8	430,139.6	444,499.6	85,124.3
Compensation of Employees	495,799.4	510,486.9	522,004.6	522,004.6	26,205.2
<i>of which Wages & Salaries</i>	<i>463,431.5</i>	<i>476,115.0</i>	<i>487,064.9</i>	<i>487,064.9</i>	<i>23,633.4</i>
Interest	177,532.5	177,532.5	181,764.3	181,764.3	4,231.8
Capital Expenditure	62,595.6	57,684.7	55,482.2	55,482.2	-7,113.4
Fiscal Balance	780.3	997.2	-123,732.8	-134,616.8	-135,397.1
Primary Balance	178,312.9	178,529.8	58,031.5	47,147.5	-131,165.4

Notes: J\$ Million. Discrepancies due to rounding.

Sources: Compiled by the IFC using data provided by the MoFPS, *FPP 2025/26* (Part 3, Page 24) and the *Interim FPP 2025/26* (Appendix 1, Page 3).

2.0 Fiscal Performance: Fiscal Year 2025/2026

Central Government operations recorded a Fiscal deficit of \$90.7 billion (estimated 2.5 percent GDP) at end-March 2026, compared with an originally budgeted Fiscal surplus of \$0.8 billion. Nonetheless, the actual deficit was 32.6 percent better than the level projected under the *Fourth Supplementary Estimate*. A **Primary surplus of \$83.4 billion (estimated 2.3 percent of GDP)** was generated; \$94.9 billion below the initial target (**Table 3c**), but exceeding the *Fourth Supplementary* forecast by \$36.2 billion.⁵ **Box 1** summarises the Central Government's budgetary outturns for FY 2025/2026.

Box 1: Central Govt. Summary Outturns for 2025/2026

Relative to Original Budget

Revenue & Grants below Budget by **2.7 percent**.

Tax Revenue below Budget by **7.4 percent**.

Non-Tax Revenue surpassed Budget by **31.6 percent**.

Expenditure exceeded Budget by **5.7 percent**.

Recurrent Expenditure surpassed Budget by **7.4 percent**.

Wages & Salaries above Budget by **3.2 percent**.

Interest below Budget by **1.9 percent**.

Capital Expenditure below Budget by **23.6 percent**.

Fiscal Balance worse than Budget by **11,729.3 percent**.

Primary Balance worse than Budget by **53.2 percent**.

Source: IFC compilation based on data from the Ministry of Finance and the Public Service.

⁵ GDP data is preliminary; therefore, the fiscal ratios are subject to revision when the actual GDP outturn data become available.

Table 3c: Budgeted and Actual Outturns for Selected Central Government Budget Indicators for 2025/2026

<i>Indicator</i>	<i>Original</i>	<i>Actual Outturn</i>		
	<i>Budget</i>	<i>2025/2026</i>	<i>Difference</i>	<i>Diff (%)</i>
Revenue & Grants	1,096,083.1	1,066,533.2	-29,549.9	-2.7
Tax Revenue	949,493.9	879,456.8	-70,037.0	-7.4
Non-Tax Revenue	139,816.4	183,966.6	44,150.1	31.6
<i>Other Revenue</i>	6,772.8	3,109.8	-3,663.0	-54.1
Total Expenditure	1,095,302.8	1,157,280.3	61,977.5	5.7
Recurrent Expenditure	1,032,707.2	1,109,465.8	76,758.6	7.4
Programmes	359,375.3	421,340.3	61,965.0	17.2
Compensation of Employees	495,799.4	513,997.4	18,198.0	3.7
<i>of which Wages & Salaries</i>	463,431.5	478,308.2	14,876.7	3.2
Interest	177,532.5	174,128.2	-3,404.3	-1.9
Capital Expenditure	62,595.6	47,814.5	-14,781.1	-23.6
Fiscal Balance	780.3	-90,747.1	-91,527.5	-11,729.3
Primary Balance	178,312.9	83,381.1	-94,931.8	-53.2

Note: J\$ Million. Discrepancies due to rounding.

Source: Compiled by the IFC using data obtained from the MoFPS.

Tax Revenue of \$879.5 billion fell short of the Original Budget by \$70.0 billion (7.4 percent). This was 1.2 percent higher than the forecast under the *Fourth Supplementary Budget*. Nevertheless, the performance of the individual tax types was mixed. Notable shortfalls were registered by: Other Companies, Other Individuals (Self-Employed), Other Licences, Quarry Tax, Accommodation Tax and Travel Tax. These shortfalls were partly offset by over-performance in *inter alia* the Contractors' Levy and Stamp Duty (Local) (**Table 5**).

Of note, the IFC is unable to comment on the performance of the new revenue measures implemented during FY 2025/2026, as the Ministry of Finance has not provided the required information on the actual outturns.

Table 4: Estimated Potential Revenue Effects *vis-à-vis* Outturns from Selected Discretionary Tax Policy Changes for 2025/2026

	<i>Budgeted</i>	<i>Actual</i>	<i>Difference</i>
<i>Increase in GCT Registration Threshold to \$15m</i>	-1.373	n.a.	n.a.
<i>Reform of GCT on Residential Electricity</i>	-2.994	n.a.	n.a.
<i>Accel. Capital Allowance for New Machinery Equip. and IT Investments (Jan 2025–Dec 2026)</i>	0.000	n.a.	n.a.
<i>Increase in the Annual General PIT Threshold</i>	-4.800	n.a.	n.a.
<i>Reduced Ordinary Dividend Tax Rate for Non-Residents</i>	-0.009	n.a.	n.a.
Total Potential Revenue Effect	-9.176	n.a.	n.a.

Notes: J\$ Billion. Difference equals Actual *minus* Budgeted. n.a. means not available.

Sources: Compiled by the IFC partly using data obtained from Ministry of Finance and the Public Service (2025c) and MoFPS' *FPP 2025/2026 Interim Report* (Part 3, Page 11).

Non-Tax Revenue of \$184.0 billion exceeded the originally targeted amount by \$44.2 billion (31.6 percent), driven primarily by larger-than-anticipated proceeds from the securitisation of revenue streams associated with the Sangster International Airport (SIA) as well as disaster risk-financing receipts from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the World Bank's Catastrophe Bond following the passage of Hurricane Melissa.

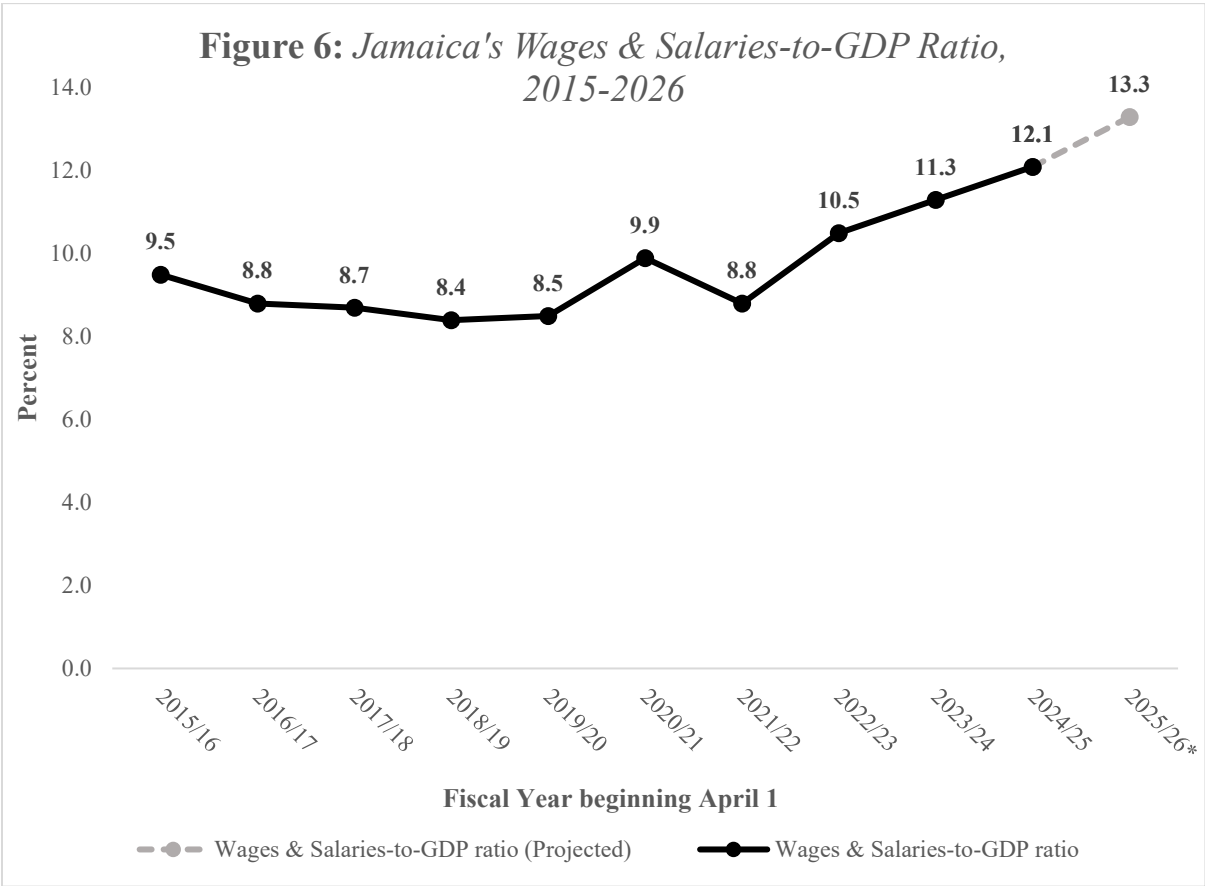
Bauxite Levy fell \$0.5 billion (55.7 percent) below the budgeted amount, mainly reflecting lower bauxite production, in line with the broader decline in activity within the Mining & Quarrying industry during the review period.

Grant receipts of \$2.7 billion fell below the originally targeted amount by \$3.2 billion (53.9 percent) mainly due to delays in disbursements linked to slower-than-planned execution of several capital projects.

Regarding Expenditure, while Capital Expenditure and External Interest Payments were less than originally budgeted, Recurrent Programmes and Compensation surpassed budget. Higher spending on *Recurrent Programmes* was due mainly to the GOJ's response to provide relief

and recovery support including the Restoration of Owner or Occupant Family Shelters (ROOFS) programme initiated after the passage of Hurricane Melissa. Capital expenditure continued to be plagued by procurement challenges and capacity constraints. Lower spending on external interest was largely due to lower-than-projected exchange rates and the partial use of contingency provisions allocated to support potential new international financing agreements. **Table 5** details the factors behind the deviations in spending.

Spending on Wages & Salaries exceeded the original budgeted amount by \$14.9 billion (3.2 percent). At the end of the 2025/26 fiscal year, Wages & Salaries was estimated at 13.3 percent of GDP (**Figure 6**). Furthermore, Wages & Salaries as a percentage of tax revenue stood at 54.4 percent compared with 47.9 percent at the end of the previous fiscal year.



Note: IFC imputed Wage ratio for 2025/2026.

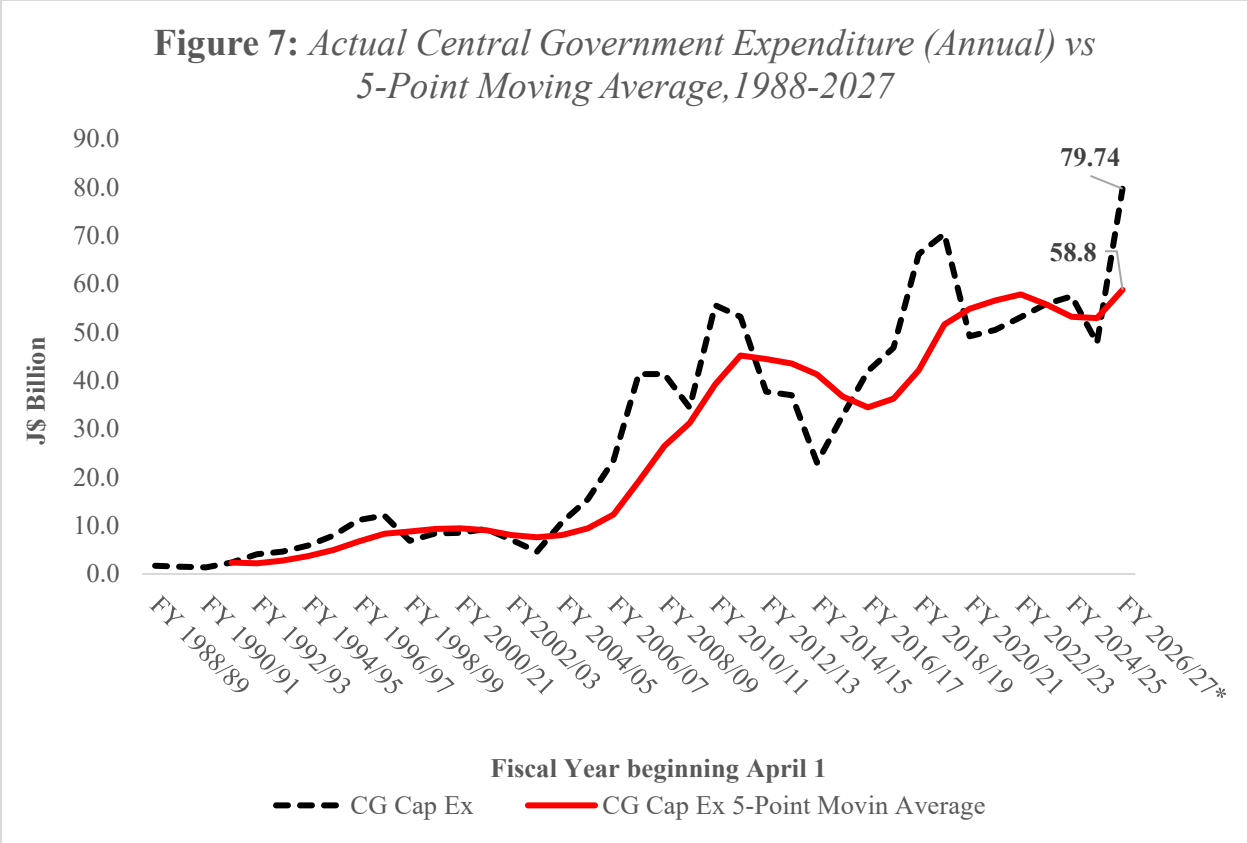
Sources: IFC estimations based on data from the Ministry of Finance and the Public Service and STATIN.

The Prime Minister, in his 2026/2027 Budget Presentation, stressed that salary increases should be linked to productivity. Additionally, International Labour Organization (ILO) data revealed that in 2025, Jamaica had the third lowest GDP per hour worked (8.8 USD) from a sample of Latin America and Caribbean (LAC) countries. Furthermore, the ILO indicated that the annual growth of output per worker in Jamaica was lower than GDP growth since at least 2015, with the year 2020 representing the only exception due to the COVID-19 pandemic. In contrast, the growth of Central Government's Wages & Salaries has mostly been higher than both nominal GDP (**Figure 6**) and annual output per worker.

Given the aforementioned, a revamped and well-designed *Performance Management Appraisal System (PMAS)* for the public sector could support better alignment of wages and salaries growth with economic expansion. The Transformation Implementation Unit (TIU) of the MoFPS stated that the revamping of the PMAS is a key part of its public sector transformation strategy. However, while a revamped PMAS could eventually help to boost productivity, it is unlikely to adequately address the fiscal risk of budget overruns resulting from *ad hoc* increases in the wage bill. Wages & Salaries growing faster than output can elevate macroeconomic risks such as inflation. To mitigate these macro-fiscal risks, the **IFC is of the view that the GOJ should give consideration to, *inter alia*:**

- Urgently complete the implementation of the PMAS in a manner that incentivizes performance with related compensation adjustments.
- Re-introduce a fiscal rule on wages by linking Wages & Salaries to GDP.
- Implement a structured wage negotiation period to lock in wage settlements before the start of the budget cycle (**Appendix II**).

Capital Expenditure declined by \$14.8 billion (23.6 percent) below the originally projected amount due mainly to a slower-than-programmed pace of execution of several planned public investment projects resulting from challenges including procurement and national capacity constraints – both public and private sector. A 5-point moving average of actual capital expenditure starting from FY 1988/89, projects revised **Central Government capital expenditure at \$58.8 billion for FY 2026/27 *all other things being equal***, below the Approved Budgeted figure of \$79.7 billion (**Figure 7**).



Source: IFC compilation based on MoFPS' Central Government Operations data.

The IFC reiterates that underspending of budgeted expenditure signals an implementation lag in the execution of projects and programmes rather than actual savings by Government. This is a longstanding issue that needs to be resolved bearing in mind the beneficial impacts that major capital projects have on economic growth. While the NaRRA is anticipated to speed up execution for select projects, the inertia that obtains for regular projects across the public sector may persist into the medium term.

An IFC trend analysis of expenditure data compiled over recent years (2018–2024) show that Capital Expenditure deviations turned out to be high when economic growth was low *but* low when economic growth was high, pointing to a possible *procyclical* nature of Capital Expenditure. In this vein, **the IFC re-emphasises that the GOJ in its thrust to pivot to faster economic growth, should move expeditiously to alleviate the impediments (including capacity constraints within Ministries, Departments and Agencies) in order to accelerate execution of projects across the public sector.**

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
Total Tax Revenue	879,456.8	949,493.9	-70,037.0	-7.4		
<i>Income and Profits</i>	292,123.9	339,504.1	-47,380.3	-14.0		
Bauxite/ Alumina	2,039.3	3,978.8	-1,939.5	-48.7	The below budget collection from Bauxite/Alumina reflected lower than projected payment of Bauxite/Alumina arrears due to losses experienced by entities within the sector.	Explanation is reasonable.
Other Companies	75,952.2	122,805.8	-46,853.6	-38.2	The lower than projected outturn from Other Companies largely reflects the legislative shifting of the annual corporate income and asset tax filing deadline from March 15 to April 15.	Explanation is only partially reasonable as Hurricane Melissa's impact on economic activity will spillover onto corporate taxes.
Other Individuals	7,720.3	13,350.2	-5,629.9	-42.2	Inflows from Other Individuals continued to be constrained by the disruption to economic activities following the passage of Hurricane Melissa as well as higher than anticipated refund payments (Note that roughly \$1.1bn in refunds was paid out during the fiscal year).	Explanation is only partially reasonable. It is plausible that a shortfall would result from the

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
					Taxes are paid then funds are reclaimed due to various reasons. For example, some taxpayers are exempted because of disabilities and they reclaim based on that arrangement. As a result, refunds are not usually projected.	impact of Hurricane Melissa. It is puzzling that the MoFPS does not project refunds while simultaneously claiming that "higher than anticipated refund payments" contributed to the shortfall. It is incumbent on the Ministry to adopt a methodology for projecting refunds since it is a regular payment.
<i>Production and Consumption</i>	280,044.8	279,315.9	729.0	0.3		
Other Licences	2,280.1	2,893.3	-613.2	-21.2	The under-performance of Other Licences largely reflects lower receipts from hotel licences, spirit licences, gaming machine/premises licences, tourist shop licences,	Explanation is inadequate. The absence of excess receipts from the Spectrum

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
					<p>tourist shop operating licences and import trade board licences.</p> <p>Hurricane Melissa negatively impacted tourism arrivals. Other recovery measures were also implemented including the granting of waivers on selected imports.</p>	<p>Management Authority in December 2025 (\$1.3bn), would have resulted in a deficit of approximately \$652mn. This suggests a possible underlying deficit before Hurricane Melissa.</p>
Quarry Tax	185.2	240.0	-54.8	-22.8	<p>Quarry Tax collections were adversely impacted by the contraction in nominal value added within the Mining and Quarrying sector, which declined by 24.4 percent April-December 2025 (for the December Quarter the industry declined by 58.4 percent year-over-year) compared with the corresponding period of the previous fiscal year. This outturn was primarily attributable to operational downtime following the passage of Hurricane Melissa.</p>	<p>Explanation is reasonable.</p>

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
Accommodation Tax	2,891.1	3,316.7	-452.6	-12.8	The underperformance in Accommodation Tax collections is mainly attributed to declines in hotel stays, restaurant activities and fewer tourist arrivals stemming from the passage of Hurricane Melissa as well as travel advisories for the island.	Explanation is reasonable.
Contractors' Levy	3,420.2	2,998.0	422.2	14.1	The higher-than-budgeted performance was partly supported by reconstruction efforts associated with the passage of Hurricane Melissa. Forecasting challenges persist due to compliance challenges.	Explanation is inadequate. Contractors Levy was 10.2 percent above budget between April-September 2025. GDP data from STATIN revealed that Construction declined by 1.3 percent from January to March 2026 and fell 0.6 percent for the entire fiscal year. Regarding its claim of compliance

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
						challenges, the MoFPS ought to formulate a workable strategy with a view to alleviate such impediments and to sharpen its forecasting methodology.
Stamp Duty (Local)	8,625.2	6,443.0	2,182.3	33.9	<p>In general, revenue performance was impacted by: (i) increases in loan uptakes in motor vehicles and mortgages, (ii) continued uptick in the number of commercial business sales and increased residential developments and (iii) increase in the price of real estate and sale of high-end priced properties.</p> <p>The better-than-expected performance of the revenue was attributed to twenty-eight extraordinary transactions amounting to approximately \$1.4 billion with 60 percent of</p>	Explanation is reasonable.

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
					<p>transactions involved Real Properties.</p> <p>Additionally, several businesses changed ownership through the transfer of shares and estates with a significant number of shares settled during the period.</p>	
International Trade	307,288.1	330,673.9	-23,385.7	-7.1		
Travel Tax	25,434.5	29,266.6	-3,832.1	-13.1	<p>The below budgeted performance observed during the period can largely be attributed a reduction in passenger numbers as well as challenges with timely meeting payment deadlines (often resulting from cashflow/operational challenges).</p> <p>Long-term third-party compliance issues have historically caused deviations from budget for this tax type. In recent times however, there is some improvement.</p>	<p>Explanation is partially reasonable.</p> <p>More information is required to determine reasonableness of explanation regarding compliance.</p>
Non-Tax Revenue	183,966.6	139,816.4	44,150.1	31.6	<p>The over-performance relative to budget was mainly attributable to inflows associated with the payouts from the disaster risk</p>	<p>Explanation is partially reasonable.</p>

Table 5: Explanations for Major Fiscal Deviations from Original Budget- April 2025 to March 2026

REVENUE						
	J\$ Million					
Revenue Item	Provisional	Original Budget	Difference (\$)	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
					financing instruments that were triggered following the passage of Hurricane Melissa as well as higher-than-projected inflows from the securitization of revenue due to the GOJ from the Sangster International Airport (SIA). \$58.5 billion was realised from the securitization transaction; higher than the \$48.8 billion originally budgeted.	The disaster risk financing and Securitization pay-outs summed to \$49.2bn; approximately \$5bn above the reported deviation.
Bauxite Levy	360.0	812.0	-452.0	-55.7	The underperformance of Bauxite Levy reflected bauxite production declines, consistent with the overall decline in the Mining & Quarrying industry.	Explanation is reasonable.
Grants	2,749.8	5,960.8	-3,211.0	-53.9	Grants were below due to lower disbursements associated with slower-than-planned project execution of capital projects.	Explanation is reasonable.
EXPENDITURE						
	J\$ Million					
Expenditure Item	Provisional	Original Budget	Difference	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
Total Expenditure	1,157,280.3	1,095,302.8	61,977.6	5.7		

EXPENDITURE						
	JS Million					
Expenditure Item	Provisional	Original Budget	Difference	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
Recurrent Expenditure	1,109,465.8	1,032,707.2	76,758.6	7.4		
Programmes	421,340.3	359,375.3	61,965.0	17.2	Higher programme expenditure was largely a result of Hurricane Melissa-related spending to support, <i>inter alia</i> , recovery of the tourism, and the Agriculture & Fisheries industries and the <i>Restoration of Owner or Occupant Family Shelters</i> (ROOFS) programme. Additional pre-hurricane spending also contributed to the increase in recurrent programmes, including \$14.9 billion for the Ministry of Education, Skills, Youth and Information to cover, for example, increased subventions to the UWI and UTECH and utility costs. Total Melissa Spending totalled roughly \$67bn of which \$43bn was recurrent).	Explanation is reasonable.
Employers' Contribution	35,689.2	32,367.9	3,321.4	10.3	Higher Employers' Contribution emanated largely from higher NIS and NHT contributions, predicated partly on above-budgeted Wages & Salaries.	Explanation is reasonable.
Interest	174,128.2	177,532.5	-3,404.4	-1.9		
Domestic	78,726.7	64,130.5	14,596.2	22.8	Domestic Interest payments exceeded budget primarily due to a higher stock of outstanding domestic debt arising	Explanation is reasonable.

EXPENDITURE						
	JS Million					
Expenditure Item	Provisional	Original Budget	Difference	Difference (%)	MoFPS' Explanation for Deviation	IFC Comments
					from higher-than-planned borrowing during the last quarter of FY 2024/25 as well as during FY 2025/26.	
External	95,401.5	113,402.1	-18,000.6	-15.9	External Interest payments were below budget, largely due to lower-than-projected exchange rates and the partial use of contingency provisions that were allocated to accommodate potential new international financing agreements.	Explanation is reasonable.
<i>Capital Expenditure</i>	47,814.5	62,595.6	-14,781.1	-23.6	Capital spending fell short of budget due to the slower-than-programmed pace of execution of several planned public investment projects resulting from challenges including procurement and personnel.	Explanation is inadequate considering well-known local procurement challenges and capacity constraints.

Source: Compiled by the IFC using data obtained from the Ministry of Finance and the Public Service.

Table 6a: Actual Outturns for Selected Central Government Budget Indicators for FY 2025/26 vis-à-vis FY 2024/25

<i>Indicator</i>	<i>Actual Outturn</i>	<i>Actual Outturn</i>		<i>Year-Over-Year</i>
	<i>FY 2025/26</i>	<i>FY 2024/25</i>	<i>Difference</i>	<i>(%)</i>
Revenue & Grants	1,066,533.2	1,058,575.6	7,957.6	0.8
Tax Revenue	879,456.8	882,755.8	-3,298.9	-0.4
Non-Tax Revenue	183,966.6	170,224.0	13,742.5	8.1
<i>Other Revenue</i>	3,109.8	5,595.8	-2,486.0	-44.4
Total Expenditure	1,157,280.3	1,050,899.6	106,380.7	10.1
Recurrent Expenditure	1,109,465.8	993,443.8	116,022.1	11.7
Programmes	421,340.3	366,667.7	54,672.6	14.9
Compensation of Employees	513,997.4	446,767.4	67,230.0	15.0
Wages & Salaries	478,308.2	423,004.4	55,303.8	13.1
Employers' Contribution	35,689.2	23,763.0	11,926.2	50.2
Interest	174,128.2	180,008.7	-5,880.5	-3.3
Domestic	78,726.7	75,348.8	3,377.9	4.5
External	95,401.5	104,659.9	-9,258.4	-8.8
Capital Expenditure	47,814.5	57,455.9	-9,641.4	-16.8
Fiscal Balance	-90,747.1	7,675.9	-98,423.1	-1,282.2
Primary Balance	83,381.1	187,684.7	-104,303.6	-55.6

Notes: J\$ Million.

Sources: Compiled by the IFC using data obtained from the Ministry of Finance and the Public Service.

Table 6b: Actual Outturns for FY2025/26 versus Actual Outturns for FY2024/2025 by Tax Type

	<i>Actual Outturn</i>	<i>Actual Outturn</i>		<i>Year-Over-Year</i>
	<i>FY 2025/26</i>	<i>FY 2024/25</i>	<i>Difference</i>	<i>(%)</i>
Revenue & Grants	1,066,533.2	1,058,575.6	7,957.6	0.8
Tax Revenue	879,456.8	882,755.8	-3,298.9	-0.4
Income and profits	292,123.9	304,496.2	-12,372.3	-4.1
Bauxite/alumina	2,039.3	471.7	1,567.7	332.4
Other companies	75,952.2	102,700.4	-26,748.2	-26.0
PAYE	164,503.5	146,677.6	17,825.9	12.2
Tax on dividend	3,882.4	3,599.0	283.4	7.9
Other individuals	7,720.3	9,346.9	-1,626.6	-17.4
Tax on interest	38,026.1	41,700.6	-3,674.5	-8.8
Production and consumption	280,044.8	276,350.3	3,694.5	1.3
Minimum Business Tax	53.3	97.5	-44.2	-45.3
SCT	24,238.8	20,931.6	3,307.2	15.8
Environmental Levy	1,004.8	1,019.5	-14.7	-1.4
Motor vehicle licenses	5,590.7	5,459.1	131.7	2.4
Other licenses	2,280.1	1,584.0	696.2	44.0
Quarry Tax	185.2	236.5	-51.3	-21.7
Betting, gaming and lottery	8,869.6	8,406.7	462.9	5.5
Accommodation Tax	2,891.1	3,425.6	-534.5	-15.6
Education Tax	54,945.0	55,481.2	-536.2	-1.0
Telephone Call Tax	2,514.5	2,649.2	-134.7	-5.1
Contractors levy	3,420.2	3,220.6	199.6	6.2
GCT (Local)	165,426.2	166,323.8	-897.6	-0.5
Stamp Duty (Local)	8,625.2	7,515.0	1,110.2	14.8
International Trade	307,288.1	301,909.2	5,378.9	1.8
Custom Duty	68,174.7	66,611.2	1,563.5	2.3
Stamp Duty	4,727.0	4,284.6	442.4	10.3
Travel Tax	25,434.5	28,444.9	-3,010.4	-10.6
GCT (Imports)	131,957.2	126,334.3	5,623.0	4.5
SCT (Imports)	71,383.7	70,680.7	703.0	1.0
Environmental Levy	5,611.1	5,553.7	57.4	1.0
Non-Tax Revenue	183,966.6	170,224.0	13,742.5	8.1
Bauxite Levy	360.0	0.0	360.0	n.a.
Capital Revenue	0	0	0	n.a.
Grants	2749.8	5595.8	-2846.0	-50.9

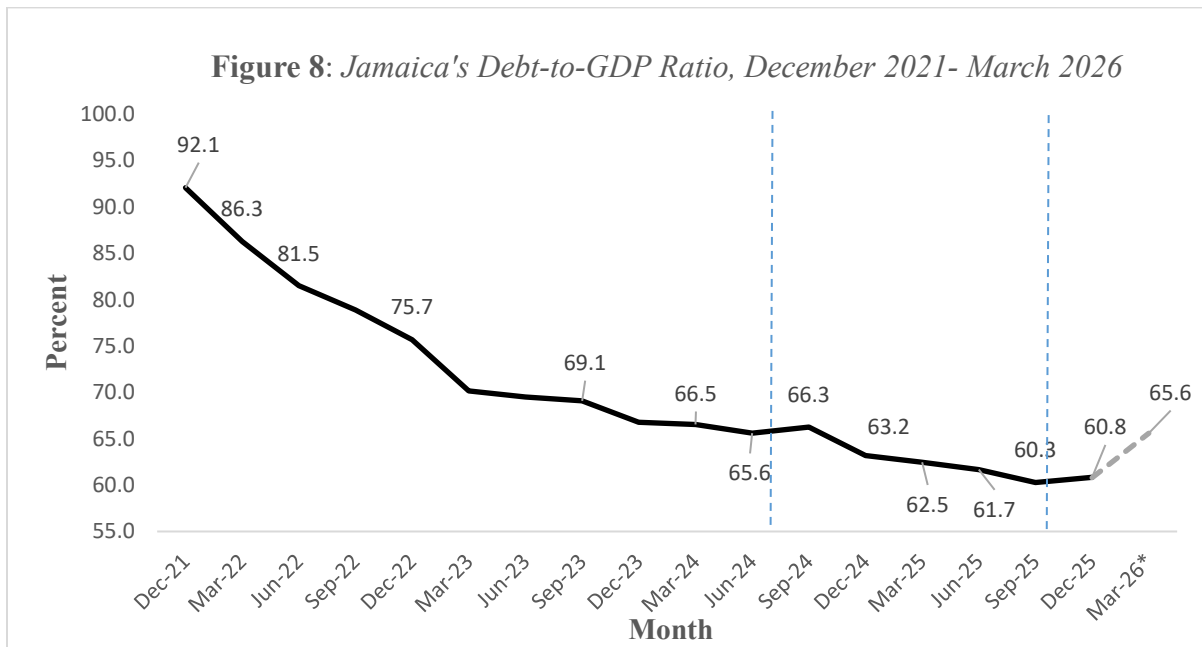
Notes: J\$ Million. Discrepancies due to rounding. n.a means Not Applicable

Sources : Comple by the IFC using data obtained from the MoFPS.

3.0 Public Debt

The stock of Public Debt outstanding for the Specified Public Sector stood at approximately \$2.4 trillion at end-March 2026, up \$179.8 billion (8.2 percent) relative to the debt recorded end-March 2025. Based on preliminary GDP data, the IFC imputed the debt-to-GDP ratio at end-March at 65.6 percent, up from the 62.5 percent registered at end-March 2025⁶ (Figure 8). This current estimate is nevertheless below the 68.9 percent reported in the February 2026 *FPP* due to a combination of a lower-than-anticipated nominal debt stock and a higher nominal GDP.

While the fiscal rules have been suspended, the GOJ is yet to legislate a new timeline to reach a debt-to-GDP ratio of 60 percent. Nevertheless, **the IFC reiterates that robust fiscal consolidation efforts will be essential to returning the debt to a sustained downward path toward this ceiling. In conformity with the requirements of the *FAA Act* following the termination of the period of suspension of the fiscal rules, the GOJ is expected to outline these measures in the next *FPP*.**



Note: *The Debt-GDP-Ratio at the end-March 2026 was imputed by the IFC using a preliminary GDP estimate. Vertical line represents the month during which Hurricane Beryl and Hurricane Melissa, respectively (affected Jamaica on July 3, 2024 and October 28, 2025).

Source: Compiled by the Independent Fiscal Commission using data from the MoFPS.

⁶ The estimated debt-to-GDP ratio at end-March 2026 is based on preliminary GDP data and is subject to revision once updated actual GDP outturn data become available

4.0 Analysis of the Public Bodies

At end-March 2026, preliminary data revealed that the Self-Financing Public Bodies ran an overall balance surplus of \$56.4 billion compared with a projected surplus of \$15.2 billion.

The higher-than-anticipated balance was primarily due to a \$42.8 billion under expenditure in Capital. National Housing Trust (\$19.5 billion), Housing Agency of Jamaica (\$4.1 billion), the Port Authority of Jamaica (\$3.8 billion), the National Water Commission (\$3.3 billion) and the Urban Development Corporation (\$2.7 billion) were the SFPBs that were primarily responsible for the overall underspend in capital expenditure.

The combined effect of the surplus by the SFPBs and a \$90.7 billion Central Government deficit was a **Specified Public Sector** deficit of **\$34.4 billion** for FY 2025/2026 (compared with an overall surplus of \$92.7 billion at the end of the previous fiscal year).

IFC notes that the improvement in the SFPBs' overall balance surplus primarily arose from the large under-execution in capital projects during the fiscal year, similar to what obtained with the Central Government. Accordingly, the Specified Public Sector experienced a Capital Budget under-execution of \$57.6 billion (35.5 percent) at the end of fiscal year 2025/2026. That roughly 36.0 percent of capital expenditure for the Specified Public Sector was unspent during the year underscores the deep-rooted slow pace in the implementation of capital projects and continued uncertainty in fiscal planning and budget execution.

SECTION IV: MACRO-FISCAL RISKS

As a small, open island economy with a concentrated export base, Jamaica remains highly vulnerable to external shocks and policy shifts in key trading partners. Strengthening economic resilience—anchored in sustained macroeconomic stability—is therefore critical to enabling faster adjustment and recovery from both natural disasters and external disruptions.

1.0 Macro Outlook & Risks

Geopolitical tensions have amplified the macro-fiscal risks for the global economy. The IMF in its most recent *World Economic Outlook* (WEO) revised global growth downward from 3.3 percent in January 2026 (IMF, 2026a) to 3.1 percent in April (IMF, 2026b), reflecting the impact of the Middle East conflict under the assumption that it remains contained in duration and scope. Global headline inflation is projected to rise modestly by 0.4 percentage point to 4.4 percent in 2026 before moderating to 3.5 percent in 2027.

The slowdown in growth and increase in inflation are expected to be more pronounced in emerging markets and developing economies. Growth outlook for Emerging Markets and Developing Economies (EMDEs) has been revised from 4.2 percent to 3.9 percent, highlighting their heightened vulnerability to commodity price shocks, tighter financial conditions, and external demand fluctuations. In contrast, the outlook for advanced economies remains broadly unchanged.

Potential Headwinds for Growth

- A prolonged escalation of the Middle East conflict would sustain elevated energy and food prices, intensifying global inflationary pressures. For Jamaica, higher fuel prices would directly raise production and distribution costs across sectors, increasing the risk of *second-round* inflation effects as businesses pass on costs to consumers.
- The oil price shock is likely to trigger spillovers across other commodity markets, particularly energy-intensive sectors:
 - Natural gas and fertilizers: Strong cost linkages imply that a 10 percent increase in oil prices can raise prices for natural gas by up to 7 percent and fertilizers by ~5 percent (World Bank, 2026).

- o Food and raw materials: Higher energy and transport costs raise marginal production costs, transmitting inflationary pressures across global supply chains.
- Jamaica’s trade balance is expected to deteriorate in the near term, driven by:
 - o Increased import demand associated with post-Melissa reconstruction activities;
 - o Higher global commodity prices; and
 - o Weaker export performance, reflecting subdued tourism activity and lower mining output. Overall, a weakening current account balance has important implications for exchange rate, inflation, interest rates, debt servicing costs, revenue performance, and other fiscal outturns.⁷
- Potential Decline in Tourism and Remittance Inflows— rising global inflation and reduced real incomes are likely to dampen discretionary spending in major trading- partner markets, negatively affecting tourism demand and remittance flows—key pillars of Jamaica’s external sector.
- Heightened Global Uncertainty—these include trade tensions, potential tariff escalation, and reduced international funding—may suppress investment, tighten financial conditions, and weaken global demand.
- Climate and Hydrological Shocks– Climate-related events such as hurricanes and floods pose an elevated and growing risk to economic activity (particularly in agriculture) and infrastructure.
- Tighter Financial Conditions– higher than expected global and local interest rates – Associated with increased uncertainty, increase risk premia and potential for higher-than-expected inflation rate.
- Constraints such as procurement bottlenecks and capacity limitations may slow the execution of public investment, limiting the growth impulse from capital expenditure.

⁷ A sustained and elevated trade deficit could also place additional strain on the exchange rate and prompt a more restrictive monetary policy stance, potentially requiring higher interest rates to maintain foreign exchange stability and anchor inflation expectations. Elevated interest rates, combined with a depreciating currency, would increase debt-servicing obligations for both domestic and external debt. Although Jamaica’s strong reserve buffers provide an important shock absorber, sustained current account weakness could heighten inflation risks, dampen growth prospects through subdued investment, and increase the economy’s vulnerability to external shocks. Therefore, close and continuous monitoring remains essential as global conditions evolve.

Inflation Outlook

The escalation of geopolitical tensions, particularly the ongoing conflict in the Middle East, has introduced material upside risks to inflation. Should current conditions persist, inflation could rise toward the upper bound of the target range (i.e. 6 percent) or potentially exceed it, depending on the duration and severity of the conflict.

Higher global oil prices are already exerting upward pressure on fuel, electricity, and transportation costs, with the potential for pronounced second-round effects as these increases are transmitted through supply chains and passed on to consumers. In addition, fertilizer prices have been impacted by *supply-side* vulnerabilities, given that a significant share of global fertilizer shipments transits through the **Strait of Hormuz**. Any disruption to this key corridor could elevate agricultural input costs, delay food price normalization and place upward pressure on domestic food inflation.

Elevated energy prices are also expected to increase shipping and logistics costs, contributing to broader imported inflation. These global pressures are likely to be compounded by domestic factors, including tax measures and post-Hurricane Melissa reconstruction activity. In particular, higher energy costs are expected to raise the price of construction materials, increasing rebuilding costs and reinforcing *cost-push* inflationary pressures, while also placing additional strain on the merchandise trade balance.

Inflation risks are also expected to rise with the potential onset of a Super El Niño event, which could disrupt agricultural output and put upward pressure on food prices. Associated higher temperatures, reduced rainfall and drought conditions would likely amplify supply constraints and exacerbate existing price pressures.

On the downside, these inflationary pressures may be partially mitigated by weaker consumer purchasing power, which could dampen demand and limit the extent of price *pass-through*.

Implications for FY 2026/27 and the Medium Term

The stronger-than-anticipated outturn for FY 2025/26 improves the macro-fiscal outlook for FY 2026/27 and eases the specified public sector fiscal balance required to achieve the debt-to-GDP target. The higher level of GDP supports stronger revenue performance and contributes to a lower debt-to-GDP ratio.

However, the conflict involving Iran — which has disrupted shipping through the Strait of Hormuz—is exerting upward pressure on global inflation and weighing on global growth and is expected to dampen domestic economic activity in FY 2026/27. According to the IMF’s WEO *Adverse Case Scenario*: If energy price increases are more persistent and financial conditions tighten, global growth could fall to 2.5 percent in 2026, while inflation could rise to 5.4 percent and in its *Severe Scenario* involving significant damage to energy infrastructure and a de-anchoring of inflation expectations, the global economy would approach a recession, with growth dropping to roughly 2 percent and headline inflation nearing 6 percent.

The intermittent nature of the ongoing peace negotiations appears to be contributing to heightened uncertainty. In this context, the GOJ may benefit from developing alternative macroeconomic scenarios, rather than relying solely on the baseline projections to inform policy decisions. These scenarios could include:

- a baseline or prolonged-conflict scenario, in which the war persists into the medium term (similar to the Russia–Ukraine conflict);
- a downside (worst-case) scenario, reflecting further escalation; and
- an optimistic but realistic scenario, where the conflict ends within the next month.

Consistent with this approach, MoFPS could prepare corresponding fiscal projections under each scenario. While operating under the baseline scenario, this would allow the Ministry to ensure that the contingency fund is adequate to manage risks arising under the downside scenario.

The NaRRA Act has been passed however, the entity’s operational and expenditure plans remain unknown. While NaRRA-led fiscal stimulus/expansion could support medium-term growth, its impact will depend on the efficiency, sequencing and domestic integration of capital

spending. The effectiveness of the fiscal impulse will ultimately depend on project execution rather than budget allocations.

The overall macro-fiscal outcome will depend on the interaction among the stronger-than-expected starting position, the implementation of fiscal stimulus (NaRRA), and the adverse external shocks. Accordingly, the IFC suggests that the GOJ consider recasting the macro-fiscal projections to incorporate these developments.

2.0 Fiscal Risks

Numerous factors can cause actual deviations from the fiscal outcomes projected at the time of budget formulation. Such influences include, *inter alia*, the risks of upward pressure and uncertainty from protracted wage negotiations, under-execution of capital expenditure and climate-related shocks.

Lingering wage negotiations can increase uncertainty in fiscal budgets, resulting in higher than budgeted wage agreements where Government must either divert planned expenditure or take on additional debt in the middle of the fiscal cycle to fulfil these agreements. Likewise, chronic capital expenditure shortfalls undermine prudent fiscal policy and limit the economic growth opportunities brought about by government investment in infrastructure to boost economic activity. Moreover, the increasing intensity of climatic disasters introduces significant uncertainty in government expenditure projections. Climatic shocks of greater frequency/intensity can quickly drain climate resiliency buffers (catastrophe bonds and relief financing, etc.) and cause greater-than-projected fiscal expenditure.

The IFC therefore reiterates the importance of concluding public sector wage settlements in time for the annual budget preparation in order to bring greater certainty to the wage cost for the budget. In addition, the GOJ should move with alacrity to speed up project execution. Lastly, rebuilding disaster risk financing buffers should be vital in managing Jamaica's climatic fiscal risks. In this regard, the Commission welcomes the arrangement of the new US\$200-million catastrophe (CAT) bond (which provides expanded disaster risk financing coverage while blunting climate-related risks), as a step in the right direction.

SECTION V: Update on IFC Considerations to Strengthen Fiscal Sustainability/Resilience

In its inaugural *Economic and Fiscal Assessment Report (EFAR)* (IFC, 2025a), the IFC proposed several measures to mitigate fiscal risks and strengthen economic resilience. These considerations were updated in the 2026 *EFAR*. The following provides a status update on their implementation.

1. Strengthen Compliance with the Fiscal Responsibility Framework (Status: Ongoing)

- **Tabling of revenue measures with budget documents** (*Completed*)
- **Comprehensive fiscal reporting for the Specified Public Sector (SPS)**—including revenue, expenditure, fiscal balance and debt—in the Fiscal Policy Paper (*Not compliant*)
- **Establishment of a public sector wage negotiation cycle aligned with the budget cycle** (*Not compliant*)

2. Reduce Informality in the Economy (Status: Ongoing)

High informality continues to adversely affect macroeconomic and fiscal indicators.

Actions to date include:

- Establishment of the *National Identification and Registration Authority (NIRA)*
- Digital modernization of the *Revenue Administration Information System (RAiS)*
- Introduction of General Consumption Tax (GCT) on digital services, effective Q4 FY 2026/27.

3. Reduce Fiscal Uncertainty from Tax Filing Timing (Status: Completed)

- Amendments to the *Income Tax Act* and *Assets Tax (Specified Bodies) Act* have been approved. The deadline for corporate income tax and asset tax returns has been shifted from **March 15** (end of the fiscal year) to **April 15** (start of the new fiscal year), effective 2026.

4. Address Climate-Related Fiscal Risks (Status: Ongoing)

- The *National Reconstruction and Resilience Authority (NaRRA) Act* has been passed. NaRRA will essentially oversee post-disaster reconstruction beginning in FY 2026/27, with a focus on “**building back better.**”

5. Rebuild Disaster Risk Financing Buffers (*Status: In Progress*)

- The GOJ has upsized its parametric insurance arrangement with a **US\$200-million catastrophe bond**, strengthening fiscal resilience and risk management capacity.

6. Accelerate Operationalization of NaRRA and Publish Reconstruction Plans (*Status: Ongoing*)

- Enabling legislation for NaRRA (*Completed*)
- Detailed project lists (*Outstanding*)
- Cost estimates (*Outstanding*)
- Procurement timelines (*Outstanding*)
- Implementation capacity assessment (*Outstanding*)

7. Improve Capital Project Execution (*Status: Ongoing*)

- The establishment of NaRRA is expected to improve coordination and execution of capital projects. However, implementation details remain limited.

8. Reintroduce a Fiscal Rule for Wages & Salaries (*Status: No Commitment to date*)

- No formal commitment has been made by the authorities to reintroduce this rule.



Courtney H. Williams (Mr.),
Fiscal Commissioner

Appendices

Appendix I: Review of Revised Revenue Measures

In the last *EFAR* (IFC, 2026), the Commission expressed that the Ministry’s individual estimates for major discretionary tax policy measures for 2026/2027 were generally *consistent* with the Commission’s independent computations and henceforth the overall estimated \$18.0 billion additional tax revenue **appeared achievable and credible, once implemented as announced**. Subsequent to tabling of the measures, the MoFPS made revisions to two of the “big ticket” items, namely, the ***Specific Special Consumption Tax (SCT) on Non-Alcoholic Ready-to-Drink Sweetened Beverages*** and the **Environmental Levy**.

Notwithstanding the changes, the MoFPS asserts that both adjusted measures would *still* yield the same amount of additional revenue.

Regarding the non-alcoholic sweetened beverages, a *Specific* SCT of \$0.22 per gram of “***added sweetener***” on *ready-to-consume* imported and locally manufactured (except exports) Non-Alcoholic Drinks effective May 1, 2026, replaced the originally proposed tax rate of \$0.02 per millilitre. **Amid concerns about the base of the tax, the IFC welcomes the clarification in the *General Consumption Tax Act (Amendment of Schedules), Order 2026*, clarifies that sweetened drinks containing either “added sugar” or “non-nutritive sweeteners” will be subject to the Jamaican sweetened drinks tax.** The IFC also notes that the tax will be rightly collected at the importation and manufacturing stages, which will minimize the administrative cost of collection.

In terms of the potential *behavioural response* to the sweetened drinks tax, the IFC imputed (based on an adopted estimate of the average *own-price elasticity* of demand for sweetened drinks globally (see for example, Powell et al., 2013, p. 21)), that a *9.0 percent rise in the price of the most favoured brand of locally consumed sweetened drinks could lead to a 10.9 percent decline in consumption, all other things being equal*. Moreover, based on reports in the media, it appears that **the tax is gradually being (completely) passed on to retail (consumer) prices** (rather than absorbed by the importers or manufacturers) and this could lead to the desired impact of health officials of reducing consumption of such products, over time. In light of the foregoing, the **IFC**

urges Government to speedily conclude the protracted negotiations involving the beverage industry players in order to safeguard revenue yield.

Turning to the Environmental Levy, the IFC notes that the further rate adjustment to 0.85 percent effective May 1, 2026 (up from the 0.8 percent announced in February and the current 0.5 percent) with the tax bases *unaltered*. However, implementation of the increase has been delayed pending the required legislative amendments. **This delay will result in *less than* the targeted additional revenue for FY 2026/27. The estimated monthly revenue foregone is \$335 million.**

Appendix II: Aligning Wage Negotiations with the Budget Cycle

For over a decade, Jamaica has served as a global exemplar of fiscal discipline. The nation has slashed its debt, modernized its tax systems, and achieved a historic milestone in February 2026 by tabling revenue measures concurrently with expenditure estimates. This progress is a hallmark of a modernizing economy. However, as the Independent Fiscal Commission (IFC) highlighted in its March 2026 *Economic and Fiscal Assessment Report* (EFAR), a significant “operational gap” remains that threatens the predictability of the largest item in the budget: the persistent misalignment of public sector wage negotiations with the annual legislative budget cycle.

The Wage “Fog”

Currently, Jamaica’s public wage-setting process operates in a state of reactive tension and “contingency”. For the 2026/27 fiscal year, the Government has set aside **\$42.8 billion** as a buffer for unsettled wage claims. While this is a prudent accounting measure on its face, the IFC is unable to confirm its adequacy; and it is a symptom of marked structural inefficiency.

When wage deals are concluded months or years after a budget is passed, it generates notable risks:

- **Reactive Budgeting:** The government is forced into a cycle of *Supplementary Estimates* just to “catch up” with its own payroll.
- **Unpredictable Waves:** Delays lead to significant retroactive payments that may hit the treasury in unexpected bursts, especially where the actual costs exceed the planned costs of settlements.
- **Fiscal Credibility:** This uncertainty of the wage bill makes it difficult for the IFC to deem the budget “wholly credible,” as the true cost of public service remains unknown.

The Risk of “Eating Our Seed Corn”

This fiscal uncertainty is not merely a bookkeeping headache; it is a direct threat to national planning and growth. Wages & Salaries, by the end of fiscal year 2026/27 are projected to consume **54.4 percent** of tax collection, up from **44.9 percent** just four years ago. With public sector wages at **12.1 percent of GDP in FY 2024/25**, even minor shifts in late-stage negotiations can thwart the achievement of fiscal targets.

When the final price of labour is unknown, billions of dollars are “parked” in contingencies rather than being allocated toward critical public goods. As the IFC cautioned in its latest *EFAR*, wage cost overshooting often triggers the “under-provisioning” of productivity-enhancing capital and recurrent expenditure. Effectively, this amounts to “**eating our seed corn**” prioritizing today’s consumption over the infrastructure, clinics, schools, and climate resilience projects needed for tomorrow.

Beyond “Space in the Budget”

The Minister of Finance & the Public Service recently expressed that the complex nature of two-sided negotiations makes perfect synchronization “virtually impossible”. While acknowledging these complexities, the IFC maintains that anchoring these talks within a statutory window is essential for better “Good Governance”. What is needed is for the government to lead a mature, meaningful partnership engagement with bargaining groups toward this end.

Aligning the wage negotiation cycle with the budget cycle offers **three** transformative benefits:

1. **Fiscal Precision:** Replacing multi-billion dollar “assumptions/contingencies” with hard data allows for more predictable spending plans from day one and limits resorting to supplementary budgets.
2. **Reduced Industrial Friction:** A predictable wage-setting calendar provides workers with clarity on when pay adjustments will occur, reducing uncertainty and industrial tension. In the absence of a timely wage negotiation cycle, government workers effectively experience a *real wage loss* between the start of a new agreement period and the conclusion of negotiations. During this delay, inflation erodes their purchasing power. Even when retroactive payments are eventually received, they do not fully compensate for this loss, as a dollar received today is more valuable than a dollar received tomorrow.
3. **Strengthened Accountability:** It allows Parliament and the public to see the full “price tag” of government compensation commitments before they are voted into law.

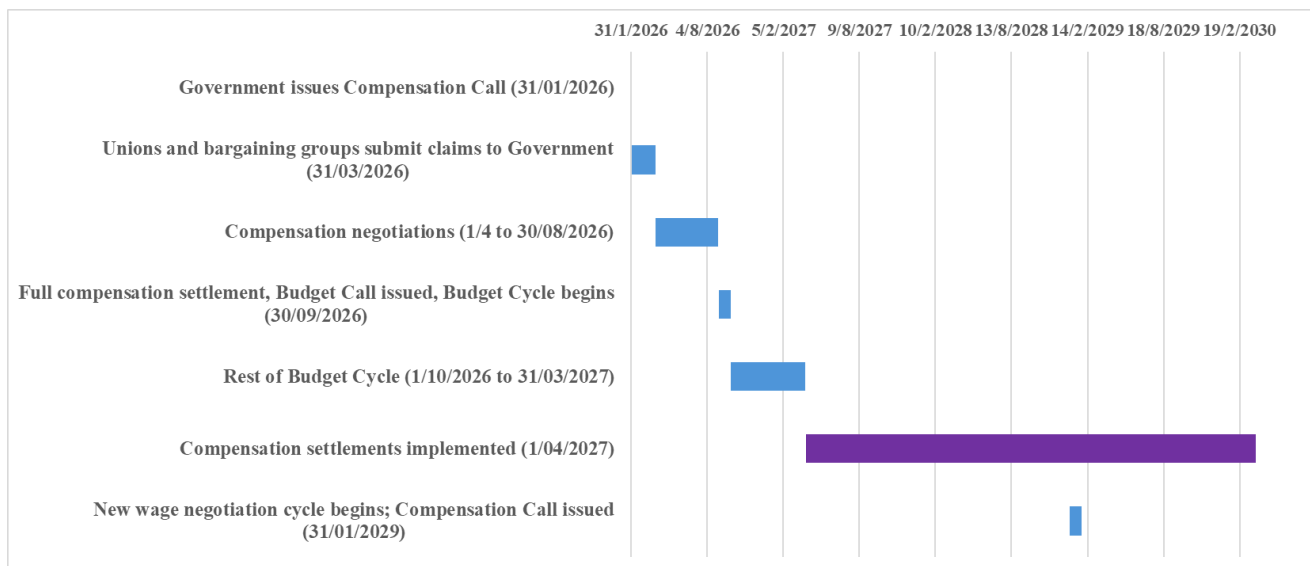
A Call for Structural Correction

The IFC is calling for the formal institutionalization of a structured compensation negotiation cycle provided for under **Section 48H of the *Financial Administration and Audit Act***. Jamaica must move to a model where wage growth is linked to economic performance and negotiations are concluded before the start of the applicable fiscal year.

This shift moves the conversation from “Minister vs. Unions” to a balanced approach that weighs the needs of over 100,000 public servants against the nearly 3,000,000 citizens who reasonably demand essential public services. Jamaica has already proven it can do the “difficult things,” such as prudently managing down its public debt. Aligning wage negotiations with the budget preparation schedule is a crucial logical step in Jamaica’s journey to solidify world-class governance.

While negotiations are ongoing toward a settlement for the 2025–28 period, the government should consider leveraging these current talks to prepare the groundwork for future settlements to align with the budget cycle. In this regard, the government can find useful guidance in the schedule published by the IFC in its March 2026 *EFAR* (see the schedule outlined in the then Gantt Chart below).

Figure A1: Illustrative Compensation Negotiation Cycle, 2026-2029



Source: Adopted from IFC (2025, p. 40).

Appendix III: Glossary of Key Terms

Fiscal Balance	Difference between Government's total revenue (including proceeds from asset sales) and its total expenditure.
Fiscal Risk	Possibility that Government's fiscal outcomes deviate from what was projected at the time of budget formulation.
Fiscal Rule	A long-lasting constraint on fiscal policy that sets numerical limits on government spending, debt or revenue.
Medium Term	One fiscal year ahead plus the subsequent fiscal years.
Primary Balance	Difference between Government's total revenue (including proceeds from asset sales) and its total expenditure excluding interest payments on debt.
Public Debt	All financial liabilities created as a result of borrowing or guarantees by Government (including Government Securities).
Specified Public Sector	Central Government-financed Ministries, Agencies and Departments as well as the Self-Financed Public Bodies with the exception of public bodies currently exempt from the fiscal rules (i.e. the Jamaica Mortgage Bank and the Bank of Jamaica).
Tax Buoyancy	A measure of the responsiveness of a change in tax revenue to a movement in GDP and discretionary changes in tax laws or administration.
Tax Ratio	Tax revenue expressed as a percentage of GDP.

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