

Jamaica gets good report from IMF

■ WASHINGTON

THE executive board of the International Monetary Fund (IMF) said yesterday that, for more than a decade, Jamaica has been implementing sound macroeconomic policies supported by strong policy frameworks.

The board, which concluded the 2025 Article IV consultation with the Caribbean country, said these efforts have allowed Jamaica to accumulate meaningful policy buffers, reduce public debt, anchor inflation, and improve its external position.

'Recent policy efforts have further strengthened fiscal responsibility, improved the effectiveness of public sector compensation, bolstered tax and customs administration, enhanced financial oversight, and built resilience to climate change including in the context of the recently completed PLL/RSF (Precautionary and Liquidity Line and Resilience and Sustainability Facility) arrangements,' the IMF executive board said.

It said that these advances allowed agile, prudent, and growth-supportive responses to recent global shocks and natural disasters, noting that the economy, which declined in financial year 2024/25 due to the weather events, is rebounding this year and is projected to grow at its potential rate with risks broadly balanced.

'The recovery is supported by a rebound in agriculture and tourism and its spillovers to other sectors. Risks comprise extreme weather events posing downside risks for tourism and agriculture, trade policy shocks, and disruptions to tourism or the flow of remittances. Upside risks include a faster-than-expected recovery from recent weather events, favourable tourism trends, and favourable commodity price developments.'

The Washington-based financial institution said that maintaining primary fiscal surpluses to reach the Fiscal Responsibility Law's (FRL) ceiling of 60% of gross domestic product (GDP) by financial year 2027/28 remains essential.

However, the IMF warned that fiscal policy could become too pro-cyclical in the face of severe shocks when the debt-to-GDP ratio reaches the FRL's target.

It said incorporating an explicit operational medium-term debt anchor in the FRL at a level below 60% of GDP would help guide policies and ensure that debt is kept at moderate levels, creating fiscal buffers to respond to adverse events.

'The timeline for the eventual adoption of an operational debt anchor should be assessed in the context of heightened uncertainties, which could limit the country's ability to meet a lower debt anchor in the medium-term.'

The IMF said Jamaica continues to improve the fiscal policy framework, noting that the IFC became operational in January 2025 and assessed the consistency of current fiscal plans with the FRL.

The Assessment of Public Expenditure and Financial Accountability (A-PEFA) was completed in June 2024, providing recommendations to enhance public financial management.

'Reforms of tax and customs administration are supporting revenue mobilisation, and sound debt management continues. The wage bill reform eliminating distortions and improving the transparency and competitiveness of the public pay to help retain skilled employees was completed last financial year,' the executive board said. **-CMC**