

# GOVERNMENT OF JAMAICA

## **FISCAL POLICY PAPER FY 2024/25**

**(As Presented)**

**15<sup>th</sup> February 2024**

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# **PART 1**

## **FISCAL RESPONSIBILITY STATEMENT**

### **Introduction**

For the first half of FY 2023/24, the Jamaican economy grew in real terms by 2.2 percent, continuing the trend of positive economic growth since recovering from the impact of COVID-19. Real economic growth is projected to be approximately 2.1 percent for the full fiscal year, signaling that economic growth has normalized. Annualized inflation as at December 2023 stood at 6.9 percent, which was outside the central bank's targeted range of 4-6 percent.

For the April – December 2023 period, the Central Government's fiscal and primary balances were lower than the Third Supplementary Budget targets by 7.0 and 2.1 percent respectively. There were shortfalls for both Revenue & Grants (1.4 percent) and Expenditure (net of amortization) (1.1 percent). This outturn for the period was driven largely by the December tax revenue and expenditure performances however it is anticipated that both tax revenue and expenditure will show improvements in the last quarter and the Fourth Supplementary Budget has provided for the anticipated adjustments.

The fiscal and primary balances for the fiscal year are estimated at 0.3 percent and 6.0 percent of GDP respectively.

At end-October 2023, unemployment stood at its lowest on record, 4.2 percent, 2.9 percentage points below the 7.1 percent recorded for October 2021. The previous record low was 4.5 percent for April and July 2023.

During FY 2024/25 the government will continue to focus on its development agenda for the public sector, including operationalizing the Fiscal Commission, launching a second Catastrophe Bond and effecting the third and final year of implementation of the public sector compensation restructure.

### **Commitment to Fiscal Responsibility**

Sound fiscal management enables a government to take a proactive approach towards a shock or crisis. This was demonstrated with the response to COVID-19 and again in FY 2022/23, when the government responded to the inflation shock, occasioned by the Russia/Ukraine war. This is a central objective of any government: to provide support to those in need and to do so in a timely manner.

Prudent fiscal management demands that fiscal targets are met or exceeded each fiscal year so that the debt target of 60 percent of GDP by end-FY 2027/28 is attained. The GOJ remains committed to being prudent and fiscally responsible.

**Table 1A: Summary of Economic Performance**

	Unit	FY 2022/23 (Actual)	FY 2023/24 (Actual)	FY 2024/25 (Projection)
Real GDP Growth Rates	%	4.7	2.0	1.8
Inflation (Annual Pt to Pt)	%	6.2	7.5	5.8
BOJ Policy Rate (e-o-p)	%	7.0	Market sensitive	Market sensitive
Unemployment Rate (July/October Labour Force Survey)	%	6.6	4.2	Not available
Exchange Rate (weighted average selling rate)	J\$=US\$1	153.79	Market sensitive	Market sensitive
Treasury Bill (average 6-month)	%	8.31	Market sensitive	Market sensitive
Current Account	% of GDP	2.0	1.2	0.7
Net International Reserves (NIR), (e-o-p)	US\$m	4,146.7	4,731.3	4,781.1
Gross Reserves (Goods & Services Imports)	Weeks	55.6	52.4	50.9
<b>Fiscal Accounts</b>				
Central Government Primary Balance	%GDP	5.8	6.0	5.7
Central Government Fiscal Balance	%GDP	0.3	0.3	0.3
Public Bodies Overall Balance	%GDP	1.4	1.9	1.3
Public Sector Balance	%GDP	1.7	2.2	1.7
Debt Stock	%GDP	77.1	72.2	67.3

Sources: MOFPS/BOJ/STATIN/PIOJ

## Notable Fiscal Developments

### *First, Second, Third & Fourth Supplementary Estimates*

The First Supplementary Estimates (FSE) tabled in Parliament on May 30, 2023, reflected adjustments to the Ministries, Departments and Agencies consequent on the reassignment of subjects earlier in the year.

The Second Supplementary Estimates (SSE) tabled in Parliament on July 18, 2023, reflected (i) adjustments made to Compensation with \$14.8bn being distributed from Contingency allocation to MDAs to enable compensation restructure payments to public sector workers as well as payments for High Court Judges (ii) adjustments to Programmes amounting to \$8.94bn, which included one off grants (\$3.95bn) to public entities to enable them to cover shortfalls in their compensation payments and increased subventions to other public entities amounting to \$2.07bn and (iii) loans totaling \$5.6bn to provide working capital support to two public bodies.

The Third Supplementary Estimates for FY 2023/24 was tabled in Parliament on September 26, 2023 and reflected a net increase of \$58.2bn in total Central Government expenditure over the Second Supplementary Estimates. The Third Supplementary Estimates provided for (i) an increase of \$39.1bn over the Second Supplementary Estimates for Non-debt Recurrent

Expenditure. (ii) a reduction of \$8.7bn in Capital Expenditure on the Second Supplementary Estimate of \$75.3bn to \$66.6bn. (iii) an increase of \$27.8bn in Debt Service to \$308.3bn comprised of interest payments of \$170.1bn (increase of \$14.9bn) and amortization payments of \$138.3bn.

The Fourth Supplementary Estimates was tabled in Parliament on January 23, 2024 and reflected (i) adjustments to the Compensation budget as \$6bn in savings were utilized to offset additional compensation of \$5.7bn, resulting in a net reduction of \$0.3bn (ii) adjustments to recurrent Programmes reflecting an overall net increase in spending of approximately \$2.1bn (iii) downward adjustments to the Capital budget totaling \$7.3bn reflecting the slow pace of project implementation over the first three quarters of the fiscal year (iv) transfer of \$2.3bn to Self-financing Public Bodies from the Central government as well as transfer of an additional \$3.2bn in financial distributions from the Self-financing Public Bodies to the Consolidated Fund.

### ***Rating Agency Upgrades***

Standard and Poor's Global Ratings, on September 13, 2023 upgraded the Government of Jamaica's (GOJ's) Long-Term Foreign and Local Currency Issuer Default Rating from 'B+' to 'BB-' with a stable outlook. The GOJ's steadfast commitment to both stable macroeconomic conditions and prudent fiscal management continue to pay dividends.

Moody's Investor Service, on October 18, 2023, also upgraded the GOJ's Long -Term issuer and Senior Unsecured ratings to "B1", revising the outlook to Positive. The improved rating reflected, in part, the GOJ's steadfast implementation of structural reforms.

### ***Jamaica Launches Inaugural JMD-Linked Bond***

Jamaica launched its inaugural JMD-linked Bond on November 3, 2023, amounting to US\$300.0mn, the equivalent of JM\$46.6bn. With this issuance, the GOJ has initiated another means of pursuing de-dollarization of the debt portfolio.

### ***IMF PLL/RSF Programme***

Jamaica has met all the targets for the Second Review (period from July-December 2023) under the current IMF Precautionary and Liquidity Line (PLL) and Resilience and Sustainability (RSF) Arrangements, including the relevant PLL quantitative indicative targets and structural benchmarks, and RSF reform measures. The main achievements under the IMF PLL/RSF arrangements over the period July-December 2023 include the following:

- i) The BOJ published a consultation paper on their website on August 11, 2023, outlining a methodology to identify systemically important (bank and non-bank) financial institutions;

- ii) A Bill was approved by Cabinet and tabled in Parliament on September 26, 2023 to amend the Financial Services Commission (FSC) Act to establish supervision by the FSC of financial conglomerates without a deposit taking institution;
- iii) The Public Investment Appraisal Branch (PIAB) of MOFPS and the PIOJ defined methodologies to include climate change considerations at the project appraisal and project selection stages of the Public Investment Management System (PIMS);
- iv) The MOFPS tabled in Parliament in December 2023 an amendment to the Financial Administration and Audit Act to establish a National Natural Disaster Reserve Fund (NNDRF) account, and approved financial regulations for a transparent administration and reporting of the NNDRF;
- v) BOJ published a Climate Risks Assessment document on their website on December 8, 2023, including a diagnostic of related climate and environmental risks detailing the current governance and regulatory regime, and defining a timeline to embed these risks in supervisory activities and related databases for the development of climate risks assessments.

Two very useful and timely technical assistance missions were held with the MOFPS during the third quarter of the FY 2023/24 and were spearheaded under the above Resilience and Sustainability Facility of the programme. The first technical assistance mission centred on “Fiscal Risks From Climate Change” and was held from October 18<sup>th</sup> to 30<sup>th</sup>, 2023 and exposed the ministry staff to various models and techniques to enable the development of a new section entitled “Climate Change and Fiscal Risks” in the “Fiscal Risks Statement” of this Fiscal Policy Paper.

The second technical assistance mission focussed on finalizing the steps for the ministry to finally produce and disseminate via the National Summary Data Page (NSDP), *General Government Data*. The mission was conducted between November 13<sup>th</sup> to 17<sup>th</sup>, 2023. The primary goal was to compile, at a minimum, general government operations (GGO) data to satisfy the requirements under the Precautionary Liquidity Line (PLL) program. This would move Jamaica one step closer to meeting the requirements of the IMF Special Data Dissemination Standard (SDDS).

## ***Fiscal Reporting***

The fiscal accounts are compiled on a cash accounting basis.

It is important, however, to note the following:

- (i) The actual Revenue and Grant figures referenced in this FPP represent actual collections by the revenue departments/agencies up to end December 2023. However, the revenue data contained in the Revenue Estimates represent actual transfers from the revenue departments/agencies to the Consolidated Fund. Transfers to the Consolidated Fund may differ from actual revenue collections because of a lag between receipt of revenue and the physical transfer of such revenue to the Consolidated Fund. The fiscal and primary balances shown in Table 1B and the remainder of the FPP are compiled on the basis of actual/projected revenue collections. Additionally, the estimated expenditure outturn for FY 2023/24 shown in Table 1B and upon which fiscal and primary balances are computed is based on actual cash expenditure to December 2023 and projections for the rest of the fiscal year.
- (ii) In compliance with the enhanced fiscal rules, the MOFPS will continue monitoring and reporting on the Specified Public Sector (SPS) in FY 2024/25. Reporting on Central Government operations and on public bodies will continue as required by the FAA Act.
- (iii) Beginning March 2024, the publication of General Government data will commence, in the first instance, covering the fiscal years 2019/20-2022/23 and thereafter, publication will occur each September, six months after the end of the previous fiscal year.



**Table 1B: Medium Term Fiscal & Debt Indicators**

<i>(J\$mn)</i>	Actual	Actual	Actual	Est.	Proj.	Proj.	Proj.	Proj.
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<i>Revenue &amp; Grants</i>	575,401.1	720,224.5	827,775.1	947,666.3	1,028,594.6	1,078,221.8	1,139,841.5	1,209,336.4
<i>of which Tax Revenue</i>	505,686.7	616,367.9	752,841.1	856,372.3	924,376.3	996,230.7	1,056,535.2	1,120,451.5
<i>Expenditure</i>	635,911.3	698,895.6	819,989.0	938,524.0	1,018,725.2	1,076,713.4	1,137,552.6	1,201,356.1
<i>of which Wages &amp; Salaries</i>	208,002.2	222,484.2	317,884.6	378,533.7	414,198.7	445,948.0	481,623.8	520,153.7
<i>of which Interest</i>	129,037.9	137,047.8	151,375.0	172,727.7	173,828.7	169,955.9	165,415.5	160,089.1
<i>Cent Govt Fiscal Balance</i>	-60,510.2	21,328.9	7,786.1	9,142.3	9,869.4	1,508.4	2,289.0	7,980.3
<i>Cent Govt Primary Balance</i>	68,527.7	158,376.7	159,161.1	181,870.0	183,698.2	171,464.3	167,704.4	168,069.3
Domestic Debt	795,225.0	810,089.7	799,313.3	840,184.1	797,703.3	814,582.1	851,204.3	879,599.3
External Debt	1,295,272.7	1,345,803.5	1,299,876.2	1,376,781.8	1,436,008.7	1,439,313.3	1,411,267.9	1,381,055.6
Net Public Bodies	47,072.9	31,704.1	22,247.7	-15,408.5	-20,855.7	-44,265.7	-57,790.4	-72,844.4
<b>Total Debt</b>	<b>2,137,570.7</b>	<b>2,187,597.2</b>	<b>2,121,437.2</b>	<b>2,201,557.4</b>	<b>2,212,856.3</b>	<b>2,209,629.7</b>	<b>2,204,681.8</b>	<b>2,187,810.4</b>
<i>(% GDP)</i>								
<i>Revenue &amp; Grants</i>	29.5%	31.0%	30.1%	31.1%	31.3%	30.7%	30.6%	30.6%
<i>of which Tax Revenue</i>	25.9%	26.5%	27.4%	28.1%	28.1%	28.4%	28.4%	28.4%
<i>Expenditure</i>	32.6%	30.1%	29.8%	30.8%	31.0%	30.6%	30.5%	30.4%
<i>of which Wages &amp; Salaries</i>	10.7%	9.6%	11.6%	12.4%	12.6%	12.7%	12.9%	13.2%
<i>of which Interest</i>	6.6%	5.9%	5.5%	5.7%	5.3%	4.8%	4.4%	4.1%
<i>Cent Govt Fiscal Balance</i>	-3.1%	0.9%	0.3%	0.3%	0.3%	0.0%	0.1%	0.2%
<i>Cent Govt Primary Balance</i>	3.5%	6.8%	5.6%	6.0%	5.6%	4.9%	4.5%	4.3%
Domestic Debt	40.8%	34.9%	29.0%	27.6%	24.2%	23.2%	22.8%	22.3%
External Debt	66.5%	58.0%	47.2%	45.2%	43.7%	41.0%	37.9%	35.0%
Net Public Bodies	2.4%	1.4%	0.8%	-0.5%	-0.6%	-1.3%	-1.6%	-1.8%
<b>Total Debt</b>	<b>109.7%</b>	<b>94.2%</b>	<b>77.1%</b>	<b>72.2%</b>	<b>67.3%</b>	<b>62.9%</b>	<b>59.2%</b>	<b>55.4%</b>

Source: MOFPS

## Conclusion

Jamaica's economy has continued to register positive growth outturns, post COVID-19, with FY 2023/24 projected to expand by 2 percent. We have an impressive track record of building institutions and remaining steadfast in prioritizing macroeconomic stability, through prudent fiscal policy. Unemployment is at an all-time low of 4.2 percent and bodes well for the objective of reducing poverty.

Annual point-to-point inflation as at December 2023 was 6.9 percent and the central bank expects inflation to remain elevated until the December 2024 quarter where it is expected that inflation will return to the 4-6 percent range. Globally, inflationary pressures remain due to the ongoing Ukraine/Russian War, however, locally, inflation increases have been driven by higher transportation fares as well as adverse weather shocks on agriculture.

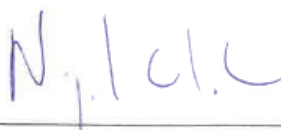
Jamaica recently achieved more milestones, to include becoming the first CARICOM country to issue a global bond denominated in its own currency, launching its inaugural JMD-linked Bond on November 3, 2023, amounting to US\$300mn, the equivalent of JMD46.6bn. With this issuance, the GOJ has “opened the door” to further local currency issuances in the international capital markets, thus reducing the cost of future debt and shielding the fiscal budget from the impact of exchange rate movements. Additionally, we achieved our highest ratings yet from Standard & Poor’s (‘BB-’).

Going forward, we will need to “open up” more fiscal space as we reduce our debt ratio to tackle perennial challenges (strengthen education and training, upgrade infrastructure, digitalize government services and reduce crime). As we move towards attaining the Special Data Dissemination Standard (SDDS), with the publishing of General Government Data, one of the clear benefits will be enhanced evidence-based policymaking.

Climate Change challenges and long-term vulnerabilities are issues that must be faced frontally. This is why the GOJ has been investing in various reforms that strengthen our physical and fiscal resilience (*National Natural Disaster Risk Financing Policy, National Natural Disaster Reserve Fund*). We will continue to incentivize renewable energy generation, reduce energy consumption and develop markets for “green” financial instruments, where the private sector can play a role in driving climate investments.

Jamaica has achieved sustained macroeconomic stability as evidenced by (low debt, high foreign exchange reserves, low inflation and financial sector stability). As we move forward, education and health will need special attention in the push for economic and social development, to make Jamaica **the place of choice to live, work, raise families and do business.**

In this Fiscal Responsibility Statement, I hereby declare that, in pursuing the policy objectives of the Government, I will adhere to the principles of prudent fiscal management and seek to manage fiscal risks accordingly. In so doing, I hereby attest to the reliability, accuracy and completeness of the information contained in this Fiscal Policy Paper and its compliance with fiscal responsibility principles.



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**Nigel Clarke, DPhil, MP**  
**Minister of Finance and the Public Service**  
**February 15, 2024**



## PART 2

### MACROECONOMIC FRAMEWORK

#### Overview of Macroeconomic Developments FY 2023/24

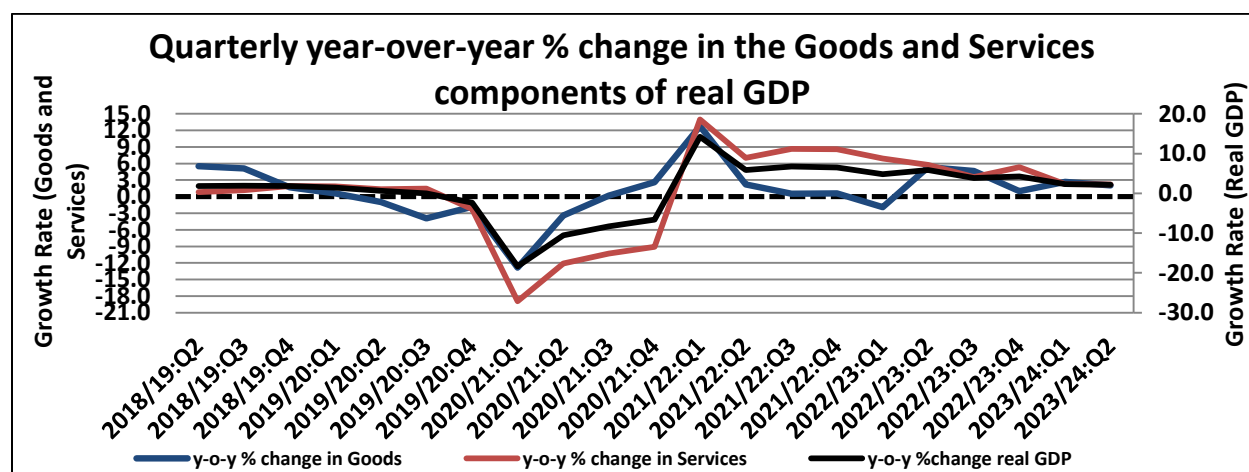
The positive performance of Jamaica's economy during the April to September 2023 period is evidence of the country's economic health and resilience, amid ongoing adverse external developments. Growth in aggregate demand, predicated on continued global economic rebound that has fuelled increased activities in the tourism and mining sectors, led to an expansion in Jamaica's real GDP over the period. The economic expansion was fuelled by growth in both the Goods Producing and Services industries.

Growth was recorded in all sectors within the Services Industry, with the exception of Producers of Government Services. The expansion in the Services Industry was led by Hotel & Restaurants, driven by increased stop-over arrivals. There was also significant growth in the Electricity and Water Supply sub-industry due to increased electricity consumption. Similarly, the Transport, Storage & Communication sub-industry expanded reflecting growth in the air and maritime transport components.

Expansion in the Goods Producing industry was primarily driven by the increase in Mining and Quarrying, which resulted from increased alumina production. Modest growth in Manufacturing and Construction also contributed to the positive performance. Growth in the Goods Producing industry was weakened by the decline in value added for the Agriculture, Forestry, and Fishing industry.

The Jamaican economy expanded during the first and second quarters of the fiscal year, although at a declining pace (Figure 2 (i)).

**Figure 2(i)**



Source: STATIN

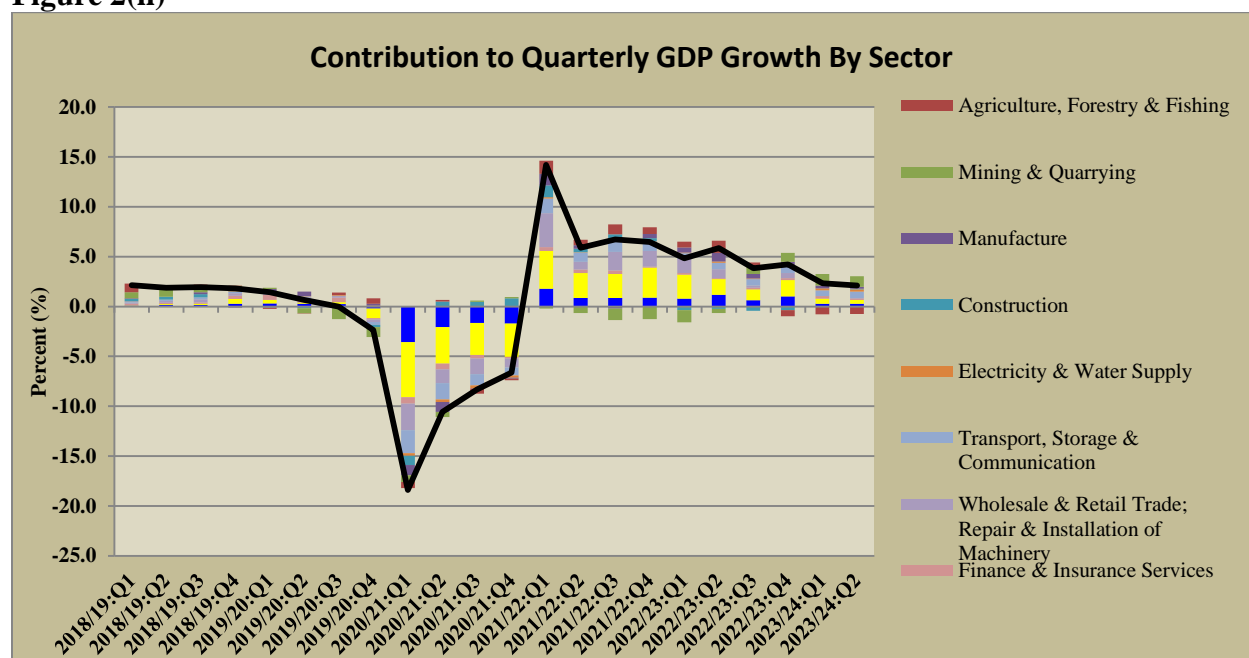
The Bank of Jamaica (BOJ) maintained a tight monetary policy stance as inflation, though declining, remained elevated. The BOJ has maintained its signal rate at 7.0 percent since end-November 2022.

Jamaica's point-to-point inflation rate has fluctuated during the first three quarters of the fiscal year, falling within the target band of 4 – 6 percent on three occasions but surpassing the upper bound of the target range for the latter months of the third quarter. Generally, there has been a deceleration in the pace of price increases. The decline reflects international supply chain improvements as well as the impact of monetary policy actions aimed at managing domestic inflation.

Labour market conditions continued to improve, with Jamaica recording its lowest unemployment rate in October 2023. All labour market indicators improved during the period.

Subsequent sections of this Macroeconomic Framework detail developments in the real sector, labour market, monetary sector and external sector. An overview of international developments and changes in international commodity prices is provided, in addition to the medium-term macroeconomic profile.

**Figure 2(ii)**



Source: STATIN

## **Real Sector Developments**

### **Economic Performance for the period April to September of FY 2023/24**

The Jamaican economy maintained a positive momentum for the first half of FY 2023/24, notwithstanding a deceleration in the pace of real GDP growth. Real GDP grew by 2.2 percent for the April to September period of FY 2023/24. This represents a deceleration compared to the 5.2 percent growth recorded for the first half of the previous fiscal year. The economic expansion was driven by the positive performance of the Goods Producing and Services industries which grew by 2.4 percent and 2.3 percent, respectively.

Growth in the Goods Producing industry is primarily due to increased value added in the Mining and Quarrying industry, which saw a growth rate of 127.9 percent. This was largely attributed to higher alumina capacity utilization following the reopening of the Jamalco refinery and favourable aluminium prices in the global commodities market.

Manufacturing and Construction, with increases of 2.6 percent and 0.1 percent, respectively, contributed to the expansion in the Goods Producing industry. Growth in Manufacturing was fuelled by increased output from the Food, Beverages & Tobacco as well as the Other Manufacturing components. The increase within the Food, Beverages & Tobacco category reflected higher production of condensed milk, flour, rum & alcohol and carbonated beverages. Growth in Other Manufacturing reflected higher production in Petroleum Products, Non-metallic Minerals, as well as Chemicals & Chemical Products. Overall growth in the Goods Producing industry was hampered by an 8.9 percent decline in value added by the Agriculture, Forestry, and Fishing industry due to drought conditions that resulted in lower yields.

The positive performance of the Services industry was the main contributor to Real GDP growth during the review period. All industries within the Services industry grew, except for Producers of Government Services, which declined by 0.5 percent and Wholesale and Retail Trade, Repairs, Installation of Machinery and Equipment which remained flat. The industries that recorded the highest growth are: Transport, Storage & Communication (up 5.8 percent), which was impacted by increases in air passenger arrivals and total cargo handled at Port Kingston and Outports; Hotels and Restaurants, which grew by 7.3 percent largely due to the increase in stop-over arrivals and visitor expenditure; and Electricity and Water Supply, which grew by 6.5 percent as a result of increased electricity consumption..

**Table 2A: Change in Value Added by Industry at Constant (2007) Prices (%)**

INDUSTRY	FY 2019/2020	FY 2020/21	FY 2021/22	FY 2022/23
<b>GOODS PRODUCING INDUSTRY</b>	-1.6	-3.4	3.7	2.3
Agriculture, Forestry & Fishing	2.4	-3.8	11.1	4.9
Mining & Quarrying	-22.5	-10.9	-38.7	0.6
Manufacture	2.7	-6.2	4.5	6.1
Construction	1.1	0.5	1.1	1.2
<b>SERVICES INDUSTRY</b>	0.6	-12.7	9.5	5.4
Electricity & Water Supply	1.4	-8.0	2.9	2.1
Transport, Storage & Communication	-0.2	-13.5	10.3	6.1
Wholesale & Retail Trade; Repair & Installation of Machinery	0.4	-9.4	10.7	4.2
Finance & Insurance Services	2.7	-3.8	2.4	1.3
Real Estate, Renting & Business Activities	0.6	-2.9	2.2	2.1
Producers of Government Services	0.4	0.1	0.3	-0.1
Hotels and Restaurants	-1.1	-65.6	125.5	34.6
Other Services	0.4	-28.2	13.8	11.5
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.5	3.8	3.8	2.7
<b>REAL GDP GROWTH</b>	-0.1	-11.0	8.2	4.7

Source: STATIN

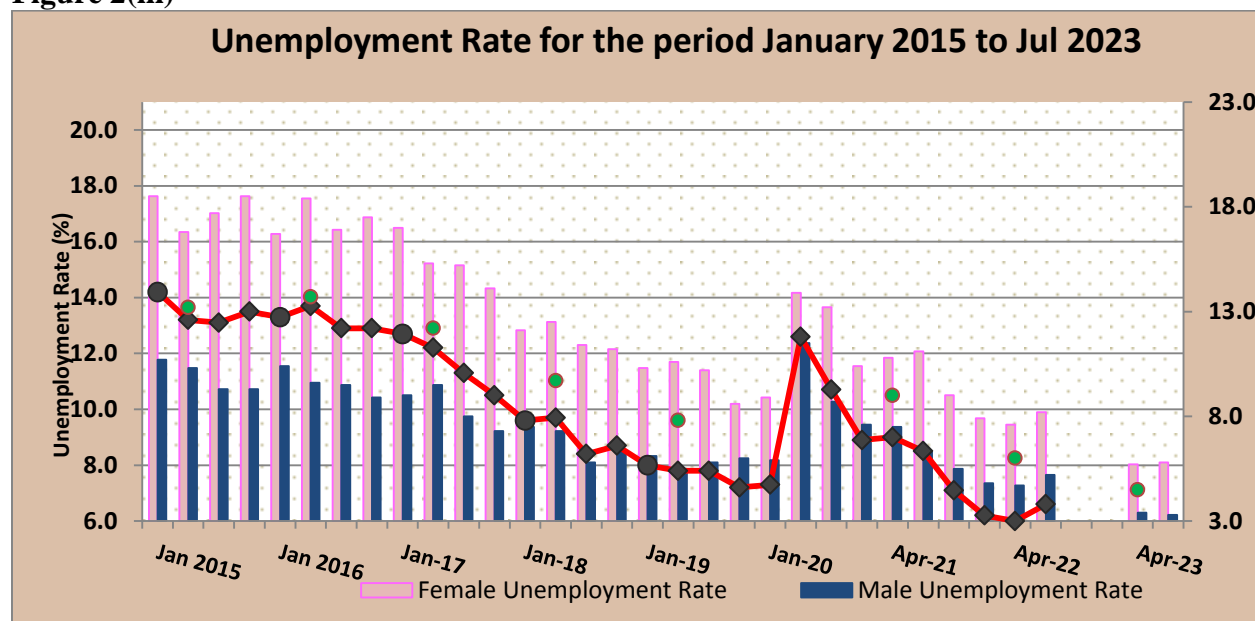
## Labour Market Developments

The October 2023 Labour Force Survey conducted by the Statistical Institute of Jamaica (STATIN) revealed that employment was at a historic high. The employment to population ratio grew by 3.7 percentage points from 59.1 percent in April 2019 to 62.6 percent in October 2023.

The Labour Force Surveys for October 2022 and January 2023 were not undertaken by STATIN due to competing census-related activities.

The unemployment rate for October 2023 was 4.2 percent, 0.3 percentage point lower than the 4.5 percent recorded in April and July 2023 and represents a decrease of 2.4 percentage points relative to July 2022. The employment rate improved for both males (up 2.4 percent) and females (up 2.8 percent). Youth unemployment fell to 12.6 percent from 16.7 percent in July 2022. The number of persons in the working age population (14 years and older) estimated to be outside the labour force decreased by 2.1 percent, when assessed against July 2022. Figure 2(iii) highlights the evolution of the unemployment rate.

**Figure 2(iii)**



Source: STATIN

The employed labour force and the overall labour force increased by 52,400 persons and 19,900 persons, respectively, in comparison to July 2022. Within the fifteen categories of industry groups, ten reported increased levels of employment. The industry groups that declined over the October 2023 period when compared to July 2022 were: Mining & Quarrying (down by 1,600 persons), Agriculture Hunting Forestry & Fishing (down by 400 persons), Information and Communication, Financial Intermediation (down by 1,000 persons), Private Households with Employed Persons (down by 1,600 persons), Real Estate Renting & Business Activities (down by 1,000 persons), Education, Human Health and Social Work Activities (down by 700 persons), Industry Not Specified (Incl. Extraterritorial Bodies) (down by 1,100 persons).

Improvements in employment were recorded in: Real Estate Renting & Business Activities (up by 15,800 persons), Wholesale & Retail Repair of Motor Vehicle & Equipment (up by 15,600 persons), Transport and Storage (up by 8,000 persons), Manufacturing (up by 2,900 persons), Construction (up by 6,900 persons), Electricity Gas and Water Supply (up by 1,000 persons), Accommodation & Food Service Activities (up by 3,300 persons), Public Administration & Defence; Compulsory Social Security (up by 4,100 persons), and Arts, Entertainment, Recreation and Other Services (up by 2,200 persons).



**TABLE 2B: SELECTED LABOUR FORCE INDICATORS**

		2022		2023	
		Jul	CY Average	Jul	CY Average
			Up to Jul		Up to Jul
B O T H  S E X E S	<b>TOTAL POPULATION</b>	<b>2,741,900</b>	<b>2,741,100</b>	<b>2,745,000</b>	<b>2,744,600</b>
	Population 14 years and over	<b>2,097,400</b>	<b>2,096,800</b>	<b>2,100,100</b>	<b>2,099,800</b>
	Labour Force	<b>1,357,700</b>	<b>1,349,533</b>	<b>1,377,300</b>	<b>1,375,550</b>
	Employed Labour Force	<b>1,268,000</b>	<b>1,264,800</b>	<b>1,315,100</b>	<b>1,313,850</b>
	Unemployed Labour Force	<b>89,700</b>	<b>84,733</b>	<b>62,200</b>	<b>61,750</b>
	Outside The Labour Force	<b>739,600</b>	<b>747,200</b>	<b>722,800</b>	<b>724,250</b>
	Employment Rate	<b>93.4</b>	<b>94</b>	<b>95.5</b>	<b>96</b>
	Unemployment Rate	<b>6.6</b>	<b>6</b>	<b>4.5</b>	<b>5</b>
	Job Seeking Rate	<b>4.3</b>	<b>4</b>	<b>3.1</b>	<b>3</b>
	Percentage of Population under 14 years	<b>23.5</b>	<b>24</b>	<b>23.5</b>	<b>24</b>
	Percentage of Population 14 years & over	<b>76.5</b>	<b>77</b>	<b>76.5</b>	<b>77</b>
	Percentage of Population 14+ Outside LF	<b>35.3</b>	<b>36</b>	<b>34.4</b>	<b>35</b>
	Labour Force as a % age of Total Population	<b>49.5</b>	<b>49</b>	<b>50.2</b>	<b>50</b>
	Labour Force as a % age of Population 14+	<b>64.7</b>	<b>64</b>	<b>65.6</b>	<b>66</b>
M A L E	<b>TOTAL POPULATION</b>	<b>1,356,800</b>	<b>1,356,400</b>	<b>1,358,300</b>	<b>1,357,900</b>
	Population 14 years and over	<b>1,029,500</b>	<b>1,029,200</b>	<b>1,031,100</b>	<b>1,030,650</b>
	Labour Force	<b>726,000</b>	<b>724,233</b>	<b>734,400</b>	<b>732,200</b>
	Employed Labour Force	<b>688,500</b>	<b>688,900</b>	<b>709,900</b>	<b>707,550</b>
	Unemployed Labour Force	<b>37,600</b>	<b>35,400</b>	<b>24,600</b>	<b>24,750</b>
	Outside The Labour Force	<b>303,400</b>	<b>304,900</b>	<b>296,700</b>	<b>298,450</b>
	Employment Rate	<b>94.8</b>	<b>95</b>	<b>96.7</b>	<b>97</b>
	Unemployment Rate	<b>5.2</b>	<b>5</b>	<b>3.3</b>	<b>3</b>
	Job Seeking Rate	<b>3.2</b>	<b>3</b>	<b>2.2</b>	<b>2</b>
	Percentage of Population under 14 years	<b>24.1</b>	<b>24</b>	<b>24.1</b>	<b>24</b>
	Percentage of Population 14 years & over	<b>75.9</b>	<b>76</b>	<b>75.9</b>	<b>76</b>
	Percentage of Population 14+ Outside LF	<b>29.5</b>	<b>30</b>	<b>28.8</b>	<b>29</b>
	Labour Force as a % age of Total Population	<b>53.5</b>	<b>53</b>	<b>54.1</b>	<b>54</b>
	Labour Force as a % age of Population 14+	<b>70.5</b>	<b>70</b>	<b>71.2</b>	<b>71</b>
F E M A L E	<b>TOTAL POPULATION</b>	<b>1,385,100</b>	<b>1,384,700</b>	<b>1,386,700</b>	<b>1,386,700</b>
	Population 14 years and over	<b>1,067,900</b>	<b>1,067,600</b>	<b>1,069,000</b>	<b>1,069,150</b>
	Labour Force	<b>631,700</b>	<b>625,300</b>	<b>642,900</b>	<b>643,350</b>
	Employed Labour Force	<b>579,500</b>	<b>575,900</b>	<b>605,200</b>	<b>606,300</b>
	Unemployed Labour Force	<b>52,100</b>	<b>49,333</b>	<b>42,610</b>	<b>37,000</b>
	Outside The Labour Force	<b>436,200</b>	<b>442,300</b>	<b>94.2</b>	<b>425,800</b>
	Employment Rate	<b>91.8</b>	<b>92</b>	<b>5.8</b>	<b>94</b>
	Unemployment Rate	<b>8.2</b>	<b>8</b>	<b>4.2</b>	<b>6</b>
	Job Seeking Rate	<b>5.6</b>	<b>5</b>	<b>22.9</b>	<b>4</b>
	Percentage of Population under 14 years	<b>22.9</b>	<b>23</b>	<b>77.1</b>	<b>23</b>
	Percentage of Population 14 years & over	<b>77.1</b>	<b>77</b>	<b>39.9</b>	<b>77</b>
	Percentage of Population 14+ Outside LF	<b>40.8</b>	<b>41</b>	<b>46.4</b>	<b>40</b>
	Labour Force as a % age of Total Population	<b>45.6</b>	<b>45</b>	<b>60.1</b>	<b>46</b>
	Labour Force as a % age of Population 14+	<b>59.2</b>	<b>59</b>	<b>56.6</b>	<b>60</b>

Source: STATIN Labour Force Survey Jul 2022-Jul 2023

**TABLE 2C – EMPLOYED LABOUR FORCE BY INDUSTRY**

INDUSTRY GROUP			
	Jul-22	Jul-23	Change
	BOTH SEXES		
Agriculture Hunting Forestry and Fishing	183,400	184,000	600
Mining and Quarrying	4,800	4,800	0
Manufacturing	78,100	81,300	3,200
Electricity Gas and Water Supply	7,100	9,400	2,300
Construction	126,300	135,200	8,900
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	227,700	232,300	4,600
Transport and Storage	57,800	61,100	3,300
Accommodation and Food Service Activities	109,700	109,500	-200
Information and Communication	17,000	17,000	0
Financial and Insurance Activities	29,500	30,400	900
Real Estate and Other Business Services	136,800	150,800	14,000
Public Administration and Defence; Compulsory Social Security	66,600	71,200	4,600
Education, Human Health and Social Work Activities	107,800	111,200	3,400
Arts, Entertainment, Recreation and Other Services	113,700	116,300	2,600
Industry Not Specified (Incl. Extraterritorial Bodies)	1,700	600	-1,100
<b>TOTAL EMPLOYED LABOUR FORCE</b>	<b>1,268,000</b>	<b>1,315,100</b>	<b>47,100</b>

*Source: STATIN Labour Force Survey Jan 2022-July 2023*

## Exchange Rate

The nominal exchange rate at end-December 2023 reflected a depreciation of 1.91 percent, relative to December 2022. The weighted average selling rate at end-December 2023 was US\$1.00 = 154.95. This modest change reflects general stability in the foreign exchange market, as foreign currency demand was largely satisfied by adequate liquidity. There has been a downward trend for the deposit dollarization - which reflects the proportion of United States (US) dollar deposits to total deposits, depicting relative stability in the market supported by interventions by the BOJ through its Foreign Exchange Intervention & Trading Tool (B-FXITT).

## Inflation

Annual inflation decelerated to 6.9 percent in December 2023, but remained above the upper limit of the 4 - 6 percent target band. Inflation was influenced by lower global commodity prices and shipping costs as well as tight monetary policy.

The All Jamaica ‘All Divisions’ Consumer Price Index (CPI) increased from 127.9 in December 2022 to 136.7 in December 2023. The movement in the CPI for the calendar year was heavily influenced by the Food and Non-Alcoholic Beverages division which recorded an increase of 8.7 percent due to increases in the Vegetables (up by 25.5 percent), Starchy Foods (up by 15.4 percent), Ready-made Food and Other Food Products (up by 18.9 percent), and Fruits (up by 10.9 percent). Food prices were adversely impacted by prolonged drought conditions, resulting in lower yields. The inflation outturn of 3.2 percent in the Housing, Water, Electricity, Gas and Other Fuels division was led by Electricity, Gas and Other Fuels (up by 7.6 percent) due to increases in electricity consumption. Other notable price increases were reported in Transport (up by 4.8 percent), Health (up by 13.1 percent), Recreation and Culture (up by 10.7 percent) and Restaurant and Accommodation Services (up 4.2 percent).

**Table 2D**

All Jamaica ‘All Divisions’ and Division Indices and Movements (Base period December 2019 = 100)							
	Dec 2022 Index	Mar 2023 Index	Nov 2023 Index	Dec 2023 Index	Monthly % change for Dec 2023	FY 22/23 to Dec 2023 (% change)	CY 2022 to Dec 2023 (% change)
<b>ALL DIVISIONS - ALL ITEMS</b>	127.9	128	136	136.7	0.5	6.8	6.9
<b>1 Food and Non-Alcoholic Beverages</b>	138.3	138.2	149.9	150.4	0.3	8.8	8.7
<b>2 Alcoholic Beverages and Tobacco</b>	120	122.5	126.6	127	0.3	3.4	5.8
<b>3 Clothing and Footwear</b>	118.8	120.1	123.5	123.8	0.2	3.1	4.2
<b>4 Housing, Water, Electricity, Gas and Other Fuels</b>	123.1	121.1	121.5	124.6	2.6	-0.8	1.2
<b>5 Furnishings, Household Equipment and Routine Household Maintenance</b>	123.0	124.6	135.5	135.9	0.3	9.1	10.5
<b>6 Health</b>	115.8	117.8	120.6	120.9	0.2	2.6	4.4
<b>7 Transport</b>	118.3	118.1	131.5	130.9	-0.5	10.8	10.7
<b>8 Information and Communication</b>	99.5	96.8	102.3	102.3	0.0	5.7	2.8
<b>9 Recreation Sport and Culture</b>	118.8	119.9	123.7	123.8	0.1	3.3	4.2
<b>10 Education</b>	123.7	125.4	141.4	141.4	0.0	12.8	14.3
<b>11 Restaurants and Accommodation Services</b>	147.4	151	161.2	161.3	0.1	6.8	9.4
<b>12 Insurance and Financial Services</b>	108.2	108.5	108.5	108.5	0.0	0.0	0.3
<b>13 Personal Care Social Protection and Miscellaneous Goods and Services</b>	120.7	122.1	125.8	126	0.1	3.2	4.4

Source: STATIN

## Monetary policy

The BOJ maintained the policy rate at 7.0 percent throughout the review period, within the context of continued elevated inflationary pressures.

The financial sector remained stable, with adequate capital and liquidity. The Capital Adequacy Ratio for Deposit Taking Institutions (DTI) at end-August 2023 was 14.6 percent, 4.6 percentage points above the statutory requirement of 10.0 percent. Likewise, the Liquidity Coverage Ratios for these institutions were in excess of 100.0 percent at-end August 2023. Local currency deposits grew by 15.4 percent at October 2023, reflecting acceleration relative to the 13.2 percent experienced in April 2023. Despite the tightening of credit terms, the flow of new loans to the private sector increased in real terms by 12.6 percent as at September 2023. This reflects increases in new loans to the Construction, Tourism, Professional and Other Services industries. This growth was tempered by declines in the issuance of new loans to entities within the Agriculture, Mining and Electricity, Gas & Water industries.

The quality of the DTIs' loan portfolio remained fairly stable with a 2.6 percent ratio of non-performing loans (NPLs) to gross loans at August 2023, slightly above the 2.5 per cent recorded a year earlier.

## External Sector Developments

The Current Account balance improved for the first quarter of FY 2023/24, recording a surplus of US\$241.0mn, an improvement of US\$227.3mn over the surplus recorded for the corresponding period of FY 2022/23. This performance was driven by improvements in the Goods & Service and Primary Income sub-accounts. The outturn was tempered by a decline in the Secondary Income sub-account due to lower remittance inflows. Growth within the Primary Income sub-account was fuelled by a reduction in investment income outflows in the first quarter of the fiscal year. The Goods & service sub-account benefitted from increased value of net exports. Industries such as Mining and Quarrying and Agriculture, Forestry & Fishing contributed to the growth in exports for goods, which was tempered by decline in value within the Manufacturing industry. Additionally, the Travel component contributed to the improvement of the Services balance.

As a percentage of GDP, the current account balance for the period registered a surplus of 1.2 percent, which reflects a deterioration relative to the 2.0 percent surplus recorded in FY 2022/23. The current account balance is projected to deteriorate further to an average deficit within the range of 0.5 percent to 1.0 percent of GDP for FY 2023/24.

Improvements in the Financial Account reflected an increase in the holdings of Net Portfolio Investments by residents, which was counterbalanced by lower Net Direct Investment inflows for the quarter. The stock of Net International Reserves remained healthy, totaling US\$4,748.1mn at end-December 2023.

Table 2E

**Balance of Payments for the First Quarter FY 2023/24**  
**April - June 2023**

Balance of Payments (US\$MN)	FY 2022/23	FY 2023/24	Change
<b>Current Account Balance</b>	<b>13.7</b>	<b>241.0</b>	<b>227.3</b>
<i>Credits</i>	2622.9	2817.0	194.1
<i>Debits</i>	2609.2	2576.1	-33.2
Goods & Services	-772.7	-583.2	189.6
<i>Credits</i>	1617.4	1769.8	152.3
<i>Debits</i>	2390.2	2352.9	-37.2
Goods	-1189.6	-1034.4	155.2
<i>Exports</i>	464.9	515.1	50.2
<i>Imports</i>	1654.5	1549.5	-105.0
Services	416.9	451.2	34.4
<i>Credits</i>	1152.5	1254.7	102.2
<i>Debits</i>	735.6	803.4	67.8
Primary Income	-96.7	-41.2	55.5
<i>Credits</i>	74.6	126.2	51.5
<i>Debits</i>	171.4	167.4	-4.0
Secondary Income	883.2	865.4	-17.8
<i>Credits</i>	930.9	921.1	-9.8
<i>Debits</i>	47.7	55.7	8.0
<b>Capital Account</b>	<b>-7.8</b>	<b>-5.3</b>	<b>2.4</b>
<i>Credits</i>	4.5	7.0	2.4
<i>Debits</i>	12.3	12.3	0.0
<b>Net lending (+) / net borrowing (-)</b> <b>(balance from current and capital account)</b>	<b>5.9</b>	<b>235.6</b>	<b>229.7</b>
<b>Financial Account</b>	<b>5.9</b>	<b>235.6</b>	<b>229.7</b>
<b>Net lending (+) / net borrowing (-)</b> <b>(balance from financial account)</b>	<b>139.7</b>	<b>230.2</b>	<b>90.6</b>
Direct Investment	-64.7	-110.0	-45.3
<i>Net acquisition of financial assets</i>	4.3	0.0	-4.3
<i>Net incurrence of liabilities</i>	69.0	110.0	41.0
Portfolio Investments	57.0	203.9	147.0
<i>Net acquisition of financial assets</i>	70.0	203.5	133.5
<i>Net incurrence of liabilities</i>	13.1	-0.4	-13.5
Financial derivatives	-0.5	0.0	0.5
<i>Net acquisition of financial assets</i>	-0.5	0.0	0.5
<i>Net incurrence of liabilities</i>	0.0	0.0	0.0
Other Investments	81.7	34.1	-47.6
<i>Net acquisition of financial assets</i>	-121.9	-76.1	45.8
<i>Net incurrence of liabilities</i>	-203.6	-110.2	93.4
Reserve Assets	66.2	102.2	
Net Errors and Omissions	133.7	-5.4	

Source: BOJ

## Commodities

International commodity prices exhibited significant fluctuations during the April-December 2023 period, reflecting a range of factors such as supply and demand dynamics, geopolitical tensions, and macroeconomic trends. The price indices for Fuel and Non-Fuel commodities fell over the period. There were price increases, however, for other commodities including: cocoa, sugar and aluminium. The rebound of aluminium prices, following its collapse at the onset of the pandemic, was evident. Continued economic recovery globally has contributed to the increase in aluminium prices, as demand expands. Cocoa, Coffee and Wheat were negatively impacted by adverse weather-related conditions.

**Table 2F: Selected International Commodity Prices**

Commodity	Unit	Average Percentage Change	
		Apr-Dec FY 2022/23	Apr-Dec FY 2023/24
Non-Fuel Price Index		6.1	-10.2
Fuel (Energy) Price Index		54.3	-32.6
<b>Select Commodities</b>			
Cocoa	Cents per Kg.	-2.8	47.6
Coffee, Arabica	Cents per Kg.	15.0	-19.6
Soybean meal	\$/mt	16.8	-3.5
Maize/Corn	\$/mt	22.2	-26.5
Wheat, US, SRW	\$/mt	37.5	-36.3
Sugar, EU, domestic	Cents per Kg.	-12.3	5.2
Sugar, World	Cents per Kg.	1.1	32.8
Crude Oil	US\$ per Barrel	32.4	-17.2
Aluminum	US\$/Tonne	-28.5	1831.1

*Source: World Bank Commodity Prices*

## Global Outlook

Growth projections for the global economy remained positive but sluggish for the short term. The World Economic Outlook (October 2023) published by the IMF forecasts global growth to deteriorate from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. These projections are indicative of weakening global demand. Global inflation is projected to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, largely driven by reductions in energy and food prices as well as contractionary monetary policies.

Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024. This is reflective of a modest improvement in growth in the United States,

Japan and Spain but a slowdown in other advanced economies, including the Euro areas. Emerging and developing economies (EMDEs) are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. India and China remain the key drivers of growth within this category.

Overall, advanced economies are expected to have steady growth in 2024 with a pickup in 2025. By contrast, EMDEs are projected to see stable growth in 2024, with a slight pickup in 2025.

### **Jamaica's Macroeconomic Outlook FY 2024/25 to FY 2027/28**

Jamaica's economic growth is expected to moderate over the medium term, with real GDP projected to expand by 1.8 percent in FY 2024/25 and forecast to grow within the range of 1.5 percent to 2.0 percent in the outer years. Economic growth over the medium term will be driven by the Mining & Quarrying, Hotel & Restaurants, Transport & Storage and Other Services industries. The risks to the growth forecasts are assessed to be skewed downward, which means that growth could be lower than projected due to the slowdown in global economic activity. The Medium Term Macroeconomic Profile summarizes the key macroeconomic projections that underpinned the development of the FY 2024/25 budget and the medium-term fiscal profile.

Inflation is projected to stabilize at 5.0 percent over the medium term, while the current account balance as a percentage of GDP is expected to average a surplus of 1.0 percent over the medium term. This is predicated on continuous improvement in Jamaica's trade balance, with exports continuing to grow. Commodity prices, including fuel, are projected to decline over the medium term.

**Table 2G: Medium Term Macroeconomic Profile**

Macroeconomic Variables	2022/23 Actual	2023/24 Est.	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Nominal GDP (J\$bn)	2,751.9	3,047.4	3,289.8	3,513.1	3,725.6	3,950.7
Nominal GDP growth rate (%)	18.5	10.7	8.0	6.8	6.0	6.0
Real GDP growth rate (%)	4.7	2.0	1.8	1.5	1.5	1.5
Inflation: Annual Pt to Pt (%)	6.2	7.5	5.8	5.0	5.0	5.0
Interest Rates:						
180-day Treasury Bill (end-period)	8.3					
90-day Treasury Bill (end-period)	7.9					
Average Selling Exchange Rate (J\$=US\$1)	153.79					
NIR (US\$m)	4,146.7	4,731.3	4,781.1	4,561.4	4,674.1	5,413.9
Current Account (%GDP)	2.0	1.2	0.7	0.3	1.3	1.5
Oil Prices (WTI) (Average US\$/barrell)	89.8	76.8	77.4	80.6	73.9	72.4

Source: BOJ/PIOJ/STATIN

## **PART 3**

### **FISCAL MANAGEMENT STRATEGY**

#### **Background**

Performance of the Jamaican economy during FY 2023/24 to date has been positive as evidenced by the growth in real GDP over the first and second quarters of the fiscal year, labour market improvements and increased international trade. The global economy, however, continues to grapple with challenges, including elevated inflation, slow growth, geopolitical tension and the effects of climate change. Notwithstanding these challenges, the Government of Jamaica (GOJ) has remained fiscally prudent and has made significant strides in improving support to the country's citizens, especially the most vulnerable in the society, through targeted programmes. The Jamaican economy has rebounded strongly from the COVID-19 pandemic which the World Health Organization (WHO) declared at an end in May 2023.

Achievements during the fiscal year include the enhancement of Jamaica's fiscal resilience, reduction of the public debt to GDP ratio and an improvement in the investment environment. Jamaica's arrangements with the International Monetary Fund (IMF) through the Precautionary and Liquidity Line (PLL) and the Resilience and Sustainability Facility (RSF), have enhanced the country's ability to navigate the challenging global environment. Establishment of the National Natural Disaster Risk Financing Policy (NNDRFP) through Parliamentary approval during the first quarter of the fiscal year will contribute to fiscal and economic resilience by mitigating the fiscal risks of natural disasters. The year has also seen an improvement in the country's creditworthiness, with the latest ratings upgrade from international credit agencies Standard and Poor's and Moody's signaling growing confidence in Jamaica's capacity to fulfill its financial commitments, based on assessed macroeconomic prospects and fiscal policy direction. The execution of a liability management operation during the third quarter, through the issuance of a Jamaica dollar-linked bond in the International Capital Markets (ICM) - which was oversubscribed, aided in the country's debt management efforts and highlighted Jamaica's increased credit desirability.

FY 2023/24 represented the second year of the three-year implementation of the restructured public sector compensation system and facilitated further improvement in the competitiveness of the public sector in the labour market. The new compensation system has improved the capacity of the sector to retain staff and attract new employees with the necessary skill sets to ensure the delivery of public service at required levels.

Underpinned by the GOJ's firm commitment to fiscal prudence, the Central is expected to achieve the targeted fiscal balance despite the existence of global risk factors that may impact



fiscal operations. The fiscal programme for FY 2024/25 and the medium term are designed to ensure achievement of the legislated debt-to-GDP target of 60%, or less, by end-FY 2027/28.

The Fiscal Management Strategy provides an assessment of the fiscal performance for FY 2023/24, outlines salient features of the upcoming budget, and presents the medium-term fiscal trajectory. It reports on the following:

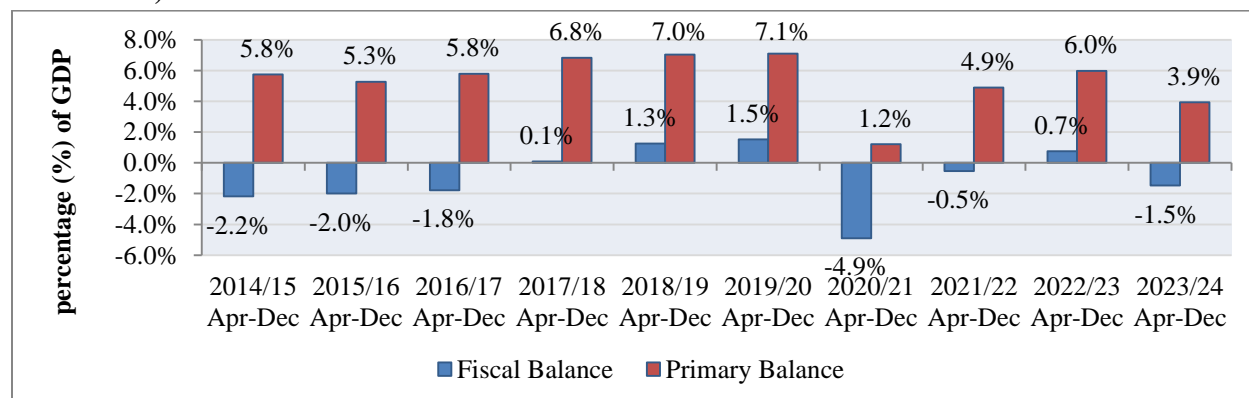
- Performance of the central government and public bodies: April – December 2023;
- FY 2023/24 Estimated outturn;
- Public Debt Stock to end-December 2023 and outlook;
- FY 2024/25 Budget; and
- Medium Term Fiscal Outlook.

### **Central Government Performance: April-December 2023 against Original Budget**

The fiscal performance over the first three quarters of FY 2023/24 against the original budget has been positive, with the fiscal and primary balances, exceeding projections. Considerable improvements have been achieved relative to the outturns for the previous fiscal year. The positive performance may be accredited to the country's strong rebound from the effects of the COVID-19 pandemic, and the implementation of policies to combat the adverse economic impact of on-going geopolitical tension.

At end-December 2023, Central Government operations generated a fiscal deficit of \$33,245.4mn reflecting a \$15,134.4mn lower than originally programmed deficit. The primary surplus of \$89,028.2mn for the same period represented a \$26,171.1mn higher than originally programmed surplus. This positive performance resulted from a 5.5% above programme performance by Revenue & Grants, driven primarily by tax and non-tax revenue, which outweighed the impact of the higher expenditure (above-the-line) undertaken relative to the original budget.

**Figure 3A: Primary & Fiscal Balance as a per cent of GDP (April to December FY 2014/15- FY 2023/24)<sup>1</sup>**



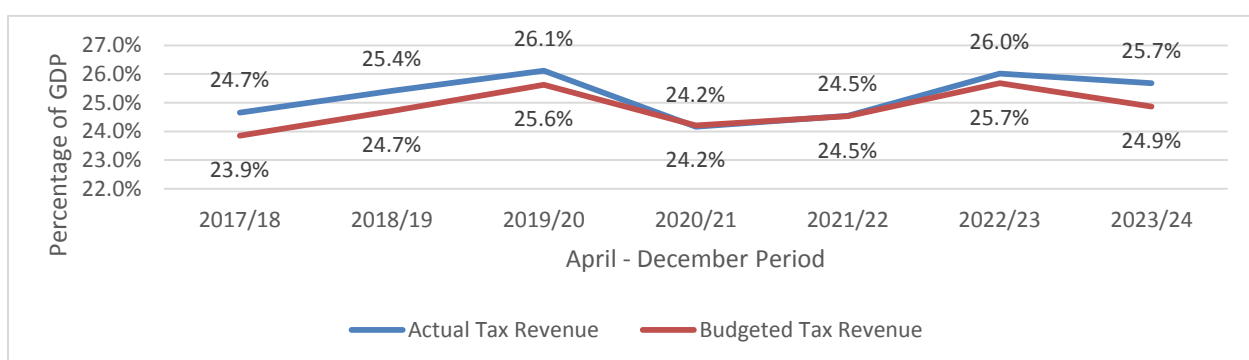
Source: MOFPS

## Tax Revenue

Tax Revenue for April – December 2023 exceeded the programmed inflows of \$563,193.1mn by \$18,574.1mn. Compared to the corresponding period of FY 2022/23, Tax Revenue increased by \$62,431.5mn or 12.0%. As a share of GDP, however, Tax Revenue is estimated to have declined relative to FY 2022/23, consequent on a higher rate of growth for nominal GDP (see Figure 3B).

The positive Tax Revenue performance relative to budget is attributable to higher than programmed outturns from the two tax categories: International Trade and Income and Profit (see Table 3A.2).

**Figure 3B: April to December Actual vs. Budgeted Tax Revenue Performance to GDP Ratios from FY 2017/18 to FY 2023/24**



Source: MOFPS

<sup>2</sup> The GDP estimate for the April to December period of FY 2023/24 is based on two official quarterly outturns published by Statin and one quarterly estimate by the Bank of Jamaica (BOJ).

### ***International Trade***

Inflows of \$220,319.9mn from International Trade were 1.4 percent above the original budget. This outturn was 3.4 percent and 30.1 percent better than the collections for the corresponding period of FY 2022/23 and FY 2021/22, respectively. The improvement in the tax category was driven by the performance of Custom Duty, Travel Tax and GCT (Imports) but tempered by shortfalls in Stamp Duty, SCT (Imports) and Environmental Levy. The above-budget outturn largely reflected a higher than anticipated value of imports. The strongest performance within the International Trade category emanated from Travel Tax, with receipts surpassing target by 4.2 percent and is attributed to higher than projected tourist arrivals. This outturn was better than the corresponding period of FY 2022/23 by 17.8 percent and FY 2021/22 by 99.9 percent, reflecting the strong recovery in the tourism sector.

### ***Income and Profits***

Outturn for April – December 2023 showed the Income and Profits category performing above budget by \$28,161.5mn or 19.3 percent, mainly attributable to higher-than-programmed inflows from Other Companies, PAYE and Tax on Interest. The performance of Other Companies at 12.7 percent above programme reflects increased profitability, within the context of improved economic activity for the period. PAYE collections were 21.7 percent greater than projected, consistent with the increase in public/private sector wages and employment. Tax on Interest (up by 30.0 percent) was influenced by higher interest rates consequent on the tighter liquidity conditions. The surplus was tempered by a 2.9 percent shortfall in collections from Other Individuals.

### ***Production and Consumption***

Production and Consumption tax receipts fell short of projection by 6.3 percent but surpassed outturns for FY 2022/23 and FY 2021/22 by 7.1 percent and 30.8 percent, respectively. The weak performance was mainly driven by SCT (Local). SCT (Local), with receipts of \$16,540.1mn, recorded a shortfall of \$7,688.6mn relative to budget, mainly reflecting lower production of petroleum and related products. Stamp Duty, Quarry Tax and Contractor's Levy also contributed to the shortfall, recording lower-than-projected outturns by \$1,021.3mn (16.6%), \$252.1mn (10.9%) and \$38.5mn (61.4%), respectively. These tax items were adversely impacted by the contraction in the construction industry.

**Table 3A.1: Central Government Summary Accounts – April to December 2023 outturn against FY 2023/24 Original Budget (J\$mn)**

Item	Original			Diff %	FY 2022/23			FY 2021/22		
	Prov	Budget	Diff		Diff %	Diff	Diff %	Diff	Diff %	
	Apr - Dec	Apr - Dec								
Revenue & Grants	640,354.7	607,154.0	33,200.7	5.5%	567,607.9	72,746.8	12.8%	492,223.4	148,131.3	30.1%
Tax Revenue	581,767.2	563,193.1	18,574.1	3.3%	519,335.7	62,431.5	12.0%	416,057.1	165,710.1	39.8%
Non-Tax Revenue	51,636.7	37,955.1	13,681.6	36.0%	42,318.9	9,317.7	22.0%	67,918.3	-16,281.6	-24.0%
Bauxite Levy	940.2	962.6	-22.4	-2.3%	926.0	14.2	1.5%	2,155.4	-1,215.2	-56.4%
Capital Revenue	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	875.8	-875.8	-100.0%
Grants	6,010.7	5,043.4	967.3	19.2%	5,027.3	983.4	19.6%	5,216.8	793.8	15.2%
Expenditure	673,600.1	655,533.9	18,066.3	2.8%	552,649.8	120,950.3	21.9%	501,248.1	172,352.1	34.4%
Recurrent Expenditure	636,714.6	604,667.3	32,047.3	5.3%	515,462.9	121,251.7	23.5%	466,354.9	170,359.7	36.5%
Programmes	211,178.7	215,558.0	-4,379.3	-2.0%	193,354.9	17,823.9	9.2%	193,510.6	17,668.1	9.1%
Compensation of Employees	303,262.2	277,872.4	25,389.9	9.1%	217,799.0	85,463.2	39.2%	180,994.7	122,267.5	67.6%
Wages & Salaries	283,326.2	256,078.3	27,247.9	10.6%	203,664.4	79,661.8	39.1%	166,299.7	117,026.5	70.4%
Employers Contribution	19,936.0	21,794.0	-1,858.0	-8.5%	14,134.6	5,801.5	41.0%	14,695.0	5,241.0	35.7%
Interest	122,273.7	111,237.0	11,036.7	9.9%	104,309.1	17,964.6	17.2%	91,849.6	30,424.1	33.1%
Domestic	52,784.3	49,767.2	3,017.1	6.1%	49,917.9	2,866.4	5.7%	39,351.5	13,432.8	34.1%
External	69,489.4	61,469.8	8,019.6	13.0%	54,391.1	15,098.2	27.8%	52,498.0	16,991.3	32.4%
Capital Expenditure	36,885.5	50,866.6	-13,981.1	-27.5%	37,186.9	-301.4	-0.8%	34,893.1	1,992.3	5.7%
Capital Programmes	36,885.5	50,866.6	-13,981.1	-27.5%	37,186.9	-301.4	-0.8%	34,893.1	1,992.3	5.7%
Fiscal Balance (Surplus + / Deficit -)	-33,245.4	-48,379.8	15,134.4	31.3%	14,958.1	-48,203.5	-322.3%	-9,024.7	-24,220.8	-268.4%
Loan Receipts	153,064.5	125,230.0	27,834.5	22.2%	64,862.9	88,201.7	136.0%	97,080.8	55,983.8	57.7%
Domestic	52,363.9	49,977.4	2,386.5	4.8%	48,286.6	4,077.3	8.4%	70,110.2	-17,746.3	-25.3%
External	100,700.7	75,252.6	25,448.1	33.8%	16,576.3	84,124.4	507.5%	26,970.6	73,730.1	273.4%
Project Loans	12,842.0	75,252.6	-62,410.6	-82.9%	16,576.3	-3,734.3	-22.5%	26,970.6	-14,128.6	-52.4%
Other	87,858.7	0.0	87,858.7	-	0.0	87,858.7	-	0.0	87,858.7	-
Other Inflows (inc'ds PCDF)	21,303.1	12,099.1	9,204.0	76.1%	4,024.1	17,279.0	429.4%	2,366.3	18,936.8	800.3%
Other Outflows	12,469.3	0.0	12,469.3	-	0.0	12,469.3	-	15,067.9	-2,598.6	-17.2%
Amortization	108,259.1	102,767.4	5,491.7	5.3%	52,595.1	55,663.9	105.8%	90,844.7	17,414.3	19.2%
Domestic	16,004.3	16,058.1	-53.8	-0.3%	20,091.9	-4,087.6	-20.3%	50,867.2	-34,862.9	-68.5%
External	92,254.8	86,709.3	5,545.5	6.4%	32,503.2	59,751.5	183.8%	39,977.5	52,277.3	130.8%
Overall Balance (Surplus + / Deficit -)	20,393.8	-13,818.1	34,211.9	247.6%	31,249.9	-10,856.1	-34.7%	-15,490.3	35,884.1	231.7%
Primary Balance (Surplus + / Deficit -)	89,028.2	62,857.1	26,171.1	41.6%	119,267.1	-30,238.9	-25.4%	82,824.9	6,203.4	7.5%

Source: MOFPS

**Table 3A.2: Details of Revenue – April to December 2023 outturn against FY 2023/24 Original Budget (J\$mn)**

Item	Original Budget				FY 2022/23			FY 2021/22		
	Prov Apr - Dec	Budget Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>640,354.7</b>	<b>607,154.0</b>	<b>33,200.7</b>	<b>5.5%</b>	<b>567,607.9</b>	<b>72,746.8</b>	<b>12.8%</b>	<b>492,223.4</b>	<b>148,131.3</b>	<b>30.1%</b>
<b>Tax Revenue</b>	<b>581,767.2</b>	<b>563,193.1</b>	<b>18,574.1</b>	<b>3.3%</b>	<b>519,335.7</b>	<b>62,431.5</b>	<b>12.0%</b>	<b>416,057.1</b>	<b>165,710.1</b>	<b>39.8%</b>
Income and profits	173,769.9	145,608.4	28,161.5	19.3%	131,027.0	42,742.9	32.6%	103,305.7	70,464.2	68.2%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	47,246.1	41,939.9	5,306.3	12.7%	39,259.5	7,986.6	20.3%	34,051.3	13,194.8	38.7%
PAYE	95,933.4	78,844.2	17,089.2	21.7%	66,898.5	29,034.9	43.4%	52,194.7	43,738.7	83.8%
Tax on dividend	2,509.8	2,409.8	100.0	4.2%	2,499.9	9.9	0.4%	1,717.6	792.2	46.1%
Individuals	3,139.0	3,233.3	-94.3	-2.9%	3,136.6	2.5	0.1%	2,443.7	695.3	28.5%
Tax on interest	24,941.5	19,181.2	5,760.3	30.0%	19,232.5	5,709.0	29.7%	12,898.4	12,043.1	93.4%
Production and consumption	187,677.4	200,217.1	-12,539.7	-6.3%	175,254.8	12,422.6	7.1%	143,448.0	44,229.5	30.8%
Min Business Tax	72.8	0.0	72.8	-	87.3	-14.5	-16.7%	104.9	-32.1	-30.6%
SCT	16,540.1	24,228.8	-7,688.6	-31.7%	20,556.1	-4,016.0	-19.5%	21,289.4	-4,749.3	-22.3%
Environmental Levy	604.6	550.4	54.2	9.8%	505.1	99.5	19.7%	463.8	140.8	30.4%
Motor vehicle licenses	3,792.9	4,510.6	-717.7	-15.9%	4,333.3	-540.4	-12.5%	3,628.0	164.9	4.5%
Other licenses	795.6	2,023.9	-1,228.4	-60.7%	1,600.8	-805.2	-50.3%	2,704.7	-1,909.2	-70.6%
Quarry Tax	24.2	62.7	-38.5	-61.4%	75.3	-51.1	-67.9%	57.1	-33.0	-57.7%
Betting, gaming and lottery	5,823.3	6,822.4	-999.1	-14.6%	6,284.4	-461.1	-7.3%	5,384.8	438.5	8.1%
Accommodation Tax	2,524.5	2,579.4	-54.9	-2.1%	2,435.3	89.2	3.7%	1,527.4	997.2	65.3%
Education Tax	34,124.5	34,644.7	-520.2	-1.5%	28,468.2	5,656.2	19.9%	23,624.0	10,500.4	44.4%
Telephone Call Tax	2,173.7	2,666.9	-493.2	-18.5%	2,411.9	-238.2	-9.9%	2,531.8	-358.1	-14.1%
Contractors levy	2,051.6	2,303.7	-252.1	-10.9%	2,030.2	21.4	1.1%	1,517.7	533.9	35.2%
GCT (Local)	114,030.6	113,683.4	347.2	0.3%	100,860.8	13,169.8	13.1%	76,140.0	37,890.7	49.8%
Stamp Duty (Local)	5,118.9	6,140.2	-1,021.3	-16.6%	5,605.9	-487.0	-8.7%	4,474.3	644.7	14.4%
International Trade	220,319.9	217,367.5	2,952.3	1.4%	213,053.9	7,266.0	3.4%	169,303.5	51,016.4	30.1%
Custom Duty	47,088.8	46,607.9	480.9	1.0%	46,316.9	772.0	1.7%	37,380.2	9,708.6	26.0%
Stamp Duty	3,017.9	3,285.3	-267.4	-8.1%	3,237.4	-219.5	-6.8%	2,274.0	743.9	32.7%
Travel Tax	21,708.7	20,831.6	877.1	4.2%	18,420.8	3,287.9	17.8%	10,858.0	10,850.7	99.9%
GCT (Imports)	92,038.1	89,656.4	2,381.6	2.7%	88,558.0	3,480.1	3.9%	74,951.5	17,086.6	22.8%
SCT (Imports)	52,387.4	52,652.1	-264.7	-0.5%	52,178.6	208.8	0.4%	40,531.1	11,856.3	29.3%
Environmental Levy	4,079.0	4,334.2	-255.2	-5.9%	4,342.2	-263.2	-6.1%	3,308.6	770.4	23.3%
<b>Non-Tax Revenue</b>	<b>51,636.7</b>	<b>37,955.1</b>	<b>13,681.6</b>	<b>36.0%</b>	<b>42,318.9</b>	<b>9,317.7</b>	<b>22.0%</b>	<b>67,918.3</b>	<b>-16,281.6</b>	<b>-24.0%</b>
<b>Bauxite Levy</b>	<b>940.2</b>	<b>962.6</b>	<b>-22.4</b>	<b>-2.3%</b>	<b>926.0</b>	<b>14.2</b>	<b>1.5%</b>	<b>2,155.4</b>	<b>-1,215.2</b>	<b>-56.4%</b>
<b>Capital Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>875.8</b>	<b>-875.8</b>	<b>-100.0%</b>
<b>Grants</b>	<b>6,010.7</b>	<b>5,043.4</b>	<b>967.3</b>	<b>19.2%</b>	<b>5,027.3</b>	<b>983.4</b>	<b>19.6%</b>	<b>5,216.8</b>	<b>793.8</b>	<b>15.2%</b>

Source: MOFPS

## Non-Tax Revenue

Non-Tax Revenue for the review period exceeded target by \$13,681.6mn. The over-performance relative to budget largely reflects higher-than-projected inflows from de-earmarked entities, royalties, public sector pension contributions and miscellaneous revenue flows.

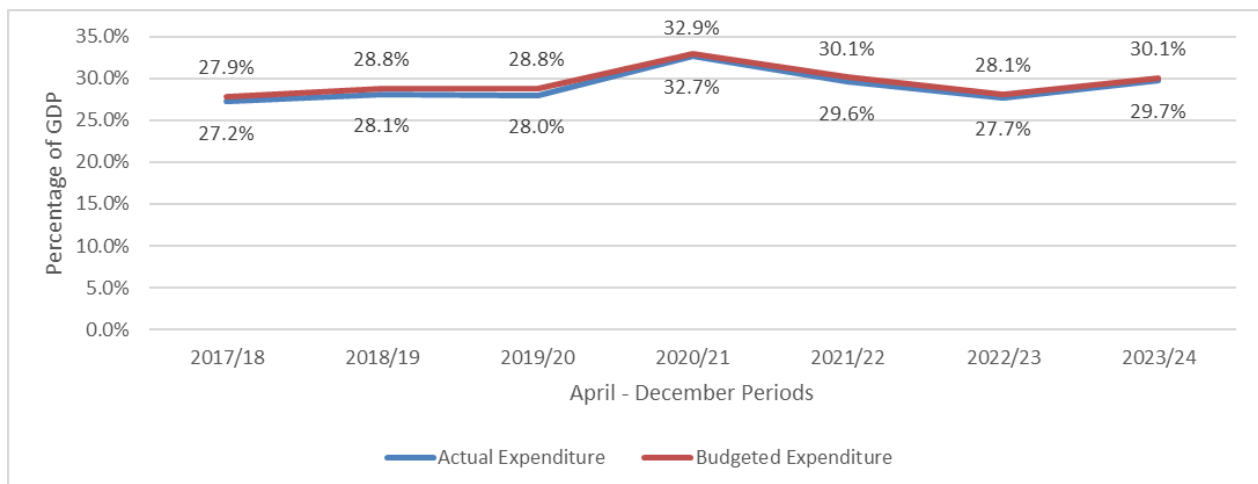
## Bauxite Levy, Capital Revenue and Grants

Bauxite Levy collections for the period amounted to \$940.2mn and were broadly in-line with target. Grants, totaling \$6,010.7mn, exceeded budget by \$967.3mn (19.2%) for April – December 2023, and similarly, exceeded outturns for the corresponding period of FY 2022/23 by 19.6 percent. The above-budget inflows from Grants largely reflected higher-than-projected disbursements from International Development Partners. There was no Capital Revenue collected for the period.

## Expenditure

Expenditure (above-the-line) for the review period totaled \$673,600.1mn, 2.8 percent higher than the original budget. Recurrent Expenditure accounted for \$636,714.6mn which was 5.3 percent above budget, while Capital Expenditure totaled \$36,885.5mn, falling short of programmed spending by 27.5 percent. As a share of GDP, total expenditure (above-the-line) is estimated to have increased relative to the corresponding period of FY 2022/23 by 2.0 percentage points (see Figure 3C).

**Figure 3C: April to December Actual vs. Budgeted Expenditure Performance to GDP Ratios from FY 2017/18 to FY 2023/24**



Source: MOFPS

### ***Recurrent Expenditure***

Recurrent Expenditure exceeded budget by \$32,047.3mn or 5.3 percent, reflecting higher-than-programmed spending for Compensation of Employees and Interest payments.

Programmes expenditure was under budget by \$4,379.3mn or 2.0 percent. The lower-than-planned expenditure by Ministries, Departments and Agencies (MDAs) mainly resulted from slower-than planned programme execution.

Expenditure on Compensation of Employees, amounting to \$303,262.2mn, was 9.1 percent above original projections. This amount included payments related to both retroactive amounts and second year implementation amounts of the public sector compensation restructure.

Interest payments totaled \$122,273.7mn, surpassing original projections by 9.9 percent. Domestic and external interest costs were higher than planned by 6.1 percent and 13.0 percent, respectively. Domestic interest payments were influenced by higher than projected Treasury-Bill rates over the period, while the higher external interest payments resulted from higher than projected Secured Overnight Financing Rates (SOFR) to which external variable-rate debt are now primarily linked.

### ***Capital Expenditure***

Capital Expenditure for the review period amounted to \$36,885.5mn, a shortfall of \$16,417.7mn or 30.8 percent, due to the slower-than-programmed pace of execution of a number of the planned public investment projects.

### **Financing Flows**

Loan receipts for the April to December 2023 period were \$27,834.5mn or 22.2 percent higher than budget. Domestic loan receipts totaled \$52,363.9mn, 4.8 percent above budget and benefitted greatly from the proceeds of the International Capital Market transaction that was executed in November 2023. Likewise, inflows from external sources were 33.8 percent above budget consequent on drawdowns from the International Monetary Fund's Rapid Financing Instrument in August 2023 and higher than anticipated disbursement from the Resilience and Sustainability Facility in September 2023. Other inflows were above projection by \$9,204.0mn, reflecting higher than programmed receipts from the PetroCaribe Development Fund (PCDF) re-flows.

Total Amortization of \$108,259.1mn exceeded budget by 5.3 percent, largely reflecting increased external payments primarily as a result of exchange rate fluctuations. Other outflows of \$12,469.3mn, reflected financial assistance to public entities. These outlays although not reflected in the original budget were programmed in FY 2023/24 Second Supplementary Estimates.

## Central Government Performance: April-December 2023 against Third Supplementary Estimates

The Central Government performance against the Third Supplementary Estimates is outlined in Tables 3B.1 and 3B.2.

**Table 3B.1: Central Government Summary Accounts – April to December 2023 outturn against FY 2023/24 Third Supplementary Estimates (J\$mn)**

Item	Third Supplementary Estimates				FY 2022/23		
	Prov Apr - Dec	Estimates Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>640,354.7</b>	<b>649,684.6</b>	<b>-9,330.0</b>	<b>-1.4%</b>	<b>567,607.9</b>	<b>72,746.8</b>	<b>12.8%</b>
Tax Revenue	581,767.2	590,554.9	-8,787.8	-1.5%	519,335.7	62,431.5	12.0%
Non-Tax Revenue	51,636.7	50,612.3	1,024.4	2.0%	42,318.9	9,317.7	22.0%
Bauxite Levy	940.2	971.5	-31.3	-3.2%	926.0	14.2	1.5%
Capital Revenue	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Grants	6,010.7	7,546.0	-1,535.3	-20.3%	5,027.3	983.4	19.6%
<b>Expenditure</b>	<b>673,600.1</b>	<b>680,762.8</b>	<b>-7,162.7</b>	<b>-1.1%</b>	<b>552,649.8</b>	<b>120,950.3</b>	<b>21.9%</b>
Recurrent Expenditure	636,714.6	641,745.1	-5,030.4	-0.8%	515,462.9	121,251.7	23.5%
Programmes	211,178.7	215,245.1	-4,066.4	-1.9%	193,354.9	17,823.9	9.2%
Compensation of Employees	303,262.2	304,508.6	-1,246.4	-0.4%	217,799.0	85,463.2	39.2%
Wages & Salaries	283,326.2	284,951.6	-1,625.4	-0.6%	203,664.4	79,661.8	39.1%
Employers Contribution	19,936.0	19,557.0	379.0	1.9%	14,134.6	5,801.5	41.0%
Interest	122,273.7	121,991.3	282.4	0.2%	104,309.1	17,964.6	17.2%
Domestic	52,784.3	53,447.4	-663.1	-1.2%	49,917.9	2,866.4	5.7%
External	69,489.4	68,543.9	945.5	1.4%	54,391.1	15,098.2	27.8%
Capital Expenditure	36,885.5	39,017.7	-2,132.3	-5.5%	37,186.9	-301.4	-0.8%
Capital Programmes	36,885.5	39,017.7	-2,132.3	-5.5%	37,186.9	-301.4	-0.8%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-33,245.4</b>	<b>-31,078.2</b>	<b>-2,167.3</b>	<b>-7.0%</b>	<b>14,958.1</b>	<b>-48,203.5</b>	<b>-322.3%</b>
<b>Loan Receipts</b>	<b>153,064.5</b>	<b>143,622.8</b>	<b>9,441.7</b>	<b>6.6%</b>	<b>64,862.9</b>	<b>88,201.7</b>	<b>136.0%</b>
Domestic	52,363.9	43,324.9	9,039.0	20.9%	48,286.6	4,077.3	8.4%
External	100,700.7	100,297.9	402.8	0.4%	16,576.3	84,124.4	507.5%
Project Loans	12,842.0	12,439.2	402.8	3.2%	16,576.3	-3,734.3	-22.5%
Other	87,858.7	87,858.7	0.0	0.0%	0.0	87,858.7	-
<b>Other Inflows (inc'ds PCDF)</b>	<b>20,345.0</b>	<b>9,899.2</b>	<b>10,445.8</b>	<b>105.5%</b>	<b>4,024.1</b>	<b>16,320.9</b>	<b>405.6%</b>
<b>Other Outflows</b>	<b>12,469.3</b>	<b>6,050.0</b>	<b>6,419.3</b>	<b>106.1%</b>	<b>0.0</b>	<b>12,469.3</b>	<b>-</b>
<b>Amortization</b>	<b>108,259.1</b>	<b>110,089.1</b>	<b>-1,830.0</b>	<b>-1.7%</b>	<b>52,595.1</b>	<b>55,663.9</b>	<b>105.8%</b>
Domestic	16,004.3	16,003.8	0.5	0.0%	20,091.9	-4,087.6	-20.3%
External	92,254.8	94,085.3	-1,830.5	-1.9%	32,503.2	59,751.5	183.8%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>19,435.8</b>	<b>6,304.8</b>	<b>13,131.0</b>	<b>208.3%</b>	<b>31,249.9</b>	<b>-11,814.1</b>	<b>-37.8%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>89,028.2</b>	<b>90,913.2</b>	<b>-1,884.9</b>	<b>-2.1%</b>	<b>119,267.1</b>	<b>-30,238.9</b>	<b>-25.4%</b>

Source: MOFPS



**Table 3B.2: Details of Revenue – April to December 2023 outturn against FY 2023/24 Third Supplementary Estimates (J\$mn)**

Item	Third Supplementary Estimates				FY 2022/23		
	Prov Apr - Dec	Estimates Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>640,354.7</b>	<b>649,684.6</b>	<b>-9,330.0</b>	<b>-1.4%</b>	<b>567,607.9</b>	<b>72,746.8</b>	<b>12.8%</b>
<b>Tax Revenue</b>	<b>581,767.2</b>	<b>590,554.9</b>	<b>-8,787.8</b>	<b>-1.5%</b>	<b>519,335.7</b>	<b>62,431.5</b>	<b>12.0%</b>
Income and profits	173,769.9	171,083.5	2,686.4	1.6%	131,027.0	42,742.9	32.6%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	47,246.1	49,695.0	-2,448.8	-4.9%	39,259.5	7,986.6	20.3%
PAYE	95,933.4	92,581.5	3,351.9	3.6%	66,898.5	29,034.9	43.4%
Tax on dividend	2,509.8	2,692.6	-182.8	-6.8%	2,499.9	9.9	0.4%
Individuals	3,139.0	3,429.7	-290.7	-8.5%	3,136.6	2.5	0.1%
Tax on interest	24,941.5	22,684.6	2,256.9	9.9%	19,232.5	5,709.0	29.7%
Production and consumption	187,677.4	195,016.0	-7,338.6	-3.8%	175,254.8	12,422.6	7.1%
Min Business Tax	72.8	58.4	14.4	24.7%	87.3	-14.5	-16.7%
SCT	16,540.1	17,779.3	-1,239.2	-7.0%	20,556.1	-4,016.0	-19.5%
Environmental Levy	604.6	602.5	2.2	0.4%	505.1	99.5	19.7%
Motor vehicle licenses	3,792.9	3,875.7	-82.7	-2.1%	4,333.3	-540.4	-12.5%
Other licenses	795.6	902.2	-106.6	-11.8%	1,600.8	-805.2	-50.3%
Quarry Tax	24.2	26.7	-2.6	-9.6%	75.3	-51.1	-67.9%
Betting, gaming and lottery	5,823.3	5,997.5	-174.2	-2.9%	6,284.4	-461.1	-7.3%
Accommodation Tax	2,524.5	2,610.0	-85.5	-3.3%	2,435.3	89.2	3.7%
Education Tax	34,124.5	34,687.1	-562.6	-1.6%	28,468.2	5,656.2	19.9%
Telephone Call Tax	2,173.7	2,230.8	-57.1	-2.6%	2,411.9	-238.2	-9.9%
Contractors levy	2,051.6	2,209.8	-158.2	-7.2%	2,030.2	21.4	1.1%
GCT (Local)	114,030.6	118,568.6	-4,538.0	-3.8%	100,860.8	13,169.8	13.1%
Stamp Duty (Local)	5,118.9	5,467.6	-348.6	-6.4%	5,605.9	-487.0	-8.7%
International Trade	220,319.9	224,455.4	-4,135.5	-1.8%	213,053.9	7,266.0	3.4%
Custom Duty	47,088.8	46,699.1	389.7	0.8%	46,316.9	772.0	1.7%
Stamp Duty	3,017.9	3,164.2	-146.3	-4.6%	3,237.4	-219.5	-6.8%
Travel Tax	21,708.7	22,070.8	-362.1	-1.6%	18,420.8	3,287.9	17.8%
GCT (Imports)	92,038.1	93,698.5	-1,660.5	-1.8%	88,558.0	3,480.1	3.9%
SCT (Imports)	52,387.4	54,565.2	-2,177.8	-4.0%	52,178.6	208.8	0.4%
Environmental Levy	4,079.0	4,257.6	-178.6	-4.2%	4,342.2	-263.2	-6.1%
<b>Non-Tax Revenue</b>	<b>51,636.7</b>	<b>50,612.3</b>	<b>1,024.4</b>	<b>2.0%</b>	<b>42,318.9</b>	<b>9,317.7</b>	<b>22.0%</b>
<b>Bauxite Levy</b>	<b>940.2</b>	<b>971.5</b>	<b>-31.3</b>	<b>-3.2%</b>	<b>926.0</b>	<b>14.2</b>	<b>1.5%</b>
<b>Capital Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Grants</b>	<b>6,010.7</b>	<b>7,546.0</b>	<b>-1,535.3</b>	<b>-20.3%</b>	<b>5,027.3</b>	<b>983.4</b>	<b>19.6%</b>

Source: MOFPS

## **Central Government Operations: Estimates to March 2024**

Adjustments to the macroeconomic assumptions, additional expenditure requirements that emerged subsequent to the approval of the March 2023 budget as well as delays in project execution necessitated the revision of the fiscal projections for FY 2023/24. There have been four Supplementary Estimates for FY 2023/24, with the most recent being the Fourth Supplementary Estimates approved in early January 2024 (see Table 3C). The First Supplementary Estimates reflected reallocations consistent with the adjustments to the Assignment of Subjects. The Second and Third Supplementary Estimates were primarily aimed at facilitating additional allocations related to the continued implementation of the restructured public sector compensation system as well as additional programme spending. A downward revision to the revenue projections as well as identified scope for reallocation informed the Fourth Supplementary Estimates.

### **Revenue and Grants**

Revenue & Grants are projected to be \$947,666.3mn, which exceeds the March 2023 approved budget (Original Budget) by 5.6 percent (see Table 3C) and the Second Supplementary Estimates by 4.5 percent. The current projection for Revenue & Grants is 0.2 percent lower than the Third Supplementary Estimate (see Table 3D). Tax Revenue is projected to account for the largest share of the decline, falling by \$9,037.1mn (or 1.0 percent) when compared to the Third Supplementary Estimates. Relative to the Original Budget (and First Supplementary Estimates), the Tax Revenue projection for FY 2023/24 is higher by \$32,076.5mn (or 3.9 percent) and exceeds the Second Supplementary Estimates by \$26,806.5mn (3.2 percent)

Non-Tax Revenue is projected to increase by \$17,166.6mn (or 26.3 percent) when compared to the Original Budget and First Supplementary Estimates and exceed the outturn for FY 2022/23 by 22.4 percent. Collections from Grants are projected to increase by \$965.3mn relative to the Original Budget. There is no Capital Revenue projected in the Fourth Supplementary Estimates, while Bauxite Levy is projected to be 4.6 percent lower than originally projected.

A primary balance surplus of \$181,870.0mn is projected for the fiscal year, equivalent to 6.0 percent of GDP. The current projection is \$16,828.9mn (or 10.2 percent) higher than the Original Budget of \$165,041.1mn. The fiscal balance is projected to total \$9,142.3mn, equivalent to a surplus of 0.3% of GDP.

## **Expenditure**

Total Expenditure (above-the-line) for FY 2023/24 is programmed to increase by \$50,840.4mn or 5.7 percent relative to the Original Budget, with a current projection of \$938,524.0mn for the fiscal year. This comprises Recurrent Expenditure of \$879,252.7mn (higher by \$66,941.9 or 8.2 percent) and Capital Expenditure of \$59,271.3mn (lower by \$16,101.6mn or 21.4 percent). The increase in Recurrent Expenditure reflects higher Compensation of Employees by \$36,894.4mn (10.0 percent), related to the public sector compensation restructure; increased Programmes spending by \$12,477.4mn (4.3 percent) and higher Interest payments by \$17,570.1mn or 11.3%.

The downward revision in Capital Expenditure reflects the slower-than-planned execution of several public investment projects.

**Table 3C: Central Government Summary Accounts FY 2023/24 (J\$mnn)**

Item	4th Supplementary Estimates*	Original Budget			FY 2022/23			
	Apr - March	Apr - March	Diff	Diff %	Apr - March	Diff	Diff %	
<b>Revenue &amp; Grants</b>	<b>947,666.3</b>	<b>897,567.2</b>	<b>50,099.1</b>	<b>5.6%</b>	<b>827,775.1</b>	<b>119,891.2</b>	<b>14.5%</b>	
Tax Revenue	856,372.3	824,295.8	32,076.5	3.9%	752,841.1	103,531.3	13.8%	
Non-Tax Revenue	82,395.1	65,228.5	17,166.6	26.3%	67,327.4	15,067.7	22.4%	
Bauxite Levy	1,342.4	1,283.4	59.0	4.6%	1,266.1	76.4	6.0%	
Capital Revenue	0.0	168.3	-168.3	-100.0%	0.0	0.0	0.0%	
Grants	7,556.4	6,591.1	965.3	14.6%	6,340.6	1,215.9	19.2%	
<b>Expenditure</b>	<b>938,524.0</b>	<b>887,683.6</b>	<b>50,840.4</b>	<b>5.7%</b>	<b>819,989.0</b>	<b>118,535.0</b>	<b>14.5%</b>	
Recurrent Expenditure	879,496.7	812,310.7	67,185.9	8.3%	766,804.5	112,692.2	14.7%	
Programmes	302,767.7	289,806.4	12,961.3	4.5%	277,303.4	25,464.3	9.2%	
Compensation of Employees	404,001.3	367,346.8	36,654.5	10.0%	338,126.1	65,875.2	19.5%	
Wages & Salaries	378,533.7	338,693.8	39,840.0	11.8%	317,884.6	60,649.1	19.1%	
Employers Contribution	25,467.6	28,653.1	-3,185.5	-11.1%	20,241.5	5,226.0	25.8%	
Interest	172,727.7	155,157.5	17,570.1	11.3%	151,375.0	21,352.7	14.1%	
Domestic	71,553.3	65,546.8	6,006.5	9.2%	67,986.8	3,566.5	5.2%	
External	101,174.4	89,610.8	11,563.6	12.9%	83,388.2	17,786.2	21.3%	
Capital Expenditure	59,027.3	75,372.9	-16,345.6	-21.7%	53,184.5	5,842.8	11.0%	
Capital Programmes	59,027.3	75,372.9	-16,345.6	-21.7%	53,184.5	5,842.8	11.0%	
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>9,142.3</b>	<b>9,883.6</b>	<b>-741.2</b>	<b>-7.5%</b>	<b>7,786.1</b>	<b>1,356.2</b>	<b>17.4%</b>	
<b>Loan Receipts</b>	<b>206,452.2</b>	<b>139,472.5</b>	<b>66,979.7</b>	<b>48.0%</b>	<b>118,293.5</b>	<b>88,158.6</b>	<b>74.5%</b>	
Domestic	62,075.3	62,075.3	0.0	0.0%	96,516.4	-34,441.1	-35.7%	
External	144,376.9	77,397.2	66,979.7	86.5%	21,777.2	122,599.7	563.0%	
Project Loans	144,376.9	77,397.2	66,979.7	86.5%	21,777.2	122,599.7	563.0%	
Other	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	
<b>Amortization</b>	<b>138,627.1</b>	<b>125,452.0</b>	<b>13,175.1</b>	<b>10.5%</b>	<b>161,630.7</b>	<b>-23,003.6</b>	<b>-14.2%</b>	
Domestic	21,731.3	21,681.3	50.0	0.2%	115,419.9	-93,688.6	-81.2%	
External	116,895.8	103,770.8	13,125.0	12.6%	46,210.7	70,685.1	153.0%	
<b>Other Inflows (inc'ds PCDF)</b>	<b>22,123.8</b>	<b>15,826.2</b>	<b>6,297.6</b>	<b>39.8%</b>	<b>4,876.6</b>	<b>17,247.2</b>	<b>353.7%</b>	
<b>Other Outflows</b>	<b>14,687.0</b>	<b>8,537.0</b>	<b>6,150.0</b>	<b>72.0%</b>	<b>0.0</b>	<b>14,687.0</b>	<b>-</b>	
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>84,404.2</b>	<b>31,193.2</b>	<b>53,211.0</b>	<b>170.6%</b>	<b>-30,674.4</b>	<b>115,078.6</b>	<b>375.2%</b>	
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>181,870.0</b>	<b>165,041.1</b>	<b>16,828.9</b>	<b>10.2%</b>	<b>159,161.1</b>	<b>22,708.9</b>	<b>14.3%</b>	
<b>Total Payments</b>	<b>1,091,838.1</b>	<b>1,021,672.6</b>	<b>70,165.4</b>	<b>6.9%</b>	<b>981,619.6</b>	<b>110,218.4</b>	<b>11.2%</b>	

Source: MOFPS

**Table 3D: Fourth Supplementary versus Third and Second Supplementary Estimates (J\$mn)**

Item	Fourth Supplementary Estimates Apr - March	Third Supplementary Estimates Apr - March	Diff	Diff %	Second Supplementary Estimates FY 2023/24 Apr - March	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>947,666.3</b>	<b>949,652.5</b>	<b>-1,986.2</b>	<b>-0.2%</b>	<b>906,537.1</b>	<b>41,129.2</b>	<b>4.5%</b>
Tax Revenue	856,372.3	865,409.5	-9,037.1	-1.0%	829,565.8	26,806.5	3.2%
Non-Tax Revenue	82,395.1	72,901.1	9,494.0	13.0%	66,728.5	15,666.6	23.5%
Bauxite Levy	1,342.4	1,356.3	-13.9	-1.0%	1,283.4	59.0	4.6%
Capital Revenue	0.0	168.3	-168.3	-100.0%	168.3	-168.3	-100.0%
Grants	7,556.4	9,817.2	-2,260.8	-23.0%	8,791.0	-1,234.6	-14.0%
<b>Expenditure</b>	<b>938,524.0</b>	<b>941,392.0</b>	<b>-2,868.0</b>	<b>-0.3%</b>	<b>896,620.9</b>	<b>41,903.0</b>	<b>4.7%</b>
Recurrent Expenditure	879,496.7	874,765.1	4,731.6	0.5%	821,248.0	58,248.6	7.1%
Programmes	<b>302,767.7</b>	300,167.6	2,600.1	0.9%	<b>298,743.7</b>	4,024.0	1.3%
Compensation of Employees	404,001.3	404,507.3	-506.0	-0.1%	367,346.8	36,654.5	10.0%
Wages & Salaries	<b>378,533.7</b>	379,039.7	-506.0	-0.1%	<b>341,099.9</b>	37,433.8	11.0%
Employers Contribution	<b>25,467.6</b>	25,467.6	0.0	0.0%	<b>26,246.9</b>	-779.3	-3.0%
Interest	172,727.7	170,090.2	2,637.5	1.6%	155,157.5	17,570.1	11.3%
Domestic	<b>71,553.3</b>	71,297.6	255.7	0.4%	<b>65,546.8</b>	6,006.5	9.2%
External	<b>101,174.4</b>	98,792.6	2,381.8	2.4%	<b>89,610.8</b>	11,563.6	12.9%
Capital Expenditure	59,027.3	66,626.9	-7,599.6	-11.4%	75,372.9	-16,345.6	-21.7%
Capital Programmes	<b>59,027.3</b>	66,626.9	-7,599.6	-11.4%	<b>75,372.9</b>	-16,345.6	-21.7%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>9,142.3</b>	<b>8,260.5</b>	<b>881.8</b>	<b>10.7%</b>	<b>9,916.1</b>	<b>-773.8</b>	<b>-7.8%</b>
<b>Loan Receipts</b>	<b>206,452.2</b>	<b>206,452.2</b>	<b>0.0</b>	<b>0.0%</b>	<b>139,472.5</b>	<b>66,979.7</b>	<b>48.0%</b>
Domestic	<b>62,075.3</b>	62,075.3	0.0	0.0%	<b>62,075.3</b>	0.0	0.0%
External	144,376.9	144,376.9	0.0	0.0%	77,397.2	66,979.7	86.5%
Project Loans	<b>144,376.9</b>	144,376.9	0.0	0.0%	<b>77,397.2</b>	66,979.7	86.5%
Other	<b>0.0</b>	0.0	0.0	0.0%	<b>0.0</b>	0.0	0.0%
<b>Amortization</b>	<b>138,627.1</b>	<b>138,308.2</b>	<b>318.9</b>	<b>0.2%</b>	<b>125,452.0</b>	<b>13,175.1</b>	<b>10.5%</b>
Domestic	21,731.3	21,728.7	2.6	0.0%	21,681.3	50.0	0.2%
External	116,895.8	116,579.5	316.3	0.3%	103,770.8	13,125.0	12.6%
<b>Other Inflows (inc'ds PCDF)</b>	<b>22,123.8</b>	<b>13,626.3</b>	<b>8,497.5</b>	<b>62.4%</b>	<b>15,826.2</b>	<b>6,297.6</b>	<b>39.8%</b>
<b>Other Outflows</b>	<b>14,687.0</b>	<b>14,687.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>14,137.0</b>	<b>550.0</b>	<b>3.9%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>84,404.2</b>	<b>75,343.8</b>	<b>9,060.4</b>	<b>12.0%</b>	<b>25,625.8</b>	<b>58,778.4</b>	<b>229.4%</b>
<b>Primary Balance (Surplus +/-Deficit -)</b>	<b>181,870.0</b>	<b>178,350.7</b>	<b>3,519.3</b>	<b>2.0%</b>	<b>165,073.7</b>	<b>16,796.3</b>	<b>10.2%</b>
<b>Total Payments</b>	<b>1,091,838.1</b>	<b>1,094,387.2</b>	<b>-2,549.1</b>	<b>-0.2%</b>	<b>1,036,210.0</b>	<b>55,628.1</b>	<b>5.4%</b>

Source: MOFPS

## Public Debt Stock

At end-December 2023, the stock of Public Debt outstanding was \$2,204,603.3mn, 3.9 percent greater than the stock at end-March 2023 (see Table 3E). The year-over-year comparison showed a 0.9 percent increase in the total public debt stock, reflecting a reduction in public bodies' debt over the period but increased Central Government debt.

Central Government debt at end-December 2023 was \$2,208,656.3mn, representing an increase of 2.1 percent compared to end-December 2022 and 5.2 percent relative to end-March 2023. The uptick, year-over-year, reflects a higher stock of external debt, driven mainly by a 3.1% increase in the external loan portfolio. The drawdown from the RFI in August 2023 and the RSF in September 2023 contributed to the increase in external loans. In contrast, the domestic debt at end-December 2023 was 1.8 percent lower than it was a year earlier. The decrease reflects net reduction in the outstanding debt associated with financing from Benchmark Investment Notes (BINs).

Net public bodies' (PBs) debt decreased by \$26,656.8mn at end-December 2023, representing a 117.9 percent reduction relative to end-December 2022. The debt-to-GDP ratio is projected to be 72.2 percent at end-FY 2023/24, representing a 4.9 percentage point reduction over the outturn at end-March 2023. The debt ratio is expected to continue on this downward trajectory towards the 60.0% debt-to-GDP target by FY 2027/28.

**Table 3E: Stock of Public Debt (J\$mn)**

	End- December 2022	End-March 2023	End- December 2023	(%) Total SPS Debt End-December 2023
	J\$ millions	J\$ millions	J\$ millions	%
<b>Total Specified Public Sector Debt</b>	<b>2,184,835.0</b>	<b>2,121,412.2</b>	<b>2,204,603.3</b>	<b>100.0%</b>
<b>Total Central Government Debt</b>	<b>2,162,231.2</b>	<b>2,099,164.5</b>	<b>2,208,656.4</b>	<b>100.2%</b>
<b>Central Government Domestic Debt</b>	<b>845,782.4</b>	<b>799,313.3</b>	<b>830,152.1</b>	<b>37.7%</b>
<b><u>Marketable Securities</u></b>	<b>845,782.2</b>	<b>799,313.1</b>	<b>830,152.0</b>	<b>37.7%</b>
Bonds	835,482.2	789,013.1	819,852.0	37.2%
Treasury Bills	10,300.0	10,300.0	10,300.0	0.5%
<b><u>Loans (Perpetual Annuities)</u></b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0%</b>
<b>Central Government External Debt</b>	<b>1,316,448.8</b>	<b>1,299,851.2</b>	<b>1,378,504.2</b>	<b>62.5%</b>
<b><u>Marketable Securities</u></b>	<b>748,034.5</b>	<b>742,415.3</b>	<b>753,966.8</b>	<b>34.2%</b>
Bonds	748,034.5	742,415.3	753,966.8	34.2%
<b><u>Loans</u></b>	<b>568,414.3</b>	<b>557,435.9</b>	<b>624,537.4</b>	<b>28.3%</b>
<b>Bilateral</b>	<b>108,877.4</b>	<b>107,761.8</b>	<b>109,527.2</b>	<b>5.0%</b>
OECD	1,855.4	1,890.9	1,628.3	0.1%
Non-OECD	107,022.0	105,870.9	107,899.0	4.9%
<b>Multilateral</b>	<b>459,536.8</b>	<b>449,674.1</b>	<b>515,010.2</b>	<b>23.4%</b>
IDB	244,569.7	238,519.3	235,050.2	10.7%
IBRD	156,849.8	154,681.2	152,958.9	6.9%
Other	58,117.3	56,473.5	127,001.1	5.8%
<b>Non Central Government Debt</b>	<b>22,603.8</b>	<b>22,247.7</b>	<b>(4,053.1)</b>	<b>-0.2%</b>
Net Public Bodies	22,603.8	22,247.7	(4,053.1)	-0.2%

Source: MOFPS

## **SELF-FINANCING PUBLIC BODIES OPERATIONS - FY 2023/24**

Public Bodies<sup>2</sup> comprise statutory bodies and authorities (with body corporate status), as well as government owned companies, and collectively represent an important subset of the public sector. There are approximately 150 active public bodies and they perform regulatory, advisory, supervisory, research, technical, administrative or quasi-judicial functions of a governmental nature. Some of these entities deliver public policy objectives while engaging in commercial activities; these are a subset of the self-financing public bodies (SFPBs).

### **SFPBs Performance**

The group of SFPBs continues to recover from the impact of the COVID-19 Pandemic and volatility in oil prices. Revenues remain above pre-Pandemic levels and the current balance (operating surplus) of the Group is projected to remain significant, with \$91,406.12mn estimated for FY 2023/24. This represents a reduction of \$3,114.86mn relative to FY 2022/23, chiefly due to increased staff costs associated with the implementation of the new compensation system. The revised estimated current balance is expected to exceed original projections by \$4,857.32mn, due primarily to an overall reduction in operating cost particularly for the Jamaica Urban Transit Company (JUTC) and Petrojam. The Group is estimating an overall balance Surplus of \$54,406.40mn at end-March 2024, compared with the initial projected surplus of \$29,172.71mn. The \$25,233.70mn estimated increase is consequent on expected improvement in the overall balances for the National Insurance Fund, Clarendon Alumina Partners, the National Housing Trust and Petrojam Limited, which are estimated to exceed budget by \$18,742.94mn, \$4,867.16mn, \$4,729.59mn and \$3,565.80mn, respectively. The primary factors contributing to the outturn of these public bodies are highlighted below:

**The National Insurance Fund (NIF)** – Increased contributions and interest income compared with budget are the primary contributing factors to the NIF’s improved performance. The Fund had initially projected to earn \$42,241.24mn in contributions; however, earnings of \$56,260.75mn are estimated as a result of the implementation of new pay packages for public sector employees. NIF also estimates to earn an additional \$1,377.31mn in interest on investments.

**Petrojam Limited** – Petrojam received a loan of \$5,000.0mn from the GOJ for working capital support. Petrojam was also able to settle payables at a higher rate than was budgeted, contributing to a net decline of \$3,250.54mn in receivables/payables. Notwithstanding, the overall balance surplus for the fiscal year is projected to exceed budget. Petrojam estimates that it will utilize more of its inventory, which was built up in response to supply risk, and hence net inflows from products held in inventory should amount to US\$67.26m (budget:US\$3.59mn).

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<sup>2</sup> Defined in the Public Bodies Management and Accountability Act as Statutory Bodies, Authorities or Government Companies, but do not include Executive Agencies.

**National Housing Trust (NHT)** – The implementation of a new compensation system in the public sector positively impacted NHT’s estimated overall balance as the Entity recorded increased contribution. Also contributing to the improved overall balance of \$9,329.74mn is the lower costs associated with the delay in the full implementation of its mortgage financing programme and, hence, the related interest subsidy cost. Under the new programme, contributors access mortgages from private financial institutions, with the Trust absorbing the interest rate difference. The Trust estimates that higher completions and housing starts will result in capital expenditure of \$36,828.29mn, exceeding initial projections by \$663.48mn.

**Clarendon Alumina Production (CAP)** - CAP’s improved overall balance performance is expected to result primarily from a delay in the implementation of its planned capital programme. CAP estimates that its capital expenditure of US\$9.17mn (J\$1,426.85mn) will be below budget by US\$40.25mn as some of the funds which were earmarked for reconstruction of the Jamalco Plant were utilised to meet operating costs. Although CAP is operating at 85% capacity, its operating costs continue to exceed revenues as its powerhouse has yet to be fully restored, resulting in higher than usual energy costs.

### **Transfers to and From Government**

Some public bodies continued to receive assistance from the Government, particularly in the form of grants. These include the following:

- Jamaica Urban Transit Company
- Students’ Loan Bureau
- Jamaica Agricultural Commodities Regulatory Authority
- Montego Bay Metro

Meanwhile, others received assistance from the Government in the form of loans. Some SFPBs also received grants to assist with meeting costs related to new compensation for employees. These include the National Water Commission, Transport Authority and the National Export Import Bank of Jamaica.

Flows to the GOJ from SFPBs, excluding Special Consumption Tax (SCT) from Petrojam, are estimated at \$27,571.01mn (budget: \$22,615.33mn). This includes financial distributions, as well as corporate taxes. SCT, which is collected by Petrojam on GOJ’s behalf, is projected to total \$45,976.69mn.



## **MEDIUM-TERM FISCAL PROGRAMME**

The fiscal policies implemented by the GOJ to enhance fiscal and economic resilience to external shocks have been key pillars to the continued strong rebound of Jamaica's economy, evidenced by the successive quarterly growth in real GDP since the first quarter of FY 2021/22. The positive fiscal performance of the Central Government has also continued, enabling the GOJ to implement strategic initiatives, including the restructuring of the public sector compensation system, while maintaining the provision of critical social support to the most vulnerable Jamaican citizens. The fiscal aggregates remain robust, driven by buoyant tax revenue, and the public debt-to-GDP ratio is firmly on a downward trajectory. Anchoring these gains is an imperative, and the GOJ remains steadfast in its commitment to the principles that have underpinned the progress, while reinforcing the country's economic resilience through climate change risk mitigation. Within this context, the medium-term fiscal programme outlined in Tables 3G and 3H reflects the maintenance of fiscal discipline, while prioritizing social protection and growth enhancing capital expenditure.

The medium-term fiscal profile has been formulated within the context of the legislated targets under the Fiscal Responsibility Framework, and is underpinned by the macroeconomic assumptions provided in the Macroeconomic Framework. The overarching objective is the attainment of a debt-to-GDP ratio of 60.0%, or lower, by the end of FY 2027/28. A Central Government fiscal balance surplus of 0.3% of GDP is programmed for FY 2024/25, with an average surplus of 0.1% of GDP projected over the medium term. A primary balance surplus of 5.6% of GDP is projected to be generated from the operations of the Central Government in FY 2024/25, with an average surplus of 4.5% of GDP projected over the medium term.

### **Revenue Strategy**

The GOJ continuously seeks to identify avenues that facilitate improvement to the revenue systems, particularly where those improvements contribute to the simplicity, equity and efficiency of the systems. Improvements to the tax system contribute to ensuring that public goods and services are adequately funded and foster improved competitiveness of the business environment which is supportive of economic growth and development. Accordingly, strategic policies and administrative actions will be implemented across the medium term.

### **Tax Administration Reform**

The principal revenue collection agencies, Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA), will continue to employ strategies aimed at improving the efficiency of the tax system. The following summarises the main initiatives to be undertaken during FY 2023/24, with details provided in Appendix V.

## **Tax Administration Jamaica (TAJ)**

Over the medium term, TAJ will continue to implement key initiatives toward achieving the authority's strategic objectives. During FY 2024/25, the Agency will be prioritizing three strategic objectives spanning the Domestic Tax Administration and Executive Administration programmes. These strategic objectives are:

1. *To maximize efficiency and effectiveness of the authority* - TAJ will focus on 'Agile Business Transformation', to be spread across its two programmes, by pursuing digital solutions as well as exploring and applying the use of various business models that allow for increased operational efficiency;
2. *To foster a customer-centric culture* - TAJ will focus on customer satisfaction, through its ongoing project of simplifying the tax system and creating tools that make tax payments, declarations, appeals, queries, and other client interactions easy, safe, efficient, and reliable;
3. *To improve voluntary tax compliance* - The Agency will focus on voluntary tax compliance, through strategic data management & analytics.

## **Jamaica Customs Agency (JCA)**

The Jamaica Customs Agency, in support of the GOJ's overarching revenue strategy, has established several medium-term strategic objectives, which include, inter alia:

- Modernizing customs administration for a sustainable contribution to economic development by end-FY 2024/25;
- Improving trade facilitation and revenue collection. This will involve, inter alia: (i) Improving customs clearance time for commercial and non-commercial goods to 24 hours and 2 hours, respectively, by end-FY 2024/25, and (ii) Achieving the annual revenue target; and
- Reducing outstanding arrears by 5% annually, in an effort to optimize revenue collection.

To facilitate the improvement in trade facilitation and revenue collection, the JCA will be undertaking and continuing a number of reform initiatives, including: ASYCUDA upgrade and enhancement and the Jamaica Single Window for Trade (JSWIFT) system project and border control operations.

## Revenue Profile

Revenue and Grants are programmed at 31.4% of GDP in FY 2024/25, 0.3 percentage points higher than the 31.1% of GDP estimated for FY 2023/24. Over the medium term, Revenue & Grants as a percentage of GDP are projected to average 30.6% (see Table 3H). Tax Revenue as a percentage of GDP for FY 2024/25 is projected to be 28.1%, similar to the estimate for FY 2023/24, and is forecasted to increase to 28.4% by FY 2027/28. The Tax Revenue forecast over the medium term reflects the positive economic growth outlook. Non-tax Revenue is projected to increase to 3.2% of GDP for FY 2024/25, falling subsequently to average 1.9% over the medium term. Inflows from Grants are forecasted to average 0.3% of GDP over the medium term.

## Expenditure Strategy

The GOJ remains firmly committed to fiscal discipline and fostering continued economic growth. Accordingly, above-the-line Expenditure is projected to decline gradually from 31.1% of GDP in FY 2024/25 to 30.4% in FY 2027/28. The declining expenditure ratio is influenced by the projected reduction in interest payments as a percentage of GDP, consistent with the targeted decline in the public debt to GDP ratio over the medium term.

Capital expenditure is projected to increase gradually from 2.4% of GDP in FY 2024/25 to 2.8% in FY 2027/28.

## FY 2024/25 BUDGET – CENTRAL GOVERNMENT

The Central Government budget for FY 2024/25 is formulated to ensure achievement of the overarching medium term debt/GDP target. The fiscal programme aims to support the objective of reducing the public debt and debt servicing costs, thereby creating fiscal space to facilitate growth-inducing expenditure. Accordingly, achieving the required fiscal balance and the corresponding primary balance remains a priority as these are the operational instruments being utilized to attain a public debt of no more than 60.0% of GDP by end-March 2028. The fiscal surplus is budgeted at \$9.9bn or 0.3% of GDP, while a primary surplus of \$183,7bn, equivalent to 5.6% of GDP is projected for FY 2024/25.

## Revenue and Grants

The Revenue and Grants projection for FY 2024/25 is \$1,033.6bn, reflecting an increase over the FY 2023/24 Fourth Supplementary Estimates of \$947.7bn by 9.1%, largely on account of Tax Revenue which is programmed at \$924.4bn (28.1% of GDP). Tax Revenue is projected to account for 89.4% of total Revenue and Grants, reflecting a marginal decline compared to 90.4% of the estimated outturn for FY 2023/24.

**Table 3F: FY 2024/25 Revenue Forecast**

	<b>FY 2024/25</b>	<b>FY 2023/24</b>	<b>% Change</b>
	<b>(J\$bn)</b>	<b>(J\$bn)</b>	
<b>Revenue &amp; Grants</b>	1,033.6	947.7	9.1%
<b>Tax Revenue</b>	924.4	856.4	7.9%
<b>Non-Tax Revenue</b>	103.7	82.4	25.9%
<b>Bauxite Levy</b>	0.9	1.3	-33.9%
<b>Capital Revenue</b>	0	0	0.0%
<b>Grants</b>	4.6	7.6	-38.7%

Source: MOFPS

## Expenditure

### Non-Debt Expenditure

The Central Government Non-Debt (above-the-line) Expenditure Budget is projected at \$849.9bn, of which Recurrent Expenditure accounts for \$ 769.9bn or 90.6% and Capital for \$80.0bn or 9.4%. The projection for FY 2024/25 represents an increase of \$84.1bn or 11.0% relative to the Non-Debt (above-the-line) expenditure reflected in the FY 2023/24 Fourth Supplementary Estimates.

Total Non-Debt Recurrent Expenditure comprises (a) Recurrent Programmes of \$327.8bn and (b) Compensation of Employees of \$442.0bn.

### Recurrent Programmes

The \$327.8bn allocated for Recurrent Programmes reflects increased allocations for social assistance programmes and initiatives, including: the Programme of Advancement through Health and Education (PATH), the National Drought Mitigation Initiative under which polyethylene water tanks will be procured for persons in need, the Social Housing project, among others.

### Compensation of Employees

The \$442.0bn allocation for Compensation of Employees includes provisions totaling \$43.3bn to facilitate implementation of the third year (final phase) of the new compensation system. Also included is the government's contribution to the public sector health scheme of approximately \$8.1bn for FY 2024/25.

## **Capital Programmes**

Capital Expenditure for the Central Government for FY 2024/25 is programmed to total \$80.0bn. This amount includes allocations to Public Investment projects that are either already in implementation or have been approved for funding to commence implementation. Also included is a Contingency Provision for reallocation to public investment projects that will complete the pre-investment phase of project development during the fiscal year.

## **Debt Servicing**

Debt service costs for FY 2023/24 are projected at \$280.6bn, equivalent to 34.0% of tax revenue compared to the 41.0% estimated for FY 2022/23. The debt service costs comprise amortization payments of \$125.5bn, and interest payments of \$155.2bn. Over the medium term, debt service costs as a percentage of tax revenue are expected to continue on a downward trend, falling to 30.6% in FY 2026/27.

## **Public Debt**

Prudent management of the public debt is essential to safeguard the gains made in reducing the public debt and to maintain the current downward trajectory towards the legislated debt-to-GDP target of 60.0%, or less, by FY 2027/28. Over the medium term, the debt management strategy will continue to focus on realigning the debt portfolio in favour of local currency and, consequently, further mitigating foreign exchange risk. A debt-to-GDP ratio of 67.3% is projected for end-FY 2024/25 and is expected to continue to decline gradually throughout the medium term.

**Table 3G: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (JM\$)**

Item	Act. 2020/21	Act. 2021/22	Prov. 2022/23	Est. 2023/24	Proj. 2024/25	Proj. 2025/26	Proj. 2026/27	Proj. 2027/28
<b>Revenue &amp; Grants</b>	<b>575,401.1</b>	<b>720,224.5</b>	<b>827,775.1</b>	<b>947,666.3</b>	<b>1,033,594.6</b>	<b>1,078,221.8</b>	<b>1,139,841.5</b>	<b>1,209,336.4</b>
Tax Revenue	505,686.7	616,367.9	752,841.1	856,372.3	924,376.3	996,230.7	1,056,535.2	1,120,451.5
Non-Tax Revenue	62,182.6	92,828.0	67,327.4	82,395.1	103,701.1	70,311.6	70,731.5	75,063.5
Bauxite Levy	0.0	2,461.7	1,266.1	1,342.4	887.5	0.0	0.0	0.0
Capital Revenue	352.1	908.4	0.0	0.0	0.0	190.8	202.3	215.2
Grants	7,179.7	7,658.5	6,340.6	7,556.4	4,629.7	11,488.7	12,372.6	13,606.2
<b>Expenditure</b>	<b>635,911.3</b>	<b>698,895.6</b>	<b>819,989.0</b>	<b>938,524.0</b>	<b>1,023,725.2</b>	<b>1,076,713.4</b>	<b>1,137,552.6</b>	<b>1,201,356.1</b>
Recurrent Expenditure	586,727.2	648,385.4	766,804.5	879,496.7	943,725.2	986,356.4	1,036,962.7	1,090,736.3
Programmes	234,693.0	269,586.5	277,303.4	302,767.7	327,848.7	338,991.2	355,945.2	373,797.0
Compensation of Employees	222,996.3	241,751.1	338,126.1	404,001.3	442,047.7	477,409.3	515,602.0	556,850.2
Wages & Salaries	208,002.2	222,484.2	317,884.6	378,533.7	414,198.7	445,948.0	481,623.8	520,153.7
Employers Contribution	14,994.1	19,266.9	20,241.5	25,467.6	27,849.0	31,461.3	33,978.3	36,696.5
Interest	129,037.9	137,047.8	151,375.0	172,727.7	173,828.7	169,955.9	165,415.5	160,089.1
Domestic	50,338.6	54,711.9	67,986.8	71,553.3	67,972.9	59,402.8	58,002.3	57,391.2
External	78,699.2	82,335.9	83,388.2	101,174.4	105,855.8	110,553.1	107,413.2	102,697.8
Capital Expenditure	49,184.1	50,510.2	53,184.5	59,027.3	80,000.0	90,357.0	100,589.9	110,619.8
Capital Programmes	49,184.1	50,510.2	53,184.5	59,027.3	80,000.0	90,357.0	100,589.9	110,619.8
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>(60,510.2)</b>	<b>21,328.9</b>	<b>7,786.1</b>	<b>9,142.3</b>	<b>9,869.4</b>	<b>1,508.4</b>	<b>2,289.0</b>	<b>7,980.3</b>
<b>Loan Receipts</b>	<b>221,924.9</b>	<b>149,635.3</b>	<b>118,293.5</b>	<b>206,452.2</b>	<b>191,440.4</b>	<b>155,274.7</b>	<b>167,777.4</b>	<b>184,790.6</b>
Domestic	166,092.9	75,832.9	96,516.4	62,075.3	89,000.0	86,907.7	93,272.2	100,118.2
External	55,832.0	73,802.4	21,777.2	144,376.9	102,440.4	68,367.0	74,505.2	84,672.4
<b>Other Inflows (inc'ds PCDF)</b>	<b>3,338.5</b>	<b>3,268.0</b>	<b>4,876.6</b>	<b>22,123.8</b>	<b>14,502.7</b>	<b>5,978.8</b>	<b>5,731.5</b>	<b>5,547.2</b>
<b>Other Outflows</b>	<b>36,967.0</b>	<b>19,267.9</b>	<b>0.0</b>	<b>14,687.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortization</b>	<b>159,085.5</b>	<b>159,791.1</b>	<b>161,630.7</b>	<b>138,627.1</b>	<b>317,339.6</b>	<b>162,761.8</b>	<b>175,797.8</b>	<b>198,318.1</b>
Domestic	112,778.2	72,368.0	115,419.9	21,731.3	170,678.8	58,832.1	40,433.7	59,305.1
External	46,307.3	87,423.1	46,210.7	116,895.8	146,660.9	103,929.7	135,364.1	139,013.0
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>(31,299.3)</b>	<b>(4,826.8)</b>	<b>(30,674.4)</b>	<b>84,404.2</b>	<b>(101,527.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>68,527.7</b>	<b>158,376.7</b>	<b>159,161.1</b>	<b>181,870.0</b>	<b>183,698.2</b>	<b>171,464.3</b>	<b>167,704.4</b>	<b>168,069.3</b>
<b>Total Payments</b>	<b>831,963.8</b>	<b>877,954.6</b>	<b>981,619.6</b>	<b>1,091,838.1</b>	<b>1,341,064.8</b>	<b>1,239,475.2</b>	<b>1,313,350.4</b>	<b>1,399,674.2</b>

Source: MOFPS

**Table 3H: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (% GDP)**

Item	Act. 2020/21	Prov. 2021/22	Est. 2022/23	Proj. 2023/24	Proj. 2024/25	Proj. 2025/26	Proj. 2026/27	Proj. 2027/28
<b>Revenue &amp; Grants</b>	<b>29.5%</b>	<b>31.0%</b>	<b>30.1%</b>	<b>31.1%</b>	<b>31.4%</b>	<b>30.7%</b>	<b>30.6%</b>	<b>30.6%</b>
Tax Revenue	25.9%	26.5%	27.4%	28.1%	28.1%	28.4%	28.4%	28.4%
Non-Tax Revenue	3.2%	4.0%	2.4%	2.7%	3.2%	2.0%	1.9%	1.9%
Bauxite Levy	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	0.4%	0.3%	0.2%	0.2%	0.1%	0.3%	0.3%	0.3%
<b>Expenditure</b>	<b>32.6%</b>	<b>30.1%</b>	<b>29.8%</b>	<b>30.8%</b>	<b>31.1%</b>	<b>30.6%</b>	<b>30.5%</b>	<b>30.4%</b>
Recurrent Expenditure	30.1%	27.9%	27.9%	28.9%	28.7%	28.1%	27.8%	27.6%
Programmes	12.0%	11.6%	10.1%	9.9%	10.0%	9.6%	9.6%	9.5%
Compensation of Employees	11.4%	10.4%	12.3%	13.3%	13.4%	13.6%	13.8%	14.1%
Wages & Salaries	10.7%	9.6%	11.6%	12.4%	12.6%	12.7%	12.9%	13.2%
Employers Contribution	0.8%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	0.9%
Interest	6.6%	5.9%	5.5%	5.7%	5.3%	4.8%	4.4%	4.1%
Domestic	2.6%	2.4%	2.5%	2.3%	2.1%	1.7%	1.6%	1.5%
External	4.0%	3.5%	3.0%	3.3%	3.2%	3.1%	2.9%	2.6%
Capital Expenditure	2.5%	2.2%	1.9%	1.9%	2.4%	2.6%	2.7%	2.8%
Capital Programmes	2.5%	2.2%	1.9%	1.9%	2.4%	2.6%	2.7%	2.8%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-3.1%</b>	<b>0.9%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Loan Receipts</b>	<b>11.4%</b>	<b>6.4%</b>	<b>4.3%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.7%</b>
Domestic	8.5%	3.3%	3.5%	2.0%	2.7%	2.5%	2.5%	2.5%
External	2.9%	3.2%	0.8%	4.7%	3.1%	1.9%	2.0%	2.1%
<b>Other Inflows (inc'ds PCDF)</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>
<b>Other Outflows</b>	<b>1.9%</b>	<b>0.8%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Amortization</b>	<b>8.2%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>4.5%</b>	<b>9.6%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>5.0%</b>
Domestic	5.8%	3.1%	4.2%	0.7%	5.2%	1.7%	1.1%	1.5%
External	2.4%	3.8%	1.7%	3.8%	4.5%	3.0%	3.6%	3.5%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-1.6%</b>	<b>-0.2%</b>	<b>-1.1%</b>	<b>2.8%</b>	<b>-3.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>3.5%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>4.9%</b>	<b>4.5%</b>	<b>4.3%</b>
<b>Total Payments</b>	<b>42.7%</b>	<b>37.8%</b>	<b>35.7%</b>	<b>35.8%</b>	<b>40.8%</b>	<b>35.3%</b>	<b>35.3%</b>	<b>35.4%</b>
<b>GDP</b>	<b>1,948,842.0</b>	<b>2,322,192.7</b>	<b>2,751,881.7</b>	<b>3,047,437.7</b>	<b>3,289,810.8</b>	<b>3,513,103.2</b>	<b>3,725,552.2</b>	<b>3,950,708.0</b>

Source: MOFPS

## **FY 2024/25 BUDGET – SELF-FINANCING PUBLIC BODIES**

The Group of 53 SFPBs is expected to attain an Overall Balance surplus of \$34.4bn for FY 2024/25, which is \$19.98bn below the estimated surplus for FY 2023/24. Mixed results are projected; however, the major driver is expected to be capital expenditure which is projected to increase by \$39.4bn to \$96.4bn.

The National Housing Trust (\$50.7bn), the National Water Commission (\$10.8bn) and the Port Authority of Jamaica (\$7.9bn) will account for approximately 72% (\$69.4bn) of the planned capital expenditure. The Airports Authority of Jamaica (\$4.7bn), Petrojam Limited (\$3.6bn) and the Housing Agency of Jamaica (\$3.2bn) will account for another \$11.5bn (12%) of projected capital expenditure.

### **National Housing Trust (NHT)**

The NHT will continue its efforts to facilitate increased access to housing solutions by its contributors. Accordingly, the Trust plans to commence construction on 15,009 (2023/24: 2,136) new housing solutions and to deliver a total of 3,664 (2023/24:1,627) during the year. This is expected to result in an increase of \$12.6bn in the NHT's total housing expenditure to \$46.6bn (2023/24: \$33.98bn). Total housing expenditure is expected to account for 92% of the NHT's total capital expenditure.

Additionally, the NHT projects to incur mortgage interest rate subsidy costs of \$6.9bn (2023/24: \$1.1bn) to facilitate funding of homes under its Joint Finance Mortgage Programme.

### **National Water Commission (NWC)**

The NWC will continue the implementation of strategic initiatives and capital projects geared towards improving operational efficiency, expansion of coverage areas as well as service reliability. Project focus will include:

- ✓ water supply, meter installation and sewerage projects under the K-Factor Programme;
- ✓ implementation of the mains replacement projects; and
- ✓ water and sewerage upgrades required to support the infrastructural development plans for Port Royal.



## **Transfers from Government**

For FY 2024/25, several public bodies are expected to receive transfers (grants, loans and equity) totaling approximately \$46.9bn from the Central Government, mainly for operational support and debt settlement. Entities programmed to benefit include: the National Road Operating and Constructing Company Limited (settlement of debt obligations - \$29.2bn), Jamaica Urban Transit Company (operational support - \$8.3bn), and the Students' Loan Bureau (tuition disbursements and Grant in aid - \$2.25bn).

Table 3I outlines the financial projection of the group of self-financing public bodies for FY 2024/25.

**Table 3I: Summary of Financial Forecast for FY 2023/24 - Self-Financing Public Bodies (J\$mn)**

		Actual 2022/23	Original 2023/24	Estimated 2023/24	Projected 2024/25
<b>Statement 'A' Flow of Funds</b>					
1	Current Revenue	564,623.94	581,302.19	562,772.93	646,205.19
2	Current Expenses	(470,102.96)	(494,753.39)	(471,366.81)	(535,155.31)
3	Current Balance	94,520.97	86,548.80	91,406.12	111,049.89
4	Adjustments	23,889.48	25,482.42	9,503.95	28,918.63
	Change in Accounts	0.00	0.00	0.00	0.00
	Receivable/Payable	5,400.07	16,643.28	(13,638.82)	10,906.61
	Items not requiring outlay of cash:	0.00	0.00	0.00	0.00
	Depreciation	13,753.51	16,289.03	14,365.15	16,281.72
	Other Non-Cash Items	4,735.89	(7,449.89)	8,777.62	1,730.30
	Prior Year Adjustment	0.00	0.00	0.00	0.00
5	Operating Balance	118,410.46	112,031.22	100,910.07	139,968.52
6	Capital Account	(25,149.28)	(53,169.25)	(15,447.36)	(73,631.65)
	Revenue	36,743.45	22,425.83	31,213.07	30,643.58
	Expenditure	(63,181.15)	(75,892.34)	(56,994.65)	(96,442.72)
	Investment	(328.56)	(1,071.71)	(2,118.58)	(1,755.04)
	Change in Inventory	1,616.98	1,368.96	12,452.80	(6,077.48)
7	Transfers from Government	15,246.53	37,407.69	42,491.40	43,965.29
	Loans	0.00	0.00	0.00	0.00
	Equity	0.00	0.00	0.00	0.00
	On-Lending	0.00	0.00	0.00	0.00
	Other	15,246.53	37,407.69	42,491.40	43,965.29
8	Transfers to Government	(68,881.33)	(67,096.95)	(73,547.70)	(75,872.25)
	Dividend	(17,162.34)	(16,817.81)	(22,288.00)	(26,226.84)
	Loan Repayments	0.00	0.00	0.00	0.00
	Corporate Taxes	(1,062.65)	(1,897.55)	(1,090.64)	(1,853.99)
	Other	(50,656.34)	(48,381.59)	(50,169.06)	(47,791.43)
<b>9 OVERALL BALANCE (5+6+7+8)</b>		<b>39,626.38</b>	<b>29,172.71</b>	<b>54,406.40</b>	<b>34,429.90</b>
<b>10 FINANCING (11+15)</b>		<b>(39,626.38)</b>	<b>(29,172.71)</b>	<b>(54,406.40)</b>	<b>(34,429.90)</b>
10a	Total	1,536.03	11,523.06	9,692.90	6,537.43
	Capital Revenue	2,219.90	3,947.57	1,260.92	8,862.30
	Loans	0.00	8,537.00	12,579.61	0.00
	Equity	1,250.00	1,250.00	1,250.00	1,250.00
	On-Lending	0.00	1,884.74	2,467.64	1,683.33
	Loan Repayments	(1,933.87)	(4,096.25)	(7,865.27)	(5,258.21)
11	Total Foreign (12+13+14)	(3,833.38)	(23,845.97)	(24,058.68)	(31,377.40)
12	Government Guaranteed Loans	(6,242.05)	(26,971.37)	(25,172.33)	(26,564.85)
	Disbursement	0.00	0.00	0.00	0.00
	Amortization	(6,242.05)	(26,971.37)	(25,172.33)	(26,564.85)
13	Direct Loans	2,408.67	3,125.40	1,113.65	(4,812.55)
	Long Term:	(1,868.51)	2,715.81	1,119.87	(574.11)
	Disbursement	762.59	2,975.19	1,690.98	415.00
	Amortisation	(2,631.10)	(259.38)	(571.11)	(989.11)
	Short Term:	0.00	0.00	(6.22)	(4,238.44)
	Change in Trade Credits	4,277.18	409.58	(6.22)	(4,238.44)
14	Change in Deposits Abroad	0.00	0.00	0.00	0.00
15	Total Domestic (16+17+18)	(37,329.02)	(16,849.79)	(40,040.62)	(9,589.93)
16	Banking System	(9,619.28)	(1,122.70)	(11,249.78)	26,136.82
	Loans (Change)	(744.08)	(2,573.61)	(2,962.00)	2,265.37
	Overdraft (Change)	0.53	0.00	(1.54)	0.00
	Deposits (Change)	(8,875.73)	1,450.91	(8,286.24)	23,871.45
17	Non-Banks (Change)	0.00	0.00	0.00	0.00
18	Other (Change)	(27,709.74)	(15,727.09)	(28,790.84)	(35,726.75)

Source: MOFPS

## APPENDIX I

### Medium Term Expenditure Profile 2022/2023 - 2027/2028

**Table IA - Non-Debt Recurrent Expenditure Profile**

**\$'000**

Heads	Revised Estimates 2022/2023	Revised Estimates 2023/2024	2023/2024 Provisional Expenditure Apr-Dec	Estimates of Expenditure 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
His Excellency the Governor-General and Staff	441,323	523,906	355,788	532,852	541,379	551,908	561,122
Houses of Parliament	1,448,616	2,880,124	2,115,233	2,500,536	2,437,851	2,467,640	2,498,942
Office of the Public Defender	301,744	383,345	227,844	394,357	353,818	361,303	369,152
Auditor General	1,198,201	1,363,541	950,960	1,362,352	1,376,644	1,392,579	1,409,729
Office of the Services Commissions	516,029	491,220	338,987	518,977	521,850	525,079	528,436
Office of the Children's Advocate	326,286	368,594	263,337	386,655	393,979	402,139	410,742
Independent Commission of Investigations	863,108	832,222	569,782	837,299	837,405	846,874	856,264
Integrity Commission	1,514,546	1,532,626	1,008,434	1,851,371	1,868,254	1,886,551	1,906,168
Independent Fiscal Commission	-	18,879	-	273,482	285,002	298,167	312,585
Office of the Prime Minister	10,851,399	17,182,746	11,611,621	17,206,302	17,429,683	17,682,143	17,948,078
Office of the Cabinet	1,013,293	918,738	683,762	693,726	700,779	708,797	717,221
Ministry of Tourism	12,247,680	12,707,080	9,695,699	13,847,655	14,325,866	14,907,773	15,526,913
Ministry of Economic Growth and Job Creation	19,795,952	18,995,678	14,682,588	18,660,789	17,859,102	18,377,258	18,928,574
Ministry of Finance and Public Service	88,600,491	113,575,278	78,820,447	160,718,241	204,231,701	250,907,570	300,337,977
Ministry of National Security	115,564,349	134,022,567	99,136,063	133,778,934	135,550,209	137,332,293	139,203,356
Ministry of Legal and Constitutional Affairs	728,558	1,035,340	602,164	1,367,378	1,408,935	1,455,802	1,505,178
Ministry of Justice	12,174,410	14,804,398	10,198,080	16,017,384	16,307,728	16,647,318	17,003,542
Ministry of Foreign Affairs and Foreign Trade	5,607,550	8,449,793	6,613,117	6,651,435	6,687,281	7,038,627	7,431,136
Ministry of Labour and Social Security	19,024,278	16,836,591	12,687,715	20,015,027	20,055,642	20,213,964	20,382,512
Ministry of Education and Youth	144,642,669	168,096,453	128,115,063	164,449,509	163,924,345	164,327,670	164,739,358
Ministry of Health and Wellness	121,111,869	130,857,701	95,668,414	136,504,856	138,294,109	140,329,758	142,435,371
Ministry of Culture, Gender, Entertainment and Sport	5,447,125	5,865,887	3,995,393	5,856,463	5,890,334	6,008,877	6,137,286
Ministry of Agriculture and Fisheries and Mining	12,066,885	13,647,076	10,065,682	14,084,411	14,028,815	14,320,361	14,627,637
Ministry of Industry, Investment and Commerce	5,501,932	6,048,868	4,207,583	6,813,982	6,537,176	6,700,885	6,880,819
Ministry of Science, Energy and Technology	12,512,551	1,220,106	1,253,820	-	-	-	-
Ministry of Transport and Mining	15,823,286	2,861,523	2,861,522	-	-	-	-
Ministry of Science, Energy, Telecommunications and Transport	-	19,910,189	11,912,816	23,793,602	23,524,421	24,546,383	26,384,216
Ministry of Local Government and Community Development	21,382,715	26,025,528	18,268,351	20,778,896	21,028,171	21,309,494	21,604,883
<b>TOTAL RECURRENT</b>	<b>630,706,845</b>	<b>721,455,997</b>	<b>526,910,265</b>	<b>769,896,471</b>	<b>816,400,479</b>	<b>871,547,213</b>	<b>930,647,197</b>

## Medium Term Expenditure Profile 2022/2023 - 2027/2028

Table IB - Non-Debt Capital Profile

\$'000

HEADS	Revised Estimates 2022/2023	Revised Estimates 2023/2024	2023/2024 Provisional Expenditure Apr-Dec	Estimates of Expenditure 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
Office of the Prime Minister	3,629,806	2,969,993	1,598,624	5,481,262	5,116,940	2,672,483	-
Ministry of Economic Growth and Job Creation	34,268,494	31,686,453	21,736,615	20,868,547	21,648,088	15,025,673	3,934,710
Ministry of Finance and Public Service	3,481,527	4,051,336	2,461,702	26,360,452	35,736,699	63,582,624	95,625,169
Ministry of National Security	3,841,153	5,110,400	2,017,447	3,616,422	2,460,765	96,000	-
Ministry of Justice	146,500	35,000	2,361	234,365	146,135	-	-
Ministry of Labour and Social Security	-	-		62,239	363,000	760,000	1,076,000
Ministry of Education and Youth	414,765	768,646	291,339	1,947,645	4,136,120	4,657,400	4,616,080
Ministry of Health and Wellness	3,866,579	6,050,331	3,642,042	11,532,491	16,446,638	10,601,910	3,967,260
Ministry of Agriculture and Fisheries and Mining	4,332,122	5,449,275	3,200,430	3,927,059	3,802,630	3,193,820	1,400,606
Ministry of Industry, Investment and Commerce	710,230	801,384	604,455	359,269	-	-	-
Ministry of Science, Energy and Technology	378,282	10,437	14,123	-	-	-	-
Ministry of Transport and Mining	1,178,912	417,894	417,893	-	-	-	-
Ministry of Science, Energy, Telecommunications and Transport	-	1,089,799	351,763	3,347,950	500,000	-	-
Ministry of Local Government and Community Development	1,782,838	586,365	546,705	2,262,299	-	-	-
<b>TOTAL CAPITAL</b>	<b>58,031,208</b>	<b>59,027,313</b>	<b>36,885,499</b>	<b>80,000,000</b>	<b>90,357,015</b>	<b>100,589,910</b>	<b>110,619,825</b>

## Medium Term Expenditure Profile 2022/2023 - 2027/2028

**Table IC – Economic Classification of Expenditure (Recurrent)**

**\$'000**

Object Classification	Actual 2022/2023	Provisional 2023/2024	Estimates of Expenditure 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
<b>Compensation of Employees</b>	<b>338,126,132</b>	<b>404,241,213</b>	<b>442,047,726</b>	<b>477,409,298</b>	<b>515,602,042</b>	<b>556,850,206</b>
<b>Recurrent Programmes (of which:)</b>	<b>277,303,396</b>	<b>302,283,784</b>	<b>327,848,744</b>	<b>338,991,181</b>	<b>355,945,171</b>	<b>373,796,991</b>
Travel Expenses and Subsistence	9,689,172	10,668,595	12,279,671	12,320,716	12,470,113	12,611,156
Rental of Property and Machinery	7,263,939	8,145,534	9,005,915	9,433,005	9,924,157	10,431,491
Utilities and Communication Services	15,036,464	15,877,685	17,026,252	17,020,726	17,903,999	18,763,656
Use of Goods and Services	76,592,964	77,881,375	88,342,587	90,125,342	93,695,067	97,793,269
Grants, Contributions and Subsidies	89,034,960	104,005,219	108,769,575	109,375,900	113,062,427	117,296,750
Retirement Benefits	41,309,383	43,101,285	44,973,753	47,567,156	49,899,000	52,347,436
Awards and Social Assistance	25,906,883	25,058,880	28,912,031	28,419,351	28,444,051	28,517,858
Others (Fixed Assets, Land Purchase, etc.)	12,469,631	17,545,211	18,538,960	24,728,985	30,546,357	36,035,375
<b>TOTAL RECURRENT</b>	<b>615,429,528</b>	<b>706,524,997</b>	<b>769,896,470</b>	<b>816,400,479</b>	<b>871,547,213</b>	<b>930,647,197</b>

## Medium Term Expenditure Profile 2022/2023 - 2027/2028

Table ID – Functional Classification of Expenditure (Recurrent & Capital)

\$'000

	Revised Estimates 2022/2023	Revised Estimates 2023/2024	Estimates of Expenditure 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
<b>1 General Public Services</b>						
1 Executive and Legislative Services	7,473,095	8,492,561	8,855,875	9,528,362	9,006,158	7,879,581
2 Economic and Fiscal Policies Management	35,001,621	56,775,726	100,605,889	141,636,955	185,704,497	232,634,908
3 Personnel Management	8,569,960	9,724,815	10,347,074	10,349,847	10,400,451	10,453,700
4 Foreign Affairs	5,711,981	8,449,793	6,651,435	6,687,281	7,038,627	7,431,136
5 Economic Planning and Statistical Services	5,352,163	6,019,012	5,394,049	4,453,864	4,505,193	4,633,676
6 Public Works	599,919	809,843	1,025,329	583,768	583,903	584,045
7 Public Debt Management Services, Internal Debt	183,516,129	93,284,558	238,651,670	118,234,887	98,435,985	116,696,374
8 Public Debt Management Services, External Debt	130,301,243	218,070,208	252,516,683	214,482,838	242,777,271	241,710,823
99 Other General Public Services	63,837,130	67,856,819	92,042,980	103,860,327	133,142,794	166,564,234
<b>Total General Public Services</b>	<b>440,363,241</b>	<b>469,483,335</b>	<b>716,090,984</b>	<b>609,818,129</b>	<b>691,594,879</b>	<b>788,588,477</b>
<b>2 Defence Affairs and Services</b>						
1 Military Defence	34,008,157	47,486,902	42,513,907	41,931,725	42,500,729	43,096,479
<b>Total Defence Affairs and Services</b>	<b>34,008,157</b>	<b>47,486,902</b>	<b>42,513,907</b>	<b>41,931,725</b>	<b>42,500,729</b>	<b>43,096,479</b>
<b>3 Public Order and Safety</b>						
1 Police Services	73,623,224	80,796,217	83,789,107	84,811,281	83,475,039	84,461,523
3 Law Courts	12,320,910	14,839,398	16,251,749	16,453,863	16,647,318	17,003,542
4 Correctional Services	11,774,121	10,849,848	11,092,342	11,267,968	11,452,525	11,645,354
<b>Total Public Order and Safety</b>	<b>97,718,255</b>	<b>106,485,463</b>	<b>111,133,198</b>	<b>112,533,112</b>	<b>111,574,882</b>	<b>113,110,419</b>
<b>4 Economic Affairs</b>						
1 Industry and Commerce	8,511,837	8,199,876	9,281,911	7,831,674	7,779,633	6,880,819
2 Labour Relations and Employment Services	3,137,091	3,112,156	3,283,624	3,342,179	3,408,756	3,478,661
3 Agriculture, Forestry and Fishing	19,004,222	21,651,823	20,664,862	20,258,190	19,957,286	18,487,075
4 Fuel and Energy	1,066,105	1,143,481	1,647,507	1,462,131	987,140	990,500
5 Mining, Manufacturing and Construction	340,223	342,474	438,965	447,007	456,159	465,765
6 Road Construction and Repairs	41,714,652	37,860,177	24,252,780	24,935,189	17,639,109	8,936,776
7 Road Transport	9,713,419	10,502,232	13,312,028	9,924,861	10,327,558	11,292,524
8 Rail Transport	250,000	237,209	250,391	262,911	276,057	289,860
9 Shipping, Ports and Lighthouses	392,690	405,816	333,316	335,833	336,036	337,982
10 Civil Aviation	5,351,823	6,396,609	6,298,274	6,588,272	7,002,007	7,689,714
11 Postal Services	3,118,626	3,437,887	3,502,373	3,537,987	3,578,480	3,620,996
12 Telecommunication Services	5,919,900	5,779,637	5,647,732	5,805,386	5,964,366	6,123,424
13 Tourism	12,320,748	12,785,619	13,970,103	14,451,460	15,038,033	15,661,666
14 Physical Planning and Development	757,636	1,057,607	1,009,238	1,931,787	2,113,199	2,101,759
15 Scientific and Technological Services	1,418,387	1,458,410	1,409,429	1,430,856	1,466,413	1,481,143
99 Other Economic Affairs	13,378	11,042	9,062	9,332	9,510	9,593
<b>Total Economic Affairs</b>	<b>113,030,737</b>	<b>114,382,055</b>	<b>105,311,595</b>	<b>102,555,055</b>	<b>96,339,742</b>	<b>87,848,257</b>
<b>5 Environmental Protection and Conservation</b>						
1 Solid Waste Management	5,268,449	5,597,502	4,009,809	3,159,538	3,234,420	3,313,048
3 Pollution Abatement	28,562	31,852	34,195	36,519	38,164	40,205
4 Protection of Biodiversity and Landscape	1,838,914	2,030,105	2,555,208	2,423,332	2,397,412	1,474,334
99 Other Environmental Protection and Conservation	258,766	287,647	666,417	590,939	170,000	-
<b>Total Environmental Protection and Conservation</b>	<b>7,394,691</b>	<b>7,947,106</b>	<b>7,265,629</b>	<b>6,210,328</b>	<b>5,839,996</b>	<b>4,827,587</b>

## Medium Term Expenditure Profile 2022/2023 - 2027/2028

Table ID – Functional Classification of Expenditure (Recurrent & Capital) (cont'd)

\$'000

	Revised Estimates 2022/2023	Revised Estimates 2023/2024	Estimates of Expenditure 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
<b>6 Housing and Community Amenities</b>						
1 Housing Development	1,055,481	1,324,585	1,387,360	1,090,970	1,129,222	1,172,343
2 Community Development	11,762,763	12,982,484	13,752,968	12,494,661	12,587,352	12,692,238
3 Water Supply Services	893,571	1,012,032	1,381,949	1,762,557	2,873,933	2,899,666
<b>Total Housing and Community Amenities</b>	<b>13,711,815</b>	<b>15,319,101</b>	<b>16,522,277</b>	<b>15,348,188</b>	<b>16,590,507</b>	<b>16,764,247</b>
<b>7 Health Affairs and Services</b>						
1 Health Administration	18,723,262	18,925,390	25,219,500	30,496,692	25,063,832	18,857,988
4 Hospital Services	10,051,734	10,373,717	10,373,717	10,850,908	11,393,453	11,774,126
5 Public Health Services	96,203,452	107,608,925	112,444,130	113,393,147	114,474,383	115,770,517
<b>Total Health Affairs and Services</b>	<b>124,978,448</b>	<b>136,908,032</b>	<b>148,037,347</b>	<b>154,740,747</b>	<b>150,931,668</b>	<b>146,402,631</b>
<b>8 Recreation, Culture and Religion</b>						
1 Recreational and Sporting Services	777,406	784,326	811,968	829,686	849,863	871,742
2 Art and Cultural Services	2,583,908	2,742,300	2,797,018	2,827,855	2,870,987	2,917,731
3 Broadcasting and Publishing Services	1,586,853	2,017,319	1,998,416	2,049,447	2,106,639	2,199,318
5 Youth Development Services	261,093	258,057	256,247	363,435	368,563	373,948
<b>Total Recreation, Culture and Religion</b>	<b>5,209,260</b>	<b>5,802,002</b>	<b>5,863,649</b>	<b>6,070,423</b>	<b>6,196,052</b>	<b>6,362,739</b>
<b>9 Education Affairs and Services</b>						
1 Education Administration	11,101,487	12,442,504	13,148,957	12,771,293	12,839,642	12,912,876
2 Pre-Primary Education	7,079,352	7,504,834	7,537,643	7,620,597	7,714,913	7,813,945
3 Primary Education	41,104,326	47,165,594	47,262,074	47,268,313	47,392,145	47,522,169
4 Secondary Education	43,944,280	51,934,885	52,267,105	53,885,925	54,452,984	54,459,731
5 Tertiary Education	23,623,811	28,425,118	26,036,149	26,263,115	26,095,277	25,905,218
6 Education Not Definable by Level	1,844,501	1,908,101	2,145,942	1,967,846	1,970,009	1,972,281
7 Subsidiary Services to Education	11,543,776	14,756,061	12,925,631	13,057,252	13,237,809	13,427,756
<b>Total Education Affairs and Services</b>	<b>140,241,533</b>	<b>164,137,097</b>	<b>161,323,501</b>	<b>162,834,341</b>	<b>163,702,779</b>	<b>164,013,976</b>
<b>10 Social Security and Welfare Services</b>						
1 Sickness and Disabled	478,092	475,488	465,626	473,009	481,401	490,215
2 Senior Citizens	978,533	579,488	1,246,275	1,249,296	1,252,730	1,256,335
3 Survivors Assistance	445,831	740,386	639,367	539,668	540,009	540,370
4 Family and Children	4,554,808	4,469,945	4,817,406	4,862,689	4,913,728	4,967,514
99 Other Social Security and Welfare Services	19,442,024	17,621,676	19,834,063	20,308,509	20,891,277	21,404,973
<b>Total Social Security and Welfare Services</b>	<b>25,899,288</b>	<b>23,886,983</b>	<b>27,002,737</b>	<b>27,433,171</b>	<b>28,079,145</b>	<b>28,659,407</b>
<b>Total</b>	<b>1,002,555,425</b>	<b>1,091,838,076</b>	<b>1,341,064,824</b>	<b>1,239,475,219</b>	<b>1,313,350,379</b>	<b>1,399,674,219</b>

## **APPENDIX II**

### **Developments in the Financial Sector**

#### **Introduction**

During FY 2023/24, the Ministry of Finance and the Public Service (MoFPS) continued to pursue key reforms to strengthen the legislative and regulatory framework of the financial sector. Among the achievements was the tabling of the Financial Services Commission (Amendment) Bill, which will facilitate the development of the regime for consolidated supervision of non-deposit taking institution (non-DTI) groups. Several other pieces of key legislation are at an advanced stage of the drafting process, some of which, may be ready for tabling by the end of FY 2023/24. Development of the policy for the creation of the “Twin Peaks” regulatory model is also advanced and is expected to be submitted to Cabinet shortly.

The Financial Investigations Division (FID) continued to pursue its mandate of dealing with matters relating to financial crimes, including money laundering (ML). Scaling down continued for the Financial Sector Adjustment Company (FINSAC) Limited and Financial Institutions Services Limited (FIS).

#### **Financial Services Commission Act**

The Financial Services Commission (Amendment) Bill was approved by Cabinet on September 25, 2023, and tabled in Parliament on September 26, 2023. The proposed amendments seek to facilitate the development of the regime for consolidated supervision of non-DTI groups.

#### **Insurance Act and Regulations**

The Insurance (Amendment) Bill and the accompanying Insurance (Amendment) Regulations continued through the iterative process, with the receipt of the latest drafts from the Chief Parliamentary Counsel (CPC) in January 2024. They were subsequently forwarded to the Financial Services Commission (FSC) for comments. The proposed amendments seek to, among other things, amend the Insurance legislation to facilitate the creation of a microinsurance legislative framework.

#### **Private Sector Pensions Reform**

The Pensions (Repeal and Replacement) Bill and the Income Tax (Amendment) Bill are at an advanced stage, with the receipt of the revised Pensions and Income Tax (Amendment) Bills from the CPC on December 28, 2023. The Bills were forwarded to the FSC, the Tax Administration Jamaica (TAJ), the Attorney General's Chambers (AGC) and the Legal Reform Department (LRD) for comments. The second phase of private sector pension reform



seeks to ensure adequate levels of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry.

### **Financial Investigation Division Act**

The Financial Investigation Division (Amendment) Bill was reviewed by the Legislation Committee of the Cabinet and submitted to Cabinet for approval. The proposed amendments seek to ensure that the FID Act is consistent with the Financial Action Task Force/ Caribbean Financial Action Task Force (FATF/CFATF) standards and guidelines of the Egmont Group relating to information sharing.

### **Bank of Jamaica Act**

The Bank of Jamaica (Amendment) Bill regarding proposals to address the eligibility criteria for appointments continued through the iterative process, with the latest issue of drafting instructions to the CPC to revise the Bill on November 3, 2023 subsequent to comments received from the AGC.

### **Proposed Credit Union (Special Provisions) Act**

The Credit Union (Special Provisions) Bill is at an advanced stage, with the Bill being reviewed by key stakeholders. The Bill seeks to enact legislation that places credit unions under the regulatory purview of the Bank of Jamaica (BOJ).

### **Payment Clearing Settlement Act**

Cabinet's approval was received on the Cabinet Submission regarding proposals to amend the Payment Clearing Settlement Act on December 18, 2023. The proposed amendments seek to enhance the legal and regulatory framework for payment service providers (PSPs).

### **Proposed Financial Institutions Resolution Act**

Legislation is proposed for a special resolution regime for financial institutions (FIs) intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution of non-viable FIs in an orderly way that minimizes the resort to public funds whilst preserving vital economic functions. Following Cabinet approval of the proposal, drafting instructions were issued to the CPC in November and December 2023.

## **Twin Peaks Model of Financial Regulation**

The MOFPS received the policy proposal from the Bank of Jamaica (BOJ), the agency leading the charge to develop a regulatory framework for the creation of the “Twin Peaks” model of financial sector regulation and supervision, in October 2023. The “Twin Peaks” regulatory model seeks to place the regulation of the financial sector into two broad functions: i) prudential supervision and ii) consumer protection and market conduct supervision, with distinct authorities for each function.

## **Bank of Jamaica Act**

The draft of proposals to amend the Bank of Jamaica Act to deal with Money or Value Transfer Services (MVTs) is under review by a key stakeholder.

## **Motor Vehicle Insurance (Third Party Risk) Act**

The draft of proposals to amend the Motor Vehicle Insurance (Third Party Risk) Act is under review by a key stakeholder.

## **Virtual Assets and Virtual Assets Service Providers**

Comments of the Ministry of Science Energy and Technology (MSET) on proposals for a regulatory framework for Virtual Assets and Virtual Assets Service Providers received on December 22, 2023, have informed revision of the proposals which were forwarded to key stakeholders (AGC and LRD) in January 2024 for review.

## **Securities (Conduct of Business) Regulations**

The Securities (Conduct of Business) (Amendment) Regulations continued through the iterative process, with the CPC finalizing the Regulations in January 2024 following the non-objection of the FSC in December 2023. The Regulations are now awaiting passage of the FSC (Amendment) Bill to be signed. The proposed amendments seek to strengthen the market conduct requirements for securities dealers in order to strengthen the standards of market and professional conduct in the securities industry.

## **Banking Services (Prevention of Money Laundering Terrorism Financing and Proliferation of Weapons of Mass Destruction) Supervisory Rules**

The MOFPS issued additional instructions to the CPC to revise the Banking Services (Prevention of Money Laundering Terrorism Financing and Proliferation of Weapons of Mass Destruction) Supervisory Rules on October 5, 2023. Subsequently, the revised Supervisory Rules were received from the CPC on January 8, 2024 and forwarded for review to key stakeholders.

## **Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd**

The scaling down of the legacy operations of FINSAC and FIS continued, as follows:

- 1) The audited financial statements for FINSAC and FIS for the year ended March 31, 2023 were completed and submitted to the Ministry of Finance on July 28, 2023. The annual general meeting was held on October 26, 2023.
- 2) FINSAC's 72.0 percent shareholding in Ciboney Group Limited was sold to Innovative Energy Company Limited during the year, and the matter of the actual share transfers was scheduled to be finalised by end-January 2024.
- 3) Sale of the remaining *bona vacantia* shares (NCB and Salada Foods Jamaica) is being pursued; proceeds of which are to be paid over to the Accountant General as the beneficial owner.
- 4) There are three litigation matters active, namely:

### **a) YP Seaton**

The claimant sued for wrongful withdrawal of funds from his FX accounts by the former Eagle Commercial Bank. The local court had ordered repayment of \$9.2mn plus interest at 27.3% compounded monthly. When this decision was appealed, the matter of compound interest was reversed, with an award of simple interest instead. The matter was subsequently taken to the Privy Council which ruled in December 2022 that the accounts should be reconstructed as if no withdrawals were made and this must be done in the original currencies with interest paid at FX deposit rates. The estimated pay-out plus legal costs for the three court hearings, i.e. Supreme Court, Appeal Court and Privy Council, should not exceed J\$150.0mn. The Privy Council ruled in March 2023 that the respondent should cover 50.0% of the appellant's costs and advance £100,000 toward same, and this was done accordingly. The Privy Council's final ruling is expected in the final quarter of FY 2023/24.

### **b) Eagle Litigation – Paul Chen Young**

The claimant sought a ruling on the preliminary matter of whether the government should bear his costs. Due to the inordinate delay of the Court of Appeal in delivering its judgment in a hearing, the claimant filed an Application seeking, inter alia, (i) to set aside that hearing, (ii) for a new hearing to be scheduled and (iii) for the government to cover all his costs to date. He won on counts (i) and (ii) but no ruling was made on (iii) and so he took this preliminary matter to the Privy Council. However, the Privy Council dismissed it, as it was a claim that was brought in the wrong court. A date in September 2024 has been set for the hearing of this matter.

### **c) Thermoplastics (Jamaica) Limited**

The company sued FINSAC and its subsidiaries for selling its property below value to a connected government company. When this case started, there was a Court Order, in a different matter, to wind-up Thermoplastics and hence, it had no legal status to bring the case against FINSAC et al. The winding-up order was appealed and a decision is being awaited. The case against FINSAC et al is therefore on hold pending finalisation of the winding-up order.

- 5) The required mandatory advertisements to locate beneficiaries of the Jamaica Mutual Life Staff Superannuation Schemes were completed in March 2022, and thereafter, it was determined that a Court Order is required to facilitate the transfer of funds to the Accountant General. In the process of obtaining the Court Order, it was agreed that further advertisements should be undertaken for three months. The final social media posting on Guardian Life's Instagram page was unduly delayed, and upon expiry of the period arrangements will be made to transfer all remaining funds for beneficiaries not located.
- 6) In relation to FIS, there are two matters to be resolved before an application may be filed to delist the company. Firstly, sale of the two remaining Century litigation related properties. A new Order for Sale was obtained, however an auction scheduled for February 1, 2024 was unsuccessful. Failure to obtain sale of the properties at an acceptable value will see transfer of the properties to the Commissioner of Lands as approved by the Cabinet.

Secondly, the winding up of Jamaica Grande Limited for which FIS is 49.0 percent shareholder. Management accounts will now be prepared for the year ended December 31, 2023 and thereafter, a Trustee will be appointed to undertake the formal liquidation of the company, which should result in the distribution of surplus funds.

### **Financial Investigations Division**

During the review period, the FID continued to pursue its mandates under the Financial Investigations Division Act (FIDA), the Proceeds of Crimes Act (POCA), the Terrorism Prevention Act (TPA) and the United Nations Council Resolutions Implementation Act (UNSCRIA) to strengthen Jamaica's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework. Notable achievements of the FID include:

#### **Public Sector Transformation**

##### **1) Operationalization of the FID as a Department of the MOFPS**

The FID formally commenced operations as a Department of Government in accordance with the FIDA. This was effected on April 1, 2023.

## **Anti-Money Laundering/Combating the Financing of Terrorism/Counter Proliferation Financing (AML/CFT/ CPF)**

### **2) Increased use of Proceeds of Crime Act**

The FID successfully addressed deficiencies in respect of money laundering investigations and prosecutions as well as the utilization of financial intelligence in increasing money laundering investigations as previously identified in the 2016 Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Report and the International Co-operation Review Group (ICRG) of the Financial Action Task Force (FATF). The success was evidenced by a 76% increase in the number of persons charged for money laundering offences in 2023, relative to 2022. Forty-six (46) persons were charged in 2022 and eighty-one (81) persons were charged in 2023. Convictions for money laundering increased by 30.0% relative to the achievements made in 2022.

### **3) FID Enabled Reporting Entities**

The FID conducted stakeholder engagements with the General Legal Council, the Financial Services Commission and their respective licensees (Attorneys and Trust & Corporate Service Providers) to educate these groups on their reporting requirements under POCA, TPA and UNSCRIA. This was of significant importance, given the favourable ruling of the Privy Council in February 2023 that Attorneys should comply with AML measures pursuant to POCA. To date, two hundred and thirty-seven (237) or 26.0% of the approximately nine hundred (900) eligible attorneys have been registered on the goAML platform, an online filing system for filing Suspicious and Threshold Transactions Reports.

For the year ended December 31, 2023, there were 776 (**2022**: 514) regulated entities registered on the goAML platform, representing a 50% increase compared to 2022. The FID received 101,715 (**2022**: 89,760) reports.

### **4) Asset Recovery Agency (ARA) Actions**

In line with its mandate of taking the profit out of crime, the FID-ARA pursued multiple actions that led to the successful forfeiture and disposal of assets. In one case, the FID forfeited 19 properties, bank account, motor vehicles and a vessel with accumulated value exceeding \$850.0mn. A recent Order in respect of five (5) properties valued at \$288.5mn was obtained in November 2023. A claim for another five (5) properties valued at \$167.0mn remains in the Court for hearing.

The FID was also successful in obtaining a confiscation order against a former bank manager in the amount of \$119.0mn, inclusive of the forfeiture of a house valued at \$60.0mn. The house was handed over to the victim of the crime, as restitution. The FID-ARA received US\$364,698 and \$5.2mn from cash which was forfeited pursuant to POCA and realised

\$10.4mn from the sale of a forfeited property. The sale of other forfeited assets is at an advanced stage of completion.

### **Legislative**

The FID in concert with the Financial Regulations Division commenced the process of amending the FIDA to ensure operational independence and autonomy of the Department, in accordance with FATF.

### **Proposed Areas of Focus for Fiscal Year 2024/25**

#### **Financial Regulations Division**

##### **Activities that will be pursued include:**

- 1) The second phase of private sector pension reform to address issues such as vesting, portability and indexation.
- 2) The enactment of legislation for
  - a) The supervision of credit unions by the Bank of Jamaica;
  - b) The regulatory framework for implementation of the “Twin Peaks” model for financial regulation;
  - c) The special resolution regime for financial institutions;
  - d) The regulatory framework for virtual assets and virtual asset service providers.
- 3) Legislative amendments to:
  - a) Bank of Jamaica Act to establish a framework for eligibility criteria for appointments;
  - b) Bank of Jamaica Act to establish a framework for money or value transfer services;
  - c) Payment Clearing Settlement Act to enhance the legal and regulatory framework for PSPs;
  - d) Motor Vehicle Insurance (Third Party Risk) Act.

#### **Financial Sector Adjustment Company / Financial Institutions Services Limited**

The two staff will continue to manage the legacy operations with particular focus on:-

- 1) *For FINSAC:*
  - a) Preparation of audited accounts for the year ending March 2024;
  - b) Liaising with attorneys on the litigation matters, including payment in the Y P Seaton case and settlement or pursuing appeal in the Court of Appeal in the Chen Young matter; and
  - c) Arranging the transfer of residual pension funds to the Accountant General.

2) *For FIS:*

- a) Preparation of audited accounts for the year ending March 2024;
- b) Effecting sale or transfer to the Commissioner of Lands of the two unsold Century properties; and
- c) Following up in respect of the liquidation of Jamaica Grande Limited and distribution of surplus funds to shareholders, and thereafter, apply to strike-off the company.

**Financial Investigation Division**

- 1) Enhance Jamaica's AML/CFT/CPF framework and prepare for CFAFT Mutual Evaluation in 2026 including:
  - a) Update the National Risk Assessment for AML/CFT, including undertaking a proliferation financing assessment for the first time;
  - b) Continue stakeholder engagement with reporting entities concerning their AML/CFT reporting obligations;
  - c) Continue to expand the use of the POCA across law enforcement agencies, which will lead to an increase in ML charges and convictions and deter persons from engaging in crime;
  - d) Improve the mechanism for the disposal of the portfolio of forfeited assets being managed by the Department.

## APPENDIX III

### STRATEGIC HUMAN RESOURCE MANAGEMENT

The strategic management of human resources during FY 2023/24 was substantially focused on finalization and implementation of the public sector compensation restructure alongside the overall public sector transformation that is underway. Various aspects of the strategic human resource management activities over the fiscal year and plans for FY 2024/25 are outlined below.

#### HR POLICY AND INFORMATION MANAGEMENT

During FY 2023/24 the programme priorities focused on, inter alia:

- Providing technical support to the Public Sector Transformation Programme by preparing and coordinating with stakeholders for employee performance management interventions in the public sector.
- Supporting MDAs and Public Bodies in the preparation of human resource manuals and related policies, such as flexible work arrangements.

#### **Programme Priority Areas for FY 2024/25:**

- Supporting the development and implementation of national human resource policies as required.
- Supporting Ministries, Departments, Executive Agencies and Public Bodies by providing policy advice and in the preparation of human resource manuals and related policies;
- Providing technical support to the Public Sector Transformation Programme by preparing and coordinating with stakeholders for employee performance management interventions in the public sector.

#### HUMAN CAPITAL DEVELOPMENT

##### *Marcus Garvey Public Sector Scholarship Programme*

The Marcus Garvey Public Sector Graduate Scholarship Programme is a core element of the GOJ's Human Capital Development strategy, which seeks to build organizational capacity throughout the public sector.

Now in its third year, a total of sixty-one (61) Public Sector workers have been awarded the Scholarship. The leading thematic areas being pursued by the awardees are Education, Public Health, Engineering and National Security. Applications are now open for intake of the fourth cohort (2024/25 academic year), the thematic areas have been expanded to include Graduate Studies in Legal Drafting, Public Financial Management and Economics/Fiscal Policy.



### ***GOJ STEM Programme***

In 2023 the Government launched a 5-year Science, Technology, Engineering and Mathematics (STEM) scholarship programme tenable at the Mico University College and the University of Technology (UTECH). The programme includes a mechanism to ensure that the scholarship recipients commit to working in Jamaica and contributing to national development after completing their studies.

The programme is expected to increase the Mico-trained STEM educators by one thousand, two hundred and fifty (1,250) over five cohorts, with a view to deliver an adequate supply to the Jamaican school system. To date, two hundred and nineteen (219) students have been registered and accepted to pursue the Bachelor of Education Degree with specialization in Science, Computer Science, Mathematics, Geography & Environmental Studies, Industrial Technology and Family & Consumer Science.

The UTECH STEM Programme aims at strengthening tertiary capacity and delivering one thousand (1,000) STEM graduates over the period. The programme targets applicants from disadvantaged groups and communities across Jamaica. As at January 2024, two hundred and forty one (241) students have been registered to pursue degrees in STEM related fields.

## **ESTABLISHMENT, COMPENSATION AND BENEFITS**

### ***Compensation Restructure***

#### **Core Civil Service Groups**

The GOJ implemented the new public sector compensation system in December 2022, consequent on the signing of a Memorandum of Understanding with Public Sector Unions/Staff Associations. The Compensation Restructure exercise will be implemented over three (3) years, with full implementation programmed to be achieved in FY 2024/25. The Government continues to engage Public Sector Unions/Staff Associations who are yet to sign on to the new compensation restructure.

#### **Executive Agencies and Public Bodies**

As the Government continues the implementation of the compensation restructure, the new system has been implemented in all the Executive Agencies and the majority of Public Bodies.

### ***Industrial Harmony***

Industrial Harmony was maintained at approximately 97% as projected. The continued engagement of all stakeholders remains key to the maintenance of harmony in the Public Sector.

## ***CORPORATE MANAGEMENT & ESTABLISHMENT***

### **Fiscal Period 2023/24 Programme Highlights:**

#### **1. Support for the Public Sector Compensation Transformation:**

- Conducted comprehensive research and analyses to provide technical support and feedback for the implementation of the Public Sector Compensation Restructure.

#### **2. Organizational and Staffing Reviews for MDAs:**

- Established new ministries consequent on the adjustments to the Assignment of Subjects in June 2023, including:
  1. The Ministry of Science, Energy, Telecommunications and Transport (MSETT) (Phase 1);
  2. The Ministry of Agriculture, Fisheries & Mining; and
  3. The Ministry of Local Government & Community Development
- Streamlined posts and enhanced manpower capacity for the Ministry of Health, all Regional Health Authorities, Ministry of Education and Youth, and affiliated organizations such as the Early Childhood Commission.
- Finalized the establishment of the Montego Bay Convention Centre Limited consequent on approval from Cabinet by way of Decision No. 25/21 dated June 14, 2021.
- Executed phased restructuring, job evaluation, and major staffing reviews for service-wide entities, including the Jamaica Customs Agency, Electoral Commission of Jamaica (ECJ), National Identification and Registration Authority (NIRA) - Phase 1, Cabinet Recording Secretariat at the Office of the Cabinet, Jamaica Civil Aviation Authority, Transport Authority (TA), Jamaican Urban Transit Company (JUTC), and Auditor General's Department (AuGD).
- Performed Establishment Management and Control activities including the preparation and publication of the Civil Service Establishment (General) Order 2024, Local Authorities Establishment 2024, and Executive Agency Establishment 2024.
- Expanded and strengthened the Job Description Database to include all MDAs.

### **Programme Priority Areas for FY 2024/25:**

In the upcoming fiscal year, the programme priorities of the Corporate Management Establishment Branch (CMEB) include:

- Continued organizational review and management services for entities such as the University of Technology, Firearm Licensing Authority, Medical Services Branch of the Jamaica Constabulary Force, Jamaica's court system (Court Administration Division (CAD), Supreme Court, Court of Appeal, and Parish Courts), National Identification Registration Authority (Phases 2 and 3), National Solid Waste Management Authority, and National Environment and Planning Agency (NEPA).

- Implementation of the new Public Service Classification System based on the Public Sector Compensation Review outcome.
- Continued support for the implementation of the Public Sector Compensation Restructure and Public Sector Transformation initiatives.
- On-going GOJ job description (JD) collection and the development of the GOJ JD database.
- Increased post-audits in response to reduced physical restrictions imposed by the pandemic.
- Review, represent, and seek approval for new/enhanced/adjusted organizational arrangements supporting GOJ's mandate to create a more robust, agile, effective, and responsive Public Service.
- Posts management and establishment control, including the publication of the General Order 2023/24, Amendment to General Order 2023/24, and Educational Institutions Establishment 2023.

## PENSION ADMINISTRATION

In order to facilitate improvements in the pension administration process, the following activities were undertaken during FY 2023/24:

- Three Hundred and Fifty (350) pension files were pre-audited during the April to December 2023 period. This represents seventy-five (75.0) percent of the officers who will attain the retirement age in 2024.
- Coordinated activities for the streamlining of the pension payment process in the fourteen (14) Local Authorities. This will result in the Accountant General's Department (AGD) assuming responsibility for the payment of retirement benefits to the Local Authorities retirees effective April 1, 2024.
- Developed a Certificate course in Pension Administration for pension practitioners in the public service in collaboration with MIND. The programme will be delivered by the MIND and is scheduled to commence in February 2024. The initiative is intended to train one hundred (100) pension practitioners.
- Revised, redesigned, and disseminated Pension Administration Forms to MDAs to enable more client-centred (e-fillable) documents.
- Draft Proposal for the revision of the Pensions (Public Service) Act, 2017 submitted to the Legal Department for review.
- Commenced the coordination of activities for the establishment of a Pensions' Practitioners Network.

### **Programme Priority areas for FY 2024/2025**

- Enhancement of the Public Employees' Pension Administration System (PEPAS) to allow for integration with the AGD's new pension payment system (My Pension Plus) to enhance operational efficiency in the processing of retiring benefits.
- Continuation of the training of pension practitioners in collaboration with MIND.
- Continuation of pension pre-audit for officers who will attain the retirement age in 2025.
- Coordinating the process to streamline the pension administration in Local Government Authorities. This will result in the Pensions Administration Branch resuming responsibility for the process.
- Draft Proposal for the revision of the Pensions (Public Service) Act to be submitted to Cabinet.
- Establishment of the Pensions Administrators Network.
- Develop a manual/handbook to build the capacity of Pension Administrators and enable the timely and accurate processing of retirement benefits.

## **Appendix IV**

### **TAX PROGRAMME**

#### **TAX ADMINISTRATION JAMAICA**

##### **INTRODUCTION**

Tax Administration Jamaica (TAJ) collects the majority of Jamaica's total taxes, in keeping with its mandate to collect the revenue due and promote voluntary compliance. Over the past few years, revenue collections have continued to increase over previous years, corresponding with growth in the economy. This positive revenue buoyancy partly reflects the beneficial impact of the continuous strengthening of the authority's risk-based tax compliance programmes, taxpayer service and education, and enforcement strategies in keeping with the rule of law.

The Authority continues to be transformed by improvements and digitization of its core processes and technological improvements, in strengthening its efficiency and effectiveness toward its vision of "A World Class Tax Administration".

##### **FY 2023/24 PERFORMANCE (AS AT DECEMBER 31, 2023)**

###### **Collections**

Net collections for the period April to December 2023 amounted to \$361.3B, which was 98.7% of the period's target (\$366.1B), which represents an increase of \$62.5B or 20.9% above the corresponding period of FY22/23.

###### **Compliance**

Taxpayer compliance is monitored across the four arms of compliance, namely: registration, filing, payment and correct reporting. Each year compliance risk programmes are developed and implemented to address compliance risks identified. The results of the activities from these programmes at the end of December 2023 are reported below.

- Taxpayer registration: Increased by 2.4% with the taxpayer population moving from 282,714 (end FY22/23) to 289,417.
- On-time-filing rate: The on time filling rate was 61.9%. This is an increase by 0.5 percentage point when compared to the same period last year (61.4%).
- On-time payment rate: assesses the value of the tax liability that is paid on-time. The on-time payment rate of 98.4%, increased by 4.0 percentage points when compared to last fiscal year (94.4%). Comparative analysis shows more taxpayers paid their GCT obligations, and all SCT taxpayers made full payment on-time.
- Stock of arrears: At the end of December 2023, despite efforts to reduce the stock of arrears, it increased by \$26.71B, moving from \$195.9B to \$224.6B. Compliance effort accounted for \$15.6B of arrears collected.

- Audit coverage: Relative to the targeted audit coverage of 10.0% and 6.0% for large taxpayers and medium taxpayers, respectively, there was coverage of 4.3% for the large taxpayers and 3.1% for the medium taxpayers as at end-December 2023.

## Products and Services

During FY 2023/24, TAJ expanded its payment options available to taxpayers, with the addition of more banks using the direct banking facility. Given the movement towards a more digital and mobile society, TAJ continues to focus on improving this area, to create as many payment options as possible, to enable clients to address their tax and/or business obligations safely, reliably, and in a manner that suits their business needs and lifestyle. In addition, third party payments have been upgraded with the addition of three (3) new payments. They include: Employee Agency fee, Travel Agency fee and Petroleum fee.

TAJ passed the annual surveillance audits for the four locations currently targeted for ISO 9001 quality management system implementation. These include: St. Andrew Revenue Service Centre (RSC), Spanish Town RSC, May Pen RSC and Falmouth Tax Office. This represents a positive milestone in TAJ's focus to improve service delivery.

Seven major renovation/upgrading projects were earmarked for this fiscal year, six of which have been completed. The remaining major project is underway for completion.

## Structural Improvements (Conducive Work/Customer Environment)

TAJ had six offices<sup>3</sup> scheduled for structural renovation for FY 2023/24. As at end-December 2023, consultancy work has begun for the Mandeville RSC (MegaMart), Nuttall Property (Cross Roads), Kingston RSC (BNS - King Street) and Montego Bay RSC. The Christiana RSC is scheduled to be completed in the second quarter of FY 2024/25. The procurement process for the engagement of the architect for the concept design for the Brown's Town Tax Office is in progress.

## Legal Framework

During FY 2023/24, TAJ's legal services continued to provide support in advancing the Authority's strategic objectives, by guiding and providing legal opinions and advice upon request. This support enables the organization to operate within the confines of the law. Technical support and guidance has been provided both internally and externally, particularly in the passage and amendment of legislation.

Legislative priorities include:

- *Review and update of the Income Tax Act*- This is done to reduce ambiguity in interpretation, and ensure Jamaica remains up to date with international standards.
- *The Large Scale Projects and Activities Pioneers Act* - This regime will give effect to a suite of fiscal incentives designed to attract beneficial investments from large scale entities, with new ideas and development.
- *Review and update of the GCT Act & the Excise Act*- this is to ensure that Jamaica's consumption law is able to address new changes in the international landscape, and also eliminate ambiguity when interpreting the law.

Along with legislative amendments, work continues on:

<sup>3</sup> Kingston RSC (BNS Building- King Street), Browns Town Tax Office, Cross Roads (Nuttall Property), Montego Bay RSC, Christiana Tax Office, and Mandeville RSC (MegaMart)

- Programmes to increase the use of liens, garnishments and set offs as a collection mechanism;
- Programmes to increase prosecution of tax evasion cases and increased collaboration with Financial Investigation Division, to drive the process;
- Standardizing the Data Sharing/Partnership Arrangements, pursuant to the Data Protection Act;
- Utilizing the multinational tax arrangements, with specific emphasis on Transfer Pricing and Exchange of Information; and
- Automatic Exchange of Information (AEOI): Legislative matters, as well as sensitization sessions were completed. Both the Act and the Notice were gazetted, and Jamaica is now compliant with international standards. Implementation was effected and exchanges have been ongoing since September 2022. Peer reviews are currently ongoing.

## **FY 2024/25 and Beyond**

For FY 24/25, TAJ will continue to pursue its mission, as it executes its rolling medium term strategic priorities, namely: agile business transformation; customer service; and voluntary tax compliance.

***Strategic Priority 1 – Agile Business Transformation:*** TAJ will continue to adapt and thrive in a digital age, by responding to emerging opportunities with innovation and digitally enabled solutions to enhance its operational and financial performance, and respond to the emergent environment quickly, to enable success in a rapidly changing environment. A comprehensive future state roadmap of TAJ will be finalized (i.e. specific to systems, processes, people & infrastructure), through (i) digitalized tools, products & services (ii) modernization of laws to support efficiency of the tax system (iii) design human resource management planning in keeping with its future state roadmap (iv) reorganize its operational structure to streamline efficiencies (v) modernize tax offices and infrastructure, in keeping with the comprehensive future state of the authority, and (vi) transform its operations to be more resilient & responsive – to create new value streams.

***Strategic Priority 2 – A customer-centric culture:*** TAJ will enhance the taxpayers end-to-end experience and fostering an inclusive and technically diverse team that delivers best in class experiences (face-to-face & digitally), with enhanced quality, through expanded service channels. TAJ will also empower its internal teams by fostering an internal culture to enhance growth, diversity, accountability, & partnerships. TAJ will also implement Culture Change initiatives, to foster the desired levels of internal and external culture, that will strengthen our customer experience delivery.

***Strategic Priority 3 – Improve voluntary tax compliance:*** TAJ will enhance the health of the tax system across the continuum of taxpayer registration, filing, payment and accurate reporting. In so doing, TAJ will (i) meet the domestic revenue target (ii) broaden its tax compliance risk identification (iii) expand the National Compliance Plan to include critical sectors (iv) strengthen the application & ease of understanding of domestic tax laws (i.e. with proactive taxpayer education & outreach), and (v) strengthen its promotion of voluntary compliance.

# JAMAICA CUSTOMS AGENCY

## Introduction

The Jamaica Customs Agency (JCA), currently collects forty percent (40.0 percent) of the government's revenue and as such remains an essential arm of the GOJ and a key enabler in achieving the objectives of the National Development Plan, 'Vision 2030'.

JCA's mandates embody collecting the revenue due to the GOJ; facilitating trade and travel; and protecting the legitimate borders of the country. These mandates are quintessential to the economic and social development of Jamaica; by collecting the resources needed by the government to meet its policy and development priorities.

## Operating Environment

The JCA endeavours to secure the international trade supply chain ecosystem, thereby facilitating the business environment, and as such enabling sustainability of businesses by promoting ethics in business conduct of all stakeholders and leading to efficacy in facilitating the cross-border movement of people and cargo.

**Achievements:** April to December 2023

## Revenue Collection

Notwithstanding the agency's increased efficiency attributed to technological enhancement, the positive revenue performance was influenced by several factors over the review period. Of note was the increase in global commodity prices. Year-over-year, increases in the value of imports were registered, 1.0 percent in April 2023 and 4.0 percent in May 2023. There was also an increase in the volume of trade of major revenue drivers. The effectiveness of collections, which was evidenced by improvements in the effective tax rate, aided in the realization of a greater yield per dollar of imports. Despite these achievements, the notable decline in tax revenue by \$2,511.0mn or 4.2 percent relative to the \$140,565.0mn of the same period of FY 2022/23 should not be overlooked.

The Agency's operational activities to support the core mandate of revenue collection resulted in a positive outturn against the period's target, recording a 6.5 percent above-target performance. For the period April - December 2023, tax revenue collected was \$220,319.9.0mn which increased by \$7,266.0mn or 3.4 percent in comparison to the April - December 2022, collection of \$213,053.9mn. The Non-tax revenue performance for the period generated collections of \$17,135.0mn, increasing by \$1,141.0mn or 7.0 percent relative to April to December 2022 collections of \$15,994.0mn. The main commodity drivers for the period, by tariff categorizations included petroleum products, motor vehicles and their parts/accessories, beverages, spirits and vinegar and machinery and mechanical appliances, electrical machinery and equipment and miscellaneous edible preparations.

## Trade Facilitation

Trade Facilitation as a mandate of the (JCA) is underpinned by strategic initiatives geared toward making it easier to do business. Under this mandate, it is imperative that the Agency provides stakeholders with updated and timely information regarding the business while ensuring efficiency in service delivery. The JCA ended the period with fourteen (14) stakeholder engagements by utilizing several mediums including digital platforms.



In May 2023, the agency facilitated a Town Hall Session on EPA UK – CARICOM to further raise awareness of the agreement amongst stakeholders. In June 2023, several external stakeholder initiatives/engagements were held and included the Inside Customs Series on EPA/UK/CARICOM, Authorized Economic Operator (AEO) session with Agri Distributor, Twitter Space session on EPA, CCP and Invoicing, Radio interviews on Contactless Clearance Process (CCP) and AEO and Post Clearance Audit (PCA) session with TARA trainees. The agency also facilitated five (5) Quality Assurance meetings with international trade supply chain stakeholders in Kingston and Montego Bay. The target for the fiscal year is thirty (30) stakeholder engagements.

In May 2023, the Agency formalized the option for non-commercial shipments importers to utilize the **Contactless Clearance Process** to facilitate the clearance of shipments without being present for customs inspection. The expected results include greater efficiency in clearance, increased security and control of the inspection environment and process and an overall improved customer experience.

As the lead implementing entity and operator of the **Jamaica Single Window for Trade (JSWIFT)** JCA continues to digitize the international trade-related business services of the Border Regulatory Agencies (BRAs). The **Jamaica Customs Agency (JCA) Broker Registration and Renewal Service** was onboarded in May 2023 to simplify and mitigate elements of deficiencies in the process and achieve cost-effectiveness in the provision of service. The **JSWIFT integration with eGovJa's rewritten PayGate 2.0 ePayment services was also implemented in July 2023**. It is anticipated that the upgrading of this service will result in an enhanced stakeholder online payment platform. Additionally, the deployment to the JSWIFT Production environment occurred on August 18, 2023 while the Hazardous Substances Regulatory Authority (HSRA) services was developed and deployed to the JSWIFT Production environment and mandated for use effective November 6, 2023.

For the period of April – December 2023, the Agency processed 121,492 commercial declarations of which 106,430 or 87.6 percent were processed within 20 hours of submission. Compared to April – December 2022, commercial declarations processed within the same standard timeframe were 89.9 percent or 99,520 of the 110,801 commercial declarations submitted for the period. The agency continues to perform above the targeted standard of 85.0 percent of commercial declarations processed within the standard timeframe. Additionally, there has a 9.6 percent increase in the number of commercial declarations submitted for the comparable period of the previous fiscal year.

Across the two main International Airports, the Donald Sangster International Airport (DSIA) and Norman Manley International Airport (NMIA), main passenger terminals for the April – December 2023 period saw passenger arrivals totaling 2,669,887. This represented an increase of 576,965 passengers or 28.0 percent when compared to 2,092,922 passenger arrivals of the same period of the previous year. This was mainly due to the increase (3.0 percent) in the number of arriving flights (April - December 2023, 18,313 flights compared to April – December 2022, 17,809 flights). Overall, the average passenger processing time netted 2 minutes and 21 seconds for the red channel and 21.5 seconds for the green channel. The Agency has a passenger processing time charter standard of on average 3 minutes for the red channel and 30 seconds for the green providing no irregularities are identified during processing or detailed examination of luggage.

## **Border Protection**

The JCA recorded a 35.0 percent decrease in seizures from April to December 2023 (466 seizures) over April to December 2022 (691 seizures). Narcotics accounted for One hundred and Forty - Four (144). In addition, other specific seizures registered for the review period included: sixteen (16) firearms, twenty-four (24) magazines, and three thousand three hundred and seventy-one (3,371) ammunitions compared to ninety-one (91) firearms, ninety-five (95) magazines, and three hundred and twenty-six (326) ammunition seized for April - December.

The JCA, the Jamaica Constabulary Force (JCF) and INTERPOL's National Central Bureau (NCB) signed the INTERPOL memorandum of understanding (MOU) during an official signing ceremony on July 25, 2023. Through this MOU, the JCA will have direct access to several databases maintained by INTERPOL.

In the Agency's continued quest to modernize operations as well as its pivotal role in national security regarding border protection responsibilities, the establishment of a National Targeting Centre is being explored. The agency participated in a study tour in July 2023 organized by the United States' Bureau of International Narcotics & Law Enforcement Affairs (INL).

In relation to the modernization of the Non-Intrusive Inspection Programme (NIIP), approval of the project team structure was received from the MOFPS and the process to staff the new office has already commenced. A study tour of the El Salvador NIIP system was conducted with the Port Authority of Jamaica (PAJ) in May 2023, to benchmark against an internationally accepted NII design and system. The Airport and Cruise Shipping NII Modernization project was considered by the MOFPS Technical Review Committee and was approved for consideration by the Public Investment Management Committee. On December 28, 2023, the outline for the transition agreement was finalized with a proposed transition date of July 1, 2024. The first draft of the agreement was completed on January 22, 2024.

## **Legislative Reform (Customs Act, Regulations and Rules):**

### **Customs Bill 2020:**

The following are the delineated updates:

- Response received from MOFPS regarding the request for the MOFPS to confirm the accuracy of integrated tariff and policy decision to incorporate same, without amendments, in the new Act (April 2024).
- Response sent to MOFPS regarding the latter's instructions and policy position regarding the proposed amendment to section 23 of the Post Office Act.
- Received and reviewed MOFPS' response regarding the request for policy directive of the proposed amendment of section 23 of the Post Office Act, further, to the letter of September 6, 2022 (July 2024).
- Preparation of Ministerial Brief for resumption of Parliamentary Review of the Customs Bill - ongoing.

### **Quality Management System: ISO 9001:2015 Certification**

The JCA attained ISO 9001:2015 Certification in April 2023a. The Agency continues to monitor its quality management system, has taken steps to expand its monitoring resources and will be further strengthening its mechanisms with the use of technology to ensure the sustainability of its certification.

### **Enterprise Risk Management (ERM) Framework Implementation**

The Enterprise Risk Management Policy, Framework and Risk Appetite Statement were implemented in December 2023.

### **Human Resource Management and Development**

The agency's staff structure or establishment at the commencement of the fiscal year stood at 1,615 posts. For the April - December 2023 period, the agency administered and/or facilitated 135 training interventions (local and overseas) in different functional or technical areas geared towards enhancing customs-related skills and improving the soft and emotional skills of staff.

## Appendix V

### PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The Government of Jamaica (GOJ) Public Sector Investment Programme (PSIP) is a rolling five-year plan of Cabinet-approved new and ongoing prioritized public investment projects that are being implemented within the Specified Public Sector<sup>4</sup>

The PSIP is a key output of the Public Investment Management System (PIMS) which seeks to improve the implementation efficiency and effectiveness of public investment projects within the Government of Jamaica's Public Financial Management System. The PIMS processes cover all stages of the project life cycle and are applicable to all public investment projects within the Specified Public Sector, irrespective of the source of funding, type of procurement and implementation modality.

#### Financing of the PSIP 2024/25-2028/29

The PSIP is financed through a combination of government funds, loans and grants from International Development Partners as well as from equity provided by Self-Financed Public Bodies. The table below shows the projected expenditure by the Central Government and the Public Bodies over the medium term:

#### Summary of PSIP Financing

Financial Year	Loan/Debt (\$'000)	Grant (\$'000)	Consolidated Fund (\$'000)	Equity (\$'000)	Total (\$'000)
2024/25	11,839,910	7,280,960	64,842,785	53,466,339	137,429,994
2025/26	15,750,650	1,498,435	77,910,135	70,415,670	165,574,890
2026/2027	14,230,641	429,579	89,860,191	73,378,381	177,898,792
2027/2028	4,286,539	0	106,333,286	70,212,479	180,832,304
2028/2029	3,699,941	0	120,311,847	3,552,737	127,564,525

For fiscal year (FY) 2024/25, a combined sum of \$137.43 billion has been allocated to facilitate the implementation of 145 public investment projects across the Central Government (CG) and Self-Financed Public Bodies (SFPB). Two (2) of the investment projects are being implemented through public private partnerships (PPPs).

The CG will commence/continue the execution of 53 investment projects utilising an allocation of \$80.0 billion in FY 2023/24. This allocation includes a contingency provision of \$24.52 billion under Head 20000C, Ministry of Finance and the Public Service, representing the fiscal space available within the Central Government Expenditure Budget to support implementation of new projects following screening, appraisal and Cabinet approval, as required by the Financial Administration and Audit Act.

Within the CG's budgetary provision of \$80.0 billion, 32.9% is allocated under the Ministry of Finance & the Public Service (MOFPS); 26.0% under the Ministry of Economic Growth & Job Creation (MEGJC); 14.4% from the Ministry of Health & Wellness (MOHW) and 6.8% for the Office of the Prime Minister (OPM).

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<sup>4</sup> Specified Public Sector means the public sector, not including any public body certified by the Auditor General, as primarily carrying out functions of a commercial nature (Section 48A ( c ) Financial Administration and Audit Act) .

Public Bodies are scheduled to commence/continue implementation of 90 investment projects (excluding those to be implemented via Public Private Partnerships (PPPs), utilising an allocation of \$48.06 billion. These public investment projects will be implemented by seven (7) Public Bodies.

Approximately \$53.46 billion (93.0%) of the funding for projects being implemented by the PBs will be provided from internal revenues or the Consolidated Fund and the remaining \$3.96 billion (7.0%) from loans.

The National Housing Trust accounts for 69.8% of the PB investment budget, the National Water Commission (NWC) - 18.8% and the Airport Authority of Jamaica (AAJ) - 3.3%.

Two (2) of the projects with a combined investment of \$9.37 billion are to be implemented as Public Private Partnerships (PPPs).

Highlights of the investments in key areas of the public sector during FY 2024/25 are indicated below.

## **NATIONAL SECURITY**

The focus of the Ministry of National Security is to continue the implementation of projects aimed at reducing crime and violence, improving public security and the maintenance of the rule of law. Several projects are being undertaken by the Ministry of National Security to enhance the efficiency and effectiveness of the Jamaica Constabulary Force (JCF) and the Jamaica Defence Force (JDF). These include:

**Security Strengthening Project** – The objective of this project is to increase the number of prosecutions resulting from police investigation of murders and training of police officers in the use of technology in crime fighting.

During the 2023/24 fiscal year, the project was allocated \$770.0 million in the approved budget and the allocation increased to \$887.35 million in the Third Supplementary Estimates FY 2023/24. The funds were used to continue the procurement of hardware, software and various management information systems for improving the investigative capacity of the Jamaica Constabulary Force (JCF).

For FY 2024/25, the project has been allocated \$644.925 million to facilitate outstanding procurement of hardware, software and management information systems for improving the investigative capacity of the police and the rate of convictions.

**Construction of the Westmoreland Police Divisional Headquarters** - For FY 2023/24 the sum of \$465 million was allocated in the Estimates of Expenditure to commence construction of the police divisional headquarters, however, the allocation was reduced to \$150.0 million because the contract had to be retendered. The tender process was not completed early enough during FY 2023/24 for the award and mobilisation of the successful bidder.

For FY 2024/25, the project has been allocated \$882.0 million to facilitate the commencement of construction works on the Westmoreland Police Divisional Headquarters.

**Construction of the St. Catherine North Police Divisional Headquarters** – In FY 2023/24 an initial sum of \$315.0 million was allocated to the project to commence construction of the divisional headquarters. However, the procurement of a contractor to undertake the works was delayed and consequently there

was a reduction in the allocation to \$86.928 million and the award of contract was rescheduled to FY 2024/25.

The sum of \$990 million has been allocated to the project for fiscal year 2024/25. This allocation will be used to commence substructure and superstructure works.

**Construction of the Forensic Pathology Autopsy Suite** – The objective of the project is to increase the forensic capacity of the Jamaica Constabulary Force and to reduce the backlog of criminal and other cases.

In FY 2023/24, the sum of \$323 million was allocated in the Estimates of Expenditure to complete construction of the forensic autopsy suite, however, there were minor areas of the building which were not completed as planned.

For FY 2024/25, the project has been allocated \$50 million to facilitate the completion of all outstanding construction activities, purchase of an electrical transformer, payment for the land on which the facility is located and other close-out activities.

**Purchase and Overhaul of Ships/Coastal Surveillance** – This project seeks to facilitate the procurement of radar, marine offshore patrol vessels, and other equipment needed to enhance the JDF's capacity in securing Jamaica's borders.

During FY 2023/24, the project was allocated \$3.16 billion to honour obligatory payments for four marine patrol vessels and associated equipment for the Jamaica Defence Force and was subsequently revised to \$2.76 billion.

For FY 2024/25, the project has been allocated \$1.049 billion to honour the final milestone payment for the last ship being procured.

## **SOCIAL SECTOR**

The *Jamaica Social Investment Fund (JSIF)* - The JSIF has been mandated to manage the implementation of projects which seek to address some of the socio-economic needs of at-risk communities across Jamaica.

In FY 2023/24 the allocation to JSIF was increased by 19% to \$2.10 billion to give support to the implementation of six (6) projects – Integrated Community Development, Jamaica Disaster Vulnerability Reduction, Rural Economic Development Initiative, School Infrastructure Improvement, Capacity Building for Education and Livelihoods Development and Rural Community Access and Drainage Improvement Projects.

For FY 2024/25 the allocation of \$4.10 billion incorporates US\$8m, representing grant resources from the Caribbean Development Bank (CDB), for three projects with a disbursement date of December 2024. The projects under implementation are identified below:

**Integrated Community Development Project II** enabled access to basic urban infrastructure and social services in seven (7) communities across four (4) Parishes. This includes the construction of safe passages for schools in Greenwich Town and Anchovy, rehabilitation of schools in Salt Spring, August Town and Lethe, creation of community green spaces and rehabilitation of roadway and regularization of water/sewer systems under an integrated infrastructure package agreement in Denham Town and Treadlight.

During FY 2023/24, Cabinet approval was sought to commence integrated infrastructure package (IIP) activities in Norwood, Anchovy and Salt Spring. The allocation in FY 2024/25 of \$1 billion will see the closing- out of these IIPs and facilitate additional works outside of the Treadlight main road.

**Rural Economic Development Initiative** – During FY 2023/24 the project continued to encounter delays in engaging business development facilitators (BDF) who are critical to the development of business plans, which affected the outturn of the project.

A strategy was employed later in the fiscal year involving the use of a framework agreement and the engagement of seven (7) entities to develop the business plans.

The allocation of \$1.3 billion for FY 2024/25 was predicated on business plans being completed for design and civil works to commence on several greenhouses. The contracts for redevelopment of a Tilapia Fish Hatchery and irrigation infrastructure at Ebony Park are expected to be awarded.

## **EDUCATION**

During FY 2023/24, allocation to the Ministry of Education and Youth was revised downwards, due to underperformance of a major project, the Primary and Secondary School Infrastructure. For FY 2024/25, an allocation of \$1.90 billion is proposed to support five (5) projects to include a new World Bank financed initiative, the Jamaica Education Project.

**Establishment of Diagnostic Centre** - In FY 2023/24, the Ministry received a variation order on the construction of the diagnostic centre at the College of Agriculture, Science and Education (CASE) which was paid and the contract closed-out.

For FY 2024/25, the project has been allocated \$180 million to facilitate functional use (electricals, elevators, equipping, sewerage and finishings) of the diagnostic centre.

**Education Transformation Programme (ETP)** – The current focus of the project is to construct additional classrooms and sanitary facilities to alleviate the shift system and over-crowding at the Mount Saint Joseph High School in Manchester.

For FY 2023/24, the project was allocated \$305.65 million to complete the build out of the 3rd and 4th form classroom blocks and the administrative offices; however, the procurement of a contractor to execute the works was delayed, resulting in the reallocation of the funds.

The \$514 million earmarked for FY 2024/25 will fund the contracts to construct the 3rd and 4th form classrooms blocks, administrative offices and complete the designs for the auditorium and canteen.

**Education System Transformation Project II** seeks to facilitate the construction of five (5) STEAM academies and one visual and performing arts secondary level institution. Acquisition of land to house one of the STEAM academies was completed in FY 2023/24 and the consultant engaged to develop building standards for Infant, Primary and Secondary school.

For FY 2024/25, a provision of \$300.0m has been allocated to promulgate STEAM education policy, school standard management and operational framework and to complete designs for the first school to be constructed.



**Primary and Secondary Infrastructure Programme (PSIP)** – The focus of the project is to: 1) construct additional classrooms to remove the shift system from high schools, 2) improve the security of school campuses by erecting perimeter fencing, 3) upgrade the electrical system at selected primary and high schools.

For FY 2023/24, the project was allocated the sum of \$1.058 billion to carry out electrical upgrades at 14 schools; install sewage treatment facilities at two school; complete installation of security fencing at eight schools and complete construction of new classrooms at three (3) schools and commence construction at seven (7) schools. However, the slow pace of the works resulted in a reduction in the allocation to \$503.29 million with none of the annual targets being achieved.

For FY 2024/25 the project has been allocated \$845.60 million to continue the construction of classrooms at seven (7) schools, electrical upgrading at 11 schools, installation of sewage treatment facilities at one school and installation of security fencing at 11 schools.

## **HEALTH**

**Health System Strengthening for the Prevention & Care-Management of Non-Communicable Diseases** - This project seeks to upgrade and integrate primary and secondary health facilities to enable efficiency and provision for delivery of higher quality of care.

The reformulated loan agreement was signed in December 2023, and the contractor for the Spanish Town Hospital (STH) works mobilized. This was a major achievement in FY 2023/24 after the year-long hiatus of the project. Other notable project achievements were the relocation of services at the STH, implementation of the Electronic Health Records system and Managed Network services.

For FY 2024/25, \$3.35 billion has been programmed to support continued construction of STH, commence civil works at the Greater Portmore, St. Jago and Old Harbour Health Centres and procurement of furniture and equipment for the named facilities.

### **Redevelopment of the Cornwall Regional Hospital**

During FY 2023/24, the project was allocated \$2.53 billion to complete Phase 2b of the works at the Cornwall Regional Hospital.

For FY 2024/25, approximately \$5.81 billion has been allocated to finalise design and construction works related to Phase 3 and attain 30.0% completion.

**Western Children and Adolescent Hospital** – the project schedule was revised due to supply chain issues which resulting in the project being one-year behind schedule. The expected completion date is June 2025 for the construction of the 220-bed facility. The hospital is expected to be equipped and commissioned during FY 2024/25.

**Redevelopment and Modernisation of the University Hospital of the West Indies** – The purpose of this project is to transform the University Hospital of the West Indies (UHWI) through a redevelopment programme to create a modern facility with improved patient experience. This will be done in phases. During FY 2023/24, the commencement of Phase 1 (re-routing of the ring road) was hampered by procurement issues resulting with the main achievement being engagement and mobilization of the



contractor. The re-routing of the ring road is expected to be the main activity in FY 2024/25. The erection of a 6-storey tower, the larger activity is not expected to commence before FY 2025/26.

## **AGRICULTURE**

**Rehabilitation of Research Centres** – The first phase of this project came to an end in FY 2023/24. During the final year of Phase 1, the project was allocated \$48.943 million to support the (i) renovations of office space, (ii) completion of small ruminant house and yard, (iii) installation of security paraphernalia at renovated spaces, (iv) survey and design animal performance testing facility and (v) commence the procurement process to establish a herd management system. Approximately 71% of the activities programmed were achieved.

For FY 2024/25, the sum of \$406 million has been allocated to implement activities under Phase 2. The allocation will be geared towards the construction of a new piggery, renovations/upgrades/infrastructure works at the Bodles (Central, North & South), Montpelier and Orange River research stations.

**Southern Plains Agricultural Development Project** – The objective of this project is to provide access to irrigation on lands formerly used for sugar cane production in South Clarendon & South St. Catherine to increase agricultural production and productivity.

The project focuses on the construction of wells, conversion of existing canal supplied irrigation water to pressurized systems and the construction of agricultural buildings for packaging, storage and offices. Road and drainage infrastructure are being constructed/upgraded in the arable areas of Amity Hall and Bridge Pen in St. Catherine and Parnassus in Clarendon.

During FY 2023/24 the project received an allocation of \$2.31 billion for continuation of works to rehabilitate farm access roads, installation of irrigation infrastructure and rehabilitation of the canal network. The allocation was subsequently increased to \$2.43 billion but was later reduced to \$1.79 billion due to slower than programmed expenditure. During the fiscal year, 90 percent of road and irrigation infrastructure works, and 80 percent of the canal rehabilitation works were completed.

For FY 2024/25, the sum of \$1.58 billion has been allocated to the project to complete the rehabilitation of the Hartlands Canal, construction of a reservoir, pump houses, agricultural buildings and Global GAP structures at both Amity Hall/Bridge Pen in St. Catherine and Parnassus in Clarendon.

**Essex Valley Irrigation Infrastructure Development Programme** – The objective of the project is to enhance the production and productivity of farmers in Essex Valley, St Elizabeth by increasing the area under irrigation and yield of crops in Essex Valley by a minimum of 90% in a socially inclusive gender equitable and climate sensitive manner.

The project was allocated \$4.48 billion during FY 2023/24 to continue 1) the supply and installation of irrigation pipelines and appurtenances, rehabilitation of farm roads and drains (87% complete); 2) the supply and installation of equipment for the renewable energy plant to power the irrigation system was approximately - 51% complete; 3) construction of agricultural buildings that meets global gap standards - approximately 32 % complete. The allocation was reduced to \$3.265 billion owing to implementation delays.

For FY 2024/25, the project has been allocated \$1.58 billion which will be used to complete the i) installation of irrigation pipes, fittings and meters; ii) supply and installation of pumps, switchgears and

other equipment; iii) supply and installation of equipment for the renewable energy plant; iv) construction of global gap compliant agricultural buildings; and v) develop operational plans for Essex Valley and Southern Plains Agricultural Development Projects.

## **ENHANCING COMPETITIVENESS AND GROWTH**

### **Access to Finance for MSMEs**

The objective of the project is to improve access to finance for Micro, Small and Medium-size Enterprises (MSMEs). Specifically, the project aims to: 1) enhance the Credit Enhancement Facility (CEF) for guarantees to MSME loans; 2) support the establishment of an SME Fund for risk capital financing to SMEs; 3) improve the enabling environment for access to finance and business development services for MSMEs.

The project was allocated \$750 million in FY 2023/24, however, this amount was subsequently reduced to \$229 million due to the low take-up of funds from the SME Fund. The low take up was mainly due to SMEs not meeting eligibility requirements. During the year, a total of ten (10) SMEs benefitted from the SME Fund while 177 MSMEs were provided with guarantees through the CEF.

For FY 2024/25, the sum of \$822 million has been allocated to the project to satisfy obligations in support of the capitalisation of the SME Fund. The project was given a 12-month extension and is now scheduled to end during the final quarter of FY 2024/25.

## **ENERGY EFFICIENCY AND CONSERVATION**

**Energy Management and Efficiency Project** - The objective of this project is to promote energy efficiency in state entities and fuel conservation in road transportation. The focus of the project was to retrofit selected government buildings with energy efficient lighting and air conditioning systems and the implementation of an Urban Traffic Management System (UTMS) in the Kingston Metropolitan Area (KMA).

For FY 2023/24, the project was initially allocated \$967.17 million to support technical studies for revisions to the National Energy Plan and commencement of deep retrofitting works at the University Hospital of the West Indies (UHWI) and other health facilities. However, the allocation was reduced to \$351.79 million due to the slow pace of implementation of project activities.

For FY 2024/25, a total of \$713.3 million has been allocated to: i) complete deep retrofitting works at UHWI; ii) commence deep retrofitting at six (6) hospitals; iii) commence lighting and energy retrofitting in several government facilities, and iv) conduct diagnostic studies toward implementing an integrated Information Technology platform for management of intra-governmental energy data.

## **INFRASTRUCTURE**

Infrastructure-type projects, aimed at developing and improving the country's infrastructure, constitute a significant percentage (over 40%) of the 2023/24 capital budget. The major infrastructure-type projects for the Central Government in fiscal year 2023/24 included: the Southern Coastal Highway Improvement

Project; Montego Bay Perimeter Road; Widening and Dualization of Grange Lane and the Montego Bay Waterfront Protection Infrastructure (Groynes) Project.

For FY 2024/25, infrastructure-type projects constitute just over 30% of the capital budget, with road construction/rehabilitation being the major area of focus. The projects to be implemented include: the Southern Coastal Highway Improvement Project; Montego Bay Perimeter Road; Widening and Dualization of Grange Lane and the Montego Bay Waterfront Protection Infrastructure (Groynes) Project.

**Southern Coastal Highway Improvement Project** - The project as designed, envisages the development of a new highway along the southeastern section of the island, commencing in Harbour View, St Andrew and to Port Antonio, Portland, and an extension of the existing east-west highway westward to Williamsfield, Manchester.

During FY 2023/24, the project received a budgetary allocation of \$22.13 billion, however, this amount was reduced to \$21.021 billion due to delays in the submission and processing of payment certificates. At the end of the FY 2023/24, the extension of the East-West Highway was 99% complete while the leg between Harbour View and Port Antonio was approximately 95% percent complete.

For FY 2024/25, the sum of \$6.297 billion has been allocated to complete the construction of the Harbour View to Port Antonio section of the project and commence works on Phase 3 of the local roadworks construction packages.

**Montego Bay Perimeter Road** – The objective of this project is to create a safe and reliable alternate route/road for motorist travelling across and within Montego Bay, thus reducing congestion within the city and open up new lands to facilitate structured development. The focus of the project is the construction of a 15 km 4 lane carriageway from Iron Shore to Bogue in Montego Bay, an 11km 4 lane divided carriageway to by-pass the Long Hill Road corridor and the rehabilitation/improvement of specific intersections within the city of Montego Bay.

During FY 2023/24, the approved allocation of \$7.20 billion was increased to \$8.13 billion to satisfy the increased pace of civil works and land acquisition.

For FY 2024/25, the project has been allocated \$10.2 billion to facilitate completion of: land acquisition activities, the outline design for the 11km - 4 lane carriageway along the Long Hill Bypass corridor, and continuation of construction works on the 15km - 4 lane carriageway from Ironshore to Bogue.

**Widening and Dualization of Grange Lane** – The objective of this project is to improve mobility & connectivity of Grange Lane, Portmore by reducing congestion and loss of time, improve safety, and facilitate conditions for future economic development along the corridor. The water supply infrastructure and fibre optics ducts for broadband connectivity along the roadway will also be improved/installed.

During FY 2023/24, the project was allocated \$878 million to complete designs, engage and mobilize the successful contractor to execute the works. The designs were completed as planned and a letter of award was issued to the successful contractor. However, the contractor was unable to present a performance bond resulting in the termination of the contract. The allocation was subsequently reduced to \$492 million, the contract retendered, and the successful bidder awarded and mobilised.

For FY 2024/25, the project has been allocated \$600 million to continue and complete the widening and dualization of Grange Lane along with the upgrading of water supply and telecommunication infrastructure.

**Montego Bay Waterfront Protection Project** – The objective of this project is to reduce the loss of beach front acreage to coastal erosion and to protect valuable coastal resources along the Montego Bay Waterfront and the marine ecosystem in that area.

During FY 2023/24 the project received an allocation of \$405.65 million to complete the construction/rehabilitation of a section of the northern groynes and the entire southern groynes along the Montego Bay coastline. However, the lengthy procurement processes delayed the award of contract and commencement of the works until the fourth quarter of the fiscal year.

For FY 2024/25, the project has been allocated \$500 million to complete construction/rehabilitation works on the southern groynes including the shoreline areas in the vicinity of Harmony Beach Park.

## **ENVIRONMENTAL RESILIENCE & CLIMATE CHANGE**

**Jamaica Disaster Vulnerability Reduction Project (JDVRP)** – The objective of this project is to enhance Jamaica’s resilience to disaster and climate vulnerability.

During FY 2023/24, the project received an allocation of \$868.488 million which was geared at undertaking works on the Big Pond/Myton Gully drains, Annotto Bay coastal works and to facilitate training by institutions such as HEART, MIND and UTECH in the new building codes. Work on the Big Pond/Myton Gully drain was completed and an estimate for the Annotto Bay coastal works determined. Training in the new building codes was also executed.

For FY 2024/25, the sum of \$221.14 million has been allocated to commence additional coastal works in Annotto Bay, conduct project visibility event(s) and complete the National Risk Information Platform (NRIP) and Microzonation Study.

**PPCR II - Adaptation Programme and Financing Mechanisms** – The objective of the project is to increase Jamaica’s resilience to climate change by enhancing adaptive capacity across priority sectors. To achieve this goal the project focuses on: i) mainstreaming climate change into development planning; ii) providing information on novel approaches, including climate financing, to overcome the challenges of climate change; and iii) disseminating lessons learned from adaptation interventions.

During FY 2023/24, the project was allocated the sum of \$36.6 million, however, with an extension of the grant agreement, this sum was increased to \$207.3 million. The revised allocation was used to construct two (2) aquaponics systems, fifty (50) check dams, install ten (10) rainwater harvesting systems and procure 3,000 tanks to support the pilot phase of the government’s rural household water resilient programme.

For FY 2024/25, the sum of \$6.6 million has been allocated to conduct final evaluation, ex-post economic analysis, final audit, and other close-out activities.

**Enhancing the Resilience of the Agricultural Sector and Coastal Areas** – Under this grant financed initiative of the Adaptation Fund, shoreline protection works (wall and composite revetment) have been undertaken in Buff Bay, Orange Bay and at two sites in Annotto Bay. Climate change adaptation plans have also been developed, natural resource management training conducted, and reforestation effort supported with the planting of 30,000 trees.

For FY 2024/25, the project will seek to complete revetment works at Annotto Bay Site 5 and commence works at Buff Bay Site 2.

## **DIGITAL TRANSFORMATION**

### **Implementation of the National Identification System (NIDS) for Economic Growth**

A new national identification card is to be introduced under this project, enabled with features that supports the thrust of digital transformation. The allocation for FY 2023/24 will support the piloting of the NIDS to test the card enrolment and issuance processes, commencement of the digitization process for RGD's civil records and continued upgrading of the data centre that will support the NIDS.

The National Identification and Registration Act (2021) became effective January 29, 2024, this is a notably achievement under the project. There is also an intention to repurpose the space within 21 post offices in major town centres island-wide to accommodate the NIDS, along with the establishment of a National Identification Registration Authority (NIRA).

The allocation of \$1.34 billion for FY 2024/25 will support: the refurbishment of eight (8) post offices and commence the procurement for an additional twelve sites, completion of the digitization process for RGD's civil records, and the framework implementation for the RGD transition to the National Identification and Registration Authority. The project's scheduled end date is February 2026.

## **SELF-FINANCED PUBLIC BODIES (SFPBs)**

Public bodies continue to contribute to the infrastructural and economic development of the Jamaican economy. For FY 2024/25, the Group projects \$48,059.77million for Public Sector Investments, with approximately \$44,417.74mn or 92% being financed from the internal resources of the entities. The SFPBs with expected significant contribution to Public Sector Investment Programme are highlighted below:

### National Housing Trust (NHT)

In alignment with the Government's policies which were effected in 2017, the NHT will continue to pursue the increased delivery of housing solutions in the medium term. During the 2024/25 fiscal year, the Trust plans to commence construction on 15,009 (2023/24: 2,136) new housing solutions and to deliver a total of 3,664 (2023/24:1,627) at a total cost of \$33,553.69mn. Projects will include housing solutions with small contractors, developers programme, joint ventures, inner city housing, as well as NHT's own projects which should value \$2,870.18mn.

### National Water Commission (NWC)

The NWC will continue to undertake significant investments aimed at facilitating required infrastructure rehabilitation and coverage. PSIP expenditure should amount to \$9,041.03mn and is targeted at projects to improve the availability of potable water, the accuracy of customer metering and sewerage operations. An amount of \$5,082.03mn is budgeted for expenditure under the K-factor Programme including \$1,500.00mn for customer water meter installation.

### Airports Authority of Jamaica (AAJ)

AAJ's PSIP expenditure forecast of (\$1,602.87mn) should account for 34% of the budgeted capital expenditure of \$4,726.61mn. The Entity will continue to focus on work in respect of the Vernamfield Aerodrome, as well as at the Ian Flemming International Airport to the value of \$357.50mn. AAJ will also continue the pursuit of projects related to carry over development works at the Norman Manley International Airport (NMIA - \$728.01mn) and NMIA shoreline protection (\$517.36mn).



GOVERNMENT OF JAMAICA PUBLIC INVESTMENT PROGRAMME - 2024/2025 -2028/2029							
\$'000							
PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>CENTRAL GOVERNMENT</b>			Total	Total	Total	Total	Total
<b>OFFICE OF THE PRIME MINISTER</b>							
National Identification System (NIDS) for Economic Growth	IDB	853,401	1,340,402	2,008,252	1,300,000	-	-
Jamaica Disaster Vulnerability Reduction Project	IBRD	857,352	221,139	-	-	-	-
Jamaica Integrated Community Development Project II	GOJ	697,478	1,000,000	1,167,188	-	-	-
Rural Economic Development Initiative (REDI II)	IBRD	431,762	1,294,821	1,941,500	1,372,483	-	-
School Infrastructure Improvement Project	GOJ/CDB	11,180	726,710		-	-	-
Capacity Building for Education and Livelihoods Development Project	GOJ/CDB	38,690	837,088		-	-	-
Rural Community Access and Drainage Improvement Project	GOJ/CDB	80,130	61,102		-	-	-
<b>TOTAL OFFICE OF THE PRIME MINISTER</b>		<b>2,969,993</b>	<b>5,481,262</b>	<b>5,116,940</b>	<b>2,672,483</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>							
Establishment of United Nations (UN) House	GOJ	10,000	195,000	-	-	-	-
Credit Enhancement Programme for MSMEs	IDB	10,404	-	-	-	-	-
Access to Finance for MSMEs	IBRD	228,789	822,329	-	-	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	IDB	1,110,431	1,286,331	1,294,498	1,078,748	-	-
Electronic Land Titling Project	GOJ	-	150,000	1,043,355	1,191,837	1,145,651	210,805
Southern Coastal Highway Improvement Project	GOJ/ CEXIM	21,021,166	6,297,709	3,000,000	-	-	-
Montego Bay Perimeter Road	GOJ	8,129,860	10,200,000	14,507,355	10,000,000	979,600	-
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWeco)	UNEP	36,499	95,223	-	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	90,000	500,000	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	207,304	6,955	-	-	-	-
Widening and Dualization of Grange Lane, St Catherine	GOJ	492,000	600,000	-	-	-	-
Troy Bridge		20,000	80,000	89,000	-	-	-
Construction of Portmore Resilience Park		330,000	550,000	1,000,000	950,000	-	-
Rural Water Supply Improvement Project			85,000	713,880	1,805,088	1,809,459	1,362,586
<b>TOTAL MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>		<b>31,686,453</b>	<b>20,868,547</b>	<b>21,648,088</b>	<b>15,025,673</b>	<b>3,934,710</b>	<b>1,573,391</b>
<b>MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>							
Contingency Provision for New Public Investment Projects	GOJ	-	24,524,372	35,145,760	63,412,624	95,625,169	117,087,202
Strategic Public Sector Transformation	IBRD	165,116	-	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	Adaptation Fund	215,400	441,484	186,000	-	-	-
Jamaica Foundation for Competitiveness and Growth	IBRD	337,672	-	-	-	-	-
Public Sector Transformation Implementation Project	IDB	2,374,860	10,953	-	-	-	-
A Jamaican Path from Hills to Ocean	EU	72,247	224,933	404,939	170,000	-	-
Jamaica Business Environment Reforms Project	GOJ/IBRD	651,041	717,030	-	-	-	-
Construction of Tax Offices - Christiana	GOJ	235,000	441,680	-	-	-	-
<b>TOTAL MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>		<b>4,051,336</b>	<b>26,360,452</b>	<b>35,736,699</b>	<b>63,582,624</b>	<b>95,625,169</b>	<b>117,087,202</b>
<b>MINISTRY OF NATIONAL SECURITY</b>							
Acquisition of Aircraft			-	-	-	-	-
Cyber Security Initiatives	GOJ	900,000	-	-	-	-	-
Purchase and Overhaul of Ships/Coastal Surveillance	GOJ	2,763,000	1,049,497	-	-	-	-
Construction of the Forensic Pathology Autopsy Suite	GOJ	323,000	50,000	-	-	-	-
Construction of the Westmoreland Police Divisional Headquarters	GOJ	150,122	882,000	1,215,878	52,000	-	-
Construction of St. Catherine North Police Divisional Headquarters	GOJ	86,928	990,000	1,166,000	44,000	-	-
Security Strengthening Project	IDB	887,350	644,925	78,887	-	-	-
<b>TOTAL MINISTRY OF NATIONAL SECURITY</b>		<b>5,110,400</b>	<b>3,616,422</b>	<b>2,460,765</b>	<b>96,000</b>	<b>-</b>	<b>-</b>

PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>MINISTRY OF JUSTICE</b>							
Renovation and Upgrading Works at the Clarendon Parish Court	GOJ	20,000	-	-	-	-	-
Construction of St. Andrew Justice Centre	GOJ	-	-	-	-	-	-
Construction of Hanover Justice Centre	GOJ	15,000	180,000	12,027	-	-	-
Construction of Clarendon Justice Centre	GOJ	-	54,365	134,108	-	-	-
<b>TOTAL MINISTRY OF JUSTICE</b>		<b>35,000</b>	<b>234,365</b>	<b>146,135</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF LABOUR AND SOCIAL SECURITY</b>							
Social Protection for Increased Resilience and Opportunity Project	IBRD	-	62,239	363,000	760,000	1,076,000	921,000
<b>TOTAL MINISTRY OF LABOUR AND SOCIAL SECURITY</b>		<b>-</b>	<b>62,239</b>	<b>363,000</b>	<b>760,000</b>	<b>1,076,000</b>	<b>921,000</b>
<b>MINISTRY OF EDUCATION &amp; YOUTH</b>							
Education Transformation Programme I	GOJ	32,000	514,000	256,000	-	-	-
Primary & Secondary School Infrastructure Project	GOJ	503,296	845,600	747,000	809,000	200,000	-
Establishment of Diagnostic Centres (Special Education)	GOJ	44,300	180,000	-	-	-	-
Education System Transformation Programme (Phase 2)	GOJ	159,050	300,000	2,604,000	2,875,000	2,865,000	2,261,384
Jamaica Education Project	IBRD	30,000	108,045	529,120	973,400	1,551,080	1,518,355
<b>TOTAL MINISTRY OF EDUCATION &amp; YOUTH</b>		<b>768,646</b>	<b>1,947,645</b>	<b>4,136,120</b>	<b>4,657,400</b>	<b>4,616,080</b>	<b>3,779,739</b>
<b>MINISTRY OF HEALTH &amp; WELLNESS</b>							
Redevelopment of the Cornwall Regional Hospital	GOJ	2,552,318	5,809,481	6,990,519	2,000,000	-	-
Western Adolescence Hospital	GOJ	179,489	800,000	800,000	-	-	-
Prevention & Care Management of Non-Communicable Diseases	IDB/EU/GOJ	2,079,594	3,349,862	5,066,218	4,848,524	3,663,260	-
Support to the National HIV/AIDS Response in Jamaica		1,110,930	1,092,148	1,089,901	1,253,386	-	-
Redevelopment & Modernisation - University Hospital of the West Indies	GOJ	128,000	481,000	2,500,000	2,500,000	304,000	-
<b>TOTAL MINISTRY OF HEALTH &amp; WELLNESS</b>		<b>6,050,331</b>	<b>11,532,491</b>	<b>16,446,638</b>	<b>10,601,910</b>	<b>3,967,260</b>	<b>-</b>
<b>MINISTRY OF AGRICULTURE &amp; FISHERIES</b>							
Rehabilitation of Research Centres (Phase 1)	GOJ	48,943	-	-	-	-	-
Rehabilitation of Research Centres (Phase 2)			406,000	1,565,927	1,430,484	1,400,606	650,456
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD	313,650	-	-	-	-	-
Essex Valley Irrigation Infrastructure Development Prog.	CDB	3,265,284	1,899,469	2,184,803	1,763,336	-	-
Southern Plain Agricultural Development Project	CDB	1,790,000	1,585,668				
Soil Fertility Mapping Project	Kingdom of Morocco	22,631	35,922	51,900	-	-	-
Agricultural Competitiveness Programme Bridging Project	GOJ	8,767			-	-	-
<b>TOTAL MINISTRY OF AGRICULTURE &amp; FISHERIES</b>		<b>5,449,275</b>	<b>3,927,059</b>	<b>3,802,630</b>	<b>3,193,820</b>	<b>1,400,606</b>	<b>650,456</b>
<b>MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>							
Global Services Skills Project	IDB	801,384	359,269		-	-	-
<b>TOTAL INDUSTRY, INVESTMENT AND COMMERCE</b>		<b>801,384</b>	<b>359,269</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>							
Energy Management and Efficiency Programme	IDB	10,437	-		-	-	-
<b>TOTAL MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>		<b>10,437</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF TRANSPORT &amp; MINING</b>							
Purchase of Buses	GOJ	417,894			-	-	-
<b>TOTAL MINISTRY OF TRANSPORT &amp; MINING</b>		<b>417,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT</b>							
Energy Management and Efficiency Programme	IDB	351,793	713,290	500,000	-	-	-
Acquisition of Buses	GOJ	738,006	2,634,660	-	-	-	-
				-	-	-	-
<b>TOTAL MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT</b>		<b>1,089,799</b>	<b>3,347,950</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF LOCAL GOVERNMENT &amp; COMMUNITY DEVELOPMENT</b>							
Improvement of Emergency Communication System in Jamaica	JICA	91,365	1,346,165	-	-	-	-
Acquisition of Compactor Trucks		495,000	916,134	-	-	-	-
<b>TOTAL MINISTRY OF LOCAL GOVERNMENT &amp; RURAL DEVT</b>		<b>586,365</b>	<b>2,262,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CENTRAL GOVERNMENT</b>		<b>59,027,313</b>	<b>80,000,000</b>	<b>90,357,015</b>	<b>100,589,910</b>	<b>110,619,825</b>	<b>124,011,788</b>
<b>SELF-FINANCED PUBLIC BODIES</b>							
<b>Airport Authority of Jamaica</b>							
NMIA CDP - Phase 1B	AAJ	-	483,750	101,996	-	-	-
NMIA CDP - Phase 2A	AAJ		244,260	16,451	150,993	-	-
Shoreline Protection	AAJ	79,010	517,360	77,320		-	
Vernamfield	AAJ		99,980	595,526	1,850,503	2,545,224	1,790,576
Ian Flynn International Airport	AAJ	375,430	257,520	231,959	60,397	212,102	617,440
			-	-	-	-	-
<b>AAJ SubTotal</b>		<b>454,440</b>	<b>1,602,870</b>	<b>1,023,252</b>	<b>2,061,893</b>	<b>2,757,326</b>	<b>2,408,016</b>
<b>Betting, Gaming and Lotteries Commission</b>							
Gaming Management Information System (GMIS)	BGLC	202,560	81,180	-	-	-	-
<b>BGLC Sub-Total</b>		<b>202,560</b>	<b>81,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Factories Corporation of Jamaica</b>							
Garmex Redevelopment Project	FCJ	381,510	889,740	1,478,480	814,870	-	-
Boundbrook Urban Centre	FCJ	-	-	-	-	-	-
Hayes, Clarendon	FCJ	-	-	-	-	-	-
Morant Bay Urban Development Centre	FCJ	-	-	-	-	-	-
<b>FCJ Sub-Total</b>		<b>381,510</b>	<b>889,740</b>	<b>1,478,480</b>	<b>814,870</b>	<b>-</b>	<b>-</b>
<b>Financial Services Commission</b>							
Enterprise Information Management (Integrated Regulatory System)	FSC	-	-	-	-	-	-
<b>FSC Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Jamaica Bauxite Mining Limited</b>							
Replacment of Western Trestle	JBM		-	-	-	-	-
Industrial Park - Warehouse	JBM		-				
Commercial Park (BPO)	JBM		-				
Orange Park Housing Development	JBM	-	-	-	-	-	-
Water Store	JBM	-	-	-	-	-	-
<b>JBM Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Jamaica Urban Transit Company Limited</b>							
Acquisition of 100 Buses							
<b>JUTC Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>National Health Fund</b>							
W.I.P. - Construction--Western Warehouse	NHF		-				
Construction of Noel Holmes Hospital Pharmacy	NHF		-				
Construction of National Chest Hospital Rx	NHF		-				
<b>NHF Sub-total</b>			<b>-</b>	<b>-</b>	<b>-</b>		
<b>National Housing Trust</b>							
<b>INTERIM FINANCED</b>							
Foreshore, St. Andrew	NHT	45,764	45,764	100,000	130,000	-	-
Penwood	NHT	120,000					
JDF Housing (Up Park Camp, St. Andrew)	NHT	500,000	7,750,000	4,368,000	4,452,000	5,430,000	-
<b>Sub-Total</b>		<b>665,764</b>	<b>7,795,764</b>	<b>4,468,000</b>	<b>4,582,000</b>	<b>5,430,000</b>	<b>-</b>



PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>SMALL CONTRATORS PROGRAMME</b>							
Windsor	NHT	136,058	-	-	-	-	-
Shrewbury Ph 1, Westmoreland	NHT	77,216	-	-	-	-	-
Humming - Sevens, Phase 1	NHT	9,821	-	-	-	-	-
Monymusk	NHT	14,609	-	-	-	-	-
Colbeck Castle, Ph 1 & 2	NHT	400,000	640,000	-	500,000	200,000	-
Colbeck Castle, Ph 4	NHT	-	-	-	-	-	-
Colbeck Castle, Ph 3	NHT	-	-	500,000	150,000	-	-
<b>Sub-Total</b>		<b>637,704</b>	<b>640,000</b>	<b>500,000</b>	<b>650,000</b>	<b>200,000</b>	<b>-</b>
<b>DEVELOPERS PROGRAMME</b>							
Friendship Phase 2 , St. Elizabeth	NHT	-	236,834	2,017,228	2,017,228	465,380	-
Ridge Estate	NHT	4,154	-	-	-	-	-
Surbiton Apartments, St. Andrew	NHT	1,000	-	18,900	-	349,650	-
Bromley, St. Ann	NHT	787	87,250	330,506	2,035,487	2,035,487	-
Sheckles 2, Clarendon	NHT	-	-	274,054	1,842,904	1,842,904	-
Barrett Hall, St. James	NHT	-	753,535	3,482,872	3,482,872	3,482,872	-
Succaba Pen/ Old Harbour glades	NHT	-	-	-	-	-	-
Johnson Hill Hellshire, St. Catherine	NHT	-	-	19,800	-	-	-
Negril Spots, Westmoreland	NHT	-	-	452,910	2,231,668	2,231,668	-
Galina, St. Mary	NHT	-	127,875	1,182,844	1,182,844	63,938	-
Dry Valley, Trelawny	NHT	-	690,274	4,027,483	4,027,483	4,027,483	-
Minard, St. Ann	NHT	460	-	221,007	1,321,322	1,321,322	-
Mount Nelson. Manchester	NHT	-	-	-	633,470	2,602,492	-
Luana, St. Elizabeth	NHT	-	-	161,640	1,196,136	1,196,136	-
Point 2, Hanover	NHT	29	-	-	-	-	-
Projects to be determined	NHT	-	-	1,000,000	2,500,000	3,500,000	-
	NHT	-	-	-	-	-	-
<b>Sub-Total</b>		<b>6,430</b>	<b>1,895,768</b>	<b>13,189,243</b>	<b>22,471,414</b>	<b>23,119,333</b>	<b>-</b>
<b>GUARANTEED PURCHASE PROGRAMME</b>							
Aldelphi, St. James	NHT	-	-	904,516	20,026	-	-
Aldephi	NHT	-	501,258	-	-	-	-
Barham	NHT	-	-	-	-	-	-
Brampton Farms, St. Catherine	NHT	-	1,653,750	2,240,437	2,522,250	2,357,250	-
Brompton Manor 2, St. Elizabeth	NHT	327,429	974,050	1,456,887	1,852,673	1,890,639	-
Carlsberg, Clarendon	NHT	-	119,600	605,774	463,151	7,475	-
Catherine Estates, St. Catherine (Bernard Lodge)	NHT	1,618,663	850,000	1,450,000	2,107,000	10,450,000	-
Chantilly, Westmoreland	NHT	-	1,960	394,875	731,625	812,150	-
Highgate, St. Mary	NHT	-	180,000	526,500	540,000	540,000	-
Howard Avenue Apartments, Kingston	NHT	-	-	2,240,761	57,455	-	-
Longville Meadows	NHT	-	5,041,274	-	-	-	-
Longville Park Pen, Clarendon	NHT	-	-	6,327,963	5,465,152	5,064,318	-
Nonsuch, St. Mary	NHT	-	167,060	158,509	158,267	3,144	-
Out of the Blue	NHT	173,000	-	-	-	-	-
Roselle, St. Thomas	NHT	-	897,830	2,343,256	1,757,345	2,006,564	-
Roseneath	NHT	6,691	-	-	-	-	-
Savannah Park, Westmoreland	NHT	2,303	-	110,565	2,835	-	-
Sheffield Palms	NHT	43,500	848,250	-	-	-	-
Silver Sun Estates, St. Catherine	NHT	4,336,789	4,700,000	1,040,000	30,000	-	-
Spot Valley, St. James	NHT	234	-	1,920,188	1,920,188	438,900	-
<b>Sub-Total</b>		<b>6,508,609</b>	<b>15,935,032</b>	<b>21,720,231</b>	<b>17,627,967</b>	<b>23,570,440</b>	<b>-</b>
<b>NHT JOINT VENTURE</b>							
The Villages of Colbeck Castle -Phases 1 & 4, Clarendon (Infrastructure)	NHT	-	-	418,863	60,900	-	-
The Villages of Colbeck Castle -Phases 1&2, Clarendon (Infrastructure)	NHT	189,264	1,363,245	564,000	214,000	129,304	-
The Villages of Colbeck Castle -Phases 1&2, Clarendon (Housing)	NHT	-	-	-	-	-	-
The Villages of Colbeck Castle -Phases 3 & 4	NHT	117,061	-	-	-	-	-
The Villages of Colbeck Castle -Phases 3 & 4, Clarendon (Housing)	NHT	-	203,026	199,800	85,000	54,426	-
The Villages of Colbeck Castle -Phases 5, Clarendon (Housing & Infrastructure)	NHT	193,360	10,500	740,728	740,728	164,606	-
The Villages of Colbeck Castle -Phases 6, Clarendon (Housing & Infrastructure)	NHT	35,360	10,500	353,261	288,718	288,718	-
Estuary Phase 1, St. James	NHT	92,776	33,000	-	-	-	-
Estuary Phase 2, St. James	NHT	677,703	565,000	-	-	-	-
Greater Bernard Lodge	NHT	-	6,040	-	-	-	-
Irwin , St. James	NHT	639,906	803,640	37,369	-	-	-
<b>Sub-Total</b>		<b>1,945,430</b>	<b>2,994,951</b>	<b>2,314,021</b>	<b>1,389,346</b>	<b>637,054</b>	<b>-</b>

PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>NHT PROJECTS - GENERAL</b>							
Albion, Manchester	NHT		59,657	205,432	821,729	828,591	-
Dundee, Trelawny	NHT	13,830	30,256	221,834	686,789	114,465	-
Friendship - Phase 1, St. Elizabeth	NHT	144,221	464,090	617,500	570,000	237,500	-
Holland Estate, St. Elizabeth	NHT	8,000	41,000	-	1,639,900	1,258,800	-
Hummingbird Meadows Phase 2 , Clarendon	NHT	570,720	245,000	-	-	-	-
Kensington, St. Elizabeth	NHT	3,000	15,550	191,850	495,000	76,200	-
Malvern, St. Elizabeth	NHT	3,012	85,490	-	-	-	-
Monymusk Country Estate Phase 2	NHT	350,848	284,000	-	-	-	-
Norwich	NHT		17,500	-	-	-	-
Norwich, Portland	NHT		-	-	202,227	414,967	-
Passley Gardens, Portland	NHT		42,880	-	333,584	667,750	-
Perth 1a , Manchester	NHT		-	-	-	-	-
Perth 2, Manchester	NHT	1,380,943	782,610	124,683	100,000	-	-
Ridge Estate, St. Ann	NHT		217,695	435,390	1,110,391	1,110,391	-
Shrewsbury Phase 2, Westmoreland	NHT	58,700	48,280	19,120	7,535	-	-
Vineyard Town - Central Avenue & Third Avenue	NHT	109,648	123,700	-	-	-	-
Vineyard Town - Central Avenue & Third Avenue, Kingston	NHT		-	3,915	-	-	-
Windsor- Duncans, Trelawny	NHT	43,670	412,470	49,900	5,000	5,000	-
Projects to be determined	NHT	-	-	1,000,000	2,000,000	2,500,000	-
<i>Sub-Total</i>		<b>2,686,592</b>	<b>2,870,178</b>	<b>2,869,624</b>	<b>7,972,155</b>	<b>7,213,664</b>	<b>-</b>
<b>INNER CITY HOUSING / COMMUNITY RENEWAL PROG.</b>							
81 Bayfarm Road, Kingston	NHT	45,000	185,000	455,000	350,000	10,000	
Bellrock, Kingston	NHT	20,000	29,000	100,000	110,000	10,000	
Canterbury, St. James	NHT	114,000	90,000	345,000	500,000	250,000	
Denham Town (North- BLK J)	NHT	895					
Industry Pen, St. Mary	NHT	-	55,000	300,000	700,000	650,000	
Leith Hall , St. Thomas	NHT	-	-	60,000	250,000	500,000	-
Maxfield Park (Frog City), Kingston	NHT	168,126	170,000	340,000	544,000	700,000	
Metcalfe Street	NHT	21,395					
Mount Salem, St. James	NHT	-	-	300,000	300,000	20,000	-
Rasta City, Kingston	NHT	250,000	321,000	750,000	800,000	450,000	-
St. Pauls Lane, Kingston	NHT	282,974	22,000	5,000	-	-	-
White Wing, Kingston	NHT	297,850	550,000	500,000	515,000	100,000	-
Projects to be determined	NHT	-	-	-	-	-	-
<i>Sub-Total</i>		<b>1,200,240</b>	<b>1,422,000</b>	<b>3,155,000</b>	<b>4,069,000</b>	<b>2,690,000</b>	<b>-</b>
<b>NHT Sub-Total</b>		<b>13,650,769</b>	<b>33,553,693</b>	<b>48,216,119</b>	<b>58,761,882</b>	<b>62,860,491</b>	<b>-</b>
<b>National Water Commission</b>							
Greater Mandeville Water Supply	NHT loan	-	770,000	515,000	-	-	-
KMA Water Supply Programme	IDB		-	-	-	-	-
Other Mains Replacement	Loan	172,930	605,000	-	-	-	-
Port Royal Mains Replacement and New Sewerage System	Loan	343,170	203,000	-	-	-	-
Spanish Town Road Mains Replacement	Loan	935,430	454,000	-	-	-	-
<b>K FACTOR PROGRAMME</b>							
Customer Water Meter Installation	NWC	-	1,500,000	-	-	-	-
St Catherine NRW - Portmore	NWC	254,350	-	-	-	-	-
Hermitage Dam Rehabilitation Works Phase1	Loan	-	151,030	35,080	-	-	-
Essex Valley W/S Distribution	NWC	-	-	-	-	-	-
Hounslow W/S Hopewell Well to Fort Charles	Loan	163,570	-	-	-	-	-
Jacks Hill Water Supply	NWC	-	315,000	-	-	-	-
Eltham Park WWTP Rehabilitation	NWC	-	40,000	-	-	-	-
Greater Portmore WWTP Rehabilitation Phases 1 and 2	NWC	-	480,000	-	-	-	-
Coral Drive, West Bay, Portmore	IGF	99,500	-	-	-	-	-
Bay Farm Road Sewer Extension	Loan	-	-	-	-	-	-
Tanks and Pumps	Loan/IGF	57,610	786,000	-	-	-	-
Munroe/Wellington Road Sewerage	NWC	-	1,000,000	-	-	-	-
Mona Heights Sewerage	NWC	-	160,000	160,000	160,000	-	-
Laburum Crescwnt Sewers, Portsmouth	IGF	117,120	-	-	-	-	-
Rehabilitation and Upgrading WWTP (NEPA Listing) & Harbour View		-	650,000	-	-	-	-
<b>Rural Water Projects</b>							
Agualta Vale/Richmond Highgate	IGF	57,830	160,000	90,000	-	-	-
Dornoch WTP to Baron Hill Main Replc.	Loan/IGF	-	225,000	-	-	-	-
Jericho Well to Ewarton/York St Pipe upgrade	Loan	62,890	98,000	-	-	-	-
Kingland to Greenvale Road W/S		357,670	-	-	-	-	-
Whitehall/Springfield WTP WS Rehab & upgrade	Loan	206,300	158,000	-	-	-	-
Black River Pipeline replacement	IGF/Loan	-	308,000	-	-	-	-
Juno Crescent Well Development	Loan	-	220,000	-	-	-	-
Morant Bay W/S Seafort/Springfield	Loan	-	270,000	-	-	-	-
Savannah-la-Mar Water Supply Upgrade	Loan	-	225,000	-	-	-	-
Christiana Spalding Water Supply	Loan	-	123,000	-	-	-	-
Port Antonio WWTP		-	140,000	-	-	-	-
<b>NWC Sub-Total</b>		<b>2,828,370</b>	<b>9,041,030</b>	<b>800,080</b>	<b>160,000</b>	<b>-</b>	<b>-</b>

PROJECTS	Funding Agency	Provisional 2023/2024	Estimated 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028	Projection 2028/2029
<b>Port Authority of Jamaica</b>				-	-	-	
Falmouth Cruise Peir	PAJ	117,386	130,817	1,497,724	1,362,000	750,000	-
Harbours Project	PAJ	26,358	205,636	389,869	-	524,541	-
Montego Bay Project	PAJ	286,091	973,950	1,773,500	1,015,000	790,000	-
Ocho Rios Project	PAJ	128,460	122,150	12,000	580,000	533,196	-
Port Royal Cruise Terminal	PAJ	94,996	47,712	216,000	300,000	-	-
Port Community System	PAJ	67,765	49,589	-	-	-	-
	PAJ	-	-	-	-	-	-
<b>PAJ Sub-Total</b>		<b>721,056</b>	<b>1,529,854</b>	<b>3,889,093</b>	<b>3,257,000</b>	<b>2,597,737</b>	<b>-</b>
<b>Ports Management and Security Limited</b>							
Mobile VACIS/Portal	PMSL		-				
KWL IESMS Phase 3	PMSL		-				
KFTL Container Positioning System	PMSL	-	-	-	-	-	
<b>PMSL Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Spectrum Management Authority</b>			-				
ASMS/RMDFS Equipment	SMA	-	-	-	-	-	-
Renewable Energy System (Head Office)	SMA	-	-				
Renewable Energy System (RMDFS Sites)	SMA						-
		-	-	-	-	-	
<b>SMA Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Urban Development Corporation</b>				-		-	
Dunn's River Falls and Park Renovation	UDC		132,300	-	-	-	
Hellshire Sewerage Treatment Plant	UDC/NHT		256,700	13,500	-	-	
Caymanas Block 1	UDC		920,400	1,802,200	409,700	-	
Fairy Hill	UDC		52,000	1,904,700	-	-	
			-			-	
<b>UDC Sub-Total</b>		<b>-</b>	<b>1,361,400</b>	<b>3,720,400</b>	<b>409,700</b>	<b>-</b>	<b>-</b>
<b>TOTAL SELF-FINANCED PUBLIC BODIES</b>		<b>18,238,705</b>	<b>48,059,767</b>	<b>59,127,424</b>	<b>65,465,345</b>	<b>68,215,554</b>	<b>2,408,016</b>
<b>PUBLIC PRIVATE PARTNERSHIPS</b>							
Norman Manley International Airport (NMIA)	PPP	-	9,048,602	11,838,325	7,913,036	1,996,925	1,144,721
			-	-	-	-	-
Ministry of Education - Schools Solar	PPP		321,625	321,625	-	-	-
			-	-	-	-	-
National Water Commission- Rio Cobre 15MGD WTP	PPP		-	3,930,500	3,930,500	-	-
			-	-	-	-	-
<b>TOTAL PPPs</b>		<b>-</b>	<b>9,370,227</b>	<b>16,090,450</b>	<b>11,843,536</b>	<b>1,996,925</b>	<b>1,144,721</b>
<b>TOTAL SELF-FINANCED PUBLIC BODIES + PPPs</b>		<b>18,238,705</b>	<b>57,429,994</b>	<b>75,217,875</b>	<b>77,308,881</b>	<b>70,212,479</b>	<b>3,552,737</b>
<b>TOTAL PSIP</b>		<b>77,266,018</b>	<b>137,429,994</b>	<b>165,574,890</b>	<b>177,898,791</b>	<b>180,832,304</b>	<b>127,564,525</b>

## APPENDIX VI

### FISCAL RISK STATEMENT

#### Introduction

The Jamaican economy continues to perform positively, with real GDP growth recorded for the first half of FY 2023/24, continuing the positive quarterly performances since the first quarter of FY 2021/22. Fiscal performance also remained strong, despite the existence of global and domestic challenges. Good governance by the GOJ, evidenced by sound fiscal policies and the implementation of effective, forward-looking risk management strategies, underpinned the solid macroeconomic foundation, robust fiscal performance and improved resilience of the economy to external fiscal and macroeconomic shocks.

Limiting the exposure to fiscal risks requires a comprehensive understanding of the sources of these risks; transparency in their disclosure; and the execution of effective risk management practices. This allows the Government to safeguard the fiscal and macro-economic gains and entrench their irreversibility. Failure to appreciate and appropriately address fiscal risks may adversely expose the country to fiscal shocks, requiring the Government to undertake unplanned and disruptive policy actions to maintain credibility and long-term sustainability.

This Fiscal Risk Statement outlines and assesses the GOJ's exposure to fiscal risks originating from sources such as: deviations from the macroeconomic assumptions used in preparing the FY 2024/25 budget and medium term projections; contingent liabilities which may arise from climate change, the operation of public bodies, public private partnerships and judicial awards; wage settlements; and monetary policy. The statement also highlights measures already taken and underway, as well as those being explored by the GOJ to address and mitigate these risks.

#### Fiscal Risk Sources and Disclosure

The major risks that the GOJ, through the MOFPS, actively monitors and manages are highlighted in **Table VI (a)**.

**Table VI (a): Fiscal Risk Sources**

<b>Risk Factor</b>	<b>Implications for Fiscal Position</b>
<b><i>Macroeconomic Risks</i></b>	
Economic Growth	Deviation of actual economic growth from forecast is expected to impact key fiscal variables, including revenue. Slower than budgeted growth will likely lead to a shortfall in revenue.
Inflation	Lower than programmed inflation can have a negative impact on revenue collection and nominal growth, thereby thwarting the achievement of fiscal and debt targets. Higher than programmed inflation could negatively impact the Government's expenditure bill.
Interest Rates	Increasing interest rates are a risk to debt service costs, based on the interest rate composition of the debt stock. That is, the higher the percentage of the portfolio that is contracted on a floating rate basis, the greater the risk from an increase in the interest rate.
Exchange Rates	Jamaica dollar depreciation could contribute to the external debt stock, debt service, and imports increasing in J\$ terms. However, a depreciation of the J\$ will have a positive revenue effect through increased earnings primarily from international trade taxes and external grant receipts (in J\$ terms).
Commodity Prices	Oil Prices - Oil prices directly impact both revenue and expenditure. Revenue is impacted through the SCT on petroleum and petroleum products, whereas expenditure is impacted through the Government's housekeeping expenses.
<b><i>Contingent Liabilities</i></b>	
Climate-Related Risks	Jamaica is located in a multi-hazard zone, and is therefore susceptible to climate-related natural disasters such as hurricanes, flooding, excess rainfall and earthquakes. Realisation of any of these disasters could lead to significant infrastructural damage and the need for adjustments to the GOJ's expenditure programme, as well as lower revenue from economic disruption and fallout.
Public Bodies	Public Entities may require support from the Central Government to cover operating costs or pay debt, adding pressure to the Central Government's budget.
Public Private Partnerships (PPPs)	PPP Projects have to be carefully designed, taking into account the probability of losses that may have to be assumed by the Government.
Judicial Awards	Court judgements made against the GOJ pose a risk to fiscal targets, through increased unplanned expenditure.
<b><i>Other</i></b>	
Wage Settlements	Uncertainty surrounding the final settlements, compounded by the protracted nature of wage negotiations can lead to higher than planned costs to the budget.
Monetary Policy	The Bank of Jamaica Act outlines that the Central Bank should maintain a Reserve Fund consisting of net profits transferred at the end of each fiscal year. When the fund exceeds the Bank's authorised capital, the excess should be transferred to the Consolidated Fund. Likewise, if the Bank realises net losses exceeding the amount held in the Reserve Fund at the end of the Bank's fiscal year, the excess is to be paid to the Bank from the Consolidated Fund. The operations of the Central Bank therefore entail upside and downside risks.
Government Policy Changes	Government policy changes have the potential to adversely impact both revenue and expenditure and ultimately key fiscal targets, in the absence of compensatory measures.

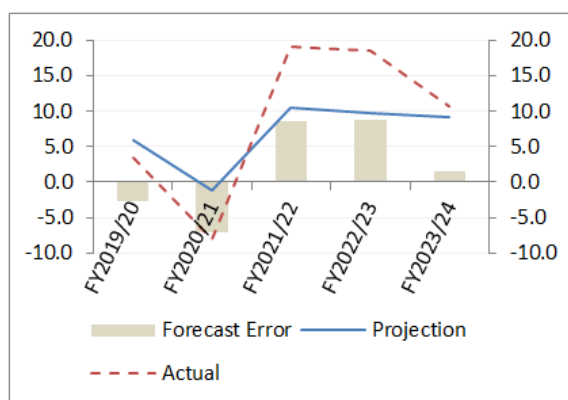
Source: MOFPS

## Macroeconomic Risks

### Economic Growth

The main risk to fiscal and debt sustainability in Jamaica is slower-than-projected GDP growth. Deviations from GDP growth forecast reduce the accuracy of fiscal projections, particularly for revenue, and may undermine the achievement of key fiscal targets since they are often expressed as a percentage of nominal GDP. **Figure VI (a)** and **Figure VI (b)** below show the difference between the growth projections underlying the original budget<sup>5</sup> and actual outturns for both nominal and real GDP over the period FY 2019/20 to FY 2022/23, and estimated outturns for FY 2023/24. The diagrams illustrate a generally positive forecast bias for both nominal and real GDP prior to FY 2021/22, which means that the actual outturns are often below the original forecasts – leading to negative forecast errors. Since FY2021/22, the forecast errors have been positive, demonstrating a faster-than-expected rebound from the economic impact the global health pandemic. Nominal GDP growth for FY 2023/24 is estimated at 10.7 percent, and real GDP growth estimated at 2.0 percent.

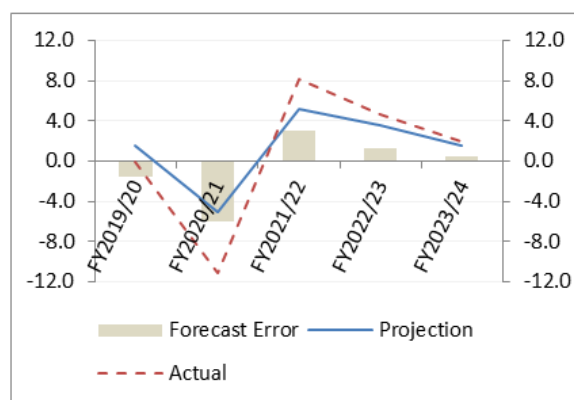
**Figure VII (a): Nominal GDP Projections vs. Actual Outturns**



Source: MOFPS

Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

**Figure VII (b): Real GDP Projections vs. Actual Outturns**



Source: MOFPS

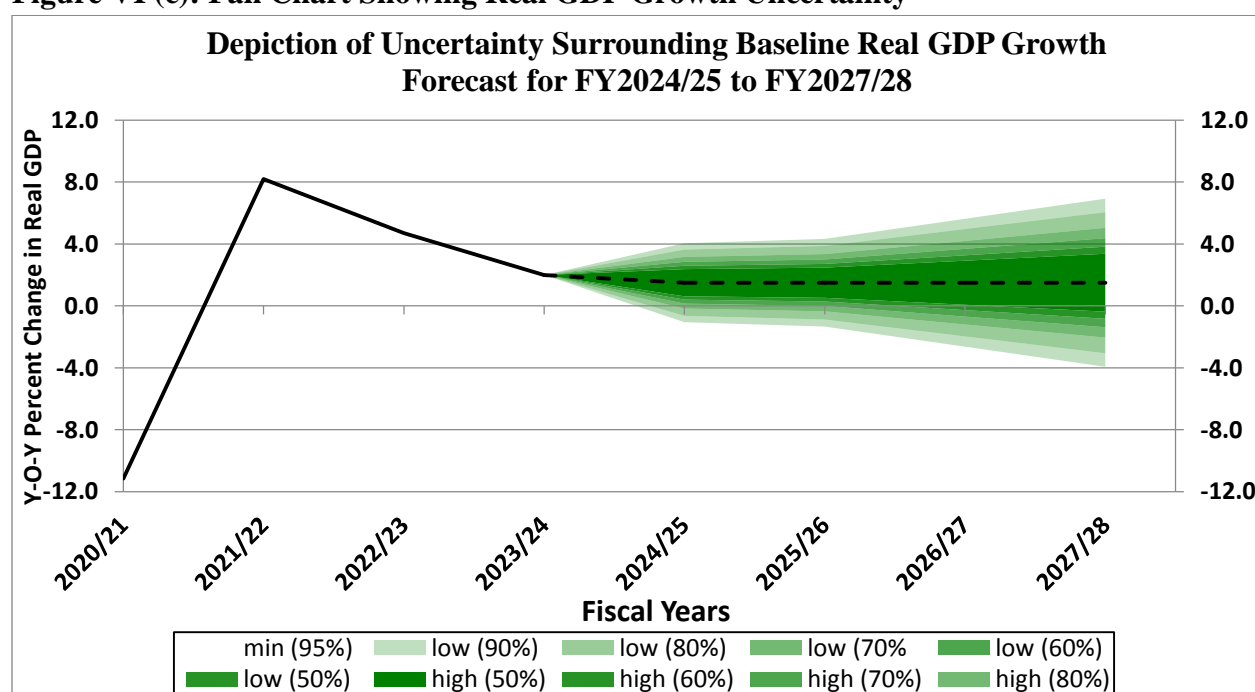
Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

Real GDP growth for FY 2024/25 is projected at 1.8%. The fan chart in **Figure VI(c)** captures the level of uncertainty surrounding the medium-term projections for real GDP growth. For FY 2024/25 there is a 50.0% probability that the real GDP growth outturn will be between 0.6% and 2.4%.

<sup>5</sup> The GDP growth projections used for FY 2020/21 reflect those underlying the First Supplementary Estimates and not the original budget, since there was an early revision of the budget due to the onset of the COVID-19 pandemic.



**Figure VI (c): Fan Chart Showing Real GDP Growth Uncertainty**



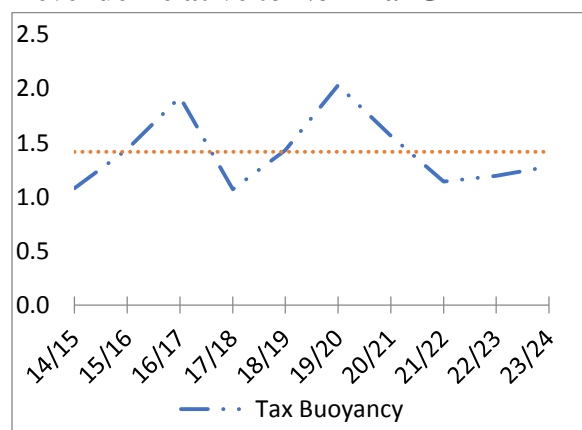
Source: BOJ, MOFPS

**Box VI (a): Depiction of Uncertainty Surrounding Baseline Real GDP Growth Forecast**

The solid line in **Figure VI (c)** shows actual fiscal year Real GDP growth for the 3-year period from FY 2020/21 through to FY 2022/23 and the estimated growth for FY 2023/24, while the broken line represents the 4-year medium-term baseline projections (from FY 2024/25 to FY 2027/28). The fan chart utilises the standard deviation of the forecast errors to determine the spread of the fan opening around the projected baseline values at different confidence levels. The blades nearest the centre of the fan chart in dark green define the range of projections corresponding to a 50.0% probability of occurrence, based on historical outturns. As the probability of occurrence increases, the colour is progressively less saturated and the spread between the maximum and minimum values

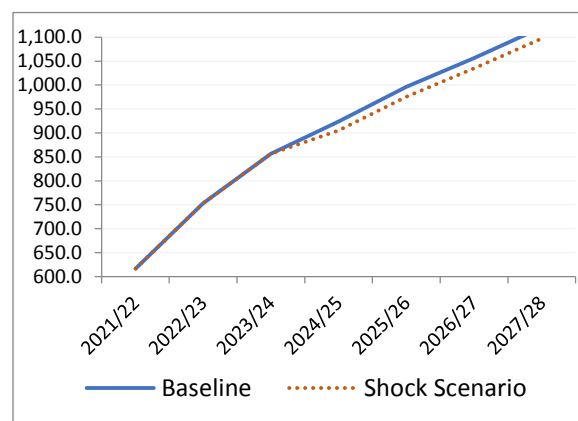
The relationship between tax revenue and nominal GDP can be measured using tax buoyancy, where a buoyancy of 1.0 suggests that a 1.0% increase in GDP would result in a 1.0% increase in tax revenue. Buoyancy greater than 1.0 would result in a more than proportionate increase, whereas buoyancy less than one would lead to a less than proportionate increase in tax revenue. **Figure VI (d)** shows buoyancy estimates for the period FY 2014/15 to FY 2023/24 and the average estimate for the period. The average buoyancy of 1.4 suggests that where nominal GDP increases (decreases) by 1.0%, tax revenue is expected to increase (decrease) by 1.4%. This result was used to inform a shock scenario in which nominal GDP growth for FY 2024/25 is one standard deviation (3.9 percentage points) lower than projected (see **Figure VI (e)**). In the year of impact (FY 2024/25) tax revenue would fall by \$18,8 billion or 2.0% relative to the baseline.

**Figure VI (d) Buoyancy of Total Tax Revenue Relative to Nominal GDP**



Source: MOFPS

**Figure VI (e) Impact of a Shock to Nominal GDP on Tax Revenue**



Source: MOFPS

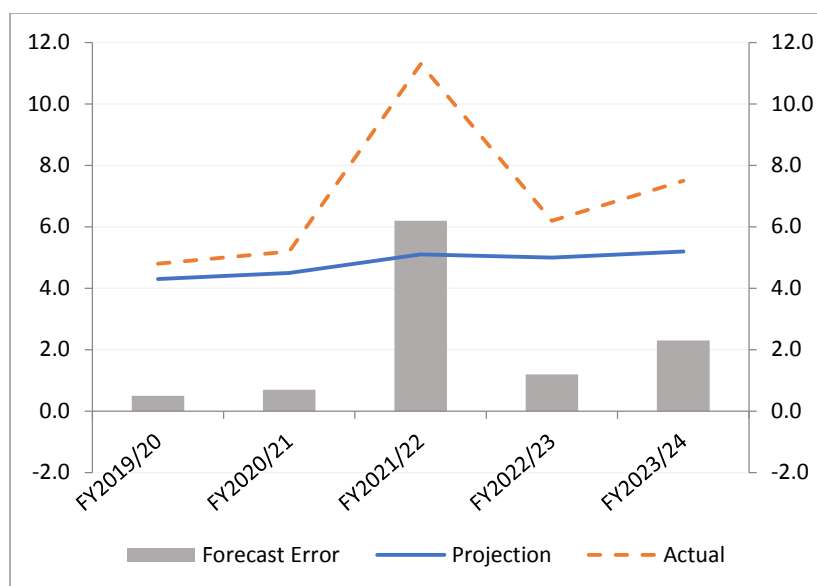
The January 2024 World Economic Outlook Update published by the IMF projects that the global economy will grow by 3.1% in 2024, the same growth estimated for 2023. The forecast reflects a more positive outlook compared to the October 2023 global growth projection of 2.9% for 2024, and is predicated the greater-than-expected resilience in the United States and several large emerging market and developing economies. The risks to global growth are broadly balanced. A faster-than-expected decline in inflation could result in further easing of financial conditions which would create an improved growth enabling environment. On the downside, new commodity price increases resulting from geopolitical shocks and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Jamaica's main trading partner, the United States, is projected to grow by 2.1% in 2024, reflecting a slow-down from the 2.5% estimated growth in 2023. Given the implications of the economic performance of the country's main trading partners for the domestic economy, the GOJ will continue to monitor developments in the global economy to gauge possible spill-over effects.

## ***Inflation***

Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses as well as the cost for servicing inflation-linked debt. At end-December 2023, the annual point-to-point inflation rate was 6.9%, with the outlook for the fiscal year indicating that the outturn is likely to exceed the target range of 4.0% to 6.0%.. **Figure VI (f)** highlights the variance between inflation projections and the actual outturns for FY 2019/20 to FY 2022/23 and the estimated outturn for FY 2023/24. For FY 2022/23, actual inflation exceeded projection by 1.2 percentage points while the estimate for FY 2023/24 is 2.3 percentage points above forecast.



**Figure VI (f): Annual Point to Point Inflation Projections vs Actual Outturns**



Source: STATIN, BOJ, MOFPS

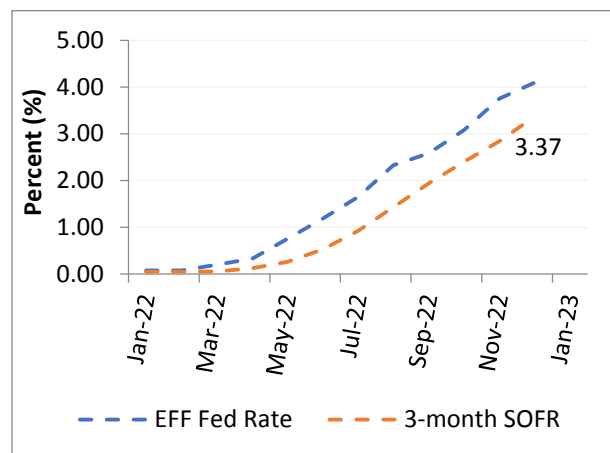
Note: Projections and actual outturns read in percentage and forecast errors read in percentage point.

### ***Interest Rates***

The Government's exposure to changes in interest rates is measured by the share of variable-rate, and near-to-maturity fixed-rate debt in the debt portfolio. In an effort to reduce this risk, the GOJ's debt management strategy features the issuance of mainly fixed-rate debt instruments.

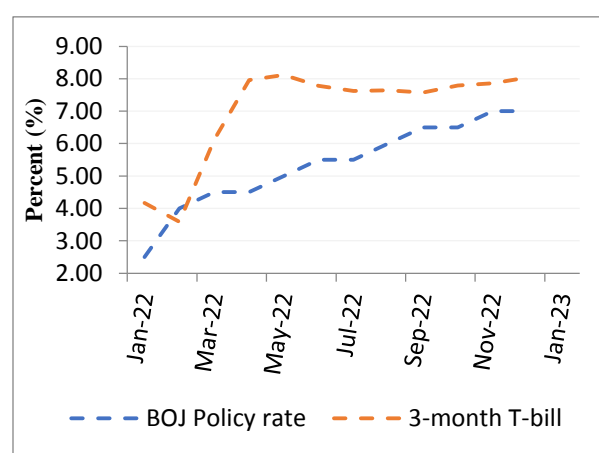
The 3-month Treasury-Bill rate and the Secured Overnight Financing Rate (SOFR) are the reference rates primarily used to reset interest rates on the variable-rate portion of the domestic and external debt portfolios, respectively. For FY 2023/24 to December 2023, the US Federal Reserve tightened their monetary policy, increasing the target range for the Fed Funds rate by 400 basis points (bps) to 4.25% to 4.75%. Consistent with this tightening, the 3-month SOFR increased by 92 bps to 5.35% at end-December 2023 (see **Figure VI (g)**). The BOJ maintained its policy rate at 7.0% over the period, while the year-over-year average 3-month Treasury bill rate increased marginally (see **Figure VI (h)**).

**Figure VI (g): External Market Reference Rates**



Source: Federal Reserve Bank of St. Louis

**Figure VI (h): Domestic Market Reference Rates**



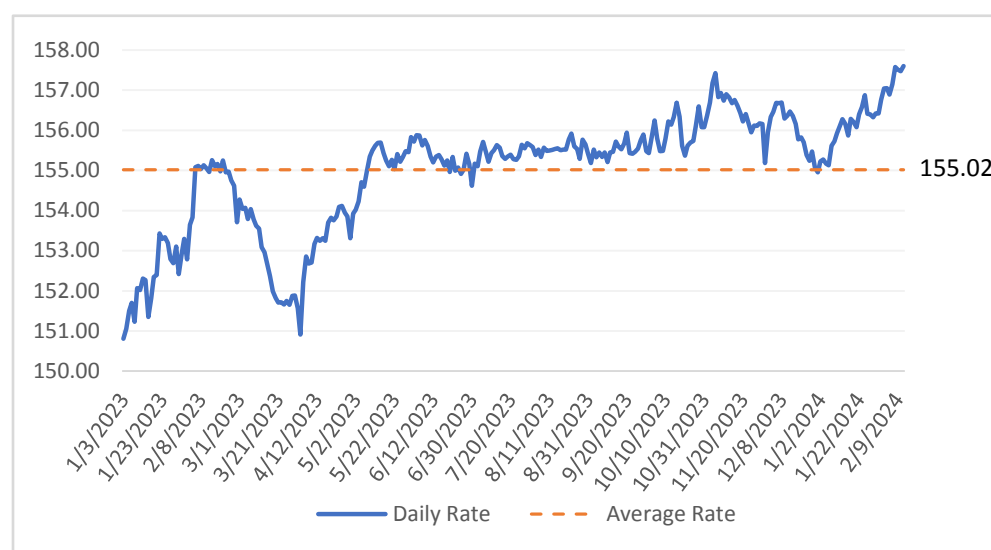
Source: BOJ

## Exchange Rates

The GOJ's fiscal accounts are impacted by changes in the exchange rate on both the revenue and expenditure sides. An increase in the exchange rate beyond what was forecasted poses an upside risk to international trade revenues as imported goods and services, and the taxes applied to them are worth more in Jamaica dollar terms. The Jamaica dollar value of grant receipts denominated in foreign currencies also increases as a result of the depreciation of the Jamaica dollar. On the expenditure side, foreign currency debt service and housekeeping expenditure become more expensive in Jamaica dollar terms, posing a downside risk.

Over the 2023 calendar year, the Jamaica dollar depreciated by 3.3 percent relative to the US dollar (see **Figure VI (i)**). At end-December 2023, 62.4% of Central Government debt was denominated in foreign currencies. The GOJ's medium-term debt management strategy will continue to focus on realigning the debt portfolio in favour of local currency in order to mitigate foreign exchange risk.

**Figure VI (i): Daily Exchange Rate Movements of the Jamaica Dollar vis-à-vis the US Dollar**



Source: BOJ

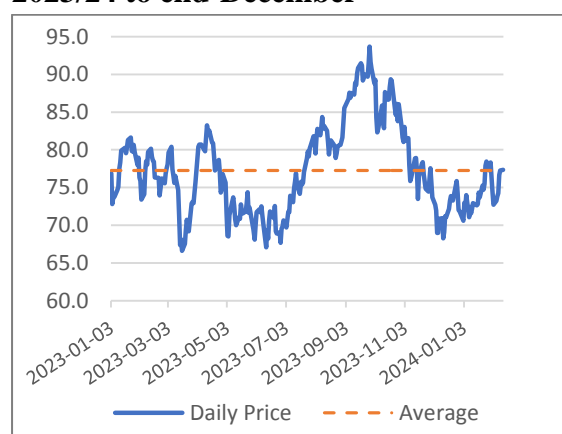
### ***Oil Prices***

Above (below) budget oil prices result in increased (decreased) GOJ housekeeping expenditure in areas such as transportation and energy. On the other hand, revenue from the ad valorem portion of SCT on petroleum and petroleum based products would see positive (negative) effects from an increase (decrease) in oil prices. The SCT is structured in such a way that a fixed portion acts as a buffer to price volatility.

The average price for West Texas Intermediate (WTI) crude oil declined during FY 2023/24 to end-December 2023, compared to the corresponding period of the previous fiscal year. The price for the WTI averaged US\$78.13/bbl for the period (see **Figure VI (j)**). For the comparable period of FY 2022/23, the WTI averaged US\$98.41/bbl. The year-over-year reduction in the average price is resulted mainly from weakened global demand. **Figure VI (k)** highlights the difference between oil price projections and actual outturns for FY 2019/20 to FY 2022/23, and the estimated outturn for FY 2023/24. The projected average for FY 2023/24 was US\$80.73/bbl, which is higher than the estimated outturn of US\$76.84/bbl.

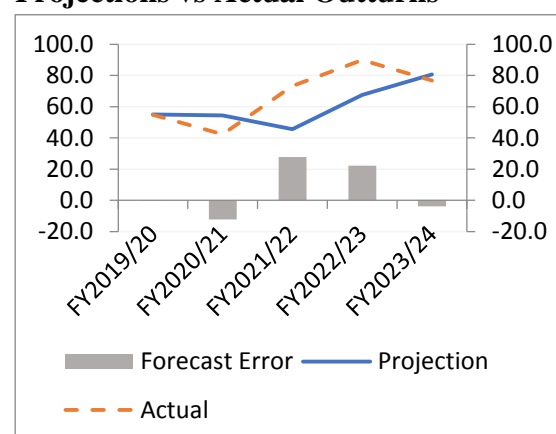
The GOJ continues its Energy Efficiency and Conservation Programme (EECP) and Energy Management and Efficiency Project (EMEP) aimed at promoting energy efficiency and conservation to lower government bills and reduce oil imports.

**Figure VI (j): Daily Oil (WTI) Prices FY 2023/24 to end-December**



Source: Federal Reserve Bank of St. Louis

**Figure VI (k): Average Oil (WTI) Price Projections vs Actual Outturns**



Source: BOJ/MOFPS

## Contingent Liabilities

The Public Debt Management Act (PDMA) defines a contingent liability as: “*an obligation (whether explicit or implicit) that materialises if a particular event occurs; or a potential liability that may occur depending on the outcome of an uncertain future event.*” In the case that a financial obligation materialises, fiscal resources could be subject to severe strain as the Government is met with unexpected expenditure requirements over a short period of time. The GOJ’s exposure to contingent liabilities may arise from various sources such as, inter alia: climate-related and other disasters (including health shocks), public bodies, public-private partnerships, and judicial awards.

## Climate Change and Fiscal Risks

### *Jamaica Climate Overview*<sup>6</sup>

Jamaica’s climate is influenced by a number of factors including the northeast trade winds, mountains in the interior and the surrounding Caribbean Sea. An upland tropical climate prevails on the windward side of the mountains, whereas a semi-arid climate predominates on the leeward side. The average annual temperature in Jamaica is in the mid-twenties on the Celsius scale, with a slightly cooler period during December–March and a warmer period during June–September. Annual rainfall varies significantly across the island, with the highest average (between 3,000 and 5,000mm) usually occurring on the north-eastern side. Jamaica lies in the Atlantic Hurricane belt, frequently experiencing storms during August–October, which contribute a large portion of rainy season precipitation. Inter-annual rainfall variability is heavily influenced by the El Niño Southern Oscillation. The June–August period is, on average, warmer and drier during El Niño years and colder and wetter during La Niña years.

<sup>6</sup> USAID Climate Change Integration Support (CCIS), 2017: Jamaica Climate Risk Profile

Due to its location in a multi-hazard zone, Jamaica is significantly exposed to climate-related fiscal risks. The island is vulnerable to the effects of climate change, most notably extreme natural hazards such as hurricanes and excess rainfall. Disasters materializing from these hazards often result in extensive infrastructural losses (physical damage) and necessitate huge adjustments to the GOJ's expenditure and revenue programme (fiscal impacts). Additionally, revenue could decrease sharply, consequent on the disruption of economic activities, much of which takes place within Jamaica's coastal zone. The economically valuable tourism, fisheries and agricultural sectors, in particular, are highly vulnerable to climate variability.

Climate change and measures to respond to it have potentially significant physical, macroeconomic and fiscal consequences. The physical consequences include changed precipitation patterns, sea level rise (amplified by storm surges) and more intense and frequent extreme weather events. The potential economic consequences include productivity changes in agriculture and other climate sensitive sectors and financial market disruption. Climate change also affects fiscal positions, through its impact on tax bases and spending programmes. The main focus of this section is climate-related fiscal risks.

### ***Climate-related Fiscal Risks<sup>7</sup>***

Climate change creates fiscal risks through physical and transition risks. Physical risks are those associated with the impacts from climate change, and can either be event-driven (including increased severity of extreme weather events) or arise from longer-term shifts in climate patterns (including sustained higher temperatures, sea level rise, and changing precipitation patterns). These physical risks can translate to fiscal risks through increased exposure of assets to disasters and the associated recovery costs (such as replacing damaged infrastructure after a disaster occurs) as well as through adaptation costs (such as the additional costs of building infrastructure to be more resilient to climate change). Transition risks are the risks arising from the shift to a low-carbon economy due to policy changes (e.g., carbon pricing), technological changes, and changes in consumer and investor preferences. Transition risks include: loss of government revenue derived from: fossil fuels, including taxes on fossil fuels such as petroleum; vehicles as the transport sector transitions to electric vehicles; and the loss of value of publicly owned oil refineries, among others.

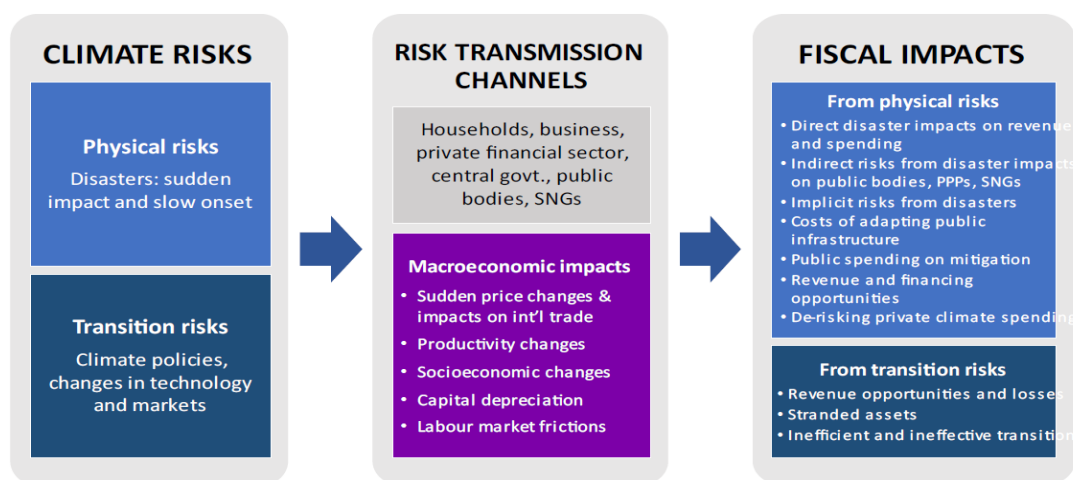
Climate-related fiscal risks impact public finances through a range of transmission channels. Macroeconomic risks from climate change indirectly impact public finances through the impact of disasters on government response and recovery spending, on tax bases and government revenues and, hence, on the deficit and debt levels. Climate change can also create risks to long-term fiscal sustainability. Climate-related disasters can impact the GOJ indirectly through effects on the private sector and households to the extent that fiscal support is provided to them by the government.

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<sup>7</sup> IMF Technical Assistance Report, 2023: Jamaica – Fiscal Risks from Climate Change

Figure VI (I) illustrates the sources, transmission channels, and fiscal impacts of risks from climate change.

**Figure VI (I): Climate-related Fiscal Risks - Sources, Transmission Channels, and Fiscal Impacts**



Source: IMF Technical Assistance Report, 2023: Jamaica – Fiscal Risks from Climate Change

### *Fiscal Impacts of Historical Climate-related Disasters*

Historically, weather-related disasters in Jamaica, including those due to droughts, floods, tropical storms and hurricanes, have severely impacted Jamaica's economic and fiscal progress.

During the period from 1990 to 2022, there were twenty-four (24) tropical cyclone events that impacted Jamaica. Table VI presents the fifteen (15) events with the highest reported economic losses. Tropical cyclone Ivan (2004) was the most destructive, with overall reported losses estimated at approximately US\$386mn.

**Table VI: Historical Economic Losses from Tropical Cyclone Events**

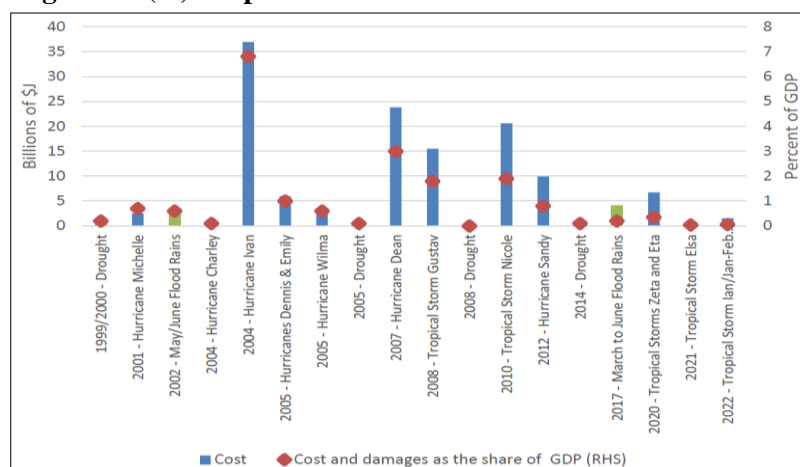
Event	Year	Losses (US\$mn)
Zeta	2020	0.7
Sandy	2012	13.0
Nicole	2010	8.0
Gustav	2008	8.0
Dean	2007	198.0
Wilma	2005	3.0
Emily	2005	34.0
Dennis	2005	16.0
Ivan	2004	386.0
Charley	2004	41.0
Lili	2002	0.0
Isidore	2002	0.1
Michelle	2001	10.0
Marco	1996	0.3
Gordon	1994	1.0

Source: CCRIF – Jamaica Country Risk Profile 2024

A 2018 assessment found that, historically, the GoJ has chosen to reallocate resources to meet the more pressing costs associated with natural disaster response<sup>8</sup>. This reallocation is accounted for outside of the regular budget cycle through mid-year Supplementary Estimates. Analysis of the Supplementary Estimates for the period 2004–2014 showed that, within the 3-month period immediately following a disaster, the gross Supplementary for disaster response financing increased relative to non-disaster years, totaling US\$86.0mn. The bulk of the resources were reallocated from the Capital budget.

Figure VI (m) illustrates the impact of extreme climate-related events between 1999 and 2022.

**Figure VI (m): Impact of Extreme Climate-related Events**



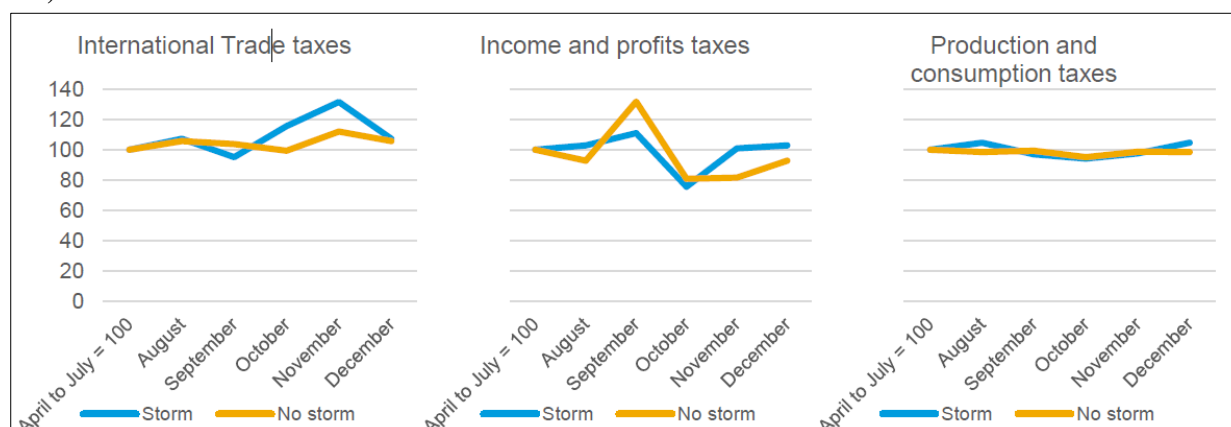
Source: IMF Technical Assistance Report, 2023: Jamaica – Fiscal Risks from Climate Change

### ***Revenue Impacts of Historical Climate-related Disasters***

An analysis of the revenue impact of the three most destructive storms that impacted Jamaica during the last two decades: Ivan (September 2004); Dean (August 2007); and Nicole (September 2010) shows a temporary 17.0 percent increase in tax receipts from international trade in October and November, and a 16.0 percent decline in tax receipts on income and profits in September, relative to years during which there were no significant tropical cyclone impacts. Taxes on production and consumption show no change. However, by December the effects netted out and overall revenue collections appeared unaffected. These results can be explained by increases in imports following a storm, together with disruptions to filing tax returns at the end of the second quarter if a large storm happens.

<sup>8</sup> Jamaica Advancing-Disaster-Risk-Finance', World Bank 2018, pp. 19-23.

**Figure VI (n): Trends in monthly revenues during years with and without large storms (April to July = 100)**



### ***GOJ's Strategies to Mitigate Climate-related Fiscal Risks***

The GOJ has implemented several strategies to reduce and manage the fiscal risks associated with climate change, while others are underway. These include:

- strengthening the Public Investment Management (PIM) system, including climate-sensitive project appraisal and selection (including for PPPs);
- strengthening oversight of public bodies from a climate-aware perspective;
- climate-risk informed land use planning and building codes;
- use of geographic information systems (GIS) in the mapping of hazards and of existing and proposed asset exposures;
- the planned introduction of Climate Budget Tagging in budget preparation and reporting;
- development of asset registers with valuations; and
- building the capacity of MDAs on climate-aware planning.

In addition, the GOJ has prioritized disaster risk financing (DRF) to mitigate the fiscal impacts of natural disasters. Accordingly, the National Natural Disaster Risk Financing Policy (NNDRFP) was established in FY 2023/24 (approved in the Houses of Parliament in June 2023). The policy proposes a risk-layered approach to disaster risk financing. It emphasises the need for an up-to-date GOJ asset register to facilitate the insurance of public assets, as well as the importance of private insurance to limit the implicit liability of the Government in the event of debilitating private losses.

The risk layering approach adopted by the GOJ to finance risks from natural disasters involves establishing adequate funds and reserves to retain the costs associated with high frequency, low severity events such as floods or heavy rainfall, and transferring risks related to low frequency, high severity events such as major hurricanes and earthquakes through insurance facilities. The GOJ maintains a National Disaster Fund (NDF), capitalized at \$500.2mn as at end-December 2023, and may also utilize funds held in the Contingency Fund which, as at end-December 2023, amounted to \$5,104.2mn. The Government may also



access US\$385.0mn from an IDB Contingent Line of Credit (CCL) in the event that the country is affected by a disaster of a specified magnitude.

Following the December 2023 maturity of the GOJ's US\$185.0mn Catastrophe Bond (CAT bond), which was launched in the global capital markets in 2021, the GOJ is actively pursuing the issuance of a new CAT bond in 2024. The instrument will provide financial protection against financial losses associated with tropical cyclones. Pay-outs to Jamaica will be triggered if a named storm event meets the parametric criteria for location and severity in accordance with the terms of the bond.

The Government intends to renew the existing insurance policy with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) during FY 2024/25. The policy provides financial protection against Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR) events. Total coverage under the FY 2023/24 policy amounts to US\$233.9mn.

The GOJ's arrangement with the IMF under the Precautionary and Liquidity Line (PLL) and Resilience and Sustainability Facility (RSF) provides access to US\$1.7bn. The PLL gives Jamaica access to approximately US\$963.0mn in the event of balance of payment shocks, while the RSF provides insurance against weather-related shocks and is structured to facilitate the implementation of further initiatives that increase resilience to climate change risks.

The GOJ is in the process of establishing a National Natural Disaster Reserve Fund (NNDRF) to supplement the existing portfolio of risk financing instruments. The NNDRF is to be established to provide financial resources for the relief, recovery and reconstruction costs associated with a natural disaster (with origins that can be geological, hydro-meteorological or biological). Capitalization of the NNDRF will entail annual budget allocations. The NNDRF will also house receipts/pay-outs from other disaster risk transfer instruments (such as the CCRIF, CAT bond, and IDB CCL).

### **Mitigating Climate-related Risk to the Financial Sector**

Jamaica experienced a devastating financial crisis during the late 1990s where the fiscal cost of the crisis was among the highest globally in recent history (more than 40 percent of GDP). The supervision and regulation of the financial system has improved over the years and a deposit insurance scheme is in place which protects depositors up to J\$1.5mn per account. The share of government owned financial institutions is relatively small, reducing the direct fiscal risks from the financial sector. However, potential impacts of major disasters on the financial industry and its transmission channels to the public sector should be carefully considered. Under the RSF program, the BOJ has been developing capacity to identify climate related financial risks, embed these risks in the supervision framework and implement climate stress testing.

#### ***Public Bodies***

The operations of public bodies (PBs) pose a risk to the Central Government budget, to the extent that these entities are unable to service debt, whether government guaranteed or otherwise, cover their operating expenses or satisfy their investment needs.

Subject to the Public Bodies Management and Accountability (PBMA) Act, public bodies may only access loans with the approval of the GOJ, which continues its efforts to monitor, account for and facilitate the reduction of the stock of guaranteed and non-guaranteed debts accessed by the SFPBs.

The implementation of new pay structure proved to be challenging for some of the self-financing public bodies, particularly in respect of payment of the retroactive amounts. Most entities were able to meet the additional cost from internal resources; however, some, entities received Government's assistance to treat with retroactive payments including the National Water Commission, Transport Authority and the National Export Import Bank of Jamaica. Meanwhile, some PBs have consistently received support from the Government over the years to supplement the inadequate cash flows generated from their operations. This is particularly so where the entities' operations are geared towards achieving certain economic or social objectives in accordance with GOJ's policy priorities. This group includes the JUTC which continues to provide service at subsidised fares to students and the elderly, while those for adults remain below the economic level. The recent reduction in bus fares poses increased risk to the operations of the Entity. The Jamaica Agricultural Commodities Regulatory Authority, Montego Bay Metro and the Students' Loan Bureau are other such entities.

Table VI (c) provides projections for FY 2024/25 in respect of some public bodies which are programmed to receive support from GOJ to assist with operational activities/costs.

**Table VI (c): Public Bodies Support from GOJ**

Public Body	FY 2024/25	FY 2023/24
Jamaica Urban Transit Company	8,341.40	8,295.05
Students' Loan Bureau *	2,250.00	1,481.40
Montego Bay Metro	272.19	259.99

Source: MOFPS

\* Includes allocations for the STEM Programme

#### *Public Bodies with Arrears*

The GOJ is cognisant that public bodies with significant arrears are a major source of fiscal risk. As such, the Government continues to manage and monitor these arrears, and ensure they are settled within certain parameters. The GOJ will continue to monitor the domestic arrears of Clarendon Alumina Production Limited (CAP), National Water Commission (NWC), Housing Agency of Jamaica Limited (HAJ), National Health Fund (NHF), National Road Operating and Construction Company Limited (NROCC), the Urban Development Corporation (UDC) and the JUTC, within an established ceiling of \$6,400.00mn. In seeking to manage this risk, the Government may encourage PBs to settle within negotiated terms

and/or seek to renegotiate payment schedules.

### *Other Public Body Activities*

The Government continues to monitor the operations of CAP with a view to contain the risks that its participation in the Jamalco joint venture operation presents to the fiscal operations. The fire at the Jamalco Refinery on August 22, 2021 and the delay in full resumption of plant operations continue to present further fiscal risks. Although the Entity is operating at approximately 85% capacity, cash flows from operations are still inadequate to finance its operations. The achievement of full capacity is contingent on the adequate replacement of assets that were destroyed by the fire. In this regard, CAP in collaboration with its joint venture partner, will continue to undertake activities under a special project (Project Restore) with the aim of achieving full capacity and operational sustainability of the Plant.

### *Public Private Partnerships<sup>9</sup>*

PPPs represent an important mechanism to undertake infrastructure upgrade and development in partnership with the private sector. This mechanism allows the Government to leverage private sector expertise and capital to facilitate the enhanced delivery of public infrastructure and services. Nonetheless, PPPs may present fiscal risks to Government if not appropriately structured and managed. The enhanced fiscal rules which were adopted through amendments to the Financial Administration and Audit (FAA) Act and PBMA Acts in March 2014, have put in place the institutional changes required to ensure fiscal responsibility in the development and implementation of PPP projects. The PPP Units of the Development Bank of Jamaica and the Ministry of Finance and the Public Service continue to collaborate in reviewing and assessing PPP transactions.

There are currently five (5) commercial/user-pays concession agreements in operation. These are the agreements for the Norman Manley International Airport (NMIA), Kingston Container Terminal (KCT), Sangster International Airport, the North-South Highway and the East West Highway 2000. Consequent on the impact of the COVID-19 pandemic, four (4) of the existing concessionaires have submitted claims or notice of their intent to claim under the provisions of the respective concession agreements.

### *NMIA and SIA Airports*

On December 14, 2020, Cabinet approved claims submitted by PAC Kingston Airport Limited, operators of the NMIA and MJB Airports Limited, operator of the Sangster International Airport for reliefs under the force majeure clause for the respective concession agreements. Further, on April 12, 2021, Cabinet approved the appointment of a Negotiating Team for the airports concession agreements, consequent on proposals submitted by the

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<sup>9</sup> A public private partnership is a long-term procurement contract between the public and private sectors, in which the proficiency of each party is focused in the designing, financing, building and operating an infrastructure project or providing a service, through the appropriate sharing of resources, risks and rewards (GOJ Policy and Institutional Framework for the Implementation of PPPs, 2012).

concessionaires for economic recovery and long-term sustainability arising from the impact of the COVID-19 pandemic. During FY 2023/24, the negotiating team reviewed the proposals submitted by the airport operators following which a Submission was presented to Cabinet. The recommended strategy in respect of the airport concessions was approved by Cabinet as follows:

(1) Sangster's International Airport

- the Airports Authority of Jamaica to grant no additional compensation reliefs to MBJ beyond those which were provided under the Force Majeure Claims; and
- the extension of the concession period for up to 12 months.

(2) Norman Manley International Airport

- a reduction of the Concession Fee from 62.0% of Gross Revenue to 53.2% of Gross Revenues from the effective date in 2023 to the end of the Concession period to facilitate the runway extension by 300 metres and the implementation of the Runway End Safety Areas (RESA), commencing immediately, or within two years (by 2025); and to allow for the introduction of an additional maximum cap on regulated airport charges to be agreed between the AAJ and PACKAL and approved by the Jamaica Civil Aviation Authority.

*TransJamaica Highway (TJH)*

TJH has submitted a notice of claim under the “Applicable Change in Law” provision of the concession agreement arising from the implications of the Disaster Risk Management Act (DRMA). This included a provisional amount for compensation; however NROCC sought legal guidance on the validity of the claim. Legal opinion provided to NROCC indicated that the claim submitted by TJH was not valid.

*Jamaica North South Highway Company (JNSHC)*

The JNSHC has advised NROCC of the occurrence of a Force Majeure event and the remedy of an extension of time to the concession terms provided in the concession agreement. However, the JNSHC has not yet quantified the revenue losses. The quantification of revenue losses is required to determine the period of extension.

PPPs In Progress

The following PPP transactions are currently in progress:

▪ **Rio Cobre Water Treatment Plant**

The NWC is pursuing the development of a 25-year Water Purchase Agreement for the financing, construction, operation and maintenance of a Water Treatment Plant in Content, St. Catherine with a capacity of 15 million gallons per day (mgd). The Water Purchase Agreement was approved by way of Cabinet Decision No. 38/22 dated November 14, 2022. Consequently, the WPA between the NWC and the private investor was executed on November 29, 2022 and activities are currently being pursued to achieve financial closure.

- **Schools Energy Efficiency and Solar Project**

The Ministry of Education and Youth through the National Education Trust (NET) is pursuing an energy efficiency and solar energy pilot project in 30 secondary schools by way an Energy Savings Performance Contract (ESPC). Under the arrangement, the private investor is to undertake the financing, installation and maintenance of photovoltaic generation systems and energy efficiency retrofits to reduce the cost of electricity at the schools selected as part of the pilot project. Consequent on Cabinet's approval of the terms therein, the ESPC between the NET and the private investor was executed on March 29, 2022 and activities are being pursued to facilitate financial closure.

### ***Judicial Awards***

Legal claims against the GOJ may have costly and unexpected implications if judgements are made in the favour of plaintiffs. Judicial awards pose a risk to the Government's fiscal position, as an unplanned increase in expenditure could crowd out planned expenditure, resulting in new revenue measures, or necessitating additional borrowing.

The MOFPS collaborates with the Ministry of Justice (MOJ) to monitor the progress of current and pending cases against the GOJ. Close monitoring ensures that proper expenditure planning is executed, and included in the budget should there be a ruling against the Government.

### **Other Specific Risks**

#### ***Wage Settlements***

The public wage bill can pose a risk to GOJ expenditure in the event that wage settlements exceed budget and/or are not concluded in time for the budget. As such, the Government is seized with the importance of properly managing the attendant wage bill pressures, in order to minimize any potential fiscal risk. The Government commenced implementation of the new public sector compensation structure during the third quarter of FY2022/23, replacing the previous system that presented fiscal risks due largely to its complexity. In addition to being simple the new compensation system was designed to be affordable and sustainable. The third and final year of implementation of the public sector compensation restructure will be effected in FY 2024/25.

### ***Monetary Policy***

The Bank of Jamaica Act outlines, in Part III - Capital and Reserve, that net profits in excess of five times the Bank's authorized capital or losses exceeding the amount of the General Reserve Fund, at the end of each financial year, are transferrable to the Central Government. Consequently, the operations of the Central Bank represent a source of fiscal risk. This risk, however, is expected to be mitigated through the implementation of the Bank of Jamaica (Amendment) Act, 2020. The Act became effective in April 2021, entrenching price stability as the Bank's primary objective while strengthening its governance, accountability and financial arrangements.

### ***Government Policy Changes***

While changes in government policy might be necessary in response to changing economic conditions and developments, the GOJ is cognizant that its fiscal position and targets are sensitive to policy changes implemented post-budget. The GOJ will continue to actively monitor possible policy impacts on revenue and expenditure, and stands ready to take the necessary compensatory measures to minimize or prevent fiscal fallout.