



GOVERNMENT OF JAMAICA

FISCAL POLICY PAPER

FY 2023/24

(As presented)

INTERIM REPORT

26th September 2023

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PART 1

FISCAL RESPONSIBILITY STATEMENT

INTRODUCTION

Jamaica's economy continues to show robust real growth, with the March 2023 quarter registering a 4.2 percent outturn. Although this is 2.3 percentage points below the corresponding quarter of the prior year, economic growth was anticipated to slow down, as we move away from the initial recovery period following the COVID-19 pandemic. Annual real economic growth is anticipated to be around 1.5 percent.

While real growth remains positive, point-to-point inflation levels have been hovering just above the Bank of Jamaica's target range (4.0 to 6.0 percent). For August, the point-to-point inflation rate stood at 6.8 percent, marginally above June and July at 6.3 percent and 6.6 percent, respectively. The central bank's Monetary Policy Committee agreed at its August 2023 meetings to maintain (i) the policy interest rate at 7.0 percent (ii) tight Jamaica dollar liquidity conditions and (iii) relative stability in the foreign exchange market as inflation, despite slowing, remained above the bank's target range of 4.0 to 6.0 percent.

The Statistical Institute of Jamaica released the latest unemployment data on August 15, 2023, which indicated that Jamaica had achieved its lowest ever unemployment rate of 4.5 percent in April 2023. This was 1.5 percentage points lower than the unemployment rate for April 2022.

The Central Government's Approved Budget for the current fiscal year was formulated around the then expectations for macro-indicators and the corresponding fiscal balance target required to meet the medium-term debt/GDP target of no more than 60 percent of GDP by end-FY 2027/28. The Government has remained committed to debt reduction and prudent fiscal management.

Fiscal operations over the April-July 2023 period exhibited an over-performance relative to the Second Supplementary Budget, with the generation of a Tax-revenue surplus of \$3.4bn. Overall Revenue and Grants exceeded the Second Supplementary Budget by \$6.2bn, with the contribution from Tax Revenue of \$3.4bn being accompanied by a Non-Tax contribution of \$2.8bn.

The Financial Administration and Audit (FAA) Act requires that the Interim FPP include:

- (a) The economic outturn of the previous financial year;
- (b) The performance of the first quarter of the financial year;
- (c) Projections to the end of the current financial year; and
- (d) Projections for the succeeding financial year and the medium term.

The FAA Act stipulates that by September 30 of each financial year, the Budget Call should be issued to accounting officers in Ministries, Departments and Agencies (MDAs). The Budget Call contains the economic and fiscal parameters that inform preparation of the Annual Estimates of Expenditure for the next financial year and the medium-term.

The GOJ is committed to prudent fiscal management, economic/public financial management reform and will ensure that both current and medium-term fiscal targets are duly met.

FISCAL & ECONOMIC UPDATE

Central Government's operations for **FY 2022/23** were conducted within the context of a fully re-opened economy as all the remaining COVID-19 measures were removed on March 18, 2022. The performance of Revenue & Grants resulted in a shortfall when compared to the Fourth Supplementary Estimate of \$19.1bn and Expenditure (above-the-line), also had a shortfall of \$19.9bn below budget. Notwithstanding the shortfalls, the fiscal balance target was met registering a surplus of 0.3 percent of GDP (*target 0.3 percent*) and the budgeted primary balance surplus was also met at 5.8 percent of GDP (*target 5.8 percent*). The execution rate for Capital Expenditure was 92.0 percent.

Real GDP grew by 4.7 percent for the fiscal year (see Table 1a below). This robust outturn affirmed that full recovery from the COVID-19 shock was within reach.

Net International Reserves (NIR) remained strong at US\$4,146.7mn, and the debt/GDP ratio at end March 2023 stood at 77.1 percent of GDP.

Table 1A: Summary of Economic Performance

	Unit	FY 2020/21 (Actual)	FY 2021/22 (Actual)	FY 2022/23 (Actual)
Real GDP Growth Rates	%	-11.0	8.2	4.7
Inflation (Annual Pt to Pt)	%	5.2	11.3	6.2
BOJ Policy Rate (e-o-p)	%	0.5	4.5	7.0
Unemployment Rate (October)	%	10.7	7.1	6.6
Exchange Rate (weighted average selling rate)	J\$=US\$1	145.6	153.4	153.8
Treasury Bill (6-month: end of period)	%	1.3	2.9	8.7
Current Account	% of GDP	-1.3	-0.7	1.9
Net International Reserves (NIR), (e-o-p)	US\$mn	3,319.3	3,675.9	4,146.7
Gross Reserves (Goods & Services Imports)	Weeks	27.4	22.6	24.6
<u>Fiscal Accounts</u>				
Central Government Primary Balance	% GDP	3.5	6.8	5.8
Central Government Fiscal Balance	% GDP	-3.1	0.9	0.3
Public Bodies Overall Balance	% GDP	0.0	0.5	0.01
Public Sector Balance	% GDP	-3.1	1.4	0.01
Debt Stock	% GDP	109.7	94.2	77.1

Source: MOFPS/BOJ/STATIN

NOTABLE FISCAL DEVELOPMENTS

First & Second Supplementary Estimates

The First Supplementary Estimates (FSE) was tabled in Parliament on May 30, 2023. This followed an adjustment to the Assignment of Subjects and Departments, Agencies and Other Public Bodies earlier in May and this necessitated adjustments to the Central Government Estimates of Expenditure to reflect the changes that became effective on May 24, 2023.

The Second Supplementary Estimates (SSE) was tabled in Parliament on July 18, 2023. This sought to (i) authorize transfers from the Contingency Allocation under the Ministry of Finance and the Public Service to Ministries, Departments and Agencies (MDAs) to facilitate payment of salaries under the compensation restructure programme as well as to Judges in the Supreme Court and the Court of Appeal; (ii) provide allocations for one –off grants to the UDC, NWC and Municipal Corporations to assist the entities with making payments to their employees under the compensation restructure; and (iii) reflect further adjustments to the Assignment of Subjects and Departments, Agencies and Other Public Bodies that became effective on June 28, 2023.

Central Government Operations

The April-July period of FY 2023/24 was yet another strong period for the operations of Central Government with Revenue & Grants registering an excess of \$6.2bn (2.3 percent) above the Second Supplementary Budget while Expenditure (above-the-line) registered a shortfall of \$0.587bn (0.2 percent) against the Second Supplementary Budget. Contributing to the expenditure shortfall was capital expenditure at \$1,209.8mn below budget.

Provisional data indicates that Central Government operations for the fiscal year to end-July 2023 generated a fiscal deficit that was 26.9 percent or \$6.8bn lower than the budgeted deficit. The surplus on the Primary Balance was \$7.1bn or 25.9 percent better than target. This robust fiscal outturn was driven mainly by a better than budget performance of Tax Revenue and Non-Tax Revenue.

Public Sector Compensation Restructure

Implementation of the public sector compensation restructure continues across the second year of a three-year implementation. Implementation of the compensation restructure by self-financing entities has fully commenced during this fiscal year and the Central Government continues to respond to any issues arising across the public sector with respect to the restructure.

IMF PLL/RSF Programme

The Government of Jamaica successfully completed the first review under the IMF's PLL / RSF arrangements following the end-August 2023 meeting of the IMF Board of Directors. Jamaica has demonstrated that it remains committed to macroeconomic stability and will continue to strengthen its policy frameworks which include an ambitious climate policy agenda.

Fiscal Commission

The Fiscal Commissioner continues to work with relevant arms of the Government to finalize the structure and staff the Commission. It is anticipated that the Commission will become operational during FY 2024/25.

Disaster Risk Financing Policy

The Disaster Risk Financing (DRF) policy was tabled in Parliament as a White Paper on June 27, 2023.

CONCLUSION

The Jamaican economy has recovered from the impact of the COVID-19 pandemic as demonstrated by the strong consecutive quarterly growth. It is estimated that real economic growth should be around 1.5 percent for FY 2023/24. The country, however, is currently being affected by a dengue fever outbreak and the Ministry of Health & Wellness has mobilized to engage the population in efforts to limit the number of persons that may be affected.

The fiscal accounts over the April-July 2023 period reflect prudent fiscal management. It is expected that the inflationary impulse in the economy will slow over time and return to the central bank's target range of 4–6 percent. Tourist arrivals have continued to increase, and with Jamaica securing more airline seats out of Canada and a number of other countries, it is anticipated that the number of visitors during this year will exceed the record set last year.

Jamaica recently received a rating upgrade from Standard & Poors, where the agency raised the long-term foreign and local currency sovereign credit ratings for Jamaica to 'BB-' from 'B+'. This upgrade is the highest point for Jamaica on the S&P rating scale since it commenced reviews in 1999. The next step for Jamaica will be to achieve an investment grade rating, which will open the 'door' to further benefits, including access to financial resources at lower costs.

As Jamaica continues to work toward the 2030 Vision and beyond, the Government remains focused on modernizing the economy to be consistent with current technology for the build out of a national broadband network is ongoing.

The GOJ continues to strive toward making Jamaica **the place of choice to live, work, raise families and do business.**



Nigel Clarke, DPhil., MP
Minister of Finance and the Public Service
September 26, 2023

PART 2

MACROECONOMIC FRAMEWORK

Real Sector Developments

FY 2022/23 – Update

The Jamaican economy recorded real GDP growth of 4.7% in FY 2022/23, rebounding quickly from the economic impact of the global health shock which peaked during FY 2020/21. Relative to the 8.2% growth recorded for FY 2021/22, this performance reflected a deceleration in the pace of economic expansion as full recovery from the pandemic has been achieved. Both nominal and real output for FY 2022/23 exceeded pre-pandemic outturns. The fast pace of recovery is evidence of the sound macroeconomic framework that has been established through various structural reforms, as well as the effectiveness of measures implemented by the GOJ to mitigate the impact of the health crisis. The growth in real GDP for FY 2022/23 reflected expansion in both the Goods Producing and Services Industries, by 2.3% and 5.4%, respectively.

Growth in the Goods Producing industry was led by Manufacturing (up 6.0%). Agriculture, Forestry & Fishing (up 5.0%), and Mining & Quarrying (up 0.7%) also contributed to the expansion. The performance of the Goods Producing industry was tempered by the 4.3% contraction in Construction, reflecting lower capital expenditure on civil engineering activities. The Agriculture, Forestry & Fishing industry benefited from the continuation of programmes initiated by the Government, aimed specifically at optimizing productivity, while the expansion in Manufacturing was driven mainly by increased food processing. The growth in Mining & Quarrying reflected higher output of alumina.

Expansion in the Services industry was mainly driven by Hotels & Restaurants which grew by 34.6%. This performance reflected increased visitor arrivals, in light of the continued growth in main source markets and effective marketing strategies. All sectors within the Services industry registered growth, with the exception of Producers of Government Services (down 0.1%).

FY 2023/24 First Quarter Estimated Performance

For the first quarter of the current fiscal year, the Jamaican economy is estimated to have grown by 1.5%, compared to the corresponding quarter of the previous fiscal year. This performance was driven by expansion in the Goods Producing and Services industries of 1.0% and 1.8%, respectively.

Growth in the Services industry was led by Other Services and Hotels & Restaurants. The expansion in Hotels & Restaurants reflected continued growth in the tourism sector, with foreign national arrivals estimated to have increased by 14.5% relative to the corresponding period of the previous fiscal year.

The Goods Producing industry expanded as a result of the strong rebound in Mining & Quarrying which grew by an estimated 163.1%, following a 62.5% contraction for the first quarter of FY 2022/23. The significant expansion emanated from increased alumina production, buoyed by the reopening of the JAMALCO alumina refinery. All other sectors within the Goods Producing industry contracted, led by Agriculture, Forestry & Fishing (down 7.1%), primarily reflecting the adverse impact of persistent drought conditions. The decline in Construction (by 3.3%) is attributable to a downturn in capital expenditure on civil engineering activities. Manufacturing is estimated to have contracted by 0.6%, reflecting lower output from the Food, Beverages & Tobacco sub-industry.

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

INDUSTRY	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2022/23:Q1	FY 2023/24:Q1*
GOODS PRODUCING INDUSTRY	-1.6	-3.4	3.7	2.3	-2.0	1.0
Agriculture, Forestry & Fishing	2.4	-3.8	11.1	5.0	6.3	-7.1
Mining & Quarrying	-22.5	-10.9	-38.7	0.7	-62.5	163.1
Manufacture	2.7	-6.2	4.5	6.0	5.6	-0.6
Construction	-2.4	2.9	7.0	-4.3	-5.2	-3.3
SERVICES INDUSTRY	0.6	-12.7	9.5	5.4	6.9	1.8
Electricity & Water Supply	1.4	-8.0	2.9	2.1	2.0	6.2
Transport, Storage & Communication	-0.2	-13.5	10.3	6.1	5.7	5.2
Wholesale & Retail Trade; Repair & Installation of Machinery	0.4	-9.4	10.7	4.2	7.6	-3.3
Finance & Insurance Services	2.7	-3.8	2.4	1.3	1.1	1.0
Real Estate, Renting & Business Activities	0.6	-2.9	2.2	2.1	2.1	1.2
Producers of Government Services	0.4	0.1	0.3	-0.1	0.4	0.0
Hotels and Restaurants	-1.1	-65.6	125.5	34.6	56.0	9.0
Other Services	0.4	-28.2	13.8	11.6	9.8	9.5
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.5	3.8	3.8	2.7	2.0	4.2
REAL GDP GROWTH	-0.1	-11.0	8.2	4.7	4.8	1.5

Source: STATIN, PIOJ

* PIOJ Estimates

FY 2023/24 Second Quarter and Fiscal Year Outlook

The economic outlook for the July to September 2023 quarter is positive, with real GDP projected to increase within the range of 1.0% to 2.0%. Improved performances are expected from Mining & Quarrying, Hotels & Restaurants, Other Services and Transport & Storage. The continued recovery of the global economy is expected to boost external demand.

Real GDP growth for FY 2023/24 is expected to slow relative to FY 2022/23, with real output projected to grow within the 1.0% to 2.0% range. This forecast is predicated on the continued recovery of the global economy and increased domestic demand resulting from improvement in the labour market.

Downside risks to the positive outlook include: adverse weather conditions, plant downtime in the mining and manufacturing sectors due to relatively aged equipment, delays in the execution of major infrastructure projects and slower than expected growth in the economies of Jamaica's main trading partners.

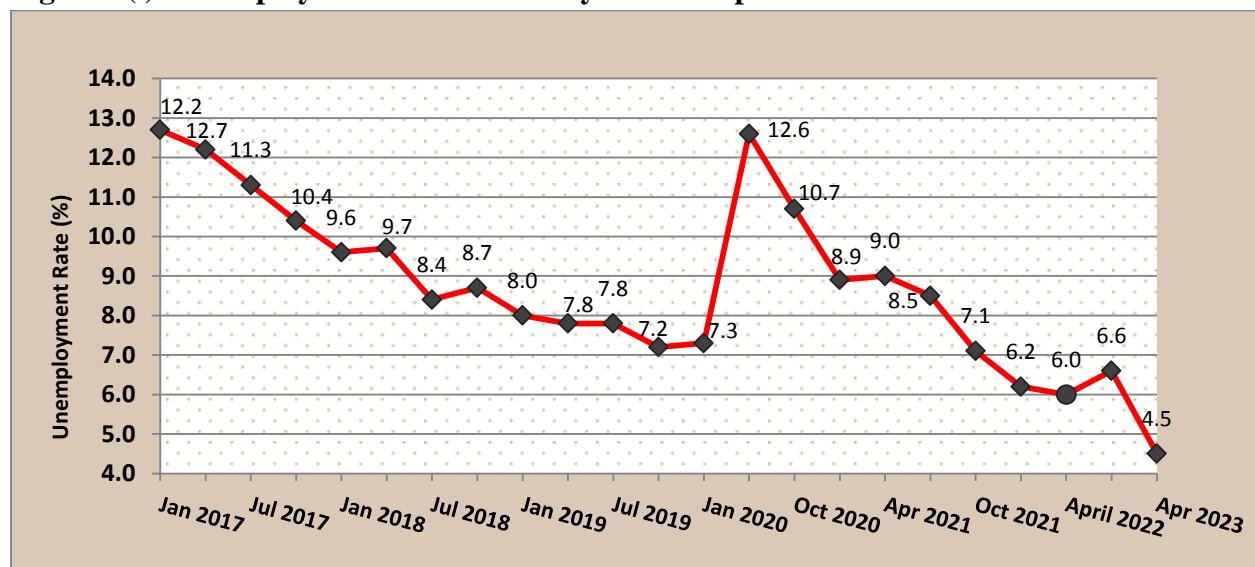
Labour Market Developments

The labour market continues to show improvements, with the unemployment rate declining to a historic 4.5% in April 2023 (Figure 2(i)). This represents an improvement of 1.5 percentage points relative to the 6.0% in April 2022, and is reflective of the continued expansion in the economy.

There were 19,700 fewer unemployed persons in April 2023, while the employed labour force increased by 43,300 persons. The unemployment rate for both males and females declined. The unemployment rate for males fell from 4.7% to 3.4% and the female unemployment rate declined from 7.6% to 5.7%. Youth unemployment declined by 3.3 percentage points to 12.2%.

The largest increase in the Employed Labour Force by occupation group was in 'Service Workers and Shop & Market Sales Workers'. There were 27,000 more persons employed in this occupation group in April 2023 compared to April 2022; with the increase dominated by females. There was a notable decline in the number of persons working as 'Skilled Agricultural and Fishery Workers', falling by 10,400 individuals. The largest increase in the number of persons employed occurred in the 'Real Estate and Other Business Service' industry (up 15,300 persons or 12.1%). Despite an increase in employment across most industry groups, there was a decline of 7,800 persons employed in 'Agriculture, Forestry and Fishing'.

Figure 2(i): Unemployment Rate - January 2017 to April 2023



Source: STATIN

Monetary Developments

The BOJ maintained its signal rate in August 2023 at 7.00 per cent. The Bank also continued to implement other measures to contain Jamaica dollar liquidity expansion. Liquidity conditions increased marginally during the first quarter of FY 2023/24 relative to the last quarter of the previous year.

The higher liquidity was largely driven by net injection of \$14.6 billion through BOJ operations. This was partially offset by net absorption from GOJ of \$9.3 billion due to net debt issues. Foreign currency demand during the quarter and fluctuations in market conditions necessitated BOJ's foreign currency intervention via the B-FXITT facility.

Money market rates fell generally during the first quarter of FY 2023/24. Compared to the rates at end-March 2023, the overnight private money market rate (PMMR) declined by 20 basis points (bps). Similarly, the yields on GOJ 90-day, 180-day and 270-day Treasury bills at end-June 2023 were lower by 35 bps, 42 bps and 41 bps, respectively, compared to the same yields at end-March 2023.

Inflation

The All Jamaica 'All Division' Consumer Price Index increased from 123.8 at end-August 2022 to 132.2 at end-August 2023. This represents a point-to-point inflation of 6.8%, which is above the inflation target band of 4.0% to 6.0%. The inflation rate was primarily driven by the divisions: Restaurants & Accommodation Services (up 12.0%); Furnishings, Household Equipment and Routine Household Maintenance (up 11.1%) and Food and Non-Alcoholic Beverages (up 10.9%).

Price increases in the Restaurants & Accommodation Services division reflect the high demand emanating from the tourism sector. The increase in the minimum wage on June 1, 2023 significantly influenced the inflation outturn for the Furnishings, Household Equipment and Routine Household Maintenance division, as it resulted in higher prices particularly for services provided by domestic helpers. The monthly inflation for this division soared in June to 6.4%, compared to the average monthly rate of 0.4% for the period August 2022 to May 2023. The inflation for the Food and Non-Alcoholic Beverages division was largely driven by higher prices for vegetables, tubers, plantain, cooking bananas and pulses, which reflected the impact of drought conditions over the period.

Inflation for the fiscal year to August 2023 was 3.3%, matching the inflation for the calendar year to end-August 2023.

Exchange Rate

The weighted average selling rate of the Jamaica Dollar vis-à-vis the US dollar at end-August 2023 was \$155.42, compared to J\$151.60 at end-August 2022. This represents a 2.5% depreciation of the domestic currency over the twelve-month period, compared to a 0.3% appreciation for the comparable period at end-August 2022. The two-way movement of the exchange rate is indicative of the managed flexible exchange rate regime in force, which supports the Central Bank's primary objective of achieving and maintaining low and stable inflation.

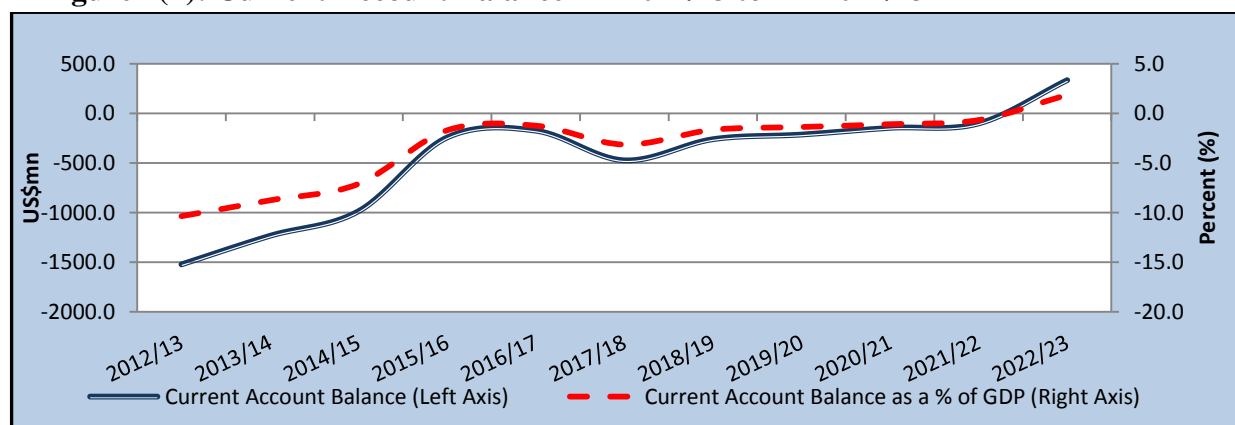
The twelve-month depreciation at end-August 2023 reflected increased portfolio-related demand by financial institutions. The Bank of Jamaica (BOJ), through its Foreign Exchange Intervention Trading Tool B-FXITT continues its liquidity management operations in the foreign exchange market to temper demand and supply imbalances.

External Sector Update - FY 2022/23

The current account balance for FY 2022/23 recorded a surplus of US\$334.2mn, reflecting an improvement of US\$435.0mn compared to the deficit of US\$100.8mn in FY 2021/22. The current account surplus is equivalent to 1.9% of GDP, reflecting an improvement of 2.6 percentage points relative to the previous year. This performance is attributable to the higher surplus recorded for the Services sub-account, driven by the continued strong tourism growth.

At end-FY 2022/23, the stock of Net International Reserves (NIR) stood at US\$4,146.7mn, reflecting an improvement by US\$472.3mn relative to the previous fiscal year.

Figure 2(ii): Current Account Balance FY 2012/13 to FY 2022/23



Source: BOJ

Table 2B: Balance of Payments - FY 2022/23 Compared to FY 2021/22

	FY 2021/22	FY 2022/23	Change
Current Account Balance	-100.8	334.2	435.0
<i>Credits</i>	9,087.5	11,258.0	2,170.5
<i>Debits</i>	9,188.3	10,923.8	1,735.5
Goods & Services	-3,170.3	-2,941.6	228.7
<i>Exports</i>	4,891.9	7,012.9	2,121.0
<i>Imports</i>	8,062.2	9,954.5	1,892.3
Goods	-3,267.3	-4,576.7	-1,309.4
<i>Exports</i>	1,455.8	2,088.0	632.2
<i>Imports</i>	4,723.1	6,664.7	1,941.6
Services	97.0	1,635.1	1,538.1
<i>Credits</i>	3,436.2	4,924.9	1,488.8
<i>Debits</i>	3,339.1	3,289.8	-49.3
Primary Income	-486.0	-265.5	220.5
<i>Credits</i>	389.6	479.3	89.7
<i>Debits</i>	875.6	744.9	-130.8
Secondary Income	3,555.6	3,541.3	-14.2
<i>Credits</i>	3,806.0	3,765.8	-40.2
<i>Debits</i>	250.4	224.4	-26.0
Capital Account	-31.4	-30.1	1.3
<i>Credits</i>	17.7	19.1	1.3
<i>Debits</i>	49.1	49.1	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-132.2	304.1	436.3
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	-608.7	140.0	748.7
Direct Investment	-286.5	-338.1	-51.6
<i>Net acquisition of financial assets</i>	78.7	0.1	-78.6
<i>Net incurrence of liabilities</i>	365.2	338.2	-26.9
Portfolio Investments	-87.4	705.4	792.8
<i>Net acquisition of financial assets</i>	-60.0	454.5	514.5
<i>Net incurrence of liabilities</i>	27.3	-250.9	-278.2
Financial derivatives	0.3	-0.5	-0.9
<i>Net acquisition of financial assets</i>	-52.7	-0.5	52.2
<i>Net incurrence of liabilities</i>	-53.0	0.0	53.0
Other Investments	-315.3	-587.6	-272.4
<i>Net acquisition of financial assets</i>	77.4	-214.2	-291.6
<i>Net incurrence of liabilities</i>	392.6	373.4	-19.2
Reserve Assets	80.1	360.9	
Net Errors and Omissions	-476.5	-164.1	

Source: BOJ

International Developments

Global Outlook

Global growth is expected to slow from an estimated 3.5% in 2022 to 3.0 percent in 2023 and 2024. Although the projection for 2023 is slightly better than that in the April 2023 publication of the World Economic Outlook (WEO), it remains low relative to historical growth. The continued efforts of central banks to combat inflation through policy rate manipulation have had adverse effects on economic growth. It is anticipated that global headline inflation will decrease from 8.7% in 2022 to 6.8% in 2023 and 5.2 percent in 2024. Forecasts for inflation in 2024 have been upgraded while underlying (core) inflation is expected to decline.

Advanced economies are projected to experience significant slowdowns in growth for 2023: from 2.7% in 2022 to 1.5% in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. Apart from Japan (expected to grow by 1.4%), the advanced economies: the United States, the Euro Area and the United Kingdom are forecast to experience declines in 2023 of 1.8%, 0.9% and 0.4%, respectively. For 2024, growth in the United States and Japan are both expected to slow to 1.0% while growth in the Euro Area and United Kingdom will rise to 1.5% and 1.0%, respectively.

For emerging market and developing economies (EMDEs), growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent in 2024. Developing markets across Asia and Europe are on track to rise to 5.3% and 1.8% in 2023 while growth in Latin American and the Caribbean is expected to fall from 3.9% to 1.9% in 2023 but increase to 2.2% in the next year. Forecasts for 2023 in Sub-Saharan Africa indicated a decline to 3.5% prior to a projected rise to 4.1% in 2024. Projections for the Middle East and Central Asia were revised downwards to 2.5% for 2023.

Overall, the balance of risks to global growth is still skewed downward. Looming shocks of persistent high inflation, increasing debt stock, financial crises, heightened geopolitical tensions and higher incidence of extreme natural disasters (to which the Caribbean remains highly vulnerable) have the potential to derail efforts to maintain fiscal sustainability and foster economic growth. On the upside, inflation could decline more rapidly than anticipated, relaxing monetary policy and increasing global demand.

Currently, maintaining financial stability along with prolonged disinflation remains imperative to most countries. Central banks are encouraged to continue to prioritize re-establishing price stability while enhancing financial oversight and risk management.

Macroeconomic Outlook - FY 2023/24 and the Medium Term (to FY 2026/27)

The positive performance of the economy is expected to continue for the remainder of the fiscal year and throughout the medium term, although at a slower rate of growth. This outlook reflects the expectation of continued growth in domestic demand, as well as expansion in the global economy. Growth in the economy is expected to be primarily driven by further improvements in tourism and the continued rebound in Mining, based on increased capacity utilization resulting from the resumption of production at the JAMALCO alumina refinery. Improving labour market conditions and a more accommodative monetary policy environment in the medium term, as inflationary pressures reduce, are also expected to contribute positively towards Jamaica's economic performance. It is within this context that the projections for the key macroeconomic variables outlined in Table 2C were formulated.

Growth in real GDP is expected to decelerate from the 4.7% reported in FY 2022/23 to 1.3% in FY 2023/24, reflecting the normalization of economic activity. Economic expansion is forecast to continue through FY 2026/27, averaging within the range of 1.0% to 2.0% over the medium term.

Inflation is projected to decline marginally in FY 2023/24 and further decline to 4.6% in FY 2024/25, following which it stabilizes at approximately 5.0% in the later years of the medium term. The current account deficit as a percentage of GDP is forecast to average 0.5% between FY 2023/24 and FY 2026/27, with Net International Reserves projected to remain adequate throughout the medium term to provide balance of payments support.

Table 2C: Medium Term Macroeconomic Profile

Macroeconomic Variables	2020/21 Actual	2021/22 Actual	2022/23 Prov.	2023/24 Proj.	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Nominal GDP (J\$bn)	1,948.8	2,322.2	2,751.8	2,966.4	3,165.3	3,365.0	3,579.2
Nominal GDP growth rate(%)	-8.1	19.2	18.5	7.8	6.7	6.3	6.4
Real GDP growth rate (%)	-11.1	8.2	4.7	1.3	1.0	1.3	1.3
Inflation: Annual Pt to Pt (%)	5.2	11.3	6.2	6.1	4.6	5.0	5.0
Interest Rates:							
180-day Treasury Bill (end-period)	1.5	6.4	8.3				
90-day Treasury Bill (end-period)	1.2	6.1	8.2				
Average Selling Exchange Rate (J\$=US\$1)	145.6	153.4	153.8				
NIR (US\$m)	3,319.3	3,674.4	4,146.7	4,643.5	5,206.4	5,324.4	5,438.0
Current Account (% GDP)	-1.3	-0.7	1.9	0.4	-0.2	-1.7	-0.4
Oil Prices (WTI) (Average US\$/barrell)	42.3	77.0	89.8	79.6	82.9	81.9	74.5

Source: BOJ/STATIN

PART 3

FISCAL MANAGEMENT STRATEGY

Background

The Government of Jamaica (GOJ) continues to demonstrate its commitment to the overarching objective of fiscal and debt sustainability. The fiscal discipline maintained during the April to July period of FY 2023/24, supported by macroeconomic improvements, resulted in the positive performance of the key fiscal indicators, with the fiscal and primary balance out-performing the respective targets. The fiscal outlook for the remainder of FY 2023/24 and the medium term reflects optimism in the continuation of this positive performance, notwithstanding existing and potential fiscal risks. The impact of ongoing geopolitical conflict in Eastern Europe, the extension of tight monetary conditions and natural disasters are risks, among others, that require prudent management. The GOJ is seized with this imperative.

Recognizing the importance of safeguarding the macro-fiscal gains achieved through the implementation of various structural reforms, the GOJ has been steadfast in its strategy to build fiscal resilience. During the first quarter of this fiscal year, the National Natural Disaster Risk Financing Policy was tabled and approved by the Houses of Parliament, thereby signalling as a priority the minimization of the fiscal risk of natural disasters through the acquisition of adequate financing instruments to undertake post disaster recovery and reconstruction. Additionally, the first review under the IMF approved arrangement under the Precautionary and Liquidity Line (PLL) and Resilience and Sustainability Facility (RSF) which is aligned to the country improving its resilience to climate change risks was successfully completed upon presentation to the IMF Board of Directors meeting on August 31, 2023.

The strategies being implemented are bearing fruits. The GOJ has implemented a new public sector compensation system, now in its second year of implementation. Major infrastructural developments are being undertaken. The country's credit worthiness has improved; highlighted by Standard and Poor's upgrade of the GOJ's Long-Term Foreign and Local Currency Issuer Default Rating (IDR) from "B+" to "BB-" in early September.

The operations of the Central Government will continue to be buttressed by good fiscal governance. Accordingly, the fiscal programme for FY 2023/24 and the medium term is designed to achieve the targets stipulated in the fiscal rule legislation.

The Fiscal Management Strategy provides an assessment of the fiscal performance for FY 2022/23, highlights key developments for FY 2023/24, and presents the current medium term fiscal profile. It reports on the following:

- An assessment of FY 2022/23 performance;
- A summary of the FY 2023/24 Budget;
- A review of the Central Government's Performance: April - July 2023; and
- A revised Medium Term Fiscal Outlook.

Central Government Performance: FY 2022/23 Outturn

The overall fiscal performance for FY 2022/23 improved relative to the estimates provided in the February 2023 Fiscal Policy Paper (see Table 3A).

Table 3A: FY 2022/23 Performance (\$mn)

Item	Original (Budget)	Fourth Supplementary Estimates	Actual	Difference between the Original and Actual	Difference between the 4th Supplementary Estimates and Actual
Revenue & Grants	749,780.0	846,852.5	827,775.1	10.4%	-2.3%
Tax Revenue	671,536.1	771,481.8	752,841.1	12.1%	-2.4%
Non-Tax Revenue	65,398.7	67,172.0	67,327.4	2.9%	0.2%
Bauxite Levy	4,908.3	1,211.9	1,266.1	-74.2%	4.5%
Capital Revenue	1,477.0	190.3	0.0	-100.0%	-100.0%
Grants	6,460.0	6,796.6	6,340.6	-1.8%	-6.7%
Expenditure	742,945.5	839,932.9	819,989.0	10.4%	-2.4%
Non-Debt Recurrent	539,469.1	630,707.0	615,429.5	14.1%	-2.4%
Interest	138,409.1	151,194.7	151,375.0	9.4%	0.1%
Capital	65,067.3	58,031.2	53,184.5	-18.3%	-8.4%
Fiscal Balance	6,834.5	6,919.5	7,786.1	13.9%	12.5%
Debt Service	307,467.0	313,200.8	313,005.6	1.8%	-0.1%
Interest	138,409.1	151,194.7	151,375.0	9.4%	0.1%
Principal	169,057.9	162,006.1	161,630.7	-4.4%	-0.2%
Overall Balance	-5,578.7	-27,263.3	-30,674.4	449.9%	12.5%
Primary Balance	145,243.6	158,114.3	159,161.1	9.6%	0.7%

Source: MoFPS

Revenue & Grants

Actual collections for FY 2022/23 totalled \$827,775.1mn, representing a 10.4% excess relative to the original budget but a \$19,077.4mn or 2.3% shortfall compared to the Supplementary Estimates. This shortfall was mainly due to the under-performance of Tax Revenue and, to a lesser extent, the under-performance of Capital Revenue and Grants (below by \$456.0mn & \$190.3mn, respectively). The shortfall in Tax Revenue was highly influenced by the sub-categories Production & Consumption and International Trade (below by \$17,779.6mn and \$6,764.8mn, respectively).

These categories were impacted by adjustments to the outturns to reflect revisions arising from discrepancies in the reported inflows during the fiscal year. The Tax revenue underperformance was tempered by the \$5,903.7mn surplus from Income and Profits. This sub-category benefitted from increased domestic economic activity and corporate profits, the higher wages under the new public Sector compensation system and improved labour market conditions.

Table 3B: FY 2022/23 Notable Tax Performances (\$mn)

Item	Original (Budget)	Fourth (4th) Supplementary Estimates	Actual	Difference between Original and Actual	Difference between Original and Actual (%)	Diff between the 4th Suppl. Estimates and Actual	Diff between the 4th Suppl. Estimates and Actual (%)
Other Companies	76,752.5	86,294.2	92,444.5	15,692.0	20.4%	6,150.4	7.1%
PAYE	82,661.7	105,112.5	107,456.2	24,794.5	30.0%	2,343.6	2.2%
SCT Local	29,777.6	28,831.4	26,166.1	(3,611.5)	-12.1%	(2,665.2)	-9.2%
GCT Local	119,622.2	143,003.6	130,570.6	10,948.4	9.2%	(12,433.0)	-8.7%
SCT (Imports)	62,295.2	71,187.7	70,707.0	8,411.8	13.5%	(480.7)	-0.7%
GCT (Imports)	117,964.8	121,001.6	117,871.3	(93.5)	-0.1%	(3,130.2)	-2.6%

Source: MoFPS

The sub-category ‘Other Companies’ benefitted from increased economic activity and corporate profits and generated the largest surplus (\$6,150.4mn), relative to the revised estimates.

Non-Tax Revenue of \$67,327.4mn was 2.9% better than originally budgeted and \$155.3mn above revised estimates. In contrast, Bauxite Levy outturn for the fiscal year was well below original estimates by 74.2% but surpassed revised estimates by \$54.2mn or 4.5%. Capital Revenue and Grants were both below original estimates by 100% and 1.8% respectively. Despite estimates being revised, both categories still underperformed by 100% and 6.7% as well.

Expenditure

Central Government Expenditure (above-the-line spending) was \$19,943.9mn (or 2.4%) less than programmed. The shortfall in Non-Debt Recurrent expenditure by 2.4% was the leading contributor to this outturn and was impacted by delays in settling arrangements related to the Public Sector Compensation Restructure as well as procurement delays. Interest payments were broadly in line with projections, while Capital expenditure was less than programmed by \$4,846.7mn due to slower-than-planned project execution.

A fiscal balance of \$7,786.1mn and a primary balance of \$159,161.1mn were attained, equivalent to 0.3% and 6.0% of Gross Domestic Product (GDP) respectively.

FY 2023/24 Original Budget

The Central Government's budget for FY 2023/24 was crafted with the aim of achieving the stipulated fiscal and primary balances, in accordance with the fiscal rule legislation. The primary objective continues to be achieving a Public Debt-to-GDP ratio of no more than 60.0% by end-FY 2027/28. The budget reflected fiscal and primary balance targets of \$6,834.5mn and \$145,243.6mn, respectively.

Revenue & Grants

Revenue & Grants for FY 2023/24 were programmed to total \$897,567.2mn. This projection reflected a \$55,014.7mn or 6.5% increase over the FY 2022/23 outturn (see Table 3C). The increase largely reflected projected improvements in Tax Revenue. The projection for Tax Revenue was underpinned by the improved macroeconomic forecasts relative to the estimated outturn for the previous fiscal year.

The projections for Non-Tax Revenue, Capital Revenue and Grants for FY 2023/24 were lower than the outturns for the prior fiscal year by 2.9%, 41.2% and 13.2%, respectively.

Table 3C: FY 2023/24 Revenue & Expenditure Budget vs FY 2022/23 Actual (\$mn)

Item	FY 2022/23 Actual	FY 2023/24 Approved Budget	Diff between FY 2023/24 Approved Budget and FY 2022/23 Actual (J\$mn)	Diff between FY 2023/24 Approved Budget and FY 2022/23 Actual (J\$mn) (%)
Revenue & Grants	842,552.5	897,567.2	55,014.7	-43.7%
Tax Revenue	766,314.4	824,295.8	57,981.4	7.6%
Non-Tax Revenue	67,146.3	65,228.5	-1,917.8	-2.9%
Bauxite Levy	1,211.7	1,283.4	71.7	5.9%
Capital Revenue	286.1	168.3	-117.8	-41.2%
Grants	7,593.9	6,591.1	-1,002.8	-13.2%
Expenditure	835,619.3	887,683.6	52,064.3	26.6%
Recurrent Non-Debt	620,593.6	657,153.2	36,559.6	5.9%
Recurrent Interest	151,194.7	155,157.5	3,962.8	2.6%
Capital Expenditure	63,831.0	75,372.9	11,541.9	18.1%

Source: MoFPS

Expenditure

The FY 2023/24 projection for Total Expenditure (above-the-line spending) was \$887,683.6mn, 6.2% above actual spending for the previous fiscal year of \$835,619.3mn. This figure consists of \$289,806.4mn for Programme spending (up by 1.3%); \$338,693.8mn for Compensation of Employees (up by 9.8%); \$155,157.5mn for Interest Payments (up by 2.6%) and \$75,372.9mn for Capital Expenditure (up by 18.1%).

Central Government Performance: April – July 2023

Over the first four months of FY 2023/24, Central Government Operations reflected improvement relative to both the original budget and second supplementary estimates and is attributable to buoyant tax revenue and prudent spending. The fiscal accounts for the period generated better-than-programmed fiscal and primary balances. This was due to an excess over budgeted Revenue & Grants and a shortfall in Expenditure compared to budget.

Revenue & Grants Outturns

Revenue & Grants for the April to July 2023 period amounted to \$280,585.8mn, \$6,188.1mn or 2.3% above projections. Tax Revenue, the main contributor to the category, was \$3,417.0mn better than the budget of \$252,954.2mn. Non-Tax Revenue (up by 14.4%) and Bauxite Levy (up by 25.6%) generated surpluses relative to budget while Grants were below budget by \$1,882.5mn or 4.7%. There were no inflows for Capital Revenue, which was in line with budget. When compared to the corresponding period of the previous year, Revenue & Grants were \$44,481.4mn higher.

Tax collections of \$256,371.3mn were 1.4% above target and higher than the outturn for the corresponding period of FY 2022/23 by \$37,485.8mn. The over-performance reflects above-programmed collections from Income & Profits and International Trade. This was tempered by the shortfall in Production & Consumption receipts.

The Income & Profits sub-category recorded a \$4,400.5mn excess over the \$71,280.3mn projection. This outturn was \$22,210.6mn higher than collections for the similar period of the previous fiscal year. Surpluses were achieved for all tax types, except Other Individuals (down by 7.4%), and was positively impacted by increased wages and improved economic activity. PAYE inflows were \$3,630.8mn higher than budget and \$15,944.4mn above the outturn for the comparable period of FY 2022/23. Other Companies (Corporate Tax) showed a 0.74% excess over budget and was \$3,336.9mn higher than FY 2022/23 outturn.

Production and Consumption inflows fell short of budget by \$4,912.0mn but were higher than collections for the same period in FY 2022/23 by \$6,872.4mn. The under-performance was consequent on shortfalls from eleven (11) of the fourteen (14) tax types within the category. Significant shortfalls were recorded for: SCT (local) (down by 30.6%), Other Licenses (down by 70.1%), Betting, Gaming, and Lottery (down by 11.1%) and Stamp Duty (down by 15.4%). The shortfall for SCT (local) resulted from a decline in the production of petroleum products including heavy fuel oil and gasoline, which coincided with higher than projected importation of these petroleum products.

International Trade tax collections were \$3,928.5mn better than the \$94,065.7mn projected. Compared to the similar period of FY 2022/23, inflows were \$8,402.7mn higher. All tax types reflected above-target receipts, with the exception of Stamp Duty collections (down by 1.2%). The main contributors were Custom Duty (up by 3.8%) and SCT Imports (up by 13.9%), which benefited from higher than projected Cost, Insurance and Freight (CIF) value of imports, particularly relating to petroleum products and motor vehicles. An upsurge in tourist arrivals bolstered collections from Travel Tax (up by 0.9%).

Non-Tax Revenue for the period recorded a \$2,773.1mn surplus over projection and surpassed FY 2022/23 outturns of \$15,494.8mn by 41.9%. The improvement reflected stronger than budgeted inflows from de-earmarked entities, the Public Sector Pension Scheme and Miscellaneous revenue. Bauxite Levy was \$87.3mn above the budget of \$340.8mn and \$23.5mn higher than the similar period for FY 2022/23 outturns. Grants recorded a shortfall of \$89.4mn or 4.7% against budget. There was no Capital Revenue for the period, consistent with budget.

Expenditure

Expenditure (above-the-line spending), which totalled \$299,020.7mn, was \$587.6mn or 0.2% lower than budgeted, largely on account of shortfalls in Capital spending. Relative to FY 2022/23, total Expenditure (above-the-line) for the April to July 2023 period was \$62,615.3mn or 26.5% higher, reflecting increased Recurrent and Capital spending. Programmes spending amounted to \$88,724.8mn, exceeding budget by \$205.9mn or 0.2%.

Compensation of Employees totalled \$142,668.3mn, which was \$69.7mn above budget. Interest payments amounted to \$53,024.5mn, exceeding budget by \$346.6mn or 0.7%. This reflects above-budget payments for external interest (up by \$412.6mn). Domestic payments were below by \$66.1mn or 0.3%.

Capital spending for the review period amounted to \$14,603.2mn, reflecting a shortfall of \$1,209.8mn or 7.7% relative to budget due to a slower-than-planned pace of project execution. Similarly, when compared to outturns of FY 2022/23, capital expenditure declined by \$1,837.3mn

or 11.2%. Amortization payments of \$48,273.2mn were \$497.7mn or 1.0% above budget, attributed to higher than programmed external payments by \$517.7mn or 1.3% due to an across fiscal years payment as domestic payments fell short of budget by \$20.0mn.

Financing

Loan receipts were below projections by \$263.4mn, resulting entirely from lower than projected External receipts. The shortfall in external receipts resulted from lower than projected foreign exchange rates.

Public Debt Stock

Jamaica's Public Debt stock at July 2023 stood at \$2,149,935.2mn, an increase of \$28,498.1mn or 1.3% over end-March 2023. This increase was attributed to additional Central Government Domestic and External debt. Central Government Domestic debt increased by \$23,625.3mn compared to the stock at end-March 2023, totalling \$822,938.5mn at end-July 2023. The external debt grew by \$11,044.1mn to \$1,310,920.3mn. At end-July 2023, Jamaica's Public Debt stock was \$39,244.8mn less than the debt stock at end-July 2022. Non-Central Government Debt (Net Public Bodies debt) declined by \$6,171.4mn from \$22,247.7mn at end-March 2023 to \$16,076.29mn at end-July 2023.

Self-Financing Public Bodies Operations - FY 2023/24

April – June 2023

For the period April 1 to June 30, 2023, self-financed public bodies (SFPBs) continued to record mixed financial results. However, as a group, the entities realized net improvements in revenues and expenses. The SFPBs earned \$6,500.95 million in excess of the targeted revenue of \$129,831.57 million, while incurring a reduction of \$3,488.72 million in operating costs to \$106,654.75 million. Consequently, the current balance (operating results) for the SFPBs amounted to \$29,677.78 million, \$9,989.67 million above budget. However, the eventual net flows from operations (operating balance) amounted to \$27,231.49 million (target: \$22,445.63 million) subsequent to non-cash adjustments chiefly for net outflows on receivables/payables.

Lower capital expenditure and higher utilization of inventories, particularly by Petrojam Limited, were the primary contributors to the capital account being \$5,935.01 million compared with a programmed deficit of \$8,775.53 million. This change in the capital account coupled with operating results, were the chief contributors to the group of entities recording an Overall Balance of \$21,797.53 million, which was \$15,291.03 million more than the budgeted surplus of \$6,506.50 million.

The main contributors to the higher than budgeted outturn were the National Insurance Fund (NIF, by \$5,052.89 million), the National Housing Trust (NHT - by \$3,557.14 million), Petrojam Limited (by \$2,389.29 million) and the National Water Commission (NWC - by \$2,158.52 million).

In respect of the NIF, flows from contributions were higher due to increased emoluments resulting from the compensation review; this had a positive impact of \$1,901.48 million on revenues. In addition, assumptions that interest rates would fall and positively impact market activities, did not materialize, hence the market value of some investments fell, generating losses which were expensed. Given that the losses were unrealized, adjustments were made for same, facilitating a favourable variance of \$4,593 million in non-cash adjustments, compared to budget. The positive adjustments impacted favourably, NIF's Overall Balance.

The National Housing Trust recorded a higher than budgeted Overall Balance outcome due primarily to cost savings related to the delay in the full implementation of the NHT's new mortgage financing model, whereby contributors would access mortgages from private financial institutions, with the Trust absorbing the interest rate difference. In addition, employers' and employees' contributions increased consequent on the compensation restructure. The impact of the aforementioned increased inflows was curtailed by higher completions and housing starts which caused capital expenditure of \$10,625.94 million to exceed budget by \$3,476.96 million.

During the period, Petrojam received working capital support of approximately \$2,000 million from the Government which it utilized, along with operating income, to settle payables at a higher rate than was budgeted, contributing to a net decline of \$3,195.17 million in receivables/payables. The impact of this use of cash flow compared to budget was offset with the utilization of approximately US\$47 million (over J\$7,000 million) more in inventories being held.

The NWC, recorded reduced expenses (by \$1,494.47 million) particularly for electricity and hence production, as well as for distribution. Meanwhile, capital expenditure lagged behind budget by \$1,107.61 million due primarily to delays in the procurement process.

Table 3D: SFPBs' Performance April to June 2023 (\$million)

			Projected Jun-23	Actual Jun-23	Proj vs Actual Variance
PUBLIC BODIES - (SPBs & OPBs)					
Statement 'A' Flow of Funds					
1	Current Revenue		129,831.57	136,332.53	6,500.95
2	Current Expenses		(110,143.47)	(106,654.75)	3,488.72
3	Current Balance		19,688.11	29,677.78	9,989.67
4	Adjustments		2,757.52	(2,446.29)	(5,203.81)
	Change in Accounts Receivable/Payable		626.64	(5,846.28)	(6,472.92)
	Items not requiring outlay of cash:		0.00	0.00	-
	Depreciation		3,195.64	2,873.80	(321.84)
	Other Non-Cash Items		(1,064.76)	526.19	1,590.95
	Prior Year Adjustment		0.00	0.00	-
5	Operating Balance		22,445.63	27,231.49	4,785.86
6	Capital Account		(8,775.53)	5,935.01	14,710.55
	Revenue		5,731.67	9,765.69	4,034.02
	Expenditure		(16,148.47)	(13,153.60)	2,994.88
	Investment		(217.93)	(174.46)	43.47
	Change in Inventory		1,859.20	9,497.38	7,638.18
7	Transfers from Government		6,928.78	4,026.64	(2,902.14)
	Loans		-	-	-
	Equity		-	-	-
	On-Lending		-	-	-
	Other		6,928.78	4,026.64	(2,902.14)
8	Transfers to Government		(14,092.37)	(15,395.61)	(1,303.24)
	Dividend		(2,850.46)	(2,850.00)	0.46
	Loan Repayments		-	-	-
	Corporate Taxes		(523.03)	(266.92)	256.11
	Other		(10,718.88)	(12,278.69)	(1,559.81)
9	OVERALL BALANCE (5+6+7+8)		6,506.50	21,797.53	15,291.03
10	FINANCING (11+15)		(6,506.50)	(21,797.53)	(15,291.03)
* 10a	Total		1,435.93	1,734.91	298.98
	Capital Revenue		1312.69	743.91	(568.78)
	Loans		-	1,232.00	1,232.00
	Equity		1,250.00	-	(1,250.00)
	On-Lending		-	-	-
	Loan Repayments		(1,126.76)	(241.00)	885.76
11	Total Foreign (12+13+14)		(8,085.33)	(12,413.45)	(4,328.12)
12	Government Guaranteed Loans		(1,245.28)	(885.04)	360.24
	Disbursement		616.91	0.00	(616.91)
	Amortization		(1,862.19)	(885.04)	977.15
13	Direct Loans		(6,840.05)	(14,827.64)	(7,987.59)
	Long Term:		367.97	(555.14)	(923.11)
		Disbursement	575.00	0.00	(575.00)
		Amortisation	(207.03)	(555.14)	(348.11)
	Short Term:		-	-	-
		Change in Trade Credits	(7,208.02)	(14,272.50)	(7,064.48)
14	Change in Deposits Abroad		0.00	3,299.23	3,299.23
15	Total Domestic (16+17+18)		142.90	(11,118.99)	(11,261.89)
16	Banking System		5,877.00	3,737.49	(2,139.51)
	Loans (Change)		1,275.07	(511.65)	(1,786.73)
	Overdraft (Change)		0.00	120.67	120.67
	Deposits (Change)		4,601.93	4,128.48	(473.45)
17	Non-Banks (Change)		0.00	0.00	-
18	Other (Change)		(5,734.10)	(14,856.48)	(9,122.38)

Fiscal Outlook

The Jamaican economy continues its strong rebound from the global health shock of 2020. Economic growth, further improvements in labour market conditions and increasing trade volumes have contributed to the robust fiscal performance since the peak of the pandemic in FY 2020/21. In addition, the GOJ has continued its prudent fiscal management and remains steadfast in adhering to fiscally responsible policies. The anticipated operationalization of the Fiscal Commission (due next year) is expected to strengthen accountability and promote greater transparency in fiscal operations. In light of this, good fiscal management is expected to persist for FY 2023/24 and the medium term. Risks remain, however, that could derail the progress and it's therefore imperative that these fiscal risks are prudently managed.

The GOJ has been implementing strategies aimed at enhancing fiscal resilience and has remained resolute in the commitment to fiscal discipline and good governance. This is necessary to ensure achievement of the legislated debt target of 60% of GDP, or less, by end-FY 2027/28 and, ultimately, fiscal and debt sustainability.

Public Debt Service

Public debt servicing costs are projected to total \$308,398.4mn for FY 2023/24, comprising \$93,026.3mn for domestic debt and \$215,372.1mn for external debt.

Public Bodies: Prospects for remainder of FY 2023/24

The group of self-financing public bodies is programmed to generate an Overall Balance surplus of \$21,172.7 million for FY 2023/24. There are upside risks to this projection, given that the group of entities has been performing above target. On the downside, Petrojam's operating results could adversely impact the actual outturn significantly. Specifically, these results could vary significantly if the movement of prices of petroleum products and sales levels are not in line with estimates.

FY 2023/24 and the Medium Term Fiscal Profile

The medium term fiscal profile presented in Appendix I reflects updated projections that are consistent with the adjustments to the medium term macroeconomic forecasts. The revised macroeconomic assumptions for FY 2023/24 include, inter alia:

- Real GDP expansion of 1.3%;
- Annual inflation rate of 6.1%;
- Average Oil price (WTI) of US\$79.6 per barrel; and
- Core Imports increasing by 8.5% relative to FY 2022/23.

Supplementary Estimates FY 2023/24

During the April to July period of FY 2023/24, two Supplementary Estimates were approved. The first reflected alignment with the adjusted Assignment of Subjects and Departments, Agencies and Other Public Bodies, while the second provided for among other things additional expenditures which emerged subsequent to the approval of the original budget in March 2023. A third Supplementary Estimate has been formulated, reflecting additional allocations relative to the Second Supplementary Estimates to Programmes (up by \$1424.9mn or 0.5%), Compensation of Employees (up \$37,160.5mn or 10.1%), Interest (up \$14,932.7mn or 9.6%), Other Outflows (up \$550.0mn or 3.9%) and Amortization (up \$12,856.2mn or 10.2%). Capital expenditure is programmed to decline by \$8,746.0mn or 11.6%. The increase in Compensation reflects higher costs associated with wage settlements under the new public sector compensation system. The higher debt service costs reflect increased payments due to drawdowns from the faster amortizing IMF's Rapid Financing Instrument (RFI), as compared with other financing options. It also reflects higher than projected Secured Overnight Financing Rates (SOFR), the new floating rate benchmark for most external financing, which adversely impact external debt servicing.

Revenue & Grants – FY 2023/24

Revenue & Grants for FY 2023/24 are currently projected to total \$949,652.5mn (32.0% of GDP), representing an increase of \$43,115.4mn or 4.8% over the Second Supplementary budget. Tax Revenue, totalling \$865,409.5mn, is projected to account for 83.1% of the increase, rising by \$35,843.7mn or 4.3%. Non-Tax Revenue, Bauxite Levy and Grants are projected to increase by 9.3%, 5.7% and 11.7% to \$72,901.1mn, \$1,356.3mn and \$9,817.2mn, respectively. Capital revenue remains unchanged.

Over the medium term, growth is projected for Revenue & Grants, reflecting continued expansion in the economy. Over the three years from FY 2024/25 to FY 2026/27, inflows from Revenue & Grants are projected to average 32.7% of GDP and grow at an annual average of 7.7%. This performance is expected to be driven mainly by Tax revenue, with a projected annual average growth of 8.4%.

Expenditure – FY 2023/24

Total expenditure (above-the-line spending) has been revised to \$941,392.0mn (31.7% of GDP) for FY 2023/24, reflecting an increase of \$44,772.1mn or 5.0% relative to the Second Supplementary Estimates. Recurrent Expenditure of \$874,765.1mn (29.5% of GDP) is programmed for the fiscal year, up 6.5%. The increase in Recurrent Expenditure reflects higher Programmes, Compensation of Employees and Interest payments. Capital Expenditure at \$66,626.9mn (2.3% of GDP) is lower by \$8,746.0mn.

Over the medium term, total expenditure (net of amortization) is expected to average approximately 32% of GDP.

Appendix I

Table A1: Central Government Summary Accounts – Fiscal Monitoring Table FY 2023/24
(in millions of Jamaica dollars)

Item	Prov.	Second Supplementary Estimates	FY 2022/23				
	Apr-July	Apr-July	Diff	Diff %	Apr-July	Diff	Diff %
Revenue & Grants	280,585.8	274,397.7	6,188.1	2.3%	236,104.3	44,481.4	18.8%
Tax Revenue	256,371.3	252,954.2	3,417.0	1.4%	218,885.5	37,485.8	17.1%
Non-Tax Revenue	21,993.3	19,220.1	2,773.1	14.4%	15,494.8	6,498.5	41.9%
Bauxite Levy	428.0	340.8	87.3	25.6%	404.5	23.5	5.8%
Capital Revenue	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Grants	1,793.1	1,882.5	(89.4)	-4.7%	1,319.6	473.6	35.9%
Expenditure	299,020.7	299,608.4	(587.6)	-0.2%	236,405.4	62,615.3	26.5%
Recurrent Expenditure	284,417.6	283,795.4	622.1	0.2%	219,964.9	64,452.6	29.3%
Programmes	88,724.8	88,518.9	205.9	0.2%	86,050.2	2,674.6	3.1%
Compensation of Employees	142,668.3	142,598.6	69.7	0.0%	88,904.0	53,764.3	60.5%
Wages & Salaries	132,860.8	132,759.3	101.5	0.1%	82,921.4	49,939.4	60.2%
Employers Contribution	9,807.5	9,839.3	(31.9)	-0.3%	5,982.5	3,824.9	63.9%
Interest	53,024.5	52,678.0	346.6	0.7%	45,010.8	8,013.7	17.8%
Domestic	18,847.4	18,913.5	(66.1)	-0.3%	17,318.6	1,528.7	8.8%
External	34,177.1	33,764.5	412.6	1.2%	27,692.1	6,485.0	23.4%
Capital Expenditure	14,603.2	15,813.0	(1,209.8)	-7.7%	16,440.5	(1,837.3)	-11.2%
Capital Programmes	14,603.2	15,813.0	(1,209.8)	-7.7%	16,440.5	(1,837.3)	-11.2%
Fiscal Balance (Surplus + / Deficit -)	(18,435.0)	(25,210.7)	6,775.7	26.9%	(301.1)	(18,133.9)	-6023.0%
Loan Receipts	41,010.1	41,273.5	(263.4)	-0.6%	30,465.1	10,544.9	34.6%
Domestic	31,429.4	31,429.4	0.0	0.0%	23,014.7	8,414.7	36.6%
External	9,580.7	9,844.2	(263.4)	-2.7%	7,450.4	2,130.3	28.6%
Other Inflows (inc'ds PCDF)	1,914.8	3,146.8	(1,232.0)	-39.2%	2,231.8	(317.0)	-14.2%
Other Outflows	5,000.0	5,000.0	0.0	0.0%	0.0	5,000.0	-
Amortization	48,273.2	47,775.5	497.7	1.0%	27,500.3	20,772.8	75.5%
Domestic	7,703.1	7,723.2	(20.0)	-0.3%	7,880.7	(177.6)	-2.3%
External	40,570.0	40,052.3	517.7	1.3%	19,619.6	20,950.4	106.8%
Overall Balance (Surplus + / Deficit -)	(28,783.3)	(33,565.9)	4,782.6	14.2%	4,895.5	(33,678.8)	-688.0%
Primary Balance (Surplus + / Deficit -)	34,589.5	27,467.2	7,122.3	25.9%	44,709.7	(10,120.2)	-22.6%

Source: MoFPS

Table A2: Details of Revenue - FY 2023/24

(in millions of Jamaica dollars)

Item	Prov.	Second Supplementary Estimates	FY 2022/23				
	Apr-July	Apr-July	Diff	Diff %	Apr-July	Diff	Diff %
Revenue & Grants	280,585.8	274,397.7	6,188.1	2.3%	236,104.3	44,481.4	18.8%
Tax Revenue	256,371.3	252,954.2	3,417.0	1.4%	218,885.5	37,485.8	17.1%
Income and profits	75,680.9	71,280.3	4,400.5	6.2%	53,470.2	22,210.6	41.5%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other companies	17,441.3	17,314.0	127.3	0.7%	14,104.3	3,336.9	23.7%
PAYE	45,063.2	41,432.4	3,630.8	8.8%	29,118.8	15,944.4	54.8%
Tax on dividend	1,135.1	965.1	169.9	17.6%	1,332.6	(197.5)	-14.8%
Other individuals	1,666.6	1,800.4	(133.9)	-7.4%	1,443.7	222.8	15.4%
Tax on interest	10,374.8	9,768.3	606.5	6.2%	7,470.8	2,904.0	38.9%
Production and consumption	82,696.3	87,608.3	(4,912.0)	-5.6%	75,823.9	6,872.4	9.1%
MBT	33.6	28.0	5.6	20.1%	44.9	(11.2)	-25.0%
SCT	7,499.0	10,805.1	(3,306.1)	-30.6%	8,720.7	(1,221.7)	-14.0%
Environmental Levy	379.5	350.1	29.4	8.4%	313.8	65.8	21.0%
Motor vehicle licenses	1,621.8	1,638.9	(17.1)	-1.0%	2,203.2	(581.4)	-26.4%
Other licenses	450.8	1,508.1	(1,057.2)	-70.1%	1,003.1	(552.3)	-55.1%
Quarry Tax	10.8	15.5	(4.7)	-30.2%	13.7	(2.9)	-20.9%
Betting, gaming and lottery	2,608.8	2,935.9	(327.1)	-11.1%	2,906.8	(298.0)	-10.3%
Accommodation Tax	1,171.3	1,183.7	(12.4)	-1.0%	1,064.8	106.6	10.0%
Education tax	14,936.2	15,514.0	(577.8)	-3.7%	12,388.2	2,547.9	20.6%
Telephone Call Tax	988.1	1,021.9	(33.8)	-3.3%	1,110.9	(122.7)	-11.0%
Contractors levy	953.3	1,051.0	(97.7)	-9.3%	933.6	19.7	2.1%
GCT (Local)	49,811.7	48,918.5	893.3	1.8%	42,513.4	7,298.3	17.2%
Stamp Duty (Local)	2,231.1	2,637.6	(406.4)	-15.4%	2,606.9	(375.8)	-14.4%
International Trade	97,994.1	94,065.7	3,928.5	4.2%	89,591.4	8,402.7	9.4%
Custom Duty	20,044.3	19,313.2	731.0	3.8%	19,527.6	516.7	2.6%
Stamp Duty	1,309.0	1,324.6	(15.6)	-1.2%	1,237.9	71.1	5.7%
Travel Tax	10,226.0	10,132.2	93.8	0.9%	7,989.6	2,236.4	28.0%
GCT (Imports)	39,861.2	39,784.7	76.5	0.2%	37,445.8	2,415.3	6.5%
SCT (imports)	24,711.7	21,703.5	3,008.2	13.9%	21,488.2	3,223.5	15.0%
Environmental Levy	1,842.1	1,807.5	34.6	1.9%	1,902.3	(60.2)	-3.2%
Non-Tax	21,993.3	19,220.1	2,773.1	14.4%	15,494.8	6,498.5	41.9%
Bauxite Levy	428.0	340.8	87.3	25.6%	404.5	23.5	5.8%
Capital	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Grants	1,793.1	1,882.5	(89.4)	-4.7%	1,319.6	473.6	35.9%

Source: MoFPS

Table A3: Central Government Summary Accounts – Fiscal Monitoring Table FY 2023/24
(in millions of Jamaica dollars)

Item	Third Supplementary Apr - March	Second Supplementary Apr - March	Diff	Diff %	Actual FY 2022/23 Apr - March	Diff	Diff %
Revenue & Grants	949,652.5	906,537.0	43,115.5	4.8%	827,775.1	121,877.4	14.7%
Tax Revenue	865,409.5	829,565.8	35,843.7	4.3%	752,841.1	112,568.4	15.0%
Non-Tax Revenue	72,901.1	66,728.5	6,172.6	9.3%	67,327.4	5,573.7	8.3%
Bauxite Levy	1,356.3	1,283.4	72.9	5.7%	1,266.1	90.3	7.1%
Capital Revenue	168.3	168.3	0.0	0.0%	0.0	168.3	-
Grants	9,817.2	8,791.0	1,026.2	11.7%	6,340.6	3,476.7	54.8%
Expenditure	941,392.0	896,619.9	44,772.1	5.0%	819,989.0	121,403.0	14.8%
Recurrent Expenditure	874,765.1	821,247.0	53,518.1	6.5%	766,804.5	107,960.6	14.1%
Programmes	300,167.6	298,742.7	1,424.9	0.5%	277,303.4	22,864.2	8.2%
Compensation of Employees	404,507.3	367,346.8	37,160.5	10.1%	338,126.1	66,381.2	19.6%
Wages & Salaries	379,039.7	338,693.8	40,345.9	11.9%	317,884.6	61,155.1	19.2%
Employers Contribution	25,467.6	28,653.1	(3,185.5)	-11.1%	20,241.5	5,226.0	25.8%
Interest	170,090.2	155,157.5	14,932.7	9.6%	151,375.0	18,715.2	12.4%
Domestic	71,297.6	65,546.8	5,750.8	8.8%	67,986.8	3,310.8	4.9%
External	98,792.6	89,610.8	9,181.8	10.2%	83,388.2	15,404.4	18.5%
Capital Expenditure	66,626.9	75,372.9	(8,746.0)	-11.6%	53,184.5	13,442.4	25.3%
Capital Expenditure	66,626.9	75,372.9	(8,746.0)	-11.6%	53,184.5	13,442.4	25.3%
Fiscal Balance (Surplus + / Deficit -)	8,260.5	9,917.1	(1,656.6)	-16.7%	7,786.1	474.4	6.1%
Loan Receipts	206,452.2	139,472.5	66,979.7	48.0%	118,293.5	88,158.6	74.5%
Domestic	62,075.3	62,075.30	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	17,066.4	17,066.4	(0.0)	0.0%	21,777.2	(4,710.8)	-21.6%
Other	127,310.5	60,330.8	66,979.7	111.0%	0.0	127,310.5	-
Other Inflows (inc'ds PCDF)	13,626.3	15,826.2	(2,199.9)	-13.9%	4,876.6	8,749.7	179.4%
Other Outflows	14,687.0	14,137.0	550.0	3.9%	0.0	14,687.0	-
Amortization	138,308.2	125,452.0	12,856.2	10.2%	161,630.7	(23,322.5)	-14.4%
Domestic	21,728.7	21,681.3	47.4	0.2%	115,419.9	(93,691.2)	-81.2%
External	116,579.5	103,770.8	12,808.7	12.3%	46,210.7	70,368.8	152.3%
Overall Balance (Surplus + / Deficit -)	75,343.7	25,626.8	49,717.0	194.0%	(30,674.4)	106,018.2	345.6%
Primary Balance (Surplus + / Deficit -)	178,350.7	165,074.7	13,276.0	8.0%	159,161.1	19,189.6	12.1%

Source: MoFPS

Table A4: Central Government Summary Accounts – Medium Term Fiscal Profile
(in millions of Jamaica dollars)

Item	Act 2019/20	Act 2020/21	Act 2021/22	Prov 2022/23	Est. 2023/24	Proj 2024/25	Proj 2025/26	Proj 2026/27
Revenue & Grants	649,759.2	575,401.1	720,224.5	827,775.1	949,652.5	1,019,010.5	1,100,468.6	1,185,621.4
Tax Revenue	579,397.0	505,686.7	616,367.9	752,841.1	865,409.5	940,070.3	1,017,183.9	1,101,350.9
Non-Tax Revenue	64,505.2	62,182.6	92,828.0	67,327.4	72,901.1	69,636.2	74,030.2	74,447.2
Bauxite Levy	0.0	0.0	2,461.7	1,266.1	1,356.3	587.5	0.0	0.0
Capital Revenue	1,200.2	352.1	908.4	0.0	168.3	179.9	190.8	202.3
Grants	4,656.8	7,179.7	7,658.5	6,340.6	9,817.2	8,536.6	9,063.7	9,621.0
Expenditure	630,354.4	635,911.3	698,895.6	819,989.0	941,392.0	1,009,563.3	1,082,960.0	1,161,176.9
Recurrent Expenditure	559,961.4	586,727.2	648,385.4	766,804.5	874,765.1	936,597.7	988,251.7	1,053,234.1
Programmes	216,856.6	234,693.0	269,586.5	277,303.4	300,167.6	314,021.0	332,862.3	352,834.0
Compensation of Employees	211,617.5	222,996.3	241,751.1	338,126.1	404,507.3	461,138.3	507,252.1	557,977.4
Wages & Salaries	195,935.5	208,002.2	222,484.2	317,884.6	379,039.7	432,547.7	475,802.5	523,382.8
Employers Contribution	15,682.1	14,994.1	19,266.9	20,241.5	25,467.6	28,590.6	31,449.6	34,594.6
Interest	131,487.3	129,037.9	137,047.8	151,375.0	170,090.2	161,438.4	148,137.3	142,422.8
Domestic	47,596.1	50,338.6	54,711.9	67,986.8	71,297.6	68,930.8	58,359.1	56,996.8
External	83,891.2	78,699.2	82,335.9	83,388.2	98,792.6	92,507.6	89,778.1	85,425.9
Capital Expenditure	70,392.9	49,184.1	50,510.2	53,184.5	66,626.9	72,965.6	94,708.3	107,942.7
Capital Programmes	70,392.9	49,184.1	50,510.2	53,184.5	66,626.9	72,965.6	94,708.3	107,942.7
Fiscal Balance (Surplus + / Deficit -)	19,404.8	(60,510.2)	21,328.9	7,786.1	8,260.5	9,447.2	17,508.6	24,444.6
Loan Receipts	126,060.1	221,924.9	149,635.3	118,293.5	206,452.2	260,140.4	114,981.8	137,979.0
Domestic	74,978.7	166,092.9	75,832.9	96,516.4	62,075.3	129,000.0	76,058.5	76,241.9
External	51,081.4	55,832.0	73,802.4	21,777.2	144,376.9	131,140.4	38,923.3	61,737.1
Other Inflows (inc'ds PCDF)	104,174.9	3,338.5	3,268.0	4,876.6	13,626.3	14,407.7	5,929.2	7,551.6
Other Outflows	37,933.2	36,967.0	19,267.9	0.0	14,687.0	0.0	0.0	0.0
Amortization	169,046.6	159,085.5	159,791.1	161,630.7	138,308.2	303,995.3	153,295.4	169,975.2
Domestic	70,480.6	112,778.2	72,368.0	115,419.9	21,728.7	169,535.0	59,654.2	40,458.8
External	98,565.9	46,307.3	87,423.1	46,210.7	116,579.5	134,460.3	93,641.2	129,516.4
Overall Balance (Surplus + / Deficit -)	42,660.0	(31,299.3)	(4,826.8)	(30,674.4)	75,343.7	-20,000.0	-14,875.8	0.0
Primary Balance (Surplus + / Deficit -)	150,892.1	68,527.7	158,376.7	159,161.1	178,350.7	170,885.6	165,645.9	166,867.3
Total Payments	837,334.1	831,963.8	877,954.6	981,619.6	1,094,387.2	1,313,558.6	1,236,255.4	1,331,152.1

Source: MoFPS

Table A5: Central Government Summary Accounts - Medium Term Fiscal Profile
(percent of GDP)

Item	Act 2019/20	Act 2020/21	Act 2021/22	Prov 2022/23	Est. 2023/24	Proj 2024/25	Proj 2025/26	Proj 2026/27
Revenue & Grants	30.6%	29.5%	31.0%	30.1%	32.0%	32.2%	32.7%	33.1%
Tax Revenue	27.3%	25.9%	26.5%	27.4%	29.2%	29.7%	30.2%	30.8%
Non-Tax Revenue	3.0%	3.2%	4.0%	2.4%	2.5%	2.2%	2.2%	2.1%
Bauxite Levy	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	0.2%	0.4%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%
Expenditure	29.7%	32.6%	30.1%	29.8%	31.7%	31.9%	32.2%	32.4%
Recurrent Expenditure	26.4%	30.1%	27.9%	27.9%	29.5%	29.6%	29.4%	29.4%
Programmes	10.2%	12.0%	11.6%	10.1%	10.1%	9.9%	9.9%	9.9%
Compensation of Employees	10.0%	11.4%	10.4%	12.3%	13.6%	14.6%	15.1%	15.6%
Wages & Salaries	9.2%	10.7%	9.6%	11.6%	12.8%	13.7%	14.1%	14.6%
Employers Contribution	0.7%	0.8%	0.8%	0.7%	0.9%	0.9%	0.9%	1.0%
Interest	6.2%	6.6%	5.9%	5.5%	5.7%	5.1%	4.4%	4.0%
Domestic	2.2%	2.6%	2.4%	2.5%	2.4%	2.2%	1.7%	1.6%
External	4.0%	4.0%	3.5%	3.0%	3.3%	2.9%	2.7%	2.4%
Capital Expenditure	3.3%	2.5%	2.2%	1.9%	2.2%	2.3%	2.8%	3.0%
Capital Programmes	3.3%	2.5%	2.2%	1.9%	2.2%	2.3%	2.8%	3.0%
Fiscal Balance (Surplus + / Deficit -)	0.9%	-3.1%	0.9%	0.3%	0.3%	0.3%	0.5%	0.7%
Loan Receipts	5.9%	11.4%	6.4%	4.3%	7.0%	8.2%	3.4%	3.9%
Domestic	3.5%	8.5%	3.3%	3.5%	2.1%	4.1%	2.3%	2.1%
External	2.4%	2.9%	3.2%	0.8%	4.9%	4.1%	1.2%	1.7%
Other Inflows (inc'ds PCDF)	4.9%	0.2%	0.1%	0.2%	0.5%	0.5%	0.2%	0.2%
Other Outflows	1.8%	1.9%	0.8%	0.0%	0.5%	0.0%	0.0%	0.0%
Amortization	8.0%	8.2%	6.9%	5.9%	4.7%	9.6%	4.6%	4.7%
Domestic	3.3%	5.8%	3.1%	4.2%	0.7%	5.4%	1.8%	1.1%
External	4.6%	2.4%	3.8%	1.7%	3.9%	4.2%	2.8%	3.6%
Overall Balance (Surplus + / Deficit -)	2.0%	-1.6%	-0.2%	-1.1%	2.5%	-0.6%	-0.4%	0.0%
Primary Balance (Surplus + / Deficit -)	7.1%	3.5%	6.8%	5.8%	6.0%	5.4%	4.9%	4.7%
Total Payments	39.5%	42.7%	37.8%	35.7%	36.9%	41.5%	36.7%	37.2%
GDP	2,121,087.3	1,948,842.0	2,322,084.3	2,751,794.9	2,966,413.5	3,165,281.0	3,365,009.2	3,579,192.5

Source: MoFPS

Appendix II

FISCAL RISK STATEMENT

This report serves as an update to select elements of the Fiscal Risk Statement published in the February 2023 Fiscal Policy Paper (FPP). Among the risk sources identified in the 2023 publication are: the macroeconomic assumptions used to prepare the FY 2023/24 budget and projections for the medium term, which include economic growth, inflation, interest rates, exchange rates, and changes in commodity prices, particularly that of oil. Risks associated with contingent liabilities, arising from natural disasters, the operations of public bodies and public private partnerships.

Macroeconomic Risks

Economic Growth

In September 2023, the real GDP growth forecast for FY 2023/24 was revised downwards from 1.6% at the time of budget to 1.3%, influenced by lingering elevated inflation which is not commensurate with an accommodative monetary stance that supports a faster pace of growth. Additionally, supply side constraints present a significant potential drag on the pace of growth, exacerbated by long periods of unfavourable weather conditions. Real GDP is estimated to have grown by 1.5% in the first quarter, driven by a 163.1% expansion in Mining and Quarrying output and 9.0% in Hotels and Restaurants. Increased alumina production, supported by higher capacity utilization, fuelled the growth in Mining and Quarrying; while the flourishing tourism sector continues to spur growth in Hotels and Restaurants (see **Part 2: Macroeconomic Overview**).

The robust performance of Tax revenue continued during the first quarter, with inflows exceeding budget by \$10,515.2mn, or 5.9%, reflecting above-target collections from Income and Profits and International Trade. Deviations of actual economic growth from forecast influence revenue performance. Lower-than-projected growth adversely impacts revenue collections, while higher-than-projected growth has the opposite effect on revenue.

Inflation

The annual point-to-point inflation rate in August 2023 was 6.8%, surpassing the upper limit of the inflation target band of 4.0% to 6.0%. The fiscal year projection has been revised upwards from 5.2% to 6.1%. Over the medium term however, inflation is projected to moderate and stabilize around the mid-point of the target range. Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses as well as the cost for servicing inflation-linked debt.

Interest Rates

Increasing interest rates are a risk to debt service costs. The extent of the Government's exposure to risks associated with changes in interest rates is measured based on the interest rate composition of the debt stock. 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. In the first quarter of FY 2023/24, the 90-day Treasury bill rate averaged 7.94%, 19 basis points (bps) below the average recorded in the last quarter of FY 2022/23. The decline reflects moderation in inflation movements which has influenced the decision of the Central Bank to maintain its policy rate at 7.0% since November 2022. The decline in the Treasury-Bill rate contributed to the below-budget Central Government domestic interest payments for the April to July period of FY 2023/24 by \$66.1mn (see Table A1).

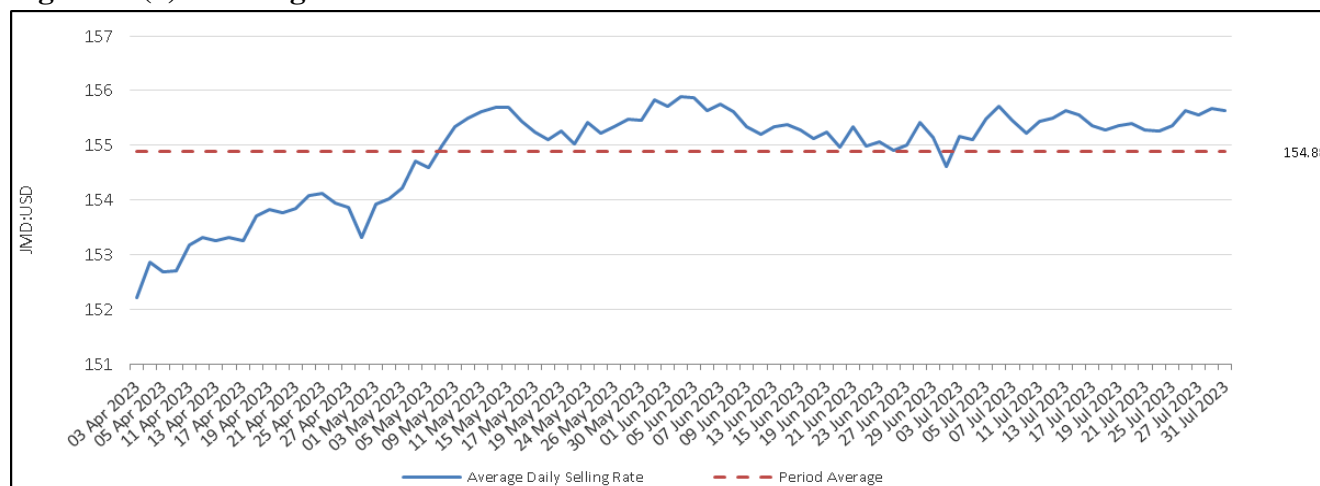
The SOFR averaged 4.97% in the first quarter of FY 2023/24, reflecting an increase by 54 bps relative to the 4.43% outturn for the last quarter of the previous fiscal year. This movement coincides with the tightening of the Federal Funds Rate by the US Federal Reserve by 50 bps between March 2023 and June 2023, aimed at lowering the US inflation rate. The increase in the SOFR rate contributed to the above-budget Central Government external interest payments for the April to July period of FY 2023/24 by \$412.6mn (see Table A1).

Exchange Rate

The weighted average selling rate of the Jamaica dollar depreciated by 0.5% relative to the United States (US) dollar for April to July 2023, compared to the corresponding period of 2022. The average selling rate for the period was J\$154.88 to US\$1 (see **Figure II (a)**). The depreciation of the local currency reflected increased portfolio-related demand by financial institutions, necessitating the BOJ's strategic interventions in the foreign exchange market through its B-FXITT¹ operations to attenuate the demand pressures. The depreciation adversely impacts the external debt stock and debt servicing costs, in Jamaica dollar terms.

¹ B-FXITT is the acronym for the Bank of Jamaica's Foreign Exchange Intervention Trading Tool.

Figure II (a) Exchange Rate Movements of the Jamaica Dollar vis-à-vis the US Dollar

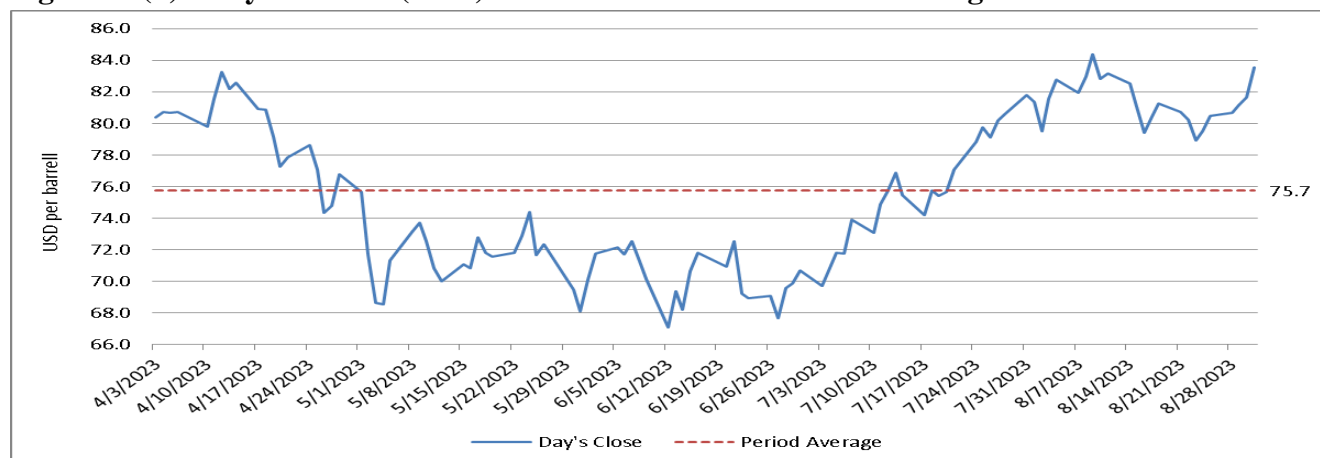


Source: Bank of Jamaica

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. For the fiscal year to end-August 2023, West Texas Intermediate (WTI) oil prices averaged US\$75.74/bbl (see **Figure II (b)**). Relative to the similar period last fiscal year, this represents a reduction of US\$28.40/bbl. The average oil price for the fiscal year thus far is below the projected fiscal year average of US\$80.73/bbl which was presented in the annual FPP in February 2023. The projection has been revised to US\$79.59/bbl reflecting an expected marginal increase in oil prices for the remainder of the fiscal year.

Figure II (b) Daily Oil Price (WTI) Movements FY 2023/24 to End-August



Source: Federal Reserve Bank of St Louis

Contingent Liabilities

Natural Disasters

Jamaica is located in a multi-hazard zone, and is therefore susceptible to natural disasters such as hurricanes, flooding, excess rainfall and earthquakes. Realisation of any of these disasters could lead to significant infrastructural damage, disrupt the GOJ's expenditure programme, and adversely impact revenue flows. The GOJ has been proactive in implementing strategies aimed at building fiscal resilience to natural disasters. In July 2021, the GOJ bolstered its financial protection from natural disasters through the issuance of a Catastrophe (CAT) Bond on the International Capital Market, with the assistance of the World Bank. The CAT Bond provides insurance coverage valued at a maximum of US\$185.0mn against named wind events, for a period of two and a half years, or three wind seasons. The Government has also maintained its parametric insurance coverage with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) which insures against damage resulting from Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR). Total coverage under this policy for FY 2023/24 amounts to US\$233.9 million. Additionally, US\$285.0mn remains available through the Inter-American Development Bank (IDB) Contingent Credit Line, while the GOJ's National Disaster Fund (NDF) and Contingencies fund are capitalized at approximately \$468.0mn and \$5.1 billion, respectively.

National Natural Disaster Risk Financing (NNDRF) Policy

The NNDRF Policy was approved by the Houses of Parliament in June 2023. The policy, which is the GOJ's guide to disaster risk financing in Jamaica, proposes a risk layered approach to funding disaster relief, recovery and reconstruction without significant impact on the national budget. The implementation of the policy is ongoing.

Public Bodies

The GOJ continues to monitor the operations of public bodies as possible sources of contingent liabilities, both explicit and implicit. Central Government accounts may be impacted if these entities are unable to service loans extended by the GOJ, or those which are government guaranteed. The Government may also face the moral obligation (implicit liability) to recapitalize public bodies in the event of failure. It is therefore important to monitor key developments which might impact the financial performance of these entities.

The Government remains committed in its efforts to reduce inefficiencies in the public sector through the strategic implementation of the Public Bodies Rationalisation Programme, in order to mitigate the risk of recourse to the Central Government budget.

Public Bodies with Arrears

The GOJ remains cognisant that public bodies with significant arrears could present fiscal risks to the Government's operations. Therefore, arrears and liabilities are closely monitored to manage these risks. The Government continues to monitor closely the domestic arrears of seven (7) large public bodies within the established ceiling of \$6,400.0 million for arrears over 90 days. These public bodies are Clarendon Alumina Production Limited, National Water Commission (NWC), Housing Agency of Jamaica, the Jamaica Urban Transit Company Limited, National Health Fund, National Road Operating and Construction Company Limited and the Urban Development Corporation.

Public Private Partnerships (PPPs)

PPPs remain important mechanisms to undertake infrastructure upgrade and development, while facilitating shared risks. They allow the Government to leverage private sector expertise and capital to facilitate the enhanced delivery of public infrastructure and services. While the Government continues to pursue PPPs, it is recognised that these may present fiscal risks if not appropriately designed and financed and the associated risks recognised and managed. The enhanced fiscal rules that were adopted through amendments to the FAA and PBMA Acts in March 2014 have put in place the institutional changes required to strengthen the development of projects and manage the risks associated with PPPs.

There are currently five (5) commercial/users pay concession agreements in operation. These are the agreements for the Norman Manley International Airport (NMIA), Kingston Container Terminal (KCT), Sangster International Airport (SIA), 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 provision of the respective concession agreements.

NMIA and SIA Airports

Claims submitted by PAC Kingston Airport Limited, operators of the NMIA and MJB Airports Limited, for relief under the force majeure clause for the respective concession agreements were approved by Cabinet on December 14, 2020. Cabinet, on April 12, 2021, approved the appointment of a negotiating team to review the proposals submitted by the concessionaires for economic recovery and long-term sustainability. The proposals submitted by the airport operators were examined and a Submission was presented to Cabinet on the recommended strategy for the airports' concession agreements. Consequently, on May 22, 2023, Cabinet approved the recommended positions and the operators of the Airports have accepted the proposed positions.

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 term provided in the concession agreement. However, the JNSHC has not yet quantified the revenue losses. The quantification of revenue loss would be required to determine the period of extension.

PPPs In progress

PPP transactions for the Rio Cobre Water Treatment Plant and the Schools Energy Efficiency and Solar project are at advanced stages of completion. An update on these PPP projects is provided below:

Rio Cobre Water Treatment Plant

The National Water Commission (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 (WPA) was approved by Cabinet on 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 of 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 of the ESPC, the contract between the NET and the private investor was executed on March 29, 2022.

Appendix III

DEVELOPMENTS IN THE FINANCIAL SECTOR

FY 2023/24

Introduction

During the Fiscal Year 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.

Private Sector Pensions Reform

The Pensions (Repeal and Replacement) Bill and the Income Tax (Amendment) Bill continued through the iterative process. Drafting instructions are being prepared to be issued to the Chief Parliamentary Counsel (the CPC) to revise the Bill. The second phase of the private sector pension reform seeks to ensure there is adequate level of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry by the Financial Services Commission (the FSC).

Financial Services Commission Act

The FSC (Amendment) Bill was finalised and submitted to the Legislation Committee in September 2023. The proposed amendments seek to facilitate the development of the regime for consolidated supervision of non-deposit taking institutions (non-DTIs) groups.

Insurance Act and Regulations

The MOFPS received the revised draft Insurance (Amendment) Bill (Consolidated) and companion regulations from the CPC in September 2023, which were forwarded to the FSC for comments. The proposed amendments seek to, among other things, amend the Insurance Act to facilitate the creation of a micro-insurance legislative framework.

Securities (Conduct of Business) Regulations

The Securities (Conduct of Business) (Amendment) Regulations continued through the iterative process. 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.

Virtual Assets and Virtual Assets Service Providers

A draft Cabinet Submission pertaining to proposals for a regulatory framework for Virtual Assets and Virtual Assets Service Providers is currently being reviewed.

Motor Vehicle Insurance (Third Party Risk) Act

The MOFPS is awaiting comments on the draft Cabinet Submission pertaining to proposals to amend the Motor Vehicle Insurance (Third Party Risk) Act from stakeholders.

Proposed Credit Union (Special Provisions) Act

The Bill seeks to enact legislation to place credit unions under the supervisory purview of the BOJ. Work on the Bill is ongoing.

Bank of Jamaica Act

The Bank of Jamaica (Amendment) Bill regarding proposals to address the eligibility criteria for appointments continued through the iterative process.

Bank of Jamaica Act

The draft Cabinet Submission regarding proposals to amend the Bank of Jamaica Act to deal with Money or Value Transfer Services (MVTs) is under review by stakeholders.

Payment Clearing Settlement Act

Work continued on the amendment of the Payment Clearing Settlement Act. The proposed amendments seek to enhance the legal and regulatory framework for payment service providers (PSPs).

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

Work has continued on the revised draft Banking Services (Prevention of Money Laundering, Terrorism Financing and Proliferation of Weapons of Mass Destruction) Rules.

Financial Investigations Division (FID) Act

The Financial Investigations Division (Amendment) Bill is currently being reviewed by key stakeholders. The proposed amendments seek to ensure that the 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.

Special Resolution Regime for the Financial Sector

The draft Cabinet Submission regarding the Special Resolution Regime for the financial sector is with Government stakeholders for comments. The proposed legislation is intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution of non-viable financial institutions in an orderly way that minimizes the resort to public funds.

Proposed Areas of Focus for Fiscal Year 2023/24

Financial Regulations Division

- 1) The second phase of private sector pension reform to address issues such as vesting, portability and indexation.
- 2) The enactment of legislation for
 - i. The supervision of credit unions by the Bank of Jamaica;
 - ii. The development of a special resolution regime for the financial sector;
 - iii. The development of a regulatory framework for virtual assets and virtual asset service providers;
- 3) Legislative amendments to:
 - i. The Insurance Act to facilitate the creation of a micro-insurance legislative framework;
 - ii. The Financial Services Commission Act for the establishment of group-wide supervision of non-deposit taking financial groups;
 - iii. The Bank of Jamaica Act to develop a framework for eligibility criteria for appointments and for money or value transfer services;
 - iv. The Payment Clearing Settlement Act to enhance the legal and regulatory framework for PSPs;
 - v. The Financial Investigations Division Act to ensure that the Act is consistent with the FATF/CFATF standards and guidelines of the Egmont Group relating to information sharing;
 - vi. Motor Vehicle Insurance (Third Party Risk) Act.

Appendix IV

CENTRAL GOVERNMENT NON-DEBT EXPENDITURE FY 2023/24

Table IV(a) Non-Debt Recurrent Expenditure Performance April-July 2023 (\$'000)

Heads	Original Approved Estimates of Expenditure	Second Supplementar y Estimates	Budget Apr-July 2023	Provisional Expenditure Apr-July 2023
	440,971	490,188	138,910	138,910
His Excellency the Governor-General and Staff				
Houses of Parliament	1,492,637	3,119,758	1,188,577	1,188,577
Office of the Public Defender	397,925	467,951	99,802	99,802
Auditor General	1,205,325	1,360,792	434,180	434,179
Office of the Services Commissions	505,911	505,911	150,325	150,325
Office of the Children's Advocate	372,207	401,594	99,676	99,676
	778,146	851,222	243,483	243,483
Independent Commission of Investigations				
Integrity Commission	1,255,241	1,255,241	418,442	418,442
Independent Fiscal Commission	261,052	261,052	-	-
Office of the Prime Minister	9,580,956	14,365,692	4,362,334	4,362,334
Office of the Cabinet	911,554	911,554	315,603	315,603
Ministry of Tourism	11,956,828	11,956,828	4,793,895	4,793,895
	15,944,027	17,452,522	6,087,672	6,087,672
Ministry of Economic Growth and Job Creation				
Ministry of Finance and Public Service	137,421,871	130,704,547	29,689,035	29,689,035
Ministry of National Security	112,687,440	122,045,301	44,805,692	44,805,692
	875,397	875,397	242,143	242,143
Ministry of Legal and Constitutional Affairs				
Ministry of Justice	13,845,947	15,837,308	4,052,498	4,052,498
	5,742,136	8,422,043	2,083,816	2,083,816
Ministry of Foreign Affairs and Foreign Trade				
Ministry of Labour and Social Security	16,977,027	16,977,027	5,015,577	5,015,577
Ministry of Education and Youth	146,779,587	145,779,587	60,689,546	61,059,215
Ministry of Health and Wellness	118,668,532	118,668,532	42,771,150	42,677,066
	5,023,523	5,173,523	2,010,331	2,010,331
Ministry of Culture, Gender, Entertainment and Sport				
Ministry of Agriculture and Fisheries	12,506,356	12,905,789	4,462,769	4,462,769
	5,390,490	5,470,678	1,870,461	1,870,461
Ministry of Industry, Investment and Commerce				
	10,505,874	1,665,274	1,253,819	1,253,819
Ministry of Science, Energy and Technology				
Ministry of Transport and Mining	15,812,847	2,861,523	2,886,271	2,886,271
Ministry of Science, Energy, Telecommunications and Transport		18,666,253	3,387,436	3,387,436
Ministry of Local Government and Community Development	18,350,398	20,773,429	7,564,021	7,564,023
TOTAL RECURRENT	665,690,205	680,226,516	231,117,465	231,393,050

Table IV(b) Non-Debt Capital Expenditure Performance April-July 2023 (\$'000)

Heads	Original Approved Estimates of Expenditure	Second Supplementary Estimates	Budget Apr-July 2023	Provisional Expenditure Apr-July 2023
Office of the Prime Minister	3,734,943	3,734,943	618,589	545,767
Ministry of Economic Growth and Job Creation	33,012,991	33,012,991	9,802,525	9,258,626
Ministry of Finance and Public Service	12,703,152	12,703,152	947,860	880,582
Ministry of National Security	5,936,000	5,936,000	365,679	230,817
Ministry of Justice	108,776	108,776	5,000	2,361
Ministry of Education and Youth	1,553,336	1,553,336	250,009	61,720
Ministry of Health and Wellness	6,428,704	6,428,704	1,441,607	1,475,481
Ministry of Agriculture and Fisheries and Mining	7,215,476	7,215,476	1,311,315	1,342,822
Ministry of Industry, Investment and Commerce	810,000	810,000	313,069	350,079
Ministry of Science, Energy and Technology	967,174	10,437	39,131	10,437
Ministry of Transport and Mining	689,400	417,894	417,894	417,893
Ministry of Science, Energy, Telecommunications and Transport	-	1,228,243	271,506	-
Ministry of Local Government and Community Development	2,212,938	2,212,938	28,775	26,594
TOTAL CAPITAL	75,372,890	75,372,890	15,812,959	14,603,179

Table IV(c) Capital Performance by Project April - July 2023 (\$'000)

Project No and Name		Funding Source	Original Approved Estimates of Expenditure	Second Supplementary Estimates	Budget April - July 2023	Provisional April - July 2023
	OFFICE OF THE PRIME MINISTER					
29488	Jamaica Disaster Vulnerability Reduction Project	GOJ/IBRD	868,488	868,488	258,091	195,814
29532	National Identification System (NIDS) Project	IABD	1,958,185	1,958,185	146,596	130,735
29564	Rural Economic Development Initiative II	IBRD	631,762	631,762	84,242	47,106
29567	Integrated Community Development Project II	GOJ	276,508	276,508	129,660	172,112
29586	School Infrastructure Improvement Project	GOJ/CDB			-	-
29585	Rural Community Access and Drainage Improvement Project	GOJ/CDB			-	-
	TOTAL OFFICE OF THE PRIME MINISTER		3,734,943	3,734,943	618,589	545,767
	MINISTRY OF ECONOMIC GROWTH & JOB CREATION					
22068	Establishment of United Nations House	GOJ	207,000	207,000	5,000	-
22726	Electronic Land Titling	GOJ	160,000	160,000	-	-
29475	Pilot Programme for Climate Resilience II (PPCRII)- Adaptation Programme and Financing Mechanism	GOJ/IADB	36,600	36,600	11,871	23,957
29501	Southern Coastal Highway Improvement Project	GOJ/CEIXM	22,130,773	22,130,773	8,980,084	8,782,812
29505	Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	GOJ	110,232	110,232	55,663	6,250
29537	Credit Enhancement Programme for MSMEs	IDB	24,306	24,306	4,942	670
29550	Access to Finance for MSMEs	IBRD	750,000	750,000	9,789	4,175
29555	Montego Bay Perimeter Road	GOJ	7,200,000	7,200,000	210,126	101,852
29557	Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	405,649	405,649	5,190	-
29565	Boosting Innovation, Growth and Entrepreneurship Ecosystems	IBRD	1,110,431	1,110,431	253,003	168,910
29580	Widening and Dualization of Grange Lane, St.Catherine	GOJ	878,000	878,000	266,857	170,000
	TOTAL MINISTRY OF ECONOMIC GROWTH & JOB CREATION		33,012,991	33,012,991	9,802,525	9,258,626

Table IV(c) Capital Performance by Project April - July 2023 (\$'000) – Cont'd

Project No and Name		Funding Source	Original Approved Estimates of Expenditure	Second Supplementary Estimates	Budget April - July 2023	Provisional April - July 2023
MINISTRY OF FINANCE & THE PUBLIC SERVICE						
21686	Contingency Provision - Public Investment Management System	GOJ	7,969,320	7,969,320	48,500	46,575
29399	Enhancing the Resilience of the Agri Sector and Coastal Areas	GOJ	195,400	195,400	22,486	6,577
29462	Jamaica Foundation for Competitiveness and Growth	IBRD-LOAN	435,862	435,862	143,876	127,555
29463	Strategic Public Sector Transformation	GOJ	149,880	149,880	45,756	45,218
29536	Support to Public Sector Transformation Implementation Project	GOJ/IADB	2,374,860	2,374,860	444,574	424,731
29571	A Jamaican Path from Hills to Ocean	GOJ	230,898	230,898	27,449	9,639
29572	Jamaica Business Environment Reforms Project	GOJ/IBRD	676,141	676,141	126,103	134,207
29583	Construction of Christiana Tax Office	GOJ	670,791	670,791	89,116	86,080
TOTAL MINISTRY OF FINANCE & THE PUBLIC SERVICE			12,703,152	12,703,152	947,860	880,582
MINISTRY OF NATIONAL SECURITY						
20596	Cyber Security Initiative	GOJ	900,000	900,000	-	-
21431	Purchase of Overhaul of Ships/Coastal Surveillance	GOJ	3,163,000	3,163,000	-	-
22724	Construction of the Forensic Pathology Autopsy Suite	GOJ	323,000	323,000	136,500	78,029
22725	Construction of the Westmoreland Police Divisional Headquarters	GOJ	465,000	465,000	-	-
29538	Security Strengthening Project	IDB-LOAN	770,000	770,000	229,179	150,860
29584	Construction of St.Catherine North Police Divisional Headquarters	GOJ	315,000	315,000	-	1,928
TOTAL MINISTRY OF NATIONAL SECURITY			5,936,000	5,936,000	365,679	230,817
MINISTRY OF JUSTICE						
29581	Construction of Stony Hill Justice Centre	GOJ	88,776	88,776	-	-
29573	Renovating and Upgrading Works at the Clarendon Parish Court	GOJ	20,000	20,000	5,000	2,361
29587	Construction of the Hanover Justice Centre (Sandy Bay)	GOJ			-	-
29588	Construction of the Clarendon Justice Centre (Sunnyside Drive)	GOJ			-	-
TOTAL MINISTRY OF JUSTICE			108,776	108,776	5,000	2,361

Table IV(c) Capital Performance by Project April - July 2023 (\$'000) – Cont'd

Project No and Name		Funding Source	Original Approved Estimates of Expenditure	Second Supplementary Estimates	Budget April - July 2023	Provisional April - July 2023
	MINISTRY OF EDUCATION & YOUTH					
20778	Education Transformation Programme I	GOJ	305,649	305,649	36,565	64
20780	Establishment of Diagnostic Centres (Special Education)	GOJ	30,000	30,000	22,000	-
29566	Primary and Secondary Infrastructure Programme	GOJ	1,058,637	1,058,637	144,569	53,495
29575	Education System Transformation Programme (I I)	GOJ	159,050	159,050	46,875	8,161
	TOTAL MINISTRY OF EDUCATION & YOUTH	-	1,553,336	1,553,336	250,009	61,720
					-	-
	MINISTRY OF HEALTH AND WELLNESS				-	-
29481	Support to the National HIV/AIDS Response in Jamaica (formerly New Funding Mechanism)	GOJ	838,930	838,930	316,445	311,572
29540	Western Adolescence Hospital	GOJ	365,549	365,549	28,808	12,410
29552	Prevention & Care Management of Non-Communicable Diseases Programme	GOJ	2,651,414	2,651,414	464,249	413,435
29576	Redevelopment and Modernisation of the University Hospital of West Indies	GOJ	530,000	530,000	163,585	89,155
29568	Redevelopment of Cornwall Regional Hospital	GOJ	2,042,811	2,042,811	468,520	648,909
	Total MINISTRY OF HEALTH AND WELLNESS		6,428,704	6,428,704	1,441,607	1,475,481
					-	-
	MINISTRY OF AGRICULTURE, FISHERIES AND MINING				-	-
20172	Rehabilitation of Research Centres	GOJ	39,577	39,577	22,421	19,516
29510	Essex Valley Irrigation Infrastructure Development Programme	CDB-GRANT/GOJ	4,481,896	4,481,896	971,082	1,106,738
29562	Southern Plains Agricultural Development Project	CDB-GRANT	2,305,000	2,305,000	183,903	143,581
29480	Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD Grant	313,650	313,650	110,676	60,481
29570	Soil Fertility Mapping Project	GOJ	66,586	66,586	14,466	3,740
22066	Agricultural Competitiveness Programme Bridging Project	IDB	8,767	8,767	8,767	8,766
	TOTAL MINISTRY OF AGRICULTURE, FISHERIES AND MINING	-	7,215,476	7,215,476	1,311,315	1,342,822

Table IV(c) Capital Performance by Project April - July 2023 (\$'000) – Cont'd

Project No and Name		Funding Source	Original Approved Estimates of Expenditure	Second Supplementary Estimates	Budget April - July 2023	Provisional April - July 2023
	MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE				-	-
29554	Global Services Skills Project	IADB-LOAN	810,000	810,000	313,069	350,079
	TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE	-	810,000	810,000	313,069	350,079
					-	-
	MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY				-	-
29533	Energy Management and Efficiency Programme	EU-GRANT	10,437	10,437	39,131	10,437
	Total MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY	-	10,437	10,437	39,131	10,437
					-	-
	MINISTRY OF TRANSPORT AND MINING				-	-
21844	Purchase of Buses	GOJ	689,400	417,894	417,894	417,893
	Total MINISTRY OF TRANSPORT AND MINING	-	689,400	417,894	417,894	417,893
					-	-
	MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT				-	-
29533	Energy Management and Efficiency Programme	IDB LOAN/ EU-GRANT	955,737	955,737	-	-
21844	Acquisition of Buses		1,000	272,506	271,506	
	Total MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT	-	956,737	1,228,243	271,506	-
					-	-
	MINISTRY LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT				-	-
29509	Improvement of Emergency Communication System in Jamaica	GOJ	360,000	360,000	28,775	26,594
29578	Acquisition of Compactor Trucks	GOJ	1,852,938	1,852,938	-	-
	TOTAL MINISTRY OF LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT	-	2,212,938	2,212,938	28,775	26,594
					-	-
	GRAND TOTAL CAPITAL C		75,372,890	75,372,890	15,812,959	14,603,179