



**MINISTRY OF FINANCE & PLANNING
PRESS RELEASE**

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**GOJ Press Release: IMF 10th EFF Review Mission
Staff Level Agreement Reached to Lower Target for Primary Surplus**

The tenth review of Jamaica's performance under the Extended Fund Facility programme was undertaken by staff from the International Monetary Fund (IMF) over the period 04 – 13 November, 2015. As is customary, the mission team met with Minister of Finance, Dr. the Hon. Peter Phillips, government officials, technical staff, private sector leaders and other key stakeholders.

The shared assessment of the IMF and the GOJ is that Jamaica's economic performance continues to be positive, despite lower than anticipated growth which was due to transitory factors, predominantly drought. However, both the IMF and the GOJ concur that real GDP will still expand at a faster pace this fiscal year when compared to the previous year. Inflation is expected to remain within the single digit target range, notwithstanding the impact of the drought. The current account of the balance of payments is projected to record a significant improvement in the fiscal year. Overall, fiscal performance remains strong, which underlies the firm downward trajectory in Jamaica's debt-to-GDP ratio.

The Fund's staff noted the continued steadfast implementation of the Economic Reform Programme aimed at reversing the long-standing trend of low economic growth. These reforms are already delivering tangible results:

- Continuing the trend observed in 2014, some 23,500 jobs have been created since the beginning of this year.
- Major investments are occurring in tourism, business process outsourcing, energy, port infrastructure and manufacturing.
- The economy is more stable with the rate of inflation for the 12 months to September 2015, being 1.8 per cent - the lowest level in 48 years.

- Jamaica, according to the World Bank Doing Business Report 2016, is now the best place to do business in the Caribbean and was among the top 10 improving countries in the world in 2015 for doing business.

These factors underpin the optimism in the economic outlook that is reflected in programme projections for stronger growth in FY2016/17. Still, more needs to be done in order to lock in the gains achieved thus far.

The GOJ and Fund staff agreed on the need to scale up public investments to support the growth objective. Based on discussions that have taken place over the last few months, the IMF staff and the authorities have reached an understanding to have lower primary surplus targets, in the current fiscal year and fiscal year 2016/17, which will create additional fiscal space to undertake growth enhancing capital projects. This will be accommodated without undermining the current downward debt trajectory and debt sustainability objective.

Other elements of the programme that can stimulate faster growth were also discussed. In the next phase of the programme, public sector transformation, labour market reforms, addressing the vulnerability of the economy to climate change and actions to further improve the business climate will become priorities.

The IMF Board is scheduled to consider the 10th review under Jamaica's EFF Programme in December. All quantitative targets and structural benchmarks for end-September 2015 have been met. Board approval will allow for the release of SDR 28.32 million (approximately US\$39 million) to Jamaica.

- End -

November 13, 2015

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