SU/23/130

August 31, 2023

The Acting Chair's Summing Up
Jamaica—First Reviews Under the Precautionary and Liquidity Line and Under the Resilience and Sustainability Facility Arrangements
Executive Board Meeting 23/69
August 31, 2023

Executive Directors commended the Jamaican authorities for their strong program ownership and performance under the PLL and RST arrangements. They welcomed the robust economic recovery and the significant decline in public debt and indicated that the outlook remains favorable. Noting the global uncertainties and Jamaica's vulnerability to climate shocks, Directors concurred that sustained implementation of reforms under the PLL and RST arrangements would be necessary to further strengthen the recovery and enhance market confidence. They agreed that Jamaica continues to meet the PLL qualification criteria and welcomed the authorities' intention to continue to treat the PLL as precautionary and continue to collaborate with development partners in its climate agenda.

Directors welcomed the authorities' prudent fiscal policy and their commitment to debt sustainability and the Fiscal Responsibility Law. They supported continued efforts to strengthen the fiscal framework, including implementing the public wage structure reform and further strengthening tax and customs administration in support of Jamaica's fiscal targets.

Directors positively noted the convergence of inflation toward the midpoint of the Bank of Jamaica's (BoJ) target band. They encouraged continued vigilance, supported by appropriate data-dependent monetary policy.

Directors concurred that the financial system remains well capitalized, liquid, and stable, and commended the authorities' efforts to improve financial supervision. Such efforts include the progress in adopting Basel III standards, expanding the BOJ's supervisory authority, and strengthening the supervisory framework for financial holding companies and the resolution regime of non-viable financial institutions. They welcomed the measures taken to bring the AML/CFT framework to international best practice and encouraged the authorities to demonstrate its effectiveness in line with the action plan agreed with FATF. They also commended the authorities' commitment to improve data adequacy and to implement the agenda supporting a plan to subscribe to SDDS by mid-2025.

Directors positively noted the progress made on Jamaica's ambitious climate agenda, supported by international development partners, including the adoption of a disaster risk

financing policy, the addition of climate requirements to the framework for public private partnerships, the approval of an electric vehicle policy, and the issuance of guidelines for energy efficiency in public buildings. Directors also noted that climate-oriented reforms of the fiscal framework, incentives for investments in renewables and the greening of the financial system can foster investor confidence and catalyze private climate financing.