

SU/20/102

May 18, 2020

The Acting Chair's Summing Up
Jamaica—Request for Purchase Under the Rapid Financing Instrument
Executive Board Meeting 20/60
May 15, 2020

Executive Directors noted that the pandemic is severely impacting the Jamaican economy, as a sudden stop in tourism and falling remittances are generating a sizable balance-of-payments need and creating a highly uncertain economic outlook. Directors indicated that the disbursement under the Rapid Financing Instrument would strengthen reserves and, if needed, provide budgetary support. It would also help catalyze additional support from other international financial institutions and development partners.

Noting the authorities' rapid and appropriate response to the COVID-19 pandemic and demonstrated commitment to reform and stability-oriented measures, Directors commended the timely adoption of temporary, targeted measures to support jobs and provide resources to vulnerable segments of the population and the health sector. They agreed that in addition to expenditure reprioritization, the COVID-19 emergency warrants a temporary reduction of the primary surplus and a modest delay in achieving the 60 percent debt-to-GDP target, outlined in the Fiscal Responsibility Law. They also emphasized the need for further contingency planning and maintaining the close dialogue with the Fund, given the uncertainties.

Directors also welcomed the authorities' commitment to transparency in emergency financing usage, including undergoing a safeguards assessment and publishing an ex-post audit report on COVID-related spending.

Directors supported Bank of Jamaica's accommodative monetary policy stance and ongoing efforts to support systemic liquidity. Directors also encouraged the authorities to further strengthen the monetary policy framework, including by finalizing amendments to the Bank of Jamaica Act and continue to closely monitor financial vulnerabilities while maintaining prudent regulatory practices. They also welcomed the continued commitment to exchange rate flexibility as a shock absorber, with FX interventions limited to stem excessive volatility.

Once the crisis abates, Directors welcomed the authorities' renewed commitment to fiscal and debt sustainability, including their plan to accelerate debt reduction efforts should growth overperform. Directors also encouraged the authorities to continue their structural

reform agenda to support the recovery. Efforts should focus on strengthening governance and the AML/CFT framework, improving public financial management and the business climate, and reducing crime. Building resilience to natural disasters also remains a priority.