



# Credible Policies and Predictable Macroeconomic Environment

**Constant Lonkeng Ngouana**  
(*IMF Resident Representative for Jamaica*)

**UCC Annual Research Conference**  
Kingston, Jamaica  
September 27, 2018

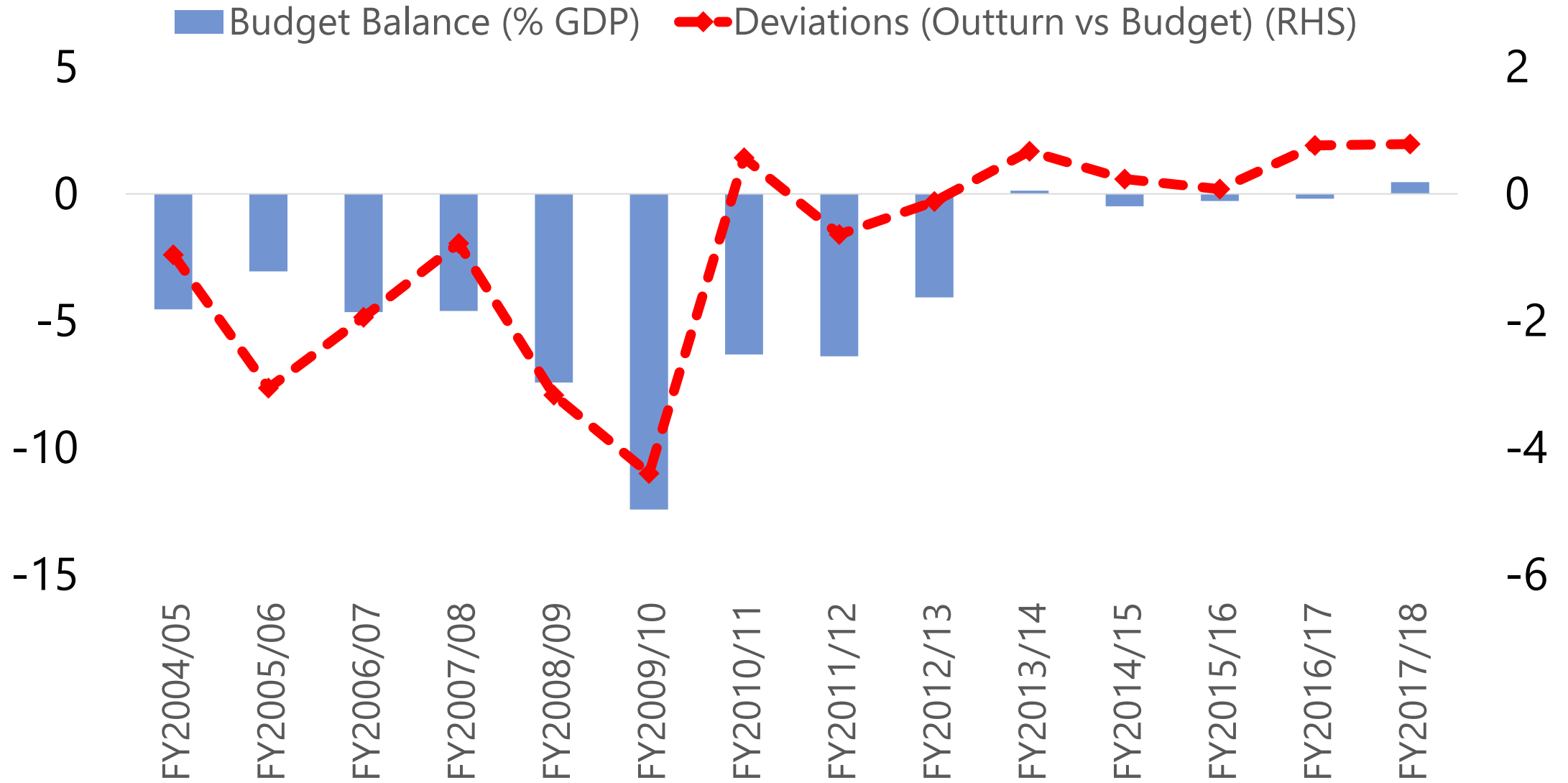


## Back in 2012/13

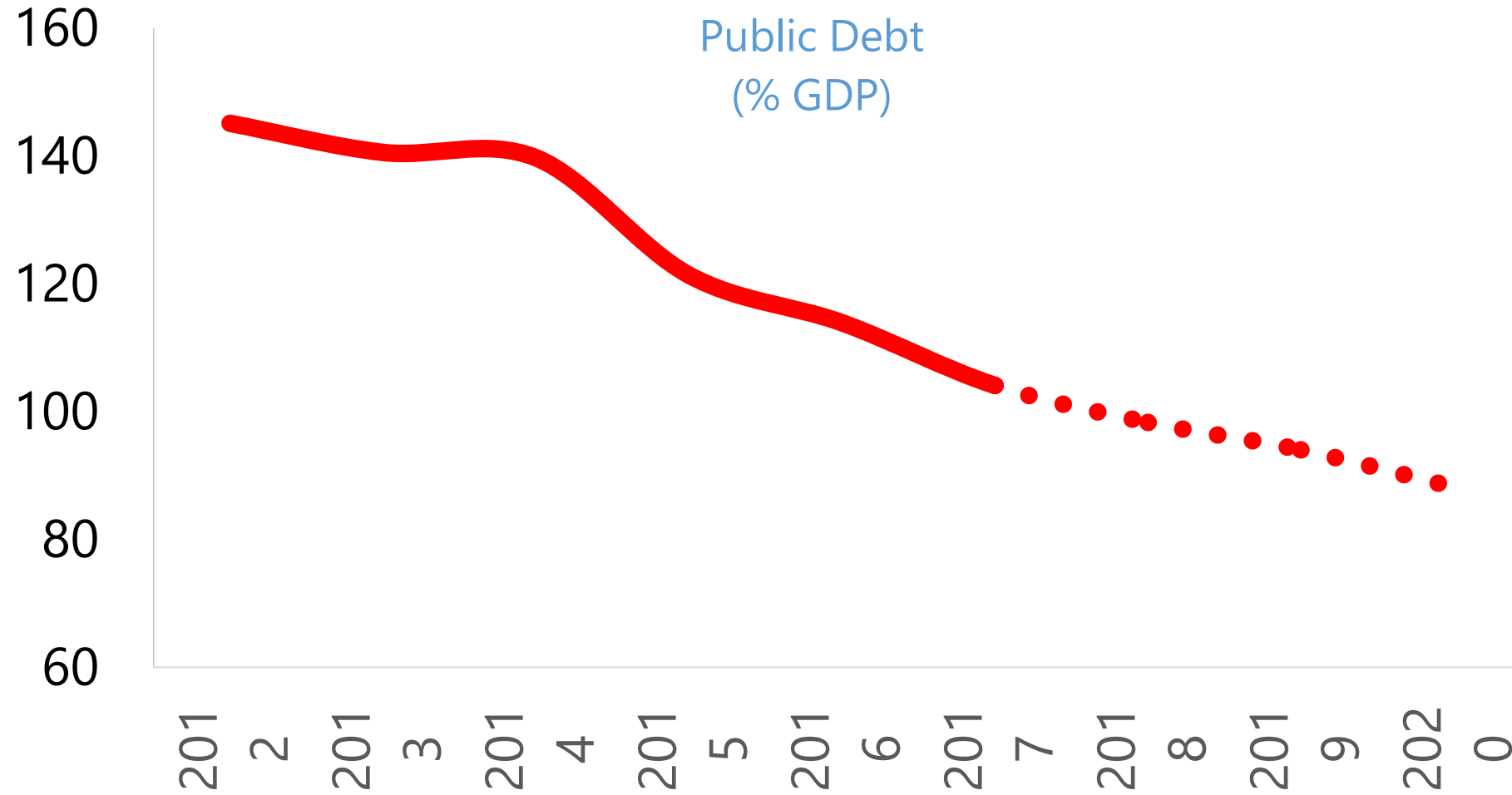
- Public debt was about one-and-a half times the total amount of good & services produced in the economy
- The government was spending 40 cents of each tax revenue \$ on interest payment on debt
- The current account deficit was in double digits
- Net international reserves had dropped to US\$880 million (<1/2 Jamaica's annual fuel import bill)
- 16% unemployment; 24.6% poverty; and high inflation
- No access to int'l capital market; unpredictable macroeconomic environment and heightened policy uncertainty.

**...and then, thanks to domestic ownership....**

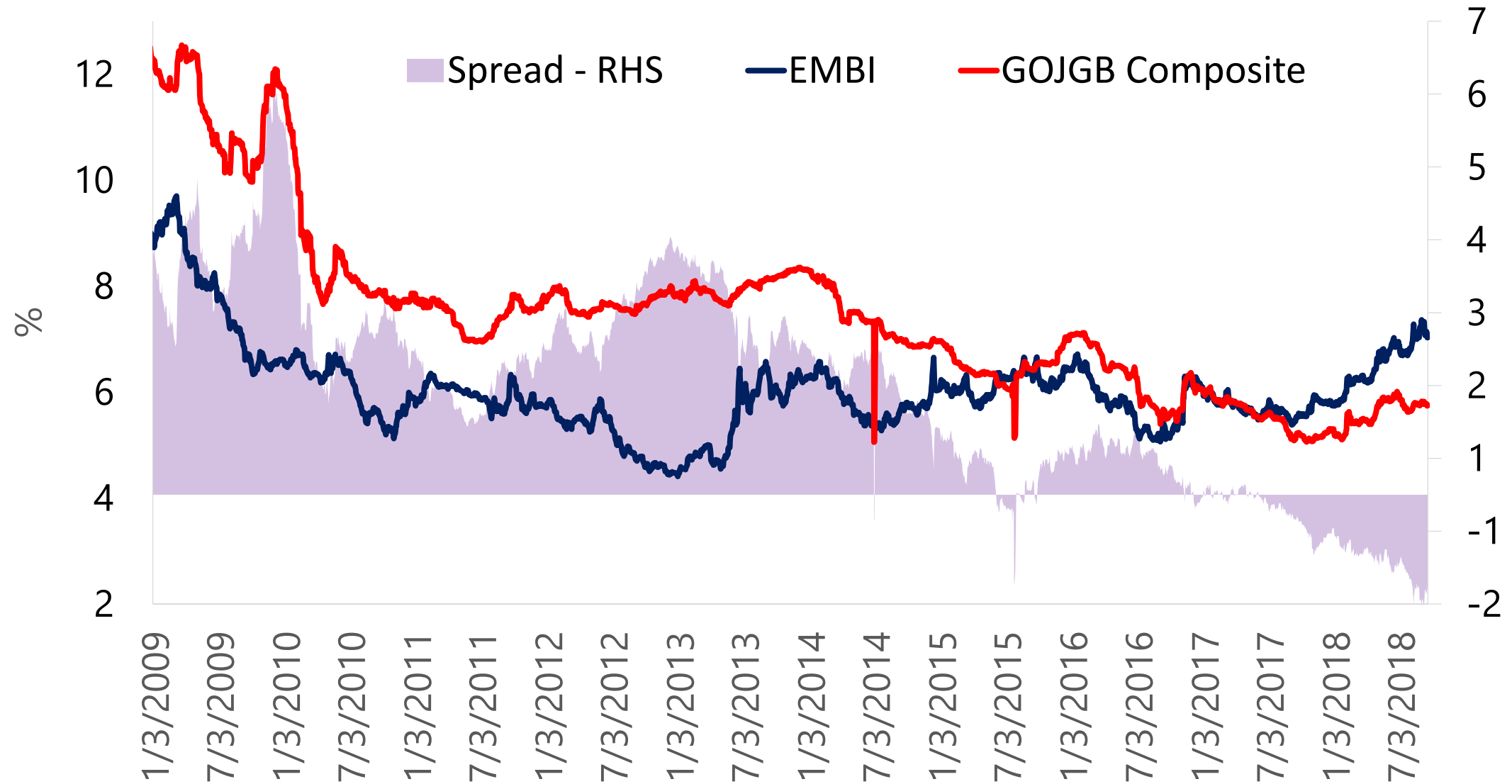
# Getting the Fiscal House in Order and Predictably



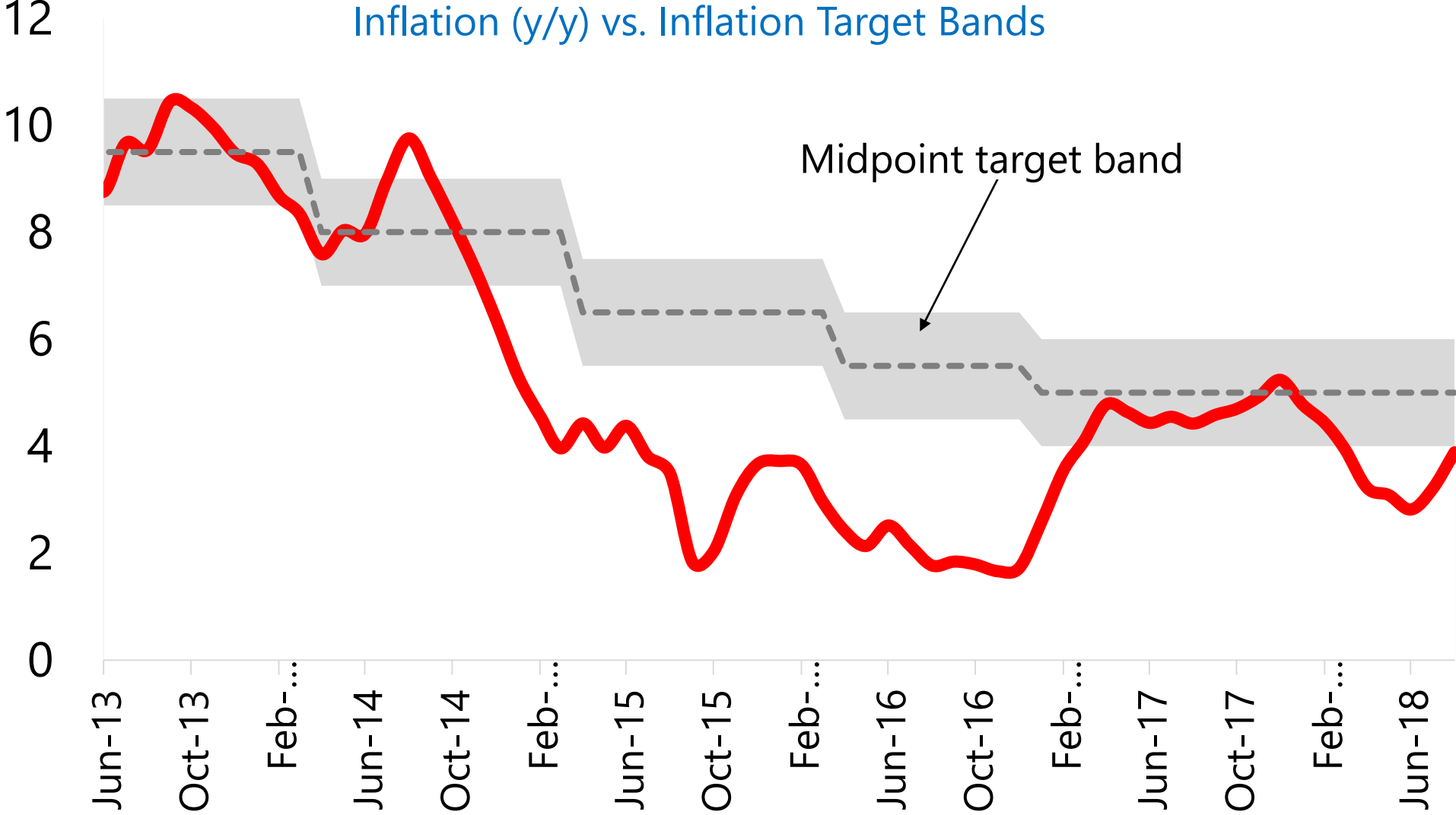
## → Public Debt on a Firm Downward Path



# → Sovereign Risk at an Historic Low



# Inflation Trended Down



## ...and

- ✓ Current account deficit in low single digit
- ✓ Net international reserves at historic high (>US\$3 billion)
- ✓ Unemployment down to 9.7% (almost 11-year low)
- ✓ Poverty down to 17.1% (9-year low)

Growth, however, remains lackluster (green shoots emerging).

# Entrenching Policy Credibility Going Fwd

- Enhanced Fiscal Rule (2014) + Fiscal Council (being contemplated) → minimizes the interference of politics in the conduct of fiscal policy.
- **Inflation Targeting/BOJ modernization** → allows households and businesses to plan better; preserves the purchasing power of the J\$; and protects the life savings of Jamaicans.

**+++ Continued structural reforms to strengthen the resilience of the Jamaican economy and unlock the country's growth potential.**



## In sum...

- ✓ A predictable macroeconomic environment is underpinning the Jamaican economy and social outcomes are improving.
  - ✓ Credible policy frameworks would further limit policy uncertainty and mitigate aggregate risks.
- Households and businesses can now focus on their *idiosyncratic* risk as the government insures against aggregate risks.

*The current macroeconomic environment provides the private sector and the Youth with an unprecedented opportunity at home.*