

10 Things to know about

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BUDGET BREAKDOWN 2026

Paying for Hurricane
Melissa



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1

Half of all the value that Jamaica produces in a typical year was destroyed in one October afternoon.



2



The 2026 budget is premised on a real GDP contraction of 0.5 percent, inflation of 5.1 percent, and a current account deficit of 6.8 percent. These projections carry more uncertainty than usual in an economy still absorbing the impact of Hurricane Melissa.

3



The full fiscal cost of Hurricane Melissa, across two fiscal years, is estimated by CAPRI at J\$198 billion comprised of J\$98 billion in direct recovery and reconstruction spending, and an estimated J\$100 billion in lost tax revenue. The true fiscal cost of the hurricane is therefore twice the amount of expenditure it entails, once the revenue loss is accounted for.

4



The government has introduced a J\$29.4 billion tax package to help stabilise the fiscal position in the second year of the recovery plan.

7



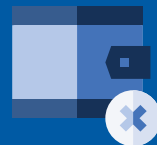
Non-debt instruments — insurance, catastrophe bonds, and reserves — covered less than a quarter of the total fiscal cost of Melissa; nearly three-quarters had to be borrowed.

5



Jamaica's debt-to-GDP ratio, which had fallen to 62 percent before the hurricane, is projected to rise to 68 percent before resuming its downward path, with the 60 percent target now deferred to fiscal year 2029/30.

6



To finance a sudden J\$198 billion obligation, the government deployed a layered strategy combining parametric insurance, catastrophe bonds, contingency reserves, and J\$120 billion in multilateral borrowing from the IMF, IDB, and World Bank.

10



Those same foundations are now under strain. Strengthening them before the next major storm arrives is the most urgent fiscal task facing the government. The hurricane season opens June 1.

8



Jamaica's institutional foundations — a decade of debt reduction, the Fiscal Responsibility Framework, and a layered disaster risk strategy — prevented Hurricane Melissa from becoming a fiscal crisis.

9



Jamaica's Disaster Risk Framework performed as designed by delivering liquidity within days rather than weeks. The lesson of Melissa is that it was sized for disasters the country had already experienced, not for the one that has now set the new benchmark.