



**JAMAICA SOCIAL
INVESTMENT FUND**

24TH ANNUAL REPORT

2019 - 2020



ISO 14001:2015 Certified

COMPANY OVERVIEW

Attorneys At Law

**Phillips, Malcolm,
Morgan & Matthies**

Attorneys-at-Law
Lee Gore Business Centre
31 Upper Waterloo Road
Unit 17, 2nd Floor
Kingston 10

Company Secretary

Howard N. Malcolm

Lee Gore Business Centre
31 Upper Waterloo Road
Unit 17, 2nd Floor
Kingston 10

Auditor

BDO

Chartered Accountants
26 Beechwood Avenue
Kingston 5

Bankers

**Bank of Nova Scotia
Jamaica Ltd**

2 Knutsford Boulevard
Kingston 5

National Commercial Bank
(Private Banking Sector)

The Atrium
32 Trafalgar Road
Kingston 10

Sagicor Bank

60 Knutsford Boulevard
Kingston 5

Bank of Jamaica
Nethersole Place
Kingston

Registered Office

11 Oxford Road
(Ground floor the Dorchester Building)
Kingston 5 ,

(Entrance on Norwood Avenue)

Jamaica, WI

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Investing for Community Development

MISSION STATEMENT

The Jamaica Social Investment Fund (JSIF) mobilizes resources and channels these to community-based socio-economic infrastructure and social services projects. Through a national partnership between central and local government, communities and private and public organizations, the JSIF addresses the immediate demands of communities in a manner that is quick, efficient, effective, transparent and non-partisan.

In fulfilling its mandate, the JSIF facilitates the empowerment of communities and assists in building national capacity to effectively implement community-based programmes aimed at social development.



GUIDING PRINCIPLES

In addressing the development priorities of the most underserved communities in Jamaica, the JSIF operates under the following principles.

- ✓ Improvements in public safety
- ✓ Building social capital
- ✓ Poverty reduction focus
- ✓ Development focus
- ✓ Promoting partnerships for development
- ✓ Ensure value for money
- ✓ Technical quality to international standards
- ✓ Environmental soundness
- ✓ Maximizing opportunities for employment
- ✓ Knowledge transfer



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-fourth Annual General Meeting of **JAMAICA SOCIAL INVESTMENT FUND** will be held at 11 Oxford Road, Kingston 5 on Wednesday, October 28, 2020 at 2:00 p.m. for the following purposes:

RESOLUTIONS

1. Audited Accounts

To receive the Accounts for the period ended 31st March, 2020 and the Reports of the Directors and Auditors thereon.

2. Appointment of Auditors and their Remuneration

To consider and, if thought fit, pass the following Resolution:

“That BDO, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors.”

3. Election of Directors

Article 100 of the Company’s Articles of Association provides that after the third Annual General Meeting, one-third ($\frac{1}{3}$) of the Directors, or, if their number is not a multiple of three (3), then the number nearest to one-third ($\frac{1}{3}$) shall retire from office at each Annual General Meeting. The Directors retiring under this Article are Mr. Brian Bennett-Easy, Mr. Jason Smith, and Ms. Deveta McLaren, and being eligible under Article 103 of the Company’s Articles of Association, offer themselves for re-election.

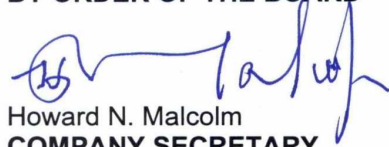
The proposed resolutions are therefore as follows:

- (i) “That Director, Mr. Brian Bennett-Easy, retiring pursuant to Article 100 of the Company’s Articles of Association, be and is hereby re-elected.”
- (ii) “That Director, Mr. Jason Smith, retiring pursuant to Article 100 of the Company’s Articles of Association, be and is hereby re-elected.”
- (iii) “That Director, Ms. Deveta McLaren, retiring pursuant to Article 100 of the Company’s Articles of Association, be and is hereby re-elected.”

4. To consider any other business that may be conducted at an Annual General Meeting.

Dated this 1st day of October, 2020

BY ORDER OF THE BOARD



Howard N. Malcolm
COMPANY SECRETARY

BOARD OF DIRECTORS

Chairman



Dr. Wayne Henry

Director General,
Planning Institute of Jamaica



Omar Sweeney

Managing Director, Jamaica
Social Investment Fund



Jason Smith

Company Secretary, Strategic
Management & Training
Consultants Ltd.



Deveta McLaren

Manager, Retail Sales & Marketing,
Access Financial Service



Carey Peterkin

Chief Financial Officer, Tax
Administration of Jamaica



Omar Frith

Deputy Executive Director,
Strategic Planning and
Communications, SDC



Stephen Newland

Director, Sunflower Environment/
Idea Factory Ja Ltd



Brian Bennett

General Manager, Digicel
Business



Robert Lawrence

Managing Director, Electronic
Data Interface Solutions Ltd.



Mark Azan

Businessman

2019/2020 BOARD COMMITTEES

01 Finance Committee

- **Carey Peterkin** - Chair (JSIF Board Member)
- **Omar Sweeney** - (Managing Director, JSIF)
- **Marjorie Johnson** (Ministry of Finance & Planning)
- **Orville Hill** (Finance & Procurement, JSIF) (Ex Officio)
- **Elvis Gregory** (Finance & Procurement, JSIF) (Ex Officio)



02 Audit Committee

- **Dr. Wayne Henry** - Chair (JSIF Board Chairman)
- **Robert Lawrence** - (JSIF Board Member)
- **Jason Smith** (JSIF Board Member)
- **Sacha Lawrence** (Ministry of Finance & Planning)
- **Carol Perry** (Internal Audit, JSIF) (Ex Officio)



03 Projects Committee

- **Mark Azan** - Chair (JSIF Board Member)
- **Omar Frith** (JSIF Board Member)
- **Stephen Newland** (JSIF Board Member)
- **Deveta McLaren** (JSIF Board Member)
- **Antonette Richards** (Planning Institute of Jamaica)
- **Emile Spence** (Jamaica National)
- **Earl Richards**
- **Loy Malcolm** (Technical Services, JSIF) (Ex Officio)



04 Procurement & Contracts Committee

- **Brian Bennett-Easy** - Chair (JSIF Board Member)
- **Mark Azan** (JSIF Board Member)
- **Elvis Gregory** (Finance, JSIF)
- **Dale Colquhoun** (Technical Services, JSIF)
- **Keslyn Gilbert Stoney** (Legal & Governance, JSIF)
- **Dwight Ricketts** (Standards & Procurement, JSIF)



05 Human Resource Committee

- **Deveta McLaren** - Chair (JSIF Board Member)
- **Dr. Wayne Henry** (Chairman JSIF)
- **Robert Lawrence** (JSIF Board Member)
- **Rhonda Lumsden Lue** (Corporate Services, JSIF) (Ex Officio)
- **Keslyn Gilbert Stoney** (Legal & Governance, JSIF) (Ex Officio)
- **Marcia Dacres Robertson** (Human Resource, JSIF) (Ex Officio)



SENIOR MANAGEMENT



Omar Sweeney
Managing Director



Rhonda Lumsden-Lue, MBA, JP
General Manager, Corporate Services



Loy Malcolm, M. Phil
General Manager, Technical Services
Separated August 2019



Orville Hill, ACCA, FCCA, MBA, JP
General Manager, Finance



Dwight Ricketts, JP
Senior Manager, Standards & Procurement



Mona Sue Ho, MBA, M.Sc.
Senior Manager, Social Development



Rhian Holder
Senior Manager, Social Development/M&E



Elvis Gregory
Acting General Manager, Finance
Passed June 2019



Claudia Davis, FCCA, MBA
Senior Manager, Finance



Keslyn Gilbert-Stoney
Senior Manager, Legal & Governance



Carol Perry, M.Sc., FCCA, FCAY
Internal Auditor

CHAIRMAN'S STATEMENT



In its 24th year of operation, the Jamaica Social Investment Funds' (JSIF) management and staff envisioned the year being an extremely active one, with four Projects scheduled to end in 2020, and two new projects slated to have their agreements finalized.

Implementation activities were moving ahead as scheduled when global COVID-19 pandemic began to affect Jamaica, resulting in unexpected adjustments. The JSIF, being a strategic organization, assessed the challenges and formulated approaches to address the potential risks to its operations, including the completion of scheduled activities. In anticipation of the adverse effects of COVID-19 on its operations, the Fund developed protocols and policies to ensure that staff, beneficiaries and contracted personnel were able to continue working safely. The adjusted approaches resulted in some delays to scheduled activities, but ensured there were no stoppages due to COVID-19 related illnesses.

The Projects which anticipated high implementation activity in the latter part of FY 2019/20, ahead of their original closure dates in 2020, anticipated the adverse impact of measures to curb the spread and effects of the COVID-19, particularly the Integrated Community Development Project (ICDP)² and the Basic Needs Trust Fund Cycle 9 (BNTF 9). The Poverty Reduction Programme IV (PRP IV)³ had already initiated the process for extension due to previous delays experienced. Revised closure dates were negotiated for the ICDP and PRP IV, and the Caribbean Development Bank is considering extending the deadline of the BNTF Cycle 9 regional grant for all

beneficiary countries. The extensions are necessary to ensure that the primary objectives are achieved, and the beneficiaries receive the slated outputs as agreed. The Projects were at advanced stages when the slowdown came into effect but there are still key activities which need to occur in order to complete infrastructure works and training programmes. The fourth Project that ended was the PetroCaribe Development Fund (PDF). The Fund was not significantly affected by the COVID-19 restrictions, as most of its activities were completed in 2019.

During the period under review, the JSIF's portfolios supported national efforts to expand and safeguard livelihoods, reduce crime, build human capacity, and reduce public and private vulnerability to disasters. It is expected that these efforts will have contributed to Jamaica's continued stability in uncertain times. The ICDP and the PRP IV⁴ are implemented in volatile urban neighborhoods and provide access to basic community infrastructure, educational and training support in addition to community enterprise capacity building for livelihood possibilities. The BNTF 9 focuses on reducing poverty in low income communities by improving access to basic social and economic infrastructure, livelihoods enhancement and human resource development (HRD) services with a focus on providing support to the special needs population.

2 Originally scheduled to close May 2020, has been extended to May 2021
3 Scheduled to end April 2020, has been extended to December 2020
4 PRP IV worked exclusively in Community Renewal Programme (CRP) areas

Two new Projects will begin implementation activities in the upcoming year – the GOJ/IBRD-funded Second Rural Economic Development Initiative II (REDI II) and the GOJ-financed Integrated Community Development Project II (ICDP II). The JSIF was the implementing agency for phase one of both Projects.

Continuing the approach that was undertaken in the first phase, ICDP II will be focused on volatile and vulnerable communities, including Zones of Special Operations (ZOSOs), as part of national initiatives to reduce crime and improve citizen security. The project will improve basic social infrastructure, assist community members to get access to national identification through provision of birth certificates, provide support to education facilities in targeted areas, offer training in non-traditional skills for persons who lack requisite qualifications and support community enterprises. Crime management initiatives will also be undertaken to improve community security and reduce the likelihood of crime.

Community tourism and agriculture enterprises will receive support under the Rural Economic Development Initiative Second Project (REDI II), which aims to enhance access to markets and provide climate resilient approaches for targeted beneficiaries. Under this Project, community agriculture groups/enterprises will receive training and equipment to increase compliance with national and international food safety requirements, thus enabling access to expanded local and overseas markets. There will also be a focus on introducing climate resilient approaches, such as drip irrigation and green houses, which will increase crop yields and reduce the effects of

drought and heavy rains. In addition, community tourism enterprises will receive capacity building to enable them to obtain national certification which will allow them to get access to national marketing portals such as those maintained by the Jamaica Tourist Board to enable access to international marketing/booking platforms.

As Jamaica and the world moves into a period where the planning and scheduling of activities will present challenges, the JSIF will provide support to key areas of national priority with a complementary focus on building capacity at the community level. In addition to the aforementioned Projects, in the upcoming year, JSIF will implement other Portfolios that address critical national concerns. Under the Disaster Vulnerability Reduction Project, vulnerable coastal areas will be assessed and, in some cases, strengthened and the operations of the Jamaica Fire Brigade bolstered with well-needed infrastructure and equipment. The School Sanitation Project will build school sanitation blocks to replace pit latrines, provide Personal Protective Equipment (PPE) to targeted schools and guidance on how to use them in keeping with the Fund's efforts to keep persons informed and safe during this uncertain time.

The JSIF recognizes the challenges ahead for the organization, its beneficiaries and the country and is strategizing to ensure that it provides the requisite support, both to the communities it serves, and the country. As the country strives collectively to build forward stronger, we remain committed to do our part to make ***Jamaica, the place of choice to live, work, raise families and do business.***



Wayne Henry, PhD, JP
Chairman

Dated this 21st day of September, 2020

MANAGING

DIRECTOR'S

➔ report

19/20



➔ INTRODUCTION

As an agency of the Government of Jamaica, the Jamaica Social Investment Fund has contributed significantly to the achievement of national priorities over the past year.



Our Projects promoted access to basic services including road, water and educational facilities for poor rural and urban communities, supported crime prevention efforts, and facilitated economic empowerment through training and educational programmes, livelihoods interventions and business development initiatives. This fulfilled the JSIF's mandate for effective stewardship of resources towards development goals, while prioritizing effective partnerships and our environmental and gender-inclusive commitments.

Jamaica is currently strategizing to strengthen its economy, people and infrastructure for the challenges that lie ahead, both at the national and global levels. In addition to the core focus areas above, JSIF's current and upcoming Projects will address disaster (including climate) resilience, and strengthen the critical agriculture and tourism sectors, both at the community and national/policy levels. It was expected that this would be an unusually active year for JSIF with four active portfolios approaching closure and two new portfolios finalizing their agreements at the start of 2020. Added to the expected activities the COVID pandemic resulted in the Fund establishing protocols and measures to ensure the safety of staff and project stakeholders so there would be no adverse impacts from the virus when it began to affect Jamaica.

Due to JSIF's strategic approach and the professionalism of the staff, no active subprojects were terminated for health reasons, although compliance with the Disaster Risk Management orders and actual effects of the virus delayed activities for all Projects, or resulted in some being rescope. Given implementation delays already experienced or forecasted, the Integrated Community Development Project (ICDP) and the Poverty Reduction Programme IV (PRP IV) were granted extensions by the World Bank and European Union respectively. The Caribbean Development Bank is considering an extension of the regional Basic Needs Trust Fund Cycle 9 (BNTF 9) for all beneficiary countries due to difficulties being faced by all territories as a result of the pandemic. The PetroCaribe Development Project completed all its scheduled activities and closed as planned, having accomplished its main objective of significantly reducing the number of rural schools using pit latrines by replacing them with modern sanitation blocks.

The Disaster Vulnerability Reduction Project completed the upgrading of drainage in Church Pen, St. Catherine to prevent flooding of the community and a major transportation corridor. In addition, work on fire stations in Montego Bay, Port Maria and Yallahs were started and should reach completion in the next financial year.

For the 2019/2020 financial year total expenditure was JM \$3.42 billion and administrative cost as a percentage of total disbursement reduced from 26.2% (2018/2019) to 22% this fiscal year. The reduction was influenced by high sub-project expenditure on the Integrated Community Development Project which was originally scheduled to be closed on May 1, 2020.

During the 2019/2020 year the Board of Directors approved funding valued at over \$600 million. These included: rehabilitation of roads and schools, construction and rehabilitation of police stations, construction

of a cold storage facility and the provision of training for teachers in methodologies to deliver inclusive education for children.

A total of 26 projects were completed during the reporting period benefiting over 90,000 beneficiaries across Jamaica at a contracted cost of approximately \$1.2 billion. The projects included provision of drip irrigation equipment to farming groups, rehabilitation/construction and expansion of schools, construction of integrated infrastructure works (upgrading of roads and drainage, sewage and water pipes) and zinc fence removal and replacement in urban communities, internships and livelihoods programmes for at-risk youth, and the construction of sanitation blocks in 10 rural schools to replace pit latrines.

Procurement

During the fiscal year 2019-2020, the JSIF signed a total of 659 contracts valued at \$3,304,797,750.99 compared to 159 contracts valued \$2,380,598,585.22 in the previous fiscal year. This represents 500 more contracts signed at an increased value of \$924,199,168.77. Contracts entered into during the fiscal year were classified as follows:

Table 1: Details of Contracts Entered Into As At 31/03/2020

PROJECT ACTIVITY	# CONTRACTS	VALUE OF CONTRACTS
Civil Works	68	\$ 2,511,052,943.81
Goods & Equipment	196	\$ 129,376,183.51
Formulation & Supervision	5	\$36,267,231.50
Formulation	0	-
Supervision	3	\$34,846,025.00
Training/ Services	387	\$593,255,367.17
	659	\$3,304,797,750.99

Figure 1: Value of Contracts - April 1, 2019 To March 31, 2020 (%)

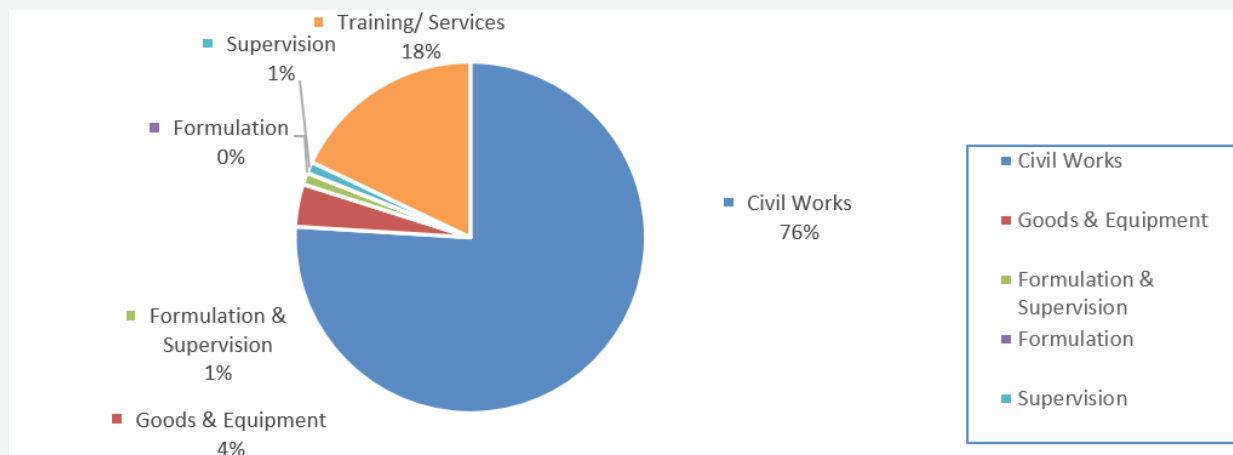
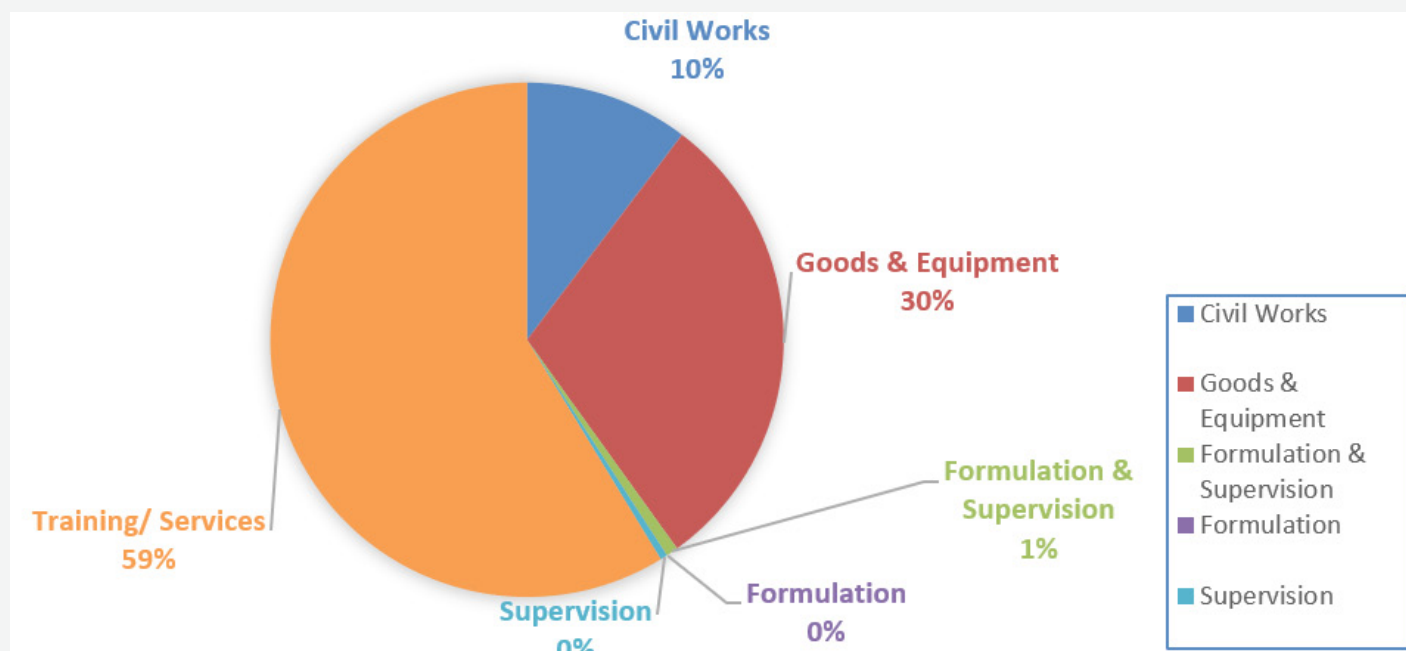


Figure 2: Number of Contracts April 1, 2020 To March 31, 2019 (%)



Financial Management 2019/2020

Budget Allocation:

The Jamaica Social Investment Fund (JSIF) started the 2019/2020 fiscal year with an approved budget of \$4.86 billion, which was almost twice the actual allotment for the previous fiscal year. The budget was subsequently reduced to \$4.68 billion in the 1st Supplementary Budget, and further reduced to \$4.14 billion in the 2nd Supplementary Budget.

Funding:

The JSIF received \$677 million from the Government of Jamaica during the year, which included \$471 million through the monthly warrant allocation towards recurrent expenditures. An additional \$2.61 billion was received by way of loan funding and \$6.5 million from grant/donor agencies. Funding of \$33 million was also received from a private corporation towards regularizing electricity supply to residences in certain designated areas.

At the end of the fiscal year funds available in the respective designated project bank accounts were \$1.2 billion. These funds are committed to specific projects in accordance with loan/grant agreements signed with the Government of Jamaica.

Disbursements:

During the reported fiscal year \$3.42 billion was disbursed towards the implementation of various sub-projects and administrative expenses. The Integrated Community Development Project (ICDP) accounted for the greatest disbursement having spent \$1.8 billion on sub-projects. This was just within the allocated fiscal space of \$1.9 billion.

Project Activities 2019-2020

JSIF undertook activities under four grants and three loans during the year in both rural and urban areas. See details in Table 2 below

Table 2: Projects Portfolio As At 31/03/ 2019

Project Name	Donor (s)	Implementation Period	Loan/Grant Value		Total ⁵ JMD
			Donor	GOJ Counterpart	
PROJECTS FUNDED BY GRANTS					
Basic Needs Trust Fund 9 (BNTF 9)	Caribbean Development Bank	2017-2020	USD 7.5M	USD 1.084M	1.073B
Basic Needs Trust Fund 9 (BNTF 9) (Regional Coordination) Safe Route to Schools Initiative – August Town, Jamaica	Caribbean Development Bank	March 2020-December 2020	USD 300	0	41M
PetroCaribe Development Fund (PDF) School Sanitation	Government of Venezuela	2018-2020	JMD 145M ⁶	0	145M
Poverty Reduction Programme IV (PRP IV)	European Union	2014-2018 ⁷	EUR 12M	EUR 0.54M	1.395B
PROJECTS FUNDED BY LOANS					
Integrated Community Development Project (ICDP)	World Bank	2014-2020 ⁸	USD 42M	0	4.671B
Disaster Vulnerability Reduction Project (DVRP)	World Bank	2016-2022	USD 30M	0	3.791B
Second Rural Economic Development Initiative (REDI II)	World Bank	2020-2025	USD 40M	0	USD 40M

5 The exchange rate on the date the Project financing agreement was signed was used to arrive at the Jamaican figures

6 Funded through grant award 4

7 The implementation phase was to end April 2020 but has been extended to December 2020.

8 The original closing date was May 2020, but it has been extended to May 2021

The JSIF continues to coordinate the implementation of social intervention activities within the Mount Salem and Denham Town Zones of Special Operations (ZOSOs). In over two and a half years of coordination, more than five hundred (500) million dollars has been spent to improve basic infrastructure and social services in both communities, with over twenty-five (25) subprojects implemented through JSIF efforts. Under the infrastructure transformation component, the focus was on road rehabilitation, zinc fence substitution, improved access to water and electricity, strengthening of solid waste management practices and community beautification. In addition, a myriad of social services projects were undertaken that included provision of civil documentation (birth certificates), building the capacities of the respective Community Based Organizations (CBOs), facilitation of skills training, livelihood and entrepreneurship activities and providing support for parenting programmes. One highlight of the 2019/2020 year in Denham Town was the launch of the Denham Town Curfew Monitor sub-project with twenty-seven (27) community volunteers. This sub-project was implemented by the JSIF in collaboration with the Jamaica Constabulary Force Community Safety and Security Branch Kingston Western Police Division.

The ZOSOs remain in effect within the sustainable “build” phase, and the social intervention activities will continue. A further suite of sub-projects which includes physical upgrades to schools, community centres and additional beautification activities, will be key elements in the coming year.

Sub Project Requests

During, 2019/2020, there was a 38% reduction in the total number of requests in the portfolio, which currently stands at 378 when compared to 609 requests in 2018/2019. This reduction was due to focused efforts to strengthen the request management system and included:

- A review and transfer of all early childhood related requests to the Early Childhood Commission to ensure centralized documentation and management.
- Requests not aligned to the JSIF’s menu were rejected.

Additionally, those requests not aligned to JSIF’s menu were directed to other possible sources of funding. These include the National Education Trust, the Sports Development Foundation Jamaica, Food for the Poor and the Culture, Health, Arts, Sports and Education (CHASE) Fund.

Of the 378 requests currently in the portfolio; 57 were from urban areas and 321 were from rural locations. This shows that there is a demand for interventions to meet basic needs from rural communities, but currently most of the funding available to JSIF is for urban and peri-urban areas.

Schools, roads, and water accessibility are the top 3 request categories. The volume of requests received for these categories show the strong demand for interventions to meet basic needs.

New Requests: Of the 76 requests received between April 2019 – March 2020

- 50 were rejected, as the project type was not on the JSIF sub-project menu.
- 11 of the requests met the JSIF funding requirements and were placed on hold until a suitable funding source is identified and
- 15 are in registration awaiting additional information/documentation before further processing.

Request Portfolio Total: The number of requests in the portfolio stands at 378

- 241 have been ranked per the JSIF Poverty Ranking Score (JPRS); 29 requests tabled to be referred to the Second Rural Economic Development Initiative (REDI II) team for review; while the remaining 212 have been placed on “On Hold” until a suitable funding source is identified.
- 1 has been assigned to the ICDP Project Portfolio for possible funding.
- 136 are considered incomplete due to lack of critical documentation needed for the registration process such as proof of land ownership, a completed JSIF application form and an Operational/Maintenance Plan for school-related submissions, etc. The Screening Officer will review these requests quarterly and recommend appropriate actions to the Social Review Committee.

Figure 3: REQUESTS ON HOLD BROKEN DOWN BY LOCATION

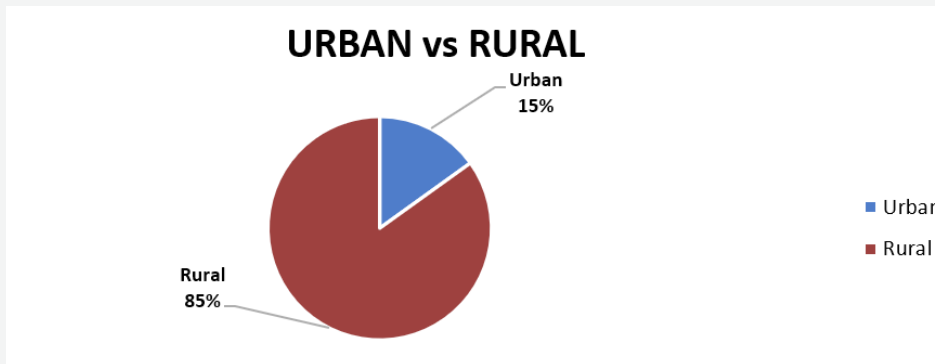
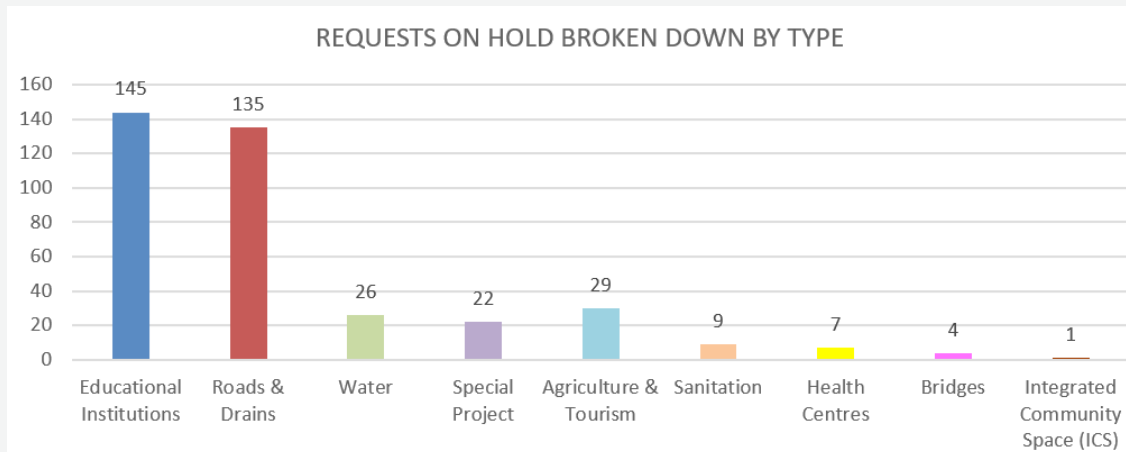


Figure 4: REQUESTS ON HOLD BROKEN DOWN BY NEED



Human Resources

The year ended with a staff complement of approximately 100, compared to 96 during the previous period. The HR function continued to support the mandate of the organization through the strategic management of employees. Human resource management in JSIF faced a challenging last quarter when Jamaica's first confirmed case of the COVID-19 disease was announced and the Government's aggressive response to the pandemic led to the closing of schools and daycare centres, instituting stay at home restrictions on a certain age group of workers, and a work from home order for the public service. The JSIF immediately reorganized its work modality to accommodate the work from home order; accounting for up to 50% of employees working from home in the first instance, then up to 75% working from home. Global events also informed the JSIF's response. Other human resource measures included increased communication on company policies, especially the treatment of sick leave should an employee become infected, the creation of an isolation area for possible infected employees, and increased cleaning and sanitizing of heavily used areas. Our Environmental Management System (EMS) emergency response procedures were also activated, and the EMS Wardens were involved in the monitoring the company's COVID-19 response. Despite the challenges of the period with COVID-19, there were substantial strengths among the management and staff on which to draw from. Among them was the willingness to adhere to the organization's mandate to provide social solutions to our beneficiaries, even in difficult times.

The Way Forward

During the upcoming year, JSIF will concentrate on the closing phase of three projects in keeping with beneficiary and donor obligations and commence the initiation and implementation phases on two new major Projects. The Integrated Community Development Project II (ICDP II) will work with targeted communities in urban areas and the Rural Economic Development Initiative (REDI II) will focus on income generation for tourism and agricultural enterprises in rural areas.

Under ICDP II, the efforts will focus on upgrading and rehabilitating the social infrastructure of communities which will include the regularization of select informal settlements, in partnership with key stakeholders. In addition to the infrastructure, the residents will be assisted with entering the formal systems through receiving birth certificates and registering for TRNs and other national forms of identification. There will be interventions which relate to education, employment and also community enterprise development to support the youth with developing viable small businesses.

Through REDI II, community enterprises in the agriculture and tourism sectors will be assisted through the provision of training, equipment and infrastructure. It is anticipated that these interventions will increase their production and earning capabilities which will in turn improve Jamaica's food security, foreign exchange

earnings and provide the beneficiaries with some level of resilience.

The DVRP will continue activities to reduce Jamaica's physical vulnerability to adverse natural events through construction of a revetment on Port Royal Street, a major transportation corridor which provides access to the Kingston Airport and significant national institutions and to strengthen the capabilities of the Jamaica Fire Brigade with the completion of three fire stations. Studies are in progress that will improve the collection of targeted hazard and risk information for use in monitoring systems and decision making to improve the Government's ability to manage natural disasters.

The JSIF Team has experience dealing with unforeseen events and swiftly adjust to efficiently manage unexpected situations and this year I must congratulate all of them on rising to the occasion in these difficult circumstances. The upcoming year promises to be one filled with challenges as Jamaica and the World develop effective ways to cope with this constantly changing situation. Jamaica's effective response to COVID-19 is critical to safeguarding the developmental achievements of recent years. The Fund is committed to national efforts to maintain good health while safely supporting economic livelihoods. JSIF is ready to provide efficient service to its beneficiaries and the country as it works to build capacity at the community level and contribute to making Jamaica more resilient.



Omar Sweeney
Managing Director

Dated this 12th day of October 2020

Project Highlights



European Union (EU) representatives tour Denham Town to view the progress of works being undertaken with EU support while getting information about the ZOSO activities in April 2019. (R-L) Marlene Lamonth, EU Project Manager, Malgorzata Wasilewska, EU Ambassador, Omar Sweeney, JSIF Managing Director, Jolita Butkeviciene, Director, EU Commission, Dr. Wayne Henry, PIOJ Director General, and Ricard Bardia Divins, Head of Cooperation, EU Delegation.

ZONES OF SPECIAL OPERATIONS (ZOSO)



Denham Town Curfew Monitors at the completion the JSIF and JCF Community Safety and Security Unit training in October 2019. The monitors are tasked with supporting the JCF to ensure children under 18 years, are off the streets by 8 pm. (Front row L-R) Omar Sweeney, JSIF Managing Director, Mona Sue-Ho, JSIF Senior Manager, Social Development (3rd from L), Senior Superintendent Steve McGregor, JCF Area 4 (R) (Back row L-R) Senior Superintendent Calvin Small, Head St Ann Police, Dane Mclean, JSIF Project Officer (3rd from L), Detective Inspector Pilmar Powell, Sub Office In charge C-TOC (5th from L)

Ministry of Education Math Specialist, Dr. Lorna Thompson, explains the use of the Trundle Wheel to JSIF Managing Director Omar Sweeney and MOEYI & JSIF staff at the 2nd numeracy and literacy capacity building training in March 2020 which was funded by the ICDP.

INTEGRATED COMMUNITY DEVELOPMENT PROJECT



Omar Sweeney, JSIF Managing Director, hands over books and equipment to Dr. Clover Hamilton-Flowers, Deputy Chief Education Officer, Ministry of Education at the Handing Over Ceremony for the ICDP Youth Education and Recreation Project in August 2019. (R) Bindley Sangster, Senior Advisor & Consultant to Minister Without Portfolio, OPM, Hon. Mike Henry (L) Dane Julius, Principal, Roehampton Primary, Jodian Mckoy, Numeracy Specialist, North Street Congregational Primary.



Entrance sign for Russia in Westmoreland. Signs were constructed in sixteen communities using the Community Based Contracting Methodology where the community members procured all goods and services and executed the works.

Safe passage walkway constructed for students at the Barrett Town All-Age in St. James



Main Events M-Academy training participants at their graduation ceremony in October 2019. They were trained in events planning and set up, sound and audio-visual techniques through courses funded by the ICDP.



Data collectors, who collect relevant information in their communities and inform residents of programmes being implemented by ICDP, at the end of their training in June 2019. (Front row, 3rd from R) Gresford Bennett, JSIF Social Services Project Manager (Front Row, R) Dawn Allison, JSIF Programme Officer.

In January 2020 JSIF hosted a Conference with its contractors to sensitize and remind them of Donor and GOJ Procurement guidelines. As a part of the event some entities were recognized for adhering to JSIF procedures and protocols. Top L-R Gawayne Murdock, GDM Associates; Kayon Campbell, Stone Plus Limited; Leslie Daley, Westech Ltd; Karl McIntosh, N.O. Whyte & Associates; Conrad Jackson, Lloyd J. Robinson & Associates; Stephen Chung; Contraxx Enterprises Ltd Bottom L-R Michael Mears; Wan Mears & Associates, Kimoy Hill; Morris Hill Ltd, Tashay Blake; SM Quality Ltd; Omar Sweeney, JSIF Managing Director, Bryan Ingleton; Pave-Con Ltd



Graduate Dwayne Smith (2nd from R) engages Dr. Carey Wallace, Executive Director of the Tourism Enhancement Fund (TEF), (2nd from L) regarding entrepreneurial endeavours in the Blue Mountains. (From L) Ruth Harris, Executive Training Manager, Tourism Product Development Corporation (TPDCo), Kemeisha Batchan, JSIF Project Manager, Omar Sweeney, JSIF Managing Director, Beverly Stewart, JSIF Tourism Specialist JSIF. The occasion was the 'Team Jamaica' graduation in November 2019 of tour guides and rangers operating in the UNESCO inscribed National Heritage Site. The training programme was sponsored under the CDB's BNTF 9.



BASIC NEEDS TRUST FUND 9TH CYCLE



Kameil McNeil from TPDCo receives her Community Tourism Facilitator's Certificate from Orville Hill, JSIF General Manager Finance. The Presentation Ceremony, held in November 2019, concluded the Community Tourism Business Training for Community Tourism Executives, TPDCo Trainers and Ministry of Tourism (MT) and Jamaica Tourist Board (JTB) staffers conducted by JSIF with funding under the CDB's BNTF 9. Sharing in the celebration are (from L) Judy Karwacki, International Community Tourism Expert and Chief Trainer, Beverly Stewart, JSIF Tourism Specialist, Larisa McBean, TPDCo's Community Tourism Manager, Gabriel Seder, Co-Facilitator and E-Commerce Specialist and Kemeisha Batchan JSIF Project Manager.



Arlene McKenzie of the Rastafari Indigenous Village in Montego Bay talking during JSIF's business training for Community Tourism Executives, trainers from the TPDCo and staffers from the MT and the JTB held in November 2019. The training was conducted by JSIF with funding under the CDB's BNTF 9. Listening keenly is Mrs. Donna Fray from the Jamaica Conservation & Development Trust (JCDD). To Mrs. McKenzie's left is Wolde Kristos of RAJ Tours and the Bluefields Bay Peoples Cooperative Association in Westmoreland.

Prospective lifeguard candidates operating in the Blue Lagoon area of Portland arrive on the first day of training in July 2019. Trainer and Tourism Excellence Award Winner Artur Thaxter (back row, R).





Launch of Kingston Creative Art Walks - the JSIF and the EU marked another partnership through a signing ceremony for the PRP IV Community Development Grants. Kingston Creative is one of 5 entities to benefitting from a Grant which supports community groups, ensuring that they can plan, organize and implement their own development activities. From R-L: Omar Sweeney, JSIF Managing Director, Malgorzata Wasilewski, EU Ambassador to Jamaica, and Andrea Dempster Chung, Executive Director, Kingston Creative. Looking on is Dawn Allison, JSIF Programme Officer.

EUROPEAN UNION POVERTY REDUCTION PROGRAMME IV



The Barrett Town All Age School, which serves 319 students, benefitted from rehabilitative works, including construction of four new classrooms, a principal's office, a sick bay, kitchen, a ramp to facilitate assisted entrance, rehabilitation of the driveway / parking area, construction of a sewage disposal system and chain link perimeter fencing.

STEPS, the PRP IV Behaviour Modification Initiative (BMI), executed with the MultiCare Youth Foundation (MYF) and Peace and Love in Schools (PALS) Jamaica saw fifteen students from the Denham Town and St. Andrew Technical High Schools graduate. L-R (front row L-R): Mona Sue Ho, JSIF Senior Manager, Social Development, Janilee Abrikian, Programme Coordinator, PALS Jamaica, David Lindsay, Dean of Discipline, Chantel Guthrie and Sharlene Brooks, Project Officers, MYF. (back row L-R): Carl Smith, Guidance Counsellor, Carrington Lindsay, Teacher, Alicia Glasgow Gentles, Executive Director MYF, and Lloyd Maxwell, PALS Trainer, along with the beneficiaries of the Programme.





Prime Minister, Andrew Holness and JSIF Managing Director, Omar Sweeney greet World Bank Country Director for Caribbean Countries, Tahseen Sayed and World Bank Resident Representative for Jamaica, Ozan Sevimli at the ground-breaking ceremony for the Port Royal Street revetment project on March 3, 2020.

DISASTER VULNERABILITY REDUCTION PROJECT



Church Pen, Old Harbour - rehabilitation and upgrading of a major drainage system and adjacent road was undertaken to address severe flooding along the area's key transportation corridor.





Before and after views of sanitation facilities at the Fyffes Pen Primary School, St. Elizabeth. This institution is one of ten (10) rural Primary / All Age Schools that received sanitation blocks funded by the PDF Grant 4. This intervention was implemented in conjunction with the Ministry of Education, Youth and Information pit latrine replacement programme.

PETRO CARIBE DEVELOPMENT PROJECT



Sanitation facilities before and after JSIF intervention the Anderson Primary School, Clarendon. This sanitation block was funded by the PDF Grant 4 and implemented under the MOEYI pit latrine replacement programme.

Directors' Report To The Shareholder

The Directors are pleased to submit this report along with the Audited Financial Statements for the year ended March 31, 2020.

FINANCIAL POSITION

The financial position of the JSIF on March 31, 2020 is shown in the following financial statements.

Below is a summary of the financial position:

SUMMARY OF FINANCIAL POSITION

Current Assets	\$(J) 1,533,339,497
Current Liabilities	1,533,338,497
Financed by Members' Equity	1,000

DIVIDENDS

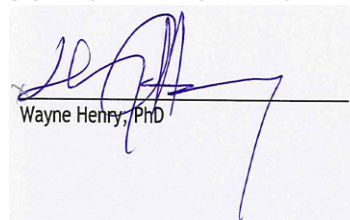
No dividends were recommended for payment, in accordance with the prohibition contained in the company's Memorandum of Association

AUDITORS

BDO have signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors.

The Directors wish to thank the Management and staff for their continued commitment and efforts throughout the company's Twenty Fourth year of operation.

SIGNED ON BEHALF OF THE BOARD



Wayne Henry, PhD

Dated this 25th day of August, 2020

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

FINANCIAL STATEMENTS

31 MARCH 2020

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

FINANCIAL STATEMENTS

31 MARCH 2020

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Statement of Cash Flows	5
Notes to the Financial Statements	6-27



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Chartered Accountants
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Kingston 5, Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Members of
Jamaica Social Investment Fund
(A company limited by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Social Investment Fund (the company) set out on pages 4 to 27, which comprise the statement of financial position as at 31 March 2020, and the statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Jamaica Social Investment Fund
(A company limited by guarantee)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Jamaica Social Investment Fund
(A company limited by guarantee)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

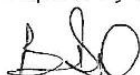
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.



Chartered Accountants

29 July 2020


JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

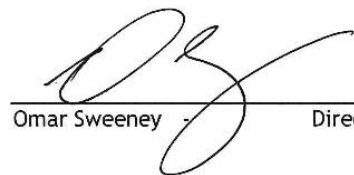
STATEMENT OF FINANCIAL POSITION

31 MARCH 2020

	<u>Note</u>	<u>2020</u> ₤	<u>2019</u> ₤
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and bank balances	6	1,216,701,934	1,135,554,893
Advances to contractors and other receivables	7	<u>316,637,563</u>	<u>185,562,273</u>
		<u>1,533,339,497</u>	<u>1,321,117,166</u>
 <u>EQUITY AND LIABILITIES</u>			
MEMBERS' EQUITY:			
Members' deposits	8	<u>1,000</u>	<u>1,000</u>
CURRENT LIABILITIES:			
Net resources for project expenditure	9(a)	1,084,395,633	1,087,939,813
Accounts payable	10	<u>448,942,864</u>	<u>233,176,353</u>
		<u>1,533,338,497</u>	<u>1,321,116,166</u>
		<u>1,533,339,497</u>	<u>1,321,117,166</u>

Approved for issue by the Board of Directors on 29 July 2020 and signed on its behalf by:


Dr. Wayne Henry Chairman


Omar Sweeney Director

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
CASH FLOWS FROM INVESTING ACTIVITIES:			
Advances to contractors and other receivables		(131,075,290)	263,603,257
Accounts payable		(215,766,511)	(268,590,226)
Expenditure on JSIF projects		<u>(2,902,095,852)</u>	<u>(2,444,201,361)</u>
Cash used by JSIF projects	6	<u>(3,248,937,653)</u>	<u>(2,449,188,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loans received		2,613,804,374	1,702,631,665
Grants received		6,520,712	1,043,118,254
GOJ subvention and miscellaneous funding		<u>709,759,608</u>	<u>483,124,393</u>
Cash provided by financing activities	6	<u>3,330,084,694</u>	<u>3,228,874,312</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		81,147,041	779,685,982
Cash and cash equivalents at beginning of year		<u>1,135,554,893</u>	<u>355,868,911</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u>1,216,701,934</u>	<u>1,135,554,893</u>

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

The Jamaica Social Investment Fund (JSIF) is a temporary, autonomous Government of Jamaica (GOJ) sponsored project designed to address some of the most pressing socio-economic needs of the poorest. In order to achieve this, JSIF mobilizes resources from GOJ, donors and lending agencies.

Jamaica Social Investment Fund (the company) is incorporated in Jamaica under the Companies Act as a company limited by guarantee. The company is the vehicle used to carry out all the activities of the Jamaica Social Investment Fund (JSIF). The registered office of the company is 11 Oxford Road, Kingston 5, Jamaica, W.I.

The company receives funding, enters into contracts and pays expenses with respect to the project. The company neither earns any income nor incurs expenditure on its own account.

The company has been approved as a charitable organization under Section 12(i) of the Income Tax Act.

(a) Initial Funding:

The initial JSIF project was funded in its first six years, that is, up to 31 March 2003, by a series of grants and loans as follows:

- (i) Initial project preparation costs were funded under the Grant Agreement No. TF 029209 between the GOJ and the Government of Japan.

Other financing arrangements made to fund the project's activities were:

- (ii) *Loan Agreement No. 4088 JM* between the GOJ and International Bank for Reconstruction and Development (IBRD) dated 2 October 1996 to borrow US\$20 million. Disbursement was completed in March 2002.
- (iii) *Loan Contract No. 1005/OC-JA* between the GOJ and the Inter-American Development Bank (IDB) dated 25 July 1997 to finance up to US\$10 million. The final disbursement was made in August 2002.
- (iv) *Grant Agreement No. TF024816* between the GOJ and the Government of Netherlands (GON), IBRD being the Administrator on behalf of the Netherlands Minister for Development Cooperation, dated 26 March 1997 for funds totaling US\$3 million (5,250,000 Netherlands Guilders (NLG)). Disbursement was completed in August 2001.
- (v) *Memorandum of Understanding* between the GOJ, JSIF and the European Union dated 12 December 1996 for funds totaling \$91 million (US\$2.6 million). This sum forms a part of the GOJ counterpart funding referred to in (b) (v) below.
- (vi) *Implementation Letter* from GOJ and JSIF to IBRD dated 2 October 1996 confirming the availability of the minimum counterpart funding of US\$10 million.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONT'D):

(a) Initial Funding (cont'd):

- (vii) *Loan Agreement No. 685P* between the GOJ and the Organization for Petroleum Exporting Countries (OPEC) dated 21 April 1997 to borrow US\$2 million. Disbursement was completed in February 2002.
- (viii) Arrangement between the GOJ and the Government of the United Kingdom of Great Britain and Northern Ireland dated 16 May 1997 to make available a technical cooperation grant through the Department for International Development (DFID), previously Overseas Development Administration (ODA) up to £476,000. The grant expired in December 2001.
- (ix) *Loan Agreement No. 10/SFR-OR-JAM* between the GOJ, JSIF and the Caribbean Development Bank (CDB) dated 26 May 2000 to finance up to US\$14.128 million.
- (x) *Grant Agreement No. GA10/JAM* between the JSIF and the CDB dated 26 May 2000 for funds totaling US\$124,000.
- (xi) *Grant Agreement No. 6349/JM* between the GOJ and the Commission of the European Communities (EU) dated 11 December 2000 from the resources of the European Development Fund of EUR 6 million.
- (xii) *Loan Agreement No. 7148-JM* between the GOJ and IBRD dated 31 October 2002 to provide US\$15 million for the funding of the National Community Development Project (NCDP).
- (xiii) Beneficiaries and sponsors obligated to contribute a minimum of 5% of the estimated sub-project cost of sub-projects were in the form of donated labour, local materials and project preparation and supervision services.

The items denoted as (a)(viii), (a)(ix) and (a)(x) were not included in the total of US\$47.4 million classified as the initial programme.

(b) Continuing project activities are financed as follows:

- (i) *Grant Agreement No. GA19/JM* between the GOJ, JSIF and the CDB dated 16 June 2003 for funds totalling US\$2,866,897 under the Basic Needs Trust Fund (BNTF) fifth programme jointly funded by the CDB and the Canadian International Development Agency (CIDA).

During 2009, the Government of Jamaica (GOJ) was allocated an additional amount not exceeding the equivalent in United States dollars of Can\$887,773.

The agreement seeks to make the additional CIDA grant available to GOJ to correct the currency of allocation of the previous grant from CIDA resources to BNTF5 from US\$2,866,897 to Can\$4,157,000.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONT'D):

- (b) Continuing project activities are financed as follows (cont'd):
- (ii) *Letter Agreement No. P4140* dated 24 February 2005 between the GOJ and the World Bank for US\$650,000 for the preparation of the Inner City Basic Services Project (ICBSP). This Project Preparation Facility was later incorporated into Loan Agreement No. 4819-JM between the GOJ and the IBRD (see (iv) below).
 - (iii) *Grant Agreement No. TF 054629* dated 10 May 2005 between the GOJ and the World Bank in the capacity of administrator of grant funds of US\$650,000 provided by the Government of Japan for preparation of the Inner City Basic Services Project (ICBSP).
 - (iv) *Loan Agreement No. 4819-JM* between the GOJ and IBRD dated 4 May 2006 to provide US\$29,300,000 for the funding of the Inner City Basic Services Project (ICBSP).
 - (v) *Grant Agreement PRP III/9EDF/JM/GC-01* between the JSIF, the Planning Institute of Jamaica (PIOJ) and the Commission of the European Communities to provide EUR 6,550,000 of which EUR 400,000 is to be contributed by the GOJ. The project implementation period, was December 2007 to December 2011.
 - (vi) *Grant Agreement B-7 8710/856/32* between the GOJ and the Commission of the European Communities (EU) dated 24 December 2008 to provide EUR 1,156,000 for social and economic infrastructure in the traditional banana growing communities of Jamaica.
 - (vii) *Loan Agreement No. 19/SFR-JAM* between CDB, Jamaica and JSIF dated 20 April 2009 to borrow US\$12,085,000 for the enhancement of social and economic infrastructure, social services and organizational strengthening activities in poor rural communities.
 - (viii) *Grant Agreement No. TF094380*, titled Jamaica: JSDF Grant for Community Crime and Violence dated 14 May 2009, between the GOJ and the IBRD, acting as administrator of grant funds provided under the Japan Social Investment Fund, extended a grant in an amount not to exceed US\$2,650,000. The project is to develop social capacity to impact the Government of Jamaica's efforts in reducing the incidence of crime and violence in high risk and vulnerable inner-city communities.
 - (ix) *Grant Agreement No. GA 26/JAM* between CDB and JSIF dated 3 June 2009 for funds totalling US\$4,777,487 for the construction of basic community infrastructure and skills training.
 - (x) *Loan contract No. 7769JM* between the GOJ and IBRD dated 2 November 2009 to borrow US\$15 million to improve market access for micro and small scale rural agricultural producers and tourism product and service providers.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONT'D):

- (b) Continuing project activities are financed as follows (cont'd):
- (xi) *Memorandum of agreement MOU & Supplemental Memorandum of Understanding* between JSIF and Petrocaribe Development Fund dated 2 August 2011 and 1 May 2013, respectively to administer and implement projects that are consistent with Vision 2030 Jamaica and the Government's Community Renewal Programme. The amounts administered under this MOU are grant funding disbursed to JSIF based on the recommendations of the Petrocaribe Loans and Investment Committee.
 - (xii) *Grant Agreement No. 2013/297/267* between the JSIF, the Planning Institute of Jamaica (PIOJ) and the Commission of the European Communities to provide EUR 10,040,000 of which EUR 540,000 is to be contributed by the GOJ. The Project implementation period is May 2013 to May 2016.
 - (xiii) *Grant Agreement GA32/JAM* between GOJ and CDB dated 12 February 2013 for funds totaling US\$6,890,058 for the enhancement of social and economic infrastructure, social services and organizational strengthening activities in the poor and rural communities. The agreement was extended and expired on 31 December 2017.
 - (xiv) *Grant Agreement GA39/JAM* between GOJ and CDB dated 08 October 2015 for funds totaling US\$1,916,276 of which US\$91,251 is to be provided by GOJ, for the enhancement of social and economic infrastructure, social services and organizational strengthening activities in the poor and rural communities. The agreement was extended and expired on 31 December 2017.
 - (xv) *PDF/JSIF Schools Sanitation Project No. 2, No. 3, and No. 4* grant agreements dated 22 April 2014, 8 September 2014 and 25 June 2018 in the amount of J\$35 Million, J\$125 Million and J\$145 Million, respectively. The grant projects were awarded in accordance with the existing Memorandum of Understanding between the PCDF and JSIF. The agreements were established with an implementation period of twelve months.
 - (xvi) *Loan Agreement No. 8356-JM* dated 6 May 2014 between the GOJ and IBRD in the amount of US\$42 Million for the financing of activities under the Jamaica Integrated Community Development Project (ICDP). The objective of this project is to enhance access to basic urban infrastructure and services, and contribute towards increased community safety in selected economically vulnerable and socially volatile inner city communities in Jamaica. The agreement has a closing date of 1 May 2020.
 - (xvii) *JSIF/JPS Step-Up Grant Agreement (MOU 1)* dated 18 November 2014 in the amount of J\$13,257,800. The agreement was extended to include an additional J\$32,318,373. The purpose of this agreement is to reduce non-technical losses in the electricity provision sector (electricity theft) in areas identified by the Jamaica Public Service Company Limited (JPS) as red zones. The agreement was established with an implementation period of twelve months.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONT'D):

(b) Continuing project activities are financed as follows (cont'd):

- (xviii) *Grant Agreement 2013/024/834* between the JSIF, the Planning Institute of Jamaica (PIOJ) and the Commission of the European Communities to provide EUR 12,000,000 of which EUR 540,000 is to be contributed by the GOJ. The Project implementation period is November 2014 to November 2018.
- (xix) *Hope Zoo Education Programme Grant Award No. 2* dated 8 January 2016. The intended use of the grant is to expose approximately 6,000 children and youth with guided tours and audio-visual presentations to animal and wildlife, flora and fauna at the Zoo. The project is funded by the Petrocaribe Development Fund (PCDF).
- (xx) *Loan Agreement No. 8581-JM* dated 1 July 2016 between the GOJ and IBRD in the amount of US\$30 Million for the financing of activities under the Jamaica Disaster Vulnerability Reduction Project (JDVRP). The objective of this project is to enhance the borrower's resilience to disaster and climate risk.
- (xxi) *JSIF/JPS Step-Up Grant Agreement #2 (MOU 2)* dated 1 April 2016 in the amount of J\$79,587,693. The purpose of this agreement is to reduce non-technical losses in the electricity provision sector (electricity theft) in areas identified by the Jamaica Public Service Company Limited (JPS) as red zones. The agreement was established with an implementation period of twelve months.
- (xxii) *JSIF/JPS Step-Up Grant Agreement #3 (MOU 3)* dated May 2017 in the amount of J\$46,525,440. The purpose of this agreement is to reduce non-technical losses in the electricity provision sector (electricity theft) in areas identified by the Jamaica Public Service Company Limited (JPS) as red zones. The agreement was established with an implementation period of twelve months. No objection dated 2 November 2018 for third MOU increased amount by J\$6,457,141.
- (xxiii) *Grant agreement GA50/JAM* between GOJ and CDB dated 10 October 2017 for funds totaling US\$8,604,813 for the enhancement of social and economic infrastructure, social services and organizational strengthening activities for the poor and rural communities. The agreement expires 31 December 2020.
- (xxiv) *JSIF/MEGJC MOU* dated 16 March 2018 in the amount of J\$26,000,000 for the implementation of social interventions under the Law Reform (Zone of Special Operations - ZOSO) (Special Security and Community Development Measures) Act 2017. Activities include the design, construction and supervision of work for the Zinc Fence Substitution Project for the Mount Salem community. An additional \$3,455,487 was received from MEGJC as support for the Zinc Fence Substitution Project in Denham Town and \$1,500,000 from the MOFP for administrative support.
- (xxv) *JSIF/CDB Contract Agreement* dated 26 March 2018 in the amount of US\$649,187 of which US\$119,187 is to be contributed by GOJ for the Rural Micro Enterprise Enhancement Pilot Project. The objective of the project is to demonstrate the extent to which the economic earning capacity of rural farmers and Community Tourism Enterprises can be enhanced by strengthening micro and small scale enterprises in the agricultural and tourism sectors to formally operate and compete in local, regional and international markets. The agreement was established with an implementation period of ten months which was extended to 31 May 2019.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONT'D):

(b) Continuing project activities are financed as follows (cont'd):

(xxvi) On 31 March 2020, \$220,000,000 was received from The Ministry of Science, Energy and Technology (MSET) towards the funding of an electricity regularization project identified as "Step Up". This was formalized in a memorandum of understanding between MSET and JSIF dated 14 May 2020. Under this project JSIF will perform its house wiring functions in compliance with JS 316 standards or such other standards as maybe agreed by the participants in writing and signed by duly authorized representatives of the participants.

(c) Other completed project activities have been financed as follows:

(i) *Loan Agreement No. 1007P* dated 21 April 2005 between Jamaica and the OPEC Fund for International Development, approving a loan in the amount of US\$5 million to provide counterpart funding for the World Bank Loan No. 7148-JM.

(ii) *Grant Agreement, titled Jamaica PHRD Grant for Preparation of Jamaica Catastrophe Insurance (Grant No. TF 055128)* between GOJ and the IBRD concluded 25 October 2005, in the sum of US\$800,000 provided by Japan, and administered by the Bank for the purpose of assisting in the financing of preparation of Jamaica Catastrophe Insurance Project.

(iii) *Grant Agreement No. TF 055129* between the IBRD and Antigua and Barbuda, Commonwealth of Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines concluded 12 January 2006 in the sum of US\$1 million for the preparation of OECS Catastrophe Insurance.

(iv) *Loan Agreement No. 4878-JM* between the GOJ and IBRD dated 8 January 2008 to provide US\$10M for the funding of Hurricane Dean Emergency Recovery Project which expired on 20 June 2009.

(v) *Grant Agreement No. TF09322* between the GOJ and IBRD dated 19 December 2007 to provide US\$500,000 for the preparation of the second National Community Development Project (NCDP).

(vi) *Grant Agreement No. TF097314* between GOJ and IBRD dated 5 October 2010 for funds totaling EUR 1,728,587 to support levels of service in selective community infrastructure at a minimum to pre-tropical GUSTAV storm level.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented using Jamaican dollars, which is considered the company's functional and presentation currency.

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3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention. They are also prepared in accordance with the requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standard is relevant to its operations:

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). IFRS 16 replaces the current guidance in IAS 17. The new standard requires changes in accounting by the company as lessees are required to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets (under US\$5,000). The company has applied IFRS 16 using the modified retrospective approach, under which the company will not restate its comparative figures but will recognise the cumulative effect of adopting IFRS 16 as an adjustment to opening retained earnings. Right-of-use assets on which the associated depreciation is charged, are recorded in the statement of financial position. Right-of-use assets are initially measured by reference to the measurement of the lease liability on the commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method.

There was no significant impact on the financial statements from the application of IFRS 16 as at 1 April 2019, as such no adjustment was made.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted.

The following amendments to standards, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. The adoption of these amendments is not expected to have a significant impact on the company.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of these amendments is not expected to have a significant impact on the company.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the net resources for project expenditure in the statement of financial position.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Net resources for project expenditure

These represent the unused balances of loans, grants or other financing received which have not yet been utilized in the JSIF project at the reporting date and for which the company would therefore have an obligation to justify their subsequent use in project activities.

These are recognized at their nominal amounts, adjusted for advances disbursed and contractual claims against the fund.

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Recognition and derecognition

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

(ii) Classification

The company classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement category

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents and advances to contractors and other receivables in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date accounts payable was classified as a financial liability.

The company derecognises a financial liability when its contracted obligations expire or are discharged or cancelled.

(f) Right-of-use asset

Right-of-use asset is initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- i) Any lease payments made at or before the commencement date, less any lease incentives received;
- ii) Any initial direct costs incurred by the company;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Right-of-use asset (cont'd)

For short-term leases that have a lease term of 12 months or less and low-value assets, the company has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use asset will be depreciated using the straight-line method from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term as determined under IFRS 16. For leases entered into after 1 April 2019, the right-of-use asset will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

(g) Leases

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the company will use its incremental borrowing rate.

The lease term determined by the company comprises:

- i) The non-cancelable period of lease contracts, including a rent-free period if applicable;
- ii) Periods covered by an option to extend the lease if the company is reasonably certain to exercise that option;
- iii) Periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option.

The commencement date of the lease begins on either deemed 1 April 2019 or the date on which the lessor makes the underlying asset available for use to the company. Lease payments included in the measurement of the lease obligation are comprised of the following:

- i) Fixed lease payments, including in-substance fixed payments;
- ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Leases (cont'd)

- iii) Amounts expected to be payable under a residual value guarantee;
- iv) The exercise price of purchase options that the company is reasonably certain to exercise;
- v) Lease payments in an option renewal period if the company is reasonably certain to exercise the extension option;
- vi) Penalties for early termination of the lease unless the company is reasonably certain not to terminate early; and
- vii) Less any incentive receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

4. CRITICAL ACCOUNTING JUDGEMENTS:

Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

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5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Advances to contractors and other receivables
- Cash and cash equivalents
- Accounts payable

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and cash equivalents	1,216,701,934	1,135,554,893
Advances to contractors and other receivables	<u>312,567,045</u>	<u>151,973,427</u>
Total financial assets	<u>1,529,268,979</u>	<u>1,287,528,320</u>

Financial liabilities

	<u>Amortised cost</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Accounts payable	<u>359,942,041</u>	<u>177,177,214</u>
Total financial liabilities	<u>359,942,041</u>	<u>177,177,214</u>

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the company's activities. The company's risk management policies also include the functions of its internal audit department which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises primarily from cash and cash equivalents that are denominated in a currency other than the Jamaican dollar.

The company manages this risk by ensuring that the exposure on foreign assets and commitments for the foreign currency portion of net resources for project expenditure is kept to an acceptable level.

Management further manages the risk by converting foreign currency only at the point that such amounts are needed to meet local expenditure.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar and Euro cash and cash equivalents amounting to J\$87,264,228 (2019 - J\$327,580,256) and J\$55,792,036 (2019 - J\$54,536,510), respectively.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Foreign currency sensitivity

The following table indicates the sensitivity of net resources for project expenditure to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances and adjusts their translation at the year-end for 6% (2019 - 6%) depreciation and a 2% (2019 - 4%) appreciation of the Jamaican dollar against the US dollar and Euro.

<u>Currency</u>	<u>% Change in Currency Rate</u> <u>2020</u>	<u>Effect on Net Resources for Project Expenditure</u> <u>2020</u>	<u>% Change in Currency Rate</u> <u>2019</u>	<u>Effect on Net Resources for Project Expenditure</u> <u>2019</u>
		<u>\$</u>		<u>\$</u>
USD	-6	5,235,854	-6	19,654,815
EURO	-6	3,347,522	-6	3,272,191
USD	+2	(1,745,285)	+4	(13,103,210)
EURO	<u>+2</u>	<u>(11,158,401)</u>	<u>+4</u>	<u>(2,181,460)</u>

Exchange rates, in terms of the Jamaican dollar, were as follows:

	<u>USD</u>	<u>EURO</u>
31 March 2020	<u>135.39</u>	<u>151.80</u>
31 March 2019	<u>123.57</u>	<u>134.41</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company does not have any exposure and as such, market price fluctuations are not expected to have an effect on the net resources for project expenditure.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk (cont'd)

As the company has no significant interest bearing assets or liabilities, the company's operating cash flows are substantially independent of changes in market interest rates. The company does not hold any fixed rate financial instruments that are subject to material changes in fair value.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents and advances to contractors.

Cash and cash equivalents

Cash and cash equivalents are placed with reputable financial institutions which are believed to have high credit ratings with minimal risk of default. The company has policies that limit the amount of credit exposure to any one financial institution.

Advances to contractors

Advances to contractors are recovered by way of deductions from amounts due to such contractors.

Maximum exposure to credit risk:

	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
Cash and bank balances	1,216,701,934	1,135,554,893
Advances to contractors	<u>198,791,915</u>	<u>146,096,620</u>
	<u>1,415,493,849</u>	<u>1,281,651,513</u>

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

The management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments arising particularly from the funding of ongoing projects. Donor agencies and the Government of Jamaica enter into agreements for funding of identified projects. Funding is provided throughout the life of the projects based on agreed budgets, cash flows and timelines for project activities which are closely monitored by management so as to meet obligations as they fall due.

Cash flows of financial liabilities

An analysis of the contractual maturities of the company's financial liabilities is presented below:

	2020		
	Carrying Amount	Contractual Cash Flows	1-12 Months
	₤	₤	₤
Accounts payable	359,942,041	359,942,041	359,942,041
	359,942,041	359,942,041	359,942,041

	2019		
	Carrying Amount	Contractual Cash Flows	1-12 Months
	₤	₤	₤
Accounts payable	177,177,214	177,177,214	177,177,214
	177,177,214	177,177,214	177,177,214

(d) **Capital disclosure**

The company manages resources available by continuously identifying development projects and complying with the requirements of funding agencies over the disbursement and subsequent reimbursement or justification of amount expended from committed resources.

The capital structure of the company consists of members' deposit and net resources for project expenditure.

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6. CASH AND CASH EQUIVALENTS:

	Available Cash Resources as at <u>1 April 2019</u>	Funds Received (net of refunds) During the Year ended <u>31 March 2020</u>	Project Outflows (net of recoveries) <u>31 March 2020</u>	Available Cash Resources as at <u>31 March 2020</u>
	\$	\$	\$	\$
GOJ	41,303,550	676,759,608	(493,657,244)	224,405,914
EU (PRP11)	54,562,041	-	1,254,564	55,816,605
EU (PRP111)	42,860	-	961	43,821
EU (PRP IV)	451,104,952	-	(180,511,056)	270,593,896
IBRD (ICDP)	17,042,037	2,071,610,924	(1,848,217,463)	240,435,498
IBRD (DVRP)	250,785,935	542,193,451	(560,474,974)	232,504,412
CDB (BNTF7)	33,685,851	-	(3,228,851)	30,457,000
CDB (Rural Micro) (1,161,510)	6,520,711	(5,359,201)	-
CDB (BNTF8)	13,220,737	-	1,053	13,221,790
CDB (BNTF9)	168,393,483	-	(102,150,173)	66,243,310
Step-Up (i)	4,549,297	33,000,000	(27,263,372)	34,822,925
PETROCARIBE	97,784,052	-	(51,062,197)	46,721,855
GOJ (ZOSO)	4,241,608	-	(2,806,700)	1,434,908
	<u>1,135,554,893</u>	<u>3,330,084,694</u>	<u>(3,248,937,653)</u>	<u>1,216,701,934</u>

This account represents funds from JPS Step-Up project and MSET of \$18,229,925 and \$3,000,000 respectively

This represents the balances of funds being managed to finance project expenses which are held at the following institutions:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and bank balances -		
Bank of Jamaica (Foreign currency)	48,435,019	295,233,258
National Commercial Bank (Foreign currency)	74,045,623	71,196,872
National Commercial Bank	784,459,278	633,871,306
Bank of Nova Scotia (Foreign currency)	20,575,622	15,686,636
Bank of Nova Scotia	2,094,852	4,802,053
Sagicor Bank	<u>287,091,540</u>	<u>114,764,768</u>
	<u>1,216,701,934</u>	<u>1,135,554,893</u>

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7. ADVANCES TO CONTRACTORS AND OTHER RECEIVABLES:	<u>2020</u>	<u>2019</u>
	<u>₹</u>	<u>₹</u>
Advances on sub-project contracts	198,791,915	146,096,620
Contractual deposit	1,495,083	3,879,288
Project receivables	<u>112,280,047</u>	<u>1,997,519</u>
Total financial assets classified as loans and receivables	312,567,045	151,973,427
Prepayment	2,476,136	1,517,294
Staff advances	71,704	822,210
Other receivable	<u>1,522,678</u>	<u>31,249,342</u>
Total advance to contractors and other receivables	<u>316,637,563</u>	<u>185,562,273</u>

Advance on sub-project contracts represents mobilization payments made to contractors under the terms of the project contract.

Prepayment represents advance payment to Jamaica Public Service and prepaid insurance.

8. MEMBERS' DEPOSIT:

The company is limited by guarantee and the maximum potential liability of the member has been deposited with the company.

9. NET RESOURCES FOR PROJECT EXPENDITURE:

	<u>2020</u>	<u>2019</u>
	<u>₹</u>	<u>₹</u>
(a) Funds advanced / (reimbursable) for project expenditure as at 31 March:		
International Bank for Reconstruction and Development (DVRP)	288,541,664	325,280,489
International Bank for Reconstruction and Development (ICDP)	87,877,704	(42,192,846)
Government of Jamaica	215,408,416	5,973,410
European Communities (EU)	317,691,750	492,854,746
Caribbean Development Bank	113,672,429	210,539,928
PetroCaribe	57,873,534	89,758,907
Government of Jamaica (ZOSO)	1,380,763	1,767,188
Jamaica Public Service Company Limited (JPS Step-Up)	<u>1,949,373</u>	<u>3,957,991</u>
	<u>1,084,395,633</u>	<u>1,087,939,813</u>

This represents cash resources available to fund project activities.

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9. NET RESOURCES FOR PROJECT EXPENDITURE (CONT'D):

(b) Total expenditure by categories is as follows:

	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
<u>Administrative Expenditure</u>		
Compensation of employees	388,601,104	368,662,671
Travel expenses and subsistence	97,783,451	88,508,818
Rental of property	23,976,862	24,932,174
Public utility services	17,968,000	16,870,862
Purchase of other goods and services	145,508,545	97,060,837
Interest/finance payments (i)	12,266,388	5,201,734
Grants and contributions	18,034,352	17,256,760
Purchase of equipment	<u>47,647,837</u>	<u>23,295,560</u>
Total Administrative Expenditure	<u>751,786,539</u>	<u>641,789,416</u>
<u>Sub-Project Expenditure</u>		
Social infrastructure	2,033,607,744	1,338,787,605
Economic infrastructure	193,737,078	100,796,089
Social services	264,155,116	292,464,431
Organization strengthening	166,134,075	72,267,461
Project concept development, advertising and printing	<u>10,063,886</u>	<u>8,081,633</u>
Total Sub-Project Expenditure	<u>2,667,697,899</u>	<u>1,812,397,219</u>
Total Expenditure	<u>3,419,484,438</u>	<u>2,454,186,635</u>

(i) This relates primarily to bank charges on accounts maintained at the Central Bank. These bank charges are contra entries for interest credited to the related project funding accounts.

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9. NET RESOURCES FOR PROJECT EXPENDITURE (CONT'D):

(c) Property, Plant and Equipment:

Category	Balance 1 April 2019	Current Year additions & disposals	Assets available for use by the projects 31 March 2020
	<u>₤</u>	<u>₤</u>	<u>₤</u>
Furniture & fixtures	12,532,210	536,531	13,068,741
Motor vehicles	43,457,887	27,232,313	70,690,200
Office equipment	8,012,708	159,668	8,172,376
Computers	59,751,022	627,396	60,378,418
Leasehold improvements	<u>9,665,399</u>	<u>5,656,843</u>	<u>15,322,242</u>
Total	<u>133,419,226</u>	<u>34,212,751</u>	<u>167,631,977</u>

Due to the nature of the company, assets used by the company totaling \$167,631,977, financed by funds received from the IBRD, IDB, EU, CDB, the Government of Japan and the GOJ, have been accounted for as project expenditure. These assets have not been reflected in these financial statements other than by way of this note.

10. ACCOUNTS PAYABLE:

	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
Contractors' retention	188,393,246	136,853,087
Contractors' levy	1,892,573	8,520,532
Project payables	<u>169,656,222</u>	<u>31,803,595</u>
Total financial liabilities	359,942,041	177,177,214
Other payables	<u>89,000,823</u>	<u>55,999,139</u>
Total accounts payable	<u>448,942,864</u>	<u>233,176,353</u>

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

11. COMMITMENTS:

- (a) At 31 March 2020, commitments in respect of contracts approved but not yet executed amounted to approximately \$2.843 billion (2019 - \$3.930 billion).
- (b) The company has entered into lease agreements for office and storage space with expiration dates up to 31 May 2021. The total annual rental to be paid is:

	<u>2020</u> \$	<u>2019</u> \$
Year 1	18,843,484	30,084,390
Year 2	347,455	18,843,484
Year 3	<u>-</u>	<u>347,455</u>

12. FUNDS AVAILABLE FOR DRAW-DOWN:

As at 31 March 2020, JSIF through loan and grant agreements signed between the Government of Jamaica and respective donors/lending agencies, has funding available for draw-down as follows:

	<u>2020</u> \$	<u>2019</u> \$
Available over the next twelve months	2,695,562,000	5,192,904,997
Available over the next 2-3 years	7,709,446,249	3,197,177,997
Available over the next 4-5 years	<u>2,240,000,000</u>	<u>-</u>

13. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>2020</u> \$	<u>2019</u> \$
(a) Transactions during the year between the company and its related party		
Government funding	<u>709,759,608</u>	<u>481,321,393</u>
(b) Key management compensation		
Key management includes directors		
Fee	621,000	883,000
Salaries and other short-term employee benefits	<u>45,916,999</u>	<u>54,960,155</u>
	<u>46,537,999</u>	<u>55,843,155</u>

14. SUBSEQUENT EVENT:

Subsequent to the year end, the World Health Organisation (WHO) declared the novel Coronavirus (COVID-19) a public health emergency of international concern.

COVID-19 may have an adverse impact on the company which may result in a disruption of the project completion timelines due to government-mandated temporary restrictions of business which could lead to a downturn in economic activities and possible delay or decline in the amounts received from donors.

Sub-Projects Approved

#	Project Name	Funding Project	Donor	Sub Project Cost JMD ⁹	Date Approved	Parish	Community
1	Adelphi Police Station Expansion & Rehabilitation	EU PRP IV	EU	45,139,095	May 22, 2019	St. James	Adelphi
2	Boston Primary & Infant School Rehabilitation	BNTF 9	CDB	56,811,096	May 22, 2019	Portland	Boston
3	Jacks River Primary School Rehabilitation	BNTF 9	CDB	36,432,549	May 22, 2019	St. Mary	Jack's River
4	Denham Town Police Station Rehabilitation & Equipping	EU PRP IV	EU	45,451,824	June 26, 2019	Kingston	Denham Town
5	Epworth Rural Feeder Road Rehabilitation	BNTF 9	CDB	99,431,344	June 26, 2019	St. Ann	Epworth
6	Marlie Mount Infant School Expansion & Rehabilitation	BNTF 9	CDB	82,651,424	June 26, 2019	St. Catherine	Marlie Mount
7	Windalco / Kirkvine Cold Storage Facility Project	BNTF 9	CDB	78,751,168	June 26, 2019	Manchester	Blue Mountain
8	SENCO Phase 2 - Advancement in Inclusive Education & Recreational Services	BNTF 9	CDB	48,191,834	June 26, 2019	Multi-Parish	Multi-District
9	ICDP School Rehabilitation - York Town Primary	ICDP	WB	24,296,014	January 9, 2020	Clarendon	York Town
10	ICDP School Rehabilitation - Hazard Primary	ICDP	WB	13,120,861	January 9, 2020	Clarendon	Hazard
11	ICDP School Rehabilitation - Treadlight Primary	ICDP	WB	25,950,342	January 9, 2020	Clarendon	Treadlight
12	Middleton JAS Rural Feeder Road Rehabilitation	BNTF 9	CDB	66,953,134	January 9, 2020	St. Thomas	Stony Cut
	Grand Total			623,180,685			

⁹ The figures under "Sub Project Cost" are the amounts which were originally approved by the Board of Directors and include both the JSIF and Community contributions

Sub-Projects Completed

#	Project Name	Funding Project	Donor	Month Completed	Contracted Amount JMD ¹⁰	Parish	Community	Estimated Beneficiaries
1	Bull Savanna Farmers Group Drip Irrigation	BNTF 9	CDB	Jul-19	17,561,862	St. Mary	Multi-District	150
2	Southfield Drip Irrigation Project	BNTF 9	CDB	Sep-19	17,561,862	St. Elizabeth	Southfield	148
3	Barrett Town All Age School Expansion	EU PRP IV	EU	Sep-19	44,209,807	St. James	Jenkins Ave	329
4	Tawes Meadows Community Centre Construction / Morgan's Basic School Construction	EU PRP IV	EU	Jun-19	35,304,848	St. Catherine	Tawes Pen	241
5	Granville Integrated Infrastructure Project	ICDP	WB	Dec-19	116,142,247	St. James	Granville Proper	5,074
6	Wilton Gardens/Rema IIP	ICDP	WB	June-19	103,354,498	St. Andrew	Wilton Gardens	4,832
7	Maxfield Park Integrated Infrastructure Project (Maxfield Park IIP)	ICDP	WB	Apr-20	146,845,696	St. Andrew	Maxfield Park	5,103
8	Rose Town Integrated Infrastructure Project (IIP)	ICDP	WB	Apr-20	196,778,766	St. Andrew	Rose Town	2,599
9	Majesty Gardens Integrated Infrastructure Project (IIP)	ICDP	WB	Mar-20	85,861,336	St. Andrew	Majesty Gardens	3,166
10	Ellerslie Gardens Zinc Fence Substitution	ICDP	WB	May-19	4,242,683	St. Catherine	Ellerslie Pen	22,075
11	Steer Town Integrated Infrastructure Project	ICDP	WB	Dec-19	143,800,633	St. Ann	Steer Town	1,000
12	ICDP School Rehabilitation - Maxfield Park Primary School	ICDP	WB	Oct-19	17,891,757	St. Andrew	Maxfield Park	599

¹⁰ The figures under "Contracted Amount" are the amounts that service providers (consultants, contractors and suppliers) were contracted for to undertake sub project activities

#	Project Name	Funding Project	Donor	Month Completed	Contracted Amount JMD ¹⁰	Parish	Community	Estimated Beneficiaries
13	ICDP School Rehabilitation - Greenwich Primary School	ICDP	WB	Oct-19	9,962,664	St. Andrew	Greenwich Town Fishing Village	435
14	ICDP School Rehabilitation - Steer Town Primary & Junior High School	ICDP	WB	Nov-19	7,847,064	St. Ann	Steer Town	212
15	ICDP School Rehabilitation - Granville All Age School	ICDP	WB	Nov-19	9,069,495	St. James	Retirement/ Bellevue	450
16	ICDP School Rehabilitation - St. Albans Primary School	ICDP	WB	Dec-19	8,944,618	Kingston	Denham Town	154
17	ICDP School Rehabilitation - St. Anne's Primary	ICDP	WB	Dec-19	6,883,250	Kingston	Denham Town	324
18	ICDP School Rehabilitation - St. Anne's Career Advancement Programme	ICDP	WB	Nov-19	9,045,000	Kingston	Denham Town	85
19	ICDP School Rehabilitation - Denham Town Primary School	ICDP	WB	Jan-20	19,871,760	Kingston	Denham Town	861
20	ICDP School Rehabilitation - Lethe Primary School	ICDP	WB	Oct-19	10,813,580	Hanover	Lethe	195
21	ICDP School Rehabilitation - Roehampton Primary School	ICDP	WB	Jan-20	11,103,330	St. James	Anchoy/ Catherine Mount	185
22	ICDP School Rehabilitation - Bickersteth Primary & Infant School	ICDP	WB	Oct-19	7,954,102	St. James	Anchoy/ Catherine Mount	669
23	Church Pen 1 & 2 Drainage Improvement Project	JDVRP	WB	Sep-19	86,323,107	St. Catherine	Church Pen	37,772
24	Sanitation for Schools PKG10 Cluster 1: Success Primary & Junior High, Dundee Primary, Esher Primary	PDF 4	PDF	Jun-19	19,625,375	Hanover	Chigwell	1,376
25	Sanitation for Schools PKG10 Cluster 2: St. Jago Primary, Anderson Town Primary, Top Hill Primary, Fyffes Pen Primary	PDF 4	PDF	Jun-19	24,390,668	Hanover	Richmond	1,376

Board of Directors' Compensation

Position of Director	Fees (\$)	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Wayne Henry - Chairman	152,500	N/A	N/A	N/A	152,500
Carey Peterkin – Director	67,000	N/A	N/A	N/A	67,000
Brian Bennett-Easy – Director	100,500	N/A	N/A	N/A	100,500
Deveta McLaren– Director	44,000	N/A	N/A	N/A	44,000
Jason Smith– Director	66,000	N/A	N/A	N/A	66,000
Stephen Newland– Director	55,000	N/A	N/A	N/A	55,000
Robert Lawrence– Director	79,000	N/A	N/A	N/A	79,000
Mark Azan – Director	13,000	N/A	N/A	N/A	13,000
Omar Frith– Director	44,000	N/A	N/A	N/A	44,000
Omar Sweeney – JSIF Managing Director	N/A	N/A	N/A	N/A	N/A

Mr. Omar Sweeney as the JSIF Managing Director is not eligible to receive Board Fees

Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit is quantified and stated in the appropriate column above. There was no “non-cash” benefit.

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