



JAMAICA SOCIAL INVESTMENT FUND



21ST ANNUAL REPORT

2016 - 2017



ISO 14001 Certified

CORPORATE INFORMATION



Registered Office

11 Oxford Road
(Ground floor the Dorchester Building)
Kingston 5,
(Entrance on Norwood Avenue)
Jamaica, WI

Tel: (876) 968-4545

Toll Free: 1-888-991-2356/7

Fax: (876) 929-3784

E-mail: info@jsif.org or feedback@jsif.org

Website: www.jsif.org



ATTORNEYS AT LAW

Phillips, Malcolm, Morgan & Matthies

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

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

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

TABLE OF CONTENTS

03
MISSION STATEMENT

03
GUIDING PRINCIPLES

04
NOTICE OF ANNUAL
GENERAL MEETING

05
BOARD OF DIRECTORS

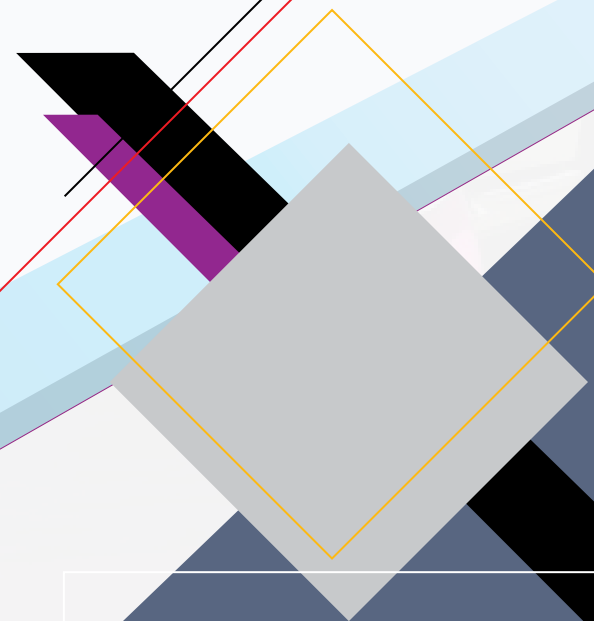
06
2016/17 BOARD
COMMITTEES

07
SENIOR MANAGEMENT
TEAM

08
CHAIRMAN'S STATEMENT

10
MANAGING DIRECTOR'S
REPORT

18
DIRECTORS' REPORT
TO THE
STOCKHOLDERS



19
FINANCIAL STATEMENTS

44
BOARD OF DIRECTORS'
COMPENSATION

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-first Annual General Meeting of **JAMAICA SOCIAL INVESTMENT FUND** will be held at 11 Oxford Road, Kingston 5 on Wednesday, October 4, 2017 at 2:00 p.m. for the following purposes:

RESOLUTIONS

1. Audited Accounts

To receive the Accounts for the period ended 31st March, 2017 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. Carey Peterkin, Mr. Omar Frith, and Mr. Jason Smith, 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. Carey Peterkin, retiring pursuant to Article 100 of the Company’s Articles of Association, be and is hereby re-elected.”
- (ii) “That Director, Mr. Omar Frith, retiring pursuant to Article 100 of the Company’s Articles of Association, be and is hereby re-elected.”
- (iii) “That Director, Mr. Jason Smith, 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 5th day of September, 2017

BY ORDER OF THE BOARD



Howard N. Malcolm
COMPANY SECRETARY

BOARD OF DIRECTORS



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.



Carey Peterkin

Director of Finance, Early Childhood
Commission



Deveta McLaren

Manager, Retail Sales & Marketing, Access
Financial Service



Omar Frith

Deputy Executive Director, Strategic
Planning and Communications, SDC



Stephen Newland

Director, Sunflower Environment/ Idea
Factory Ja Ltd



Brian Bennett Easy

General Manager, Digicel Business



Robert Lawrence

Managing Director, Electronic Data
Interface Solutions Ltd.



Mark Azan

Businessman

2016/17 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)

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)
Orville Hill - (Finance & Procurement, JSIF) (Ex Officio)

03 PROJECTS COMMITTEE

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

05 HUMAN RESOURCE COMMITTEE

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

SENIOR MANAGEMENT



OMAR SWEENEY
Managing Director



RHONDA LUMSDEN-LUE, MBA, JP
General Manager,
Corporate Services



LOY MALCOLM, M. PHIL
General Manager,
Technical Services



ORVILLE HILL, ACCA, FCCA, MBA, JP
General Manager,
Finance & Procurement



DWIGHT RICKETTS
Senior Manager, Field
Operations



MONA SUE HO MBA, M.SC.
Social Development
Manager



RHIAN HOLDER
Project Manager Social
Development / M&E



KESLYN GILBERT-STONEY
Manager, Legal &
Governance



CAROL PERRY M.SC., FCCA, FCA
Internal Auditor



CHAIRMAN'S STATEMENT

The Jamaica Social Investment Fund, having achieved its 20 year milestone, continues to adhere to its core mandate of addressing the development priorities of the most under-served communities and vulnerable groups in Jamaica.

Over the years, the organization has adapted its approaches to align with the prevailing development plans, tools and frameworks to ensure the relevance and efficacy of its implementation strategies.

As an organization, the JSIF's ability to adapt and evolve has sustained its relevance as a vehicle for project implementation. At the Fund's inception, the focus was on the development of communities through the improvement of basic infrastructure (roads, schools, small water systems etc.), and the provision of complementary equipment to support the infrastructure coupled with the delivery of capacity building training to sponsor groups to ensure effective use and sustainability of the investment. There has however been a notable shift in

the type of interventions which are provided to the beneficiaries. The Fund has moved away from working only on "traditional" activities and now, in addition to stand-alone building projects, implements integrated infrastructure interventions aimed at increasing access to basic services (roads, water, electricity) and security in vulnerable communities. These are supplemented with holistic social interventions that address the drivers of poverty and exclusion, resulting in improved human resources (e.g. skilled and certified residents, improved literacy), greater opportunities for employment and entrepreneurship, more effective community governance and increased safety and security in target areas.



DR. WAYNE HENRY

The organization has also moved from being simply an implementing agency and is now using the expertise and experience gained over the last twenty (20) years to support other agencies by providing either technical support or working in conjunction with them to achieve their objectives.

“This approach, which started as a way to assist partner entities in the execution of special projects on their behalf, allowed the JSIF to undertake a new role of providing technical expertise to implement one off projects that the organization providing the funds cannot do in the timeframe the Fund can.”

The projects that have been undertaken range from infrastructure related projects, such as the building of an Early Stimulation Center for special needs children for the Ministry of Labour and Social Security, to the fa-

cilitation of electricity regularization in partnership with the Jamaica Public Service Company.

The JSIF's support goes beyond assisting the poor and vulnerable to also include government agencies tackling development challenges of national significance. Consequently, JSIF provides technical support to Ministries Departments and Agencies (MDAs) where relevant. One such project is the Jamaica Crime Observatory (JCO) which is being undertaken in conjunction with the Ministry of National Security and other Ministries Departments and Agencies. This is the first and only national management tool designed to collect, process and analyze data on public security, along with its various actors, with a view to creating reports to assist in understanding the current situation and developments in public security, as well as challenges and progress achieved.

As the JSIF enters a new decade, it moves to adapt and provide projects that will continue to help its targeted beneficiaries rise above their circumstances and become strong, healthy, productive citizens who will contribute to the achievement of the commitments espoused in national, regional and international development plans and, in doing so, make Jamaica the place of choice to live, work, raise families and do business.

Wayne Henry, PhD, JP
Chairman

Dated this 31st day of July 2017

MANAGING DIRECTOR'S REPORT

with *Omar
Sweeney*



INTRODUCTION

The Jamaica Social Investment Fund (JSIF) has completed its 21st year of operation, and is looking toward the future with eager anticipation of the new and exciting activities that will be undertaken to make Jamaica and its people stronger to face the challenges that lie ahead.

Investments made by the JSIF continue to contribute directly to the government's achievement of local and international development targets. Locally, the JSIF is helping to attain the outcomes of Vision 2030 particularly as it relates to: a healthy and stable population; world class education and training; effective social protection; safety and security; strong economic infrastructure; internationally competitive industry structures; sustainable management and use of environmental and natural resources; and hazard risk reduction and adaption to climate change. At the international level, the JSIF is helping to position Jamaica to meet the Sustainable Development Goals relating to: ending poverty and hunger; increasing access to universal education; ensuring healthy lives and promoting the well-

being for all at all ages; and combat climate change and its impacts. The key areas in which JSIF continues to work to support these goals are: Human Capacity Development, Access to Basic Services, Economic Growth, Security & Justice, Disaster Vulnerability Reduction and Technical Assistance to MDAs.

During the 2016/2017 year JSIF's Board of Directors approved 26 project submissions valued at approximately JMD \$2.430



billion. These included community solid waste management initiatives, community basic infrastructure, electricity regularization activities and social programmes directed at the youth, among other types of interventions.

A total of 121 sub projects were completed benefitting over 135,000 persons across the island. Some of the types of sub projects included rehabilitation of roads, provision of sanitation for rural schools that only had pit latrines, construction of greenhouses and agro-processing facilities, social service activities, provision of infrastructure to enable communities to manage disposal of solid waste, rehabilitation and construction of schools, and community tourism enterprises.

During the 2016/2017 financial year, the JSIF continued its interventions with a total expenditure that grew by 9% to JMD \$2.06 billion, exceeding the total expenditure of the previous fiscal year of JMD \$1.88 billion. During the year, sub project disbursement was JMD \$1.52 billion and administrative cost was JMD \$539.7 million compared to the prior year's sub project disbursement of \$1.44 billion and administrative cost of JMD \$438 million. Administrative cost as a percentage of total disbursement marginally increased from 23.2% (2015/16) to 26.1% for this fiscal year due to the addition of new Projects in the early stages of implementation.

PROJECT ACTIVITIES 2016-2017

During the period under review one hundred and thirty-eight (138) sub projects were targeted to be completed with one hundred and twenty-one (121) actually being finished. Seventeen (17) sub projects were not completed due to extenuating circumstances and the decision to defer some of them to the next financial year. It should be noted that while the Chairman was appointed and provided solid support and oversight, the full Board of Directors was not confirmed until July 2016. The lack of a full Board affected some aspects of Project implementation,

which impacted targets.

The JSIF finalized activities for the European Union Poverty Reduction Programme III which closed in May 2016 with actions continuing in earnest for three additional grants and three loans. During the 2017/2018 year, the Rural Economic Development Initiative and the Basic Needs Trust Fund 7th and 8th Programmes will be implementing final activities and closing in July 2017 and December 2017 respectively.

Table 1: Projects Portfolio as at 31/03/ 2017

PROJECT NAME	DONOR (S)	IMPLEMENTATION PERIOD	LOAN/GRANT VALUE		TOTAL ¹ JMD\$
			DONOR	GOJ COUNTERPART	
PROJECTS FUNDED BY GRANTS					
Basic Needs Trust Fund 7 (BNTF 7)	Caribbean Development Bank	2013-2017	USD \$6.89M	USD \$0.96M	JMD \$791M
Basic Needs Trust Fund 8 (BNTF 8)	Caribbean Development Bank	2016-2017	USD \$1.82M	USD \$0.91M	JMD \$328M
PetroCaribe Development Fund (PDF) School Sanitation	Government of Venezuela	2014-2017	JMD \$160M ²	0	JMD \$160M
Poverty Reduction Programme III (PRP III)	European Union	2012-2017	EUR 11.4M	EUR 0.54M	JMD \$893M
Poverty Reduction Programme IV (PRP IV)	European Union	2014-2018	EUR 12M	EUR 0.54M	JMD \$1,395M
PROJECTS FUNDED BY LOANS					
Rural Economic Development Initiative (REDI)	World Bank	2010-2017	USD\$15M	USD \$0.5M	JMD \$1,354M
Integrated Community Development Project (ICDP)	World Bank	2014-2020	USD\$42M	0	JMD \$4,671M
Jamaica Disaster Vulnerability Reduction Project	World Bank	2016-2022	USD\$30M	0	JMD \$3,791M

During the reporting period JSIF continued, similar to the last three years, to undertake management support activities on behalf the Jamaica Public Service company in targeted inner-city communities.

¹ The average exchange rate the year the Project financing agreement was signed was used to arrive at the Jamaican figures

² Funded through grant awards 2 (JMD \$35M) & 3 (JMD \$125M)

Table 2: Project Management Support as at 31/03/ 2017

PROJECT NAME	FUNDING SOURCE	IMPLEMENTATION PERIOD	PROJECT COST
JPSEmpowered	Jamaica Public Service Company	2016-2017	JMD\$79M

REQUESTS

Requests refer to identified needs submitted to the JSIF by community representatives etc and it is these Requests that are converted into projects for investment once funds are available and other established criteria met. For the Financial Year 2016/2017 the JSIF received 99 requests which is an increase from 2015/2016 which saw 72 requests being submitted.

New Requests: Of the 99 requests received; 11 were rejected, 72 were placed on hold until a suitable funding source is identified and 16 are in registration awaiting further information/documentation before they can continue to be processed.

Total Request Portfolio: The number of requests for the period under review stands at 501 inclusive of the 88 requests received. The breakdown is follows:

- **391** have been ranked per the JSIF Poverty Ranking Score (JPRS); 22 of this 391 are tabled for rejection as they are below the JPRS minimum score while the remaining 369 have been placed on “On Hold” until suitable funding source is identified.
- **2** have been assigned to Project Portfolios for possible funding (1 was assigned to BNTF and 1 assigned to ICDP).
- **108** are incomplete requests due to lack of critical documentation needed for the registration process such as proof of land ownership, JSIF application form, ECC rationalization and an Operational/Maintenance Plan.

Figure 1: Breakdown of Sub Project Requests submitted during 2016/2017

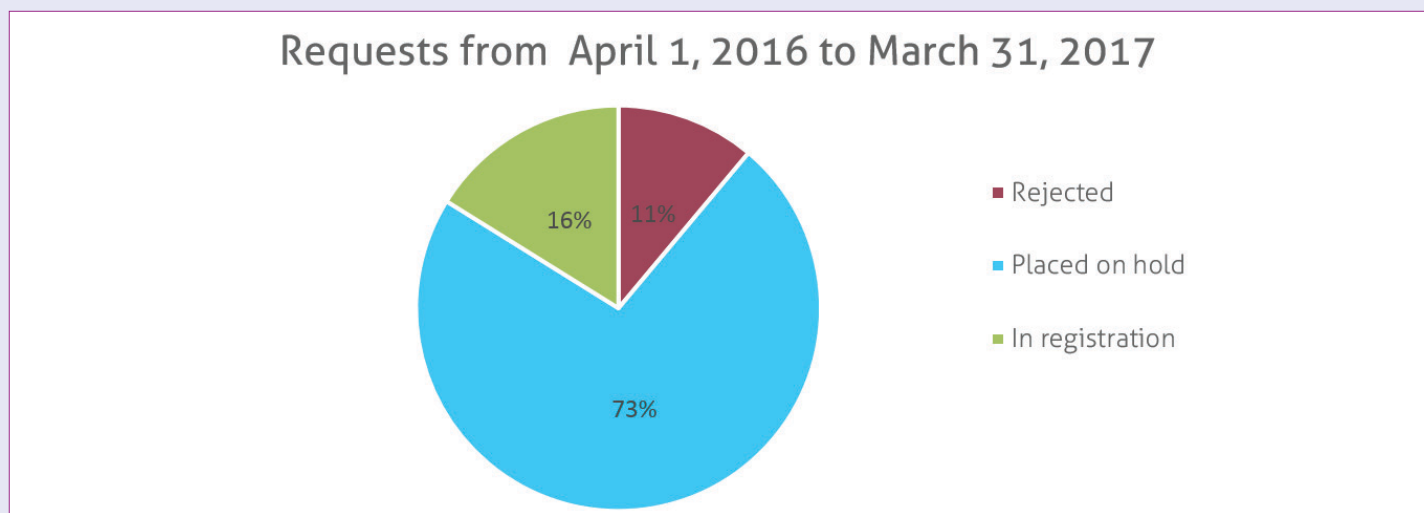
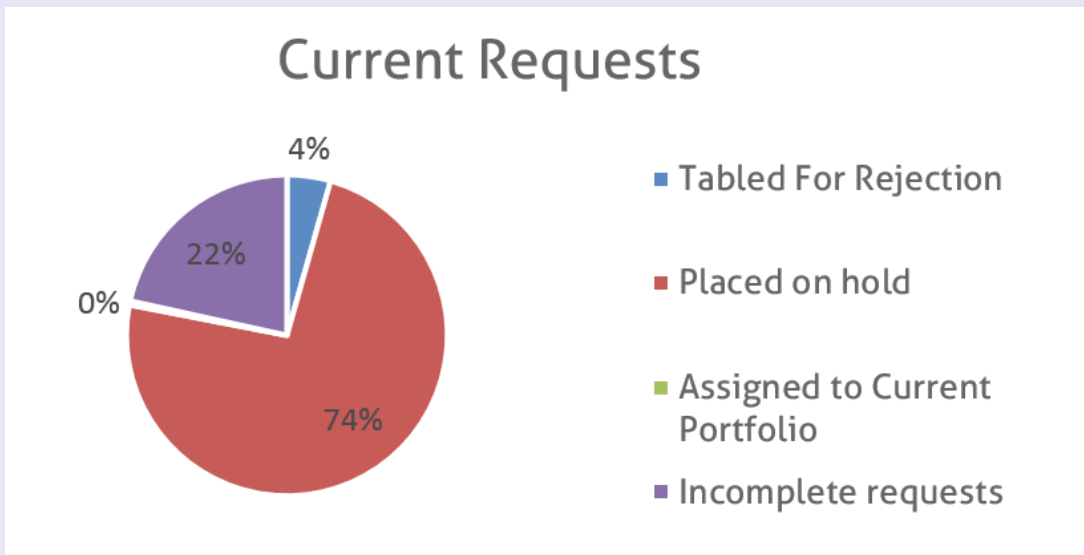


Figure 2: Breakdown of Requests³



PROCUREMENT OUTPUTS

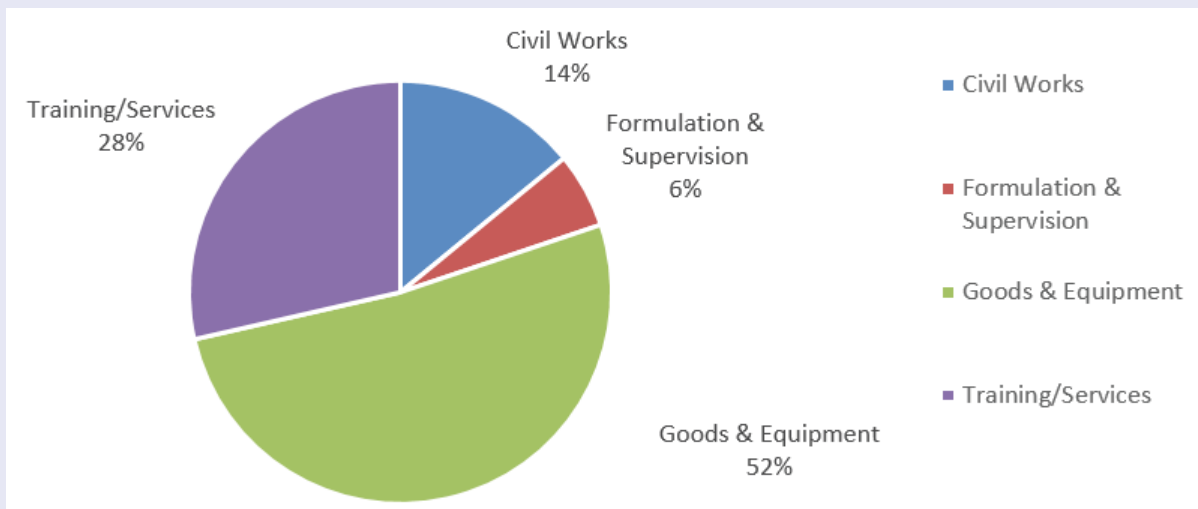
During the fiscal year 2016-2017, the JSIF signed a total of 469 contracts valued at JMD\$1,544,215,631.88, compared to 328 contracts valued \$1,401,142,704 in the previous fiscal year (2015-2016)..

Contracts entered into during the fiscal year were classified as follows:

Table 3: Details of Contracts Entered Into As At 31/03/ 2017

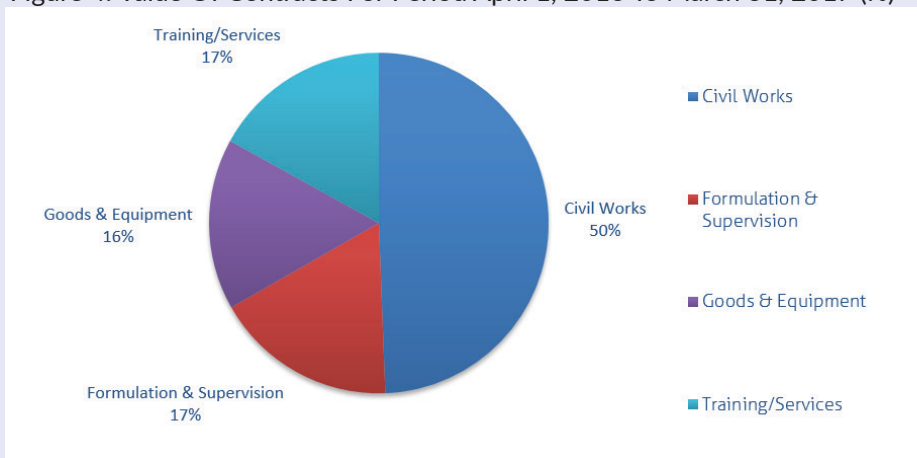
PROJECT ACTIVITY	# CONTRACTS	VALUE OF CONTRACTS
Civil Works	66	762,821,051.57
Formulation & Supervision	27	267,985,139.59
Goods & Equipment	242	251,023,985.18
Training/Services	134	262,385,455.54
	469	\$1,544,215,631.88

Figure 3: Number Of Contracts For Period April 1, 2016 To March 31, 2017 (%)



³ Of 501 requests received, 2 met the eligibility criteria and were assigned to available funding. However, as a percentage this presents as 0%”

Figure 4: Value Of Contracts For Period April 1, 2016 To March 31, 2017 (%)



FINANCIAL MANAGEMENT 2016/2017

Budget Allocation:

The JSIF started the 2016/17 fiscal year with approved fiscal space of JMD \$2.64 billion which was 13.8% more than the final budget for the previous fiscal year. The budget was subsequently reduced in the Supplementary Budget in December 2016 by JMD \$170 million, bringing the total budget space for the financial year 2016/17 to JMD \$2.47 billion.

Funding:

The organization received JMD \$418 million from the GOJ through the monthly warrant allocation.

In addition to GOJ funding, JMD \$2.25 billion was received from donor/loan agencies during the year and JMD \$1.61 billion was disbursed from donor/loan funds held in designated bank accounts at the start of the financial year.

Disbursements:

During the reporting period JMD \$2.06 billion was disbursed towards the implementation of various sub-projects and administrative expenses. The budget space allocated to the Integrated Community Development Project (ICDP) was fully disbursed by January 2017 resulting in JSIF receiving additional fiscal space in the supplementary budget thereby contributing to the high sub-project disbursement in the year. Other Projects which also contributed significantly to the increased disbursements over the previous year were the Basic Needs Trust Fund Seventh Programme (BNTF 7) and the Rural Economic Development Initiative (REDI) which disbursed JMD \$443 million and JMD \$469 million respectively.

Total expenditure of JMD \$2.06 billion for the fiscal year was JMD \$178 million or 9.5% above the comparative figure of JMD \$1.88 billion in the previous year.

HUMAN RESOURCES

The year ended with a staff complement of 93, compared to 91 during the last period. The employee numbers remained stable as the organisation satisfies the human resource requirement for the increased project implementation activities. Over the period the JSIF introduced an employee recognition and reward programme. At the core of this initiative is to show appreciation for an employee's achievement and to motivate employees to continue with good performance and loyalty to company. The program recognizes achievements that contribute to the overall objectives and success of the Jamaica Social Investment Fund (JSIF). In addition, the company continues to focus on staff development and training. During the reporting period, the JSIF introduced a staff welfare programme, whereby the staff members make personal contribution in cash and kind to support the residents of a Boy's Home.

THE WAY FORWARD

In keeping with the Government of Jamaica (GoJ)'s growth agenda, JSIF will in 2017/2018 implement a series of programmes aimed at strengthening Workforce Development, Employment and Wealth Creation for residents in targeted volatile and vulnerable communities, supported by significant investment in Citizen Security and National Resilience to Disasters. This work builds on previous investment in the key growth sectors of Agriculture and Tourism, and complements the JSIF traditional menu of support to the education and health sectors, road repair and water access for rural communities. In terms of **Workforce Development, Employment and Wealth Creation**, the Basic Needs Trust Fund (BNTF), the Integrated Community Development Project (ICDP) and the European Union's Poverty Reduction Programme (PRP) will invest in activities targeting over 10,000 youth at risk in communities prioritized by the national Community Renewal Programme (CRP). One key plank is the partnership with the Registrar General's Department (RGD) to provide civil documentation i.e birth certificates, TRN, and other documents to 4,200 residents to allow them to fully participate in civic life.

Under the BNTF, the ongoing rehabilitation and expansion of six (6) rural schools prioritized by the MoE will be completed. Special Education Needs Coordinators will be trained and placed in six (6) schools, where special focus will be directed at enhancing teachers' and parents' knowledge of how to identify and cater to children with special needs. The educational book associated with the ongoing national Break the Silence Campaign which aims to help prevent violence against children will be launched in May 2017 and is implemented in partnership with the MOE and other key agencies. Through the ICDP and PRP, social interventions will tackle academic underperformance at primary and secondary levels through remedial education and behavior modification programmes to halt and transform anti-social and disruptive behaviours, and provide capacity-development/training for school leadership and staff. Adapting the life-cycle approach, interventions will also target school-leavers and young adults, preparing them for the working world through vocational scholarship programmes, facilitating work experience and honing skills through internship placements, and supporting development of community-based organisations and social enterprises to drive community and national-level socio-economic development initiatives.

In rural areas, investments by the Rural Economic Development Initiative (REDI) will provide equipment to RADA, and facilitate business development and technical support to agricultural and tourism enterprises including 7 agro-processing facilities, greenhouse clusters, drip irrigation farmer groups and community-based tourism attractions. This support will also ensure that these, and previous years' investments in honey production and in-vitro propagation of Irish potato seeds are sustained and reach potential to scale. This will result in increased agricultural output and value-added products to the market, and a diversified tourism product, both of which will drive economic activity at the local level while contributing to national growth.

As crime and violence is one of the main barriers to growth and development, **Citizen Security and Crime Prevention** will be prioritized through the Integrated Community Development Project (ICDP), with support being provided to Mediation and Violence Interruption activities in volatile communities. In addition, there will be capacity-building of community-based organizations to strengthen governance and effectiveness in promoting positive social change. This will be underpinned by significant investments in infrastructure projects to support urban renewal utilizing Crime Prevention Through Environmental Design (CPTED) in volatile peripheral communities of Jamaica's 6 main urban centres; i. Ocho Rios ii. May Pen iii. Sav-la-Mar iv Montego Bay v. Spanish Town and vi. (Downtown) Kingston. This will include zinc fence substitution, integrated infrastructure projects (road, water, drain/sanitation) in 11 communities, access to legal electricity connections, construction of green spaces, parks and community sporting facilities.

Additionally, technical assistance and equipment will be given to the Jamaica Crime Observatory/MNS and the National Land Agency to strengthen their ability to carry out their mandates, particularly in relation to evidence-based crime-fighting and land regularization/urban renewal. These initiatives will be supported by a robust public education and social marketing campaign to inform stakeholders about the interventions, ensure buy-in and community ownership, and actively encourage positive behavior change around legal access to utilities and proper solid waste management.

Given the devastating impact of natural disasters on national development, strengthening **National Resilience to Disasters** is critical for sustainable growth. The Disaster Vulnerability Reduction Project (DVRP) will support activities to strengthen Jamaica's ability to prepare for, respond to and manage disasters. This includes transformation of Jamaica's seismic network through provision of seismic equipment to the Earthquake Unit, UWI to meet international standards and fortify management of earthquake risk. The Ministry of Local Government will be supported to boost national resilience to fire hazards, through provision of equipment to the Jamaica Fire Brigade, including 4 pumper trucks. Designs will be completed for Yallahs and Port Maria Fire Stations, and works started on the Montego Bay Fire Station. The role of improper solid waste management in increasing vulnerability to flooding and vector-borne diseases has been well-documented. As such, through the ICDP, urban solid waste management interventions will be strengthened by the provision of 2 compactor trucks to the NSWMA, to encourage prompt and efficient solid waste removal from communities.

JSIF's mandate to provide basic infrastructure and services for Jamaica's most underserved communities will continue to be addressed and in the 2017/18 year sub projects to support the expansion and/or rehabilitation of health centres, police stations, the road network and access to water will also be implemented through the PRP and BNTF.



Omar Sweeney
Managing Director

Dated this 31st day of July 2017

Directors' Report To The Stockholders

The Directors are pleased to submit this report along with the Audited Financial Statements for the year ended March 31, 2017.

Financial Position

The financial position of the JSIF at March 31, 2017 is shown in the following financial statements.

Below is a summary of the financial position:

Summary of Financial Position

	\$(J)
Current Assets	1,915,666,144
Current Liabilities	1,915,665,144
Net Current Assets	1,000
Financed by Members' Equity	1,000

Dividends

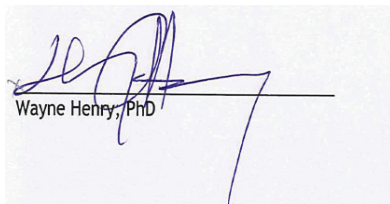
No dividends were recommended for payment, in accordance with the prohibition contained in the company's Memorandum of Association

Auditors

BDO have indicated their willingness to continue and so their appointment will be proposed at the Twenty First Annual General Meeting

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

SIGNED ON BEHALF OF THE BOARD



Wayne Henry, PhD

Dated this 25th day of July, 2017

FINANCIAL STATEMENTS



Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

Page 1

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 set out on pages 4 to 26, which comprise the statement of financial position as at 31 March 2017, 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 2017, 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 Code of Ethics for Professional Accountants (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.

Responsibilities of Management and Board of Directors 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson
Offices in Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

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.
- 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)


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

We communicate with the Board of Directors 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

26 July 2017



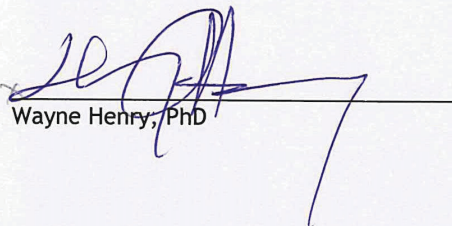
JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

STATEMENT OF FINANCIAL POSITION

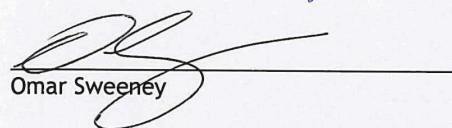
31 MARCH 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	6	1,747,658,012	1,092,351,185
Advances to contractors and other receivables	7	<u>168,008,132</u>	<u>6,760,306</u>
		<u>1,915,666,144</u>	<u>1,099,111,491</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	1,662,815,308	997,487,213
Accounts payable	10	<u>252,284,836</u>	<u>101,623,278</u>
		<u>1,915,665,144</u>	<u>1,099,110,491</u>
		<u>1,915,666,144</u>	<u>1,099,111,491</u>

The financial statements on pages 4 to 26 were approved for issue by the Board of Directors on 26 July 2017 and signed on its behalf by:


 Wayne Henry, PhD

Chairman


 Omar Sweeney

Director

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
CASH FLOWS FROM INVESTING ACTIVITIES:			
Advances to contractors and other receivables		(161,247,826)	15,398,087
Accounts payable		(151,226,558)	15,765,776
Expenditure on JSIF projects		<u>(1,700,996,326)</u>	<u>(1,877,867,056)</u>
Cash used by JSIF projects	6	<u>(2,013,470,710)</u>	<u>(1,846,703,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loans received		850,920,920	452,189,314
Grants received		1,400,066,046	345,336,774
GOJ subvention and miscellaneous funding		<u>417,790,571</u>	<u>530,953,000</u>
Cash provided by financing activities	6	<u>2,668,777,537</u>	<u>1,328,479,088</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		655,306,827	(518,224,105)
Cash and cash equivalents at beginning of year		<u>1,092,351,185</u>	<u>1,610,575,290</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u>1,747,658,012</u>	<u>1,092,351,185</u>

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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 2017

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 totalling 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 2017

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 II/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 2017

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 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 has been extended to expire 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 has been extended to expire on 31 December 2017
- (xv) PDF/JSIF Schools Sanitation Project No. 2 and No. 3 grant agreements dated 22 April 2014 and 8 September 2014 in the amount of J\$35 Million and J\$125 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 2017

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.

(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.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

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

- (v) *Grant Agreement 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.

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. Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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 IFRSs 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 amendment is immediately relevant to its operations:

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendment to IAS 1, 'Presentation of Financial Statements: Disclosure Initiative', (effective for accounting periods beginning on or after 1 January 2016). This amendment clarifies the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is not expected to have a significant impact on the financial statements.

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

The following new standards, amendments and interpretations, 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:

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018). The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

Amendments to IAS 7, 'Statement of Cash Flows', (effective for accounting periods beginning on or after 1 January 2017), requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

The company is assessing the impact that these standards and amendments to standards will have on the financial statements when they are adopted.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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.

(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) Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

Loans and receivables (cont'd)

The company's loans and receivables comprise advances to contractors and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank balances and bank overdraft.

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables impairment provisions are recognized when there is objective evidence that the company will not collect all of the amounts due under the terms receivable.

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.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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.

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 a variety of 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

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial assets

	Loans and receivables	
	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and cash equivalents	1,747,658,012	1,092,351,185
Advances to contractors and other receivables	<u>131,346,913</u>	<u>3,651,979</u>
Total financial assets	<u>1,879,004,925</u>	<u>1,096,003,164</u>

Financial liabilities

	Financial liabilities at amortised cost	
	<u>2017</u>	<u>2016</u>
	\$	\$
Accounts payable	<u>185,153,409</u>	<u>73,363,992</u>
Total financial liabilities	<u>185,153,409</u>	<u>73,363,992</u>

(c) Financial instruments not measured at fair value

The fair values of financial instruments that are not traded in an active market are deemed to be/determined as follows:

The carrying values less any impairment provision of financial assets and liabilities with a short term nature of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash and cash equivalents, advances to contractors and other receivables and accounts payable.

(d) 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:

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(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\$114,228,533 (2016 - J\$29,909,948) and J\$97,993,273 (2016 - J\$180,976) respectively.

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% (2016 - 6%) depreciation and a 1% (2016 - 1%) appreciation of the Jamaican dollar against the US dollar and Euro.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Foreign currency sensitivity (cont'd)

<u>Currency</u>	<u>% Change in Currency Rate 2017</u>	<u>Effect on Net Resources for Project Expenditure 2017 ₤</u>	<u>% Change in Currency Rate 2016</u>	<u>Effect on Net Resources for Project Expenditure 2016 ₤</u>
USD	-6	6,853,712	-6	1,794,597
EURO	-6	5,879,596	-6	10,858
USD	+1	(1,142,285)	+1	(299,099)
EURO	<u>+1</u>	<u>(979,933)</u>	<u>+1</u>	<u>(1,810)</u>

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

	<u>USD</u>	<u>EURO</u>
31 March 2017	<u>127.77</u>	<u>132.45</u>
31 March 2016	<u>121.36</u>	<u>137.74</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.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) 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>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	1,747,658,012	1,092,351,185
Advances to contractors	<u>9,429,908</u>	<u>2,156,896</u>
	<u>1,757,087,920</u>	<u>1,094,508,081</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.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) 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:

	2017		
	Carrying Amount	Contractual Cash Flows	1-12 Months
	₤	₤	₤
Accounts payable	<u>185,153,409</u>	<u>185,153,409</u>	<u>185,153,409</u>
	<u>185,153,409</u>	<u>185,153,409</u>	<u>185,153,409</u>
	2016		
	Carrying Amount	Contractual Cash Flows	1-12 Months
	₤	₤	₤
Accounts payable	<u>73,363,992</u>	<u>73,363,992</u>	<u>73,363,992</u>
	<u>73,363,992</u>	<u>73,363,992</u>	<u>73,363,992</u>

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) **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.

6. CASH AND CASH EQUIVALENTS:

	Available Cash Resources as at 1 April 2016 ₤	Funds Received During the Year ended 31 March 2017 ₤	Project Outflows (net of recoveries) 31 March 2017 ₤	Available Cash Resources as at 31 March 2017 ₤
GOJ	39,309,696	417,790,571	(407,586,833)	49,513,434
EU (PRP11)	1,414,172	97,804,670	(1,196,204)	98,022,638
EU (PRP111)	205,533,734	-	(78,373,328)	127,160,406
EU (PRP IV)	713,439,553	545,306,414	(69,376,428)	1,189,369,539
IBRD (ICDP)	15,499,357	384,142,119	(391,427,156)	8,214,320
IBRD (REDI)	49,674,817	446,359,713	(428,043,143)	67,991,387
IBRD (DVRP)	-	20,419,088	(231,876)	20,187,212
CDB (BNTF7)	14,549,583	456,153,954	(405,130,251)	65,573,286
CDB (BNTF8)	-	134,691,074	(62,678,203)	72,012,871
CDB (CIP)	29,035,414	-	(29,035,414)	-
JPS Step-Up	1,434,012	61,006,652	(61,553,041)	887,623
PETROCARIBE	<u>22,460,847</u>	<u>105,103,282</u>	<u>(78,838,833)</u>	<u>48,725,296</u>
	<u>1,092,351,185</u>	<u>2,668,777,537</u>	<u>(2,013,470,710)</u>	<u>1,747,658,012</u>

The amount of \$97,804,670 for funds received from EU (PRP II) represents the Jamaican dollar equivalent of EURO 725,200 which was incorrectly deposited by the European Union on 28 February 2017 to that bank account instead of EU (PRP III).

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

6. CASH AND CASH EQUIVALENTS (CONT'D):

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

	<u>2017</u> ₤	<u>2016</u> ₤
Bank of Jamaica (Foreign currency)	41,058,515	420,383
National Commercial Bank (Foreign currency)	164,189,105	28,655,833
National Commercial Bank	1,464,555,394	1,010,021,054
Bank of Nova Scotia (Foreign currency)	6,974,186	1,014,708
Bank of Nova Scotia	14,152,252	17,110,234
Sagicor Bank	<u>56,728,560</u>	<u>37,539,822</u>
	1,747,658,012	1,094,762,034
National Commercial Bank	<u>-</u>	(2,410,849)
	<u>1,747,658,012</u>	<u>1,092,351,185</u>

7. ADVANCES TO CONTRACTORS AND OTHER RECEIVABLES:

	<u>2017</u> ₤	<u>2016</u> ₤
Advances on sub-project contracts	9,429,908	2,156,896
Contractual deposit	1,495,083	1,495,083
Project receivables	<u>120,421,922</u>	<u>-</u>
Total financial assets classified as loans and receivables	131,346,913	3,651,979
Prepayments	1,517,294	2,084,920
Staff advances	128,124	272,291
Other receivables	<u>35,015,801</u>	<u>751,116</u>
Total advance to contractors and other receivables	<u>168,008,132</u>	<u>6,760,306</u>

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

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

8. MEMBERS' DEPOSIT:

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

9. NET RESOURCES FOR PROJECT EXPENDITURE:

	<u>2017</u> \$	<u>2016</u> \$
(a) Funds advanced/(reimbursable) for project expenditure as at 31 March:		
International Bank for Reconstruction and Development (DVRP)	20,109,819	-
International Bank for Reconstruction and Development (ICDP)	6,259,631	15,405,426
Government of Jamaica	3,965,986	37,473,427
Commission of the European Communities (EU)	1,421,083,740	890,636,363
Caribbean Development Bank	103,740,073	(9,604,451)
International Bank for Reconstruction and Development (RED1)	61,313,916	46,248,013
PetroCaribe	46,083,862	19,268,300
Jamaica Public Service Company Limited (JPS Step-Up)	<u>258,281</u>	<u>(1,939,865)</u>
	<u>1,662,815,308</u>	<u>997,487,213</u>

This represents cash resources available to fund project activities.

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

(b) Total expenditure by categories is as follows:

	<u>2017</u>	<u>2016</u>
	<u>₤</u>	<u>₤</u>
<u>Administrative Expenditure</u>		
Compensation of Employees	297,548,089	257,969,645
Travel Expenses & Subsistence	77,684,317	50,587,056
Rental of Property	20,626,714	17,599,507
Public Utility Services	13,367,843	14,312,872
Purchase of Other Goods & Services	109,162,447	73,718,949
Interest/Finance Payments	998,089	590,262
Grants & Contributions	14,923,264	12,960,565
Purchase of Equipment	<u>5,416,854</u>	<u>10,450,443</u>
Total Administrative Expenditure	<u>539,727,617</u>	<u>438,189,299</u>
<u>Sub-Project Expenditure</u>		
Social Infrastructure	765,979,064	797,527,424
Economic Infrastructure	441,849,720	356,750,107
Social Services	167,869,303	127,344,765
Organization Strengthening	114,465,216	128,610,145
Project Concept Development, Advertising & Printing	<u>31,340,245</u>	<u>34,386,743</u>
Total Sub-Project Expenditure	<u>1,521,503,548</u>	<u>1,444,619,184</u>
Total Expenditure	<u>2,061,231,165</u>	<u>1,882,808,483</u>

JAMAICA SOCIAL INVESTMENT FUND
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

(c) Property, Plant and Equipment:

<u>Category</u>	<u>Balance 1 April 2016</u>	<u>Current year additions</u>	<u>Balance 31 March 2017</u>	<u>Adjustment to reconcile book balance to physical count</u>	<u>Assets available for use by the projects 31 March 2017</u>
Furniture & fixtures	11,763,455	757,741	12,521,196	(1,492,756)	11,028,440
Motor vehicles	33,960,877	-	33,960,877	(9,405,805)	24,555,072
Office equipment	10,906,773	1,376,581	12,283,354	(5,282,151)	7,001,203
Computers	91,525,659	3,344,132	94,869,791	(27,351,956)	67,517,835
Leasehold improvement	<u>8,932,151</u>	<u>226,580</u>	<u>9,158,731</u>	<u>(2,920,525)</u>	<u>6,238,206</u>
Total	<u>157,088,915</u>	<u>5,705,034</u>	<u>162,793,949</u>	<u>(46,453,193)</u>	<u>116,340,756</u>

Due to the nature of the company, assets used by the company totaling \$162,793,949, financed by funds received from the IBRD, IDB, EU, CDB, the Government of Japan and the GOJ, have been accounted for as project expenditure. Of this amount a total of \$46,453,193 has been disposed/written off over the years in accordance with GOJ regulations. Items being disposed/written off are approved by either JSIF's internal Board of Survey or the Board of Survey at the Ministry of Finance, the bodies that are assigned this responsibility. These assets have not been reflected in these financial statements other than by way of this note.

10. ACCOUNTS PAYABLE:

	<u>2017</u> <u>₤</u>	<u>2016</u> <u>₤</u>
Contractors' retention	67,199,506	68,621,000
Contractors' levy	7,018,953	3,763,818
Contractors' claims	(14,149)	979,174
Project payable	<u>110,949,099</u>	<u>-</u>
Total financial liabilities	185,153,409	73,363,992
Other payables	<u>67,696,427</u>	<u>28,259,286</u>
Total accounts payable	<u>252,849,836</u>	<u>101,623,278</u>

BOARD OF DIRECTORS' COMPENSATION

NAME AND 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	176,750	N/A	N/A	N/A	176,750
Carey Peterkin - Director	149,000	N/A	N/A	N/A	149,000
Brian Bennett Easy- Director	165,250	N/A	N/A	N/A	165,250
Deveta McLaren - Director	62,500	N/A	N/A	N/A	62,500
Jason Smith - Director	67,550	N/A	N/A	N/A	67,550
Stephen Newland - Director	29,500	N/A	N/A	N/A	29,500
Robert Lawrence - Director	82,050	N/A	N/A	N/A	82,050
Mark Azan - Director	91,600	N/A	N/A	N/A	91,600
Omar Frith - Director	51,500	N/A	N/A	N/A	51,500

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.

11 Oxford Road
(Ground floor the Dorchester Building)
Kingston 5,
(Entrance on Norwood Avenue)
Jamaica, WI

Website: www.jsif.org
Email: feedback@jsif.org
Tel: (876) 968-4545
Toll Free: 1-888-991-2356/7
Fax: (876) 929-3784



@JSIFJA



@jsifja



/JSIFJA



/JSIFJA