

MINISTRY PAPER

#14/08

**JAMAICA SOCIAL INVESTMENT FUND
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007.**

INTRODUCTION

1. The matter for tabling in the Honourable Houses of Parliament is the Annual Report of the Jamaica Social Investment Fund for the year ended March 31, 2007.
2. The Jamaica Social Investment Fund Limited was established in 1996 under the Jamaican Companies Act as the vehicle used to carry out all the activities of the Jamaica Social Investment Fund (JSIF) Project. 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 and therefore the main aim of the Fund is facilitating poverty alleviation and eradication in Jamaica. The Company mobilises resources from the GOJ, donors, and lending agencies to finance sub-projects aimed at improving the social and economic infrastructure of lower income communities. JSIF's original life of four years was extended by six years since its inception, and consequent to the signing of a US\$29.30 million International Bank for Reconstruction and Development (IBRD) loan to fund the Inner City Basic Services Project (ICBSP), it was further extended to 2011. The GOJ will provide counterpart funding of approximately US\$3.5 million towards the project.
3. The Company receives funding, enters into contracts as well as pays expenses in respect of the Project and does not earn income or incur expenses on its own account. Accordingly, separate financial statements are prepared for JSIF (a project) and the Company (which implements the activities of the Project).

DISCLOSURES

Compensation of Senior Executives

4. Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act, (2001), details of the compensation packages for senior executives of the Fund are included in the Annual Report. For the period under review executive emoluments totalled J\$20.32 million, which showed a moderate growth of J\$1.21 million on the J\$19.11 million recorded in 2005/06. The increase was due mainly to salary increments, the employment of a finance manager as well as an overall rise in salary payments.

Auditors' Report on Project and The Company

5. Deloitte and Touche conducted an audit of the Company's accounting records in accordance with the International Standards on Auditing and provided an unqualified opinion. The Auditors reported that proper accounting records have been kept, and the Company's financial statements are in compliance with International Financial Reporting Standards and the provisions of the Jamaican Companies Act.

6. A qualified opinion was issued by the Auditors, however, on the Projects' financial records, noting that the value of community contributions were only partially accounted for in the financial statements. When projects are undertaken, there is a stipulation by donors that at least 25% of the value of the project should involve an element of community input. However, when assessments of projects completed or contracted for are done, it is oftentimes determined that the value of the community input is less than 25%. In spite of an initiative implemented in 2003 to have project supervisors submit certification of community contribution before a final payment is made, due to the intricacies involved, the level of community contributions as stipulated were sometimes not met. JSIF however continues to review the process with a view to meeting audit requirements.

THE PROJECT

Sources and Application of Funds

7. The financial statements of the Project, as required by international donor agencies, are recorded on a cash basis and expressed in United States dollars (US\$). A total of US\$11.02 million was received from donor agencies during the year, compared to \$11.85 million in 2005/06. The moderate reduction of US\$0.83 million in funds received was due primarily to a decline of US\$2.63 million in funds received under the EU Poverty Reduction Programme, which was partially offset by increased funding from GOJ.

8. A total of US\$12.91 million was utilised by the project during the year, of which US\$10.40 million or approximately 81% was disbursed to fund sub-project expenditure. This represented a decline in project funding of US\$0.61 million below the US\$11.01 million in 2005/06 and resulted mainly from a decrease in projects under the EU Poverty Reduction Programme (PRP). Administrative and operating expenses (including technical costs) amounted to US\$1.99 million, a marginal increase above US\$1.92 million incurred in 2005/06.

Project Highlights

9. Table 1 shows that since inception (1996) to March 31, 2007 JSIF approved a total of 997 sub-projects, valued at J\$5,280 million, of which 685 projects were completed at an estimated cost of J\$3,370 million, impacting approximately 1.3 million Jamaicans islandwide. During 2006/07, the Board approved 117 sub-projects, valued at J\$757.75 million of which 72 valued at J\$562.61 million were completed by the end of the period. Completion of these projects has created access to basic socio-economic infrastructure and strengthened the organisational capacity of approximately 62,500 beneficiaries.

