

**The Planning Institute of Jamaica**  
**FOUNDATIONS FOR COMPETITIVENESS AND GROWTH PROJECT**  
**Loan no. 8408-JM**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**  
**(Expressed in United States dollars)**



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**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project Loan no. 8408-JM**  
**Year ended March 31, 2017**

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1. The first part of the document is a list of names and their corresponding dates. The names are listed in a column on the left, and the dates are listed in a column on the right. The names are: John Doe, Jane Smith, and Bob Johnson. The dates are: 1/1/2020, 2/1/2020, and 3/1/2020.



ANY REPLY OR SUBSEQUENT REFERENCE  
TO THIS COMMUNICATION SHOULD BE  
ADDRESSED TO THE AUDITOR GENERAL  
AND **NOT TO ANY OFFICER BY NAME**  
AND THE FOLLOWING REFERENCE  
QUOTED:-

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40 KNUTSFORD BOULEVARD  
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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Planning Institute of Jamaica**

**LOAN No. 8408-IM**

**Name of Project - FOUNDATIONS FOR COMPETITIVENESS AND GROWTH PROJECT**

**Period ending March 31, 2017**

### **Opinion**

I have audited the accompanying Financial Statements of the Foundations for Competitiveness and Growth Project, set out on pages 9 to 13, which comprise the Statement of Sources and Uses of Funds, as at March 31, 2017, Statement of Cumulative Investments by Categories and Designated Account Reconciliation Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the appended Statements 1-2 and Supplementary Financial Information reflects a fair presentation of the transactions of the Project for the period under review and the transactions conformed to the terms of the Grant Agreement and complied with the International Public Sector Accounting Standards (IPSAS) Cash Basis.

### **Basis for Opinion**

The audit of the Project was conducted in accordance with:

- Article III Section 3.01 – Project of standard conditions for Agreement between the Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development (IBRD) dated September 3, 2014.
- International Standards of Supreme Audit Institutions (ISSAIs).

My responsibilities under ISSAIs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Project 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. I believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to report for the period.

### **Management's Responsibility for the Financial Statements**

The executing agency, the Planning Institute of Jamaica (PIOJ), is responsible for the preparation and fair presentation of these financial statements, in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. This responsibility includes: designing, implementing and maintaining internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether, due to fraud or error; selecting and applying appropriate accounting policies that are reasonable in the circumstances. The Planning Institute of Jamaica is also required to present audited financial statements to the IBRD.

The attached financial statements and supplementary financial information which are described hereunder were submitted to me by the Project Execution Unit (PEU) to reflect the transactions of the Project for the period April 1, 2016 to March 31, 2017.

Statement 1	Statement of Sources and Uses of Funds
Statement 2	Statement of Cumulative Investments by Categories Designated Account Reconciliation Notes to the Financial Statements

### **Auditor's Responsibility for the audit of the Financial Statements**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements; plan and perform the audit 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit.

I 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 my 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used 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 Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project 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 presents a true and fair view.

I have communicated with the Planning Institute of Jamaica regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that was identified during the audit.

#### **REPORT ON ADDITIONAL REQUIREMENTS OF THE LOAN AGREEMENT NO. 8408-JM**

##### **COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND FINANCIAL CLAUSES OF THE LOAN AGREEMENT**

During the period under review, I examined compliance by the PEU of the Executing Agency with the applicable laws and regulations related to the Project's financial activities and with the accounting/financial/ management clauses of the Loan Agreement No. 8408-JM. There was general compliance with the following articles contained in the Loan Agreement mentioned:

Article I	-	Section 1.01 - 1.02: General Conditions; Definitions
Article II	-	Section 2.01- 2.07: Loan
Article III	-	Section 3.01 - 3.02: Project
Article IV	-	Section 4.01 - 4.02: Remedies of the Bank
Article V	-	Section 5.01- 5.03: Effectiveness, Termination
Article VI	-	Section 6.01 - 6.03: Recipient's Representative; Addresses

**OPINION – GENERAL**

In my opinion, the Project Execution Unit maintained an adequate accounting system based on separate and clearly identifiable accounts which enabled the recording, monitoring and reporting of the operations and costs under the project in accordance with satisfactory accounting/financial/management practices and standards as required by the Loan Agreement.

**AUDIT OF THE DESIGNATED BANK ACCOUNT**

I have examined the appended Designated Account Reconciliation Statement, reflecting the movement in the Designated Bank Account for the period ended March 31, 2017. The Designated Bank Account No. 810134 is maintained in United States Dollars in the name of the Ministry of Finance and Planning. My examination was made in accordance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and accordingly included such tests of the accounting records and other procedures I considered necessary.

**OPINION – DESIGNATED BANK ACCOUNT**

In my opinion, the Designated Account Reconciliation Statement reflects the total amount advanced to the Designated Account as at March 31, 2017 and has reconciled to the outstanding (undocumented) amount advanced to the account as at March 31, 2017 in conformity with IPSAS Cash Basis and IBRD guidelines.

  
.....  
Auditor General of Jamaica

2017.03.29.....  
Date



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**LOAN AGREEMENT No. 8408-JM**  
**Foundations for Competitiveness and Growth Project**  
**Period ending March 31, 2017**

**AUDIT OF STATEMENTS OF EXPENDITURE (SOE) PROCEDURES**

In the course of the Audit of the Foundations for Competitiveness and Growth Project for the period ended March 31, 2017, I examined the following statements of expenditure submitted to the IBRD during the financial year under review in support of applications for advance of funds from the Loan Account in accordance with the Loan Agreement:

Disbursement Number	Date of Disbursement Request	US\$
FCGP WA7	June 03, 2016	279,171
FCGP WA6	August 29, 2016	1,514,619
FCGP WA8	December 22, 2016	2,107,022
<b>Total</b>		<b>3,900,812</b>

The examination was done in accordance with generally accepted auditing standards and procedures prescribed by INTOSAI and accordingly, included such tests as the verification of the internal control systems and of the accounting records, tests of the origin and eligibility of expenditures, certification and procurement procedures for goods and services, filing of supporting documents and such other auditing procedures as I considered necessary in the circumstances.

**Opinion**

In my opinion, the statements of expenditure and the annexes submitted in support of them, together with the internal controls procedures used in their preparation can be relied upon to support the applications for advance in conforming to the requirements of the Loan Agreement.

  
.....  
Auditor General of Jamaica

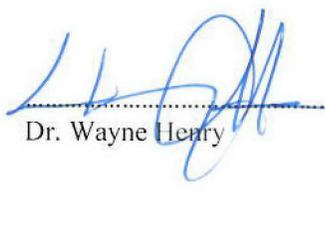
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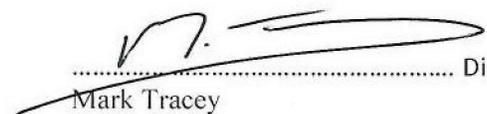
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project Loan no. 8408-JM**  
**Statement of Sources and Uses of Funds**  
**Year ending March 31, 2017**

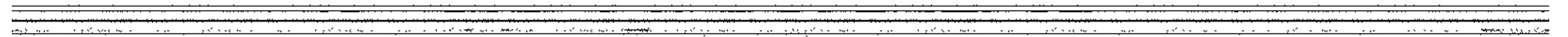
	Notes	April 1, 2016 to March 31, 2017 US\$	CUMULATIVE to March 31, 2017 US\$	CUMULATIVE to March 31, 2016 (Restated) US\$
<b>SOURCES OF FUNDS</b>				
<b>World Bank</b>				
Designated Account	5	3,621,641.00	11,157,585.00	7,535,944.00
Direct Payment	5	279,171.00	279,171.00	0.00
Front End Fees		0.00	125,000.00	125,000.00
Interest earned	10	1,225.49	2,695.08	1,469.59
<b>Total Receipts (A)</b>		<b>3,902,037.49</b>	<b>11,564,451.08</b>	<b>7,662,413.59</b>
<b>USE OF FUNDS</b>				
Component 1 - Enhancing Competition in the Business Environment		52,904.46	345,099.14	292,194.68
Component 2 - Facilitating Large Scale Private Investments		440,404.59	671,345.98	230,941.39
Component 3 - Supporting Small and Medium Enterprises (SME) Capabilities and Finance		6,574,598.44	7,560,384.81	985,786.37
Component 4 - Project Implementation and Monitoring		480,990.43	1,043,573.11	562,582.68
Front End Fees		0.00	125,000.00	125,000.00
<b>Total Expenditures (B)</b>	7	<b>7,548,897.92</b>	<b>9,745,403.04</b>	<b>2,196,505.12</b>
<b>RECEIPTS LESS EXPENDITURES</b>				
Net Change in Cash (A - B)		(3,646,860.43)	1,819,048.04	5,465,908.47
Foreign Exchange adjustment-gain/(loss)		53,809.83	(6,602.42)	(60,412.25)
		<b>(3,593,050.60)</b>	<b>1,812,445.62</b>	<b>5,405,496.22</b>
<b>Opening Cash Balances</b>				
Designated Account		410,799.07	0.00	0.00
Project Accounts		4,994,697.15	0.00	0.00
<b>Total Opening Balance</b>	8	<b>5,405,496.22</b>	<b>0.00</b>	<b>0.00</b>
<b>Closing Cash Balances</b>				
Designated Account		961,683.56	961,683.56	410,799.07
Project Accounts		850,762.06	850,762.06	4,994,697.15
<b>Total Closing Balance</b>	8	<b>1,812,445.62</b>	<b>1,812,445.62</b>	<b>5,405,496.22</b>

Approved for issue on behalf of Project on Sept. 22, 2017 and signed on its behalf by:

  
 ..... Director  
 Dr. Wayne Henry

  
 ..... Director  
 Mark Tracey

The accompanying notes pages 9 to 13 form an integral part of the statements.



**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project Loan no. 8408-JM**  
**Statement of Cumulative Investments by Categories**  
**Year ended March 31, 2017**

No.	Categories	CURRENT YEAR ACTUAL US\$	CURRENT YEAR CUMULATIVE US\$	PRIO R YEAR CUMULATIVE (Restated) US\$
1	Goods, non-consulting services, training and consultants services for Components 1 and 2B (i)	66,276.79	476,451.78	410,174.99
2 a)	Goods, non-consulting services, training and consultants services for Components 2A, 2B (ii) and 2B (iii) and 3 excl. SME sub-loans and matching grants	458,443.07	579,725.27	121,282.20
2 b)	SME sub-loans	6,287,028.02	7,236,242.43	949,214.41
2 c)	SME matching grants	2,819.00	2,819.00	0.00
3	Goods, non-consulting services, training and consultants services for Components 2B (iv) and 4 and operating costs for all components	734,331.04	1,325,164.56	590,833.52
4	Front end fees	0.00	125,000.00	125,000.00
<b>TOTAL</b>		<b>7,548,897.92</b>	<b>9,745,403.04</b>	<b>2,196,505.12</b>

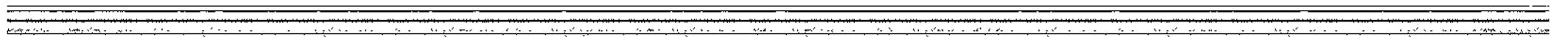
The accompanying notes pages 9 to 13 form an integral part of the statements.



**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project Loan no. 8408-JM**  
**Designated Account Reconciliation Statement**  
**Year ended March 31, 2017**

	US\$
1 Total Advanced by The World bank	11,157,585.00
2 Less: Eligible expenditure for the current year ended MARCH 31, 2017 documented by world bank	(7,269,726.92)
Less: Cumulative eligible expenditure for the prior periods ended MARCH 31, 2017 documented by world bank	(2,071,505.12)
<b>3 PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)</b>	<b>1,816,352.96</b>
4 Balance of Designated Account per Bank Reconciliation Statement at March 31, 2017	961,683.56
Balance of other project Accounts per Bank Reconciliation Statement at March 31, 2017	850,762.06
5 LESS: Interest Earned Credited to Account	(2,695.08)
6 Total Advance Accounted for (No. 4 through No. 5)	1,809,750.54
7 <b>Difference (3 - 6)</b>	<b>6,602.42</b>
8 Explanation of difference shown in Line 7	

The difference represents the cumulative foreign exchanges



NOTES TO THE FINANCIAL STATEMENTS



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**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project**  
**Notes to the Financial Statements**  
**Expressed in USD**

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**1. IDENTIFICATION**

**General background**

On September 3, 2014, the Government of Jamaica signed a loan agreement with The World Bank to secure funding of US\$50M for the Foundations for Competitiveness and Growth Project (the Project). The closing date of the loan is June 30, 2020.

**Implementing organisations**

The Project is being implemented by the Planning Institute of Jamaica (PIOJ) in conjunction with lead coordinating agencies Jamaica Promotions Corporation (JAMPRO) and the Development Bank of Jamaica (DBJ).

**2. OVERVIEW**

The Project Development Objective (PDO) is to strengthen the business environment in Jamaica for private sector investment.

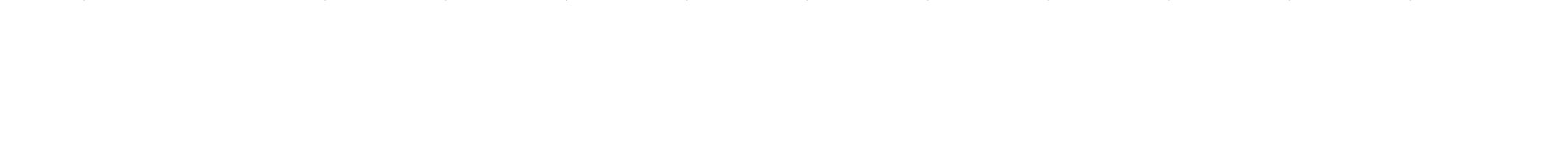
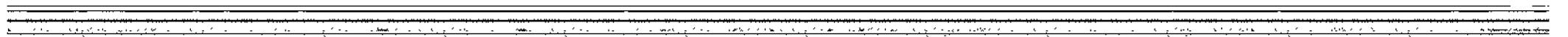
The primary project beneficiaries will be private firms operating in Jamaica. Both existing and new firms will benefit from streamlined business regulations that save costs and decrease incentives for rent-seeking. Large foreign and domestic investors will benefit from appropriate preparation for Public-Private Partnerships (PPPs), divestments, and other strategic investments that help bring deals to market. Small and Medium-sized Enterprises (SMEs) benefiting from skills training, supply chain linkages, and financing will be able to increase private investment in knowledge and physical capital, thereby raising productivity, sales, and jobs, including by linking with new large foreign and domestic investors supported by the project. Impacts on these beneficiaries will be closely tracked through project indicators and Monitoring and Evaluation (M&E).

The program is structured in four components

**PROJECT COMPONENTS**

Funding is allocated to three primary components and an oversight component as follows:

- 1. Enhancing competition in the business environment** - The component will provide technical assistance (TA) and implementation support to address critical business regulatory and procedural issues that constrain firm entry, operation and expansion, competition, and trade and logistics. JAMPRO will be the LCA for this component.
- 2. Facilitating strategic private investments** - This component will finance feasibility and other related studies and TA to enable the government to prepare for and close investment transactions with private sector participation in a way that enables transformational growth impacts. DBJ will be the LCA for this component.



**The Planning Institute of Jamaica  
Foundation for Competitiveness and Growth Project  
Notes to the Financial Statements  
Expressed in USD**

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**PROJECT COMPONENTS (Cont'd)**

3. **Strengthening SMEs' (Small and Medium Enterprises) capabilities and Financing SMEs' investments-** This component will fund a combination of supply chain learning, skills upgrading, and finance for SMEs. DBJ will be the lead coordinating agency. This component has two sub-components which are component 3A – co-financing anchored firms' supply chains through a matching grant program and Component 3B- an on-lending facility through the Approved Financial institutions to Small and medium entities in order to support competitiveness and growth within the Private sector.
  
4. **Project and Implementation and Monitoring and Evaluation-** This component will finance the costs of project implementation arrangements through Component 4A, led by PIOJ as the Implementing Agency. Component 4B will finance technical Assistance for communications and productivity evaluation support, in collaboration with the Statistical Institute of Jamaica (STATIN) and the Jamaica Productivity Center (JPC).

**MANAGEMENT REPORT**

The Annual Report is submitted by management for the Foundations for Competitiveness and Growth Project for the year ended March 31, 2017.

**AUDITING OF THE PROJECT**

The Project is currently audited by the Auditor General's Department.

The Auditors,  
Auditor General's Department,  
40 Knutsford Boulevard,  
Kingston 5,  
Jamaica.



**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project**  
**Notes to the Financial Statements**  
**Expressed in USD**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

I) Basis of Preparation

The Project Accounting Unit (PAU) uses the cash basis of accounting to account for the project's transactions and these financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. Under this basis, income is recognized when funds are received rather than when earned and expenses are recognized when payment is made rather than when obligations are incurred. Since the main objective of these financial statements is to disclose the sources and uses of funds, it is not necessary to present information adjusted for inflation.

II) Recording of Transactions

Transactions are entered in local currency. However, transactions are converted into the United States of America currency for preparation of the financial statements. Receipt and expenditure in local currency are translated into US dollars, by applying the exchange rate at which the funds were transferred from the Designated Account.

III) Fluctuation rate and fees

All fees and charges for un-disbursed loan funds, as well as losses due to exchange rate fluctuations are not considered eligible project costs and are absorbed by the Government of Jamaica.

IV) Equipment and other fixed assets

Equipment and other fixed assets procured with project resources are recorded at their acquisition cost at the date of purchase. Depreciation is not charged on these assets and is also not reflected in these financial statements.

V) Exchange Rate for the period

Expenses paid from the Jamaican dollar project accounts held with First Caribbean International Bank Limited and National Commercial Bank Jamaica Limited, were converted by applying the exchange rate at which the funds were transferred from the Designated Bank account to the local Administrative bank accounts.



**The Planning Institute of Jamaica  
Foundation for Competitiveness and Growth Project  
Notes to the Financial Statements  
Expressed in USD**

**5. DISBURSEMENT REQUEST**

<b>Disbursement Request Date</b>	<b>Disbursement Number</b>	<b>Amount US\$</b>
June 03, 2016	FCGP WA7	279,171
August 29, 2016	FCGP WA6	1,514,619
December 22, 2016	FCGP WA8	2,107,022
<b>Total</b>		<b>3,900,812</b>

This represents the total advance issued by the IBRD for the year ended March 31, 2017.

**6. SOURCE OF FUNDS**

The amount of **US\$3.901 million (cumulatively US\$11.561 million)** was received from the World Bank for the period reviewed.

**7. USE OF GRANT FUNDING**

Total funds invested during the period amounts to approximately **US\$7.549 million (cumulatively US\$9.745 million)**.

**8. CASH AVAILABILITY**

The cash available as at March 31, 2017, as expressed in US dollars is:

<b>Bank Accounts</b>	<b>March 31, 2017 US\$</b>	<b>March 31, 2016 US\$</b>
Designated Account #810134	961,683.56	410,799.07
Project Account PIOJ FCIB#1002-174-602	59,245.86	72,985.46
Project Account DBJ NCB#2111-18059	640,293.77	4,921,711.69
Project Account JBF FCIB#1002-207-634	151,222.43	-
<b>Available cash balance</b>	<b>1,812,445.62</b>	<b>5,405,496.22</b>

The Designated account is used to hold deposits of amounts drawn from the Loan account for the purpose of making payments for eligible expenses relating to the Project.



**The Planning Institute of Jamaica**  
**Foundation for Competitiveness and Growth Project**  
**Notes to the Financial Statements**  
**Expressed in USD**

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**9. FIXED ASSETS**

	<b>Computer</b>	<b>Furniture, Fixtures &amp; Equipment</b>	<b>Total</b>
Cost			
Balance at 1 <sup>st</sup> April 2016	111,948.23	14,783.98	126,732.21
Additions	-	556.36	556.36
Balance at 31 <sup>st</sup> March 2017	111,948.23	15,340.34	127,288.57

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**10. INTEREST EARNED**

The interest earned on the funds deposited in the Designated Bank account are paid over to the Consolidated Fund; while the interest earned on the Operations Account is retained in the Account.

