

**PLANNING INSTITUTE OF JAMAICA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

1.0 INTRODUCTION

1.1 The matter for tabling in the Honourable House of Representatives is the Annual Report of the Planning Institute of Jamaica (PIOJ) for the year ended December 31, 2013.

1.2 PIOJ was established on April 9, 1984 as a corporate body under the Planning Institute of Jamaica Act. The Institute is mandated to initiate and co-ordinate plans for the economic, financial and social development of Jamaica. PIOJ is also focuses on the transformation of Jamaica under Vision 2030 through strategies such as monitoring, forecasting and reporting on the economy against targeted objectives.

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 Ernst and Young (EY), independent auditors of the PIOJ conducted its examination of the entity's financial statements as at December 31, 2013 and gave their unqualified opinion. EY indicated that the audit was conducted in accordance with the International Standards on Auditing. The Auditors also informed that the financial statements accord with International Financial Reporting Standards and give a true and fair view of the financial position as at December 31, 2013 and of the financial performance and cash flows of the Institute for the year.

2.2 Compensation for Senior Executives

2.2.1 Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act (Amendment 2011), details of the compensation packages for the Institute's nine¹ (9) senior executive directors are included in the Annual Report. Total remuneration amounted to \$51.10 million and accounted for 15.16% of total staff costs. Directors were paid \$0.34 million for board and committee fees.

3.0 OPERATIONAL REVIEW

3.1 During 2013, PIOJ continued to pursue its mandate of monitoring and evaluating Jamaica's macroeconomic and sectoral performance and providing timely and relevant advice to the Government of Jamaica (GOJ). The Institute also managed a combined portfolio of approximately US\$3.1 billion (J\$312.4 billion) in loans grants and technical assistance from International Development Partners (IDP). These included the European Union and the Inter-American Development Bank. Of note, Government's signing of a 4-year Extended Fund Facility with the International Monetary Fund, coupled with Cabinet's approval of the government's Public Financial Management Reform Action Plan, resulted in the resumption of budget support

¹ A Director General demitted office in January 2013 and a new one appointed in April 2013.

of approximately \$30.2 billion from IDPs. Specific activities/achievements are highlighted in Table 1.

Table 1: Major Undertakings During 2013

Economic Policy and Planning	PIOJ performed a pivotal role in the negotiations with the International Monetary Fund, which continued to the first quarter of 2013. The Director General Secretariat of PIOJ prepared the growth strategy aspect of the Memorandum of Economic and Financial Policies. PIOJ, as custodians of the growth aspect of the 4-year programme with the IMF, worked with a team to identify and rank strategic projects based on alignment to the growth strategy.
Social Policy and Planning	The Institute completed a comprehensive report on Jamaica's progress towards achieving the Millennium Development Goals. This will assist Jamaica to identify areas of focus relating to the goals. PIOJ also hosted the 6 th annual Labour-Market Forum which focussed on reshaping Jamaica's labour market to foster economic growth and development. It is also of note that the work of the Social Policy Planning Division is expected to be enhanced with the establishment of a Poverty Reduction Coordinating Unit in mid-December.
National Development Plan	Vision 2030 requires a new Medium Term Socio- Economic Framework (MTF) every 3 years. PIOJ led the process for the development and completion of the 2012/13 to 2014/15 MTF. This was approved by Cabinet in April 2013.
Bilateral Cooperation	The Institute managed a portfolio of projects totalling US\$1.2 billion, as well as coordinated and monitored programmes with 18 countries. PIOJ also continued negotiations for loans, grants and technical assistance. The following were achieved: <ul style="list-style-type: none"> • C\$20 million pledge from Canada (safety and security in volatile areas), • £10 million from the United Kingdom (same programme) and • US\$4.6 million from Japan (disaster preparedness - over 4 years). It is of note that four agreements for funding totalling US\$316.5 million were signed by the Prime Minister with the Chinese Government.
Multilateral Financing	The Institute adopted strategies to expedite the 82 projects under this portfolio which totalled US\$989.4 million (\$99.7 billion). Further, PIOJ facilitated and participated in the negotiations of five loans totalling US\$273.4 million. The Caribbean Development Bank advised the government of its intention to provide US\$33.8 million under its Country Assistance Strategy and discussions were held regarding the possible areas of focus.

4.0 FINANCIAL HIGHLIGHTS

4.1 Income and Expenditure

4.1.1 Table 2 shows that revenues grew by \$18.27 million to \$458.40 million, while costs rose by \$21.73 million to \$436.10 million. Accordingly, PIOJ recorded a net surplus of \$22.30 million, but this was \$3.43 million below that for 2012. Government subvention was the greatest contributor to PIOJ's total income (usually over 90%) and showed a significant increase of \$19.20 million as additional provisions were made for higher levels of expenses.

4.1.2 The additional expenses were attributable chiefly to staff costs, foreign travel and property costs, as well as receivables deemed irrecoverable. These grew by \$17.01 million, \$6.75 million, \$4.52 million and \$7.30 million respectively. Staff costs rose due to the payment in August 2013 of the special allowance based on stipulations in the Heads of Agreement with the Trade Unions. In addition, vacant positions were filled, while gratuity and outstanding

seniority allowance were paid. With respect to foreign travel, the higher cost reflected the increased number of IMF missions to participate in negotiations. The impact of the aforementioned expenses declined as depreciation fell by \$15.78 million to \$14.59 million; PIOJ extended the useful life for furniture, fixture and equipment.

Table 2 (\$M) Income and Expenditure Statement

	2012	2013	2014	2015
Income				
Government Subvention	421.23	402.03	19.20	4.78
Interest Income	2.68	4.82	-2.14	-44.40
Other Income	34.5	33.29	1.21	3.63
Expenses				
Staff Costs	337.16	320.16	-17.01	-5.31
Property expenses	51.28	44.52	-6.75	-15.16
Consultancy/Prof. Fees	3.56	2.18	-1.38	-63.31
Depreciation	14.59	30.37	15.78	51.96
Other operating expenses	29.51	17.13	-12.378	-72.24


4.2 Balance Sheet and Cash Flow Highlights

4.2.1 The Institute's operations were both solvent and liquid at December 31, 2013. Notably, solvency levels have grown over the past three years. Meanwhile, liquidity excesses were maintained at \$64 million in both 2012 and 2013, notwithstanding a decline of \$37.86 million in cash and bank balances. The reduction was countered chiefly by increased receivables/prepayments (by \$8.31 million), as well as decline of \$32.38 million in amounts owing to projects and for other payables.

4.2.2 In view of payments towards settling project and other outstanding obligations, cash flows from operations showed a shortfall of \$25.99 million (2012: -\$0.37 million). This, along with outflows for acquisition of fixed assets and staff loans was the major contributor to the lower cash levels at December 2013.

5.0 CONCLUSION

5.1 PIOJ remained committed to providing sound policy advice to the GOJ on social, economic and environmental issues, with a view to achieving national sustainable development. PIOJ monitored the social sector, conducted research monitoring and evaluated the macroeconomic and sectoral performance against the background of difficult economic conditions and the Government's efforts to satisfy the conditionalities of the IMF.


 Peter D. Phillips PhD, M.P.
 Minister of Finance and Planning
 November 14th 2014