



MISSION STATEMENT

The Planning Institute of Jamaica is committed to leading the process of policy formulation on economic and social issues and external cooperation management to achieve sustainable development for the people of Jamaica.

VISION

To be proactive in the provision of strategic and innovative policy and programmatic responses to emerging issues at the national and organizational levels in pursuit of SUSTAINABLE DEVELOPMENT.

Planning Institute of Jamaica



Annual Report 2009





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Members of the *Board of Directors*



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January– September



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October– December



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Mr Colin Steele



Professor Alvin Wint



Director General's Statement



Daunting challenges confronted the Government of Jamaica during the year 2009, and the PIOJ was called upon to assist in navigating an appropriate way forward. The Institute discharged its mandate in providing timely evidence-based social and economic policy advice in relation to the local impact of the global financial and economic crises. Assistance was also provided to advance the government's wide-ranging reform agenda and there was careful alignment of new funding arrangements with defined national strategic objectives. A major feature of the work done involved the execution of the agency's coordinating role in matters such as institutional readiness for the implementation of the National Development Plan – Vision 2030 Jamaica, project development, and report preparation. Thus, there was intensive interaction with Ministries, Departments and Agencies (MDAs) and other public sector bodies. In addition, outreach across Jamaica to communities, the private sector and civil society figured greatly in activities throughout the year.

Specifically, major areas of focus for the organization included: close monitoring, forecasting and reporting on the Jamaican economy; ensuring the successful implementation of the government's commitments associated with the release of funds under official development assistance; advancing the modernization thrust of the civil registration and vital statistics system; and improving national capacity for disaster risk management and climate change adaptation.

MILESTONES/ACHIEVEMENTS

There were many achievements of note as a result of the work accomplished. The country's first long-term strategic plan, *Vision 2030 Jamaica – National Development Plan* and the accompanying document for the first three years of implementation *Medium Term Socio-Economic Policy Framework* (MTF) 2009–2012 were published. These were tabled in Parliament on May 5, 2009 by the Honourable Prime Minister. Thereafter, the Institute embarked on the wide range of activities necessary

The Institute discharged its mandate in providing timely evidence-based social and economic policy advice in relation to the local impact of the global financial and economic crises

for implementation, monitoring and evaluation of the Plan through MDAs as well as other sectors of the society.

In response to the threats posed by the challenges of natural disasters and climate change, emphasis was placed on spearheading initiatives to enhance Jamaica's coping capacity in these areas. For example, the PIOJ co-hosted a Regional Expert Meeting on Disaster Risk Reduction in the Education Sector with UNECLAC and implemented the Risk and Vulnerability Assessment Methodology Development (RiVAMP)¹ pilot in partnership with the United Nations Environment Programme (UNEP). A project proposal was also prepared and approval obtained from the EU for the Climate Change Adaptation and Disaster Risk Reduction Project to increase resilience and reduce risks associated with natural hazards in vulnerable geographic areas; this will be implemented in association with a number of environment related agencies. Additionally, there was participation in the First Meeting of Pilot Countries under the Pilot Programme for Climate Resilience (PPCR), and the Caribbean Regional Pilot Programme for Climate Resilience. This led to the convening of a national steering committee for the PPCR and commencement of preparatory activities for Jamaica's inclusion in the PPCR.

The advice offered by the PIOJ, primarily in relation to the economy, was enhanced through strengthening our analytic capacity via the use of sophisticated quantitative models. For example, the Institute developed a CGE Model to analyse the impact of tax reform; a Debt Dynamics Model to assess fiscal and mon-

¹ RiVAMP was implemented in two communities in Negril and will be replicated in other Small Island Developing States.



etary impact; and embarked on the development of a Pension Reform Simulation Toolkit (PROST) with technical inputs from the World Bank to inform the current ongoing thrust for reform of the civil service pension scheme.

In response to the high levels of violence/homicide, the PIOJ collaborated with the UNDP and the Ministry of National Security to conduct a comprehensive review and evaluation of ongoing and recent community security initiatives. The aim was to identify best practices for addressing this issue and thereby inform and streamline future strategic action by the government. Another area critical to sustainable national development in which there was notable contribution was the energy sector. Here the organization assisted in the development of a number of projects towards energy efficiency, conservation and diversification of the energy mix, and in the revision and completion of the Energy Policy.

Outreach to the Jamaican society continued to be a major feature of our activities. The focus this year was on the economy through the sixth staging of the Dialogue for Development Series: the lecture, by distinguished Lecturer, Professor Paul Romer, Senior Economist, Stanford International University, examined the issue of "Growth in the Post Commodity Production Era in Jamaica," and was followed by the organization's first business seminar entitled "How Can the Domestic Financial and Capital Markets Enable Jamaica's Transformation?" Another area of focus for outreach was the issue of parenting with several workshops held islandwide designed to publicise the findings of three studies conducted under the aegis of the Institute. Finally, approximately 2 500 printed and electronic versions of *Vision 2030* and the *MTF* were distributed with presentations made to public and private sector entities across the island.

The PIOJ successfully discharged government's responsibility for the preparation of two major National Reports to the United Nations. These were the Voluntary National Report on Meeting Internationally Agreed Development Goals which was presented to the Annual Ministerial Review of ECOSOC by the Minister of Health in July, and the national response to the 10th United Nations Inquiry Among Governments on Population and Development. Collaboration also took place with the Child Development Agency to ensure the drafting and completion of the required Report to the UN Convention on the Rights of the Child.

As the government's interlocutor with International Development Partners, the PIOJ was instrumental in securing new assistance amounting to US\$1.2 billion in 2009. These largely involved loans from the People's Republic of China and multilateral financial institutions (MFIs), with the majority of funds going directly to the productive sectors and economic infrastructure, and smaller allocations to the administrative sector and social infrastructure.

Critical inputs were made to national planning processes through two projects for which funding was secured during the year. This involved a grant from the Caribbean Development Bank for the development of the National Spatial Plan and similarly from the Inter-American Development Bank for the Civil Registration and Vital Statistics Modernization Programme. The latter is being executed and coordinated by the PIOJ and represents the first phase of a proposed major investment project to modernize the CRVS System.

Studies commissioned or conducted by the Institute spanned a broad range of issues of importance to national development. Four were completed and published, viz, three studies on parenting. *Parenting in Jamaica; The Changing Roles of Fathers in Jamaican Family Life; and Parental Involvement in Education in Jamaica*; and one on poverty mapping that contains two sets of poverty maps launched in November 2008 – "Mapping Poverty Indicators, Consumption and Basic Needs in Jamaica, 2001/2002". Other studies undertaken and completed were "Child Poverty and Disparities in Jamaica" as part of a Global Study; and "Children in Jamaica: the Impact of Migration and Remittances". The annual flagship publication, the *Economic and Social Survey Jamaica* was produced as well as the quarterly *Economic Update & Outlook*.

The year 2009 demanded more of a creative, proactive and aggressive approach in the use of the Institute's resources. Significant effort was directed at cost saving initiatives aimed at building staff awareness of energy saving and conservation measures. Notwithstanding, several initiatives were undertaken to ensure the effective and efficient running of the Institute. These included the development and implementation of a number of systems, including: an Electronic External Cooperation Management System; a Human Resource Management system; a Facilities Management System to assist in the management of the organization's property; and a Call Accounting System which also helped to reduce telecommunication costs.





PLANNING INSTITUTE OF JAMAICA

ANNUAL REPORT 09

Directors of the Planning Institute of Jamaica



Miss Barbara Scott
Director, External Cooperation
Management



Dr Peter John Gordon
Director, Economic Planning
and Research
January–April



Dr Christine Clarke
Director, Economic Planning
and Research
September–December



Dr Pauline Knight
Director, Social Policy, Planning
and Research
January–September



Mr Easton Williams
Director (Acting), Social Policy,
Planning and Research
October–December



Miss Claire Bernard
Director, Sustainable
Development and Regional
Planning



Mr Kirk Philips
Director, Corporate Services



Mrs Marcia Blake-Hall
Director (Acting), Corporate
Affairs, Marketing and
Communication





Director General's Secretariat

The Director General, as head of the Planning Institute, continued to discharge responsibility for the overall strategic, technical and managerial leadership of the PIOJ. This was pursued through the Committee of Management meetings which are intended to provide a forum for Directors to address the internal and external operational issues as well as strategic concerns affecting the Institute in order to ensure that the quality of the outputs and impact of the Institute are high and are delivered in a timely and efficient manner.

As Chairman of the Board, the Director General also provided oversight for the organization's governance and operational processes. The annual Strategic Retreat, led by the Director General, provided an important opportunity for the management team to critically review the historical operations of the Institute against the needs of our stakeholders. The Retreat gave rise to the development of a Medium Term Growth Strategy; a document articulating the strategic role of the PIOJ and its contribution to the decision-making processes within the GOJ; and finally a strategy paper for consideration by the Public Sector Transformation Unit (PSTU) in the context of the resource needs for implementation of Vision 2030 Jamaica.

At the national level, the Director General provided policy advice to the GOJ through several high-level committees and Boards, and other stakeholders in order to ensure that decision making is informed by the integrated, sustainable, long-term developmental agenda. This policy advice is based on the support of the Divisions internal to the PIOJ as well as external data suppliers. As part of the commitment to maintain adequate information flows to the public, the Director General continued to present the quarterly out-turn of the Jamaican economy within six weeks of the end of the quarter. The Cabinet was also briefed on the economic out-turn for 2008 and the forecast for 2009. In addition, this usual briefing was augmented with a

presentation of the priority areas of focus as prescribed in *Vision 2030 Jamaica – National Development Plan* and was intended to guide resource allocation during the fiscal year.

The Director General also represented the Institute in negotiations with the multilateral partners and worked closely with them to ensure that projects were consistent with the country's priority areas. The Director General represented the country at an exploratory mission to the International Monetary Fund and as Alternate Governor at the annual IDB, Caribbean Development Bank and World Bank Meetings.

The work of the Director General was ably supported by a Secretariat with administrative and technical support in the execution of these responsibilities.



Dr. Pauline Knight (left), Director General (Actg), PIOJ exchanges pleasantries with the Indian High Commissioner Mohinder Singh Grover (right) during the Institute's business seminar. Sharing in the moment is Director, Corporate Services, Mr. Kirk Philips. The event was held on November 25, 2009 and was a sequel to the Dialogue for Development Lecture 2009.



Policy and Planning

One of the major functions of the Planning Institute of Jamaica is to coordinate and initiate the development of policies, plans and programmes for the economic, social and sustainable development of Jamaica. The Institute accomplishes this task through its technical divisions: Economic Planning & Research; Social Policy, Planning & Research; External Cooperation Management; Sustainable Development & Regional Planning; and the Plan Development Unit.

The Institute continued to discharge its responsibilities by:

- a) monitoring the social sector through the formulation of national policies and programmes;
- b) providing technical advice for the development of sectoral policies and programmes;
- c) conducting research;
- d) monitoring and evaluating macroeconomic and sectoral performances, and trade related issues; and
- e) providing timely and appropriate advice to the government.

ECONOMIC AND SECTORAL POLICY AND PLANNING

During the year, the analytical capacity of the Economic Planning & Research Division (EPRD) was strengthened with the development of a CGE model to analyse the impact of the tax reform. The Office of the Prime Minister received support in relation to the impact of the global crisis. In particular, analysis was presented with respect to the impact on the Bauxite/ Alumina industry and medium-term growth scenarios. In the area of international trade and affairs, a brief was prepared for the Prime Minister on priority issues for discussion at CARICOM Heads meeting with President Obama. A historical analysis of saving trends provided an alternative perspective on the investment-growth paradigm in Jamaica. A paper reviewing the performance of the economy during 2008 and projections

for 2009 were also prepared, tabled and presented at the 2009 Cabinet Retreat.

A major area of focus was increased monitoring and reporting to support the weekly Post Cabinet/Crisis Monitoring Committee which analyses the impact of the global financial and economic crisis on the Jamaican economy to facilitate status updates to the Prime Minister. This monitoring also assisted the organization's capacity to update various stakeholders and the broader society on the impact of the global economic crisis on the domestic economy.

Consistent with the PIOJ's mandate, a review was also done on a draft Cabinet submission on proposed fare increases for route taxis, hackney and stage carriages. A response was provided to requests from the Ministry of Agriculture for an assessment of the potential inflationary impact of a proposed duty increase on select crops. In addition, a brief examining the proposed increase in import duties on selected agricultural commodities on the Tourism Industry was completed.

Technical advice was given to the Minister of Finance in relation to the state of the economy at the Memorandum Of Understanding Consultative Committee. In the context of the crisis, the areas of particular concern to the Committee were the economic growth rate, rate of inflation, fiscal out-turn, and labour market indicators.

The activities of the Social Partnership intensified during the year with the establishment of Working Groups to identify the priority areas in Education and Training, Rule of Law, Fiscal and Monetary Performance, Trust among Partners, and Job Creation that the partners committed to focusing on for the duration of the agreement. The areas identified were validated by the Partners and the relevant MDAs. It is expected that the Agreement should be signed during 2010.



The Institute facilitated discussions on the macroeconomy with representatives of Canadian International Development Agency (CIDA) and Standard and Poor's. In addition, the Institute prepared economic analysis for Jamaica's Prospectus Document that was filed with the US Security & Exchange Commission.

Article IV consultations preceded an anticipated negotiation of a Standby Agreement with the International Monetary Fund. The consultations reviewed the performance of the Jamaican economy for the two quarters of the fiscal year and also addressed the medium-term forecasts through to FY 2011/12.

Inter-sectoral Programme Development and Coordination

The Institute was involved in the Steering Committee for "Improving Jamaica's Agricultural Productivity" project, which aims to strengthen Jamaica's horticulture and marine fish sub-sectors by concentrating on greenhouse technology for vegetables and beach rehabilitation. The project is expected to be implemented between January 2009 and December 2011.

The organization also played a role in the Energy Stakeholders consultations aimed at:

- i. identifying energy related initiatives being undertaken by public sector agencies;
- ii. determining energy priorities in line with GOJ's policy goals for the industry; and
- iii. establishing a mechanism for improved coordination of the industry.

The Caribbean Trade Competitiveness Project to examine the progress of implementation of the Caribbean Single Market & Economy Agreement was another area in which technical advice was provided.

SOCIAL POLICY AND PLANNING

One of the main functions of the organization is to provide evidence-based policy and planning advice, which it facilitates through the conduct, promotion and dissemination of socio-economic research. In this regard, the following were accomplished:

- Submission of Cabinet Notes on:
 - Jamaica's Rank in the United Nations Human Development Report, 2009; and
- Request for an extension of the lifespan of the Vital Statistics Commission (VSC). The submission was approved by Cabinet in June, and the Commission was extended to become a permanent body subject to the establishment of the National Statistics Commission in which it will be absorbed.
- Policy advice was provided to the Ministry of Education (MOE) on the development of a Career Advancement Programme to be introduced on a pilot basis in the academic year 2010/11.
- Technical advice was provided:
 - to the HEART Trust/NTA for the development of a National Lifelong Learning Policy and a National Career Development Policy;
 - to representatives of the Government of Belize, in collaboration with the Ministry of Labour and Social Security, on the methodologies and procedures involved in the development of a Labour Market Information System and an Electronic Labour Exchange;
 - to the VSC in facilitating the approval of grant funding for Phase 1 of the programme for Civil Registration and Vital Statistics System Modernization to improve inter-agency coordination and communication; data collection, processing and management; and resource strengthening;
 - for the design of a proposed Disability Registry Project to be implemented in 2010;
 - for the development of a Crime Prevention and Community Safety Strategy for Jamaica.
- Briefs were prepared:
 - for the 30th Conference of Heads of Government of CARICOM and the Office of the Prime Minister, on job readiness and skills training programmes in Jamaica;
 - for submission to the Ministry of National Security outlining the model for undertaking Community Transformation Programmes in Jamaica arising from the findings of the Assessment of Community Security and Transformation Programmes.
- Secretariat services were provided:
 - for the development of the Adolescent Health Strategic Plan.



- Contributed to:
 - the finalization of the National Framework of Action for Children; and
 - the Technical Working Group of the National Parenting Support Commission and provided input to the draft legislation and action plan.
 - Participated in:
 - the IDB Sub-regional Caribbean Meeting of the Regional Policy Dialogue – Poverty and Social Protection Network, held in Kingston in June;
 - the Expert Group Meeting on Population Aging, Intergenerational Transfers, and Social Protection in Chile in October; and
 - the Regional Summit on Civil Registries and Identification: “Registries, Governance, Development and Future.”
 - National response to the 10th United Nations Inquiry Among Governments on Population and Development Prepared and submitted to UNFPA. The purpose of this 10th Inquiry is to assist the United Nations in the collection and dissemination of information on national population policies. The 10th Inquiry is divided into seven sections: (i) Population Policies and Development Goals; (ii) Population Growth; Size and Age Structure; (iii) Health and Mortality; (iv) Fertility and Family Planning; (v) Population Distribution; (vi) Urbanization, Internal Migration and International Migration; and (vii) Data Availability.
- Inter-sectoral Programme Development and Coordination*
- The Institute continued to contribute to programme development and coordination through the provision of advice and secretariat services. The following were accomplished:
- Chaired the quarterly meetings of the Labour Market Information Technical Advisory Committee (LMITAC); and the Social Safety Net Reform Programme Implementation Committee (SSNPIC);
 - Provided Secretariat services and co-chaired the monthly and ad hoc meetings of the Vital Statistics Commission (VSC) and the Technical Working Group of the VSC;
 - Provided technical advice:
 - for the development of the project proposal under the Country Coordinating Mechanism (CCM);
 - to the World Bank on employment generation projects;
 - to the Statistical Institute of Jamaica (STATIN) regarding the revision of the Jamaica Standard Occupation Classification;
 - on the inter-agency technical team for co-ordinating the EC-UN Joint Migration and Development Initiative (JMDI), which is a component of a global programme being funded by the EC over a three-year period;
 - to the Ministry of Transport and Works on the proposed increase of JUTC fares and route taxi fares;
 - to the Technical working group on Adolescent Health, National AIDS Committee (NAC), Essential National Health Research Committee;
 - to the Office of the Prime Minister/Cabinet Office HIV Committee, Food-Based Dietary Guideline Task Force;
 - to the National Consultation on Infant and Young Child Feeding; PAHO/WHO management of the H1N1 outbreak in Jamaica and the Caribbean; UNICEF Mid-term Review process;
 - to the UN General Assembly Special Session indicator on the National Competency Policy Index;
 - to the World Bank Consultant on the Youth, Crime and Violence in Jamaica Project;
 - on the operationalisation of the National Strategic Plan, through involvement on the Research and Data Management Committee, the Community Intervention Committee, as well as the Early Childhood Commission Board;
 - to the monthly meetings of the National Advisory Board on Disability and the National Council for Senior Citizens;
 - to the Implementation, Monitoring and Evaluation Committee of the National Plan of Action for Child Justice;
 - to the Department of Local Government on the Strategic Laws to guide Local Government Reform, and review Phase 1 of the Citizens’ Security and Justice Programmes and negotiations for Phase 2 of the programme;



- to Sam Sharpe Teachers' College, EXED Community College, the Lifelong Learning Focus Group, Child Nutrition Committee, ECC Training and Development Committee, Tertiary Commission and the Independent School Policy Committee, Steps-to-Work Steering Committee, the Jamaica Youth Employment Network, the Inter-Ministerial Committee on Youth, the Small Business Association of Jamaica, the National Centre for Youth Development regarding the Youth Development Programme, the 2011 Census Technical Committee, the National Identification System Steering Committee, the Women's Centre Foundation of Jamaica Board, the Damage Assessment Core Team, Programme of Advancement Through Health and Education (PATH), and Steps-to-Work pilot project; and
- to consultants from the United States Agency for International Development (USAID) on the development of a "Community of Practice" Programme for Jamaica; and to the Ministry of Labour and Social Security/International Labour Organization regarding the Tackle Project geared at combating child labour.
- Participated in and provided advice to the Task Force against Trafficking in Persons and to the 42nd Session of the UN Commission on Population and Development, and prepared and submitted a report to the Ministry of Foreign Affairs and Foreign Trade and UNFPA.
- Prepared Report on Jamaica's experience in: (i) integrating international migration issues in planning and policy; and (ii) facilitating policy coherence in migration and development which was submitted to the Global Forum on Migration and Development.
- Provided inputs in UNICEF Mid-Term Review of the current Country Programme and participated in the event for commemorating the anniversary of the Convention on the Rights of the Child.
- Spearheaded the country's voluntary Report on the Millennium Development Goals to the UN, and worked with the Child Development Agency to ensure the drafting and completion of the required Report to the UN Convention on the Rights of the Child.
- Convened a national workshop and prepared a comprehensive report documenting Jamaica's experiences, achievements and challenges in relation to "The Contribution of the Programme of Action of the International Conference on Population and Development to the Internationally Agreed Development Goals, including the Millennium Development Goals" and submitted same to the UN.
- Undertook extensive work to implement Component 4 of the Social Protection Project. A study tour to Canada was conducted and the report prepared and disseminated. The findings will provide guidelines for the development of a comprehensive social protection system for Jamaica.

SUSTAINABLE DEVELOPMENT & REGIONAL PLANNING

The Institute delivered technical support and advice to stakeholder MDAs with respect to six policies and strategies, and 16 projects and programmes. Special emphasis was placed on improving the capacity for disaster risk management and climate change adaptation; reviewing options for diversification of the energy mix and expansion of renewable energy; and using science and technology to support evidence-based decision making and land use management. In this regard, the following were achieved:

- Co-hosting of the **Regional Expert Meeting on Disaster Risk Reduction in the Education Sector** with UNECLAC. The workshop explored the issues related to disaster impact on the education sector and the broader implications for the economy and society. It identified recommendations to improve the sector's resilience. Twenty-nine participants from six Caribbean countries, including Jamaica, were involved.
- Preparation of digital maps to redefine District Boundaries and Postman Routes; and assist in the design of the project Collection and Conversion of Geo-spatial Datasets to support the National Spatial Plan.
- The GIS Analyst, at the PIOJ, was honoured by the Land Information Council of Jamaica for her contribution to GIS education in Jamaica.

Policy reviews were undertaken and technical comments provided on eight policy/project documents – Cabinet





Submissions, reports and studies – which included the following:

- Framework for Harmonization and Access to Public Sector Data;
- Distribution and Access to Local Geospatial Data by Foreign Countries or Organizations;
- Feasibility Studies to Support the Development of Four Small Hydropower Plants; and
- Draft Energy Efficiency and Conservation Technical Assistance Project.

PROGRAMME DEVELOPMENT

The PIOJ participated in the First Meeting of Pilot Countries under the Pilot Programme for Climate Resilience (PPCR), and the Caribbean Regional Pilot Programme for Climate Resilience (October 28–29, 2009), at IADB Headquarters, Washington D.C. This led to the convening of a national steering committee for the PPCR and commencement of preparatory activities for Jamaica's inclusion in the PPCR.

VISION 2030 JAMAICA – NATIONAL DEVELOPMENT PLAN

The country's first long-term strategic plan, *Vision 2030 Jamaica – National Development Plan* and the *Medium Term Socio-Economic Policy Framework* (MTF) 2009–2012 were tabled in Parliament on May 5, 2009 by Prime Minister, the Honourable Bruce Golding, during his contribution to the 2009/2010 Budget Debate. The development of these strategic documents was preceded by two and a half years of planning, consulta-

tions and preparation. Participation was garnered from all sectors of society – government, private sector, community-based organizations, academia, individual citizens of Jamaica and the international development community.

Vision 2030 Jamaica – National Development Plan provides a comprehensive planning framework in which the economic, social, environmental and governance aspects of national development are integrated. The Plan is expected to put Jamaica in a position to achieve developed country status by 2030 and is based on the vision: "Jamaica, the place of choice to live, work, raise families, and do business." The first MTF, which covers the period 2009–2012, outlines realistic, specific, high priority national outcomes and targets which will move us towards the longer-term goals contained in the Plan. Additionally, the sector plans developed during the planning process, provide opportunities for linkages to existing national and sectoral level planning, budgeting, prioritising and monitoring mechanisms and processes.

This period represents the beginning of the first year of implementation of *Vision 2030 Jamaica* and since the preparation and subsequent tabling in Parliament of the Plan, several other results have been achieved. These include:

1. implementation of a programme of institutionalization of Vision 2030 Jamaica in Ministries, Departments and Agencies (MDAs);
2. progress towards the establishment of a robust performance monitoring and evaluation system;
3. preparation of Quarterly Reports; and
4. review and completion of Sector Plans.

“*Vision 2030 Jamaica – National Development Plan provides a comprehensive planning framework in which the economic, social, environmental and governance aspects of national development are integrated. The Plan is expected to put Jamaica in a position to achieve developed country status by 2030 and is based on the vision: “Jamaica, the place of choice to live, work, raise families, and do business.”*”





INSTITUTIONALIZATION OF *VISION 2030 JAMAICA*

A process of institutionalization started within the PIOJ and extended to key Ministries, Departments and Agencies (MDAs) to embed ownership of and engender commitment towards implementation of Vision 2030 Jamaica. In keeping with the Cabinet Decision of 2009 which directed all MDAs to align their corporate and operational plans with Vision 2030 Jamaica and the MTF, the process of collaboration with MDAs was advanced to develop the various components needed to ensure an effective framework for implementation, monitoring and evaluation of the Plan. These consultations have resulted in:

- greater alignment of the corporate and operational plans of MDAs with Vision 2030 Jamaica and the MTF;
- alignment of key national policies and strategies with Vision 2030 Jamaica, including the National Energy Policy and the National Export Strategy;
- revision and finalisation of performance indicators and targets for key MDAs, including the Ministries of National Security, Justice, Health and the Environment, and Labour and Social Security;
- preliminary assessment of the capacity to provide information and data/statistics for monitoring of implementation progress and tracking of indicators;
- progress towards agreement on coordination and reporting requirement; and
- commitment by MDAs to lead or participate in Thematic Working Groups (TWGs).

ESTABLISHMENT OF A ROBUST PERFORMANCE MONITORING AND EVALUATION SYSTEM

Thematic Working Groups (TWGs) – groups with membership drawn from the public and private sectors, civil society and international development partners – are being established as part of the monitoring and evaluation framework for Vision 2030 Jamaica. TWGs provide a dynamic framework in which to plan, implement, monitor and evaluate strategic priorities and actions; track indicator progress; identify and mobilize resources for the sector or thematic area; promote new policies and projects; share information, knowledge and expertise; and ensure concerted and coordinated technical support towards national development. It is expected that approximately 18

TWGs will be established and that each will meet at least once per quarter. By the end of 2009, three TWGs were established – Education and Training; National Security and Justice; and Strong Economic Infrastructure.

TRIPARTITE CONSULTATIONS TOWARDS AN INTEGRATED MONITORING AND EVALUATION FRAMEWORK

The *Vision 2030 Jamaica* monitoring and evaluation framework is being built on existing systems and processes within the public sector. Several high level meetings/consultations were held including a half-day workshop. These were intended to promote the alignment of the Vision 2030 Jamaica Monitoring and Evaluation framework with proposed and existing national and sectoral processes and mechanisms for planning, budgeting, monitoring and evaluations, such as the Whole of Government Business Plan, the Medium Term Expenditure Framework, the Project Prioritization Mechanism, the National Planning Summit and Partnership for Transformation initiatives. Critical stakeholders, including the Office of the Cabinet, Ministry of Finance and the Public Service, and the Office of the Prime Minister participated in these discussions. The establishment of the Vision 2030 Jamaica oversight/steering body, the Technical Monitoring Committee, also formed part of the discussion. The expected outcome is an integrated national framework for monitoring and evaluation system which is consistent with current public sector transformation efforts and the government's commitment to Results Based Management (RBM) as articulated in the Medium Term Action Plan (MTAP).

PREPARATION OF MTF QUARTERLY PROGRESS REPORTS (PERFORMANCE REPORTING)

Two Quarterly Progress Reports on implementation of the Medium Term Socio-Economic Policy Framework (2009–2012) were finalised in May and November, respectively. Both reports formed part of the documentation to support the GOJ's request for an EU budget support tranche release amounting to over €48.0 million.

The preparation of the report involved gathering information from a range of sources, including the Quarterly Reviews and other status reports from MDAs, Millennium Development Goals (MDG) Reports, JIS and Ministry websites, as well as





Dr. Christine Clarke, Director, Economic Planning & Research Division (EPRD) (left), Dr. Pauline Knight, Director General (Actg), PIOJ (centre) and Mr. James Stewart, Manager EPRD, address questions being posed by the media during the quarterly press briefing for the period July–September 2009 held on November 18, 2009.

REVIEW/COMPLETION OF SECTOR PLANS

The completion of the Sector Plans, which represented the main outputs from the Task Forces that had been in operation from 2007 to 2009, was undertaken. This included updating of data, review of indicators and targets, revisions to ensure consistency with the National Development Plan and MTF, and final editing. During 2009, the finalization of a total of 22 sector plans out of 29 were completed. The total number of Sector Plans was reduced to 29 from 31 based on the merger of the Sector Plans for National Security and Correctional Services, and for Environmental and Natural Resources Management and Hazard Risk Reduction and Climate Change, respectively.

through meetings and interviews with key respondents from MDAs. Significant liaison was done with technical staff within the PIOJ and MDAs to get updates on implementation progress for key strategies and actions for the April-June and July-September quarters. Several limitations were highlighted during the process, chief among which was the inadequate capacity within line ministries and agencies to monitor and report on results. The existing reporting systems are predominantly focused on input and output reporting and are not adequately linked to high level national outcomes or strategic priorities. This exercise highlighted the importance of readiness or quality assessment of MDAs and the need for extensive work with MDAs to better align their strategic actions/work programmes with Vision 2030 Jamaica and the MTF.



Facilitator Mr. Keith Whyte (standing right) is quite animated as he addresses PIOJ staff during a Project Management Workshop. The workshop was geared towards providing staff with the principles of project management and to equip participants with the required tools to plan, implement and close projects successfully.



Programme/Project Development, Coordination and Monitoring

EXTERNAL COOPERATION MANAGEMENT

The PIOJ is the government's interlocutor with International Development Partners (IDPs). In discharging this function, the Institute seeks to collaborate with IDPs and government stakeholder agencies in ensuring that development assistance is utilized in an efficient and effective manner and is aligned with the government's strategic priorities, as articulated in the Medium Term Socio-Economic Policy Framework.

During 2009, the Institute played an important role in coordinating activities required to meet conditionalities associated with six policy based loans, as well as five grant-funded budget support programmes. These initiatives were aimed at advancing the government's reform agenda and spanned several areas including fiscal responsibility legislation, debt management, tax reform, expenditure rationalization, and education sector reform. Resource flows from the policy based loans and budget support programmes were intended to complement funding which was anticipated from the International Monetary Fund. The organization also worked with Government ministries and agencies, in conjunction with IDPs, in the design and preparation of new investment projects and played a pivotal role in negotiating funding for their implementation.

The organization's coordinating function also extended to ongoing investment projects and technical assistance being implemented with resources totalling approximately US\$2.4 billion from IDPs. This involved, inter alia, hosting of periodic reviews of the portfolios of development agencies, the provision of technical advice through steering committees and ad hoc meetings and visits to various project sites. These activities, among others, provided mechanisms through which the organization sought to improve project performance by assist-

ing in resolving implementation problems and promoting more efficient management of development projects.

BILATERAL COOPERATION

The Unit facilitated the provision of grants, loans and technical assistance, under Bilateral Arrangements, from 15 countries. This assistance supported government's priority projects and programmes in areas such as security, justice, education, health, agriculture and economic infrastructure. Bilateral entities provided a total of US\$567.8 million in new assistance in 2009.

Activities during the year included:

- Loan negotiations with the People's Republic of China (PRC) for support to four infrastructure projects totalling approximately US\$550.0 million. Of this amount, two loans amounting to US\$398.0 million were approved for road rehabilitation and low cost housing, respectively.
- Preparatory meetings with Government officials for the visit of the Chinese Vice President in February. During this visit, agreements were finalized for the establishment of a Confucius Institute at the University of the West Indies, the procurement of equipment for the Ministry of Agriculture and Fisheries and the provision of Lines of Credit to provide short-term trade financing and the procurement of goods and equipment.
- Consultations with the Canadian International Development Agency's (CIDA's) Minister Counsellor for Development to discuss CIDA's Caribbean Strategy (CCS) and new thematic priorities – economic growth and governance – with a view to accessing new assistance for Jamaica through CIDA's regional programme.
- Participation in the Second Meeting of the CARICOM Committee on CARICOM/Canada Technical Assistance in



Guyana where programme strategy and implementation mechanisms for the CCS were discussed.

- Representation at the launch of the CIDA funded Trade and Competitiveness Project.
- Collaboration with CIDA on the design of its C\$40.0 million Education for Employment Programme for countries in the Caribbean region.
- Management of the \$45.0 million Canadian Cooperation Fund (CCF) which supports Phase II of the Institutional Strengthening of the Planning Institute of Jamaica (PIOJ). The CCF financed training sessions for officials of the PIOJ and staff of other Government agencies in areas such as: project management, results-based management, project analysis, social policy development, public speaking and project monitoring and evaluation. The CCF also supported the printing of *Vision 2030 Jamaica-National Development Plan* and the *Medium Term Socio-Economic Policy 2009–2012* and funded the upgrading of the PIOJ's website.
- Negotiations with the Government of Japan through the Japan International Cooperation Agency for funding of Phase II of the proposed five-year Kingston Metropolitan Area Sewerage Development Project.
- Participation in the mid-term review of the Japan-funded National Water Commission's Capacity Building Project scheduled to end in 2011.
- Meetings with a fact-finding Japanese Regional Fisheries Mission investigating the suitability of selected Jamaican fishing beaches to participate in the pilot phase of a Caribbean fisheries programme.
- Acting as the focal point for the Japan Overseas Cooperation Volunteers and Dispatch of Experts Programmes. During the year, personnel was assigned to the areas of education, agriculture, auto-mechanics, information technology and sports.
- Facilitating the procurement of computers for National Youth Service and National Centre for Youth Development under the Youth Empowerment project funded by the Government of the Republic of Korea.
- Participation in a review of the cooperation programme with the Department for International Development (DFID) of the UK to determine programme focus for bilateral and regional projects. As is the case with CIDA, support

for national projects will increasingly be channelled through the regional programme.

- Spearheading the preparation of the Commonwealth Debt Initiative (CDI) Report which highlights the government's efforts to meet specified targets and is the basis for granting debt relief to Jamaica.
- Collaboration with the United States Agency for International Development (USAID) in the formulation of their new Country Assistance Strategy which will focus on: education, health, agriculture, peace and security as well as the promotion of economic prosperity and sustainable development.

Short-term training opportunities were also identified in Japan, China and Korea for public sector workers. Programme briefs, position papers and review of project documents/proposals submitted for project funding were prepared on a regular basis. The co-ordination of formulation/review missions continued and the Unit participated in site visits, ad hoc and project steering committee meetings to monitor project status and resolve bottlenecks affecting the pace of project implementation.

MULTILATERAL TECHNICAL COOPERATION (MTC)

The organization continued to coordinate the government's technical cooperation programme with the agencies of the United Nations: The United Nations Development Programme, the United Nations Children's Fund, United Nations Population Fund, International Atomic Energy Agency, Food and Agriculture Organization, Pan American Health Organization and the United Nations Educational, Scientific and Cultural Organization. This coordinating responsibility extended to programmes supported by the Commonwealth Fund for Technical Cooperation and the Organization of American States. These organizations, though providing modest resources of approximately US\$13.9 million (\$1.2 billion) compared with Jamaica's multilateral financial and bilateral partners, provided high quality technical assistance to support critical investments in the directly productive, social infrastructure and administrative sectors.

Support was provided to government and non-governmental organizations in the preparation of project proposals and in the identification of the most suitable donor partners for specific initiatives. Given the diminishing quantum of resources



being made available to these organizations from major donors, priority was given to projects which were aligned to government's priorities as articulated in the National Development Plan and its accompanying Medium Term Framework. To ensure that projects were being implemented as designed, bottlenecks were identified and addressed, within the framework of a rigorous programme of monitoring and evaluation. While portfolio reviews were held for the UNDP and the FAO programmes, regular project reviews and steering committee meetings were also convened and site visits undertaken. The Institute also played a major role in the Mid Term Review of the GOJ/UNICEF Programme of Cooperation 2007–2011.

There was collaboration with the International Atomic Energy Agency (IAEA) for the implementation of several projects in the areas of nutrition, plant breeding, soil preservation, nuclear technology, pesticide contamination and medical physics. Three new national projects were approved, critical among which was one to enhance local capacity in energy planning. Under the project, training will be provided in the analysis of long-term energy demand utilizing various scenarios of economic and technological development and optimal energy supply strategies identified. An initial group of 20 officials from the public and private sectors were trained in a two-week programme in the use of the Model for Analysis of Energy Demand.

The United Nations Development Programme made a significant contribution to the government's crime reduction strategy by supporting a review of the major community transformation programmes. This study was managed by a Committee chaired by the Unit and will inform the community safety strategy being designed by the government. Coordination and financial management were provided for a Flexible Funding Mechanism which had a budget of US\$400 000. These resources were primarily utilized to support Jamaica's efforts to meet the conditionalities of Policy Based Loans signed with the IDB, CDB and the World Bank. Among the tangible results were the preparation of Fiscal Responsibility Legislation, a Project Prioritization Framework, and a study on Tax Expenditure.

As Principal Point of Contact for the programme of cooperation with the Commonwealth Fund for Technical Cooperation, the PIOJ facilitated the assignment of an Occupational Therapist to

the Jamaica Association on Mental Retardation, a Child and Adolescent Psychiatrist to the University Hospital of the West Indies, and several other short-term experts to various organizations. The cost of the interventions was approximately £333 432.00. Training programmes valued at £40 000.00 were provided for Jamaicans in various fields: Internal Audit and Risk Management; Legal Frameworks for ICT; Managing Corruption and Public Sector Performance. In December, the Unit coordinated a training programme for a group of 57 public officials in Results Based Management as it relates to the National Development Plan.

The PIOJ, as the National Liaison Office for the programme of cooperation with the Organization of American States, participated in the selection of recipients of OAS scholarships for long-term training programmes. Support was maintained for the project at the Jamaica Association for the Deaf for the development of a Deaf Studies Curriculum, while efforts were made to streamline a youth diversion programme for the development of Youth Orchestras into the government's overall programme for youth development.

Members of the Institute participated in meetings of the IAEA for new National Liaison Officers (NLOs) and new National Liaison Assistants (NLAs) for Latin America and the Caribbean, in Austria, as well as in Cuba, in which information was shared about the operations of the Agency and the responsibilities of the NLOs and NLAs. There was also participation in meetings at the OAS headquarters to evaluate projects submitted by member states for funding support. Ten missions from the various international organizations were coordinated and facilitated.

MULTILATERAL FINANCIAL (MF) ACTIVITIES

Multilateral financial activities for 2009 focused on promoting improvements in project implementation, as well as on the development of well designed policy loan programmes and investment projects which were aligned with government's strategic objectives. To this end, there was continued coordination and management of the cooperation programmes with the Inter-American Development Bank (IDB), World Bank (WB) and the Caribbean Development Bank (CDB) which comprised 41 loans amounting to US\$1 145.9 million with government counterpart financing of US\$722.4 million. The organization



also deepened its oversight of several grant-financed projects which amounted to US\$30.6 million.

During the year, an important element of the work in this area was the coordination of activities required to meet the conditionalities of the following policy based loans:

Loan	Agency
Jamaica Competitiveness Enhancement Programme	IDB
Public Financial and Performance Management	IDB
Human Capital Development Programme	IDB
Education Sector Reform	IDB
Fiscal and Debt Sustainability Programme	World Bank
Fiscal and Debt Sustainability Programme	CDB

Full disbursement of these loans totalling US\$233.0 million was anticipated in 2009 to complement funding from the International Monetary Fund. The disbursements were not realized during the year because of protracted negotiations for a Standby Agreement.

The Institute also coordinated and participated in negotiations for four new investment loans with a total value of US\$62.0 million. These included two loans totalling US\$31.0 million negotiated with the IDB and two which amounted to US\$31.0 million negotiated with the World Bank. The four loans will support crime reduction, educational transformation, as well as agricultural and tourism developments.

A total of 77 project preparation and supervision Missions were coordinated during the year. This involved scheduling of meetings, chairing opening and closing meetings, concluding Aide Memoires and agreeing on next steps. The use of teleconferences and videoconferences in the development and implementation of projects was increased and proved especially beneficial in discussions on the policy loans.

The PIOJ continued to facilitate improvements in project implementation through participation in Steering Committee Meetings and other ad hoc meetings. Four Portfolio Reviews were convened at which strategies for addressing implementation constraints were agreed on with implementing agencies: the Ministry of Finance and the Public Service, as well as with the IDB, WB and the CDB.

The involvement of other Divisions of the PIOJ in all stages of project development was also facilitated by the Multilateral Financial Unit (MFU), through requests for feedback on programme design, as well as participation in missions, teleconferences and videoconferences. In addition, the PIOJ continued to provide technical advice and updates on the status of implementation of cooperation programmes, through the preparation of Briefs and Technical Reports to the Honourable Prime Minister, the Honourable Minister of Finance and the Public Service and other senior officials.

EUROPEAN UNION UNIT (EU)

The responsibility for execution of the GOJ–European Union (EU) Co-operation Programme resides within the PIOJ, which is the Office of the National Authorising Officer. The Honourable Prime Minister is the National Authorization Officer for Jamaica. In 2009, the cooperation portfolio consisted of 17 programmes and projects totalling €325.5 million (\$39.3 billion) in grant resources. These programmes and projects are financed from the European Development Fund (EDF) and the General Budget of the EU.

During the review period, the Institute facilitated the signing by the Government and the EU, of six Financing Agreements totalling €100.2 million (\$12.1 billion) for:

- Debt Reduction and Growth Enhancement Programme—two financing agreements were signed totalling €49.0 million (\$5.9 billion);
- 2008 Accompanying Measures for Sugar Protocol Countries for €9.8 million (\$1.2 billion);
- Security Sector Reform Programme for €33.0 million (\$4.0 billion);
- 2008 Special Framework of Assistance for €2.5 million (\$301.0 billion);
- and
- Strengthening Jamaica's Food Security Programme for €5.9 million (\$711.8 million).

The above programmes, with the exception of the Food Security Programme, will be implemented as budget support.

The organization coordinated and spearheaded meetings for the Mid-Term Review of the 10th EDF Country Strategy Paper (CSP) which was conducted in 2009. Provision is made in the CSP through the mechanism of the Mid-Term Review for mod-



ifications to the Programme based on needs and performance.

In collaboration with the Delegation of the European Commission, work was undertaken in the preparation and submission of proposals for:

- Economic Partnership Agreement Development Programme €11.25 million (\$1.4 billion);
- Adaptation to Climate Change – €4.13 million (\$498.0 million);
- Support to the Sugar Cane Sector Programme – Accompanying Measures for Sugar Protocol Countries 2009 – €8.4 million (\$1.1 billion); and
- Debt Reduction and Growth Enhancement Programme 2009 – €8.0 million (\$965.2 million).

The European Commission approved four of these programmes, with the exception of the Economic Partnership Agreement Development Programme, which has been rescheduled pending further negotiations.

The Institute processed payment orders and disbursements files for budget support programmes amounting to €74.7 million (\$9.0 billion) in 2009. As the Office of the National Authorizing Officer, the organization continued to provide oversight of programmes and projects through daily interactions with the Delegation of the European Commission and Government Ministries, project steering committee meetings and other ad hoc meetings, site visits and two GOJ-EC Cooperation Programme Review Meetings. In addition, regular meetings to monitor the conditionalities related to the budget support programmes were convened throughout the year.

SUSTAINABLE DEVELOPMENT AND REGIONAL PLANNING

In the area of projects/programmes the following were achieved:

- Finalisation of project documents and arrangements with local agencies and securing of a Grant of US\$682 000.00 from the Caribbean Development Bank (CDB) for the preparation of a **National Spatial Plan (NSP)**. The Grant Agreement was signed in August 2009 for the 18-month project being implemented by NEPA and the OPM. The NSP will provide the framework for guiding developments emanating from *Vision 2030 Jamaica – National*

Development Plan; fostering balanced regional development; optimizing the use of land and natural resources; and safeguarding spatial and environmental quality.

- Implementation of the **Risk and Vulnerability Assessment Methodology Development Project (RiVAMP)** pilot in partnership with the United Nations Environment Programme (UNEP). The project emphasized the role of ecosystems in disaster management and evaluated changes in ecosystems (specifically seagrass beds and coral reefs) & the services they provide; human-induced environmental changes; climate change; environmental governance and their impact on livelihoods and vulnerability. Using 40 years of scientific data, the project modelled various scenarios for storm surges and flooding associated with extreme hurricane events etc. and predicted levels of losses for socio-economic assets up to the year 2060.
- Completion of a study in collaboration with the Inter-American Development Bank towards preparing an **Integrated Waste Management Strategy and Action Plan** to address the emerging issues related to the growth of municipal solid waste, the changing waste stream, hazardous waste, security waste, and waste water etc.
- Design of the OAS-funded “Rapid Assessment: Community Climate Change and Adaptation Strategies Project”. The project was implemented by the Office of Disaster Preparedness and Emergency Management in four communities.
- Completion of project proposal, review of technical proposals for award of contracts with regard to the World Bank funded Hurricane Dean Study – Coastal Multi-hazard Mapping and Vulnerability Assessments Project. The project seeks to develop detailed multi-hazard mapping for three communities – Portland Cottage, Clarendon; Morant Bay, St. Thomas; and Manchioneal, Portland.
- Completion of project proposal and receipt of approval for the Climate Change Adaptation and Disaster Risk Reduction Project to increase resilience and reduce risks associated with natural hazards in vulnerable areas. The project will be financed by the EU at a cost of €4.13 million and will be implemented in association with a number of environment related agencies.
- Provision of regional technical assistance for Hurricane Impact Assessment of Hurricane Paloma in the Cayman Islands.



Research & Information Services

One of the critical aspects of the PIOJ's work is the provision of technical and research support to Cabinet and the provision of socio-economic data which is distributed through its publications. Over the year, the Institute was actively engaged in analysing and forecasting the impact of various policy options on the social, environmental and economic sectors through its Threshold 21 Jamaica (T21J) and other models. Publications, including the *Economic and Social Survey Jamaica 2008 (ESSJ)* and the *Economic Update & Outlook (EU&O)* which provide socio-economic data to a wide cross section of the Institute's stakeholders were also produced on a timely basis.

Among the studies published during the year were *Mapping Poverty Indicators: Consumption and Basic Needs in Jamaica, 2001/2002*, and two publications under the theme, "Parenting". Three research studies on parenting issues were launched in collaboration with UNICEF.

The Institute prepared briefs and submitted to relevant clients including: one on Identity Management; two on the Vital Statistics Commission; one on the Modernization Programme of the Civil Registration and Vital Statistics System; and one on strategic issues concerning social protection. It also facilitated the development of a comprehensive manual on "Standard Definitions of Vital Statistics and Vital Events and Standards for Calculations of Vital Statistics." The organization collaborated with: a) UNFPA, in organizing activities to commemorate World Population Day and in the launch of the *State of World Population Report 2009*; and b) UNICEF, in monitoring the implementation of the Social Investment for Children Initiative and other projects funded by UNICEF.

MODEL DEVELOPMENT & ANALYSIS

The PIOJ uses several tools to complement and enhance the depth of its analysis and policy prescriptions. Quarterly and annual economic reporting is conducted using a combination of production indices and econometric tools in order to assess economic growth. In addition, the Threshold 21 Jamaica (T21J) Model was developed to underpin the *Vision 2030 Jamaica – National Development Plan* process. Subsequently, the model has been used to analyse the impact of various policy options on the social, environmental and economic sectors. Work continued on updating the model and a stand-alone model of Jamaica's debt was created during the year – the Debt Dynamic Model Version 1.0.

During the year, documentation of 16 additional undocumented modules in the T21J Model was completed. Further, to enhance the quality of the indicators in the model, the additional key indicators in the model were updated and a review was done of the Environment Indicators for JAMSTATS which will be a major data source utilized for the development of the T21J model.

The T21 model was used to analyse the following policy issues:

- socio-economic impact of the global crisis and the potential effectiveness of the government's stimulus package for the Caribbean Policy Research Institute (CAPRI); and the impact of an increase in tax revenue on the economy in relation to GDP growth, government revenue, employment, poverty and gang-related murders and shootings;
- socio-economic analysis of the Education Transformation Programme;
- project impact of a hurricane on GDP in the short and medium term;
- analysis of Three Fiscal Policy Prescriptions – the paper



analysed the socio-economic impact of the government meeting different targets, including the primary surplus and the interest expense;

- socio-economic analysis of Jamaica's Railway Rehabilitation Project—part of the paper was used for an economic appraisal of the Railway Rehabilitation Project undertaken for the Ministry of Transportation and Works;
- analysis of the Revenue Enhancement Measures; and
- preparation of two special papers employing the T21 Model methodology on:
 - Sectoral Strategies to encourage Manufacture Growth;
 - Issues in Agriculture.

In an effort to increase exposure to the T21 model, presentations were made to the following stakeholders:

- Expert Group Meeting on Macro Econometric Modelling in the Caribbean: New Challenges and New Directions convened by ECLAC in November in Trinidad and Tobago;
- UWI Economic Department Graduate Students Lecture Series;
- The Micro-simulation Model Training Course in La Paz, Bolivia;
- Dr. Claude Davis to identify synergies between the T21 Model and the Long Range Energy Alternatives Planning System (LEAP) Environmental Model being developed for Jamaica;
- Representatives of the World Bank at meeting to discuss Jamaica's Education Transformation Programme;
- European Union Advisor to the Ministry of Finance & the Public Service regarding the utilization of the T21 Model to analyse indicators in preparation for Grant Funding;
- Director of the Ministry of Education and consultant of the World Bank to discuss the creation of an Education Quality Module; and
- The Ministry of Energy's Database and Modelling Symposium held on May 6 and 7. This symposium was aimed at strengthening the data management and analytical functions of the Ministry of Energy and to increase collaboration with the Ministry.

Training exercises were also conducted with members of staff in the PIOJ in the application of the T21J model. Despite the usefulness of the models, it is necessary to augment them with other models. It is the intention of the Institute to develop a

suite of models that can be used in the planning and policy advice processes of government and which can supplement, on a macro-level, the analytic sector work done in the various MDAs.

As a first step towards building this suite, the following models are being updated or developed:

- A. **Input-Output Model** – with the completion of the Supply and Use tables by STATIN, work in this area centred on developing the inter-sectoral multipliers to facilitate the relevant analyses of backward and forward sectoral impacts. In addition, a preliminary assessment was done of the real growth rates by industry using the forward and backward multipliers for 2000. Attempts were made at reconciling the industry classifications that were used to compile the 1993 and 1974 Supply and Use Tables in order to facilitate a comparison between the three Input-Output Tables. This will facilitate an analysis of the changes in the structure in the Jamaican economy across these three tables.
- B. **CGE Model** – a taxation model was developed to facilitate a macroeconomic analysis of the impact of tax policy changes on the economy. The model uses the Supply and Use tables compiled by STATIN as a basis for the simulation. The major tax types that the model will eventually incorporate are the GCT, SCT, PIT, CIT and trade taxes. Ultimately, the model will also be able to address distributional issues using household level data from the Jamaica Survey of Living Conditions.
- C. **Econometric Models** – the suite of models required for economic forecasting requires short and medium-term econometric models. During the year, work began on building autoregressive and structural time series models for the following industries: Agriculture, Forestry & Fishing; Mining & Quarrying; Electricity & Water; Hotels & Restaurant; Manufacture; and Finance & Insurance. These models will eventually be integrated into a financial programming framework to facilitate economic planning.
- D. **Debt Dynamics Model 1.0** – debt dynamics has been an important issue in Jamaica as it is intertwined with the fiscal and monetary aspects of the economy. As a result, a debt dynamic model was built using the revised system of national accounting data. The model entitled "Debt Dynamic Model Version 1.0" analysed the debt to GDP



given projected fiscal policy and macroeconomic outcomes over the medium-run using the Systems Dynamics platform.

- E. **Microsimulation Model** – a microsimulation model was developed which can be used to estimate the impact of policy interventions, the cost of the intervention and the efficiency of various interventions. This includes assessing for every dollar used for the intervention what will be the resulting reduction in poverty and inequality. Scenarios were used to test the universal application of an increase in the cash transfer programme and the implications of an increase in the VAT to cover the cost of the cash transfer.
- F. **Pension Reform Simulation Toolkit (PROST)** – the model is currently being developed to inform the reformation of the current civil service pension scheme. The PROST models pension contributions, entitlements, systems revenues and system expenditure over a long time frame. The model is designed to promote informed policy-making and bridge the gap between quantitative and qualitative analysis of pension regimes. Policy scenarios from the model will be used to inform the development of the Pensions Green Paper.

PUBLICATIONS

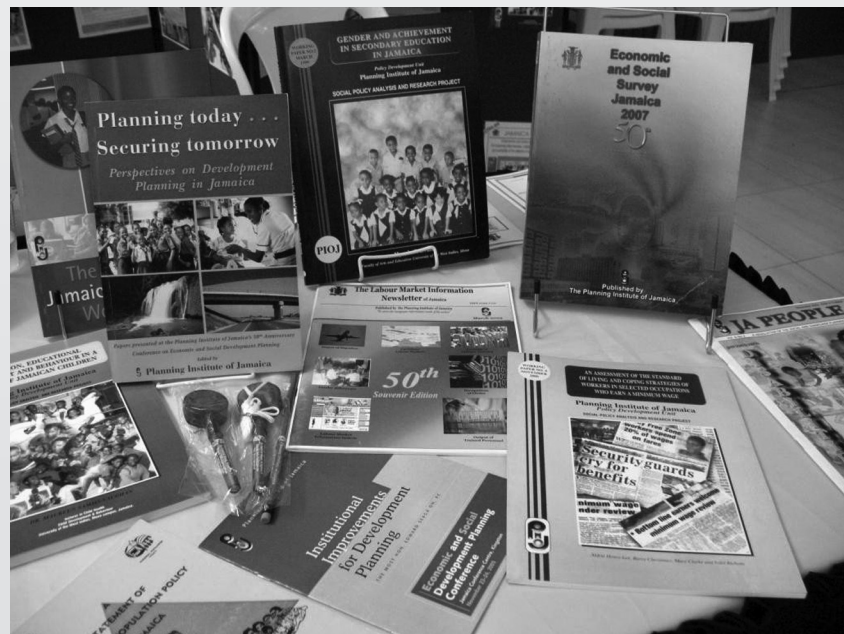
The Institute continued to coordinate the dissemination of timely and accurate data through its publications which included the annual *Economic and Social Survey Jamaica (ESSJ)*; the *Jamaica Survey of Living Conditions (JSLC)*; the quarterly *Economic Update and Outlook (EU&O)*; the biannual *Labour Market Information Newsletter (LMIN)* and the *JA PEOPLE* magazine.

The PIOJ's publications are available from its Bookshop located at the PIOJ's Office. Some of the Institute's publications are also available at Sangsters Book Store; the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) Book Shop, University of the West Indies, Mona; and the Northern Caribbean University's bookstore. Publications are also displayed and sold at book launches, business seminars, conferences, and other public fora. A number of publications were added to the stock of PIOJ's publications including:

- *Economic and Social Survey Jamaica 2008*;
- *Jamaica Survey of Living Conditions 2007*;
- *Economic Update & Outlook – four volumes*;
- *Issues of Critical Social Concern: Some Investigations: Selected Papers from the Research Component of the Poverty Monitoring and Social Analysis Programme*;



Ms. Jodian Aris (standing right), Economist, makes a presentation to staff on the Pension Reform Model, PROST, on Thursday, October 8, 2009.



A few of the Institute's publications on display.



- *JA People*, Food for Thought Volume 59;
- *Inequality and Stratification in Jamaica during Economic Adjustment, 1991–2000*;
- Dialogue for Development, Lecture 2008, *The Conversation Between Statistics and Social Policy: When We Listen, When We Don't*;
- *Labour Market Information Newsletter*, Number 59;
- Poverty Maps 1996, 2001 and 2002, and GIS Shape Files (JAG 2001) ;
- *Mapping Poverty Indicators, Consumption and Basic Needs in Jamaica, 2001/2002*;
- *Parenting in Jamaica and The Changing Roles of Fathers in Jamaican Family Life*;
- Beginnings Magazine-two issues;
- *Vision 2030 Jamaica-National Development Plan*;
- *Medium Term Socio-Economic Policy Framework (MTF) 2009–2012*.
- Continued research and data base development to assist the Most Honourable Edward Seaga;
- Comparison of Select Tourism Destinations;
- Assessment of Jamaica's Competitiveness;
- The Jamaican Entrepreneur: Opportunities, Challenges and the Link to Growth;
- Paper on "Science, Technology and Innovation and Inequality" prepared and presented at the Science and Technology and Inequality Conference in Barbados in October 2008;
- Paper on: "Assessing the Role of Science, Technology & Innovation in Disaster Risk Reduction" prepared and presented to the International Conference on Technologies for Development;
- Two project concepts developed and submitted to the OAS for funding: (i) Improving Climate Change Mitigation and Adaptation in the Fisheries Sector; and (ii) Flood Early Warning System for Port Maria, St. Mary.

SPECIAL STUDIES/SPECIAL PAPERS

In addition to its socio-economic publications, the PIOJ's technical Divisions also conduct research information/studies which are used in the production of various special papers/studies.

In partnership with international entities the following studies were conducted:

- Worldwide UNICEF funded study titled "Global Study on Child Poverty and Disparities" involving more than 40 countries. The findings of the study were launched in September at the Caribbean Child Research Conference.
- A National Report for Jamaica on the Millennium Development Goals for the Economic and Social Council Annual Ministerial Review.
- Study on "Children in Jamaica: The Impact of Migration and Remittances". The findings of the study will inform the development of a National Policy on International Migration and Development.

The following were also prepared:

- Sectoral Strategies to Encourage Growth in the Manufacture Industry;
- Issues in Agriculture;

LIBRARY SERVICES/INFORMATION MANAGEMENT

In December, the name of the Documentation Centre was changed to the Wesley Hughes Documentation Centre. One of the reasons for the change has to do with tradition – one which started with the naming of the Institute's first training room, the Don Mills Training Room, named in honour of Ambassador Don Mills, the first Jamaican Director of the Central Planning Unit. All staff members who have worked or who now work in the Unit during Dr. Hughes' tenure know that he is one member of the top management team who is a model information user and a strong supporter of library development.

Early this year, the Jamaica Social Investment Fund (JSIF) asked the Documentation Centre to manage its collection which includes studies of different community development projects, photographs, feasibility studies and many other documents. This was a great boost to the Documentation Centre since the PIOJ's collection is lacking in information resources on community development.

One goal for the period was to decrease significantly, the number of duplicate records in the bibliographic database to have an error free database. The number of records deleted was 392,



reducing the database from 14 658 to 14 262. However, 1 012 new records were added to the bibliographic database. Other activities included:

- 810 queries recording of compared with 377 in 2008;
- 2 017 items acquisition of compared with 2 356 in 2008;
- the number of loans increased to 3 724 from 3 051 in 2008;
- three librarians participation of in two web seminars from the International Association of Records Managers and Administrators (ARMA).

Records Management

Since the relocation of the PIOJ, the registry staff members have been working assiduously at organizing boxes of records for the Archives. A Records inventory was done for 314 files and 426 were classified. A total of 84 files were circulated while 128 were created. A total of 4 630 items of mail were received, while 4 949 were dispatched externally, and 601 posted via the post office.

Socio-Economic Information Network (SECIN)

The network organized a Universal Decimal Classification workshop in June 2009, which had 13 librarians participating. Training was held earlier in the year on Records Management. Scheduled quarterly meetings were held and four issues of *SECIN News* were published with one issue focusing on Media libraries. The newsletter was made available via the Library and Information Association of Jamaica (LIAJA) yahoo group and the PIOJ intranet. The annual membership fee of \$2 000 per unit remained as it was recognized that the units need to assist with the expenses of SECIN, especially in light of the financial crisis. Throughout the year, a concerted effort was made to promote the use of the SECIN database.

Access to Information (ATI)

A total of 86 ATI requests were recorded for the year compared with 19 in 2008.



A farewell function was held to honour retiree Mr. Lasford Stone and to mark the renaming of the Documentation Centre to the Wesley Hughes Documentation Centre on Friday, December 11, 2009. Shown above are Mrs. Carol Hughes (left); Dr. Wesley Hughes, former Director General, PIOJ; and Dr. Pauline Knight, Director General (Actg.).



External Communication and Marketing

The Institute continues to improve its visibility and promote its work by providing socio-economic information to its stakeholders, the media and the public through the hosting of events, presentations and the marketing and distribution of its publications. This year, the organization was actively engaged in staging a number of events geared towards increasing publicity and creating greater awareness of the Institute's work and its products.

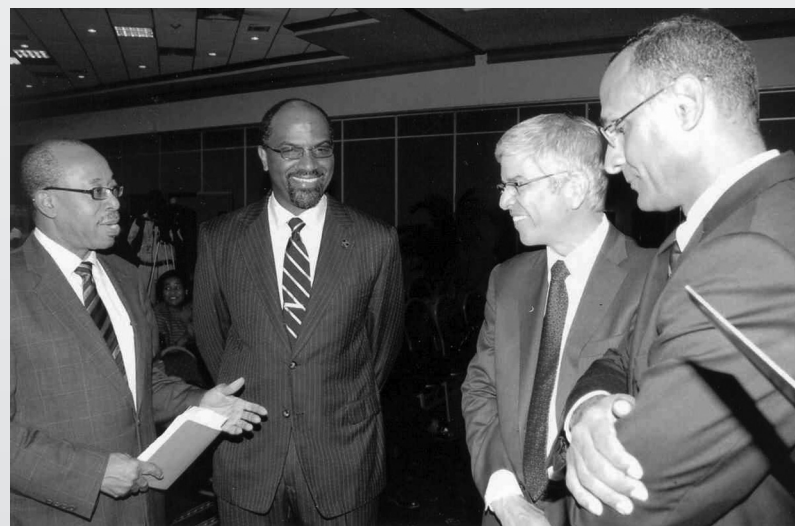
QUARTERLY PRESS BRIEFINGS

As part of its mandate to provide information on the performance of the economy, the organization continued to update the media and the general public through its quarterly press briefings. Four press briefings were held in which the Institute informed the public on the out-turn of the global and domestic economy in the previous quarter and provided broad indications about the expected out-turn for the current quarter. A publication, the *Economic Update and Outlook*, is produced with the findings presented from the Press Briefing.

DIALOGUE FOR DEVELOPMENT LECTURE SERIES

Now in its eight year, the Dialogue for Development Lecture is the vehicle through which the PIOJ increases its interface with the public on development issues. It is also used as a means of sharing views, initiating debate, raising consciousness and obtaining feedback on matters of importance to the policy-making process. This year, the Dialogue for Development Lecture examined the issue of Growth in the Post Commodity Production Era in Jamaica presented by distinguished Lecturer Professor Paul Romer, Senior Economist, Stanford International University.

The Institute saw the need to actively engage the private sector on their role in the transformation of the Jamaican economy. Arising from this, the PIOJ staged for the first time, a business seminar entitled "How Can the Domestic Financial and Capital Markets Enable Jamaica's Transformation?" The seminar, which was a follow-up to the Dialogue for Development Lecture, was held on Wednesday, November 25, 2009. Moderated by Professor Alvin Wint, Pro-Vice Chancellor, University of the West Indies, it attracted scores of business executives from the private sector as well as representatives from the diplomatic corps, the public sector and academia.



Dr. Wesley Hughes, former Director General, PIOJ (left) in discussion with Mr. Earl Jarrett (second left) General Manager, Jamaica National Building Society, Professor Paul Romer (second right), Senior Fellow, Stanford Center for International Development, Stanford University and Dr. Damien King (right), Senior Lecturer, Department of Economics, University of the West Indies during the Dialogue for Development Lecture, November 24, 2009, Jamaica Pegasus Hotel.





LAUNCH OF PARENTING PUBLICATIONS

Through its Social Policy Planning and Research Division, in collaboration with UNICEF, the Institute launched three publications on parenting, *Parenting in Jamaica* by Dr. Heather Ricketts, Senior Lecturer, Department of Sociology, Psychology and Social Work, University of the West Indies (UWI) and Professor Patricia Anderson, Professor, Sociology, Psychology and Social Work, UWI; *The Changing Roles of Fathers in Jamaican Family Life* by Professor Anderson; and *Parental Involvement in Education in Jamaica*, by Dr. Grace Camille Munroe, Researcher. The studies explored several socio-economic and cultural issues that impact parents, children, the relationship between the two and the role of parenting.

OTHER EVENTS

Ongoing publicity was generated through the staging of a number of events including the two-day ECLAC Regional Expert Meeting on Disaster Risk Reduction in the Education Sector; launch of the Government of Jamaica's National Report to the UN Annual Ministerial Review (on International Development Goals and Commitments to Public Health) and a Labour Market Forum. The second annual Labour Market Forum was held on December 1, 2009. The Forum focused on Labour Market Trends, Entrepreneurship and the Career Advancement Programme.

In association with the UNFPA, the PIOJ staged on July 14, 2009, the annual World Population Day, which placed emphasis on sensitizing the media on the issues of women's health and welfare. The 2009 UNFPA State of World Population Report entitled: *Facing a Changing World: Women, Population and Climate* was published.

PRESENTATIONS

The PIOJ promotes the work of the organization by directly interfacing with its clients through presentations and marketing of the Institute's publications. The Institute continued to respond to requests from external clients to make presentations in areas relating to social, economic and sustainable development policy and planning. A number of presentations were done including the following:

- Professionalism and Time Management;
- Lifelong Learning;
- Labour Market Trends;

- Vision 2030 Jamaica – National Development Plan;
- Manpower Planning in Tertiary Education;
- Employment Trends in the Construction Industry;
- Jamaica's Innovation System; and
- Review of the Economics of Climate Change in the Caribbean.

In the area of capacity building, training was delivered in Developing and Managing a Geographical Information System (GIS). A certificate course for the Land Information Council of Jamaica and technical support were provided for the preparation and execution of Geography Awareness Week and GIS Day. The Institute also organized and hosted the first meeting of the Damage and Loss Impact Assessment Core Team in preparation for the hurricane season and co-hosted two stakeholders meetings to examine the mapping of socio-economic data using the community boundaries derived from the poverty maps.

Members of staff also participated in over 20 workshops, seminars and special meetings related to climate change, hazard risk management, environmental protection, ecosystems management, rural development and poverty reduction, the Development Approvals Process and Alternative Energy, housing, squatting, food security and spatial data management.

WEBSITE

The website continued to be one of the major tools in the dissemination of socio-economic data. Through its e-commerce capabilities, publications are made available for sale. In addition, the public can access social, economic and sustainable development data/information. The PIOJ's press releases, speeches, job vacancies, tender documents and events are also posted. Plans are in gear to upgrade and redesign the Institute's website to provide the public with more information and easier access. This process should be completed in 2010. The PIOJ's website can be viewed at www.pioj.gov.jm.

PROMOTIONAL/MARKETING ACTIVITIES

Geared towards improving the visibility and awareness of the PIOJ publications, the Institute's products and services are promoted via direct marketing islandwide at exhibitions, conferences and seminars and through promotions of the Institute's publications at educational institutions. The aim is to provide information on the role, work and functions of the PIOJ; to intro-





duce students to the Institute's various socio-economic publications and services; and to assist them in making informed career choices based on the current trends in the job market. Schools and other learning institutions in Westmoreland and Manchester were targeted and over 600 students participated. Over 20 displays were mounted throughout the year at seminars/workshops and exhibitions for both the private and public sectors.

A range of activities were completed during the year to support the communication programme for Vision 2030 Jamaica. These included the distribution of the National Development Plan, the Medium Term Framework (MTF) and Sector Plans. Approximately 960 copies of the National Development Plan; 904 copies of MTF 2009–2012; 593 CDs containing the National Development Plan and MTF; and Sector Plans were distributed to the Governor General and immediate past Governor General; the Prime Minister; Parliamentarians, the Opposition Leader and members of the Shadow Cabinet; two former Prime Ministers; Ministries; Departments and Agencies; private sector entities; schools; libraries; and civil society groups by the end of December.

Other activities completed during the period to support the communications programme for Vision 2030 Jamaica included:

- the development and subsequent launch of the Vision 2030 Jamaica website in August 2009. The website which features news and activities, resources and publications related to the Plan can be viewed at www.vision2030.gov.jm;
- the forging of agreements with the Jamaica Information Service (JIS) and the Public Broadcasting Commission of Jamaica (PBCJ) to improve the visibility of the Plan in the media;
- several special presentations and consultations conducted islandwide to sensitise a wider cross-section of the population about the Plan;
- discussions, interviews, press releases, news stories and features on the Plan in the print and electronic media;
- preparation of promotional documents including production and distribution of 6 000 brochures to various target groups across the island; and
- the production and electronic distribution to various target groups, including the Diaspora, of the quarterly newsletter – *Vision 2030 Jamaica Update*.



Ralston Hyman (left), POWER 106 and Fae Ellington, two of the Media representatives who attended the Vision 2030 Jamaica Media Forum/Consultation on February 12, 2009 at the PIOJ.

CUSTOMER SERVICE

Customer service is of paramount importance to the PIOJ. Customer satisfaction (both internal and external) is a critical tenet of the PIOJ's *Citizen's Charter*. To this end, customer service reports are submitted each quarter to the Office of the Prime Minister's Standards and Monitoring Unit. The Division regularly taps into the needs and concerns of customers through the use of its Customer Comment Cards as part of the Institute's goal to maintain high customer service standards. Corrective action is taken where necessary. The *Citizen's Charter* is currently being revised and will be completed in 2010.

The Institute is also proud of its accomplishments this year in the field of customer service as it copped a special award from the Standards Monitoring and Evaluation Unit, Office of the Prime Minister, during the Public Sector Customer Service Competition, for the Most Active Participant in the Customer Service Programme. The Institute was recognized for its work in this area from a field of over 200 ministries and government agencies.



Governance & Management

The year 2009 demanded more of a creative, proactive and aggressive approach in the use of the Institute's resources. Significant effort was directed at cost saving initiatives aimed at building staff awareness of energy saving and conservation measures and strengthening the operational effectiveness of the Energy and Resource Management Committee (ERMC). This Committee was established to promote operational efficiency through energy conservation and waste reduction; the purchase and use of environmentally friendly supplies and material; and optimal use of transportation and telecommunication resources.

The key challenge during 2009 was the balancing of an inadequate budget and the capability to deliver the standard of services expected within the context of corporate performance. Notwithstanding, the Corporate Service Division undertook several initiatives to ensure the effective and efficient running of the Institute. A number of systems were developed and implemented including:

- an Electronic External Cooperation Management System designed to assist in the management of loans, grants and technical assistance provided to Jamaica from pre-feasibility to implementation phase;
- a Global Positioning Tracking System which monitors fuel usage and cost, as well as overtime charges;
- installation and configuration of Orange HRM, a Human Resource Management system; and
- installation and configuration of a Facilities Management System to assist in the management of the organization's property.

In addition, the Institute worked with other GOJ entities on pre-design activities for government systems and upgraded the Fixed Assets Register to improve the inventory management of fixed assets.

COST SAVING INITIATIVES

The Institute embarked on a number of initiatives aimed at cost containment and cost reduction and all of them have yielded the desired effect. Among the initiatives undertaken during the year were:

Water conservation thrust: the installation of a water recycling system which used the exhaust water from the air conditioning and chiller units for landscaping purposes. An irrigation schedule was created to utilize this new source of water.

Paper Recycling: the recycling effort was expanded to include a no cost paper recycling project in collaboration with a private sector paper recycling company. This project helped the Institute to reduce the number of garbage collection days to two from five. This reduced the garbage disposal cost to the building during 2009.

Tinting of Windows: the southern windows of the PIOJ building were tinted to reduce heat absorption through the glass panes.

Occupancy sensors: in July 2009, sensors were installed in all the restrooms and some kitchenettes to reduce energy consumption when possible.

Delamping: The PIOJ embarked on a delamping exercise which saw the removal of lighting tubes in areas that were adequately lit. Emanating from the energy audit, the more energy efficient chiller unit was made to run on base load for greater overall energy savings. A switch was installed for the elevator roof lights, which allowed for the turning off of those lights at nights and on weekends.



SURRENDERING CAR PARK

The Institute realized a reduction in the security costs by surrendering possession of one of its remote car parks and expanding the facilities at one. This move saw significant savings for the Institute and a reduction in its monthly rental obligations.

CALL ACCOUNTING SYSTEM (CAS)

The installation and configuration of CAS enabled the organization to manage the costs associated with its communications infrastructure. This resulted in a reduction in telecommunications costs.

STAFFING AND SENIOR MANAGEMENT APPOINTMENTS

On September 01, 2009, Dr. Wesley Hughes, CD, resigned as Director General of the Planning Institute of Jamaica to take up the position of Financial Secretary in the Ministry of Finance and the Public Service. He served the PIOJ for 14 years, earning the distinction of being the longest-serving Director General of the PIOJ.

As Director General, he succeeded in acquiring a permanent home for the Institute, ending over 50 years of nomadic sojourns uptown and downtown. Prior to his resignation, he spearheaded the first long-term development plan for the country – *Vision 2030 Jamaica – National Development Plan*. Towards the end of the year, the Documentation Centre was renamed the Wesley Hughes Documentation Centre in honour of Dr. Hughes.

Dr. Pauline Knight, CD assumed duties as Director General (Acting) in September, having been involved with the Institute since 1974. Dr. Christine Clarke was assigned as Director, Economic Planning and Research Division, following the resignation of Dr. Peter John Gordon earlier in the year.

At the end of 2009, the Institute's staff complement was 118 (83 permanent, 9 temporary, 14 contract and 12 project staff). Ten persons resigned during the year and seven persons were recruited to fill the vacancies created with a view to building capacity in the areas of research, social policy and informatics. The greater number of applications continued to be in the areas of policy research, economics, information technology, accounting, project management and international relations.

TRAINING AND DEVELOPMENT

In an effort to assist employees in developing the requisite skills to meet the dynamism in the labour market, the Institute provided training opportunities for employees aimed at developing individual and organizational capacity. Some 62 members of staff participated in 15 training programmes including a number of overseas training courses. Among the courses were Sustainable Development Design and Implementation of Effective Safety Nets; Labour Market Policy at the World Bank Institute; and Results-Based Monitoring and Evaluation. Other training included: Public Sector Management; Social Policy Analysis; Technical writing; CISCO CCNA; Government Procurement; Medium Term Expenditure Framework Design and Implementation; Strategic Negotiations; Public Speaking; Computable General Equilibrium (CGE) Modelling; and Universal Decimal Classification.

The Plan Development Unit (PDU), with support from the External Cooperation Management Division and Corporate Services, undertook steps to strengthen capacity in key areas to support the monitoring and evaluation framework for the National Development Plan. Fifty-eight civil servants completed training in Results-Based Management following two one-week training workshops hosted by the PIOJ in December 2009 with funding support from the Commonwealth Secretariat and the Canadian International Development Agency (CIDA). The training provided guidance to key MDAs and the PIOJ in understanding and applying results-based management principles, tools and techniques for implementation, monitoring and evaluation of the National Development Plan and other strategic planning frameworks.

Extensive follow-up was done by the PDU to ascertain a high quality product and from all accounts, the workshops were a success. The feedback from the participants on the workshop content, quality of the facilitator, the organization and logistics was very positive.

Members of the Economic Planning & Research Division benefited from a number of training activities through courses, workshops and seminars which helped to improve their research and forecasting capabilities. Some of this training included participation in:

- International Atomic Energy Agency (IAEA) national training course on Energy Demand Assessment using the model for analysis of energy demand;



- PCJ/ARPEL seminar on “The New Energy Agenda in Latin America & The Caribbean – Global Perspectives and Regional Context”;
- workshop on the Agriculture sub-sector strategy implementation Plan examining costs, timelines and progress indicators;
- workshop on the Medium Term Debt management strategy and the implementation of the Economic partnership Agreement; and
- training in Computable General Equilibrium models.

Both the JamStats and EduStats databases were updated and the training of government personnel continued with 30 persons being trained. Support continued to be provided to regional DevInfo initiatives. The Social Policy Planning and Research Division collaborated with UNICEF in monitoring the implementation of the Social Investment for Children Initiative, as well as with other projects funded by UNICEF.



Programme Director, Plan Development Unit (PDU), PIOJ, Mrs. Leila Palmer (left) along with Mrs. Curline Beckford (second right), Monitoring & Evaluating Coordinator, PDU and Ms. Herma Maxwell (right), PIOJ's Training Manager, assist Dr. Ray Rist (second left) President, International Development Evaluation Association, in preparing one of his presentations during the Results-Based Management two-week Training programme, which began on November 30, 2009 at the PIOJ.

Both the JamStats and EduStats databases were updated and the training of government personnel continued with 30 persons being trained.

PENSION ADMINISTRATION

In accordance with Regulation 12(1) of the Pensions Act (Superannuation Funds and Retirement Schemes), the PIOJ fund as at December 2009 completed the reporting mandatory requirements. Statutory reporting regulations and fiduciary responsibilities require that the Administrator, Board of Trustees and other responsible officers prepare compliance reports on the performance of the Pension Fund for review by the Financial Services Commission. An Auditor was appointed and the registration of one Member Trustee and one Sponsor Trustee completed. As at December 2009, the fund stood at \$485 986 995.31.

HEALTH AND WELLNESS

The Health and Wellness programme focused on occupational health and safety. Several activities were undertaken including:

- a Health Seminar and Fair which included a presentation on Stress Management by a psychiatrist; retirement planning; cholesterol and blood pressure checks; and blood sugar checks;
- circulation of information related to earthquakes;
- a Fire Drill in collaboration with the Jamaica Fire Brigade to create awareness on improving fire safety. Prior to the drill, a resensitization workshop was held for all floor wardens on the building; and
- advice on safety issues related to proper electrical installations.

INTERNAL COMMUNICATION

Information is disseminated to staff through the Intranet, Inter-Collaboration Divisional meetings, the Learning Hour and the *PIOJ Highlights* which is published biannually. The *PIOJ Highlights* is an in-house publication which provides staff with news on the major events of the year, a pictorial of staff activities and a variety of fun information. The Communications Committee was re-established to facilitate improved communication and to adequately address concerns of staff through the channelling of information and feedback to the relevant persons. The Communications Committee includes representatives from all divisions and provides support for the Inter-Collaboration Divisional Meetings and the Learning Hour – formerly the Lunch Hour Forum – an initiative geared towards providing staff interaction on various issues.



PLANNING INSTITUTE OF JAMAICA

INTER-COLLABORATION DIVISIONAL MEETINGS

In its bid to facilitate a cross-fertilization of ideas and to share information among the divisions, the PIOJ staged its first inter-collaboration divisional meeting on June 30, 2009, looking at the topic Provisions for Vulnerable Persons in the Economic Crisis. Three meetings followed with topics on: Productivity, in July; An Assessment of Jamaica's Competitiveness, in October; and Tourism presented in December.

LEARNING HOUR

The Learning Hour sessions are set up to provide staff with information on a variety of topics. Presentations are made by the PIOJ's Technical Officers or by representatives from various ministries and organizations. During the year, three Learning Hour sessions were conducted: *Equality and Stratification in Jamaica during Economic Adjustment (1991–2000)*; *the US Trade Relations in the Caribbean & Consular Matters* with representatives from the US Embassy; and the UNDP's presentation on *Community Peace, Security and Justice*.



A cross section of PIOJ's staff listen intently to the presentation on Productivity during the Inter-Collaboration Divisional meeting held on July 22, 2009 at the PIOJ.





Year in Review

2009



Prime Minister the Hon. Bruce Holding holds up the *Vision 2030 Jamaica-National Development Plan* and the *Medium Term Socio-Economic Framework* during the tabling of the documents in Parliament, Gordon House on May 5, 2009.



Dr. Pauline Knight (left), Director General (Actg), PIOJ warmly greets Mr. Jeremy Collymore (right), Executive Director, Caribbean Disaster Emergency Management Agency at a two-day Regional Expert Meeting on Disaster Reduction in the Education sector workshop on October 26-27, 2009, at the PIOJ. Looking on is Ms. Claire Bernard, Director, Sustainable Development & Regional Planning who made the introductions.



Mr. Earl Jarrett (at the podium) addresses the audience at the PIOJ's Business Seminar. Listening attentively at the head table are Dr. Pauline Knight (centre), Director General (Actg.) Planning Institute of Jamaica and Moderator, Professor Alvin Wint, Pro Vice Chancellor, Board for Undergraduate Studies, University of the West Indies.



Mr. Easton Williams, Acting Director, Social Policy, Planning & Research, PIOJ addresses the audience and members of the head table during the launch of three Parenting publications on November 26, 2010 at the Knutsford Court Hotel.



Mrs. Mary Clarke (second right), Children's Advocate smiles warmly as she greets the Honourable Minister of Education, Mr. Andrew Holness (centre) along with Ms. Kerry Ann Lewis (second left) and two students at the Caribbean Child Research Conference held on October 21, 2009, Jamaica Pegasus Hotel.



(L-R) Ambassador Vilma McNish, Under Secretary, Ministry of Foreign Affairs & Foreign Trade and Social Development Consultant, Ms. Jenny Jones await the start of the launch of the Millennium Development Goals Report on Thursday, May 28, 2009 at the PIOJ.





PLANNING INSTITUTE OF JAMAICA

DIRECTORS COMPENSATION JANUARY–DECEMBER 2009

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non- Cash Benefits as applicable (\$)	Total (\$)
Corporate Services	3 556 810	796 500	889 202		5 242 512
External Cooperation Management	3 415 663	796 500			4 212 163
Sustainable Development & Regional Planning	3 556 810	796 500			4 353 310
Economic Planning & Research (Resigned) (January–April 2009)	1 023 930	230 100			1 254 030
Economic Planning & Research (Septemebr–December 2009)	1 072 686	265 500			1 338 186
Corporate Affairs, Marketing & Communication (Incumbent acting effective August 2007)	2 992 222	796 500			3 788 722
Social Policy Planning & Research (Incumbent reassigned effective September 2009)	2 659 385	531 000			3 190 385
Social Policy Planning & Research (Incumbent acting effective October 2009)	748 055	199 125			947 180

Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.



SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Director General (Resigned-effective September 2009)	2009	4 019 963	1 253 259	1 096 807.20 ^a		993 071	Installation and hardware - max 65 000 p.a	7 428 100.2
Director General (Acting-effective September 2009)	2009	1 769 662		265 500	Pension 5% contribution 5 % voluntary			2 035 162

a – value of motor vehicle



AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009



THE PLANNING INSTITUTE OF JAMAICA
YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the members of

THE PLANNING INSTITUTE OF JAMAICA

Report on the financial statements

We have audited the financial statements of The Planning Institute of Jamaica (the Institute), set out on pages 2 to 29, which comprise the statement of financial position as at December 31, 2009, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at December 31, 2009, and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Chartered Accountants

Kingston, Jamaica,
June 14, 2010

THE PLANNING INSTITUTE OF JAMAICA

STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009

	<u>Notes</u>	<u>2009</u> \$'000	<u>2008</u> \$'000
<u>ASSETS</u>			
Non-current assets			
Property and equipment	6	446,259	469,122
Long-term receivables	7	4,637	4,403
Retirement benefit asset	8	-	70,069
		<u>450,896</u>	<u>543,594</u>
Current assets			
Inventories	9	5,773	5,869
Accounts receivable	10	26,290	25,539
Cash and bank balances	11	<u>64,840</u>	<u>44,427</u>
		<u>96,903</u>	<u>75,835</u>
Total assets		<u>547,799</u>	<u>619,429</u>
<u>EQUITY AND LIABILITIES</u>			
Government contribution to equity	12	353	353
Capital grants	13	398,604	401,247
Accumulated surplus		<u>20,610</u>	<u>110,578</u>
		<u>419,567</u>	<u>512,178</u>
Current liabilities			
Owed to projects	14	49,188	29,250
Accounts payable	15	<u>79,044</u>	<u>78,001</u>
		<u>128,232</u>	<u>107,251</u>
Total equity and liabilities		<u>547,799</u>	<u>619,429</u>

The Notes on Pages 6 to 29 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 29 were approved and authorised for issue by the Board of Directors on June 14, 2010, and are signed on its behalf by:


.....
Director


.....
Director

THE PLANNING INSTITUTE OF JAMAICA
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2009

	<u>Notes</u>	<u>2009</u> \$'000	<u>2008</u> \$'000
INCOME			
Government subventions	16	338,259	401,749
Other income	17	<u>12,950</u>	<u>6,969</u>
		<u>351,209</u>	<u>408,718</u>
EXPENSES			
Staff costs	18	358,585	252,528
Property expenses		37,762	48,424
Consultancy and professional fees		3,406	3,672
Depreciation		39,950	23,081
Other operating expenses		<u>19,928</u>	<u>26,711</u>
		<u>459,631</u>	<u>354,416</u>
(DEFICIT) SURPLUS FROM OPERATIONS		(108,422)	54,302
Interest Income		<u>5,277</u>	<u>3,395</u>
NET (DEFICIT) SURPLUS		<u>(103,145)</u>	<u>57,697</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(103,145)</u>	<u>57,697</u>

The Notes on Pages 6 to 29 form an integral part of the Financial Statements.

THE PLANNING INSTITUTE OF JAMAICA

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2009

	Government Contributions to Equity \$'000	Capital Grants \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at January 1, 2008	<u>353</u>	<u>354,048</u>	<u>38,575</u>	<u>392,976</u>
Net surplus for the year	<u>-</u>	<u>-</u>	<u>57,697</u>	<u>57,697</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>-</u>	<u>57,697</u>	<u>57,697</u>
Grants received for capital acquisition	-	61,505	-	61,505
Transfer to accumulated surplus, amount equivalent to depreciation charges for the year on assets acquired using grants	<u>-</u>	<u>(14,306)</u>	<u>14,306</u>	<u>-</u>
Balance at January 1, 2009	<u>353</u>	<u>401,247</u>	<u>110,578</u>	<u>512,178</u>
Deficit for the year	<u>-</u>	<u>-</u>	<u>(103,145)</u>	<u>(103,145)</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>-</u>	<u>(103,145)</u>	<u>(103,145)</u>
Grants received for capital acquisition	-	10,534	-	10,534
Transfer to accumulated surplus, amount equivalent to depreciation charges for the year on assets acquired using grants	<u>-</u>	<u>(13,177)</u>	<u>13,177</u>	<u>-</u>
Balance at December 31, 2009	<u>353</u>	<u>398,604</u>	<u>20,610</u>	<u>419,567</u>

The Notes on Pages 6 to 29 form an integral part of the Financial Statements.

THE PLANNING INSTITUTE OF JAMAICA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	<u>2009</u> \$'000	<u>2008</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit) surplus	(103,145)	57,697
Adjustments for:		
Gain on disposal of property and equipment	(261)	-
Depreciation of property and equipment	39,950	23,081
Interest income	(5,277)	(3,395)
Retirement benefit plan charge (credit)	<u>83,583</u>	<u>(23,154)</u>
Operating cash flows before movement in working capital	14,850	54,229
Decrease in inventories	96	1,871
(Increase) decrease in accounts receivable	(226)	1,232
Increase in owed to projects	19,938	2,211
Increase in accounts payable	<u>1,043</u>	<u>12,291</u>
Cash provided by operating activities	35,701	71,834
Contributions to retirement benefit plan	<u>(13,514)</u>	<u>(12,479)</u>
Net cash provided by operating activities	<u>22,187</u>	<u>59,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4,898	2,837
Acquisition of property and equipment	(17,087)	(120,623)
Long-term receivables (net)	(380)	(1,088)
Proceeds on sale of fixed assets	<u>261</u>	<u>-</u>
Cash used in investing activities	<u>(12,308)</u>	<u>(118,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital grant received	<u>10,534</u>	<u>61,505</u>
Cash provided by investing activities	<u>10,534</u>	<u>61,505</u>
INCREASE IN CASH AND CASH EQUIVALENTS	20,413	1,986
OPENING CASH AND CASH EQUIVALENTS	<u>44,427</u>	<u>42,441</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>64,840</u>	<u>44,427</u>

The Notes on Pages 6 to 29 form an integral part of the Financial Statements.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1 IDENTIFICATION

1.1 General information

The Planning Institute of Jamaica (the Institute) was established as a body corporate under the Planning Institute of Jamaica Act on April 9, 1984. The registered office of the Institute since April 2008 is at 16 Oxford Road, Kingston 5, Jamaica. Prior to that the registered office was located at 10-16 Grenada Way, Kingston 5, Jamaica.

The Institute is funded by grants received from the Government of Jamaica and is exempted from income tax, customs duty, stamp duties and transfer tax.

1.2 Principal activities

The objectives of the Institute include:

- (i) initiation and co-ordination of planning for economic, financial, social, cultural and physical development of Jamaica;
- (ii) monitoring the implementation of plans so initiated or co-ordinated;
- (iii) consultancy activities for Government Ministries, Agencies and Statutory Bodies;
- (iv) management of technical co-operation agreement programmes.

1.3 Reporting currency

These financial statements are expressed in Jamaican dollars which is the functional currency of the Institute.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 *Standards and interpretations affecting presentation and disclosures*

The following new and revised standards and interpretations have been adopted in the current period and the effects are detailed below. Details of other standards and interpretations adopted in these financial statements but have had no effect on the amounts reported are set out in Note 2.2

Standards affecting presentation and disclosure

- IAS 1 (as revised in 2007): Presentation of Financial Statements. The main objective of the revision in IAS 1 was to aggregate information in financial statements on the basis of shared characteristics. Adoption of IAS 1 affected the Institute's presentation of owner changes in equity and of non-owner changes in equity (comprehensive income). The revision required the presentation of comprehensive income in one or two statements and the Institute has adopted the one statement method to present the comprehensive income. Presentation of the Institute's statement of changes in equity has also been amended to comply with the revisions. In addition, the revised standard requires presentation of a third statement of financial position (balance sheet) at January 1, 2008 when applying policy changes retrospectively. However, the Institute has not presented a third statement as there were no retrospective policy changes that affected the presentation and disclosures of these financial statements.
- IFRS 7: Financial Instruments - Disclosures. The amendments to IFRS 7 expanded the disclosure required in respect of fair value measurements and liquidity risk. In particular, the amendment requires the disclosure of fair value measurements by level of a fair value hierarchy. The disclosure of a fair value hierarchy is not relevant as there are no financial instruments measured at fair value in the financial statements.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Cont'd)

2.2 *Standards and Interpretations adopted with no effect on the financial statements*

The following new and revised standards and interpretations have also been adopted in these financial statements.

Their adoption has not had any impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- *IAS 23 (Revised) - Borrowing Costs* - The revision removes the option of either capitalising borrowing costs relating to qualifying assets or expensing these borrowing costs. The revised standard requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. The Institute currently has no qualifying assets or related borrowing cost.
- *Under the amendments to IAS 32 (Revised) Financial instruments: Presentation* - effective January 1, 2009. *Puttable Instruments and Obligations Arising on Liquidation*, certain financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity.
- *IFRIC 15 Agreements for the Construction of Real Estate* - Effective January 1, 2009. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognised.
- *IFRIC 18 Transfers of Assets from Customers* (effective for transfers made on or after 1 July 2009). The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 *Revenue*.

2.3 *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of these financial statements, the following new or amended Standards and Interpretations were in issue but not yet effective for the financial period being reported upon:

		Effective for annual periods beginning on or after
IAS 1,7,17,36,39,) and IFRS 5 and 8) (Revised))	Amendments resulting from April 2009 Annual Improvements to IFRS	January 1, 2010
IAS 24 (Revised)	Related Party Disclosures - Revised definition of related parties	January 1, 2011
IAS 27 (Revised)	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	July 1, 2009

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Cont'd)

2.3 *Standards and Interpretations in issue not yet adopted (Cont'd)*

		Effective for annual periods beginning on or after
IAS 32	Financial Instruments: Presentation – Amendments relating to classification of rights issues	February 1, 2010
IAS 38 (Revised)	Intangible assets – Amendments arising from April 2009 Annual Improvements to IFRS	July 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to clarify Eligible Hedged Items	July 1, 2009
	- Amendments for embedded derivatives when reclassifying financial instruments	June 30, 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards:	
	- Amendments relating to oil and gas assets and determining when an arrangement contains a lease	January 1, 2010
	- First-time Adoption of Financial Reporting Standards	July 1, 2009
IFRS 2 (Revised)	Share-based Payment:	
	- Amendments arising from April 2009 Annual Improvements to IFRS	July 1, 2009
	- Amendments relating to Group cash-settled share -based payment transactions	January 1, 2010
IFRS 3 (Revised)	Business Combinations - Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations - Amendment relating to Plans to sell the controlling interest in a subsidiary	July 1, 2009
IFRS 8	Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRS	January 1, 2010
IFRS 9	Financial Instruments - Classification and Measurement	January 1, 2013
IFRIC 9 (Revised)	Reassessment of Embedded Derivatives - Amendments arising from April 2009 Annual Improvements to IFRS	July 1, 2009
IFRIC 16 (Revised)	Hedges of a Net Investment in a Foreign Operation - Amendment to the restriction on the entity the entity that can hold hedging instruments	July 1, 2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2010

Except as noted below, the Board of Directors and management anticipate that the adoption of these standards and interpretations in the future periods at their effective dates will not be relevant to the financial statements of the Institute in the period of initial application.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Cont'd)

2.3 *Standards and Interpretations in issue not yet adopted (Cont'd)*

- *IAS 24 (Revised): Related Party Disclosures Effective 1 January 2011.* The amendments to standard simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The standard is not expected to have any significant impact on the Institute's financial results and will only have an impact on the disclosures in the financial statements.
- *IFRS 9 Financial Instruments* - The Standard introduces new requirements for the classification and measurement of financial assets and is effective from January 1, 2013 with early adoption permitted. Under the new standards all recognised financial assets that are currently in the scope of IAS 39 will be measured at either amortised cost or fair value. A debt instrument (e.g. loan receivable) that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding generally must be measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL).

A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement. For debt instruments not designated at FVTPL under the fair value option, reclassification is required between FVTPL and amortised cost, or vice versa, if the entity's business model objective for its financial assets changes so that its previous model no longer applies.

The new requirements for classification and measurement of financial liabilities, derecognition of financial instruments, impairment and hedge accounting are expected to be added to IFRS 9 in 2010. As a result, IFRS 9 will eventually be a complete replacement for IAS 39 and IFRS 7. An early adoption of IFRS 9 will require the continued application of IAS 39 for other accounting requirements for financial instruments within its scope that are not covered by IFRS 9 (e.g. classification and measurement of financial liabilities, recognition and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, etc.).

The standard is not expected to have any significant impact on the Institute's financial results. However, additional disclosure may be necessary in the financial statements.

3 SCOPE OF FINANCIAL STATEMENTS

The financial statements reflect the assets, liabilities and transactions relating to the Administration and Resource Management activities (Recurrent Programme) and the Research and Investigations/ Developmental programmes (Capital A Projects) of the Institute only. The financial statements do not reflect assets and liabilities and transactions of special projects (in particular technical assistance programmes) being administered on behalf of various agencies and funded wholly by those agencies or by those agencies and the Government of Jamaica (Capital B Projects).

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The Institute's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of preparation

These financial statements have been prepared under the historical cost basis. The principal accounting policies are set out below:

4.3 Property and equipment

All property and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write-off the cost of assets, other than properties under construction over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Property and equipment in the course of construction or assembly for administrative purposes or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes any professional fees directly related to bringing the assets into use. Depreciation of these assets, on the same basis as similar property and equipment, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the net carrying amount of the asset and is recognised in the net surplus for the period.

4.4 Impairment of tangible assets

At each reporting date, the Institute reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Institute estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Inventories

Inventory of publications held for sale is stated at lower of cost or net realisable value. Publication in progress is stated at cost.

4.6 Financial instruments

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

A financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Institute.

A financial liability is any liability that is a contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Institute.

The Institute recognises financial assets or financial liabilities only when the Institute becomes a party to the contractual provisions of the instruments.

4.7 Financial assets

The Institute's financial assets primarily comprise 'loans and receivables' with the classification being based on the purpose of the financial asset and is determined at the time of initial recognition. The financial assets of the Institute include cash and cash equivalents, accounts receivable and long-term receivables.

4.7.1 *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate except that no interest is charged on trade and other receivables as they are usually settled within a short period during which recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in net surplus for the period when there is objective evidence that the asset is impaired.

4.7.2 *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of bank overdraft and other highly liquid bank deposits held with financial institutions, with an original maturity of three months or less from the date of acquisition, and are held to meet cash requirements rather than for investment purposes.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 Financial assets (Cont'd)

4.7.3 *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that have occurred after initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issue or counter party; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to income. Changes in the carrying amount of the allowance account are recognised in the net surplus for the period.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4.7.4 *De-recognition of financial assets*

The Institute de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Financial liabilities

Financial liabilities of the Institute that include owed to projects and accounts payable are classified as other liabilities.

4.8.1 *Owed to projects*

These amounts are stated at nominal values.

4.8.2 *Accounts payable*

Accounts payable are initially measured at their fair values. No interest is accrued on outstanding balances as these are usually settled within a short period during which any interest charged would be immaterial.

4.8.3 *De-recognition of financial liabilities*

The Institute de-recognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or they expire.

4.9 Employee benefits

4.9.1 *Pension obligations*

The Institute operates a defined benefit pension plan for its permanent staff. The plan is funded by contributions from employees and employer. The employees contribute at the rate of 5% of pensionable salaries (with the option of contributing an additional 5%). The Institute's rate of contribution is determined by independent actuaries with a minimum of 5% of pensionable salaries.

The cost of providing benefits is determined using the Projected Unit Credit Method with independent actuarial valuations being carried out at each statement of financial position date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Institute's obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The retirement benefit asset recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

4.9.2 *Leave entitlement*

Employee entitlements to annual leave and gratuities are recognised when they accrue to employees. Provision is made for the estimated liability for annual leave and gratuity for services rendered by employees up to the end of the reporting period.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 Capital grants

As a government-owned entity amounts received as special grants for the acquisition of property and equipment are recognised in the statement of financial position at an amount equivalent to the cost of acquisition. An amount equal to the annual depreciation charge on these assets is transferred from the capital grants to accumulated surplus or deficit to systematically recognise the benefit of the grant over the useful lives of the assets acquired.

4.11 Revenue recognition

4.11.1 *Government grants*

Revenue from government grants are recognised when there is reasonable assurance that the grant will be received.

4.11.2 *Rental income*

The Institute's policy for recognition of revenue from operating leases is described in Note 4.13.1 below.

4.11.3 *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.11.4 *Maintenance income*

Property maintenance fees are charged to tenant and accrued monthly by reference to annual contract period.

4.12 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

4.12.1 Enterprises and individuals owning directly or indirectly an interest in the voting power of the entity that gives significant influence over the entity's affairs and close members of the families of these individuals.

4.12.2 A member of key management personnel of the entity, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including directors, officers and close members of the families of these individuals.

4.12.3 Post-employment benefit plan for the benefit of the employees of the entity.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.13 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.13.1 The Institute as lessor

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4.13.2 The Institute as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

4.14 Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Institute operates (its functional currency).

In preparing the financial statements of the Institute, transactions in currencies other than the Institute's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at year-end. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the net surplus for the period in which they arise.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Institute's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Critical judgments in applying accounting policies

The Directors, believe that, there are no judgments made that had a significant effect on the amounts recognised in the financial statements.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

5.2 Key sources of estimation uncertainty

The following is a key source of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5.2.1 Retirement benefits

As disclosed in Note 8, the Institute operates a defined benefit pension plan. The retirement benefit asset disclosed in the statement of financial position \$Nil (2008: \$70.06 million) in respect of the defined benefits plan is subject to estimates in respect of periodic costs which costs are dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Institute estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement benefit obligation.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have maturities approximating the related pension liabilities were considered.

The minimum contribution by the Institute towards the plan, as employer, is 5% of pensionable salaries. The rate has a significant impact on the present value of the economic benefit used to determine and recognize the pension asset due to the restriction under paragraph 58 of IAS 19. Management has been advised that if the minimum rate were 0.5%, the asset would increase from \$Nil to \$71.9 million and the retirement benefit expenses recognised in staff cost in the statement of comprehensive income would reduce from \$83.6 million to \$11.7 million.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

6 PROPERTY AND EQUIPMENT

	Freehold <u>Building</u> \$'000	Leasehold <u>Improvements</u> \$'000	Furniture, Fixtures & <u>Equipment</u> \$'000	Motor <u>Vehicles</u> \$'000	<u>TOTAL</u> \$'000
Cost					
January 1, 2008	253,157	9,405	41,823	7,617	436,102
Additions (government subventions)	-	-	71,722	-	71,722
Additions (capital grants)	-	-	7,063	-	48,901
Transfer to fixed assets	<u>147,286</u>	<u>-</u>	<u>18,652</u>	<u>-</u>	<u>-</u>
January 1, 2009	400,443	9,405	139,260	7,617	556,725
Additions (government subventions)	-	-	4,764	1,789	6,553
Additions (capital grants)	7,644	1,043	1,847	-	10,534
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>(610)</u>
December 31, 2009	<u>408,087</u>	<u>10,448</u>	<u>145,871</u>	<u>8,796</u>	<u>573,202</u>
Accumulated depreciation					
January 1, 2008	12,501	9,404	36,439	6,178	64,522
Charge for year	<u>9,094</u>	<u>-</u>	<u>12,972</u>	<u>1,015</u>	<u>23,081</u>
January 1, 2009	21,595	9,404	49,411	7,193	87,603
Charge for year	10,112	145	28,724	969	39,950
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>(610)</u>
December 31, 2009	<u>31,707</u>	<u>9,549</u>	<u>78,135</u>	<u>7,552</u>	<u>126,943</u>
Net Book Value					
December 31, 2009	<u>376,380</u>	<u>899</u>	<u>67,736</u>	<u>1,244</u>	<u>446,259</u>
December 31, 2008	<u>378,848</u>	<u>1</u>	<u>89,849</u>	<u>424</u>	<u>469,122</u>

The following rates are used for depreciation of property and equipment:

Building	-	2.5%
Leasehold improvements	-	33.3%
Furniture, fixtures and equipment (including computer equipment)	-	10% - 20%
Motor vehicles	-	33.3%

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

7 LONG-TERM RECEIVABLES

(a) These include:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Staff loans receivable (see (b) below)	7,059	6,679
Less: current portion of staff loans receivable (Note 10)	(2,422)	(2,276)
	<u>4,637</u>	<u>4,403</u>

(b) Staff loans are in relation to advances for purchase of motor vehicles which are secured by bills of sale on the motor vehicles and are recoverable by installments. Interest on these loans range from 8% to 15% per annum.

8 RETIREMENT BENEFIT ASSET

The Institute operates a defined benefit plan for its permanent staff. The assets of the scheme are held separately from those of the Institute in funds under the control of trustees and administered by an insurance company. The plan is funded by contributions made by the employees and the Institute. The Institute contributes the balance of the cost determined periodically by actuaries subject to a minimum of 5% of pensionable salaries. Employees contribute 5% of the pensionable salaries as a basic contribution with an option to contribute an additional 5% of pensionable earnings. The pension benefits are determined on a prescribed benefit basis and are payable at a rate of 1.67% of annualised salary at exit, times the pensionable years of service.

The most recent actuarial valuation was carried out at December 31, 2009 by Rambarran & Associates Limited, consulting actuaries. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

8.1 The principal assumptions used for the purpose of the actuarial valuation were as follows:

	<u>2009</u>	<u>2008</u>
Gross discount rate	10.5%	13%
Expected return on assets	10.5%	14%
Expected rate of salary increases	10.5%	13%
Future pension increases	5%	5%
Inflation	9%	10%

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8 RETIREMENT BENEFIT ASSET (Cont'd)

8.2 The amount included in the statement of financial position arising from the Institute's obligation in respect of its defined benefit plan is as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Present value of obligations	(196,421)	(238,248)
Fair value of plan assets	<u>489,469</u>	<u>412,214</u>
	293,048	173,966
Unrecognised past service cost	497	746
Unrecognised net actuarial (gains) losses	(73,290)	21,110
Assets not recognised due to limitation in paragraph 58 of IAS 19	<u>(220,255)</u>	<u>(125,753)</u>
Net asset in statement of financial position	<u>-</u>	<u>70,069</u>

8.3 Amounts recognised in net (deficit) surplus in respect of the plan are as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Current service cost	12,287	8,685
Interest costs	34,938	21,697
Expected return on plan assets	(58,393)	(57,508)
Recognised actuarial gains	-	(113)
Recognised past service cost	249	35,345
Change in unrecognised asset	<u>94,502</u>	<u>(31,260)</u>
Total charge (credit) included in staff costs (Note 18)	<u>83,583</u>	<u>(23,154)</u>
Actual return on plan assets	<u>(73,326)</u>	<u>15,907</u>

8.4 Movements in the net asset in the year were as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Balance, January 1	70,069	34,436
Amounts (charged) credited to income	(83,583)	23,154
Contributions	<u>13,514</u>	<u>12,479</u>
Balance, December 31	<u>-</u>	<u>70,069</u>

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8 RETIREMENT BENEFIT ASSET (Cont'd)

- 8.5 Changes in the present value of the defined benefit obligation were as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Opening defined benefit obligation	238,248	183,238
Service cost	12,287	8,685
Interest cost	34,938	21,697
Member contributions	7,615	7,049
Past service cost - vested benefits	-	35,345
Past service cost - non-vested benefits	-	746
Benefits paid	(11,045)	(4,997)
Actuarial gain	(85,622)	(13,515)
Closing defined benefit obligation	<u>196,421</u>	<u>238,248</u>

- 8.6 Changes in fair value of plan assets were as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Opening fair value of plan assets	412,214	418,953
Members' contributions	7,615	7,049
Employer's contributions	13,514	12,479
Expected return on plan assets	58,393	57,508
Benefits paid	(11,045)	(4,997)
Actuarial gain (loss)	<u>8,778</u>	<u>(78,778)</u>
Closing fair value of plan assets	<u>489,469</u>	<u>412,214</u>

- 8.7 The fair value of the plan assets at the end of the reporting period is analysed as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Equity fund	154,532	133,625
Fixed income fund	149,934	127,575
Foreign exchange fund	68,810	46,591
Mortgage and real estate fund	97,330	94,698
Money Market fund	15,381	9,725
Other	<u>3,482</u>	<u>-</u>
Fair value of plan assets	<u>489,469</u>	<u>412,214</u>
Expected rate of return	<u>10.5%</u>	<u>14%</u>

The overall expected rate of return of 10.5% (2008:14%) on plan assets was based on market expectation of inflation of 9% (2008:10%) plus a margin for real returns 1.5% (2008:4%) on a balanced portfolio of equities, bonds and property.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8 RETIREMENT BENEFIT ASSET (Cont'd)

8.7 (Cont'd)

The history of experience adjustment is as follows:

	<u>2009</u> \$'000	<u>2008</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2005</u> \$'000
Present value of defined benefit obligation	(196,421)	(238,248)	(183,238)	(166,042)	(125,595)
Fair value of plan assets	<u>489,469</u>	<u>412,214</u>	<u>418,953</u>	<u>355,730</u>	<u>296,925</u>
Fund surplus	293,048	173,966	235,715	189,688	171,330
Experience adjustments on plan obligations	85,622	13,515	13,742	(15,400)	14,027
Experience adjustments on plan assets	(8,778)	78,778	(6,167)	(9,721)	10,308

The Institute expects to make a contribution of \$14.7 million (2008: \$13.67 million) to the defined benefit plan during the next financial year.

The plan assets do not include any of the Institute's own financial instruments, nor any property occupied by or other assets used by the Institute.

9 INVENTORIES

These include:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Publications held for sale	<u>5,773</u>	<u>5,869</u>

The cost of inventories recognised as an expense during the period was \$5.7 million (2008: \$5.9 million).

10 ACCOUNTS RECEIVABLE

10.1 These include:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Maintenance fees	2,875	220
Trade receivable (sale of publications)	189	242
Prepayments	5,620	3,816
Other receivables	<u>17,606</u>	<u>21,261</u>
	<u>26,290</u>	<u>25,539</u>

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

10 ACCOUNTS RECEIVABLE (Cont'd)

10.1 (Cont'd)

The average credit period granted on sale of publications is 30 days. No interest is charged on outstanding balances.

Trade debtors with the carrying amount of \$188,915 (2008: \$241,540) are past due at the reporting date. However, the Institute considers these amounts are recoverable based on the credit quality of the amounts outstanding. The Institute does not hold any collateral over these balances. The average age of these receivables is 90 days (2008: 90 days).

10.2 Other receivables include:

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Receivable from Government Ministries	6,164	5,305
Reimbursable expense - utility	-	3,484
Interest receivable	1,192	813
Advances to staff	4,221	4,481
Withholding tax recoverable	2,114	1,395
Current portion of long-term receivables (Note 7)	2,422	2,276
Other	<u>1,493</u>	<u>3,507</u>
	<u>17,606</u>	<u>21,261</u>

The Institute considers that all amounts classified as other receivables are recoverable and there are no past due balances included in the carrying amounts reflected above.

11 CASH AND BANK BALANCES

11.1 Cash and bank balances comprise the following:

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Funds held for administration and resource management	41,497	25,127
Funds held for special projects	21,963	19,300
Building maintenance fund	<u>1,380</u>	<u>-</u>
	<u>64,840</u>	<u>44,427</u>

11.2 Bank deposits include interest bearing accounts totalling \$46.4 million (2008: \$44.4 million), including a foreign currency deposit amounting to \$17.1 million (US\$198,498) (2008: \$11.4 million (US\$146,176)). Interest on local currency deposits are at rates ranging between 3% and 12.3% (2008: 3% to 12.3%) and foreign currency deposit at a rate of 2% (2008: 2%).

11.3 Funds being held in bank accounts in the name of the Institute but which are not accounted for in these financial statements (see Note 3) amounted to approximately \$140.8 million at December 31, 2009 (2008: \$81.7 million). The funds held in these bank accounts include funds received from overseas agencies for special projects and building maintenance account.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

12 GOVERNMENT CONTRIBUTION TO EQUITY

This represents the net assets taken over from the National Planning Agency.

13 CAPITAL GRANTS

This represents value of property and equipment (net of depreciation) acquired from special grants received for such purposes (see also Note 4.10).

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Balance at beginning of year	401,247	354,048
Grants received	10,534	61,505
Transfer to accumulated surplus	(13,177)	(14,306)
Balance at end of year	<u>398,604</u>	<u>401,247</u>

The grants received during 2008 were to assist in the renovation cost of the administrative building purchased in 2005.

14 OWED TO PROJECTS

These include funds owed to projects funded by the Government of Jamaica and/or overseas funding agencies.

The balance represents funds received by the Institute on behalf of certain special projects but not disbursed at the year-end. The balances are shown net of advances made by the Institute, which are refundable by these special projects.

15 ACCOUNTS PAYABLE

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Rent payable	4,118	4,118
Short-term employee benefits	43,020	44,132
Government of Jamaica/ European Union Credit Scheme	6,462	6,462
Accruals and other payables	<u>25,444</u>	<u>23,289</u>
	<u>79,044</u>	<u>78,001</u>

The credit period on purchases of goods/services from the Institute's major suppliers range from 30 - 60 days. The Institute has financial risk management procedures in place to ensure that all payables are paid within the credit time frame.

16 GOVERNMENT SUBVENTIONS

Government subventions include recurrent amounts received from the Ministry of Finance and Planning.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

17 OTHER INCOME

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Rental income	7,687	6,844
Building management fees	1,890	1,286
Net profit/loss on sale of publications	203	(3,027)
Contributions - Special projects	273	-
Other	<u>2,897</u>	<u>1,866</u>
	<u>12,950</u>	<u>6,969</u>

18 STAFF COSTS

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and allowances	254,423	247,509
Statutory contributions	7,894	7,586
Retirement benefit plan charge (credit) (Note 8.3)	83,583	(23,154)
Accrued vacation benefits	(1,113)	10,351
Other staff cost	<u>13,798</u>	<u>10,236</u>
	<u>358,585</u>	<u>252,528</u>

19 RELATED PARTY TRANSACTIONS

19.1 The following transactions were carried out with related parties comprising directors and key management personnel:

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and other short-term benefits		
Salaries and allowances including statutory contributions	32,628	35,766
Retirement benefit plan (credit) charge	-	(4,010)
Accrued vacation	<u>6,369</u>	<u>7,097</u>
	<u>38,997</u>	<u>38,853</u>

The remuneration of directors and key management is determined by the Board of Directors and the Ministry of Finance and Planning.

19.2 Loans to related parties

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Loans to key management personnel	<u>2,367</u>	<u>272</u>

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

20 COMMITMENTS

Capital commitments

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
For acquisition of equipment and motor vehicles	5,471	2,797
Renovation of building and relocation costs	<u>2,784</u>	<u>2,264</u>
	<u>8,255</u>	<u>5,061</u>

21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

21.1 Capital risk management

The Institute manages its capital to ensure that the entity will be able to continue as a going concern. The Institute is a Government owned entity and its operations are funded by the Government of Jamaica. The Board of Directors is responsible to obtain adequate funding from the Government of Jamaica for its operations to ensure that the Institute meets its operational objectives and remains a viable entity. The Institute's overall capital risk management strategy remains unchanged from 2007.

The capital structure of the Institute consists of cash and cash equivalents and equity attributable to the Government of Jamaica.

21.2 Significant accounting policies

Details of the significant policies and methods adopted included the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity.

21.3 Categories of financial instruments

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Financial assets		
Loans and receivables (including cash and bank balances)	<u>88,033</u>	<u>69,157</u>
Financial liabilities		
Other liabilities	<u>79,329</u>	<u>56,507</u>

21.4 Financial risk management objectives

The Institute's financial risk management policies are directed by the Board of Directors, assisted by a committee of the Board and the senior management. The Institute's activities expose it to credit related risks, liquidity risks and market risks that include foreign currency risks and interest rate risks.

The annual budgeting exercise and the continuing monitoring of the operations of the Institute against the budgets allow the Board and the senior management to achieve its objectives and to manage relevant financial risks that could be faced by the Institute.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

21.5 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute. The Institute's principal financial assets are cash and bank balances and accounts receivable. The credit risk on cash and bank balances is limited as the Institute minimises this risk by seeking to limit its obligations to substantial financial institutions. In respect of accounts receivable the risk is minimised by providing credit facilities to credit worthy parties.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Institute's maximum exposure to credit risk.

21.6 Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the Institute will encounter difficulty in raising funds to meet commitments associated with financial instruments. The directors do not consider that there is a significant liquidity risk because the operations are funded by the Government of Jamaica.

The table below summarises the Institute's remaining contractual maturities for the financial assets and financial liabilities.

	2009			
	Weighted Average Effective Rate %	Less than 1 Month \$'000	1 to 3 Months \$'000	Over 12 Months \$'000
Financial assets				Total \$'000
Long-term receivables	8.5	-	-	4,637
Accounts receivable		18,556	-	-
Cash and bank deposits	11.2	<u>64,840</u>	<u>-</u>	<u>-</u>
		<u>83,396</u>	<u>-</u>	<u>4,637</u>
Financial liabilities				
Accounts payable		30,141	-	-
Owed to projects		<u>49,188</u>	<u>-</u>	<u>-</u>
		<u>79,329</u>	<u>-</u>	<u>-</u>
				<u>79,329</u>

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

21.6 Liquidity risk management (Cont'd)

2008				
	Weighted Average Effective Rate %	Less than 1 Month \$'000	1 to 3 Months \$'000	Over 12 Months \$'000
				Total \$'000
Financial assets				
Long-term receivables	4	-	-	4,403
Accounts receivable		20,327	-	20,327
Cash and bank deposits	8	<u>36,753</u>	<u>7,674</u>	<u>44,427</u>
		<u>57,080</u>	<u>7,674</u>	<u>69,157</u>
Financial liabilities				
Accounts payable		27,257	-	27,257
Owed to projects		<u>29,250</u>	<u>-</u>	<u>29,250</u>
		<u>56,507</u>	<u>-</u>	<u>56,507</u>

21.7 Market risk

Market 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 security or its issuer or factors affecting all securities traded in the market. Except in respect of foreign currencies as disclosed in Note 21.8 below and interest rates as disclosed in Note 21.9 below the Institute has no exposure to market risk.

21.8 Foreign currency risk management

The Institute undertakes certain transactions in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuation. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The following balances are included in these financial statements:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Cash and bank deposits - United States dollars	<u>17,063</u>	<u>11,400</u>

Based on the balances held in foreign currency at the balance sheet the Institute's exposure to foreign currency risk is not significant. However, the management consistently monitors the Institute's exposure as and when it undertakes transactions in foreign currencies to minimise the effects on its operating results.

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

21.8 Foreign currency risk management (Cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2008: 10%) devaluation in the Jamaican dollar against the United States dollar. 10% is the sensitivity rate that represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2008: 10%) devaluation in foreign currency rate.

If the Jamaican dollar weakens by 10% against the United States dollar, net surplus will increase by:

	<u>US Dollar Impact</u>	
	<u>2009</u>	<u>2008</u>
	J\$'000	J\$'000
Net surplus	<u>1,706</u>	<u>1,135</u>

This is mainly attributable to the exposure outstanding on cash and bank balances at year end.

The company's sensitivity to foreign currency has increased during the year mainly due to devaluation of the Jamaican currency and an increase in foreign exchange deposits. US dollar holdings has increased by US\$198,500 over the previous year.

In management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

21.9 Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow risk. The Institute's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank deposits. The analysis is prepared assuming that the amount of deposits at balance sheet date remains the same for the whole year. A 10% increase or decrease is used when reporting interest rate risk internally to the management and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 percent higher or lower and all other variables were held constant, the Institute's net deficit for the year would decrease/increase by \$444,270 (2008: net surplus for the year would increase/decrease by \$424,000).

THE PLANNING INSTITUTE OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

21.10 Fair value of financial instruments

Fair value is the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Institute, fair values in the financial statements have been determined using various estimation techniques based on market conditions existing at balance sheet date. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Institute would realise in a current market exchange.

The following methods and assumptions have been used:


- (i) The carrying value of cash and bank balances, accounts receivable, accounts payable and owed to projects approximates their fair value due to their short-term nature.
- (ii) The fair value of staff loans included in long-term receivables has not been estimated as the interest charged on these loans are special rates offered to the employees.

22 SUBSEQUENT EVENTS

On January 14, 2010, the Government of Jamaica (GOJ) announced a Jamaica Debt Exchange (JDX) transaction under which the GOJ aims to reduce the cost and lengthen the maturity profile of its domestic debt portfolio. As a result, holders of certain domestic debt instruments were invited to participate in a voluntary exchange of their existing holdings for new, longer dated instruments at lower rates of interest. On completion of this exchange the Institute will recognize consideration for the exchange equivalent to fair value of the new securities acquired with a resultant gain or loss on disposal representing the difference between the carrying values, including any unamortized premiums or discounts, of existing notes and the fair value of the new notes to be acquired. This gain or loss will be recognised in the Statement of Comprehensive Income. The settlement date was February 24, 2010. The full impact of this transaction will be disclosed on the Statement of Financial Position in the year ending December 31, 2010.

REPORT TO THE DIRECTORS OF
THE PLANNING INSTITUTE OF JAMAICA
ON
ADDITIONAL INFORMATION

Our examination of the financial statements of the Institute for the year ended December 31, 2009 was intended primarily for the purpose of formulating an opinion on those financial statements taken as a whole. The additional information presented in page 2 has been taken primarily from accounting and other records of the Institute and is not necessary to give a true and fair view of the financial position of the Institute at December 31, 2009 or of its financial performance and cash flows for the year then ended. Such information has not been subjected to sufficient tests and other auditing procedures to enable us to express an opinion as to the fairness of all the details included therein and accordingly we do not express an opinion on the additional information.


Chartered Accountants

Kingston, Jamaica,
June 14, 2010

THE PLANNING INSTITUTE OF JAMAICA

OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2009

	<u>2009</u> \$'000	<u>2008</u> \$'000
Staff costs		
Salaries and allowances	213,408	209,567
Retirement benefits plan charge (credit)	83,583	(23,154)
Travelling and motor vehicle upkeep	41,015	37,942
Statutory contributions	7,894	7,586
Staff welfare and subsistence	13,798	10,236
Accrued vacation	(1,113)	<u>10,351</u>
	<u>358,585</u>	<u>252,528</u>
Property expenses		
Rent and maintenance	-	10,719
Maintenance - freehold building	-	3,947
Parking	1,496	2,705
Security	6,535	4,650
Utilities	16,024	17,552
Landscaping	486	325
Cleaning and maintenance	3,715	2,523
Insurance	2,335	2,392
Repairs and maintenance	7,098	3,574
Property tax	<u>73</u>	<u>37</u>
	<u>37,762</u>	<u>48,424</u>
Consultancy and other professional fees	<u>3,406</u>	<u>3,672</u>
Depreciation of property and equipment	<u>39,950</u>	<u>23,081</u>
Operating expenses		
Foreign travel	1,607	3,082
Entertainment	531	1,116
Motor vehicle expenses	3,128	2,488
Computer and supplies	5,070	2,846
Postage	108	8
Stationery and office supplies	4,228	4,485
Advertising, special events and publications	1,709	7,134
Other general expenses	<u>3,547</u>	<u>5,552</u>
	<u>19,928</u>	<u>26,711</u>
	<u>459,631</u>	<u>354,416</u>