

Annual Report 2016 - 2017



Promoting and Facilitating Agri-Business Investments

AGRO-INVESTMENT
CORPORATION

ANNUAL REPORT
2016/2017



TABLE OF CONTENTS

Corporate Profile	.....	5
Chairman's Remarks	.....	9
CEO's Report	.....	10
Overview	.....	15
Agro-Investment Corporation Mandate	.....	15
Board of Directors	.....	16
Board Meetings	.....	17
Principal Officer	.....	18
Senior Officers	.....	18
Human Resource & Development	.....	28
Organizational Structure		
• Staffing	.....	19
• Recruitment		
• Termination & Resignation		
• Human Resource and Administration Plans for 2016-2017		
Agricultural Marketing Corporation	.....	20
2016/2017 Projects & Activities		
• Agro Park Programme	.....	22
• Aims & Objectives	.....	22
Capacity Building Programmes	.....	31
Report on the Management State Owned Assets		
• Minard Estate Farms	.....	32
Audited Financial Statements for the Year	.....	42
Acknowledgement	.....	42
Annex		
• Overview & Variance Analysis Discussion on the Financial Statements for financial year ended March 31, 2017	.....	43
	.....	47

CORPORATE PROFILE

AGRO-INVESTMENT CORPORATION

Agro-Investment Corporation (Agro-Invest) is an Agricultural Investment Facilitation entity which functions as the business facilitation agency of the Ministry of Economic Growth and Job Creation, with a focus on agricultural investment promotion and facilitation, project and market development as well as the development and execution of the Agro Park Programme. The Agro-Invest seeks to activate, stimulate, facilitate and undertake agricultural development for economic advancement and well-being of the Jamaican people. The Agro-Invest's services cover the investment chain from the identification of opportunities through feasibility studies, due diligence and business planning to fundraising, project management, long term business performance monitoring and technical support. The Corporation commenced operations in April, 2009.

VISION

The vision is to enhance and sustain the competitiveness of the agricultural sector in the domestic and global market in an effort to achieve national food security goals.

MISSION STATEMENT

It is the mission of the Agro-Investment Corporation to be the arm of the Ministry that will mobilize finance and facilitate investment in the agricultural sector while undertaking agricultural development for the enhancement of the economic well-being of the Jamaican people.



CHAIRMAN'S REMARKS

The Jamaican economic landscape was inundated with challenges over the course of the year. Agro-Investment Corporation being positioned as the driver of agricultural economic investment by the Prime Minister under the Ministry of Economic Growth and Job Creation has been operating to fulfil this mandate.

As we delve deeper into executing on our strategic objectives, we note that our vision of 'enhancing and sustaining competitiveness in the agricultural sector in both the domestic and global market spaces' resonates with the core of the corporation's existence.

Over the year, we have seen increases in the number of agro-parks being developed for agricultural usage and export production, thereby increasing the number of jobs created. We currently have approximately 1639 persons employed to the agro parks run by the corporation and will be looking to increase that number by 200 for the next fiscal year.

The year saw several successful investments with multilaterals that will have a significant impact on the economy and the agricultural landscape. We also leased lands to Red Stripe Brewery for the development of 'Project Grow' which is expected to garner approximately J\$1.2 Billion over the medium term.

Notwithstanding the challenges, AIC was able to record a significant surplus of J\$52,986,313 for the financial year and a further positive adjustment of J\$2,176,864. In staying true to our strategic plan, we ensured that there were cut backs in our operations which resulted in a successful decrease of our operating expenses by 63%. Our administrative costs were also reduced by 21% over the period.

As we continue to grow agricultural investment in Jamaica, we look forward to forging partnerships that will create opportunities for the economy and agriculture.

Grace Burnett (Chairman)



CEO'S



REPORT

The Jamaican economic environment exhibited many positive indicators in 2017. The Agro-Investment Corporation (AIC) being positioned as the driver of agricultural economic investment under the Ministry of Economic Growth and Job Creation has been focused on putting in place the necessary structures and framework to drive its mandate and is now well poised to do so.

As we delve deeper into executing on our strategic objectives, we note that the vision of 'enhancing and sustaining competitiveness in the agricultural sector in both the domestic and global market spaces' resonates with the core of the Corporation's existence.

Over the year, we have seen increases in the number of Agro-Parks being developed for agricultural usage and export production, thereby increasing the number of jobs created. We currently have approximately 1639 persons employed to the Agro Parks run by the corporation and expect to increase that number by 200 for the next fiscal year.

The year saw several successful investments with multilaterals that we expect to have a significant impact on the economy and the agricultural landscape. Notably, we were pleased to lease lands to the Red Stripe Brewery for the development of 'Project Grow' which is expected to garner approximately J\$1.2 Billion over the medium term.

Whilst there were some challenges, the AIC was able to record a significant surplus of J\$52,986,313 for the financial year and a further positive adjustment of J\$2,176,864. In staying true to our strategic objectives, we ensured that there was increased efficiency in our operations which resulted in us decrease of our operating expenses by 63%. Our administrative costs were also reduced by 21% over the period.

As we continue to grow agricultural investment in Jamaica, we look forward to forging partnerships that will create opportunities for the agriculture sector and the wider economy.

PROJECTIONS 2017/18

NEW AGRO PARKS

Over the upcoming year 2017/18, the Corporation is expected to partner in the implementation of two (2) new Agro Parks (Hounslow and Spring Garden in St. Elizabeth and Portland respectively) to bring into production 267 ha (660 acres) of land thereby increasing lands under production complete with irrigation and other supporting infrastructure such as road and drain networks valuing approximately \$274.5M. Private investment is a projected \$245M with a potential 330 jobs created.

Additional infrastructure work is also expected to be done in the Spring Plain and Ebony Park Agro Parks to bring them to greater investment readiness.

ESSEX VALLEY AGRICULTURAL DEVELOPEMNT PROJECT AND AGRO-ECONOMIC ZONE

The Corporation also collaborated to facilitate new agricultural development on 718 ha (1,773 acres) and mobilized funding to the tune of US\$41M (J\$5.3B) at Essex Valley in Southern Manchester and St. Elizabeth. This project will commence implementation activities in 2017/18. A significant boost is expected in the economy from the implementation of this Agro-economic Zone (AEZ) which will include critical irrigation infrastructure and renewable energy development, post-harvest and Global Gap facilities as well as capacity building and technical assistance such as the appropriate training in climate smart agriculture, gender and social interventions as well as group dynamics to name a few. As a result of this project, the Southern Manchester and St. Elizabeth area will see significant growth from increased agricultural production. The multiplier impact will also be significant in that farm and non-farm families will see improved income and standard of living from increased productivity in the area as a direct result of project activities. Job creation during construction is projected at a minimum 360 individuals and 1,400 individuals in farming activities.

SOUTHERN PLAINS AGRICULTURAL DEVELOPMENT PROJECT

The Corporation has gotten PIMSEC's approval to develop projects valuing US\$56M (J\$7.3B) to bring 3,500 ha of land in to diversified agricultural production on the Southern Plains. Over the long term, jobs created are expected to be in the order of 3,000 individuals. Work has already commenced on the feasibility which is to be fully funded by a bilateral.

AGRICULTURAL MARKETING COMPLEX

It is expected that work will commence on the refurbishment of the AMC complex which will enhance linkages in the tourism and the export trade thus preventing leakages of valuable foreign exchange. With this project, it will be ensured that there is a certified facility meeting the main food safety standards recognized internationally. Just under J\$60M is being sought for phase 1 of this project. As the mandate was refocused by our new Board in December of the operating year, while reshaping its architecture to be more responsive, the Corporation is expected to continue to play a central role in growing the economy and increasing investments.



OVERVIEW

Agro-Investment Corporation (herein referred to as AIC) commenced operations in April 2009 under the auspices of the Ministry of Industry, Commerce, Agriculture and Fisheries as a result of the re-branding of the Agricultural Development Corporation Group after receiving approval via Cabinet Decision # 36/08 and the signing of the Agricultural Development Corporation (Change of Name) Act 2010. The corporation is an Agricultural Investment Facilitation entity which functions as the business facilitation agency of the Ministry of Economic Growth and Job Creation (MEGJC), with a focus on agricultural investment promotion and facilitation, project and market development. The corporation is mandated to activate, stimulate, facilitate and undertake agricultural development for the economic advancement and well-being of the Jamaican people.

The strategies being implemented by AIC are designed to enhance food security and provide the infrastructure and necessary support services required to support the implementation of critical commercial and development oriented activities in the sector. AIC also aims to improve productivity in the sector and enhance the competitiveness of local farmers.

AIC continues to lead the development and management of Agro Parks. This programme is designed to facilitate the expansion of the productive capacity of the agricultural sector by building out infrastructure to support investments in the production of selected crops and livestock directed towards import substitution and replacement as well as the provision of raw material for agro-processing and non-traditional exports.

AIC's MANDATE

The AIC is mandated to execute on the following:-

- To identify investments in agriculture through research, information gathering and packaging of investment possibilities and opportunities;
- To promote and facilitate investments through collaboration with other agencies and ministries of government;
- To work with investors to identify investment opportunities and assist them with translating their ideas into viable and sustainable projects;
- To influence other stakeholders to create a friendly and hospitable climate for agricultural investment;
- To mobilize funding to support investment opportunities in agriculture;
- To provide access to government owned agricultural lands

STRATEGIC FOCUS OVER 3 YEARS

The strategic focus of AIC over the next 3 years will be to:-

- Drive Investment growth;
- Strengthen stakeholder collaboration and improve investor relations;
- Build organizational capacity and increase operational efficiency;
- Mobilize and manage resources;
- Focus on project implementation and management

BOARD OF DIRECTORS



Mrs. Merle Donaldson



Mr. Peter McConnell Jnr.



Mr. Gary Coulton



Mr. Marlon Morgan



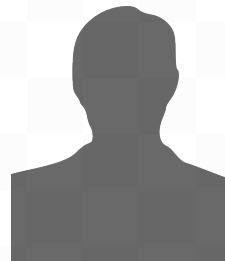
Mr. Greg Christie



Mr. Vitus Evans (Deputy Chairman)



Mrs. Grace Burnett (Chairman)



Marshall Peterkin

The Board of Directors was appointed by the Prime Minister, pursuant to powers invested in him under the provisions of the Agro-Investment Corporation Act (section (3) 2 of 1952).

The Board of Directors is collectively responsible for the strategic management and oversight of the corporation, serve as the focal point for corporate governance, is accountable to the responsible minister and ensures compliance with the Public Bodies Management & Accountability Act, Financial Administration and Audit Act and all other applicable legislations and GOJ policies. The Board through the Chairman works closely with the Prime Minister under the portfolio as head of the Ministry of Economic Growth and Job Creation and has the power to issue general directions on matters of policy.

5. BOARD MEETINGS

Five (5) Board Meetings were held during the reporting period. There are 5 committees of the Board, namely: Corporate Governance, Lease review, Audit, Human Resources and Procurement. The various committees of the board are chaired by individual directors who are equipped to carry out the mandate of the specific committees pursuant to the terms of reference for the particular committee. It must be noted that the Audit and Procurement committees are properly constituted as per the guidelines prescribed.

Figure1.

NAMES		BOARD OF DIRECTORS MEETINGS					
		21/9/16	11/09/16	08/02/17	31/03/17	25/05/17	%
Grace Burnett (Chairman)	X	X	X	X	X	X	100%
Vitus Evans (Deputy Chairman)	ABSENT	X	ABSENT	X	X		60%
Greg Christie	X	X	X	X	X	X	100%
Gary Coulton	X	X	ABSENT	X	ABSENT		60%
Merle Donaldson	X	X	X	X	X	X	100%
Peter McConnell	X	X	X	X	ABSENT		80%
Marlon Morgan	X	X	X	X	X	X	100%
Marshall Peterkin	X	X	X	X	X	X	100%

Key	
X	Present

List of board meetings held during the reporting period and directors' attendance.

6. PRINCIPAL OFFICER

Mr. Courtney Cole	-	Chief Executive Officer (Acting)
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7. SENIOR OFFICERS

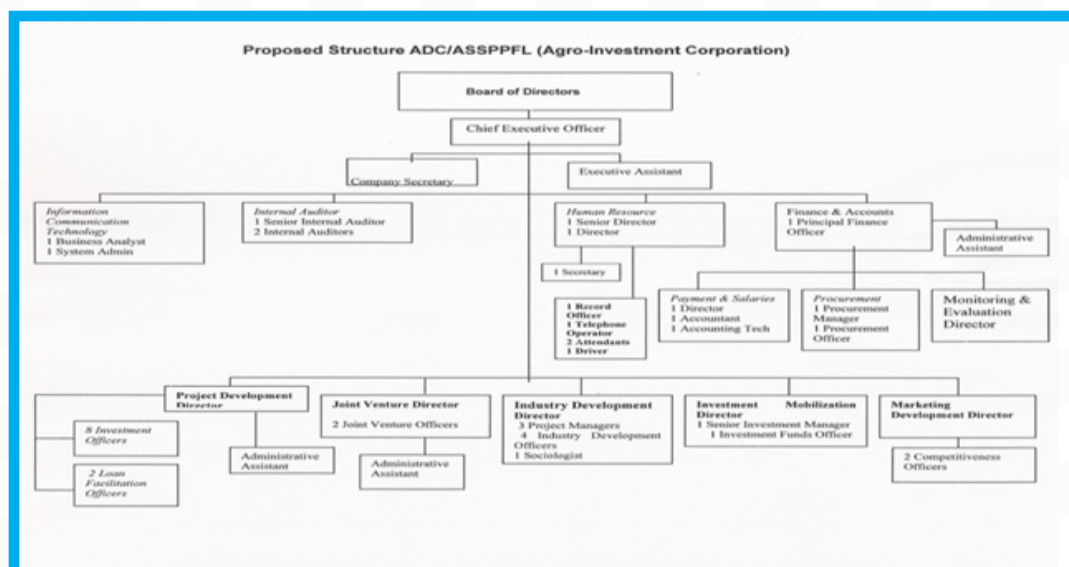
Mr. Charles Reid	-	Director, Agro Park
Mrs. Kadianna Ramballi	-	Chief Financial Officer
Ms. Nadine Thompson	-	Director, Accounts
Mrs. Sherine Simms-Landell	-	Senior Internal Auditor
Ms. Karen Hylton	-	Director, Project Development (Acting)
Mrs. Judith Leslie-Alexander	-	Snr Director, HR Management
Mrs. Taniesha Bennett	-	Company Secretary

8. HUMAN RESOURCE & DEVELOPMENT

The Agro-Invest continues to promote employee development as an important aspect of driving the Corporation to achieving success. It maintains ongoing commitment of providing an environment of continuous improvement, collaboration and teamwork with its staff complement of 44. At Agro-Invest, a culture that strives for excellent performance is promoted. The Corporation views staff satisfaction and retention as a priority which it continues to monitor.

ORGANIZATIONAL STRUCTURE

The organizational structure approved for the Corporation required a complement of 56 technical and support staff, in addition to staff at the Agricultural Marketing Corporation and Minard Estate Farms which was not included in the approved organizational chart. Therefore, to fulfil the full staffing requirements of the Corporation the intention was to recruit twelve (12) additional officers which would have seen the staff complement moving from 44 to 56.



STAFFING

Units/Divisions or Projects	Staff Complement
CEO's Office	2
HRM & Administration	4
Finance & Accounts	7
Internal Audit	0
Property & Fixed Assets	7
Project Development	3
Agro Parks	5
Minard Estate/Wallens	16
Total	44

NOTES:

Finance & Accounts includes the Procurement Department

RECRUITMENT 2016 - 2017

For the period nine (9) persons were employed to fill vacant posts.

TERMINATION/RESIGNATION/NEW ENGAGEMENT

During the period 2016 -2017, there was no termination; however two (2) resignations were recorded and four (4) employment contracts were not renewed. In addition, three (3) new engagements were recorded.

HUMAN RESOURCE MANAGEMENT PLANS FOR 2017-2018

During the year 2016, the Corporation has been working with the Ministry of Finance to review and revise the organizational structure. The works that are ongoing will result in the inclusion of several posts which are not on the Corporation's Establishment. Pending the final completion of the structure, the Ministry has recently granted approval to operate these posts which are vital to the Corporation achieving its mandate. The HR Department will be conducting the necessary recruitment activities and address the respective training needs. In addition, partnership with the Ministry will continue as together we seek to complete the Corporation's organizational structure.

9. AGRICULTURAL MARKETING CORPORATION (AMC)

GENERAL

The AMC continued to play a catalytic and pivotal role in facilitating the marketing of non-traditional agricultural produce. The facility ensured that there was cost-effective marketing infrastructure in place which is efficiently managed to enable producers and exporters of non-traditional agricultural produce to access and compete in the domestic and foreign markets. The facilities available are:

- Warehouse space
- Chill room space
- Plug-in System
- Office space



OCCUPANCY

The Complex consists of 8,525.00 sq.m (91,762.34 sq.ft) of warehouse space and 1,259.00 sq. m (13551.76 sq.ft) of office space. At the end of the reporting period, 50% of warehouse space and 90% of office space at the complex were leased.

There were 20 tenants occupying the AMC Complex and its facilities. The following is a breakdown of this figure by activity:

- Ten (10) of the 20 tenants are agro-processors for export and the other tenants are involved in different trading and packing activities.

EMPLOYMENT

The complex provides employment for an estimated 250 persons from the neighboring communities, with approximately 70% being female.

AMC COMPLEX REFURBISHMENT

The main warehouse block on Level 1, estimated at 4,552.24 sq. m (49,000 sq.ft) which was slated for complete renovation to meet the FDA and other International Food Safety requirements was still on pause at the end of the year. This has had a debilitating impact on the revenue earning potential of the facility. However, a phased rehabilitation of 1,138.06 sq.m (3 packing house facilities) slated for the financial year is 95% complete. Two of the packing houses renovated are functional and leased to tenants involved in agro-processing while the third remains incomplete.

10. PROJECTS AND ACTIVITIES

AGRO PARK PROGRAMME

This programme is designed to facilitate the expansion of the productive capacity of the agricultural sector by building out infrastructure to support investments in the production of selected crops and livestock directed towards import substitution and replacement as well as the provision of raw material for agro-processing and non-traditional exports. The Agro Park sites were selected based on the need to fully utilize existing infrastructure and meet criteria such as contiguous acreage of under-utilized lands and infrastructure and conformity to the changing nature of agriculture/agribusiness development and requirements of the funding sources.

AIMS & OBJECTIVES

The major aims and objectives are:

- To increase the competitiveness of Jamaica's agriculture in domestic and global markets by mobilizing and managing funds to finance productive projects
- To facilitate investments in agriculture by providing support services to investors
- To facilitate the optimal and effective use of state owned properties and fixed assets for agricultural development by identifying and recovering unutilized and underutilized assets
- To contribute to the expansion of the productive capacity of the agricultural sector by building out infrastructure to support investment in agriculture



2016/2017 PROJECTS & ACTIVITIES

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
The Agro Parks are being developed to produce crops	Agro Park Development			
1. To support the substitution and or replacement of selected imported crops;	Nine Agro Parks have been established and are operational.	9 Agro Parks Operational	1. Plantain Garden River (PGR) operational and in production	<ul style="list-style-type: none"> • Designated hectares 117 • 177 employed (57 farmers, 40 Permanent & 80 temporary farm hands) • 54.2 ha (134 acres) have irrigation infrastructure. 156 remains to be developed • PGR Farmer group strengthened and was registered as a legal entity
2. For agro processors, fresh produce exporters, and school feeding programme, hotels and restaurants; and				<ul style="list-style-type: none"> • Capacity Building programmes developed & executed. 25 farmers benefited <ul style="list-style-type: none"> • Workshop on Conflict Resolution held • Workshop held on Farm Record Keeping • Workshop held on Proposal Writing • Workshop held on Managing the farm as a business • Workshop held on Risk Management
3. This initiative seeks to				<ul style="list-style-type: none"> • Packing Shed constructed. The remaining 80% was completed during this period • Chemical storage facility constructed. The remaining 80% was completed during this period

2016/2017 PROJECTS & ACTIVITIES

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
reduce our annual food import bill which is trending down from US\$1billion in 2014 to US\$841.7Milion as at October 2015				<ul style="list-style-type: none"> Bathroom facilities constructed. The remaining 80% was completed during this period 82,911 kg of production of fruits, vegetables and condiments during 2016(17) 18.33 ha of crops established over the period Estimated earnings for 2016(17) J\$8,208,189 Cumulative production for the period 2013/14 to 2016/17 March - 563,527 kg (1,239,754 lbs.) 16.4 ha (40.5 acres) in production at March 31, 2017.
			2. Amity Hall operational and in production	<ul style="list-style-type: none"> Designated hectares 946 Employment - 98 (23 farmers, 35 permanent & 40 temporary farm hands) 50.6 ha leased as at March 2017 60.7 ha currently have pressurized irrigation system. The remaining 885.3 ha has no irrigation infrastructure 0.9 km of fencing erected to mitigate against cattle damage.

2016/2017 PROJECTS & ACTIVITIES

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
				<ul style="list-style-type: none"> • 248,940 kg of production of fruits, vegetables and condiments during 2016(17). • 92.63 ha of crops established over the period • Estimated earnings for 2016(17) J\$24,645,060 • Cumulative production over the period 2013/14 to 2016/17 March - 804,975 kg (1,7770,945 lbs) • 20.4 ha (50.38 acres) in production at March 2017.
			3. Ebony Park operational and in production	<ul style="list-style-type: none"> • Designated hectares - 567 ha • 413 employed (75 farmers, 113 permanent & 225 temporary farm hands) • Ebony Park Farmer group strengthened and was registered as a legal entity • Capacity Building programmes developed & executed. 33 farmers benefited <ul style="list-style-type: none"> • Workshop on Conflict Resolution held • Workshop held on Farm Record Keeping • Workshop held on Proposal Writing • Workshop held on Managing the farm as a business • Workshop held on Risk Management

2016/2017 PROJECTS & ACTIVITIES					
STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS	
				<ul style="list-style-type: none"> 659,052 kg of production of fruits, vegetables and condiments during 2016(17) 99.38 ha of crops established over the period Estimated earnings for 2016(17) \$65,245,148 Cumulative production over the period 2013/14 to 2016/17 March, - 2,207,350 kg (4,856,170 lbs) 149 ha (268.25 acres) in production at March 2017. 	
			4. Spring Plain operational and in production	<ul style="list-style-type: none"> Designated hectares - 465 ha 62 employed (12 farmers, 10 permanent & 40 temporary farm hands) 162 hectares of land cleared. 7 farmers/investors have been assigned lands totaling 99 ha (245 acres). Production activities have commenced since. 124,398 kg of production of fruits, vegetables and condiments during 2016(17) 64.5 ha of crops established over the period 	

2016/2017 PROJECTS & ACTIVITIES

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
				<ul style="list-style-type: none"> • Estimated earnings for 2016(17) J\$12,315,402 • Cumulative production over the period 2013/14 to 2016/17 March - 409,867 kg (901,707 lbs) • 95 ha (234.65 acres) in production at March 2017.
			5. Yallahs operational and in production	<ul style="list-style-type: none"> • Designated hectares 102 ha (Privately Owned) • 230 employed (80 farmers, 105 permanent & 45 temporary farm hands). • Capacity Building programmes developed & executed. 20 farmers benefited <ul style="list-style-type: none"> • Workshop on Conflict Resolution held • Workshop held on Farm Record Keeping • Workshop held on Proposal Writing • Workshop held on Managing the farm as a business • Workshop held on Risk Management • 219,143 kg of production of fruits, vegetables and condiments for 2016(17) • Estimated revenue generated for 2016(17) - J\$21,695,157 • Cumulative production over the period 2013/14 to

2016/2017 PROJECTS & ACTIVITIES

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
				2016/17 March, - 690,195 kg (1,518,429 lbs).
			6. Hill Run operational and in production	<ul style="list-style-type: none"> • Designated pond hectares 121 ha (Privately owned) • Sixteen (16) active farmers • Employment 79 (44 farmers, 28 permanent, 7 temporary farm hands). • 53,910 kg (116,402 lbs) of fish produced during 2016(17) • Estimated revenue generated J\$25,608,440 • Cumulative production over the period 2013/14 to 2016/17 March -182,118 kg (400,660 lbs) of fish
			7. New Forest / Duff House operational and in production	<ul style="list-style-type: none"> • Designated hectares - 356 ha (Privately owned) • 580 persons employed (288 farmers, 172 permanent & 120 temporary farm hands) • Project area requires two additional pumps to be installed in 2 existing wells to improve water supply. One new pump was acquired and preparations far advanced for installation. Funded by JSIF. • Capacity Building programmes developed &

2016/2017 PROJECTS & ACTIVITIES				
STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS
				<p>executed. 43 farmers benefited</p> <ul style="list-style-type: none"> • Workshop on Conflict Resolution held • Workshop held on Farm Record Keeping • Workshop held on Proposal Writing • Workshop held on Managing the farm as a business • Workshop held on Risk Management
				<ul style="list-style-type: none"> • 748,813 kg (1,647,389 lbs) of fruits, vegetables & condiments produced during 2016(17) • Estimated revenue earned during 2016(17) - J\$74,132,487 • Cumulative production over the period 2013/14 to 2016/17 March, - 1,598,958 kg (3,738,957lbs) • 241 ha (595 acres) in production at March 2017
		One ackee/ Callaloo canning completed and in production	8. Meylersfield facility completed yet to commence production	<ul style="list-style-type: none"> • Infrastructure Expenditure - J\$44,400,000 • Processing Plant (Ackee & Callaloo) complete • 90 % of equipment procured (farmers' equity) • Production activities yet to commence
		Multi Specie Abattoir facility	9. Sweet River Multi Specie	<ul style="list-style-type: none"> • Processing facility completed during this

2016/2017 PROJECTS & ACTIVITIES					
STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECT ACTIVITIES	STATUS	
		completed	facility completed	period. <ul style="list-style-type: none"> Equipment procured and installation completed this period Production activities commenced in June 2016 752,570 kg of pork was processed during this reporting period 	
	Youth In Agriculture	Allocation of lands for youth under Agricultural programmes	Land identified cleared but yet to be allocated.	<ul style="list-style-type: none"> 40.47 ha allocated in Spring Plain for 20 beneficiaries. 40.47 ha of land cleared Application process still in progress 	

11. CAPACITY BUILDING PROGRAMMES

Capacity Building programmes developed & executed towards achieving GlobalGap Food Safety Standards across 5 Agro Parks. 75 farmers benefited

- Workshop held on Farm Record Keeping
- Workshop held to instruct farmers how to use farm record books developed (additionally, Farm Record books were produced and distributed)
- Workshop held on Managing the farm as a business
- Food Handlers Clinic
- Pesticides Application Licensing Training
- GlobalGAP Awareness and GlobalGAP V.5
- Marketing Management

2. Capacity Building programmes developed & executed towards strengthening of farmers Groups across 5 Agro Parks - 60 farmers benefited (2 farmer groups registered as legal entities during the period totaling 4 groups registered to-date. Amity Hall remains to attain legal status)

- Workshop on Conflict Resolution held
- Workshop held on Risk Management
- Workshop held on Proposal Writing
- Book keeping
- Conduct meetings
- Entrepreneurship

3. Capacity Building programmes developed & executed towards Farmers adopting best practices in increasing production and productivity at PGR Agro Parks

- Best practices in Land Preparation (21 farmers benefitted)
- Farmer Field School (12 Module Training programme) held on Irish Potato production covering Seed Selection and treatment, Planting , Nutrition, Pest and Disease management, Post Harvest Management and weed control measure (17 farmers benefitted)
- On Farm Water Use Management (16 Farmers benefitted)
- Field Trip to Christiana to observe best practices in Irish Potato production (24 Farmers benefitted)

12. REPORT ON THE MANAGEMENT STATE OWNED ASSETS

MINARD ESTATE FARMS

PASTURE MANAGEMENT

Approximately 162 acres cleared and recovered and 10 acres seeded; 23,859 metres of fence repaired and 9,838 metres of new fence erected.

CATTLE

There were a total of 185 births and 39 deaths. The recorded deaths were due in part to the severe drought experienced during the period. Births and deaths for the period are broken down as follows:

Births

- Bull Calves – 102
- Cow Calves – 83

DEATHS

- Cows - 4
- Bull calves - 14
- Cow calves - 19
- Heifers - 2
- Bull – 0

PERFORMANCE TESTING

The Performance Test is a process of sire selection and is one of the most important decisions confronting the calf producer. It evaluates post weaning performance of bulls within contemporary groups and provides valuable selection information to breeders which will improve the value of bulls marketed. Producers will also learn about proper bull development and breeding management. The programme is therefore designed to identify sires based on genetic potential for growth performance.



One group of animals was included in the programme. The following represents a summary of the programme.

Batch #1: 10 B/C entering at a total weight of 2,195 kg (4,828 lbs) in December 13, 2016

Batch #1: As at March 21, 2017, the calves were 84 days into the 140 days test period ending at a total weight of 3,310 kg (7,282 lbs)

Batch #1: Average daily weight gain 1.36 kg (3 lbs)

Batch #2: 9 B/C entering at a total weight of 1,834 kg (4,034 lbs) in February 21, 2017

Batch #2: As at March 21, 2017 the calves were 28 days into the 140 days test period ending at a total weight of 2,062 kg (4,536 lbs)

Batch #2: Average daily weight gain 1.09 kg (2.4 lbs)

These groups of animals was qualified for selection from the 2016 weaning.

LIVESTOCK SHOWS AND EXHIBITIONS



EXHIBITIONS:

- Denbigh Agricultural, Industrial Food Show: July 30 – August 1, 2016
At the Denbigh Agricultural Show 2016, all three beef breeds were represented namely Jamaica Brahman, Jamaica Red Poll and Jamaica Black. A total of seven (7) cups and trophies were awarded.
- Minard Livestock and Beef Festival – November, 2016
The show was held on November 10th, 2016. Although the staging of the show was uncertain due to the conditions which existed resulting from the prolonged drought, the show was an overall success.
- Hague Agricultural Show - Ash Wednesday, February, 2017
Two (2) bulls and two (2) cows representing the three (3) beef breeds were exhibited.
- St. Mary Agri-Expo – Easter Monday, March, 2016
Three (3) bulls and one (1) heifer representing the three beef breeds were exhibited. The Nutramix trophy for champion beef farmer was awarded.

OUTREACH ACTIVITIES

- Cattle Appraisals:
Participated in four (4) cattle appraisals as follows:
 1. Grove Place: July 13, 2017
 2. Annandale & Thickets: September 29, 2016
 3. Errol Flynn Farms: December 1, 2016
 4. YS Farms: December 14, 2016
 5. Bodles Research Station: March 29, 2017
 6. Bengol Farms: February 23, 2017

PARTNERSHIPS:

Jamaica 4-H Clubs

- Participated as a judge at the Cattle Judging competition for St. Ann parish at National Achievement Day on March 23, 2017

PROJECT DEVELOPMENT

The department is charged with the responsibility for planning, organizing, directing and monitoring activities aimed at promoting, creating, developing and supporting viable and sustainable agricultural and agribusiness industries and investments. It places emphasis on the identification of investment opportunities and the packaging of same to targeted investors. This involves the preparation of development and investment projects, business plans, project proposals, business cases and concept papers to mobilize funds and generate stakeholder buy-ins for funding and implementation. The development of bankable business plans and project proposals is facilitated by the department in a bid to assist small to medium sized type investors in accessing requisite funds for investment in agriculture. The unit provides business facilitation services through 'walking' the potential investor through all stages of the investment process leading up to the implementation of the project. It also receives enquiries, provides investment advice, business counselling, technical and marketing support services.

STRATEGIC OBJECTIVES	FUNCTIONS	TARGETS	PROJECTS/ACTIVITIES	STATUS
To efficiently deliver an integrated suite of agri-business services geared towards promoting and facilitating investments in agriculture.	Project Development Department Business Facilitation		<p>The Department is continuously seeking to identify investors through packaging and promoting investment opportunities and products.</p> <p>Developing Business Plans and Project Proposals, provision investment advice, feasibility assessments and financial analyses, to interested investors.</p> <p>Identifying accessible sources of funding.</p> <p>Conducting business counseling and provide investment advice to prospective investors.</p>	<ul style="list-style-type: none"> Presented investment opportunities at JAMPRO's DoBiz JA Agriculture Investment Forum Panelist/Evaluator and member of the NLA's- Land Divestment Committee Participated in Ja Reach II- ACVI-VOCA Value Chain
		Three (3) investment seminars/town halls	<p>1. Promotion and facilitation of investments to directly cause an increase in agribusiness</p>	

Assessment Workshop				
<ul style="list-style-type: none"> Participated in Ja Reach II-ACVI-VOCA Agriculture Value Chain Financing Workshop 				
<ul style="list-style-type: none"> Participated in the Ministry of Finance, Planning and the Public Service-Public Investment Management System Launch & Sensitization Seminar 				
<ul style="list-style-type: none"> Participated in the Farm Enterprise Management Training Seminar 				
<ul style="list-style-type: none"> Coordinated the negotiation and facilitated partnership arrangement between Red Stripe, Agro-Invest and obtained Ministerial Approval for the lease of 150 acres of land to Red Stripe at the Spring Plain Agro Park. This is to facilitate the expansion of their cassava production program "Project Grow". 				
<ul style="list-style-type: none"> Reviewed and made recommendations on 42 lease applications and business proposal summaries for the Lease Review & Evaluation Committees 				
<ul style="list-style-type: none"> Participated in JSE 12th Regional Investments and 				

				<p>Capital Markets Conference</p> <p>Obtained approvals at PIMSEC for two (2) development projects as follows:</p> <ul style="list-style-type: none"> • Approval for implementation - Essex Valley Agricultural Development Project • Approval to develop project – Rural Water Infrastructure Project for South Clarendon, South St. Catherine & Kitson Town – US\$54.6M
		<p>Twelve (12) Business Plans/Proposals/Business Case/Concept Paper/Investment Profiles Developed</p>	<p>2. Facilitate the development of new agri-businesses & the growth of existing ones</p>	<p>For the period the Department achieved the development of one (1) Business Plan and three (3) Grant Proposals and one (1) Concept Paper as follows:</p> <p>Business Plans/Project Proposals Total projected investments for the five (5) projects developed totaled approximately J\$22.79B. The projected investors/participants were 4,451 and seasonal employment was estimated at 8,560 individuals while beneficiaries from implementation were at an estimated 6,500 individuals. The business plans are as follows:</p> <ol style="list-style-type: none"> 1. Essex Valley Agricultural Development Project (UKCIF-CDB) - £35.612M (J\$6.10B)

2.	Spring Garden Agro Park Business Plan (IDB) – J\$456.14M)			
3.	South Clarendon & St. Catherine & Kitson Town Agricultural Development Project (UKCIF-CDB) – US\$54.6M (J\$7.04B)			
4.	Expansion of the Pedro Plains Irrigation District – US\$70M (J\$9.1B)			
5.	Agro-Economic Zone Concept Paper			
**N.B. It was estimated that implementation of the four project mentioned above, an estimated 2,800 new agri-businesses would be developed.				
Other Business Plans Developed				
6.	For this period the Department achieved the development of 2 business plans as follows:			
7.	Agro-Investment Corporation Strategic and Operational Plan – 2017-2018			
8.	Lead the coordination and compilation of the Agro-Invest's Medium Term Results Based Budget of 2017-2020			

				<div>1. Mobilize finance for investment in agriculture</div> <ul style="list-style-type: none">Obtained approval for grant funding to the tune of £35.612M (JS6.10B) from the UKCIF through the CDB for implementation of the Essex Valley Agricultural Development Project to be implemented over five (5) years.Obtained approval from PIMSEC to develop project for the South Clarendon & St. Catherine & Kitson Town Agricultural Development Project.
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AGRO-INVESTMENT CORPORATION					
DIRECTORS' COMPENSATION - 2016 /2017					
POSITION OF DIRECTORS	FEES	MOTOR VEHICLE/TRAVELLING ETC	HONORARIA	ALL OTHER COMPENSATION	TOTAL
CHAIRMAN	43,200.00				43,200.00
DIRECTOR - 1	22,600.00				22,600.00
DIRECTOR - 2	27,000.00				27,000.00
DIRECTOR - 3	36,600.00				36,600.00
DIRECTOR - 4	35,400.00				35,400.00
DIRECTOR - 5	14,000.00				14,000.00
DIRECTOR - 6	21,000.00				21,000.00
DIRECTOR - 7	21,000.00				21,000.00
					-
					-
					-
	220,800.00			-	220,800.00

SENIOR EXECUTIVE COMPENSATION - 2016-2017

POSITION OF SENIOR EXEC.	YEAR	SALARY	MV UPKEEP	TOTAL
CHIEF EXECUTIVE OFFICER	2016-2017	4,871,282.00	1,341,624.00	6,212,906.00
DIRECTOR OF AGRO PARKS	2016-2017	4,011,649.00	1,341,624.00	5,353,273.00
DIRECTOR OF PROJECT DEVELOPMENT	2016-2017	3,565,911.00	1,341,624.00	4,907,535.00
SNR HUMAN RESOURCE MANAGER & DEVELOPMENT	2016-2017	3,565,910.00	1,341,624.00	4,907,534.00
CHIEF FINANCIAL OFFICER	2016-2017	4,011,649.00	1,341,624.00	5,353,273.00
DIRECTOR OF ACCOUNTS	2016-2017	2,980,078.00	707,448.00	3,687,526.00
PROPERTY MANAGER	2016-2017	2,483,399.00	707,448.00	3,190,847.00
		25,489,878.00	8,123,016.00	33,612,894.00

AUDITED FINANCIAL STATEMENTS

Please see attached statements for details.

ACKNOWLEDGEMENTS

We once again thank the Ministry of Economic Growth and Job Creation for the valuable support offered during a very challenging year.

Thanks also to the dedicated staff that has demonstrated a commitment to the Corporation and fulfilling its mandate despite the resource constraints.

To our valued customers we offer our sincere gratitude and look forward to your continued support.

To the Board of Directors, management and dedicated staff we say thanks for your efficiency in managing through challenging times.

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ccole@agroinvest.gov.jm

ANNEX

Please see Overview & Variance Analysis Discussion on the Financial Statements for financial year ended March 31, 2017 attached

AGRO INVESTMENT CORPORATION

Subject: Overview & Variance Analysis Discussion on the Financial Statements
for financial year ended March 31, 2017.

Compared to the last financial year more items and transactions of greater material value were reflected in the audited financial statements of AGRO INVESTMENT CORPORATION for the financial year ended March 31, 2017. The events, trends and factors that influenced them as well as any significant impact arising from their occurrence have already been iterated in the Notes to these statements.

Once again, operational weaknesses that existed were disclosed. Notwithstanding, GOJ's Budgetary Support was greatly improved over the financial year just ended. However, Appropriations-In-Aid (AIA) which the Corporation was able to generate decreased substantially.

The percentage of the Budget requested which was approved by the Ministry of Finance & Planning moved from 59.36% in 2013/2014 to 76.53% in 2016/2017 notwithstanding a more substantial increase in the previous year. On the other hand, the Appropriations-in-Aid collected, increased from 63.30% in 2013/2014 dipped in the succeeding year, increased substantially the next year, but in 2016/2017 receipts decreased to 78.67% of what was projected.

Table 1 below shows the comparisons and overall picture.

ITEMS	2013/2014 \$	2014/2015 \$	2015/2016 \$	2016/2017 \$
Total Budget	99,909,000.00	108,701,000.00	135,704,000.00	200,970,000.00
Subv'n rec'd/Est. Sub.	59,305,544.90	71,043,079.24	129,597,417.00	153,611,408.00
%age of Budget rec'd	59.36%	65.36%	95.50 %	76.43%
(Shortfall)/Surplus	(40,603,455.10)	(37,657,920.76)	(6,106,583.00)	(47,166,824.00)
Projected AIA	43,165,000.00	50,538,000.00	42,748,000.00	34,606,000.00
AIA Collected	27,324,754.09	28,825,328.66	49,091,895.00	27,226,166.72
% of projected AIA collected	63.30%	57.04%	114.84%	78.67%
(Shortfall)/Surplus	(15,840,245.91)	(21,712,671.34)	6,343,895.00	(7,379,833.28)
Subvention rec'd	59,305,544.90	71,043,079.24	129,597,417.00	153,611,408.00
AIA Collected	<u>27,324,754.09</u>	<u>28,825,328.66</u>	<u>49,091,895.00*</u>	<u>27,226,166.72</u>
Total receipts	86,630,298.99	99,868,407.90	178,689,312.00	180,837,574.72
Total expenditure	129,300,969.00	107,988,745.00	179,277,101.00	154,410,000.00
(Shortfall)/Surplus	(42,670,670.01)	(8,120,337.10)	(587,789.00)	26,427,574.72
%age (over-expenditure)/surplus	(33.00%)	(7.52%)	(0.33%)	17.11%

*[Collected from Agro Invest's operation-\$16,852,911; Others-\$14,875,180 and the balance from AMC.]

The discussion and analysis following provide additional information which expands the objectives of the financial statements. The significant changes and trends of Agro Investment's financial position and performance represented in various components of the financial statements as compared to the previous period and which influenced its objectives and strategies are explained. Mention is also made of substantial commitments, contingencies, and events occurring after the reporting date.

Any information about the Corporation's intended actions which will affect its future operations but is not included in the audited financial statements has also been mentioned as far as is possible. Significant positive and negative variances between actual results and the budgeted amounts compared to the prior year financial statements have also been highlighted.

STATEMENT OF COMPREHENSIVE INCOME

Table II below gives highlights of the revenue and expenditure for the financial year for the Corporation compared to the results reported in the previous financial year.

Corporation compared to the results reported in the previous financial year.

LINE ITEM	(i) FINANCIAL YEAR ENDED MARCH 31, 2017 \$	(ii) FINANCIAL YEAR ENDED MARCH 31, 2016 \$	(i)-(ii) Variance \$	%age Variance
REVENUE	23,641,546	31,728,091	(8,086,545)	(25.49)
GOVERNMENT SUBVENTION	153,611,408	129,597,417	24,013,991	18.53
SUB-TOTAL	177,252,954	161,325,508	15,927,446	9.87
OPERATING EXPENSES	11,209,597	30,285,475	19,075,878	63
EXPENSES FOR AGRO PARKS	21,857,244	21,010,910	(846,334)	(4.03)
ADMINISTRATIVE EXPENSES	91,391,568	121,359,900	29,968,332	24.7
SUB-TOTAL	124,458,409	172,656,285	48,197,876	27.9
SURPLUS/(DEFICIT)	52,794,545	(11,330,777)	64,125,322	565.94
Total other adjustments	2,176,864	2,176,864	-	-
NET SURPLUS/(DEFICIT)	54,971,409	(9,153,913)	64,125,322	700.5
Other Comprehensive Income/(Loss)	(26,203,526)	2,230,184	(28,433,710)	(1275)
Total Comprehensive Income/(Loss)	28,767,883	(6,923,729)	35,691,612	(515.5)

Revenues generated by the Corporation revealed trends and dependencies on specific sources such as the sale of cattle. Revenues generated for the financial year ended March 31, 2017 accounted for only 13.34% of total receipts. This represented a decrease of intake of \$8,086,545 or 25.5% compared to the revenue generated the previous financial year. This significant decrease was primarily caused by the reduction in cattle sale during the year mainly as a result of the completion of the culling exercise of non-performing breeding stock which was completed in the prior year.

'Other Income' of \$16,257,371 is presented separately after 'Revenue' in the audited Financial Statements, but is included in the Total Revenue shown in Table II above. 'Other income' comprises mainly of the income from land leases. Although not shown above, income from lease rental shown in the financial statements decreased by \$3,179,329 or 22.1%, falling from \$14,392,459 to \$11,213,130.

The remaining balance included in overall Receipts represents Government subvention. Changes in revenues by such a major source further indicate trends and dependencies on other specific revenue sources such as Government subvention which increased by \$24,013,991 or 18.53 %, moving from \$129,597,417 in the previous financial year to \$153,611,408 in the reporting period.

Overall, compared to the previous financial year, total receipts increased by \$15,927,446 or 9.87% moving from \$161,325,508 to \$177,252,954.

E x p e n s e s :
Expenses shown in the Agro Invest's financial statements are classified under three heading, namely, Operating expenses, Expenses for Agro Parks and Administrative expenses.

Operating expenses decreased significantly by \$19,075,878 or 63%, falling from \$30,285,475 to \$11,209,597 when compared to the expenses of the previous financial year. Any change arising from the revaluation of fair value of the biological assets is captured as an expense or a savings. This resultant increase in the livestock value therefore represents an expense to the Corporation as it is similar to expenses incurred in purchasing livestock.

Expenses for Agro Parks totaled \$21,857,244, a slight increase of \$846,334 or 4.03% over the \$21,010,910 expended during the previous financial year and represents changes relating to salaries and travel expenses.

Administrative expenses which amounted to \$91,391,568 showed a significant decrease of \$29,968,332 or 24.7% from the \$121,359,900 expended in the previous financial year. This decrease resulted mainly from the delayed implementation of the planned capacity-building programme included in the Strategic Corporate Plan for that year, as well as resultant decreases in travelling expenses and planned expenses for meetings, seminars and training. Bad debts written off and payment of property taxes totaling over \$10 million in the previous financial year are included under this classification but no expenditure was included for these items in the financial year under review.

Surplus/(Deficit) for the Period

Overall, a significant surplus of \$52,794,545 was recorded for the financial year. A further positive adjustment of \$2,176,864 was made, which was a transfer from capital reserve and capital grant representing depreciation that should not have been charged on capital assets.

However, a major adjustment of a \$26,203,526 loss was made under 'Other Comprehensive Income' arising mainly from what the actuaries deemed to be changes in effect of asset ceiling and re-measurement of Defined Benefit Pension Plan assets when the valuation of the Plan was being conducted under IAS 26-Employee Benefits.

The Corporation will also have to address the matter of developing and implementing different income streams and strategies in an attempt to generate additional income from the rental of the AMC's complex which is identified as a key location in the transportation network slated to position Jamaica as a global Logistic Hub. The leasing of new lands under the Corporation's management may need to be re-evaluated and special attention paid to the reduction of administrative costs, to ensure a surplus position from actual operations and not just the Corporation relying on Government subvention.

STATEMENT OF FINANCIAL POSITION

The amounts and timing of future cash flows necessary to service and repay existing claims to the Corporation's resources will constantly have to be considered. In discharging its responsibilities, attempts were made by the Corporation's management to address several claims in the financial year just ended. Surplus recorded at the end of the financial year under review that would help support the Corporation's future service delivery objectives, may be eroded by servicing of these outstanding claims.

Two (2) main items that showed significant changes in the Statement of Financial Position were the Biological Assets and Post-employment Benefit Assets.

NON-CURRENT ASSETS

Under non-current assets, there are challenges regarding the required maintenance and replacements, and the question as to the ability of the capital assets to provide sustained services in the future.

During the year, the present management commenced an assessment of the physical conditions of the assets owned or under its management. The existence, age, condition, value and remaining useful life of all physical assets were ascertained and the Fixed Assets Register is being verified.

Property, Plant and Equipment:

For the period under consideration, the net book value for this asset grouping which was valued at \$308,833,535 decreased to \$306, 099,983, a decrease of \$2,733,552 or 0.8% as a result of normal depreciation which was applied during the year as well as other moderate adjustments based on the addition and disposal of office equipment, machinery and furniture and fixtures.

Related Party represents the salaries, insurance, security fees, utilities and other expenditure paid by Agro Invest for the AMC's operations. The present Board of Directors will now have to decide how this amount should be treated.

•CASH AND BANK BALANCES

This item representing cash at bank and in hand, decreased by \$10,743,668 or approximately 50.4% from \$21,299,146 to \$10,555,478. This significant difference in cash and bank balances, therefore, was as a result of additional cash being expended within the short period of time toward the end of the financial year. The adverse situation of the significant outstanding financial obligations would have an immediate call on the cash resources of the Corporation.

RESERVES AND LIABILITIES

RESERVES

- Fair Value Reserve:

Fair Value Reserve moved from \$1,779,790 in the previous financial year to \$2,000,264 a slight increase of \$220,474 or 12.4% representing unrealized surplus on the revaluation of available-for-sale investments.

CURRENT LIABILITIES

These are captured in details in the Notes to the Financial Statements under Payables and current portion of long-term loan.

PAYABLES:

For the period under consideration this item decreased from \$92,239,297 to \$73,379,018. This is an \$18,860,279 or 20.4% change, mainly as a result of reduction in Accounts payable, Contracts payable and accrued vacation leave. However, nearly \$30 million was used to clear outstanding commitments/claims under the first two which were inherited from previous financial years.

CASH FLOWS

The Statement of Cash Flows is presented in the order of Operating, Investing and Financing (OIF) activities. Information about the cash flows contributes to the assessment of financial performance and the entity's liquidity and solvency position. It specifies how the Corporation raised and used cash during the period, including items under operating activities which are not cash transactions hence do not affect actual cash resources. These include items such as depreciation of property, plant, and equipment, any disposal of fixed assets, decrease in fair value of Biological assets, transfer from capital grants as well as transfer to income from donated assets.

Under the Assets and Liabilities, changes in asset items such as increase in Receivables and decrease in related parties will be recorded as changes in the Cash Flow Statement. Similarly, a decrease in a liability item such as Payables and post-employment benefits will be shown as a decrease in cash flow.

During the financial year in question, there were no significant expenditure made to acquire resources (e.g., property, plant, and equipment, investment property, and

Intangible assets) intended to generate future cash flows. This amount of \$2,592,481 representing a deficit in cash flow as a result of purchase of office equipment, machinery, furniture & fixtures is captured under Investing activities.

The cash used under the financing activities includes items such as loan repayment to the Development Bank of Jamaica (DBJ) for the facility at the Hounslow Packing House, St. Elizabeth. Overall, at the end of the period, cash and cash equivalent stood at \$10,555,478.

RISKS AND UNCERTAINTIES

Payables and Contingent liabilities which arose before but for which the present management became responsible, as well as expected outcomes and unexpected occurrences, have impacted risks during the financial year and will continue to do so in the following period.

However, policies and strategies for safeguarding the Corporation's assets and mitigating such risks and liabilities as well as capitalizing on opportunities have been captured, to a certain extent, in Agro Invest's Policy manual. Going forward, Investment, Bad Debt control, insurance coverage, human resource, lease arrangements and other safety policies and measures approved by the previous Board of Directors, will have to continue to be implemented and tightly managed. These policies have been documented and are available in-house for review.

Notwithstanding these policies and measures, there are still impending extraordinary costs included in Payables, for example, claims from terminated former employees amounting to \$20.915 million as well as unpaid water bill of approximately \$13.95 million owed to the NWC as a result of massive water leaks in January 2017, plus the sum of \$11.72 million identified as owing to Tankweld Ltd in the Notes to the Financial Statements, will have to be taken into consideration.

Calculations were done for the claims from the terminated employees, audited by the Internal Audit Department of the portfolio Ministry for the Corporation and awaiting a legal opinion from their Legal Department. These obligations are expected to have significant impact on the Corporation's future operation and cash flows. To cover these claims the Corporation will need special budgetary support as well as increased revenues from Appropriations-in-Aid.

In this regard, therefore, an analysis of debt servicing costs as a percentage of total expenditure will highlight more evidently the magnitude of expenses that is required to service past obligations, thus reducing the amount of funds that can be directed to the implementation of the substantial and important programmes needed for the timely development of the Corporation.

Prepared by: Kadiana Ramballi (Mrs.)

Chief Financial Officer
July 25, 2017

