

**BOOSTING INNOVATION, GROWTH &  
ENTREPRNUERSHIP ECOSYSTEMS PROGRAMME**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**DEVELOPMENT BANK OF JAMAICA  
IDB – BOOSTING INNOVATION, GROWTH AND ENTREPRENEURSHIP ECOSYSTEMS  
PROGRAMME  
LOAN NO. 4860/OC-JA  
FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**Page Number**

**Independent Auditor's Report**

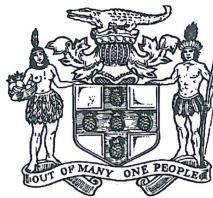
**Financial Statements**

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Regulations**



AUDITOR GENERAL'S DEPARTMENT  
40 KNUTSFORD BOULEVARD  
KINGSTON 5  
JAMAICA

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

Tel. No.: 926-8309/926-5963/926-5846  
Fax Number: 968-4690  
Email: audgen@auditorgeneral.gov.jm

**IDB LOAN CONTRACT NO. 4860/OC-JA**  
**Development Bank of Jamaica**  
**Boosting Innovation, Growth and Entrepreneurship Ecosystems Programme**  
**Year ended March 31, 2022**  
**Audit Report on the Financial Statements**

**OPINION**

I have audited the accompanying financial statements of the *Boosting Innovation, Growth and Entrepreneurship Ecosystems Programme*, which comprises the Statement of Cash Flows, the Statement of Cumulative Investments and a summary of the significant accounting policies and other explanatory notes. The Programme is executed by the Development Bank of Jamaica and financed by the Inter-American Development Bank under Loan Contract No. 4860/OC-JA and the Government of Jamaica for the year ended March 31, 2022.

In my opinion, the appended financial statements reflect a true and fair view of the Cash Flows and the Statement of Cumulative Investments for the Project for the year ended March 31, 2022, in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis and the accounting policies described in Note 2.

**BASIS FOR OPINION**

The audit of the Project was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are further described in the Auditor's Responsibility for the audit of the Financial Statements section of this report. I am independent of the Project in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

## **KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements for the year ended March 31, 2022. These matters were addressed in the context of the audit of the financial statements as a whole and in forming my opinion thereon. I have determined that there is no key audit matter to report.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Executing Agency, the Development Bank of Jamaica, is responsible for the preparation and fair presentation of these financial statements, in accordance with International Public Sector Accounting Standards (IPSAS) – Cash Basis. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether, due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Executing Agency is also required to present audited financial statements to the Inter-American Development Bank (IDB).

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless there are plans to liquidate the project or to cease operations, or has no realistic alternative but to do so.

## **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISSAIs, I exercised professional judgment and maintained professional skepticism throughout the audit.

I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtained an understanding of internal controls relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Project's internal controls.





- Evaluated the appropriateness of accounting policies used and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluated the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

I have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

**REPORT ON THE ADDITIONAL REQUIREMENTS OF THE IDB LOAN CONTRACT No. 4860/OC-JA**

I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the Financial Statements agree therewith and give the information required in the manner so required.

  
.....  
Auditor General

  
.....  
Date

**DEVELOPMENT BANK OF JAMAICA  
IDB – BOOSTING INNOVATION, GROWTH AND ENTREPRENEURSHIP ECOSYSTEMS  
PROGRAMME  
LOAN NO. 4860/OC-JA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022**

	Note	IDB US\$	Total US\$
<b>Cash Received</b>			
Accumulated cash at beginning of period		331,520.54	331,520.54
Activity during the year			
Disbursements		1,458,561.69	1,458,561.69
Net Reimbursable to Development Bank of Jamaica	4	44,432.40	44,432.40
Interest Received	5	18.44	18.44
<b>Total cash received as at March 31, 2022</b>		<b>1,834,533.07</b>	<b>1,834,533.07</b>
<b>Cash Disbursements</b>			
IDB expenditure		1,500,001.69	1,500,001.69
Net Reimbursed to Development Bank of Jamaica	4	13,475.73	13,475.73
FX Gain (net)	5	(2,160.70)	(2,160.70)
		<b>1,511,316.72</b>	<b>1,511,316.72</b>
<b>Total cash disbursements as at March 31, 2022</b>		<b>1,511,316.72</b>	<b>1,511,316.72</b>
<b>Available Cash as at the end of the year</b>	5	<b>323,216.35</b>	<b>323,216.35</b>

Approved for issue on behalf of the Development Bank of Jamaica on July 21, 2022  
and signed on its behalf by:

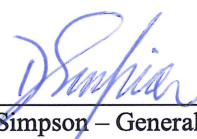
  
Mrs. Dorothea Simpson – General Manager, Finance

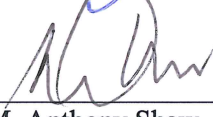
  
Mr. M. Anthony Shaw – Managing Director

**DEVELOPMENT BANK OF JAMAICA**  
**IDB – BOOSTING INNOVATION, GROWTH AND ENTREPRENEURSHIP ECOSYSTEMS**  
**PROGRAMME**  
**LOAN NO. 4860/OC-JA**  
**STATEMENT OF CUMULATIVE INVESTMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

Component	INVESTMENT CATEGORY	Cumulative as at March 31, 2021		Current period as at March 31, 2022		Cumulative as at March 31, 2022	
		IDB	TOTAL	IDB	TOTAL	IDB	TOTAL
		US\$		US\$		US\$	
1	Innovation and Growth for Established MSMEs	34,592.00	34,592.00	216,397.00	216,397.00	250,989.00	250,989.00
2	Facilitating Innovation and Growth for Scalable Startups	-	-	113,777.00	113,777.00	113,777.00	113,777.00
3	Facilitating Innovation and Growth for High Potential Startups	144,981.00	144,981.00	127,090.00	127,090.00	272,071.00	272,071.00
4	Project Administration	72,232.81	72,232.81	278,488.74	278,488.74	350,721.55	350,721.55
	Advance of Funds	352,208.09	352,208.09	722,808.95	722,808.95	1,075,017.04	1,075,017.04
	TOTALS	604,013.90	604,013.90	1,458,561.69	1,458,561.69	2,062,575.59	2,062,575.59

Approved for issue on behalf of the Development Bank of Jamaica on July 21, 2022  
and signed on its behalf by:

  
Mrs. Dorothea Simpson – General Manager, Finance

  
Mr. M. Anthony Shaw – Managing Director



**DEVELOPMENT BANK OF JAMAICA  
IDB – BOOSTING INNOVATION, GROWTH AND ENTREPRENEURSHIP ECOSYSTEMS  
PROGRAMME  
LOAN NO. 4860/OC-JA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**1. OVERVIEW - Nature and Activities of the Project**

The Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Project is a partnership between the Government of Jamaica and the Inter-American Development Bank (IDB). The Project seeks to provide funding to MSME's in three ways: (i) Applications for grants, (ii) The utilization of a sidecar fund, and (iii) through venture capital funding. The general objective of the first individual operation is to promote sustainable growth among startups and MSMEs in Jamaica. The specific objectives are to: (i) promote innovation and productivity among established MSMEs with high growth potential, (ii) promote sustainable growth in scalable startups, and (iii) create a sustainable pipeline of high-growth potential startups. The Project is a US\$25 million loan and is to be executed over five years from March 2020 to March 2025. The Project will continue to expand the scale and range of financing programs for MSMEs and aims to boost innovation, productive processes and promote firms' growth and the development of entrepreneurship in Jamaica.

The Project consists of four main components:

- **Component I: Innovation and Growth for Established MSMEs (US\$8.35 million)** - This component will target established MSMEs and is geared to promote efficiency and growth through development and adoption of innovation. It will allow participant MSMEs to use inputs and factors in more productive ways (improving productive processes, creating new products, and adopting more efficient technologies, among others), therefore enabling faster growth.
- **Component II: Facilitating Innovation and Growth for Scalable Start-ups (US\$8.99 million)** - This component targets scalable start-ups, defined as MSMEs that have proven the concept of their business model and commercial viability and need support for acceleration given their potential for scaling up. Support in this context means both finances to accelerate operations and technical assistance to scale-up services (outreach to markets, mentoring and governance, among others).
- **Component III: Facilitating Innovation and Growth for High Potential Start-ups (US\$3.475 million)** - This component will serve those high potential beneficiaries (entrepreneurs or MSMEs) at the early stage that have potentially successful value propositions and that could become scalable start-ups.
- **Component IV: Project Administration and Management (US\$4.185 million)** - The operation will fund program management costs such as staffing, auditing, monitoring, supervision, intermediate and final evaluation, and impact evaluation of several components. This component will also provide specialized advisory services and facilitate set up and development of a specialized information management system that will support data collection for monitoring and evaluation, as well as digitalize the eligibility and selection processes for the different calls.



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FOR THE YEAR ENDED MARCH 31, 2022**

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**Project Administration**

The Executing Agency (EA) has been established at the Development Bank of Jamaica with its Projects Branch, which falls under the responsibility of the General Manager of the EA's Project Management Office, with the support of the EA's Loan Origination and Portfolio Management Department, in accordance with the Operating Regulations.

**MANAGEMENT REPORT**

Within DBJ's reporting structure, the Project submits monthly reports to the Project Management Office, and semi-annual progress reports to the Inter-American Development Bank (IDB). The information is assimilated into the Agency's annual report to the IDB. Regarding reports to the IDB, two semi-annual reports were submitted during the period for the IDB Boosting Innovation, Growth and Entrepreneurship Ecosystems Project.

**AUDITING OF THE PROJECT**

The Auditor General's Department currently audits the Project.

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

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FOR THE YEAR ENDED MARCH 31, 2022**

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**2. Summary of Accounting Policies**

**i. Statement of compliance**

These financial statements have been prepared in accordance with the General Conditions of the Agreement and the Guide for Financial Reports and External Audits for Operations financed by the Inter-American Development Bank.

**ii. Basis of preparation**

The Executing Agency uses the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting to account for the Project's transactions. This principle requires recognizing income when funds are received rather than when requested and expenses are recognized when payment is made rather than when obligations are incurred. Since the main objective of these financial statements is to disclose the sources and uses of funds, it is not necessary to present information adjusted for inflation.

**iii. Currency translation**

Expenses paid from the Jamaican Dollar Project Account, which is held with the National Commercial Bank (NCB) were converted using the Bank of Jamaica's (BOJ) rates of exchange applicable on the day of the transactions.

**iv. Fluctuation rate and fees**

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

**v. Restricted use of project funds and other assets**

In accordance with the Loan Agreement between the GOJ and the IDB, funds available in the Special Bank Account are restricted to Project purposes only.

**3. The Budget**

The revised budget allocation for the financial year 2021/2022 is US\$2,387,753.42 or J\$350,000,000.00. Budgeted expenditure represents amounts that were included in the national budget of Jamaica for the fiscal year ended March 31, 2022.

The amount was converted using an average exchange rate of US\$1.00 = J\$146.5813.

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**FOR THE YEAR ENDED MARCH 31, 2022**

**4. Reimbursable to Development Bank of Jamaica (DBJ)**

	<b>2022</b>	<b>2021</b>
	<b>US\$</b>	<b>US\$</b>
Reimbursable to DBJ (i)	46,980.50	15,140.69
Less: Reimbursable from DBJ (ii)	<u>(2,548.10)</u>	<u>(1,664.96)</u>
Net Reimbursable to DBJ (iii)	<b><u>44,432.40</u></b>	<b><u>13,475.73</u></b>

- i. This amount relates to advances made by DBJ for payments of salaries (US\$1,447.28), for the months of May 2021 and March 2022, and payments relating to Innovation Grant Fund (US\$45,533.22) under component 1.
- ii. This amount relates to advance made to DBJ from the project's bank account in relation to salaries for one employee, for the month of April 2021.
- iii. The amount reimbursable to DBJ in the previous financial year was reimbursed during the year under review (\$13,475.73).

**5. Available Cash Balance**

The available cash balance as at March 31, 2022 is deposited in the Project's bank accounts.

	<b>2022</b>	<b>2021</b>
	<b>US\$</b>	<b>US\$</b>
NCB Special Account # 294023747	17,128.16	13,766.81
NCB Special Account # 294023755	302.89	341.12
BOJ Project Bank Account # 810894	<u>305,785.30</u>	<u>317,412.61</u>
	<b><u>323,216.35</u></b>	<b><u>331,520.54</u></b>

During the financial year ended March 31, 2022, the exchange rate fluctuations amounted to US\$2,160.70 (net). Interest earned during the period under review totaled US\$18.44.

**DEVELOPMENT BANK OF JAMAICA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

**6. Advances and Justification**

	<b>2022</b> <b>US\$</b>	<b>2021</b> <b>US\$</b>
Opening Balance of Advances	604,013.90	-
Advances recorded during the period	<u>1,458,561.69</u>	<u>604,013.90</u>
Advances received	2,062,575.59	604,013.90
Justification of Advance	<u>987,558.55</u>	<u>251,805.81</u>
Closing balance of advances (note 10)	<u><b>1,075,017.04</b></u>	<u><b>352,208.09</b></u>

**7. Disbursements Made**

Disbursement No.	Request date	Amount requested US\$	Amount approved by IDB US\$
5	06.10.2021	400,000.00	400,000.00
7	03.12.2021	<u>1,058,561.69</u>	<u>1,058,561.69</u>
		<u><b>1,458,561.69</b></u>	<u><b>1,458,561.69</b></u>

**8. Reconciliation between the Statement of Cash Flows and the Statement of Cumulative Investments.**

	<b>2022</b> <b>US\$</b>
Statement of Cash Flows	<b>323,216.35</b>
Statement of Cumulative Investments:	
Inter-American Development Bank:	
Advances	2,062,575.59
Expenses/Interest Income	<u>(1,739,359.24)</u>
	<u><b>323,216.35</b></u>



**DEVELOPMENT BANK OF JAMAICA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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**9. Reconciliation by Investment Categories between the Program's Records and the IDB's Records.**

		<b>LMSI (US\$)</b>	<b>BIGEE (US\$)</b>	<b>Difference (US\$)</b>
01.00.00	Innovation and Growth for Established MSME's	250,989.00	250,989.00	-
02.00.00	Facilitating Innovation and Growth for Scalable Startups	113,777.00	113,777.00	-
03.00.00	Facilitating Innovation and Growth for High Potential Startups	272,071.00	272,071.00	-
04.00.00	Project Administration	350,721.55	350,721.55	-
86.00.00	Advance of Funds	<u>1,075,017.04</u>	<u>1,075,017.04</u>	-
<b>Total</b>		<b>2,062,575.59</b>	<b>2,062,575.59</b>	-

**10. Advances Pending Justification**

As at March 31, 2022 there were advances in the amount of \$1,075,017.04 pending justification to the IDB.