

# 2022 - 23 ANNUAL REPORT



*Environmental Foundation  
of Jamaica*



*Environmental Foundation  
of Jamaica*



## **MISSION**

To be a major funder of environmental protection and child survival initiatives in the interest of sustainable development.



## **VISION**

To be the regional leader in funding and influencing policy for environmental management & conservation as well as child survival and development.



## **CORE VALUES**

- Good governance that dictates transparency of process and accountability.
- Supporting partnerships and development initiatives consistent with our Mission.
- Respecting the value of initiatives coming from the public and private sectors and channelling this interest into partnerships with community groups and other organizations of civil society.
- Developing and maintaining relationships that are consistently ethical while being effective and efficient in doing the organization's business with Members, clients and staff.
- Non-discrimination in relation to gender, race, creed and age.



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# BOARD OF DIRECTORS



**PROF. DALE WEBBER**  
CHAIRMAN  
TERM MEMBER



**MRS. ELEANOR JONES**  
VICE CHAIR  
TERM MEMBER



**MR. IAN WATSON**  
TREASURER  
TERM MEMBER



**MR. AINSLEY HENRY**  
GOVERNMENT OF JAMAICA  
PERMANENT MEMBER



**MR. ALEX GAINER**  
GOVERNMENT OF UNITED STATES OF AMERICA  
PERMANENT MEMBER



**MRS. JENNIFER SCOTT**  
BOARD SECRETARY  
TERM MEMBER



**MS. DONNA ONISS BLAKE**  
THE NATURE CONSERVANCY  
PERMANENT MEMBER



**MR. ROBERT STEPHENS**  
FOREST CONSERVATION DIRECTOR  
TERM MEMBER



**MRS. WINSOME WILKINS**  
CHILD REPRESENTATIVE  
TERM MEMBER



**DR. MICHAEL WITTER**  
ACADEMIA DIRECTOR  
TERM MEMBER



**MS. GILLIAN GUTHRIE**  
GOVERNMENT OF JAMAICA  
INSTITUTIONAL DIRECTOR



**MR. ANTHONY MCKENZIE**  
GOVERNMENT OF JAMAICA  
PERMANENT MEMBER (ALTERNATE)

# MEET THE TEAM



**MR. BARRINGTON LEWIS**  
CHIEF EXECUTIVE OFFICER



**MS. ALLISON RANGOLAN**  
CHIEF TECHNICAL DIRECTOR



**MR. LEIGHTON CORNWALL**  
SENIOR ACCOUNTANT / HUMAN  
RESOURCES OFFICER



**MS. CHARMINE WEBBER**  
PROGRAMME OFFICER



**MR. MARK CONSTABLE**  
PROGRAMME OFFICER



**MS. SYDONNIE ROTHERY**  
ADMINISTRATIVE ASSISTANT



**MS. AUDREY KIRKLAND**  
RECEPTIONIST / CLERICAL ASSISTANT



**MS. PAULETTE WESTCARR**  
OFFICE ATTENDANT

## ORGANISATIONAL ARRANGEMENTS

### **Attorneys**

Myers, Fletcher & Gordon  
Park Place  
21 East Street  
Kingston

### **Auditors**

PricewaterhouseCoopers  
Scotia Bank Centre  
Corner of Duke & Port Royal Streets  
Kingston

### **Commercial Bankers**

National Commercial Bank Jamaica Limited  
Private Banking Branch  
124 – 126 Constant Spring Road  
Kingston 10

### **Investment Managers**

BPM Financial Limited  
1 A Holborn Road  
Kingston 10

NCB Capital Markets Limited  
The Atrium  
32 Trafalgar Road  
Kingston 10.

Sygnus Capital  
Unit 28, 80 LMR  
80 Lady Musgrave Road  
Kingston 10.

## STANDING COMMITTEES

### **Executive Committee**

Prof. Dale Webber  
Mrs. Eleanor Jones  
Mr. Ian Watson  
Mrs. Jennifer Scott  
Mr. Barrington Lewis  
Ms. Allison Rangolan

### **Finance and General Purposes Committee**

Mr. Ian Watson  
Prof. Dale Webber  
Ms. Donna Oniss Blake  
Mrs. Winsome Wilkins  
Mr. Robert Stephens  
Mr. Barrington Lewis  
Mr. Leighton Cornwall

### **Grant Management Committee**

Mrs. Eleanor Jones  
Dr. Michael Witter  
Ms. Loy Malcolm  
Mr. Norman Harris  
Mr. Damian Lyn  
Mr. Barrington Lewis  
Ms. Allison Rangolan  
Ms. Charmine Webber  
Mr. Mark Constable

### **Human Resources, Compliance and Compensation Committee**

Mrs. Jennifer Scott  
Prof. Dale Webber  
Mr. Barrington Lewis

### **Membership Committee**

Mrs. Winsome Wilkins  
Mr. Barrington Lewis  
Ms. Allison Rangolan

### **Strategic Planning Committee**

Dr. Michael Witter  
Mrs. Eleanor Jones  
Ms. Donna Oniss Blake  
Mr. Barrington Lewis  
Ms. Allison Rangolan

### **Fundraising & Public Relations Committee**

Mr. Robert Stephens  
Prof. Dale Webber  
Mr. Barrington Lewis  
Ms. Allison Rangolan  
Mrs. Emma Lewis  
Mrs. Indi McClymont Lafayette  
Ms. Petre Williams Raynor  
Mrs. Francine Black Richards

# CHAIRMAN'S MESSAGE



**PROFESSOR DALE WEBBER  
CHAIRMAN**

Each year that you read the Chairman's Message in the Annual Report you see a reference to some actions from the prior year. I have always attempted to show the continuum of activities being undertaken by the organization as I feel that these activities are all a part of a nexus. So, if we pick up on what was stated in the last paragraph of my prior message, I indicated that "...the Board has given the Secretariat some budgetary support to continue its quest to seek donor funding and we can report that two prospects are in the works.". I can now advise that the Secretariat responded to the challenge and the projects that were in the works are now imminent.

At this fiscal year end, a project, in partnership with the Caribbean Biodiversity Fund (CBF), to build the capacity of eleven (11) Conservation Trust Funds (CTFs) across the Caribbean is about to be signed with USAID. This project will see the EFJ being a sub-grantee of the CBF. Importantly, the project will showcase the EFJ's three decades of experience in doing grant making and monitoring, and allow the CTFs to adopt any of our systems they deem fit for their unique circumstance.

In February 2023, the EFJ was asked by Global Affairs Canada (GAC) to submit a full proposal on using nature based solutions to build the resilience of urban communities to the effects of climate change. This proposal, if successful, will use a partnership approach to the implementation of the project and gender considerations will also be incorporated.



More about both projects will be in the ensuing Annual Report - when the contractual agreements would be in effect. I must pause though, and speaking on behalf of the Board, commend the EFJ's staff for their dedication to the tasks and all the efforts they continue to put in to ensure that impactful work is being done in both the environment and child sectors. Thank you team EFJ.

In other updates for the fiscal year, I can report that no new grants were awarded. Instead, the Grant Management focus for the year was on two things. One, to finalise all the existing grants. There are approximately 80 projects that have been hanging in 'abeyance' for the lack of final reports. The covid-19 pandemic did not assist the process as a lot of struggling organisations were further affected by lack of funding and a lack of motivation by their members. Strategically, the EFJ decided to implement non-traditional methods to bring the majority of these grants to a conclusion.

The second thing that we did under the auspices of the Grant Management Committee, and through the assistance of a CUSO International volunteer, was an evaluation of the sustainability of grants awarded. This was done using a two-step process (a) geo-referencing of all the grants we issued using GIS Technology and (b) investigate what were some of the factors that led to the survival of the organisations that weathered the tumultuous last three (3) years. The staff, at the end of part (a), developed an organizational sustainability assessment tool. This tool will be used to complement the due diligence assessments that are done prior to grant awards.

Post grant assessments have also become extremely important. Our foray into the donor funding market has seen a number of donors asking about the post grant sustainability of projects. Sadly, too great a percentage of our projects have no data collected. The EFJ Secretariat is putting in place mechanisms to do post grant assessments in the most cost effective manner.

I mentioned briefly the CUSO International volunteer earlier and his contribution to EFJ was outstanding. Through this volunteer, training was provided to the EFJ staff in the use of ArcGIS to not only do GIS referencing but to manipulate the software to incorporate modelling. The staff was able to use environmental factors to determine possible interventions and create new thematic areas for future Calls. Based on the feedback, the EFJ will have an open Call for Proposals in the 2023/2024 fiscal year.

As I conclude this message, I wish to reiterate one of the key lessons we learnt this fiscal year - partnerships. The immediate future of the EFJ lies in the partnerships we can and will create. Through collaborative efforts we can facilitate the work of our Members and grant beneficiaries. It is through partnerships we will implement the two new projects. And, finally, it is through partnerships we can raise new funding and give additional grants to further the EFJ's work and mandate. Preserving the future... today!



**Prof. Dale Webber**  
**CHAIRMAN**



# SECRETARIAT REPORT

In the 2022/2023 financial year the EFJ shifted its focus away from grant making activities to the development of its organizational capacity. The EFJ, during the period 2016 – 2022, awarded a total of J\$1.18 billion (US\$7.87 million) in grant funding and of this amount approximately J\$1.08 billion (US\$7.02 billion) was paid out in actual disbursements across all the Funds being managed. Therefore, the shift in the organization's concentration was to ensure that the EFJ was re-positioned for its future - post debt swap funding – as it had made a significant amount of funding, in the last six years, available to the NGO sector.

In fact, when the Strategic Plan (2022 – 2025) and Administrative Budget were being prepared, strengthening organizational capacity was a central theme. The Board gave its full support to all the initiatives undertaken or to be undertaken, by the Secretariat and therefore, the EFJ's 2022/2023 Annual Work Plan had the following areas:

- ▶ The implementation of the (new) Strategic Plan year 1 activities
- ▶ Prominence given to Fundraising and Public Relations
- ▶ The successful completion of the projects awarded from Call 2021
- ▶ The evaluation of Fund Administration Agreement (FAA) grants done over the last 6 years and the development of a metric to evaluate the potential for an organization to sustainably implement a project.

Below we highlight some of the major accomplishments and activities that occurred during the year through the Committee Reports.

# GRANT MANAGEMENT COMMITTEE REPORT

The EFJ manages grants under a Grant Management Policy that delineates the procedures for receiving, vetting, awarding, monitoring and evaluating proposals and grants. The grant selection may be impacted by the source of funds and any rules outlined in Fund Administration Agreements (FAA).

The conclusion of the EFJ's Fund Administration Agreements allowed us to conduct an assessment of the successes and failures of some of the projects. The aim was to generate an assessment tool that could predict the likelihood of a project proposal being successfully and sustainably implemented. The EFJ's Secretariat, using its vast years of experience, internally generated a metric to use to evaluate all new grant applications. This metric, called the Organisational Sustainability Tool, along with due diligence site visits will be used to evaluate all future grants.

Six broad categories will be used to assess an organisation / project. The categories and the weighted percentage that contribute to the likelihood of sustainability are as follows:

- ORGANIZATIONAL ARRANGEMENTS – 19%
- LEADERSHIP – 26%
- PROJECT PROPOSAL – 27%
- FUNDING SOURCE – 9%
- COMMUNITY / STAKEHOLDER INVOLVEMENT – 14%
- OTHER FACTORS – 5%

A brief explanation of the factors are outlined below.

## **Organizational arrangements are assessed by looking at:**

- The existence of a physical location
- Registration and regulatory compliance
- Years of operation
- Governance Structure
- Membership of the organization and inclusivity
- Meetings and reporting to Membership
- Evidence of Strategic Planning
- Operations policy documents
- Financial planning, reporting and other arrangements (banking and budgeting exercise)

## **Leadership assessment includes a review of the following factors:**

- Leadership style and structure
- Succession planning
- Sub-Committees with roles and responsibilities
- Existence of partnerships and other stakeholder involvement

**Project Proposal** looks at the ability of the organization to respond to the Call for Proposal and the quality of the proposal submitted.

## **Funding Source**

- Whether there are limits on funding (in particular upper limits)
- Are there other onerous stipulations by donors

## **Community / Stakeholder involvement**

- Evidence of stakeholder consultations
- Evidence of stakeholder buy-in
- Whether the community is contributing to the project
- Other stakeholder contributions

## **Other Factors**

- Compliance with required policies / risks or red flags raised with regard to sustainability
- Considerations given to economic and geo-political risks
- Unique local situations that may affect the organization and the project.
- Global risk factors e.g. pandemic, wars etc.

At the end of the fiscal year, the Board agreed that a new Call for Proposals would be conducted. The full testing of the Organisational Sustainability tool will be conducted then.

In the last financial year as well, a focus was placed on closing out a lot of grants that were still open. The majority of which had no work/activity being done and was left "open" because of lack of final reports. The EFJ's team implemented varying strategies to bring closure to these projects.

Outside of these projects there were other active grants and we highlight a few of the successfully completed projects and activities below.

## **FUNDING SOURCE:**

### **TROPICAL FOREST CONSERVATION ACT (TFCA; FOREST CONSERVATION FUND, FCF)**

**GRANTEE RESPONSIBLE:** Cockpit Country Local Forest Management Committee

**PROJECT TITLE:** Managing Natural Resources while Enabling Sustainable Livelihoods in Cockpit Country

**Thematic Area:** Reforestation

**Purpose of the project:** Cockpit Country - Northern is known for its rich biodiversity. Over the years environmental issues such as:

- deforestation and other problems with invasives and spread of non-native species (e.g. Ferns),
- conversion to agriculture, mining and yam stick cutting of forested areas;
- water shortage, land slippage and soil erosion;
- a lack of environmental education and planning, and
- in recent times a lack of employment for residents have contributed to the destruction of the area's biodiversity.

If mitigation measures are not put in place to address these problems, then the Cockpit Country's natural resources will be significantly depleted due to improper use. This will have a severe impact on the habitats of endemic species of flora and fauna that are dependent on the ecosystems for survival. This project aimed to counteract these issues.

## OBJECTIVES

- To restore four (4) hectares of forest cover in (select) areas with depleted forest reserves
- To facilitate alternative livelihoods through agroforestry and bee-keeping.
- To establish rainwater harvesting facilities on existing communal spaces
- To facilitate alternative livelihood through craft production
- To acquire 1 bag corn, 90 fruit plants and 50 timber seedlings to facilitate 10 small farmers within the community utilizing 1 hectare to upgrade their plots
- Replant 100 timber seedlings during the maintenance exercise – done within 2 hectares of Linton Park Forest Reserve - to replace loss due to unforeseen conditions.

## ACHIEVEMENTS TO DATE

- 4 hectares rehabilitated with 2,500 seedlings of Cedar, Blue Mahoe, Jamaican Mahogany, Bitter Damsel and Spanish Elm.
- Ten bee colonies distributed among 8 farmers. The boxes have increased from 10 to 32 boxes with the production of 15 gallons of honey
- Three 1,000 gallon water storage tanks were installed at the Community Centre, the LFMC's office and the Duanvale Primary school with a total of 156 ft. of gutters installed.
- Craft items such as baskets and bags were produced
- Corn, fruit trees and timber seedlings (50 blue mahoe) distributed to small farmers.
- 100 blue mahoe timber seedlings planted and circle weeding activities done

## IMPACT TO DATE

- Seventy eight (78) persons were employed for the duration of the project- 51 males and 27 females
- Forty-one persons benefited from alternative livelihood 19 males and 22 females.
- Over 300 community members including the school population of 125 students impacted positively from the installation of the tanks.
- Craft and basketry training were held with 18 persons of which 17 were females and 1 male.
- Sixteen (16) farmers - 7 females and 9 males participated in the agroforestry activities. Farmers were given a total of Ninety (90) fruit seedlings consisting of sweet sop, sour sop, June plum, Naseberry, pomegranate, Jackfruit, Suriname cherry, Indian plum, pink guava, tamarind and cashew
- A total of 6 persons (4 females and 2 males) were employed for this activity.



Rainwater harvesting at the Duanvale Community Centre



Rehabilitation work and planting of seedlings at the Linton Park Forest Reserve



Agroforestry plot



Bee keeping activities



Participants in craft training in basketry.

**GRANTEE RESPONSIBLE:** Jamaica Conservation and Development Trust (JCDD)

**PROJECT TITLE:** Institutional Support for National Park Management

**Thematic Area:** Institutional Strengthening/Capacity Building

**Purpose of the project:** The project is aimed at providing institutional support to JCDD over 12 months in the areas of accounting, financial management, income generation and effective protected area management. Specifically, this project will support JCDD's:

- implementation of over JA\$80 million in projects conserving the forests of the Blue and John Crow Mountains by investing in and strengthening the organization's capacity to ensure it can manage major internationally funded projects
- bringing new systems into place for improved efficiency and accountability;
- income generation activities;
- acquiring a motor vehicle to ensure successful forest restoration projects, community outreach and other management activities.

OBJECTIVES	ACHIEVEMENTS TO DATE	IMPACT TO DATE
To provide budgetary support for JCDD's conservation project implementation - in particular funding Accounting Department personnel and satisfying the legal and regulatory requirements for the company/charity authority for at least one year.	Accountant hired. The unaudited Financial Statements for 2022 have been submitted to the Department of Cooperatives and Friendly Societies for review.	
To provide support for JCDD's Business Development Officer for at least one year to help increase revenue through new markets and tools	Business Development Officer/Sales Representative hired. Business Plan updated to include more sales and marketing activities. Business Development Training sessions were conducted in the communities of Hayfield in St. Thomas; Scott's Hall in St. Mary; Windsor/Moore Town; Cornwall Barracks; Ginger House; Comfort Castle and Millbank in the Rio Grande Valley.	One hundred and fifty-nine (159) persons participated in the sessions on Environmental Management & Mitigation of Environmental Impacts; Business Development and Tourism Training.
To provide support for JCDD's Recreation and Tourism program through procurement of items for improvements and marketing to support business development	The Recreation area was improved with the addition of a commercial washing machine and a refrigerator. Improvement works were also done on the trail and picnic areas.	Annual visitors to Holywell include - 3,654 day visitors; 225 to Holywell cabins and 295 to Portland Gap cabins.
To provide support to JCDD for the purchase of a 4 Wheel Drive pick up to be used in forest restoration and other work in the highest reaches of the mountains	Toyota Hilux 4WD acquired, to improve the capacity of the team to do monitoring and enforcement activities.	Seven Thousand (7,000) seedlings planted - 2,896 West Indian Cedar; 401 Blue Mahoe; 100 Sweet wood; 1,647 Milkwood; 1,209 Spanish Elm; 747 Mountain Yacca planted.



Toyota Hilux to be used in the Blue & John Crow Mountains National Park

## FUNDING SOURCE: SPECIAL CLIMATE CHANGE ADAPTATION FUND (SCCAF)

There were five (5) active projects during review period.

ORGANIZATION	GRANT AMOUNT \$JMD
Sawyers LFMC	4,996,678.00
Little Bay All Age and Infant School	5,000,000.00
Rock Hall Primary School	4,996,678.00
Boundbrook Primary School	4,997,769.53
Windsor Forest Primary School	5,000,000.00

**GRANTEE RESPONSIBLE:** Rock Hall Primary School

**PROJECT TITLE:** Rock Hall Primary School Rainwater Harvesting System Project

**Thematic Area:** Water Management – Rainwater Harvesting

**Purpose of the project:** The aim of the project is to improve rain water collection and storage for the school's population of Eighty-nine (89) individuals (74 students, 7 academic staff members and 8 support staff members).

OBJECTIVES	ACHIEVEMENTS TO DATE	IMPACT TO DATE
To complete excavation and construction of water tank and pump room	A 10,000 gallon water tank and pump house constructed	School population of 90 students 7 teachers and 10 support staff were impacted. Twenty (20) persons were employed during implementation activities. Four members of staff were trained to undertake chlorination activities.
To install guttering and plumbing to deliver water from gutters to water tank as well as plumbing to pumping system to deliver water from constructed water tank to elevated black tanks	Approximately 100 ft. of galvanized aluminium guttering was installed along with 500 ft. of pipeline. A one hp electrical pump was also installed.	



Completed water harvesting tank with pump house (atop)

**GRANTEE RESPONSIBLE:** Windsor Forest Primary School

**PROJECT TITLE:** Windsor Forest Primary School Rainwater Harvesting System Project

**Thematic Area:** Water Management – Rainwater Harvesting

**Purpose of the project:** The aim of the project is to improve rain water collection and storage for the school's population of one hundred and eight (108) students, nine (9) academic staff members and three (3) support staff.

OBJECTIVES	ACHIEVEMENTS TO DATE	IMPACT TO DATE
To construct a 10,000 gallon water tank and pump room	A 10,000 gallon water tank and pump house constructed	School population of 108 students 9 teachers and 3 support staff were impacted. Twenty (20) persons were employed during implementation activities. Four members of staff were trained to undertake chlorination activities.
To install guttering and plumbing to deliver water from gutters to water tank as well as plumbing to pumping system to deliver water from constructed water tank to elevated black tanks to gravity feed the school	Approximately 260 ft. of piping and a one hp electrical pump was installed.	



Completed tank with conveyance pipes installed



**GRANTEE RESPONSIBLE:** Boundbrook Primary School

**PROJECT TITLE:** Boundbrook Primary School Rainwater Harvesting System Project

**Thematic Area:** Water Management – Rainwater Harvesting

**Purpose of the project:** The aim of the project is to increase the capacity to make climate change adaptations and improve rain water collection and storage for the school's population. This will include construction of a 10,000 gallon tank and pump room, installation of a pumping system, guttering and plumbing works.

OBJECTIVES	ACHIEVEMENTS TO DATE	IMPACT TO DATE
TO COMPLETE EXCAVATION AND CONSTRUCTION OF WATER TANK AND PUMP ROOM.	A 10,000 GALLON WATER TANK AND PUMP HOUSE CONSTRUCTED.	530 STUDENTS, 23 TEACHERS AND 6 SUPPORT STAFF WERE IMPACTED. TWENTY (20) PERSONS WERE EMPLOYED DURING IMPLEMENTATION ACTIVITIES. FOUR MEMBERS OF STAFF WERE TRAINED TO UNDERTAKE CHLORINATION ACTIVITIES.
TO INSTALL GUTTERING AND PLUMBING TO DELIVER WATER FROM GUTTERS TO WATER TANK AS WELL AS PLUMBING TO PUMPING SYSTEM TO DELIVER WATER FROM CONSTRUCTED WATER TANK TO ELEVATED BLACK TANKS TO GRAVITY FEED THE SCHOOL	APPROXIMATELY 100 FT. OF GALVANIZED ALUMINIUM GUTTERING WAS INSTALLED ALONG WITH 500 FT. OF PIPELINE. A ONE HP ELECTRICAL PUMP WAS ALSO INSTALLED.	



Water Storage tank with conveyance pipes installed. Inset Installation of guttering in progress and erected project sign at entrance of the school

**GRANTEE RESPONSIBLE:** Leeds Community Development Committee

**PROJECT TITLE:** Leeds Community Development Committee Greenhouse Project

**Thematic Area:** Climate Smart Resilient Cropping Systems – Greenhouse Farming

**Purpose of the project:** The aim of the project is to construct two greenhouses to combat the effects of climate change by practicing protective agriculture in the community of Leeds while providing employment and training for 15 community members in greenhouse techniques.

### OBJECTIVES

To improve the economic livelihood of fifteen individuals through Greenhouse Farming

To train 15 participants in greenhouse management techniques.

### ACHIEVEMENTS TO DATE

Two 3,000 ft. greenhouses constructed along with the installation of a 40,000 gallon earthen catchment pond. The pump is to be installed after the pump house is completed.

The training activities have not yet commenced as this component is awaiting the completion of the pump house.

### IMPACT TO DATE

Seven (7) persons were employed during the installation of the greenhouses and catchment pond.



Completed Constructed greenhouses and fenced catchment pond

# STRATEGIC PLANNING COMMITTEE REPORT

The EFJ finalized a new Strategic Plan for the period 2022 – 2025. This plan is subject to semi annual reviews and amendments as deemed appropriate. As part of the process of preparing the new Strategic Plan a review of the previous plan was conducted.

## **The review**

There were four (4) strategic goals in the 2019-2021 Strategic Action Plan (SAP). These were:

- A. Grant-making and Fund administration
- B. Influencing policy and capacity building for sustainability
- C. Fundraising, sustainability, and public awareness
- D. Continued streamlining of operational activities

Like all other organizations the EFJ had to adjust to the COVID-19 pandemic and the implementation of strategic actions were impacted. The pandemic not only constrained some of the activities of the EFJ but it also presented opportunities for the organization to improve and modernize the way things were done. Specifically, the EFJ looked at its processes, policies and procedures.

It was agreed that the use of technology will be incorporated more into the work of the EFJ primarily as it relates to monitoring, evaluation and reporting by grant beneficiaries. Other opportunities emerged to:

- engage in more meaningful partnerships.
  - More and more international organizations are expressing interest in partnering with the EFJ to have funds administered to grass root entities. The EFJ grant management, monitoring and evaluation as well as reporting experiences have been the major attraction.
  - Local and regional partners are interested in some of the EFJ's best practices that account for its effectiveness in managing grant funding.
- Mentoring of regional organizations as they set up processes and systems in their respective territories.

Importantly, it was noted that from the SAP 2019 - 2021 there was no overt plan to ensure that the EFJ's dual mandate of environmental conservation and child survival & child development were being addressed.

## **The new Strategic Plan, 2022-2025**

The new plan maintained the existing Mission and Vision Statements (See page 3). The objectives of these Statements will be achieved through the three new focal areas. The following are the broad focal areas:

- A. Secure new funding and maintain the sustainability of the EFJ** - including actively tapping into new sources of funds for environmental work in Jamaica and the wider Caribbean, repositioning the EFJ, and providing increased support to partner organizations.
- B. Improve and modernize the EFJ's operational systems** - in light of the challenges faced during the pandemic, in anticipation of emergent technological changes, in preparation to conduct new kinds of activities and for the cooperative polices/practices required for some partnerships
- C. Strengthen partnerships, create new partnerships, and enhance the quality of Membership.** The quality of Membership will be improved by encouraging successful partners to become Members and engaging capable Members as partners in EFJ's activities.

### **Focal Area A: Secure new funding and maintain the sustainability of the EFJ**

The first of the three focal areas will entail the strengthening of the ability of the EFJ to survive. In this regard, fund raising, staff development and technological updating are critical.

The existing fundraising strategy will be reviewed in light of the experience of implementing it. Fundraising is broadly conceived of as protecting current resources in the Endowment Trust Fund, optimizing returns on investments, applying for grants, seeking new sources of funds including possible debt swaps and the sale of Fund Administration services.

Sustainability not only requires funding but also retaining and developing staff, especially in the critical areas of grant-management. EFJ's staff retention strategy will include ensuring competitive remunerations and benefits, healthy physical and virtual work environments, and the cultivation of an ethic of transparency and teamwork.

The EFJ will stay abreast of the technological changes required for communication, organizational management and data management and analysis.

## **Focal Area B: Improve and modernize the EFJ's operational systems**

The pandemic forced the EFJ, like other organizations, to adopt new work modes and to re-think its administrative processes and its service delivery. While the pandemic was the immediate trigger, the world in which the EFJ operates today is very different than when it started 30 years ago. Certainly, the international context, the array of national environmental and child development institutions and the relevant national policy frameworks have changed. The strategic plan will enhance EFJ's technological capabilities, foster its flexibility and continue the drive for efficiencies and effectiveness in its service delivery.

## **Focal Area C: Strengthen partnerships, create new partnerships, and enhance the quality of Membership**

EFJ implements its work programs through partnerships. As a Membership organization, some partners are potential Members and vice versa. The Strategic Plan will review current partnerships for consistency with its revised strategic objectives and in light of the experience of the effectiveness of previous cooperation.

Where appropriate, strong NGO partners will be encouraged to become Members as a principal strategy to enhance the percentage of active/high profile/large portfolio NGOs in EFJ's Membership.

The EFJ intends to be more active in mobilizing Members to partner with the organization to implement its programs such as Capacity building of grantees, Advocacy and other programs that will enhance the mandate of both entities. This will require the EFJ to review its Articles of Incorporation and its Membership requirements with a view to accommodate the evolving possibilities mentioned above.

# **HUMAN RESOURCES AND COMPLIANCE COMMITTEE REPORT**

## **COMPLIANCE**

The EFJ, at year end, had not yet filed its Annual Returns with the Companies Office of Jamaica. Our filings with the Department of Cooperatives and Friendly Society were done on time.

Additionally, we can report that:

- ▶ the Congressional Report to the US State Department was submitted prior to the deadline.
- ▶ procurement procedures were strictly followed

## **STAFF**

At year end the staff complement was eight (8) people, the Chief Technical Director tendered her resignation. The resignation will take effect early into the next fiscal year.

While the covid-19 virus impacted the internship programme with the students of the University of the West Indies, Mona in the prior two years, we were able to resume the programme during the financial year and two students were engaged.

# **FUNDRAISING & PUBLIC RELATIONS COMMITTEE REPORT**

The EFJ's Board decided during the fiscal year to merge two of its Sub-Committees because of their symbiotic relationship. The Fundraising Committee was merged with the Public Relations Committee and dubbed the Fundraising & Public Relations Advisory Committee. This was done to give increased prominence to Fundraising, as well as to provide financial resources in the budget for a dedicated staff member and to foster increased public awareness and image building as the EFJ got more 'Donor ready'.

A Fundraising, Marketing & Public Relations Officer was engaged in January 2023 after conducting a recruitment exercise; the post was advertised nationally. Unfortunately, after ten weeks the staff member resigned to pursue their own business venture.

Notwithstanding, the Committee has sought to explore future debt swap arrangements and discussions are being held with the Government of Jamaica.

The Secretariat also submitted proposals to two international partners. The results of the submissions will be known in the new financial year.

# EFJ'S ENDOWMENT TRUST REPORT

## Background, Source of Funds and policies:

The EFJ Endowment Fund was established by way of a Trust Deed which was duly executed on September 23, 2004. A corpus of J\$85,000,000.00 was used to conduct the initial investments in the 2011/2012 financial year. The amounts were received as follows:

From PL480 funds	- J\$62,875,301.81
From AID DEBT Funds	- J\$22,124,698.19

Subsequently, a decision was taken during the 2012/2013 financial year that the Trust would offer financial support to the EFJ's day to day operations as inflows from the two original debt swaps had come to an end. The amount of J\$20,531,650.00 was given as a long term note receivable. As of July 31, 2023 this amount is still outstanding.

The EFJ consolidated its operations with those of Jamaica Protected Areas Trust (JPAT) in the 2015/2016 reporting year. During the fiscal year 2016/2017 the EFJ's Endowment Trust received the amounts set aside by JPAT for the FCF Endowment of US\$582,773.53 and J\$516.25 million. This was in keeping with the decision to merge the operations of JPAT/FCF and EFJ.

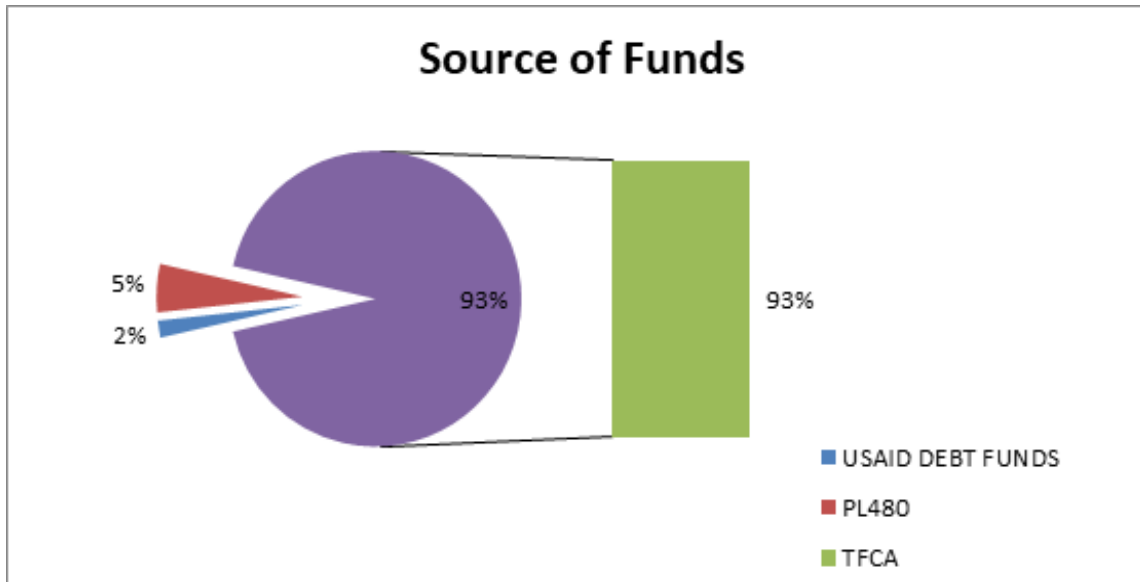
Based on the JPAT policy, 50% of all annual Government of Jamaica (GOJ) inflows are immediately placed on the Endowment Trust. The EFJ's Board also supported the JPAT policy and the EFJ Endowment Trust continues to receive 50% of TFCA GOJ inflows.

Table E1, below, details the receipt of funding over the years.

**Table E1: Corpus of the EFJ Endowment Fund**

Year	Details	AID DEBT	PL480	TFCA
2011/2012		22,124,698.19	62,875,301.81	
2012/2013	Loan to EFJ	(5,338,229.00)	(15,193,421.00)	
2016/2017	Transfer from JPAT			516,250,054.82
2016/2017	US\$582,773.53 - transfer from JPAT			74,187,070.37
2016/2017	50% of TFCA Annual Receipts			24,904,284.35
2017/2018	50% of TFCA Annual Receipts			48,041,725.39
2018/2019	50% of TFCA Annual Receipts			48,677,233.05
2019/2020	50% of TFCA Annual Receipts			49,943,708.01
2020/2021	50% of TFCA Annual Receipts			38,988,702.71
2021/2022	50% of TFCA Annual Receipts			38,938,086.60
2022/2023	50% of TFCA Annual Receipts			37,992,263.84
		<b>16,786,469.19</b>	<b>47,681,880.81</b>	<b>877,923,129.14</b>

Funds from the various sources should not be comingled and are accounted for separately. From the data in Table E1 we note that the majority of funds, 93%, is from the FCF.



The asset classes and associated amounts are listed below in Table E2.

**Table E2: EFJ Endowment Fund Asset Class**

Asset Class	
Equities - Ja \$	353,700,000.00
Equities - USD	126,455,000.00
Other Assets	476,946,000.00
Repurchase Agreements - J\$	123,053,000.00
US\$ Cash	19,783,000.00
J\$ Cash	73,706,000.00
Note Receivable	20,531,650.00
	<b>1,194,174,650.00</b>



Investment returns on the Endowment Fund for the period reflected a gain of J\$42.08 million compared to a loss of approximately \$35.16 million in the prior year.

The total value of the Endowment at July 31, 2023 is J\$1.194 billion.



# FINANCE & GENERAL PURPOSES COMMITTEE REPORT

## REVENUES:

### Fund Receipts

A total of J\$75.98 million was received from the Government of Jamaica in keeping with the TFCA schedule of payments. J\$37.99 million or fifty percent (50%) of this payment was paid into the EFJ's Endowment Trust Fund. The GOJ is scheduled to make FCF payments into the EFJ until 2024 and a balance of US\$441,240.24 is outstanding, per TFCA Agreement, as of July 31, 2023.

### Investment Income

The 'Operational' Investment portfolio had a total loss of J\$4.83 million for the reporting period. This compares to a loss of J\$0.48 million for the prior period. When broken down into realised and unrealised gains (losses) we note that there were realised gains of \$6.53 million and unrealised losses of J\$11.36 million for 2022/2023.

These gains are attributable to TFCA/FCF; J\$4.41 million and J\$2.12 million on Americas Funds (broken down as J\$1.14 million on PL480 Funds and J\$0.98 million on Aid Debt Funds). Equity Investments, held with BPM Financial Ltd, recorded unrealised losses of J\$11.36 million – compared to the position of the prior year where a J\$6.11 million loss was booked.

### Other inflows

#### Fund Administration Fees

The EFJ entered into a Fund Administration Agreement (FAA) with the Forestry Department on January 31, 2019. The objective of the agreement, undertaken pursuant to the European Union Budget Support Programme, was to sustainably manage and utilize Jamaica's forest resources to enhance social and economic development. One specific activity under the programme was to provide grants, through the "upscaling" of existing alternative livelihood projects, to support forest communities. There was to be a particular focus on gender in these projects.

J\$4.30 million was earned during the financial year on the administration of the above mentioned EU/Forestry Department FAA. This was the final payment under the Agreement.

## **EXPENDITURES**

### **Administrative Expenses**

The Assignment, Assumption and Amendment Agreement (a part of the EFFJ's governing documents) signed on June 29, 2015 at Section 4.1(d) states that the total Administrative Expenses should not exceed US\$450,000.00 without the unanimous approval of the Permanent Directors. At the prevailing exchange rate Administrative Expenses would be capped at J\$69.01 million.

Actual Administrative Expenses totaled J\$57.46 million for the fiscal year, a J\$1.24 million increase over the prior year's actual expenditure and J\$11.55 million below the upper limit. At 69% of the overall expenditure, the line item "Staff costs" was the highest component of Administrative expenses. This is in keeping with the expectation that most of the costs associated with a charitable organization is for salaries and related expenses.

### **Managed Fund Expenses**

Direct expenses for Fund Administration totaled J\$19,000.00. This amount related to the SCCAF.

### **Grant Disbursements:**

From the EFJ's four (4) funding sources grant disbursements took place under two of them.

#### **Special Climate Change Adaptation Fund**

The SCCAF grant disbursements were J\$18.14 million which now means that approximately J\$29.38 million is undisbursed.

#### **TFCA Funds**

Under the TFCA J\$2.02 million was disbursed during the fiscal year.

#### **Aid Debt Funds**

No grant disbursements were made during the year.

#### **PL480 Funds**

The EFJ made no grant disbursements during the year.

When viewed as a cumulative, total grant disbursements (inclusive of bank charges) made for the financial year were J\$20.16 million.

## **CAPITAL EXPENDITURES**

The EFJ also undertook capital expenditures during the financial of J\$1.31 million. These amounts were spent on:

- Computers – J\$0.70 million – this was funded through a grant from CANARI and used to purchase a desktop computer, projector and make additions to the EFJ's server.
- Office Equipment – J\$0.15 million – spent on replacing an air conditioning unit.
- Leasehold improvements - \$0.46 million – spent on a video surveillance system for the EFJ's office.





**Environmental Foundation of Jamaica**  
(A foundation limited by guarantee)

**Financial Statements**  
**31 July 2023**

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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31 July 2023

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## Independent Auditor's Report to the Members

### Financial Statements

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## Independent auditor's report

To the members of Environmental Foundation of Jamaica

### Report on the audit of the financial statements

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#### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Environmental Foundation of Jamaica (the Foundation) as at 31 July 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Foundation's financial statements comprise:

- the statement of financial position as at 31 July 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### ***Independence***

We are independent of the Foundation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## **Responsibilities of management for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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 we identify during our audit.

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**Report on other legal and regulatory requirements**

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

*PricewaterhouseCoopers*  
Chartered Accountants  
Kingston, Jamaica  
8 February 2024

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Changes in the Americas' and TFCA's Funds

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	(Americas) Fund I \$'000	(Americas) Fund II \$'000	(TFCA) Fund III \$'000	2023 \$'000	2022 \$'000
Fund Receipts		-	-	37,992	37,992	39,939
Investment income earned		1,144	977	4,409	6,530	5,627
		1,144	977	42,401	44,522	45,566
Unrealised loss on FVPL investments	11	(11,361)	-	-	(11,361)	(6,111)
		(10,217)	977	42,401	33,161	39,455
Less:						
Project grants disbursed, net	5	-	-	(2,021)	(2,021)	(54,666)
Transfers to administration		-	-	(43,992)	(43,992)	(30,438)
Investment advisers' fees	9	(571)	(146)	-	(717)	(768)
		(571)	(146)	(46,013)	(46,730)	(85,872)
Loss/(Gain) for year		(10,788)	831	(3,612)	(13,569)	(46,417)
Fund balance at beginning of year		16,664	90,241	97,982	204,887	251,304
<b>Fund balance at end of year</b>		<b>5,876</b>	<b>91,072</b>	<b>94,370</b>	<b>191,318</b>	<b>204,887</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

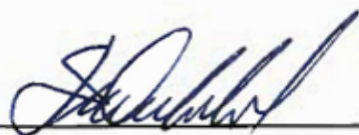
## Statement of Financial Position

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	10	17,474	18,749
Beneficial interest in endowment fund	12	1,194,420	1,114,104
Investment securities	11	80,674	89,913
		<u>1,292,568</u>	<u>1,222,766</u>
<b>Current Assets</b>			
Other assets	13	1,748	2,079
Short term investment	11, 12	73,049	82,640
Cash and bank	14	46,938	84,934
		<u>121,735</u>	<u>169,653</u>
<b>Current Liabilities</b>			
Accounts payable and accrued charges	15	13,164	12,590
Due to endowment fund		20,532	20,532
Managed funds	16	30,093	47,386
		<u>63,789</u>	<u>80,508</u>
<b>Net Current Asset</b>		<u>57,946</u>	<u>89,145</u>
		<u>1,350,514</u>	<u>1,311,911</u>
<b>Equity and Capital</b>			
Administration fund-expenses recoverable	17	(43,942)	(35,945)
Capital reserves	18	8,784	9,234
Funds in Trust – Endowment Fund		1,194,354	1,133,735
TFCA funds		94,370	97,982
Americas' funds		96,948	106,905
<b>Total Equity and Capital</b>		<u>1,350,514</u>	<u>1,311,911</u>

Approved on behalf of the Board of Directors on 8 February 2024 and signed on its behalf by:



Dale Webber

Chairman



Ian Watson

Treasurer

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Administrative Income & Expenditure Statement

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
<b>Income</b>			
Transfers from TFCA		43,992	30,438
Transfers from Capital Reserves		450	450
Administration Fees		4,300	10,800
Other Income		740	1,829
		<u>49,482</u>	<u>43,517</u>
<b>Expenditure</b>			
Administrative Expenses		(57,460)	(56,215)
Other Expenses – Managed Funds		(19)	(1,571)
<b>Total Expenditure</b>	7	<u>(57,479)</u>	<u>(57,786)</u>
<b>Deficit Income over Expenditure</b>		<u>(7,997)</u>	<u>(14,269)</u>



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

## Statement of Cash Flows

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>		
Deficit for year	(13,569)	(46,417)
Adjustments for:		
Depreciation	2,585	3,616
Decrease in amount due to Administration Fund	(7,997)	(14,269)
Investment income	(4,831)	(484)
	<u>(23,812)</u>	<u>(57,554)</u>
Changes in operating assets and liabilities:		
Other assets	331	(1,239)
Accounts payable and accrued charges	574	3,752
Managed funds	(17,293)	(54,165)
Cash used in by operating activities	<u>(40,200)</u>	<u>(109,206)</u>
<b>Cash Flow from Investing Activities</b>		
Investments	9,239	3,800
Endowment Fund	(80,316)	14,988
Investment in property, plant and equipment	(1,310)	(2,011)
Interest received	4,831	484
Cash (used in)/provided by investing activities	<u>(67,556)</u>	<u>17,261</u>
<b>Cash Flow from Financing Activities</b>		
Increase in Funds in Trust	60,619	4,722
Capital Reserves	(450)	(450)
Cash provided by financing activities	<u>60,169</u>	<u>4,272</u>
<b>Decrease in cash and cash equivalents</b>	<u>(47,587)</u>	<u>(87,673)</u>
Cash and cash equivalent at beginning of year	<u>167,574</u>	<u>255,247</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>119,987</u></u>	<u><u>167,574</u></u>
<b>Represented by:</b>		
Cash and bank	46,938	84,934
Short term investments	73,049	82,640
	<u><u>119,987</u></u>	<u><u>167,574</u></u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 1. Identification and Activities

Environmental Foundation of Jamaica (the Foundation) is limited by guarantee and was incorporated in Jamaica on 18 November 1992. The Foundation was established pursuant to an agreement between the Government of the United States of America and the Government of Jamaica concerning the establishment of an Enterprise for the Americas Initiative. This agreement referred to as “The Enterprise for the Americas Initiative Framework Agreement” (EAI Agreement) was signed on 26 November 1991 and amended effective 27 August 1993. The agreement provides for the creation of a special Americas Fund to be administered by the Foundation in accordance with agreement terms and the Foundation’s Memorandum and Articles of Association.

The main objectives of the Foundation which are in conjunction with the EAI Agreement are as follows:

- (i) to promote and implement activities designed to conserve and manage the natural resources and environment of Jamaica in the interest of sustainable development and;
- (ii) to encourage the improvement of child survival and child development in Jamaica.

The Foundation pursues its objectives mainly through the granting of funds to organisations, for qualified projects based on established criteria, by carrying out specific educational activities and rendering technical assistance towards its objectives. Operations commenced in August 1993.

On 30 September 2012, the final disbursement from the Government of Jamaica under the EAI Agreement was received. The Board of Directors approved the finalisation of a proposal to merge with Forest Conservation Fund, to raise additional funds and continue the operations of the Foundation.

The Forest Conservation Fund (FCF) was established pursuant to the Tropical Forest Conservation Act (TFCA) of 1998. The TFCA was enacted to offer eligible developing countries relief from identified official debt owed to the United States of America while at the same time generating funds to support local tropical forest conservation activities. The FCF promotes conservation, sustainable management and use of natural resources, including forests, for the benefit of local communities. The Forest Conservation, Debt Swap and Swap Fee Contractual Agreements were signed on September 21, 2004 by the Governments of Jamaica and the United States of America, The Nature Conservancy and the Jamaica Protected Areas Trust (JPAT). This paved the way for the creation of the FCF. The GOJ will deposit a total of US\$16 million into the FCF over a period of nineteen years (2005-2024).

On 29 June 2015, an Assignment, Assumption and Amendment Agreement referred to as the “Assignment Agreement” was entered into by The Government of Jamaica (GOJ), The Nature Conservancy (TNC), The Jamaica Protected Area Trust Limited (JPAT) and the Environmental Foundation of Jamaica (EFJ). The agreement resulted in the transfer of the rights and obligations of JPAT under the “Forest Conservation Agreement” dated 21 September 2004 to EFJ and the agreement of this transfer of rights and obligations by GOJ and TNC.

On 26 October 2016, the terms under the Assignment, Assumption and Amendment agreement were executed resulting in the assets and liabilities of JPAT being transferred to EFJ.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

### ***Standards, interpretations and amendments to published standards effective in current year***

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, and has adopted the following, which are immediately relevant to its operations.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16**, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'. The amendment did not have a significant impact on the Foundation's financial statements.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Foundation***

The Foundation has concluded that the following standards which are published but not yet effective are relevant to its operations and will impact its accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Foundation's accounting periods beginning on or after 1 August 2023, but the Foundation has not early adopted:

- **Amendments to IAS 1, Non-current liabilities with covenants** (deferred until accounting periods starting not earlier than 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. It is not anticipated that the amendment will have a significant impact on the Foundation's financial statements.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. Management is in the process of assessing if the amendment will have a significant impact on the Foundation's financial statements.
- **Amendment to IFRS 16 – Leases on sale and leaseback**, (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. It is not anticipated that the amendment will have a significant impact on the Foundation's financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that are expected to have an impact on the accounting policies or financial disclosures of the Foundation.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (b) Government of Jamaica Receipts

Government of Jamaica payments received by the Foundation under the Enterprise of the Americas Initiative Framework Agreement are recorded when received and credited directly to the Americas' Funds Account until disbursed.

Payments from the Government of Jamaica under the Forest Conservation Agreement received through JPAT are equally divided between the EFJ Endowment Fund and the Forestry Conservation Fund (FCF) operational accounts.

### (c) Income recognition

Interest income is recognised in the Americas' Funds for all interest-bearing instruments which is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is recognised where it is earned from financial assets that are held for cash management purposes. Interest income includes income earned on cash and cash equivalent accounts held.

Dividends are recognized when the Foundation's right to receive payment is established, it is probable the economic benefits will flow to the Foundation and the amount can be measured reliably. The Foundation recognizes dividends in Statement of Changes in the Americas' and TFCA's Funds (profit and loss account).

### (d) Foreign currency translations

#### ***Functional and presentation currency***

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates. The financial statements are presented in Jamaican dollars, which is the Foundation's functional and presentation currency.

#### ***Translation and balances***

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the year end date monetary assets denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange difference on unsettled foreign currency monetary assets are recognised in the Americas' Funds.

### (e) Employee benefits

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its remaining useful life. Annual depreciation rates are as follows:

Building	2.5% - 12.5%
Motor vehicles	20%
Computers	25%
Furniture and fixtures	10%

Freehold land is not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged as administrative expenses during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining administrative fund balance.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (g) Financial instruments

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

The Foundation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVPL), and
- those to be measured at amortised cost.

The classification depends on the Foundation's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss (statement of changes in Americas' and TFCA's Funds). For investments in equity instruments that are held for trading, Management has accounted for the equity investment at fair value through profit and loss (FVPL).

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

##### *Debt Instruments*

Measurement of debt instruments depends on the Foundation's business model for managing the asset and the cash flow characteristics of the asset. The Foundation classifies its debt instruments into two measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

The Foundation subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in the income statement.

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## 2. Summary of Significant Accounting Policies (Continued)

### (g) Financial instruments (continued)

#### (iv) Impairment

The Foundation assesses its financial assets at amortised costs on a forward-looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost and debt instruments measured at FVPL.

#### Application of the General Model

The Foundation applied the 'general model' as required by IFRS 9 for debt instrument other than trade receivables. Under this model, the Foundation is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVPL. The ECL will be recognised in the profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time values of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.



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## 2. Summary of Significant Accounting Policies (Continued)

### (g) Financial instruments (continued)

The Foundation uses judgement when considering the following factors that affect the determination of impairment:

- Assessment of credit risk; this is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Foundation compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Foundation's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.
- Macroeconomic Factors and Forward-Looking Information  
The Foundation applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward-looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination.

Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The Foundation uses three scenarios that are probability weighted to determine ECL.

Expected Life when measuring ECL, the Foundation considers the maximum contractual period over which the Foundation is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Foundation is exposed to credit risk and where the credit losses would not be mitigated by management actions.

The Foundation classifies its investments as fair value through profit and loss (FVPL) and amortized cost investments. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

### (h) Cash and cash equivalents

Cash and cash equivalents are carried at the year end at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, deposits held on call with banks, other short-term highly liquid investments with maturity dates of less than 90 days.

### (i) Accounts payable

Accounts payable are stated at historical cost.

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Notes to the Financial Statements

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## 2. Summary of Significant Accounting Policies (Continued)

### (j) Administration fund/deferred income

Where funds received for administration expenses are insufficient to cover these expenses, the over expended balance, referred to as Administration Fund - expenses recoverable, is recoverable from the Americas' Funds. While funds received for administration expenses, which are unexpended, are referred to as Administration Fund - deferred income. Refer to note 17 for details.

### (k) Capital reserves

The cost of property, plant and equipment acquired from Government of Jamaica EAI receipts, for administrative purposes, is credited directly to capital reserves and is written off to the administration fund account over the useful lives of the relevant assets.

### (l) Americas' funds

As outlined in Note 1, the EAI Agreement provides for the establishment of a special Americas' Fund to be administered by the Foundation in pursuit of its objectives. Under this arrangement, specific amounts due by the Government of Jamaica to the Government of the United States of America are paid into the fund in accordance with provisions of two debt reduction agreements (Agreement I and Agreement II). Agreement I relate to funds owed under the U.S. PL480 programme and Agreement II relates to funds owed under a specific USAID debt Agreement.

In accordance with the EAI Agreement, all funds deposited into the Fund, including investment income earned belongs to the Government of Jamaica until disbursed in accordance with stipulated guidelines.

The two funds should not be co-mingled.

### (m) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### (n) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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## 3. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Foundation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Foundation's financial performance.

The Foundation's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Foundation regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Foundation's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

### (a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that a party will cause a financial loss for the Foundation by failing to discharge its contractual obligations. Credit risk is a very important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's cash and investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

#### ***Credit review process***

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

#### (i) Investments

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

#### (ii) Cash

Cash transactions are limited to high credit quality financial institutions. The Foundation has policies that limit the amount of credit exposure to any financial institution.

#### ***Maximum exposure to credit risk***

The Foundation's maximum exposure to credit risk at year end was as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment securities	1,282,530	1,212,593
Cash and bank	46,938	84,934
Other assets	1,748	2,079
	<u>1,331,216</u>	<u>1,299,606</u>

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## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *Exposure to credit risk for investment securities*

The following table summarises the Foundation's credit exposure for investment securities at their carrying amounts, as categorised by issuer:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Endowment Fund	1,194,420	1,114,104
Government of Jamaica Securities	15,061	15,849
Corporate	73,049	82,640
	<u>1,282,530</u>	<u>1,212,593</u>

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## 3. Financial Risk Management (Continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Foundation maybe unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

#### *Liquidity risk management process*

The Foundation's liquidity management process includes:

- (i) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (ii) Optimising cash returns on investment; and

The maturities of assets and liabilities are important factors in assessing the liquidity of the Foundation and its exposure to changes in interest rates and exchange rates.

#### *Undiscounted cash flows of financial liabilities*

The maturity profile of the Foundation's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Over 12 months	Total \$'000
<b>2023</b>					
Accounts payable and accrued charges	523	738	11,903	-	13,164
Due to Endowment Fund	-	-	-	20,532	20,532
Managed funds	-	30,093	-	-	30,093
	523	30,831	11,903	20,532	63,789
<b>2022</b>					
Accounts payable and accrued charges	975	73	11,542	-	12,590
Due to Endowment Fund	-	-	-	20,532	20,532
Managed funds	-	47,386	-	-	47,386
	975	47,459	11,542	20,532	80,508

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short-term investments.

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## 3. Financial Risk Management (Continued)

### (c) Market risk

The Foundation takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

### Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Foundation manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Foundation further manages this risk by discussing with Fund Managers the projected exchange rates and divert into Jamaican dollar investments where adverse exchange rate movements are expected.

### Concentrations of currency risk:

The table below summarises the Foundation's exposure to foreign currency exchange rate risk at 31 July.

	2023		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Investments	80,674	-	80,674
Short term investments	73,049	-	73,049
Beneficial interest in endowment fund	290,262	904,158	1,194,420
Cash and bank	45,764	1,174	46,938
Other assets	1,689	59	1,748
Total financial assets	491,438	905,391	1,396,829
<b>Financial Liabilities</b>			
Accounts payable and accrued charges	13,018	146	13,164
Due to Endowment fund	20,532	-	20,532
Managed funds	30,093	-	30,093
Total financial liabilities	63,643	146	63,789
<b>Net financial position</b>	<b>427,795</b>	<b>905,245</b>	<b>1,333,040</b>

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## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### *Currency risk (continued)*

	2022		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Investments	89,913	-	89,913
Short term investments	82,640	-	82,640
Beneficial interest in endowment fund	300,317	813,787	1,114,104
Cash and bank	84,450	484	84,934
Other assets	1,003	1,076	2,079
<b>Total financial assets</b>	<b>558,323</b>	<b>815,347</b>	<b>1,373,670</b>
<b>Financial Liabilities</b>			
Accounts payable and accrued charges	12,444	146	12,590
Due to Endowment fund	20,532	-	20,532
Managed funds	47,386	-	47,386
<b>Total financial liabilities</b>	<b>80,362</b>	<b>146</b>	<b>80,508</b>
<b>Net financial position</b>	<b>477,961</b>	<b>815,201</b>	<b>1,293,162</b>

#### *Foreign currency sensitivity*

The following tables indicate the currencies to which the Foundation had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated investments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	% Change in Currency Rate 2023	Effect on Equity and Capital 2023 \$'000	% Change in Currency Rate 2022	Effect on Equity and Capital 2022 \$'000
<b>Currency:</b>				
USD	+1	(9,052)	+1	(8,136)
USD	-4	36,209	-4	32,546

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## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Floating rate instruments expose the Foundation to cash flow interest risk, whereas fixed interest rate instruments expose the Foundation to fair value interest risk.

The following table summarises the Foundation's exposure to interest rate risk. It includes the Foundation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>2023</b>				
<b>Assets</b>				
Investments	2,928	14,800	62,946	80,674
Beneficial interest in endowment fund	19,783	1,100,930	73,707	1,194,420
Short term investments	-	73,049	-	73,049
Cash and bank	46,938	-	-	46,938
Other assets	-	-	1,748	1,748
Total financial assets	69,649	1,188,779	138,401	1,396,829
<b>Liabilities</b>				
Accounts payable and accrued charges	-	-	(13,164)	(13,164)
Due to endowment fund	-	-	(20,532)	(10,532)
Managed funds	-	-	(30,093)	(30,093)
	-	-	(63,789)	(63,789)
<b>Total interest repricing gap</b>	<b>69,649</b>	<b>1,188,779</b>	<b>74,612</b>	<b>1,333,040</b>



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## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### *Interest rate risk (continued)*

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>2022</b>				
<b>Assets</b>				
Investments	3,022	14,295	72,596	89,913
Beneficial interest in endowment fund	19,413	299,035	795,656	1,114,104
Short term investments	-	82,640	-	82,640
Cash and bank	84,934	-	-	84,934
Other assets	-	-	2,079	2,079
<b>Total financial assets</b>	<b>107,369</b>	<b>395,970</b>	<b>870,331</b>	<b>1,373,670</b>
<b>Liabilities</b>				
Accounts payable and accrued charges	-	-	(12,590)	(12,590)
Due to endowment fund	-	-	(20,532)	(20,532)
Managed funds	-	-	(47,386)	(47,386)
	-	-	(80,508)	(80,508)
<b>Total interest repricing gap</b>	<b>107,369</b>	<b>395,970</b>	<b>789,823</b>	<b>1,293,162</b>

#### *Interest rate sensitivity*

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Foundation's statement of changes in the Americas' Funds.

The sensitivity of the statement of changes in the Americas' Funds is the effect of the assumed changes in interest rates on net deficit based on non-trading financial assets. The sensitivity of changes in the Americas' Funds is calculated by revaluing fixed rate FVPL financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	Effect on Equity and Capital 2023 \$'000	Effect on Equity and Capital 2022 \$'000
<b>Change in basis points:</b>		
-0.50% (2022: -0.5%)	(6,292)	(450)
0.25% (2022: 1%)	3,146	899

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## 3. Financial Risk Management (Continued)

### (d) Capital management

The Foundation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide benefits for stakeholders. There were no changes to the Foundation's approach to capital management during the year.

In Accordance with the Assignment, Assumption & Amendment Agreement dated June 29, 2017, Section 4.1(d), the total administrative expenses should not exceed a maximum combined amount of US\$450,000 without the unanimous approval of the permanent Directors.

### (e) Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table provides an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2023</b>				
Investments				
Quoted equities	543,101	-	-	543,101
Government of Jamaica bonds	-	17,727	-	17,727
US Bonds, ETFs & Mutual Funds	-	400,440	-	400,440
Other Assets	-	-	73,706	73,706
	543,101	418,167	73,706	1,034,974
<b>2022</b>				
Investments				
Quoted equities	477,320	-	-	477,320
Government of Jamaica bonds	-	17,317	-	17,317
US Bonds, ETFs & Mutual Funds	-	127,597	-	127,597
	477,320	144,914	-	622,234

# Environmental Foundation of Jamaica

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## 3. Financial Risk Management (Continued)

### (e) Fair values of financial instruments (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## 4. Critical Accounting Judgement and Key Source of Uncertainty

The management of the Foundation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical judgements in applying the Foundation's accounting policies

In the process of applying the Foundation's accounting policies, the management has not made any significant judgements that would cause a significant impact on the amounts recognised in the financial statements.

### (b) Key sources of estimation uncertainty

In the process of applying the Foundation's accounting policies, the management has not made any significant estimate that would cause a significant impact on the amounts recognised in the financial statements.

## 5. Project Grants Disbursed

	<b>Fund III</b>
	<b>\$'000</b>
Projects' disbursement, net	2,021
<b>Disbursements allocated as follows:</b>	
Caribbean Coastal Area Management Foundation	233
Jamaica Conservation and Development Trust	1,788
<b>Net Disbursements</b>	<b>2,021</b>

# Environmental Foundation of Jamaica

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## 6. Administration Fund

In accordance with the Assignment, Assumption & Amendment Agreement dated June 29, 2015 Section 4.1(d), the total administrative expenses should not exceed a maximum combined amount of US\$450,000 without the unanimous approval of the permanent Directors. Permanent Directors comprise one Director appointed by the Government of Jamaica, one Director appointed by the United States Government and one Director appointed by The Nature Conservancy.

Total administrative expenses during the year were below the threshold permitted and indicated below:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Jamaican Dollar equivalent of US\$450,000	69,010	68,648
Less: Administrative expenses for the year (note 7)	<u>(57,460)</u>	<u>(56,215)</u>
Excess	<u>11,550</u>	<u>12,433</u>

## 7. Expenses by Nature

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Advertising and public relations	392	304
Auditors' remuneration	1,250	1,250
Depreciation (Note 10)	2,585	3,616
Legal and professional fees	210	120
Motor vehicle expenses	1,452	1,416
Office and general expenses	1,435	1,737
Printing and stationery	249	84
Repairs and maintenance	1,809	2,220
Staff costs (Note 8)	39,811	38,547
Security	3,142	2,719
Utilities	2,480	2,745
Other expenses	2,664	1,457
	<u>57,479</u>	<u>56,215</u>

## 8. Staff Costs

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	33,269	33,172
Payroll taxes – employer's portion	3,686	3,331
Other	2,856	2,044
	<u>39,811</u>	<u>38,547</u>

The number of persons employed by the Foundation at the year-end was 8 (2022 - 8).

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## 9. Investment Advisers' Fees

Investment Advisers' fees for the year are comprised as follows -

	2023 \$'000	2022 \$'000
BPM Financials Limited	717	768

## 10. Property, Plant and Equipment

	2023				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2022	27,168	16,479	22,105	8,620	74,372
Additions	465	-	694	151	1,310
At 31 July 2023	27,633	16,479	22,799	8,771	75,682
Depreciation -					
At 1 August 2022	16,106	13,230	18,911	7,376	55,623
Charge for the year	880	1,000	265	440	2,585
At 31 July 2023	16,986	14,230	19,176	7,816	58,208
Net Book Value -					
31 July 2023	10,647	2,249	3,623	955	17,474
	2022				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2021	27,168	16,479	21,030	7,684	72,361
Additions	-	-	1,075	936	2,011
At 31 July 2022	27,168	16,479	22,105	8,620	74,372
Depreciation -					
At 1 August 2021	15,235	10,891	18,748	7,133	52,007
Charge for the year	871	2,339	163	243	3,616
At 31 July 2022	16,106	13,230	18,911	7,376	55,623
Net Book Value -					
31 July 2022	11,062	3,249	3,194	1,244	18,749

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 11. Investment Securities

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	172,553	225,614
Fund withdrawn- net	(14,000)	(52,577)
Unrealized loss	(11,361)	(6,111)
Interest earned	6,530	5,627
At end of year	<u>153,722</u>	<u>172,553</u>
<b>Represented by:</b>		
<b>Short term investments (amortised cost)</b>		
Repurchase agreement	<u>73,049</u>	<u>82,640</u>
<b>Investments at FVPL</b>		
Equity instruments (Quoted shares)	62,946	72,596
Debt instruments (Government bonds)	<u>17,727</u>	<u>17,317</u>
	<u>80,673</u>	<u>89,913</u>
	<u>153,722</u>	<u>172,553</u>

## 12. Beneficial Interest in Endowment Fund

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Total investments comprised the following -		
Endowment Fund		
Funds held in trust	1,173,888	1,093,572
Notes receivables	<u>20,532</u>	<u>20,532</u>
	1,194,420	1,114,104
Investment FVPL (Note 11)	80,674	89,913
Investments at amortised cost (Note 11)	<u>73,049</u>	<u>82,640</u>
	<u>1,348,143</u>	<u>1,286,657</u>

The Board, in recognition that the America's Fund is a reducing source which was established for a limited period of time, approved the establishment of an endowment fund on 23 September 2004 and seeded the fund with \$85,000,000 in January 2013. The purpose of the fund is to ensure that the Foundation has a long-standing and sustained source of income.

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 12. Beneficial Interest in Endowment Fund (Continued)

In furtherance of the EFJ's merger with Forest Conservation Fund / Jamaica Protected Areas Trust (JPAT):

- the amount of \$633,135,000 designated by JPAT for their Endowment Fund was transferred to the EFJ in 2016/2017,
- the amount of \$48,042,000.00 was transferred in 2017/2018,
- the amount of J\$48,677,000.00 was received in 2018/2019
- the amount of J\$49,944,000.00 was received in 2019/2020 and
- the amount of J\$38,989,000.00 was received in 2020/2021
- the amount of J\$38,938,000.00 was received in 2021/2022
- the amount of J\$37,992,000.00 was received in 2022/2023

These amounts are now being invested in a separate pool of Funds at NCB Capital Markets, Jefferies LLC. and Sygnus Capital Investments.

### Investment Securities by Adviser

	Fund I \$'000	Fund II \$'000	Fund III \$'000	2023 \$'000	2022 \$'000
<b>Endowment Fund -</b>					
Notes Receivable	15,194	5,338	-	20,532	20,532
NCB Capital Markets					
Repurchase agreements	89,655	33,398	-	123,053	170,030
NCB Savings Account	4,977		14,806	19,783	
Equities	-	-	353,700	353,700	343,309
Jefferies LLC					
Cash and cash equivalents	-		73,706	73,706	390,932
Equities	-	-	126,455	126,455	61,415
Other Assets	-	-	400,440	400,440	127,597
Sygnus Capital - Deneb	-	-	76,506	76,506	-
<b>Operational Investments -</b>					
Barita Portfolio Management Limited					
Securities	63	17,404	-	17,467	17,093
Quoted equities	62,946	-	-	62,946	72,596
NCB Capital Markets					
Repurchase agreements	-	-	72,204	72,204	82,043
	172,835	56,140	1,117,817	1,346,792	1,285,547
Accrued interest	12	266	1,073	1,351	1,110
Total investments	172,847	56,406	1,118,890	1,348,143	1,286,657

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 13. Other Assets

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	1,223	617
Taxation recoverable	59	1,076
Other receivables	466	386
	<u>1,748</u>	<u>2,079</u>

- (i) The Foundation has been granted a waiver of all taxes in accordance with Article III of the agreement between the Government of Jamaica and the Government of the United States of America concerning an Enterprise for the Americas Initiative and in accordance with the provisions of Charities Act.
- (ii) Other receivables primarily represent administrator fees receivable from the Special Climate Change Adaptation Fund and amounts advanced to grant beneficiaries under the European Union / Forestry Department Fund Administration Agreement.

## 14. Cash and Bank

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank	<u>46,938</u>	<u>84,934</u>

## 15. Accounts Payable and Accrued Charges

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounts payable	146	146
Accrued charges	10,957	10,383
Other	2,061	2,061
	<u>13,164</u>	<u>12,590</u>



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Special Climate Change Adaptation Fund	30,093	47,386
	<u>30,093</u>	<u>47,386</u>

### (a) Special Climate Change Adaptation Fund Phase I

The Adaptation Programme and Financing Mechanism (AP&FM) for the Pilot Programme for Climate Resilience, Jamaica (PPCR) is being executed by the Government of Jamaica (GOJ) through the Ministry of Economic Growth and Job Creation (MEGJC) which has been assigned the responsibility for climate change. The Programme is pursued with funding provided by the Special Climate Change Adaptation Fund (SCCAF) and comprises three (3) components.

The MEGJC wishes to pursue the implementation of Component II of the Programme which relates to the creation and establishment of innovative climate financing mechanisms to help support implementation of climate resilience within Micro, Small and Medium Size Enterprises (MSMEs) and Community Based Organizations (CBOs). The MEGJC has established a Project Executing Unit (PEU) with office located at 16a Half-Way-Tree Road in Kingston. The PEU is responsible for the overall fiduciary, administrative, financial management and technical functions (including planning, coordination, supervision, staffing, procurement, monitoring and evaluation) in the implementation of the AP&FM-PPCR Jamaica.

The total sum allocated for the purposes of performing the activities under Component II is Four Million Seven Hundred Thousand United States Dollars (USD \$4,700,000.00).

#### Phase II

The PEU recommended that a Grant Fund be established to allow community groups/organizations to access grant funding to implement projects to construct MICRO Check Dams on individual properties. USD 1.2M of Grant Resources was used to establish the Grant Fund for MICRO Check Dams to implement the construction of 1,800 MICRO Check Dams through the use of grants allocated to community groups/organizations.

The Grant Fund will be similar to the Special Climate Change Adaptation Fund (SCCAF) Phase I which was established under the AP&FM-PPCR, Jamaica in July 2016 through a Fund Administrator Agreement (FAA) between the MEGJC and the Environmental Foundation of Jamaica (EFJ). This arrangement was established via a new FAA in June 3, 2019.

The MEGJC engaged the Environmental Foundation of Jamaica (EFJ) to perform the Services required to implement these activities. Fees for the performance of these services under each Phase were agreed to be 7% of the annual allocations.

Grants are awarded to eligible organisations through a Call for Proposals. There were no Calls for Proposals during the year.

A balance of \$30,093,058.13 is available to allocate to grants.

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 17. Administrative Fund Expenses Recoverable

	2023 \$'000	2022 \$'000
Opening balance	(35,945)	(21,676)
Deficit Income over Expenditure	<u>(7,997)</u>	<u>(14,269)</u>
Closing balance	<u><u>(43,942)</u></u>	<u><u>(35,945)</u></u>

## 18. Capital Reserves

The cost of capital assets acquired using Government of Jamaica EAI payments received is credited to capital reserves and released to the administration fund over the life of the relevant assets by reference to depreciation charges. The balance is comprised as follows:

	2023 \$'000	2022 \$'000
Balance at beginning of year	9,234	9,684
Less:		
Transfers to administration fund in current year (depreciation)	<u>(450)</u>	<u>(450)</u>
Balance at end of year	<u><u>8,784</u></u>	<u><u>9,234</u></u>

Depreciation noted in the Capital Reserves differ from amount recognised in Note 10 property, plant and equipment as the funds used to acquire (i) some of computers and (ii) Motor Vehicles were obtained from sources external to the America's Fund. The depreciation charges recognise in capital reserves excludes depreciation on these assets.

## 19. Commitments

As at 31 July 2023, the Foundation had project grant funds committed and not disbursed of approximately \$44,091,354 - SCCAF \$26,762,940 (Note 16); TFCA \$17,328,413.

## 20. Related Party Balances and Transactions

(a) Key management compensation:

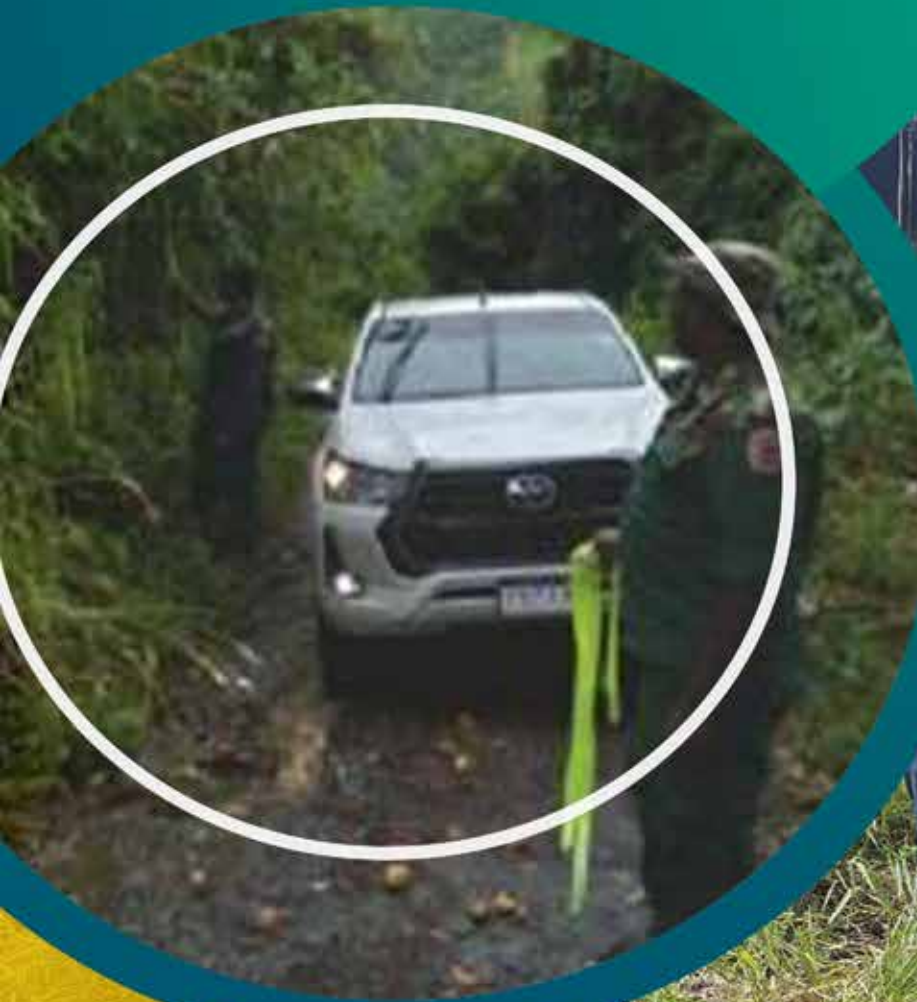
	2023 \$'000	2022 \$'000
Wages and salaries	16,285	15,293
Payroll taxes – employer's portion	1,831	1,611
Other	<u>240</u>	<u>240</u>
	<u><u>18,356</u></u>	<u><u>17,144</u></u>
Directors' fees	<u><u>Nil</u></u>	<u><u>Nil</u></u>

At year ended 31 July 2023, grants approved but not disbursed for the University of the West Indies amounted to \$726,479 from TFCA.



## MEMBERS

1. Association of Development Agencies (ADA)
2. BirdLife of Jamaica
3. Caribbean Coastal Area Management Foundation (C-CAM)
4. Community Based Rehabilitation Jamaica (CBRJ)
5. Dolphin Head Local Forest Management Committee
6. Jamaica Association for the Deaf (JAD)
7. Jamaica Baptist Women's Federation
8. Jamaica Cancer Society
9. Jamaica Conservation and Development Trust (JCDDT)
10. Jamaica Environment Trust (JET)
11. Jamaica Family Planning Association
12. Jamaica Institute of Environmental Professionals (JIEP)
13. Jamaica Organic Agriculture Movement (JOAM)
14. Jamaican Society for the Blind
15. Northern Rio Minho LPMC
16. Petersfield Galloway Benevolent Society
17. Professional Development Institute
18. The Council for Voluntary Social Services (CVSS)
19. The Jamaican Association on Intellectual Disabilities (JAID)



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