

# **MIDA ANNUAL REPORT**



**2008/2009**

# MICRO INVESTMENT DEVELOPMENT AGENCY

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## MISSION STATEMENT

The Micro Investment Development Agency exists to provide leadership in developing an integrated approach to the growth of the micro enterprise sector on a sustainable basis through the provision of financial services by its island-wide networking of Community Development Funds, (CDFs), and with stakeholders in the sector to facilitate the delivery of non-financial services to those wishing to start or expand their micro businesses through an efficient and well motivated staff.

# MICRO INVESTMENT DEVELOPMENT AGENCY

## Corporate Data

### THE BOARD

Mr. Desron Graham	-	Chairman
Mr. Vivian Chin	-	Managing Director
Mr. Paul East	-	Director
Mrs. Merline Daley	-	Director
Ms. Mellisa Berry	-	Director
Mr. Cleve Stewart	-	Director
Mr. Vernon McLeod	-	Director
Mr. Steven Cross	-	Director
Mr. Danville Davidson	-	Director
Mr. Winston McKane	-	Director
Mr. Reginald Budhan	-	Director
Mrs. Sonia Stephenson	-	Director

#### Registered Office & Address

10a Parkington Plaza  
Kingston 10

#### Bankers

RBTT  
6 St. Lucia Avenue  
Kingston 5

#### Auditors

KPMG Peat Marwick  
6 Duke Street  
KINGSTON

#### Attorneys-at-Law

Gibson-Henlin M. Georgia  
93 East Street  
KINGSTON

# MICRO INVESTMENT DEVELOPMENT AGENCY

## Management & Staff

### MANAGEMENT:

1. Mr. Vivian Chin - Managing Director
2. Mrs. Sonia Stephenson - Manager – Human Resource Development & Administration
3. Mr. Berris Pitter - Accountant

### ADMINISTRATIVE STAFF:

4. Mrs. Millicent Walter - Administrator
5. Mr. Seretse Bell - Credit Specialist
6. Miss Rhona Donaldson - Executive Secretary
7. Miss Corrine Clarke - Junior Accountant
8. Mrs. Shana Russell - Information Technology Technician
9. Mr. Andre Hoilett - Senior Accounting Technician
10. Mrs. Juliet McLarty - Receptionist/Telephone Operator

## SHAREHOLDERS REPORT

### 🚩 APPRECIATION:

The Micro Investment Development Agency, (MIDA), in presenting its 17<sup>th</sup> Annual Report for the year ended 31<sup>st</sup> March 2009, extends its appreciation to stakeholders, including: all those entrepreneurs throughout Jamaica served by MIDA's network of Community Development Funds (CDFs), the Directors, management and staff of the Agency and to each employee of our Approved Lending Agencies (ALAs), the CDFs.

### 🚩 SHAREHOLDER'S EQUITY:

For the year under review the Agency's equity stood at \$189.28 million as against the previous year's sum of \$225.20 million.

The decline in equity of \$35.92 million is illustrated below:

a) Additional loan loss provision for the year	(\$39.87) million
b) Equity contribution from operations for the year	<u>\$3.95 million</u>
Realized losses for year	<u><b>\$35.92 million</b></u>

### 🚩 TOTAL ASSETS:

The Agency posted total net assets of \$376.46 million as at 31<sup>st</sup> March 2009 compared to \$406.36 million for the previous year. The fall-off in the value of net assets is largely the result of a 14.52% (\$36.01 million) decline in the Agency's loan receivable portfolio due to the following:

- A write-down on loans receivable of \$39.87 million, being loan loss provision for the year under review.

- b) Repayments on the NIF and Development Options loans automatically shrunk the assets of the Agency as there was no new infusion of funds to counter cash outflow and contribute to the growth of the Agency.
- c) External constraint in accessing loan/credit funds which restricted the Agency to generate loan portfolio growth.

**LIABILITIES – TERM LOANS:**

For the period under review the Agency paid-down \$30.28 million on its term loan from the National Insurance Fund and Development Options Ltd, leaving a balance of \$40.24 million compared to \$70.52 million for the prior period.

**REVENUE AND EXPENSES:**

For the year under review the Agency posted finance and other income totaling \$38.88 million compared to \$52.92 million for the previous year, a decline of \$14.04 million, or 26.53%. The fall-off in income was associated with the 14.52% shrinking of the Agency's loan receivable portfolio as reported above.

Administrative expenses for the year under review totaled \$31.50 million compared to \$26.48 million for the previous year, an increase of \$5.02 million, (or an increase of 18.96%). The increase was largely due to the award of a 15% increase in the Agency's wage bill, granted by the Government for the financial year 2008/2009, and increases in other costs associated with streamlining MIDA's network of Community Development Funds e.g. traveling, Directors' meetings, professional fees and miscellaneous costs.

#### **✚ LOSSES:**

The Agency posted a net loss of \$35.97 million for the year ended 31<sup>st</sup> March 2009 as against a net loss of \$124.67 million for the previous year. Losses were due to the impairment of the Agency's loan receivables, a result of those Community Development Funds, (CDFs) that were being wound – up during the previous year and a loan loss provision of \$39.87 million largely for the existing loan granting network of CDFs for the year under review.

#### **✚ FUTURE PROFITABILITY:**

Given no material additional loan loss provision, the Agency will return to a profitable position in the future.

#### **✚ LOANS DISBURSEMENT & COLLECTIONS:**

For the year under review the Agency disbursed \$171.90 million in wholesale loans to its network of CDFs, compared to \$218.24 million for the previous year, a decline of \$46.34 million or a 21.23% decline, while collections totaled \$210.04 million as against \$231.47 million for 2007/2008, (a \$21.43 million decline or 9.26% fall-off in collections).

#### **✚ FUNDING:**

Development Options Ltd granted MIDA a 15 month, 11% \$15.0 million loan on the 9<sup>th</sup> December 2008 for on-lending to the micro enterprise sector. This loan was on-lent immediately to meeting pressing working capital credit demand of CDFs' clients throughout the Island.

#### **✚ LOANS TO THE MICRO ENTERPRISE SECTOR:**

For the year under review MIDA, through its network of CDFs, disbursed \$171.9 million to finance 1,086 micro enterprises, compared to 1,239 for the previous year, a fall-off of 153, (or 12.35%, number of enterprises funded).

**✚ Average Loan Size:**

The average loan size disbursed for the year by the CDFs was \$158,237, compared to \$176,142, (a decrease of 10.14%).

**✚ Agricultural Sector:**

Small farmers engaged in the production of cash crops, yams the rearing of small livestock and those engaged in fishing accessed \$10.31 million, (or 6% of the total value of loans granted).

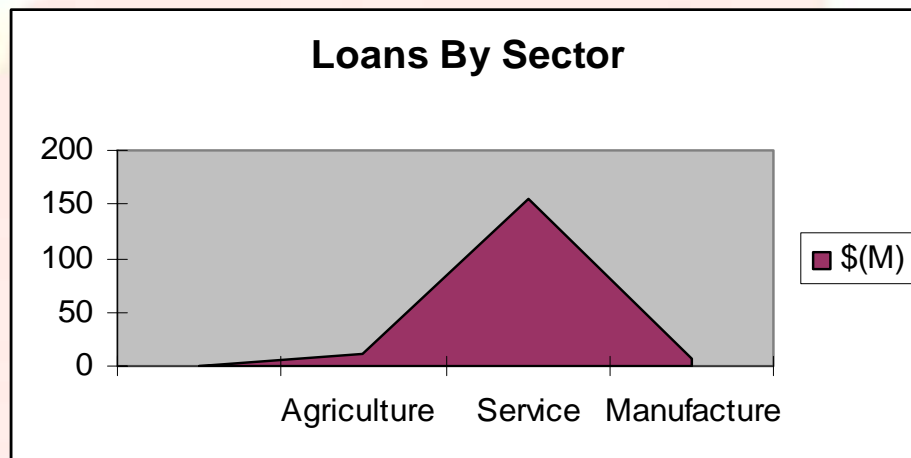
**✚ Service Sector:**

The service sector continues to access the bulk of MIDA’s support, receiving \$154.71 million or 90% of total loans disbursed (compared to \$177.8 million or 81.14% for the previous year). Service activities funded include: restaurants, wholesale operations, groceries, motor vehicle parts and repairs, transportation, retailing, beauty saloons, general vending, etc.

**✚ Manufacturing:**

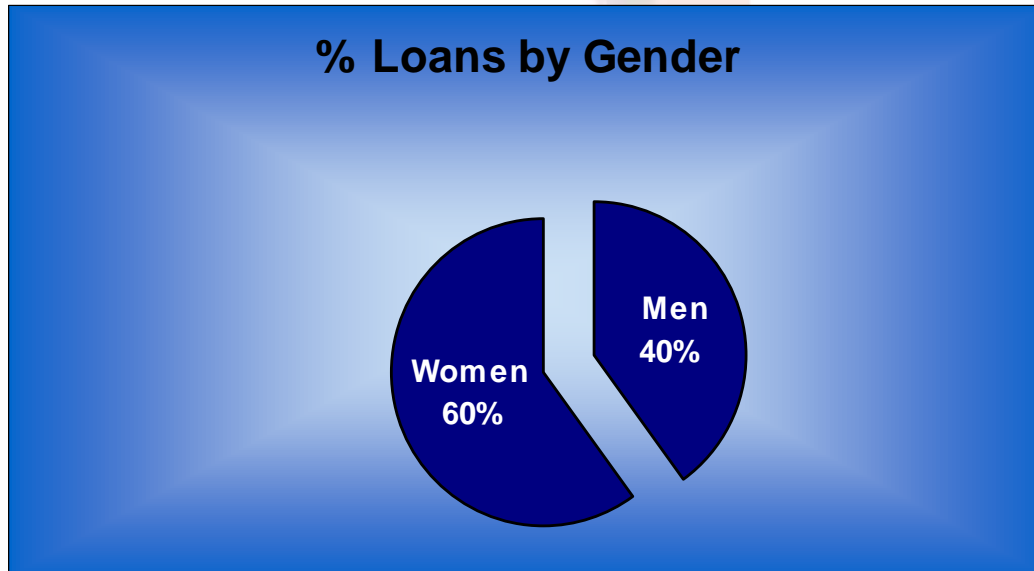
Small manufacturers engaged in the production of household furniture, garment and craft accessed \$6.88 million in loans, or 4% of the total value of loans disbursed for the year.

**Graph 1**

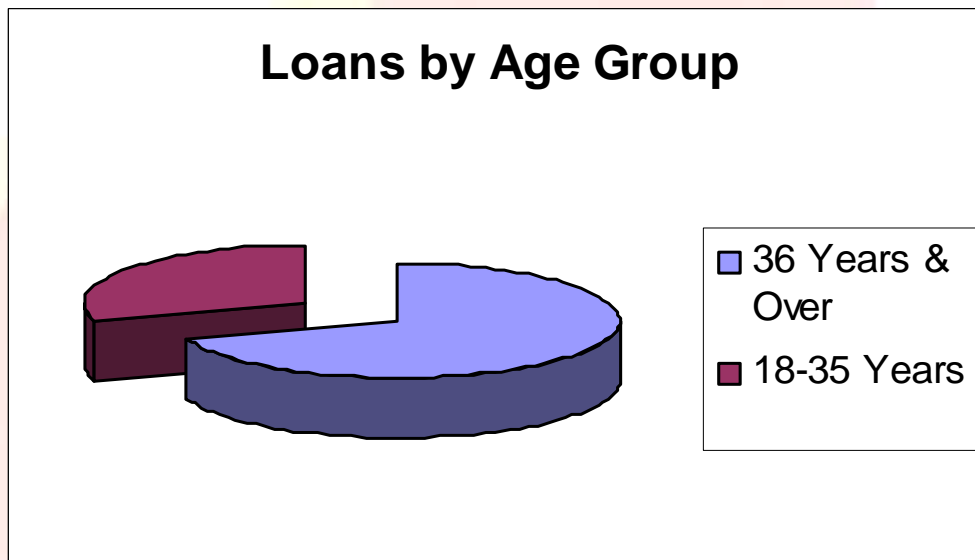


Businesses lead by women accessed 652 loans or 60% of the total number of loans for the year. Loan recipients between 18 – 35 years of aged received 326 or 30% of the total number of loans granted.

**Graph 2**



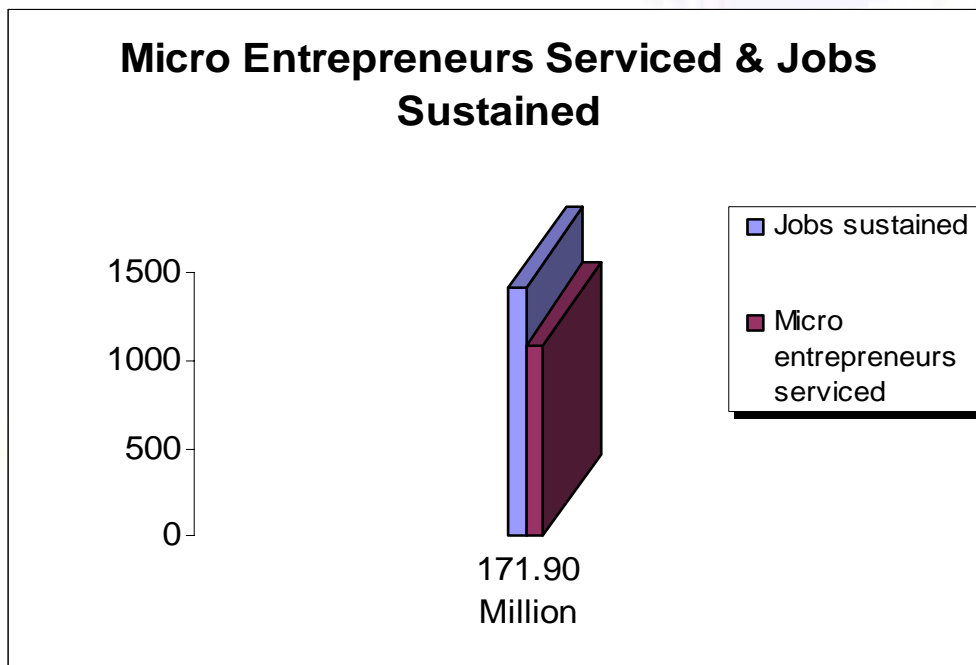
**Graph 3**



**✚ Employment Sustained & Generated:**

For the year under review 1,414 jobs were sustained and generated as a result of the additional loan financing of \$171.90 million accessed by 1,086 micro entrepreneurs through MIDA's network of CDFs. Graph 4 below illustrates these variables.

**Graph 4**



**DISCLOSURE OF SENIOR MANAGEMENT EMOLUMENTS**  
**(2008/2009)**

<b>Managing Director</b>		<b>Manager HRD &amp; Administration</b>	
Basic Salary	\$3,170,466	Basic Salary	\$1,859,303
Gratuity	25% of Basic	Gratuity	25% of Basic
Clothing/Uniform	\$99,000	Clothing/Uniform	\$99,000
Vacation leave	20 days	Vacation leave	20 days
Motor Vehicle Allowance	NIL	Motor Vehicle Allowance	\$300,000
Travel Allowance	NIL	Travel Allowance	NIL
Housing	NIL	Housing	NIL
Staff Loan Balance	NIL	Staff Loan Balance	
Club Membership	NIL	Club Membership	NIL
Health Scheme	Participation in Group	Health Scheme	Participation in Group
Insurance	While on the Job	Insurance	While on the Job

## **HUMAN RESOURCE DEVELOPMENT & ADMINISTRATION DEPARTMENT**

As a major strategic stakeholder of the Agency, the Human Resource department provides support and services to management and staff in an effort to increase organizational effectiveness, maximize performance yet supporting the strategic plans and goals of the Agency. Our key priorities included the recruitment of workers of the best quality with a focus on human resource guidance and direction for our Approved Lending Agencies (ALAs), particularly the Portmore Community Development Fund as this CDF in seeking to streamline its operations undertook major structural changes. With the HR department's guidance and focus it focused on maximizing return on investment on its human capital while supporting goal congruence between the CDF and its staff. The activities of the department were focused around continuance and relevance while operating in a fiercely competitive environment particularly at a time when the wider economy faces major challenges which impinge on the existence of the Agency.

### **Staff Development**

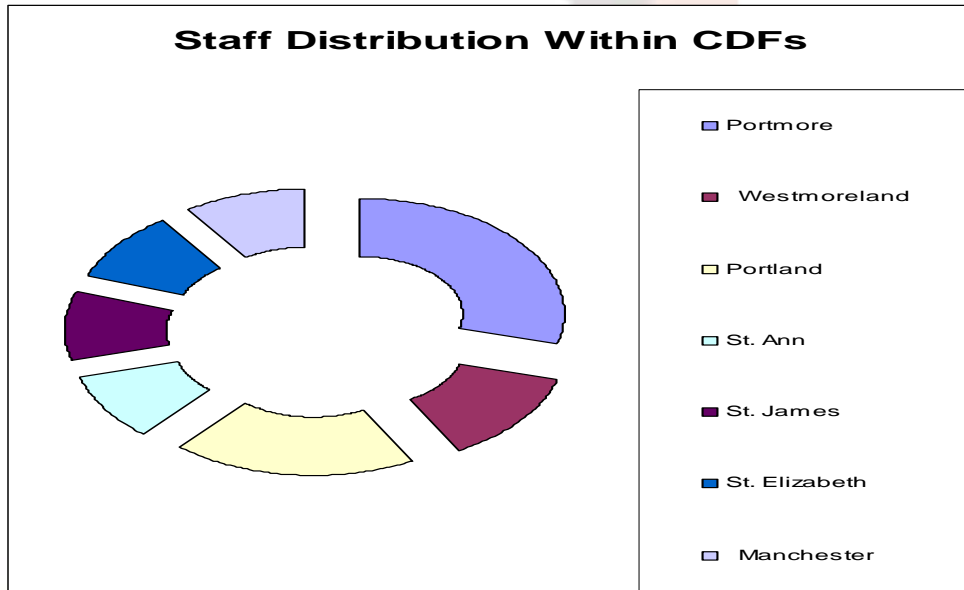
Our continued pursuit to assist with the professional development of our employees resulted in two of our employees gaining first degrees after completing the relative course of studies, bringing this total to four. One other employee is completing the final year of studies. These achievements have occurred while the employees were still on the job.

### **Recruitment & Selection**

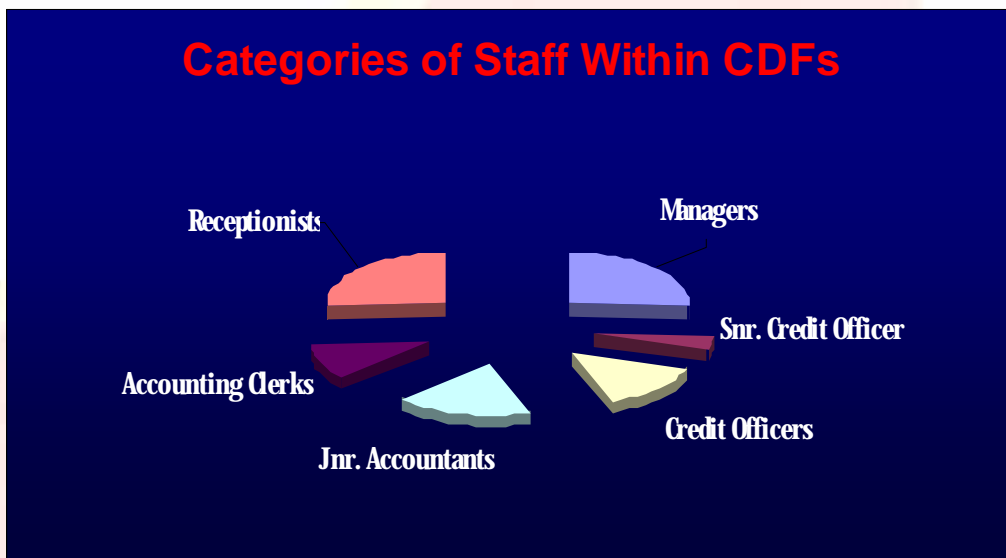
Staff turnover has been minimal during the reporting period with one member of staff, the Senior Accounting Clerk having left.

Recruitment and selection centered around the Agencies Approved Lending Agencies (ALAs) with a concentration on Portmore CDF which streamlined operations for optimality as mentioned above. Graph 1 below illustrates staffing within the Community Development Funds.

**Graph 5**



**Graph 6**



## Technology

The department maintained the Agency's website and continued its tracking and monitoring of the daily transactions of MIDA's Approved Lending Agencies. This is undertaken way of by daily uploading of the transactions by the ALAs and through the continued monitoring of the Information Technology Technician attached to the department. This daily monitoring system ensures the timeliness and integrity of the uploaded data.

## Training

The department undertook a needs survey, within the Approved Lending Agencies, (Community Development Funds) the objectives of which were:

1. to ascertain incumbents were skilled at, and were the 'right fit' for their jobs
2. the required competencies and therefore functionaries resided within these institutions
3. to ascertain where 'development gaps' exists and to provide for the relevant training and/or development required
4. to foster and improve professionalism
5. to standardize employment practices and procedures
6. for institutional strengthening
7. to ensure proper record keeping g regarding each employee

## MIDA'S NETWORK OF CDFs

LOCATIONS	CONTACT PERSONS	TELEPHONE
<b>Portmore Community Development Fund Ltd.</b> Shop #7 & 8 Palm Plaza 23 West Trade Way Waterford P.O., St. Catherine	Troy Hunter – Senior Credit Officer	<b>908-1353 or 708-9855</b> <b>Fax: 939-6163</b>
<b>Portmore Community Development Fund Ltd.</b> Shop #10A, 9 Kings Street Linstead, Street	Dale Crooks – Credit Officer	<b>903-2213</b> <b>985-6539</b>
<b>Portmore Community Development Fund Ltd.</b> Shop #6A, 1 Glendon Court Plaza Old Harbour, St. Catherine	Dale Crooks - Credit Officer	<b>745-3565-6</b>
<b>Portmore Community Development Fund Ltd.</b> Shop #14, The Builders Arcade 6 Red Hills Road Kingston 10	Colin Prince – Credit Officer	<b>926-3814</b> <b>Fax: 920-8430</b>
<b>Portmore Community Development Fund Ltd.</b> 11½ Manchester Avenue May Pen P.O., Clarendon	Glenroy Tomlinson – Credit Officer	<b>902-4848</b> <b>Fax: 902-0707</b>
<b>Lower Trelawny Community Development Fund Ltd.</b> 2 Trelawny Street Falmouth	Dustan Harper – Manager	<b>954-5685 or 617- 2195</b> <b>fax: 617-0506</b>
<b>Eastern St. James Community Development Fund Ltd.</b> Shop #5, RGB Plaza, 7 River Bay Road Montego Bay P.O., St. James	Lynmore Munroe – Manager	<b>971-4086</b> <b>Fax: 971-7836</b>
<b>Westmoreland Community Development Fund Ltd.</b> Shop #17, Williams & Sons Plaza 16 Rose Street Savanna-la-mar, Westmoreland	Paul Subaran – Manager	<b>955-9899 / 9836</b> <b>Fax: 918-1447</b>
<b>St. Ann's Bay Community Development Fund Ltd.</b> 66 Main Street St. Ann's Bay	Camille Johnson – Manager	<b>972-1250</b> <b>Fax: 972-1966</b>
<b>St. Elizabeth Community Development Foundation Ltd.</b> Shop # 7 Market Side Plaza Black River P.O., St. Elizabeth	Valerie Dellop – Manager	<b>965-9354-5</b> <b>Fax: 965-9355</b>
<b>Greater Portland Development Fund Ltd.</b> Shop #6, 50 West Street Port Antonio Portland	Janet Lamount – Manager	<b>993-3722</b> <b>Fax: 715-6508</b>