Ministry of Finance & the Public Service

PUBLIC INVESTMENT MANAGEMENT SYSTEM (PIMS)
OPERATIONAL GUIDELINES

29 November 2016

TABLE OF CONTENTS

LIST OF ACRONYMS

DBJ	Development Bank of Jamaica - DBJ
EoI	Expression of Interest – EoI
ECMD	External Cooperation Management Division - ECMD
EPRD	Economic Planning and Research Division
FAA	Financial Administration & Audit
FRF	Fiscal Responsibility Framework
GBE	Government-Backed Enterprise or Public Body
GoJ	Government of Jamaica
IDP	International Development Partner
JAMPRO	Jamaica Promotions
JV	Joint Venture
KPI	Key Performance Indicators
MDA	Ministries, Departments & Agencies
MOFP	Ministry of Finance & Planning
M&E	Monitoring & Evaluation
NCC	National Contracts Commission
NEPA	National Environment and Planning Agency
PBMA	Public Bodies Management & Accountability Act
PED	Public Expenditure Division at the Ministry of Finance and Planning
PEX	Public Expenditure Division at the Ministry of Finance and Planning
PCE	Project Concept Evaluation
PCS	Project Concept Summary
PIMC	Public Investment Management Committee
PIMSEC	Public Investment Management Secretariat
PIMIS	Public Investment Management Information System
PIMS	Public Investment Management System
PIOJ	Planning Institute of Jamaica
PP	Project Proposal
PPE	Project Proposal Evaluation
PPP	Public-Private Partnership
PSIP	Public Sector Investment Programme
RFP	Request for Proposals
SBD	Standard Bidding Documents
TRC	Technical Review Committee
ToR	Terms of Reference
UDC	Urban Development Corporation
UEoI	Unsolicited Expression of Interest
USP	Unsolicited Proposal
VfM	Value for Money

FOREWORD

The operational guidelines outlined in this technical document are intended to enhance stakeholder knowledge and understanding of the Government of Jamaica's Public Investment Management System (PIMS). It establishes some common parameters for the governance framework of the PIMS, and sets out the processes and procedures used by the GOJ to approve and manage Public Investments in Jamaica at all stages of the investment life cycle.

It is envisaged that the principal users of this document will be specialist practitioners responsible for the preparation of project proposals in the Specified Public Sector (SPS) for financing through the national budget. Other key targeted users would also include potential PPP investors, Government Officials, development partners, financial/economic analysts, civil society organizations and members of the public.

These guidelines, whilst not purporting to address all possible applications of, or exceptions to the general policies and procedures outlined, are designed to achieve functional understanding of the PIMS. Provisions are provided for potential investors and stakeholder to address specific concerns, in writing, to the Financial Secretary:

MINISTRY OF FINANCE AND THE PUBLIC SERVICE
30 National Heroes Circle, Kingston 4, Jamaica
Phone: (876) 922-8600
Fax: (876) 922-7097
E-mail: finsec@mof.gov.jm

The Hon. Audley Shaw, MP
Minister of Finance and the Public Service

GLOSSARY OF TECHNICAL TERMS

The following is a schedule of definitions to support stakeholder interpretation and understanding of the Public Investment Management System, its purpose and functionalities:

Business Case	A business case is a justification for a proposed project based on its expected economic, financial and/or environmental benefit. The business case shall include an options analysis and feasibility study to support the rationale for the investment decision.
Public Investment	Any non-recurrent expenditure on goods works and services carried out by any public entity on its own or by one or more public entities in conjunction with one or more non-public entities through public private partnerships, which are aimed at accumulating new physical or intangible assets or for enhancing human resource capacities, or improving or rehabilitating existing physical or intangible assets or human resource capacities, to achieve development objectives.
Public Investment Management Committee	The membership of this Committee shall be appointed by the Cabinet, will have responsibility for the: o Screening of all investment proposals for feasibility and consistency with Government's strategic objectives. o Reviewing of all projects for technical, financial, economic and environmental feasibility. o Prioritizing of projects for financing and recommendation to the Cabinet for inclusion in the PSIP; and o Reviewing of project performance, risk management and assessment of continued relevance to GOJ policy priorities.
Public Investment Management Secretariat	The Unit that shall undertake the assessment of project proposals presented for screening and appraisal, and provide technical support and advice to the PIMC to inform decision making.

Public Investment Management System	The Fourth Schedule of the FAA defines the PIMS as the common framework for the preparation, appraisal, approval and management of all public investments in Jamaica, irrespective of the source of funding or procurement and implementation modalities.
Public Investment Project	A project supported by public investment requiring planning, execution, monitoring and evaluation, which are carried out as an integrated set of activities aimed at meeting a development objective, at specified costs and within a defined timeframe.
Public Sector Investment Programme	A rolling five-year plan of new and ongoing prioritized public investment projects approved by the Cabinet, and which are reviewed on a regular basis against – (i) The strategic objectives of Government; (ii) The fiscal and debt sustainability agenda; (iii) Prevailing socio-economic and environmental conditions; and (iv) The implementation status and technical capacity of executing agencies.
Specified Public Sector	The public sector, not including any public body certified by the Auditor-General, in the manner specified in regulations made under section 50(1), as primarily carrying out functions that are of a commercial nature that satisfy such criteria as may be specified in such regulations.
Proposing Authority	Entities within the Specified Public sector responsible for the development and submission of project concepts and proposals.
Performance:	The degree to which a project operates according to specific criteria/ guidelines, or achieves results in accordance with stated goals or plans.
Performance Evaluation	An independent analysis undertaken at a fixed point in time to determine the degree to which stated objectives or results have been reached. This is generally used as a basis for decision making, including the updating of plans.
Performance Monitoring	The on-going, systematic process of collecting, analysing and using performance information to assess and to report on how projects are meeting expected results and, if where applicable, to make the required adjustments to achieve project success.

Performance Reporting	The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

:

CHAPTER 1: INTRODUCTION TO PIMS

In keeping with the goals and objectives of the fiscal consolidation measures and public financial reform agenda, the GOJ is strengthening the Public Investment Management System (PIMS) to achieve successful public investment projects with systemic impact economic and social well-being of the nation.

Over the years, public investment projects have been stymied by slow rates of execution, time and cost overruns and failure to deliver strong and sustained development outcomes and results. In 2013 a Public Expenditure and Financial Accountability (PEFA) assessment of the PIMS highlighted the sub-optimal performance of public investments projects, owing to limited governance mechanisms that would support analysis, project prioritizing, management, monitoring and performance evaluation.

Furthermore, in 2014 the Ministry of Finance conducted a review of the 5-year Public Sector Investment Programme (PSIP), which uncovered that most the projects being implemented in GOJ Ministries, Departments, Agencies and Public Bodies, suffered from: -

- Poor Project Design and Planning;
- Poor Institutional Capacity to Manage Projects;
- Policy mismatch with project goals and objectives; and the
- Absence of effective Monitoring and Evaluation System.

The PIMS seeks to address these systemic weaknesses by providing a common framework for the preparation, appraisal, approval and management of all public investments in Jamaica, irrespective of the source of funding or procurement and implementation modalities.

Whilst PIMS is not new to the Governance landscape in Jamaica, and the key aspects of the system have been in place for the management and administration of projects[1], the innovations in the redesigned PIMS provide for the:

1. Introduction of a robust legislative framework to support the process and the adherence to the principles of the system.
2. A Public Investment Management Information System (PIMIS), which introduces the use of technology to drive conformity to a systematic approach to the implementation, management, monitoring and evaluation of Government projects
3. The use and reliance on evidence-based approaches to the conceptualization, design and implementation of the projects financed through the government’s own resources, support

[1] Some entities, which may qualify to have their projects exempted from the PIMS process as a result of their commercial status, will still be required to submit their projects to PIMSEC to have them recorded within the PIMIS for Monitoring, Evaluation and Reporting purposes.

of development partners, or cooperation with the private sector though public private partnership.

4. The creation of an institutional framework that will support the alignment of government priorities with resource allocation for public investments.

LEGISLATIVE ACTIONS IN SUPPORT OF PIMS

In March 2014, the GOJ amended legislation to include new provisions for the Public Investment Management System (PIMS). These legislative changes were reflected in Section 48J of the amended Financial Administration and Audit (FAA) Amendment, Act (2014) and a newly created Fourth Schedule. Further amendments were made in February 2015 to the FAA and Public Bodies Management and Accountability (PBMA) Acts, the (Fiscal Responsibility Framework) Regulations, the (Financial Management Regulations) and the PBMA Regulations in order to ensure consistency between the criteria for the Auditor General to certify particular entities as commercial entities and to be operational outside of the fiscal rules, including being exempt from Section 48J and the Fourth Schedule of the FAA Act. Amendments were also made to the Procurement Act in October 2015 to facilitate the modernisation of all public procurement processes.

Given the GOJ's focus on sustained fiscal discipline, these legislative amendments form part of measures to bolster Public Financial Management in Jamaica, defined as a system wherein financial resources are planned, directed and controlled to enable and influence the efficient and effective achievement of public service goals.

CHAPTER 2: PIMS GOVERNANCE STRUCTURE

Due consideration has been given to the design of a Governance Framework for the PIMS that pivots on the core of seven (7) fundamental parameters:


Authority of the proposer

1. **Authority to Commit to Undertake a Public Investment Project**: Any commitment of public funds to undertake a public investment project is subject to the approval of the Cabinet, by way of the PIMC.


Single Entry Point to the PSIP

2. **Single-Entry Point for Public Investment Projects**: Every public investment project, to be financed by a grant, loan, Government resources or PPP, must first be submitted to the PIMSEC by using a standard project concept template.


Full Disclosure of Expenditures

3. **Full Disclosure on Expenditures related to the Public Investment Project**: All public investment project proposals must, as a precondition of appraisal by the PIMSEC, present both the associated capital and recurrent costs, during the project's life as well as at least 5 years after completion.


Established Process for Inclusion in the PSIP

4. **Established Process for Inclusion in the PSIP:** Potential Public Investment Projects are reviewed from the entry through to the end stage of the PIMS to determine eligibility for inclusion in the PSIP. These projects are subject to a process of review and appraisal and informed by relevant studies to determine their feasibility and alignment with strategic GOJ priorities, and to extract the greatest value from public investment.


Justification for Continued Inclusion in the PSIP

5. **Justification for Continued Inclusion in the PSIP**: Each Public Investment project, both new and ongoing, is reviewed at least quarterly to ensure the public is getting value for money and that they have the capacity to perform and are not crowded out by under-performing projects. Approval for inclusion in the PSIP provides entry but not necessarily permanent inclusion or continuity.


Responsibility for Timely and credible info

6. **Responsibility of MDAs**: Ministries, Departments and Agencies of the GOJ must exercise the required due diligence to ensure that information on how Public Investment Projects are performing against set objectives/outcomes, is presented to the Cabinet, Parliament and the People of Jamaica. Timely and credible information must be provided to oversight public entities, including the PIOJ and the MoF, to allow for performance evaluation and subsequent actions.

7. **Results Based Monitoring and Evaluation**: PIMSEC maintains detailed documentation given its responsibility for Monitoring and Evaluation (M&E) for the PIMS

THE KEY ACTORS IN THE PIMS

The institutional framework governing the GOJ's PIMS requires directional and collaborative actions among several key players in process, who have defined roles and responsibilities:

THE CABINET OF JAMAICA

The Jamaican Constitution section 69(2) establishes the Cabinet as the principal instrument of policy with the executive authority for the general direction and control of the Government. Cabinet is also responsible for approving medium term fiscal strategy and identifying government's policy priorities to guide the development of the national budget. The Cabinet therefore has the ultimate authority in approving public investment projects for implementation.

a) First and foremost, the Cabinet has responsibility for making public investment policy. The PIMS process will assist the Cabinet with information and counsel as provided in the PSIP Policy Paper that details (i) the performance of the current public investment projects, (ii) sectors in which investments are needed to achieve the economic development imperatives which will ultimately lead to improvement in the quality of life of the citizens.
b) Approval of public investment projects for inclusion in the Public Sector Investment Programme (PSIP), and for subsequent implementation, is the prerogative of the Cabinet. Cabinet decisions will be based on the report of the PIMC, which among other things, will outline the basis on which the project is being recommended, the priority ranking, economic and social benefits of the project, financing arrangements, and fiscal space availability.

PUBLIC INVESTMENT MANAGEMENT COMMITTEE (PIMC)

The PIMC is the body mandated by law to conduct the appraisal and prioritization of investment proposals and for recommending projects for approval by the Cabinet. This Committee is chaired by the Minister of Finance, and comprises other Ministers of Government and senior-level technocrats from key development agencies including:

(i) The National Environment and Planning Agency,
(ii) The Development Bank of Jamaica,
(iii) The Planning Institute of Jamaica, and the
(iv) The Ministry of Finance and the Public Service.

The PIMC is mandated to conduct the screening of all public investment proposals to ensure consistency with government's strategic objectives; reviewing all projects for technical, financial, economic and environmental feasibility; prioritizing projects and making recommendation to Cabinet for their inclusion in the Public Sector Investment Programme (PSIP); reviewing project performance, monitoring risks to the achievement of objectives. The PIMC is guided by a Terms of Reference (TOR) which details its scope of work and operational procedures.

PUBLIC INVESTMENT MANAGEMENT SECRETARIAT (PIMSEC)

The PIMC is supported by a secretariat, the PIMSEC, which is responsible for undertaking the technical work of project appraisal and advising the PIMC with respect to the viability/feasibility – (economic, technical, financial, social and natural environmental) of public investment proposals presented by public entities within the Specified Public Sector (SPS). PIMSEC's appraisals must consist of all, or most of the following elements[2]:

- **Why the project is needed**: the strategic justification for the proposed project, i.e. which specific policy objectives the investment is set to fulfil.
- **The costs and benefits to society**: This assessment is typically conducted by comparing a proposed project with alternative ways of achieving the same objective, considering the sustainable ways the society can benefit over the life cycle of the investment.
- **How the project will be implemented and the associated risks:** This should define how the project will be carried out in terms of technical design, management arrangements and approaches to procurement. It should also identify key risks, assess the potential impacts, and develop plans for mitigation and/or management.
- **The financial sustainability and fiscal impact of the proposed project**: This appraisal should specify how the project will be financed and the expected monetary cash flows (i.e. expected expenditures/expected benefits)

Decisions on whether to proceed with a public investment project are based on accurate information about the estimated costs and benefits. The PIMSEC is responsible for identifying and managing the risk of *'optimism bias'* which may come from the proposing authority. This bias, may result in an overestimation of the benefits and an underestimation of the costs of project proposals.[3]

[2] Mark Miller and Shakira Mustapha, Public Investment Management, Overseas Development Institute
[3] Mark Miller and Shakira Mustapha, Public Investment Management, Overseas Development Institute

PIMSEC - TECHNICAL REVIEW COMMITTEE

The work of the Secretariat is supported by a Technical Review Committee (TRC)[4], comprising a cross section of subject matter experts drawn from the Ministry of Finance and The Public Service, the Office of the Cabinet, The National Environmental and Planning Agency, Planning Institute of Jamaica and the Development Bank of Jamaica. This committee is chaired by the Director General of the Planning Institute of Jamaica and provides an added layer of transparency and accountability within the PIMS.

PROJECT PRIORITIZATION MECHANISM

The PIMSEC is responsible for developing and maintaining a sound and transparent mechanism for the ranking of all projects which have been appraised and found to be feasible. The results of the prioritization process along with an analysis of the projects affordability and fiscal space availability must be included in the justification presented to Cabinet for the project's inclusion in the PSIP. This analysis of project affordability and fiscal space availability must extend to not only the cost directly associated with project implementation, but also the down-stream operating and maintenance costs, which will have to be funded upon completion of the project.

The prioritisation recommendation to Cabinet should provide information that allows for the following decisions:

- Immediate inclusion in the PSIP in next financial year;
- Inclusion in subsequent years of the PSIP;
- Re-prioritization of the existing PSIP to accommodate a new project;
- Deferral of the project until fiscal space becomes available.

The submission for projects proposals recommended by PIMC for the approval of Cabinet will be developed by the Ministry of Finance.

THE MINISTRY OF FINANCE

The PIMS is the means by which public investment projects are incorporated in the budget process. The MoF, therefore in fulfilling its mandate for budget planning and preparation is the principal stakeholder in the PIMS, and has primary responsibility for overseeing and monitoring the entire system and ensuring stakeholder compliance with the relevant legislation, regulations, procedures and guidelines

The ministry is responsible for the formulation and implementation of sound economic and public financial management policies, the Ministry prepares the annual budget, and oversees the effective and efficient mobilization and allocation of resources and the management of public expenditure.

4 The remit of the Committee is to screen all investment concepts and proposals for feasibility and consistency with government's strategic objectives.

The Ministry of Finance has the key role of coordinating, evaluating, and managing the fiscal implications of public investment projects, those which are proposed for implementation as PPPs. As such, the ministry is responsible for ensuring that the fiscal impact of public investments is consistent with the government's medium term fiscal programme; that exposure from risks are identified, managed and accounted for appropriately; and that the economic, financial, and value for money assessments are rigorously carried out on all public investment proposals.

The Public Investment Management Information System (PIMIS) which will facilitate the collecting, organizing and analysing information on projects will be managed by the MoF. The PIMIS will track projects as they progress from conceptualization to post evaluation; serve as a repository of information on all projects; provide project performance information such as earned value calculations as projects progress through the project cycle; provide lessons learnt database to inform the design/modelling of future projects; and provide real time information to support decision.

The MoF has prime responsibility for the preparation, coordination and monitoring and evaluation of the rolling 5 Year Public Sector Investment Programme, the preparation of quarterly PSIP Performance Reports and the maintenance of the Public Investment Management Information System, which is a web-enabled system that will become the central repository of information on all public investment projects (central government, public bodies and public private partnerships) at various stages of the project development and implementation cycle.

Additionally, the Ministry of Finance has responsibility for the preparation and dissemination of a Public Investment Performance Report which by law is to be published periodically to provide all stakeholders with a comprehensive performance report on GOJ's Public Investment Programme.

THE DEVELOPMENT BANK OF JAMAICA (DBJ)

The DBJ is mandated with the management and implementation of GOJ's PPP Policy. The PPP development process has been fully integrated with the PIMS, where all projects proposed for implementation as PPPs are first screened by the PIMSEC. It is at this concept stage that the determination is made as to whether the PPP modality is the most feasible and beneficial route in the public interest or whether other implementation modalities should be pursued. No public investment project will be "pre-determined" for development as a PPP without such preliminary assessment and designation by the PIMC based on the technical advice of the PIMSEC.

ICT COUNCIL

The Information and Communication Technology (ICT) Council established by the GOJ in January 2016 to spearhead the re-organization of Government operations by improving service delivery through greater use of ICT, has a key role to play in the implementation of the PIMS.

The ICT Council will assess the efficacy and reasonableness of full-fledged ICT projects and other projects with an ICT component. The Council will receive these projects through the Project

Portfolio Management Committee which is administered by eGov Jamaica. A representative of the ICT Council also sits on the Technical Review Committee

THE PLANNING INSTITUTE OF JAMAICA (PIOJ)

The PIOJ is mandated by law to prepare the PSIP Policy Paper, a document which provides guidance to the Cabinet on: (i) the performance of the current PSIP with recommendations for any adjustments required; (ii) the likely impact of the continuing PSIP on the achievement of development objectives; and (iii) makes recommendations for prioritization of projects approved for inclusion in the next PSIP.

The PSIP Policy Paper is one of several policy documents presented to the Cabinet at the customary Retreat held in September which sets the economic and fiscal policy framework for the new budget cycle the ensuing medium term. This policy-setting stage in the budget cycle informs the preparation of the Budget Call which by law must be issued to MDAs and Public Bodies by 30th September of each year.

The PIOJ is responsible for collaborating with external funding agencies in the identification and implementation of development projects; coordinating national, regional and sectoral development planning to facilitate the consistent and efficient implementation of projects and programmes; and conceptualizing investment projects to meet overall national development objectives. The PIOJ provides expertise to the PIMSEC in reviewing projects for economic, financial, environmental and technical feasibility. Through its External Cooperation Management Division (ECMD) and designated interface with International Development Partners, the PIOJ will provide technical support to MDAs in the development of their project concepts and project proposals.

PARLIAMENTARY APPROVAL AND OVERSIGHT

Final authorisation of the Public Sector Investment Programme is decreed by the Parliament. The PSIP by law must be tabled with the annual estimates of revenue and expenditure for approval by the Parliament before the start of the new financial year.

Parliamentary approval is limited to the first year of the PSIP and any adjustments made to budgetary allocations to the projects must be so authorised. Furthermore, the adjustments must be scrutinized by the PAAC which is mandated to review all amendments to the budget during the course of a financial year and to submit its report to Parliament prior to the debate of the amendments. The PAAC review of the PSIP will not only take into account amendments to projects proposed for approval, but the overall performance of the entire PSIP with a view to determining rate of project execution against plan, the efficacy and efficiency of expenditures and whether projects are on target to achieving their objectives.

PROJECT MANAGEMENT OFFICES IN SPS ENTITIES

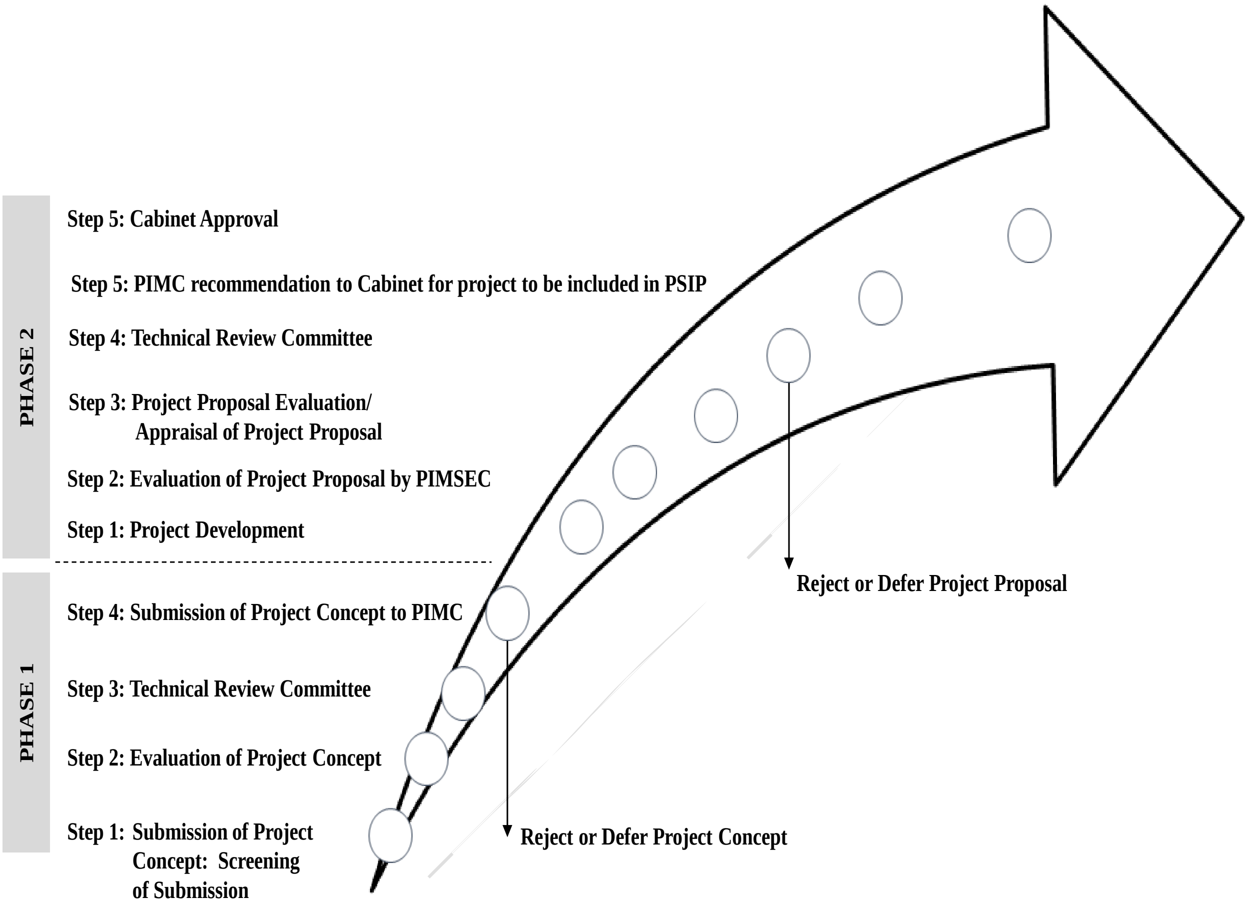
A critical requirement of the PIMS is the establishment of a Project Management Office in each policy ministry, to provide formal oversight, coordination of the portfolio of public investment projects under implementation. The PMO is, inter alia, responsible for: ensuring adherence to the approved project management standards as well as the principles and procedures of the PIMS; tracking and monitoring the deliverables of the projects against planned scope, time, cost and quality; producing information on the portfolio to support strategic decision making; providing enabling processes to support project management within the portfolio; supporting the development of quality project proposals for submission to the PIMSEC; facilitating quarterly portfolio-wide project monitoring reviews;"

AUDITOR GENERAL'S DEPARTMENT

In keeping with its public oversight role, the Auditor General will conduct value for money and performance audits of both the PSIP and the PIMS, which under the FAA Act is subject to the review of the Auditor General's Department. As such the annual Audits of the SPS will include a process review to assess the adherence of the PSIP to the PIMS Process and Procedures.

CHAPTER 3: THE PIMS APPROVAL PROCESS

PIMSEC serves as the point of entry for all Public Sector investment projects seeking to be programmed in the budget through the Public Sector Investment Programme. The process begins with project development as depicted in the diagram below.



PHASE 1 – APPROVAL OF PROJECT CONCEPTS

KEY ACTORS IN THE APPROVAL PROCESS: PIMSEC, PROPOSING AUTHORITY

(1-3 Business Days from the receipt of all information)

STEP 1 – Screening of Submission:

SPS entities are required to submit project concept summaries (PCS). This is a template providing an outline of: the proposed project; the issues to be addressed; proposed sources of funding; as well as the economic, environmental and financial benefits. All concepts must be supported by the Accounting Officer of the SPS.

STEP 2 – Evaluation of Project Concepts (PCs)

The role of the PIMSEC at this point is as follows:

1. To check the PCS for completeness and relevance of the information provided and to provide feedback where there are gaps in the information or where the proposer has failed to comply with requirements.
2. To ensure that the proposed project is consistent and compliant with government policies and/or strategic priorities.
3. To ensure that the project satisfies a specific economic, environmental, commercial and/or social need.

STEP 3 – Technical Review Committee

KEY ACTORS: PIMSEC, *(7-14 Business Days from the receipt of all information)*

After the Pre-Screening, the PIMSEC will:

1. Perform an independent appraisal of the concept.
2. Convene monthly meeting of the Technical Review Committee (TRC)[5], to allow for independent expertise to review the evaluation of the project concept to be funded by a loan, PPP arrangement or GOJ funding.

There are three (3) possible outcomes to this initial review, and these are:

1. PIMSEC recommends to PIMC that the concept be approved for further development.
2. PIMSEC recommends to PIMC that a decision be deferred due to insufficient information or clarity. The project might not be given priority at the time of review.
3. PIMSEC recommends to PIMC that the project be rejected (i.e. no endorsement of the project), at which point all further development should cease.

PRE-INVESTMENT EVALUATION FUND (PIEF)

The PIEF is a tool to assist the Government of Jamaica in the implementation of the Public Investment Management System (PIMS). More specifically, the fund will facilitate and provide resources for the implementation of technical assistance activities for the design, monitoring and evaluation of PIM Projects. These are projects that have been identified as having the capacity to deliver sound investments in quality infrastructure and public services. The fund will also assist in establishing a structure where limited public resources are allocated in the most efficient and effective manner.

5 PIMSEC shall convene a working group to allow for independent expertise to review and contribute to the evaluation of projects where the project is proposed to be funded by a grant. After the project has been evaluated, PIMSEC will submit the approved grant funded project to the Ministry of Finance for the appropriate budgetary allocations, mindful of the restrictive fiscal constraints. In this working group, the project will be assessed for alignment with national priorities; expected results/benefits, future recurrent implications, capacity of the SPS entity to manage implementation

The specific goal of the PIEF is to support the outcomes of Public Investment Management System in Jamaica through better designed and rationalised projects, and ultimately, an efficient and effective Public Sector Investment Programme. This will be achieved through the following objectives:

1. To provide technical assistance and other support for the evidenced based design and development of strategic projects;
2. To facilitate the assessment and evaluation of PIM projects either during or after implementation.

PHASE 2: PROJECT DEVELOPMENT

Step 1 – Project Development

KEY ACTORS: PIMSEC, PROPOSING AUTHORITY, DBJ, MOF

The PIMSEC will communicate PIMC's decision within 3 business days. Once PIMSEC has communicated the PIMC's approval to the SPS entity, the development process for the business case will commence. In the case of a PPP, the SPS entity is directed by the DBJ to complete their Candidate Submission Forms.

Step 2 – Project Proposal Evaluation Appraisal of Project Proposal

KEY ACTORS: PIMSEC, DBJ, MOF

Upon completion of the business case (at the end of the development process) the SPS entity is expected to submit a copy of the Project Proposal to PIMSEC for review.

The review of business cases will concentrate on ensuring that projects are:

a. Technically viable and properly researched and presented;
b. Compliant with criteria for recommendation for inclusion in the PSIP, having identified both capital and operating costs;
c. Demonstrative of the financial, economic or environmental benefits they bring to the society, the value of which outweigh the costs;
d. Properly assessed for risk to eliminate unacceptable exposure to the GOJ, and where applicable, risk mitigation measures are identified;
e. Adequately resourced for execution;
f. Aligned with the GOJ's policies and objectives;
g. Compliant with the relevant Government policies, laws and regulations;

In the case of Public Private Partnerships; PIMSEC, will interface with the PPP Units at the DBJ and the MoF to review all business cases/projects prior to the SPS entity submitting a Project Proposal informed by the business case. A standard evaluation sheet developed by the PIMSEC will be utilised in this process.

Once the business case is appraised, there are three likely outcomes, which have been articulated in the Project Proposal Evaluation (PPE). PIMSEC may:

1. Recommend to PIMC that the project be approved and a recommendation made to Cabinet to include the project in the PSIP;
2. Recommend to PIMC that a decision be deferred due to inconclusive findings. At Phase 2, the Project would remain in the system until it can be recommended to Cabinet for approval or be removed from the system if a decision is eventually taken to discontinue, and;
3. Recommend to PIMC that the project be rejected, based on review and findings.

These recommendations will also be made in the context of the fiscal considerations of the PSIP as outlined earlier.

Step 3 – Technical Review Committee (TRC)

The approval at this stage of the process relies on the same mechanisms as the Pre-Screening review. A scheduled TRC meeting chaired by the Director General of the PIOJ, will be convened to perform a detailed review of the proposals and PIMSEC's analysis and recommendation. The TRC will draw on external expertise and allow for relevant stakeholder input and analysis, and where necessary, the recommendations of the TRC will be incorporated into the analysis for presentation to PIMC.

Step 4 – Submission of Project Proposal to PIMC

KEY ACTORS: PIMC & PIMSEC, PROPOSING AUTHORITY

The PIMC, on the advice of the PIMSEC, will review the proposal with a view to making a recommendation to Cabinet. PIMC is not bound to accept the recommendation of PIMSEC and may amend the recommendation at its discretion. At this stage approval by PIMC implies that the project is included in the Public Sector Investment Programme where the expenditure is programmed in the budget.

Step 6 – Decision on Inclusion in the PSIP

KEY ACTOR: Cabinet

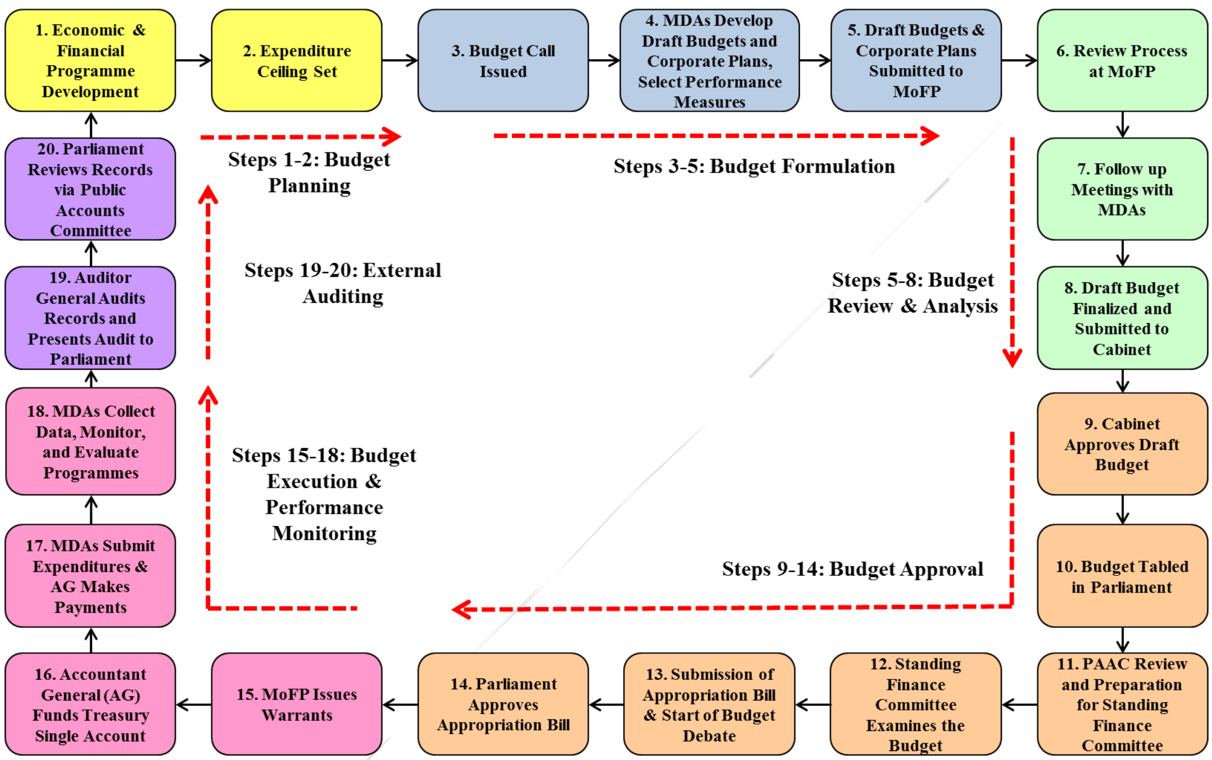
The PIMC will recommend that the Cabinet approves the inclusion of a project into the PSIP, whether funded by Government resources, loan or grant. It is the prerogative of the Cabinet to accept or reject the recommendation of the PIMC. Without Cabinet's approval, the project will not be included in the PSIP. The Cabinet may decide to:

1. Immediately include in the PSIP in next financial year
2. Include in subsequent years of the PSIP
3. Re-prioritise the existing PSIP to accommodate the new project
4. Defer the project until fiscal space becomes available

CHAPTER 4: THE BUDGET PROCESS

The PIMS is not a separate budgeting process for public investment projects but rather a set of actions and tools that complements the integrated results-based medium term fiscal and budgeting framework which has been adopted by the Government of Jamaica. The PIMS process is therefore fully integrated with the GOJ Budget Cycle from planning through to execution and auditing.

The GOJ Budget Cycle



PIMS INTERACTION WITH THE BUDGET CYCLE

The GOJ's Budget Cycle is legislated and provides for the tabling and approval of the budget before the end of the financial year to which the estimates relate. The PSIP Policy Paper provides policy advice/options to the Cabinet at the policy phase of the budget process and informs decision makers on the medium term macro-economic policy framework and programme/policy priorities. The Budget Call which must be issued at the end of the process (by September 30th) provides guidelines for the preparation of the PSIP including the projected fiscal space availability for the next financial year and the medium term.

CORPORATE/BUSINESS PLANS AND OPERATIONAL PLANS

Public investment projects, approved by Cabinet for inclusion in the PSIP are integrated in the multi-year Corporate/Operation and Operational Plans. These plans are required to reflect the alignment of budgetary resources with the policy/programme priorities of the government.

During the budget preparation process, each public investment project is assessed to determine resource requirement and the fiscal space available to support the implementation of activities in the upcoming fiscal year and the medium term. The PSIP is then updated to reflect newly approved projects, adjustments to on-going projects based on their implementation status and any policy changes.

BUDGETING FOR PUBLIC PRIVATE PARTNERSHIP (PPP) INVESTMENTS

Budgeting for PPPs is subject to the provisions of both the FAA Act and the Public Bodies Management and Accountability Act (PBMA). Aggregate contingent liabilities of public bodies within the specified public sector arising in respect of user pays PPP are required by law between the fiscal year 2014/15 and 2016/26 are not to exceed 8% of GDP. The Public Enterprise Division of the MOF will advise the PIMC on the levels of aggregate contingent liability to determine the accommodation of PPPs with probable impact on the stated threshold.

Where there is the likelihood that a contingent liability accrues to a public body within the specified public sector and arises from a PPP, the quantified amount of the contingent liability shall form part of the public debt and be accommodated in the budget of the Ministry of Finance as per the relevant sections of the FAA Act 2014. The debts of these PPP projects are instead included under a separate Contingency Ceiling for PPPs which will be established at 8% GDP, between April 1, 2017 and March 31, 2026.

CHAPTER 5: PROJECT IMPLEMENTATION AND MONITORING WITHIN THE PIMS

This chapter examines the major steps or processes that should be executed as part of the PIMS to effectively move a public investment, undertaken by a Specified Public Sector (SPS) entity, through the stages of implementation and monitoring. It also identifies the major players and the responsibility of these players.

The implementation of a public investment project will require the application of the necessary processes to achieve the project objectives based on the designs and plans. The processes to convert financing to the required product in an accountable manner include the fiduciary processes of Financial Management, Procurement and Auditing. These fiduciary processes require planning, organizing, directing, utilization of the funds provided under the project/public investment.

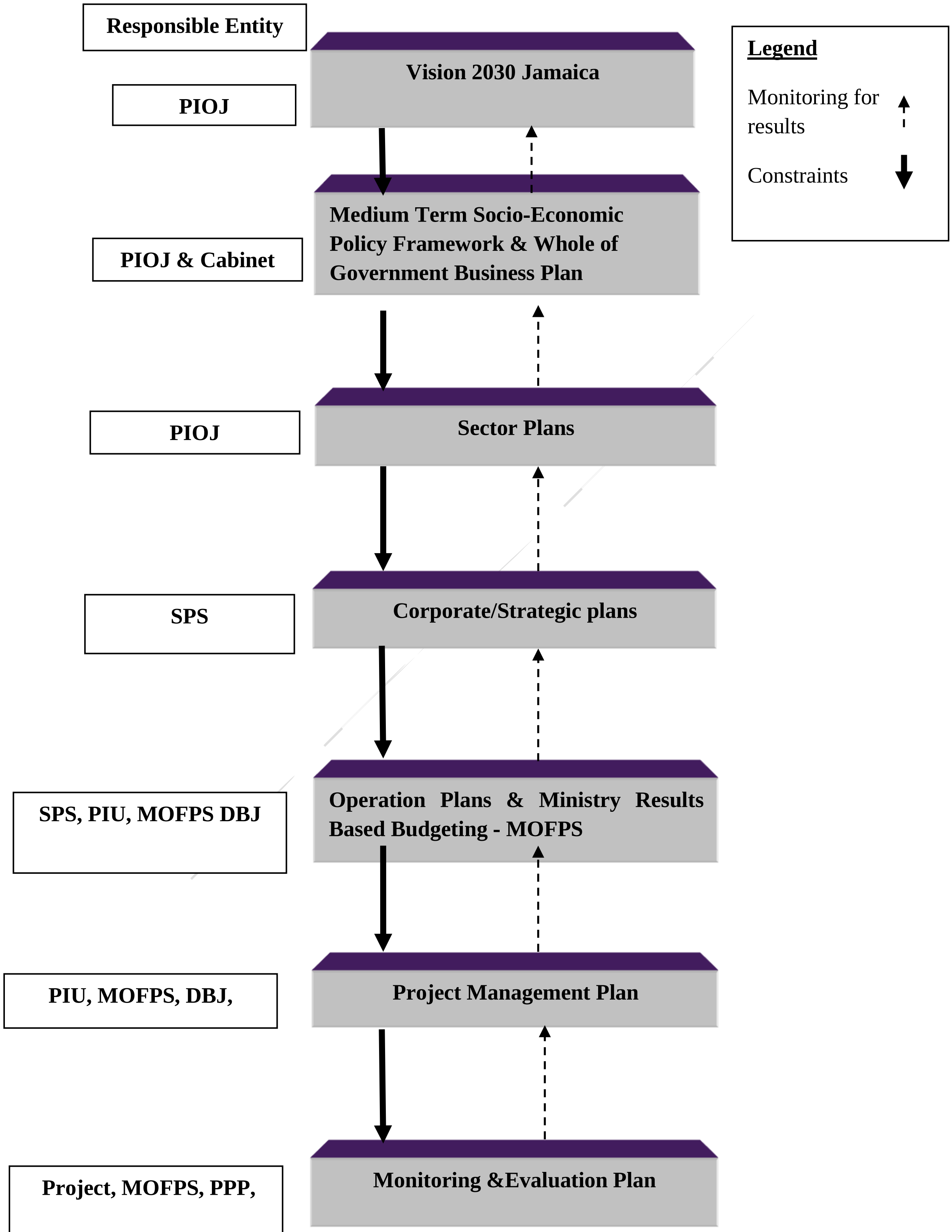
The activities of project implementation are guided by the Governance structures outlined in these guidelines. This includes the establishment of the relevant committees such as Steering Committees, Technical advisory team and working groups and a Project Implementation Unit to direct project execution as well as oversight provided by the Project Management Offices established in the SPS entities. The reporting of these governance structures will be guided by the financing agreement and the institutional governance arrangements of the SPS entity.

- The SPS entity will be required to satisfy conditions precedent to first disbursement such as opening new bank account for disbursement of funds (if required), establishing the system for authorizing payments specified in the financing agreement and the FAA Act etc.
- The project will be subject to the GOJ Warrant Release and Control System as per the Constitution of Jamaica and the FAA Act.
- The SPS entity (through the PIU) will fully execute the procurement process in accordance with the Public Procurement Act, the GOJ Handbook of Public Sector Procurement Procedures and the Procurement Policy and Procedures of any external financing entity.
- The Projects will be subject to annual audits conducted by the Auditor General's Department.

THE MONITORING PROCESS

All activities associated with the PIMS are guided by a monitoring and evaluation framework that governs key institutions of the Government of Jamaica, and which emphasises the causal link between the activities executed through all public investments and the Goals of the Vision 2030 National Development Plan. This requires that the activities of each project must be aligned to the achievement the Goals of Vision 2030.

PIMS Monitoring Framework



Each level of the Framework provides an operational context for the lower levels, establishing required boundaries for appropriate expression and development at each level. The activities at each level are monitored and contribute to the results of the higher operations.

The Monitoring process will include Causal Analysis, Results Mapping, M&E Planning, Data Collection and Analysis, Performance Monitoring and In-progress performance evaluation.

CAUSAL ANALYSIS

The PIMS will require that all project ideas be subjected to a Causal Analysis at the concept stage. A project idea that is being submitted to the PIMSEC for review should clearly articulate the problem/situation that the project is seeking to address, and how the project will effectively and efficiently address the prevailing public policy issue. The project should clearly articulate alignment with at least one of the National Outcomes of the Medium Term Socio-Economic Policy Framework and a consequent goal of Vision 2030. SPS Entities are required to communicate this Causal Analysis in a general way in the Project Concept Summary (PCS) template and subsequently in more measurable terms in the Project Proposal (PP) template. The PIOJ, Cabinet Office and the PIMSEC will be the lead entities that ensure conformity at this stage.

A Causal Analysis seeks to specify:

- The major problem and condition(s) that the project seeks to change;
- Factors that caused or contributed to the condition(s);
- Ways to influence the causal factors, based on hypotheses of the relationships between the causes and likely solutions;
- Interventions to influence the causal factors; and
- The expected changes or desired outcomes.

RESULTS MAPPING

One of the key objectives of the PIMS Monitoring and Evaluation process is to measure the results achieved by each project. All project proposals (PP) are to be accompanied by a Results Matrix which will clearly articulate the objectives of the project and how this achievement will be measured (indicators). The Results Matrix should be guided by the Corporate and Strategic plans of the SPS Entity and will:

a. Facilitate the assessment of a project's logic; alignment of inputs, activities, outputs, and outcomes; data requirement and source; and assumptions upon which the project's success is predicated.
b. Serve as an input to the development of the M&E Plan for each project.
c. Guide the Terms of Reference for the pre-feasibility/feasibility study or business case (for public-private partnership) to be conducted to assess the project's "utility" and likely economic, financial, social and environmental impact on government's medium-term strategic priorities and long-term development plan.

M &E PLANNING

The SPS Entity is required to prepare a Project Management Plan for transmittal to the monitoring entities through the PIMIS after it has received approval from the Cabinet for its project to be included in the PSIP. The Project Management Plan defines how the project will be managed, executed, and controlled. It should consist of the critical subsidiary management plans and other planning documents dealing with: scope, schedule, cost, quality, human resource, risk, communication, procurement and stakeholder engagement. The key elements of these plans should be reflected in the M&E Plan. The SPS Entity should implement the project using the Project Management Plan as the baseline, against which performance will ultimately be measured.

The M&E Planning builds on the Results Mapping exercise; and should be used to identify key information requirements for each indicator and summarizes the key M&E tasks for the project. M&E Planning should also be used to set the evaluation parameters for each project, as it will inform the key questions that will guide the mid-term and or ex-post evaluations of the selected projects' activities, outputs and outcomes.

The PSIP Unit/Projects Branch in MOFPS will use the M&E Plan submitted for each project to inform the development of the Annual M&E Plan for the PSIP. This Annual M&E Plan will form the basis of the PSIP Unit's Quarterly and Annual Performance Reports for presentation to the key stakeholders. The lead entities for this activity are the SPS Entity, PSIP Unit/Projects Branch and DBJ.

DATA COLLECTION AND ANALYSIS

The success of the PIMS M&E Component will require that Data Collection and Analysis be done in a systematic, objective and credible manner at all levels of the PIMS. Data Collection and Analysis should be guided by the information requirements in the M&E Plan. The Data Collection and Analysis process should describe in detail how data and information will be defined, collected, organized, and analysed. The designated officer within the SPS entities will be required to collect the necessary information and data for uploading to the PIMIS. The updating of the PIMIS with information and data about project performances should be done on a monthly basis.

The PIMIS with its expected built-in performance analytics will have the functionality to use the uploaded information and data to enable the various monitoring functionaries within the PIMS, to track the progress of each project, by analysing project activities and output status, by comparing the planned against the actual expenditure and schedule. The PIMIS is expected to add value through its capability to generate dashboards and various other project performance metrics. These analytics will allow for the ranking of the status of projects by assigning a score. This score will be indicative of whether projects are on target, off target or somewhere between. This type of objective analysis will provide the basis for any necessary intervention by policymakers, and other key stakeholders in order to further support the achievement of the ultimate outcome of each project.

PERFORMANCE MONITORING AND IN-PROGRESS EVALUATION

Project monitoring is an integral part of the PIMS. It will provide information by which the government, public officials and other key stakeholders can identify and solve implementation problems, as well as assess the progress of public investment projects. The M&E Plan, the implementation schedule and project budget should be used as the basis for monitoring the performance of all projects.

As mentioned before in the section on the Data Collection and Analysis, project managers will be required to do monthly updates on the project's status using the PIMIS. After each update to the PIMIS, it is expected that PIMIS will be able to create and electronically submit a monitoring status report for each project and the overall PSIP. These monitoring reports will then be validated by the Project Branch/PSIP Unit (Ministry of Finance), and other relevant entities. This process of validation should be conducted by consulting the source of data verification as stated by the SPS entity in the M&E Plan.

The Project Branch/PSIP Unit will use the periodic monitoring status reports as input to its preparation of Quarterly and Annual Performance Reports on the PSIP, for submission to key stakeholders. The PIOJ will use the monitoring reports to update the status of the donor partner's portfolios. The status update provided on the PPPs will aid DBJ with portfolios review and required updates. In addition, the performance data gathered from the monitoring process, will serve to provide preliminary signals of the project's potential success or failure.

Performance Reports on selected projects or the PSIP in general will capture the:

- Expected impact on government's priorities (Job Creation and Growth, Social Inclusion, Environmental Resilience, etc.);
- Disbursement performance
- Expected impact on the Economic Reform Programme (Debt Sustainability, Fiscal Targets, etc.);
- Variances (cost and schedule);
- Project's alignment to Sector and National Plans
- Implementation challenges;
- key milestones;
- budget expended;
- schedule and scope changes;
- estimated cost at project completion;
- estimated cost to project completion;
- project structure and funding source (PPPs, joint venture, public bodies funded, loan or grant funded, etc.);

- lessons learned;
- recommendations for future project planning, appraisal, prioritization, funding, monitoring and evaluation;
- overall progress to date; and
- project score (based on planned vs. actual targets achieved).

CHAPTER 6: ASSESSING IMPACT, PROJECT EX-POST EVALUATION PROCESS

The Public Investment Management System (PIMS) will employ the systematic collection, analysis and use of project information to enable ex-post assessment/ex-post evaluation of the output (s) outcome (s) and impact of public investment projects. The ***Fourth Schedule (I (b)), Financial Administration and Audit (Amendment) Act 2014***, requires that an "ex-post assessment of the impact and outcomes of investment projects", be conducted.

The Performance Monitoring and Evaluation System, which is the overarching framework to conduct monitoring and evaluation activities for projects, policies and programmes within the public sector; is already in place to guide the ex-post evaluation exercise and was approved by the Cabinet by way of ***Decision 4210***. The Office of the Cabinet which has overall responsibility for performance management across the public, will be a key partner in the design and conducting of ex-post evaluation, especially for those projects that are expected to have a whole-of-government impact.

This ex-post evaluation will be a rigorous and independent assessment of the completed projects to determine the extent of achievement of stated objectives and of lessons learnt for decision making on future projects.

To a great degree, the data generated and analysed during the monitoring of the implementation stage will support the ex-post evaluation process. However, the key proviso is that the evaluation will be done independently of those in charge of monitoring and evaluation.

This will provide policymakers and other stakeholders with an objective assessment of project compliance to procedures and standards and that all agreed deliverables were met.

The ex-post evaluation is generally more rigorous than the monitoring exercise; in terms of procedures, design and methodology, and generally requires more rigorous analysis. Yet, the aim of both monitoring and evaluation are very similar, that is, to provide information to inform decisions, improve performance and achieve planned results. it therefore follows that the monitoring process is a critical support the ex-post evaluation.

EX-POST EVALUATION BY PIMSEC

At the end of each project implementation, an ex-post evaluation will be conducted. This will assess the performance of a project in achieving its intended results. It will provide useful information on project implementation and the achievement of expected outputs; and it is at this stage that direct cause and attribution will be addressed given the causal linkage between the project activities and the outputs.

Apart from evaluating the project outputs, the ex-post evaluation will also seek to assess the implementation efficiency, effectiveness and potential impact on the sustainability of other projects in the Public Sector Investment Programme (PSIP).

Table 1 below provides some critical evaluation assessment questions that the ex-post evaluation exercise will be able to answer for policymakers and other stakeholders.

Table 1: Assessing the Use of the Ex-Post Evaluation

Questions	Answers
What information is needed?	• Information on the relevance of intended outputs or outcomes and validity of the project results framework • Information about the status of an outcome and factors affecting it • Information about the effectiveness of the project implementation strategy • Information about the status of project implementation • Information on the cost of an initiative relative to the observed benefits • Information about lessons learned
Who will use the information?	• Policymakers, project officers and managers, involved in design and implementation • Development partners • Donors and other funders • Public and beneficiaries • National oversight bodies
How will the information be used?	• To design or validate a development strategy • To improve project or programme design and implementation • To ensure accountability • To make funding decisions • To increase knowledge and understanding of the benefits and challenges of programmes and projects

The results of the ex-post evaluation exercise will be communicated to policymakers and other stakeholders through a Project Evaluation Report completed by PIMSEC, which will capture the following critical information, inter alia:

- Expected impact on government's priorities (Job Creation and Growth, Social Inclusion, Environmental Resilience, etc.);
- expected contingent liabilities/assets to the government;
- variances (cost and schedule);
- implementation challenges;
- budget expended;
- schedule and scope changes;
- estimated cost at project completion;
- lessons learned;
- recommendations for future project planning, appraisal, prioritization, funding, monitoring and evaluation;
- return on capital invested (economic, social, environmental, etc.) and
- project score (based on planned vs. actual targets achieved).

In order to ensure that the evaluation exercise and reported results are credible, it is of critical importance that the project monitoring and evaluation framework is well aligned with the requisite data collection and analysis systems within the public entities or project proposers.

Equally important is the establishment of a centralized data repository for policymakers and other stakeholders to access real time project status/progress information. As capacity building initiatives in monitoring and evaluation ramps up across the public sector, there will be more allowance for ongoing assessment of project performance and timely evidence-based inventions for projects experiencing challenges.

It is at the evaluation stage that direct cause and attribution will be addressed given the close linkage that would have been mapped in the Results Matrix between the project activities, outputs, outcomes and broader national impact. This final evaluation exercise will essentially measure the successful implementation of project activities in the production of goods, services or results, when compared to the expected and agreed upon targets in the project proposal.