

The PIMS Regulatory Framework

DEFINING PUBLIC INVESTMENT PROJECTS

The Financial Administration and Audit (FAA) Act and the Public Bodies Management & Accountability (PBMA) Act identify three important characteristics of a public investment. They are:

- i. non-recurrent expenditure on goods, works and services
- ii. carried out by any public entity within the specified public sector on its own, or by one or more such public entities in conjunction with one or more non-public entities through PPPs, and
- iii. aimed at accumulating new physical or intangible assets or enhancing human resource capacities, or improving or rehabilitating existing physical or intangible assets or human resource capacities, to achieve development objectives

Public Investment Projects

The legislation further defines a public investment project as:

- i. as a public investment requiring:
 - a) planning
 - b) execution
 - c) monitoring and evaluation
- ii. carried out as an integrated set of activities
- iii. aimed at meeting a development objective at a specific cost and within a defined timeframe.

The **Specified Public Sector** refers to all entities within the public sector (i.e., Ministries, Departments and Agencies - MDAs), with the exception of those certified by the Auditor General as primarily carrying out functions that are of a commercial nature

THE PIMS FRAMEWORK

The PIMS is defined under Section 48B of the Financial Administration & Audit Act (2014) 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*”.

The PIMS is designed to be:

1. **Extensive:** extends across all public entities and sectors
2. **Inclusive:** includes all types of public sector expenditures (actual and contingencies)
3. **Complete:** covers all steps and phases that a project has to complete through its productive life, including the interaction with other administrative systems (budget, treasury, procurement, human resources, others).
4. **Strategic:** all projects and overall portfolio will be selected and oriented to add value to a larger development purpose

PIMS OPERATIONAL ELEMENTS

Under a new Fourth Schedule to Section 48B(2) of the FAA, there are nine elements that are essential to the operation of the PIMS, namely:

1. A Public Sector Investment Programme (PSIP)

This is a rolling five-year plan of Cabinet approved, new and ongoing prioritized public investment projects, 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.

2. An Annual PSIP Policy Paper

This paper is to be developed by the Planning Institute of Jamaica to aid the Cabinet's decision making on the PSIP and shall be presented each year to the Cabinet for discussion and approval, prior to its approval of the Estimates of Revenue and Expenditure for the succeeding financial year, and shall include, inter alia, a diagnosis of PSIP performance, with analyses, forecasts, and recommendations for prioritization.

3. Public Investment Management Guidelines

These are the rules, procedures, requirements and guidelines which shall be prescribed for the governance of all public investments (irrespective of source of funding and origin), in ministries, departments, public bodies and public private partnerships.

4. A Public Investment Management Committee (PIMC)

The committee, the membership of which shall be appointed by the Cabinet, has responsibility for the screening of all investment proposals for consistency with GOJ's strategic priorities, as well as technical, financial, economic and environmental feasibility; prioritizing projects for financing and reviewing project performance.

5. A Public Investment Secretariat – (PIAB, formerly PIMSec)

This entity undertakes the assessment of project proposals and provides support and advice to PIMC to facilitate decision-making.

6. Public Investment Governance Framework

The framework shall operate as follows – (a) PIMC shall submit recommendations to the Cabinet for approval; and (b) the Minister shall update Parliament on the implementation status of the PSIP in each Fiscal Policy Paper update.

7. A Public Investment Management Information System

This is the web-enabled system that will serve as the repository of information on all public investment projects (central government, public bodies and public private partnerships), at the various stages of the project cycle (inclusive of concept, feasibility, approval, implementation and evaluation) thereby allowing access for the tracking of project performance as they move through the cycle.

8. Public Investment Performance Report

This is a comprehensive performance report on the Government's Public Investment Programme, which shall be produced and published periodically by the Minister.

9. A Public Investment Monitoring and Evaluation System

This entails the systematic collection, analysis and use of project information to enable (a) ongoing review and monitoring of projects during implementation, to ascertain financial and physical progress against set performance objectives, and a determination of whether projects are being executed effectively; and (b) a post-assessment of the impact and outcomes of investment projects.

With many competing demands for financing, prioritizing investment projects is crucial. Having a sound and transparent prioritization process is essential to maximize the financial, economic, environmental, and social benefits of infrastructure investments, but also to attract additional financing, including from the private sector. The PIMS process therefore envisions that a methodology will be developed to guide prioritisation of public investments.



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