



**MINISTRY OF FINANCE AND THE PUBLIC SERVICE**

**TERMS OF REFERENCE  
Consultancy for the  
Institutionalization of the Public Investment Management  
Secretariat**

**STRATEGIC PUBLIC SECTOR TRANSFORMATION  
PROJECT**

**IBRD LOAN NO.: 8406-JM**

## **1. RATIONALE FOR THE CREATION OF A PUBLIC INVESTMENT MANAGEMENT SYSTEM (PIMS) IN JAMAICA**

The Government has committed to strengthen Jamaica’s public investment management system, as part of a comprehensive public financial management (PFM reform) agenda. This reform has seen the incorporation of public investment management as part of an enhanced fiscal governance framework that seeks to increase fiscal surpluses over time and concurrently reduce the debt to gross domestic product (GDP) ratio so that public resources can be allocated to public investment and other activities that have the potential to contribute to growth in the economy.

Cabinet Decision No X of March 2014 gave approval for the institutionalization of the Public Investment Management System (PIMS) and, in doing so, standardize the treatment of public investment across the public sector with respect to the entire project cycle.

Public investment projects are ***“investments that require planning, execution, monitoring and evaluation carried out as an integrated set of activities aimed at meeting a development objective, at a specific cost and within a defined timeframe”*** (Section 48A, FAA Act Amendments 2014). The Financial Administration and Audit Act (FAA Act) (Amended), 2014<sup>1</sup> sets out the elements of the strengthened Public Investment Management System (PIMS) which will seek to create 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*. A key element of the system is the Public Sector Investment Programme (PSIP); a rolling 5 year plan of Cabinet approved public investment projects.

Since these amendments, more legislative and regulatory work has been done to further refine the PIMS and, by extension, the PSIP. In February 2015, additional amendments to both the FAA and PBMA provided for exceptions to the definition of public investment. The exception limits public investment to those undertaken by entities within the specified public sector. The specified public sector is defined as the public sector minus those entities that will be certified as commercial by the Auditor General and, therefore outside of the fiscal rules, as at April 1, 2017. It is anticipated that only a few entities will qualify and the specified public sector will encompass much more than 90% of the public sector. The ambits of the PIMS and PSIP, therefore, are quite extensive in scope.

## **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

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<sup>1</sup> Gazette 31<sup>st</sup> day of March 2014, enacted April 1, 2014

Committee is chaired by the Minister of Finance, and comprises other Ministers of Government and senior-level technocrats from key development agencies

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 :

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.

PIMSEC - TECHNICAL REVIEW COMMITTEE

The work of the Secretariat is supported by a Technical Review Committee (TRC) , 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.

PIMSEC is currently staffed by consultants who are paid outside of the government salary structure.

## **2. STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT**

The Project Development Objective (PDO) is to strengthen public resource management and support selected public sector institutions in facilitating a more enabling environment for private sector growth.

#### COMPONENTS

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|----------------|--|
| Component I:   | Strengthening the Public Investment Management System                          |
| Component II:  | Strengthening the Budget Preparation Process and Results-Based Budgeting (RBB) |
| Component III: | Adaptive Public Sector Approaches to Promote Fiscal Sustainability             |
| Component IV:  | Modernizing of the Accountant's General Department                             |

Component V: Fostering Industrial Growth and Trade Facilitation  
Component VI: Project Management

## **COMPONENT I**

The objective of this component is for the PSIP to incorporate public investment projects with estimated five-year operating and maintenance costs fully linked to long term development goals and medium-term priority areas.

This component will support the GOJ reform efforts through the following activities:

- (i) migration of the current web-based database to a robust platform to manage all information about public investment across the project cycle and linked to the budgeting and financial systems of the country (expected to be compiled into IFMIS);
- (ii) design and implementation of a public investment management training program for public sector;
- (iii) reviewing legislation and carrying out dissemination activities to integrate the PIMS with the administrative systems (including procurement and human resources);
- (iv) strengthening monitoring through Citizens Participation;
- (v) designing a fund for the funding of pre-investment financial and economic analysis and post-investment evaluations of the Borrower's public investments; and
- (vi) provision of technical assistance for the implementation of the Public Financial Management Action Plan.

## **3. OBJECTIVES OF CONSULTANCY**

The purpose of this assignment is to conduct a review to determine the most effective and efficient institutional and management arrangement for the functions of the Public Investment Management Secretariat (PIMSEC).

## **4. SCOPE OF WORK**

Undertake a review of the functions within the Public Investment Management Secretariat (PIMSEC) to decide on the most effective and efficient arrangements for service delivery;

The Consultant will be required to:

- Review the existing vision, mission and strategic objectives of the Ministry of Finance and the Public Service and that of the Public Expenditure Division in relation to its overall mandate to determine the best strategic alignment of PIMSEC to the MOFPS;
- Develop a strategic plan for the PIMSEC through conducting visioning sessions, development of mission statement and goals and formulation of an output map and value chain

- Based on the identified strategy and programmes develop a functional design for the institution
- Based on the functional design determine the best institutional arrangement to support the achievement of the stated strategic mandate
- Develop the appropriate organizational chart to support the institutional design
- Review legislation, regulations and policies around PIMSEC and the PIMS generally to determine if they support the current thinking and operations of the entity and make recommendations for amendments, if required;
- Review the operations of the PIMSEC to identify activities that support or do not support its mandate, and determine organizational overlaps and duplications that may exist among the wider portfolio or with other GOJ entities;
- Analyze the Strengths, Challenges, Opportunities and Threats (SCOT Analysis) of PIMSEC in relation to its current operations and performance;
- Conduct consultations with key stakeholders within the PIMSEC, in the Ministry of Finance and across the public service to determine client views of the services of the entity;
- In light of the mission, strategic objectives, stakeholder consultations and the SCOT analysis, review the appropriateness of the current operating model and make recommendations where necessary;
- Develop a draft framework documenting the key required skills and competencies with clear identification of any new skills and competencies that would arise under the recommended operational model
- Recommend organizational changes based on findings and international best practice;
- Identify the best arrangement for the provision of support services (human resource management, office services, etc.) for the PIMSEC

## 5. METHODOLOGY

The exercise to be undertaken by the Consultant will be informed by this Terms of Reference, the Preliminary Assessment already conducted, the Technical and Financial Proposals received from the Consultant, and any negotiations conducted following the selection of the Consultant.

The Consultant will be required to prepare a detailed methodology and work plan indicating how the objectives of the assignment will be achieved, and the support required from the Ministry.

## 6. DELIVERABLES

Key Deliverables	Proposed Timeline	Standard for Delivery
1. Work Plan and associated Gantt Chart outlining the assignment to be undertaken	2 weeks after signing of contract	A time-bound Work Plan in Microsoft Word identifying activities, methodology and required resources, this should be linked to a Gantt outlining tasks, duration and start and end dates. The format of the document should be agreed prior to submission
2. Draft Report on the Institutionalization of PIMSEC	To be determined by the work plan	The report should include at a minimum:

Key Deliverables	Proposed Timeline	Standard for Delivery
		<ul style="list-style-type: none"> <li>• Recommendations for the institutional arrangements for the entity;</li> <li>• Advantages and disadvantages in term of service delivery and efficiency;</li> <li>• Risk analysis in relation to implementation issues</li> </ul>
3. Final Report on the Institutionalization of PIMSEC	Three weeks prior to the end of contract	Changes agreed should be reflected in the final report. Submitted within the timeframe agreed.

## 7. PROJECT MANGEMENT AND ACCOUNTABILITY

### 7.1 Sign-off Procedure

The consultant will report to the Executive Director of PIMSEC and deliverables will be considered certified as satisfactory when they are accepted both by the Technical Coordinator Component 1 and the Executive Director PIMSEC based on the defined and agreed performance standards for delivery.

## 8. QUALIFICATIONS

The Consultant is required to have the following minimum qualifications:

1. At least a Master's degree in a field related to Public Sector Governance and Management; Strategic Management or Organizational Development;
2. At least 5 years' experience in institutional analysis and diagnosis and in developing and implementing Public Sector modernization strategies, with particular experience in governance, public administration and management, organization and management of central government institutions;
3. At least 4 years' experience in leading processes for conducting strategic organizational reviews to a successful conclusion.
4. Experience in developing strategic plans to include development of vision and mission statements
5. Knowledge of and experience in developing functional designs for institutions
6. Experience in the review and development of business processes
7. Experience in the development of frameworks that document key required skills and competencies for existing, new or transitioning organizations.
8. Experience leading the processes required for the establishment of new organizations

## 9. COMMENCEMENT DATE AND PERIOD OF EXECUTION

The consultant must be prepared to complete the assignment within a sixty (60) day period commencing November , 2017.