

# TERMS OF REFERENCE

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ORGANIZATIONAL DEVELOPMENT CONSULTANCY  
FOR THE RESTRUCTURING OF THE PUBLIC  
EXPENDITURE DIVISION TO MEET THE HUMAN  
RESOURCE NEEDS OF THE MTRBB  
IMPLEMENTATION



Strategic Public Sector  
Transformation Project

DECEMBER 2015

## BACKGROUND

The Government of Jamaica (GOJ) charted in 2009 a path for national development and renewal which, inter alia, calls for the repositioning and transformation of the Public Sector to support the achievement of the National Outcomes delineated in *Vision 2030 Jamaica, the National Development Plan*.

Recognising the centrality of preserving a stable macroeconomic landscape as the fulcrum for sustainable national growth and development, the GOJ enunciated its commitments to ensuring that the macro and micro economies are poised to produce the conducive environment necessary to achieve *National Goal 3: Jamaica's Economy is Prosperous*, as indicated through the associated outcomes:

- *National Outcome #7 – A Stable Macro economy*
- *National Outcome #8 – An Enabling Business Environment*
- *National Outcome #9 – Strong Economic Infrastructure*
- *National Outcome #10 – Energy Security and Efficiency*
- *National Outcome #11 – A Technology-Enabled Society*
- *National Outcome #12 – Internationally Competitive Industry Structures*

The GOJ, in agreement with key multi-lateral /bilateral agencies and development partners, has also developed the Economic Reform Programme (ERP), an initiative designed to reduce the national debt burden; promote fiscal discipline; increase revenue; improve efficiency in GOJ operations; and, the implementation of key reforms, namely in the public sector, pension administration and taxation.

The roll out of the ERP will, of necessity, be led and managed by the Ministry of Finance and Planning (MOFP). The Ministry has overall responsibility for developing the GOJ's economic policy framework, collecting and allocating public revenue, and playing an important role in the socio-economic development of the country, in creating a society in which each citizen has every prospect of a better quality of life. Further, the key components of the ERP include tax reform, public sector transformation, pension reform, debt management, central treasury management system, and corporate governance, all of which fall within the remit of the Ministry.

The Ministry of Finance and Planning (MOFP), has overall responsibility for developing the Government fiscal and economic policy framework; collecting and allocating public revenues and playing an important role in the socio-economic development of the country in creating a society in which each citizen has every prospect of a better quality of life.

The priority goals of the Ministry are geared towards:

- Enabling growth and national development through a sound and predictable macroeconomic policy framework that maintains low inflation, stable exchange rates and competitive interest rates;
- Improving revenue administration by creating a simple, equitable, and competitive tax environment to ensure greater compliance and enhance growth;
- Strengthening the level of financial accountability, and efficiency of the Public Sector;
- Strengthening the capacity of the Ministry to effectively regulate financial institutions and combat financial crimes;
- Improving the internal efficiency and effectiveness of the Ministry

The MOFP through its operational responsibilities ensures that government pursues policies that facilitate: sustainable growth in the national economy, effective regulation of the country financial institutions and cost-effective delivery of public services, through highly committed, competent and motivated employees. In achieving these objectives, MOFP portfolio is administered through fourteen (14) divisions:

MOFP Operational Responsibilities include:

- The Preparation and Management of the Budget
- Financial Regulation & Anti-Corruption
- Public Service Establishment Oversight
- Management of the Public Debt
- Public Sector Financial Management
- The Collection of Revenues
- Public Bodies Oversight

## **PUBLIC EXPENDITURE DIVISION (PEX)**

The PEX mission is defined “...to ensure that the financial resources of the Government are allocated and used in the most efficient manner, and on a basis which reflects the Government’s priorities and accords to high standards of accountability and transparency.” In particular, and in support of this mission, PEX is currently responsible for the management and execution of the following major processes and functions:

- Review budget proposals to ensure requests reflect the priorities outlined in the Corporate Plans of the Ministries, Departments and Agencies (MDAs) to ensure that draft budget proposals adhere to directives outlined in the budget call;
- Advise on MDA budget needs to support efficient allocation of resources that reflect national and sectoral priorities
- Prepare documents supporting the Estimates of Expenditure, Supplementary Estimates, Financial Statements, Revenue Estimates, and additional publications relating to budget
- Represent the Ministry of Finance and Planning at committee meetings and local events
- Monitor progress of locally and internationally funded projects in order to determine physical status, reviewing against projected physical and financial targets and recommending budgetary adjustments where appropriate;
- Monitor recurrent expenditure performance to determine trends/variances that impact the budget;
- Provide guidance to MDAs in developing cash flows with corresponding implementation plans;
- Analyse and recommend requests for virement and additional provision
- Analyse cash flow and implementation plans to ensure the demand for cash coincides with states of readiness for implementation of the projects
- Recommend quarterly/monthly cash flow requirements for capital and recurrent budgets

The division is organized into three main units each with distinct responsibilities:

### **1. Public Expenditure Unit**

- a. Production Unit:** Provide the resources to particular MDAs, which stimulate production, as well as promote and protect Jamaica’s interest abroad and improve foreign relations and foreign trade. This Unit is responsible for the budgets of the Ministries of Agriculture and Fisheries; Industry, Investment and Commerce; Tourism and Entertainment; Foreign Affairs and Foreign Trade and Science, Technology Energy and Mining.
- b. Social Infrastructure Unit (SIU):** Provision of resources for social infrastructure e.g. health, education and social welfare, to aid in the development of human capital. This Unit is responsible for the budgets of the Ministries of Health; Education; Labour and Social Security and Youth, Sport and Culture.
- c. Machinery of State (MoSU):** Allocate resources to meet the nation’s justice systems requirements, and the MDAs responsible for the machinery of state. This unit is responsible for the budgets of the Justice ministry and its and Departments; Finance and the Public Service and Departments; Office of the Prime Minister and Departments and the Office of the Cabinet and Departments;. The Unit is also responsible for the unattached Departments.

- d. **Physical Infrastructure Unit (PIU):** Provide resources to MDAs to enable improvements in the physical infrastructure of the country e.g. roads, public utilities, transportation and housing. This Unit is responsible for the budgets of the Ministries of Transport Works and Housing; Local Government and Community Development; Water, Land Environment and Climate Change; National Security and the National Works Agency; .
2. **Cash Management Unit:** Manage the resources of government to ensure that cash outflows are maintained within the limits of available resources; and that essential services and priority activities receive sufficient funds to maintain operations at appropriate levels. The Unit seeks to ensure that financial resources are allocated in keeping with Government’s priorities and are managed effectively, according to high standards of probity, accountability and transparency.
  3. **Projects Branch:** Assist Ministries in the preparation, analysis and monitoring of capital projects.

**MEDIUM TERM RESULTS BASED BUDGETING**

The current budget process has served Jamaica well but addressing future challenges will require a more advanced approach. The recent PEFA assessment (an international report card on performance of public financial management) showed some areas for improvement in the Jamaican budget process. The single year focus of the budget, inconsistent mechanisms for linking budget and policy and incomplete linkages to the performance management framework all limit the ability of the current budget process to consistently deliver both aggregate fiscal discipline and efficient allocation of fiscal resources

In seeking to attain the opportunities associated with enhanced public financial management, our PFM reform action plan includes the introduction of results based budgeting. Reform initiatives in this arena are strongly supported by our international partners, including the World Bank.

The Cabinet Office of Jamaica is leading the development of a broad performance management and accountability framework. The reforms to the budget preparation and reporting cycle will form a key element in this broader performance management regime.

- There are three key elements to achieving results based medium term approach to budgeting in Jamaica:
1. Harmonizing policy and planning processes of the government (and individual MDAs) with the budget process.
  2. Integrating the performance management and accountability system of the government (and MDAs) with the budget.
  3. Shifting the budget process into medium term timeframe

The major reform actions and implementation activities associated with each of these elements is outlined in the table below:

<i>Major Reform Action:</i>	<i>Implementation Actions</i>
<b>Align budget process and the business planning process.</b> SWOT analysis and review of priorities by MDAs feeds into top-down priority setting (Cabinet Retreat) and ceiling setting. Budget submissions elaborate strategy and actions – funded within ceilings. Budget document for each MDA presented as a fully costed business plan.	<ul style="list-style-type: none"> <li>- Provide a framework and capacity for MDAs to undertake initial business planning actions at start of the budget cycle.</li> <li>- New format for budget submissions.</li> <li>- Publish agency strategic business plans with the budget, including forward estimates.</li> </ul>

Past		<ul style="list-style-type: none"> <li>- Review program structures to reflect common groups of outputs directed at common policy objectives for common client groups.</li> </ul>
	Introduce setting of <b>performance targets</b> in budget process	<ul style="list-style-type: none"> <li>- include robust performance targets in SBPs published with budget for each MDA.</li> </ul>
	Require each MDA to publish an <b>Annual Report</b> , which reports AFS and performance outcomes.	<ul style="list-style-type: none"> <li>- Amend regulations (and issue guidelines) to require annual reports.</li> <li>- Expand role of Auditor General to audit MDA annual reports, including performance reporting.</li> </ul>
	Support further elaboration and roll-out of a unified <b>evaluation</b> framework to ensure it meets requirements for supporting budget decision making.	<ul style="list-style-type: none"> <li>- Change FAA Act and regulation to require systematic program evaluation.</li> <li>- work with stakeholders to review and harmonize various existing monitoring and evaluation efforts.</li> <li>- Build capacity for program evaluation.</li> </ul>
	<b>Introduce a system of rolling forward estimates.</b> A revised approach to budgeting where the forward estimates are updated at the start of each budget cycle and form the baseline for budget deliberations, where the focus of interactions between citizens, Cabinet and government agencies is on identifying appropriate adjustments to the baseline forward estimates such that the final budget best meets policy priorities.	<ul style="list-style-type: none"> <li>- establish accurate and realistic forward estimates for current programs and projects – reflecting the actual cost of existing policy.</li> <li>- amend the budget process to reflect the rolling forward estimates approach, where the budget process involves parameter adjustments and identifying appropriate policy driven budget measures to adjust the FEs.</li> <li>- Awareness building of key stakeholders</li> <li>- Capacity building of MOFP and line agency staff to support the ongoing development and maintenance of forward estimates and the revised approach to budgeting.</li> </ul>

efforts at results-based budgeting have not succeeded because of structural weaknesses inherent in Public Financial Management (PFM) policies and the underlying political dynamics of the budget process. The MOFP initiated pilot programs in six ministries (health, education, national security, transport and public works, agriculture and finance) for the 2011/2012 fiscal year budget. However, the introduction of this reform has suffered mainly from the failure to first address PFM basics such as weak internal controls (e.g., in commitments, and payroll), lack of a policy framework to limit virements (i.e., authorizing the transfer of funds within the budget and of ex-post regularization of unbudgeted spending through supplementary budgets) and supplementary estimates, and absence of a binding budget calendar.

GOJ has taken significant steps that are pre-requirements for an efficient implementation of results-based budgeting based on the PFM Action Plan where the GOJ properly sequenced the reforms to fix the PFM basics with a clear vision where PFM reform is headed. In this framework, the GOJ has instituted a permanent binding budget calendar where the Estimates of Expenditure are approved prior to the start of the Financial Year to which they relate; The GOJ has also prepared a work plan to strengthen procedures

for budget execution and cash management. The Central Treasury Management System for all MDAs has been completed and will be strengthened by including modules for the tracking of expenditures.

It is important to acknowledge that the success of this reform process goes beyond simply adopting a technical exercise but also requires high-level commitment. Therefore, the presence of strong political support for the reform will be a key element for its sustainability. Also, past interventions did not follow a clearly structured set of incremental improvements which would take into consideration changing the culture of GOJ employees for an effective implementation of the reform. This will be a critical difference at the current intervention. A scaled-down model of results-based budgeting at the early stage of the reform effort, which targets to make the budget preparation process more “performance-informed”, will be aimed on a pilot basis. Then the experience will be extended progressively to other MDAs (and incrementally within the MDAs) with an objective to gradually move towards advanced performance budgeting (medium-term performance framework). Thus, medium-term performance framework will complete the shift in focus from inputs to outputs, with an emphasis on the measurement and evaluation of performance. It will serve not only as a means of promoting results but also as a way of using budget allocations to encourage better performance by linking funding to results. These efforts will complement GOJ’s reform process to have a results-based management cycle starting from planning until evaluation.

### **Strategic Review of the Ministry of Finance and Planning**

In December 2013, the MOFP completed a comprehensive Strategic Review. The review identified a number of important deficiencies that reduce the MOFP’s effectiveness and efficiency to promote economic growth and development, including: (i) a centralized decision making structure exacerbated by an excessive number of direct reports to the Financial Secretary; (ii) a prevalent culture of silo thinking with weak coordination and consultation between divisions; (iii) resistance to change; (iv) emphasis on transactional bureaucratic processes over policy-making functions, (v) insufficient skills and competencies for required tasks such as economic analysis and forecasting; (vi) prevalence of cumbersome processes; and (vii) unclear roles, duplication of tasks, and functions overlap.

The strategic review also provided a number of recommendations to address these deficiencies and improve the performance of the MOFP including: (i) revision of the vision and mission of the Ministry to focus on the creation of the environment for sustainable growth in Jamaica; (ii) organisational restructuring of the Ministry to better allow for the achievement of the above strategic objectives; and (iii) enhancement of work processes and systems. In addition, recommendations were put forward to address deficiencies identified with regards to: (a) *leadership and accountability*: implement Accountability Framework and increase focus on strategic management activities; (b) *decision-making structures*: reduce bottlenecks and increase responsiveness by reducing the number of reports to the Financial Secretary; (c) *people*: build capacity to ensure that critical activities can be performed; (d) *work processes*: carry out a business process reengineering exercise to eliminate duplications and overlap; and (e) *culture*: reduce degree of “silo-mentality” by establishing new units that merge common functions (e.g., monitoring) that are currently duplicated across units.

The MOFP recognizes the need to realign its organisational structure and machinery to improve the efficiency of its operational management and internal processes, and to strengthen its policy-making and implementation capacity. The MOFP therefore must be transformed to better facilitate sustainable growth in the national economy, effective regulation of the country’s financial institutions, and the cost-effective delivery of public services. As such, the Ministry has embarked on a three (3) year Transformation Programme.

The objectives of the Transformation Programme are to: (1) make the operations, machinery and internal processes of the MOFP more efficient; (2) improve the development and execution of policy associated with public fiscal management; (3) improve the policy making capacity and, in particular, strengthen institutional arrangements to analyse and formulate economic and fiscal policy; and, (4) develop the relevant organisation structure, culture and accountabilities required for sustained operations of the MOFP and execution of its strategic objectives.

The Transformation Programme has three (3) components that will:

1. Re-organise the Ministry in line with the Value Chain Approach to enable the effecting of core responsibilities that can lead to strategic success;
2. Build capacity within the MOFP to enable the transformation to a High Performing Organisation; and,
3. Develop, implement and sustain supporting change and culture management programmes and initiatives to support renewal across the Ministry.

### **Strategic Review of PEX for the Implementation of MTRBB**

PEX is comprised of staff across with a variety of skillsets and a body of technical and functional knowledge to perform core its current duties of financial management, accounting, budgeting, and analysis. The composition of the Division's skills and capabilities can be traced in part to predecessor organizations that were, over time, combined to create PEX (and by extension the functional scope of responsibilities that the Division manages). As a result, PEX capabilities are largely oriented toward legacy processes and not entirely sufficient to deliver the contributions to process, policy and philosophy implicit within more advanced budget constructs.

As PEX moves forward with the implementation and operation of MTRBB, an expanded set of skills and capabilities will be needed, and PEX can leverage the strong foundation it has built in several key areas as a platform for this evolution. For example, MTRBB will depend on a PEX that operates and delivers the contributions of a formal budget office, with the primary focus on the coordination and development of a program budget (in close coordination with the program managers and organizations driving the provision of services to the public), performance analysis of the programs funded by the budget, and in all things budget (formulation, allocation, execution, monitoring), trusted advisors to MDAs.

#### **1.1 STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT**

*This is a project that is financed through a loan from the World Bank and is being implemented by the Ministry of Finance and Planning. 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. The project has five(5) main components:*

- Component I. : Strengthening the Public Investment Management System (PIMS)*
- Component II. : Strengthening the Budget Preparation Process and Results Based Budgeting (RBB)*
- Component III. : Adaptive Public Sector Approaches to Promote Fiscal Sustainability*
- Component IV. : Strengthening Property Tax Compliance and Administration.*
- Component V. : Fostering Industrial Growth and Trade Facilitation*
- Component VI. : Project Management*

***Component III. Adaptive Public Sector Approaches to Promote Fiscal Sustainability***

This component will support measures to institutionalize the process of behavioural change to support new policy processes and provide just-in-Time Technical Assistance (TA) to take into account ad hoc needs of the government and to effectively take advantage of opportunities of intervention when they arise, enabling to bridge policy and implementation gaps revealed in the course of project implementation.

## **OBJECTIVE OF THIS CONSULTANCY**

The objective of the consultancy is to provide the Ministry of Finance and Planning the required technical advice and support in the restructuring of the PEX Division in order to respond to the needs of the revised business processes outlined in the strategic review of the Division. The consultant will be required to:

- Derive the appropriate organisational structure to deliver the services/outputs of the MTRBB process
- Define the institutional arrangements that will be required to deliver the services
- Refine the functions and structure required for the PEX Division
- Refine the appropriate operational guidelines for the process as defined
- Develop and Draft the appropriate Job descriptions based on the new business processes and operational guidelines for the division



## SCOPE OF WORK

1. Review strategic and policy documents and engage in consultations with key stakeholders to identify the core functions and organizational strategies of the Public Expenditure Division;
2. Evaluate the strategic review of the PEX Division and the Ministry of Finance to determine whether the structures, systems and staffing are adequate to deliver on strategies and core functions;
3. Conduct capacity assessment of the operational support units of PEX, resulting in a proposal for alternative operational staffing plans to meet the requirements of the MTRBB. The review will analyze the roles performed by the operational managers of PEX and offer suggestions on how the functional responsibilities may be optimised;
4. Produce a framework with the skills required, clearly identifying new skills set or existing skills which are no longer required;
5. Conduct an assessment as to how to achieve greater efficiencies across the Division by streamlining, combining or divesting functions, to include outsourcing;
6. Examine existing plans to modernize the public service by improving productivity using IT systems, records management and performance management to contribute to enhanced service delivery. This examination should involve a review of existing plans and strategies to determine whether there is a systems approach to the implementation;
7. Evaluate the core functions the PEX Division against other Government structures that would have completed the process of budget reform to include MTRBB
8. Produce a Change Management Plan setting out the agreed functions of the Division and a blueprint for additional modernization activities over a 3-5 year period.

## DELIVERABLES

NO.	NAME	DEFINITION	WEIGHT
1	Detailed Workplan	<p>The Workplan is the operational document for the consultancy and is used to determine the required inputs for the development and delivery of the output of the consultancy. As such the Workplan document must detail:</p> <ul style="list-style-type: none"> <li>• Methodology for providing the key outputs of the consultancy</li> <li>• Resource required that are outside of the control of the consultant</li> <li>• Time line for the achievement of tasks associated with the consultant deliverables</li> </ul>	<b>10%</b>
2	Strategic Business Plan	<p>The Strategic Business Plan for PEX will detail the Mission/Vision objectives, major functions and responsibilities, Work Programme, etc. The Plan will also:</p> <ol style="list-style-type: none"> <li>1. Identify key performance indicators of the division;</li> <li>2. Indicate the skills, competencies/capabilities/qualifications required by staff to implement and sustain MTRBB;</li> <li>3. Indicate level of staffing and post levels required to implement and sustain MTRBB</li> </ol>	<b>40%</b>

<b>NO.</b>	<b>NAME</b>	<b>DEFINITION</b>	<b>WEIGHT</b>
		4. Prepare output-based JDs for posts identified 5. Determine how the division should be organized – optimum organization structure;	
3	Organisational Restructuring Proposal	The Organisational Restructuring Proposal is based on the agreements from the strategic business plan and will outline at minimum: 1. Proposals for changes in Job functions if required 2. Job Descriptions of each job function described in the organisational chart.	<b>50%</b>

### **CHARACTERISTICS OF THE CONSULTANCY**

- Level of effort: Full time level of effort of Three (3) consulting months will be required.
- Duration of contract: The Consultancy will begin January 2016 and will conclude in March 2016. The consultant will be expected to provide 90 working days of support over the contract period.
- Location: Jamaica
- Type of Consultancy: Individual Consultant
- Type of contract: Lump sum.

### **COORDINATION/REPORTING RELATIONSHIP**

The Consultant will report to and operate under the supervision of the Deputy Financial Secretary Public Expenditure (DFS PEX). The DFS PEX will be supported by a technical working group that will comprise officers in the Government of Jamaica with the requisite skills to provide technical advice for the approval of deliverables.

### **CONSULTANT QUALIFICATIONS**

#### **Education**

Minimum of a Masters Degree in Organization Development, Business Administration, Psychology or other relevant behavioural science.

#### **Experience**

Minimum seven years professional level experience in Organization Development and/or (Industry) Administration or Human Resources in a Government Organisation intermediate to large size organization i.e. over 400 employees. This should take the form of 2 years of Senior Management experience, plus 3 years of recent experience in group process, team development, plus 2 years of program design and instructional experience in the areas of leadership, communication and quality improvement. The individual should be able to demonstrate that they have completed a similar activity.

Excellent leadership and influence skills.

Excellent written, verbal and interpersonal communication skills.

#### **Technical**

- O.D. theories, philosophies and methods; organizational analysis and change skills

- Organizational behavioural/development working knowledge
- Employee involvement and recognition programs working knowledge;
- Strategic, business and budget planning administration
- Training and development needs analyses, program development and delivery