



MINISTRY OF FINANCE AND THE PUBLIC SERVICE

**TERMS OF REFERENCE
FOR**

**Further Strengthening of the PIMS –Regulatory and Governance
Arrangements to support the PIMS.**

JANUARY 2021

STRATEGIC PUBLIC-SECTOR TRANSFORMATION PROJECT

IBRD LOAN NO.: 8406-JM



1.0. BACKGROUND:

The Government of Jamaica has pursued strategic public investment programmes for over thirty years¹. Though there has been institutional ownership of the process, it is believed that the programmes were not streamlined and cohesive enough to allow for the anticipated outcomes. Reviews of the previous public investment frameworks, including their weaknesses, indicate that the quality of the projects, project execution in terms of physical outputs and adherence to the timelines for project execution were problematic. Notwithstanding the weaknesses, many lessons were learnt and these lessons have informed the current process of strengthening the Public Investment Management System (PIMS).

Cabinet Decision No 38/13 of October 2013 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.

A new section 48J was introduced into the FAA Act as well as a Fourth Schedule which specifies the elements of the Public Investment Management System including the main stakeholders and their roles and the intended outputs and outcomes of the PIMS. Key among these new statutes were definitions related to “public investment” and “public investment project”. Amendments were also made to the PBMA with respect to public investment given that much of the public investment in Jamaica is executed through public bodies.

Since these amendments, more legislative and regulatory work has been done to further refine the PIMS and, by extension, the Public Sector Investment Programme (PSIP). In February 2015, additional amendments to both the FAA and PBMA Acts 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 ambit of the PIMS and PSIP, therefore, is quite extensive in scope.

The Public Investment Management Committee (PIMC) and the Public Investment Secretariat have both been given central roles in the new Public Investment Management System (PIMS). The establishment of these bodies and clarity about their roles and responsibilities is critical to the success of the PIMS.

The role and the responsibilities of the PIMC and the PIMSEC are laid out in the Fourth Schedule of the Financial Administration and Audit (Amendment) Act 2014, hereinafter referred to as ‘the Act’.

It is intended that PIMC will be the principal authority on PIMS in Jamaica and as such will be a key adviser to the Cabinet in terms of their executive decision making regarding the Public Sector Investment Programme (PSIP), in terms of which projects are included and which ones are not.

PIMSEC directly supports the work of PIMC and as such has a pivotal role in the whole system. It is PIMSEC that is the ‘Gatekeeper’ of the entire system. Its primary objective is to provide focus, co-ordination and direction to the PIM system and in doing so, improve the quality of the projects that are approved for funding whilst at the same time weeding out unsuitable or unaffordable projects early before they can waste the country’s limited resources. Like PIMC, it has no executive powers, only an advisory role; therefore, it can

¹ The process pre-dates to 1978 but the World Bank Structural Adjustment Loan in 1982 sought to formalize.

only be sustainable if it achieves credibility and respect. This will happen if its decisions, based objectively on policy and supporting data, are in the main accepted by PIMC and, subsequently, the Cabinet.

2.0. STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT (SPSTP)

The Government of Jamaica is the beneficiary of an investment loan from the World Bank to implement The **Strategic Public Sector Transformation Project (IBRD Loan No.-8406-JM)**. The Project is also supported by counterpart funding and is being implemented by the Ministry of Finance and the Public Service and its Development Objective 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 components. This consultancy falls under Component I: Strengthening the Public Investment Management System (PIMS). The components of the SPSTP are:

- **Component I:** Strengthening the Public Investment Management System
- **Component II:** Strengthening the Budget Preparation Process & Results-Based Budgeting
- **Component III:** Adaptive Public Sector Approaches to Promote Fiscal Sustainability
- **Component IV:** Modernizing of the Accountant General's Department
- **Component V:** Fostering Industrial Growth and Trade Facilitation
- **Component VI:** Project Management

COMPONENT I

The objective of this component is to improve public investment management through strengthening of the procedures, tools, institutions and governance mechanism of the system, and 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; *inter alia*, 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) The carrying out of capacity building activities to improve the Borrower's public investment and analytical capacity for the implementation of the PIMS
- (iii) Design and implementation of a public investment management training program for the public sector; and
- (iv) Carry out pre-investment evaluations of the Borrower's public investments: pre-investments to identify priority public investments and post-investment evaluations of the effectiveness of the Borrower's completed public investments

Strengthening the PIMS is a key feature of Component 1. The PIMS having been established by an amendment to the FAA and PBMA Acts (2014) requires further strengthening as gaps have been identified since its establishment. These among others

are primarily the lack of a comprehensive policy that addresses the operationalization of the PIMS and regulations governing the PIMS.

3.0. OBJECTIVES OF THE CONSULTANCY:

The primary purpose of this assignment is to further support the institutionalization of the PIMS by:

- (i) Fine-tuning and updating the Governance Arrangements of the PIMS to take account of developments which have occurred subsequent to publication of the 2016 Operational Guidelines and the 2018 draft Handbook and Guidelines (HBG);
- (ii) Addressing gaps as detailed in the Scope of Work and any other gaps that may exist; and
- (iii) Developing drafting instructions for the Regulations of the PIMS.

The expected outcome is that all stakeholders will be empowered to implement the legislated PIMS as enshrined in the Financial Administration and Audit Act and the Public Bodies Management and Accountability Act of 2014 and 2015 respectively.

4.0. SCOPE OF WORK:

The specific tasks of the consultant under this assignment are as follows:

- (i) Undertake an audit of the GOJ PFM System to determine any gap that may exist and not identified in this Scope of Work for the effective operations of the PIMS. Make recommendations to remedy in line with what is desirable.
- (ii) Review all the relevant documents and processes leading to recommendations for further refinement of the governance and operational arrangements for the PIMS, to include but not limited to the following areas:
 - a) the draft PIMS Handbook Guideline (HBG) 2018;
 - b) the PIMC to include its constitution, chairmanship/alternate, quorum, membership attendance at meeting, voting rights and attendant conditions; secretary to the Committee (appointment, roles/functions, responsibilities to key stakeholders), TOR, articulate clearly the legislative roles/responsibilities of the PIMC as per the legislation, (that is appraisal, prioritization and monitoring);
 - c) consideration of an honorarium for the members of the Technical Review Committee TRC;
 - d) clarifying definition of PIPs vis a vis Recurrent Capital Expenditure and Recurrent Programme Expenditure;
 - e) the review/appraisal functions of PIMSec and current governance arrangements;
- (iii) Make recommendations for specific amendments of existing legislation where there are perceived overlaps with the powers provided to PIMC viz the PIMS under the amended FAA Act, 2014.

- (iv) Examine the role of the PIOJ, in the appraisal of projects as per Section 4 (2)f of the PIOJ Act, 1984, “.....*It shall be the duty of the Institute to:
....determine the economic, financial and technical feasibility of new development projects and monitor projects in progress....*”
as a best fit on the TRC and any other named committee which links to the PIMS process.
- (v) Propose a structure for the TRC which should be viewed as a strong technical committee from the Public Sector. Make recommendations on how best to get stakeholders’ participation and buy-in.
- (vi) Inclusion and refining of the rules within the regulations governing Public Investments to include:
 - (a) Concept/Proposal and Business Case development
 - (b) Cabinet Submission
 - (c) Implementation to include monitoring of projects and budgetary provisions, adjustment to project scope etc
 - (d) Closure of projects linked to best practices
 - (e) Prevention of breaches relating to extension of contracts for goods and services vs those for Public Investments
 - (f) Pre-Investment and Evaluation Funding (PIEF) – budgetary placement and role of MDAs
- (vii) Establish rules governing:
 - (a) The management of the PSIP;
 - (b) The PSIP Report – what should be included, how often it should be published, how it should be treated in Parliament, etc;
 - (c) Implementation arrangements to integrate the governance of PIMS
 - (d) Publishing of PIMSEC Appraisal Reports (for each project appraised)
 - (e) Approval of grants based on country strategies resulting in Grants including Technical Co-operations and other concepts/proposals that are likely to/ or not converted to Public Investments; how and in what form should these be presented to the PIMC.
 - (f) PIMC Reports to Cabinet – frequency, content etc.
 - (g) The integration of the process by which Grants to the GOJ (including Technical Co-operations) and concepts/proposals for Public Investment Projects are received via the country strategies of donor agencies/states; how and in what form should these be presented to the PIMC and the PIOJ’s role in the process;
- (viii) Review the capacity of MDAs and Public Bodies to undertake development/ submission of concepts/proposals and project design; and recommend the structure and functions for a PMO to support operations in these entities;

- (ix) Recommend the organizational change required in the Public Expenditure Division (PEX) to support establishment of a dedicated Public Investment Management Unit to provide technical coordination of the PIMS; manage the GOJ PSIP; provide technical support to the PIMC; liaise with key PIMS stakeholders including the EMD, PIOJ, DBJ, PED;
- (x) Develop Job Descriptions for the Public Investment Management Unit to be established in the PEX Division, documenting the key required skills and competencies required;
- (xi) Draft instructions for the Regulations of the PIMS for the governance arrangements and all the gaps identified and contained in this Scope of Works.
- (xii) On the authority of the GOJ work with an established legislative committee with membership from the PIOJ, the DBJ, MEGJC, PEX, PXPC, the Cabinet Office and the Legal Services Unit of the MOFPS for the purpose of drafting the instructions for the regulations.

The Consultant is expected to work with the Committee to produce the desired regulations.

The output from undertaking the consultancy should inform and update the revised PIMS Handbook Guidelines and PIMS documents.

5.0. METHODOLOGY:

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

6.0. DELIVERABLES:

Key Deliverables	Proposed Timeline	Standard for delivery
1. Work plan, methodology, and approach and associated schedule outlining the assignment to be undertaken.	10 days	Work plan, methodology, approach and implementation, identifying related activities, timelines and resources for production of deliverables.
2. Report on governance/regulatory gaps	10 days	As determined by Section 4 (i) in the Scope of Works
3. Draft Report containing analysis & recommendations for the governance arrangement for the PIMS and the treatment of gaps identified in the Scope of Works and those emanating	45 days	As indicated in Section 4.0 (i) to (viii) in the Scope of Works

Key Deliverables	Proposed Timeline	Standard for delivery
from deliverable # 2		
4. Final Draft Report – governance, gaps	5 days	Should encompass final accepted changes.
5. Draft Report of the Organizational Change in the PEX Division and Development of Job descriptions for the PIM Unit	60 days	As determined by Section 4.0 (ix) and (x) of the Scope of Works
6. Final Draft of Deliverable 5	5 days	Should encompass final accepted changes.
7. Draft Instructions for the Regulations of the PIMS	50 days	As indicated in Section 4 (xi) and (xii)
8. Final Draft Instructions for the Regulations of the PIMS	5 days	Should encompass final accepted changes

6.1. Sign-off Procedure

The Consultant shall report directly to the Component 1 Technical Coordinator and functionally to the DFS Public Expenditure (PEX). Reports will be submitted in hard and soft copy to the Component 1 Technical Coordinator. Reports will be approved by the Component 1 Technical Coordinator, as advised by the DFS PEX or her nominee and the appropriate related Committee/s in keeping with the defined and agreed performance standards for delivery.

6.2. Variations

No variations are to be made without prior approval by the Component 1 Technical Coordinator and on the advice of the DFS PEX and acceptance of the Project Manager, SPSTP.

7.0. CHARACTERISTICS OF THE CONSULTANCY

- **Level of effort:** Full time level of effort (FTE)
- **Duration of contract:** 190 days over 12 months
- **Location:** Jamaica; consultant is responsible for his/her own office accommodation
- **Type of Consultancy:** Individual
- **Type of contract:** Lump sum

8.0. CONDITIONS

The consultant is expected to provide his/her own tools & resources to undertake this assignment; where necessary the client will provide a venue for meetings. Office space will be the responsibility of the consultant during the conduct of the assignment. All materials and documents accessed during the conduct of this consultancy remain the property of the MOF&PS and is not authorized for use by the consultant for any other purpose than for the effective conduct of the assignment, unless expressly authorized in writing by the client. Travel as required under this assignment is authorized and should therefore be included as an expense in the consultant's financial proposal.

9.0. QUALIFICATION & EXPERIENCE:

The Consultant is required to have the following minimum qualifications:

- At least a Master's degree in a field related to one of these specialty: Public Sector Governance and Management; Business Administration; public policy, government, law or public administration or any other related field

Desired experience, skills & competencies:

- At least 4 years' experience in institutional analysis and diagnosis
- At least 4 years' experience in leading processes for conducting strategic organizational reviews to a successful conclusion
- Knowledge of the PIMS in Jamaica
- Experience in business process review, design and re-engineering
- Experience in Public Sector Modernization Strategies, particular in governance, public administration and management and organization and Management of central government institutions
- Knowledge of the policy process for national policies in Jamaica
- Excellent written and oral communications skills
- Excellent interpersonal skills
- At least 5 years' experience in conducting research & analysis
- Good time management and coordination skills