

STRENGTHENING THE INSTITUTIONAL CAPACITY OF FINANCIAL SERVICES COMMISSION (FSC)

JA-T1101

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Special Program for Institutional Development (PID)** through a communication dated June 13, 2016 and signed by Kai Hertz (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$270,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of six (6) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Original Firmado

Sonia M. Rivera

Chief

Grants and Co-Financing Management Unit

ORP/GCM

10/05/2016

Date

Approved:

Original Firmado

Juan Antonio Ketterer

Division Chief

Capital Markets and Financial Institutions Division

IFD/CMF

10/06/2016

Date

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	Jamaica
▪ TC Name:	Strengthening the Institutional Capacity of Financial Services Commission (FSC)
▪ TC Number:	JA-T1101
▪ Team Leader/Members:	Navita Anganu (CMA/CJA); Joan Prats (IFD/CMF) Sudaney Blair (CCB/CJA); Brodrick Watson (CCB/CJA); Gloria Lugo (IFD/CMF); and Alison Arauz Herrera (IFD/CMF); and Betina Henning (LEG/SGO)
▪ Taxonomy:	Operational Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	JA-L1058 Financial Systems Reform Support Program
▪ Date of TC Abstract:	10 Jun 2016
▪ Beneficiary:	Jamaica
▪ Executing Agency:	Financial Services Commission of Jamaica
▪ Donors providing funding:	Special Program for Institutional Development (PID)
▪ IDB Funding Requested:	US\$270,000.00
▪ Local counterpart funding, if any:	US\$100,000.00
▪ Execution period:	42 months
▪ Disbursement period:	48 months
▪ Required start date:	August 2016
▪ Types of consultants:	Individual and/or firm consultants
▪ Prepared by Unit:	CJA/CMF
▪ Unit of Disbursement Responsibility:	CJA/CMF
▪ TC Included in Country Strategy:	y
▪ TC included in CPD:	y
▪ GCI-9 Sector Priority:	Institutions for growth and social welfare

II. Description of the Associated Loan/Guarantee

- 2.1 The Financial Services Commission (FSC) was constituted in the aftermath of the implosion and consolidation of a number of financial institutions in the 1990's. During that period severe liquidity and solvency issues as well as erosion in consumer confidence prompted intervention by the Government of Jamaica as the insurance industry as well as merchant and commercial banks were impacted. The Government of Jamaica's response included the establishment of the Financial Sector Adjustment company (FINSAC) to intervene in insolvent institutions replacing non-performing loans with government-backed securities and selling the restructured institutions. Simultaneously the GoJ initiated reforms geared to strengthen the regulatory framework governing the financial services sector by establishing the Financial Services Commission.
- 2.2 Post reform deposit-taking institutions (commercial banks, merchant banks, trust companies, building societies) are regulated and supervised by the Bank of Jamaica. Non-deposit-taking institutions (securities dealers, dealers' representatives,

investment advisers, insurance companies, insurance brokers and agents, collective investment schemes or mutual funds, unit trusts and private pension funds) are regulated and supervised by the FSC.^{1 2} In so doing the FSC oversees the registration, solvency and conduct of over 4000 licensees and registrants as well as 802 pension funds and retirement schemes as of March 2015. The FSC is also mandated to spearhead consumer education on financial instruments and markets and it regulates with a view to building public confidence in the economy. The FSC therefore has an important role to play in protecting consumers and maintaining confidence in the financial system.

- 2.3 Other developments which provide impetus for broad legislative and operational reform of the FSC include ongoing pension reforms in Jamaica; the harmonization of financial regulation with the establishment of the CARICOM Single Market Economy (CSME) and the pending CARICOM Financial Services Act (“CFSA”); the increasing number of cross-border financial conglomerates and the number of insurers conducting business in more than one island. The rapid development of the non-banking sector in Jamaica makes it imperative that the FSC needs to be at the cutting edge of technology and knowledge to keep abreast. FSC still maintains a manual system of filing and retrieval of information.
- 2.4 With the size of funds under management in the non-deposit-taking sector rivaling the size of deposits, it is critical that investor protection is strengthened across the financial institutions. In addition, the current national focus on crisis resolution makes it the opportune time to move forward to the next level of financial system enhancement, namely, the implementation of explicit compensation schemes³ for the life insurance companies, general insurance companies, securities dealers and defined benefit pension plans (non-DTI sector). A proposal was done in 2009 and needs to be updated and implemented.
- 2.5 As part of the effort to address ongoing challenges, the FSC is embarking on a broader program geared to facilitate policy shifts to mitigate reputational risks; improve its business processes, including updating its ICT infrastructure and its research and statistical tools, increase financial literacy and sophistication; putting strategies in place to facilitate staff training and retention as well as promoting improvements in the regulatory environment through the modernization of legislation. The policies and legislative changes are supported by the Policy Based Loan “Financial System Reform Support Program” (JA-L1058) and this technical assistance is intended to support the institutional and operational changes required under the enhanced legislative framework, in order that FSC fulfils its mandate. Specifically, this TC will support the operationalization of the reforms in the following

¹ Per Section (6) The Financial Services Commission Act Jamaica, the FSC has the mandate to supervise and regulate the securities, insurance and private pensions industries. See link: [Financial Services Commission. The Financial Services Commission Act.](#)

² Other governing legislation are The Pension Act, The Securities Act, and the Insurance Act.

³ The term “explicit compensation schemes” is used to identify formal arrangements established to provide consumer protection. Explicit compensation schemes are to be distinguished from implicit compensation arrangements where there is only an expectation on the part of the consumers that the government or some other authority will step in to compensate the consumer in the event of loss and this expectation is not based upon the existence of a formally established compensation scheme. The other explicit compensation schemes which currently exist in Jamaica include plans administered by the Jamaica Deposit Insurance Corporation (JDIC), the Jamaica Cooperative Credit Union League (JCCUL), and the Jamaica Stock Exchange (JSE).

areas: (i) supervisory frameworks to the Securities Act; and (ii) retail repo regulations and Insurance (Amendment) Act.⁴ The TC will also support the FSC's effort in educating the financial sector and general public on the enhanced supervisory measures proposed under the Policy Based Loan.

III. Objectives and Justification of the TC

- 3.1 The Technical Cooperation has the general objective of supporting a risk based supervision framework of the FSC's operations.
- 3.2 Specifically, it will: (i) support strengthening of FSC's institutional capacity to undertake risk based supervision across the various industries supervised by the FSC; (ii) improve operational and technological capacity to conduct risk based supervision across the insurance, securities and pensions sectors; and (iii) strengthen financial literacy nationally to enable the population to make better decisions.
- 3.3 The program is aligned with the Bank's institutional priorities with Jamaica and the Bank's Ninth General Capital Increase (GCI9). Priority area three of the GCI-9 emphasizes the implementation or improvement of public financial systems in which external audit control plays a critical role.

IV. Description of activities/components and budget

- 4.1 The program will support the following areas: (i) the modernization of FSC operations by strengthening its institutional and operational capacity via information technologies; (ii) support the FSC in establishing a compensation scheme for the non-deposit taking sector; and (iii) to raise awareness among the general public regarding the policy and legislative initiatives undertaken in the country regarding financial matters that may impact their lives.
- 4.2 To achieve the objectives described above, the TC will finance the implementation of the following components:
- 4.3 **Component 1:** Strengthening Institutional and operational capacity via information technologies (US\$190,000)
- 4.4 This component will enable the FSC to improve its institutional and operational efficiency to regulate the securities, insurance and pensions sectors via the use of ICT.
- 4.5 Specific activities and products are: (i) a diagnostic study to identify gaps within the FSC framework; and (ii) a roadmap to modernize FSC operations, including: (a) mapping of business processes; (b) ICT stock taking and needs assessment, including identifying requirements for upgrade of internal networks and systems; and (c) proposals for an organization-wide technology solution that will incorporate a

⁴ In 2015, Jamaica underwent a Mutual Evaluation by Caribbean Financial Action Task Force (CFATF), which detected and several weaknesses impacting the FSC, including the need to adopt a risk-based approach to AML/CFT supervision and improve coordination, updating procedures and manuals in keeping with the latest FATF recommendations and the risk-based approach, and the preliminary results from the NRA. To complement work planned under the present TC, a separate TC (regional project RG-T2670 - Strengthening the Integrity of Financial Systems: Improving the Capacity to Prevent Money Laundering and Terrorist Financing - II) will support the operationalization of reforms related to the requirements for entities to implement a risk-based approach in compliance with the FAFT.

modern digital multimedia communications system, a digital registration platform, and a portal for accepting, exchanging, processing and maintaining regulatory data and information, including financial reports.

- 4.6 **Component 2:** Strengthen capacity to establish a Compensation Scheme (US\$50,000)
- 4.7 This component will assist the FSC in establishing a compensation scheme for the non-deposit taking sector.
- 4.8 Specific activities and products are: (i) conduct a situational analysis to inform the revision of the 2009 proposals; (ii) guide the establishment of the compensation schemes and the segregation of the sub-schemes; and (iii) provide the requisite training and technical support to prepare policy alternatives for structuring compensation schemes to protect policy holders, investors and pensioners (particularly small businesses and households).
- 4.9 **Component 3:** Public Education Program (US\$20,000)
- 4.10 The objective of this component is to raise awareness among the general public regarding the policy and legislatives initiatives undertaken in the country regarding financial matters that may impact their lives.
- 4.11 Specific activities and products are: (i) preparation of a national event focusing on financial literacy, to foster a culture of investing and financial prudence and strengthen institutional arrangements and partnerships; (ii) training of trainers on financial education and planning; and (iii) development of a National Money Week, geared towards increasing public information on investing, budgeting, and retirement planning. It is anticipated that this component will impact the stakeholders from the following groups: members of the general public, registrants, private sector interests groups, international regulatory standards setting bodies, the Ministry of Finance and Public Service, the Bank of Jamaica and the Jamaica Stock Exchange

Indicative Results Matrix

Component	Output	Unit	Target	Target Year	Outcome	Means of Verification
<u>Component I:</u> Strengthening Institutional and operational capacity via information technologies	Contracted consultants with expertise in business process analysis to assess the technological infrastructure of the FSC	# of persons contracted	1	2016	PEU disburses project resources in a timely manner and in alignment with IDB procurement and fiduciary standards	Updates from the PEU semi-annual report
	Technological platform to integrate the business processes of the FSC implemented	# Sytem procured	1	2017	PEU improves overall operations of the FSC	FSC operational plan
<u>Component II:</u> Strengthen capacity to establish a	Contracted consultants to conduct a situational	# of persons contracted	1	2016	Compensation scheme reviewed, updated and	FSC operational plan

Compensation scheme	analysis of the existing compensation scheme				proposals implemented to protect policy holders, investors and pensioners	
<u>Component III:</u> Public Education Program	Customer satisfaction survey implemented	# of surveys conducted	1	2016	Customer satisfaction levels determined	Updates from the PEU semi-annual report

4.12 The total amount of this TC is US\$370,000, of which US\$270,000 will be financed with non-reimbursable resources from the IDB Ordinary Capital (Special Program for Institutional Development (SPID)), and US\$100,000 will be provided by the Financial Services Commission in in-kind resources.⁵

Budget

Component	Activity	IDB Funds and Total US\$
Component I	Consultancy service in Business Process Analysis	50,000.00
	Purchase of Integrated Regulatory Systems Software	140,000.00
Total Component I		190,000.00
Component II	Consultancy in compensation scheme	50,000.00
Total Component II		50,000.00
Component III	Consultancy in Customer Satisfaction	20,000.00
Total Component III		20,000.00
Component IV	Audit	5,000.00
	Final Evaluation	5,000.00
Total		270,000.00

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1	US\$190,000.00	US\$80,000.00	US\$270,000.00
Component 2	US\$50,000.00	US\$10,000.00	US\$60,000.00
Component 3	US\$20,000.00	US\$10,000.00	US\$30,000.00
Component 4	US\$10,000.00	-	US\$10,000.00

V. Executing agency and execution structure

5.1 The Executing Agency for the Technical Cooperation will be the Financial Services Commission (FSC). The Project will be under the auspices of the Executive Director of the FSC. The FSC will be responsible for the contracting of the required consultants to execute the TC activities who will report to the FSC Executive

⁵ These in kind resources will consist on staff time, facilities for the development of planned promotional workshops and events, and office space for consultants supporting the design of the different products envisioned under this TC.

Director. The FSC will provide office space and assist with logistical support for the consultants as needed. The FSC has acted as an executing agency for a Bank financed project before and as such there is limited risks associated with them executing the project.

- 5.2 Non-deposit-taking institutions (securities dealers, dealers' representatives, investment advisers, insurance companies, insurance brokers and agents, collective investment schemes or mutual funds and unit trusts and private pension funds) are regulated and supervised by the Financial Services Commission. Per Section 6 of the Financial Services Commission Act, Jamaica, the FSC has the mandate to supervise and regulate the securities, insurance and private pensions industries in Jamaica. It administers the Insurance Act, Securities Act, and Pensions (Superannuation Funds and Retirement Schemes) Act. In so doing, the FSC oversees the registration, solvency and conduct of over 4000 licensees and registrants as well as 802 pensions' funds and retirement schemes as at March 2015. The FSC is also mandated to spearhead consumer education on financial instruments and markets it regulates with a view to building public confidence in the economy. The FSC therefore has an important role to play in protecting consumers and maintaining confidence in the financial system.
- 5.3 **Consulting services and Procurement of Goods:** Selection and contracting of consultancy services and the procurement of goods will be carried out following applicable Bank policies (GN-2350-9 and GN2349-9 respectively). The supervision modality adopted for the procurement procedures of all goods and services under this TC will be ex ante.
- 5.4 **Auditing:** The FSC will prepare and submit the financial statements of the program to the Bank within ninety (90) days after the date of the last disbursement. The Financial Statements will be audited by an independent auditor acceptable to the Bank. The independent auditor will be selected and contracted in accordance with the Bank's bidding procedures for auditing firms, and will be paid using the TC funds.
- 5.5 **Monitoring:** The Beneficiary shall present the following reports to the Bank: (i) semi-annual progress reports, within thirty (30) days after the end of each calendar semester; (ii) a final report, within six (6) months after completion of the last activity of the Project, which will include at least the following information: (i) the degree of compliance with the indicators for the program and the different components; (ii) successes and shortcomings of program design and execution and its effectiveness in working toward the FSC strategic objectives; and (iii) recommendations for corrective or monitoring measures for future programs of this kind.
- 5.6 **Evaluation:** The Executing Agency undertakes to hire an individual consultant responsible for preparing a Final Evaluation Report within six (6) months from the date of completion of the Programme.

VI. Major issues

- 6.1 Weak execution could pose a challenge for the FSC. However the dynamic multi-stakeholder environment in which the project will exist may give rise to challenges with regard to coordination of activities which may have an impact on timelines and deliverable. The Executing Agency will also be constantly monitoring

progress of each component sub component and line activity in order to identify time lags.

VII. Exceptions to Bank policy

7.1 No exceptions to Bank policy are envisioned.

VIII. Environmental and Social Strategy

8.1 Based on the Environmental and Social Safeguard Filter, the proposed technical assistance has been classified as category B.13. No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact. See [Safeguard Policy Filter Report \(SPF\)](#).

Required Annexes:

- Annex I: [Request from the client](#)
- Annex II: [Terms of Reference for activities/components to be procured](#)
- Annex III: [Procurement Plan](#)

February 19, 2014

Mrs. Therese Turner-Jones
Country Representative
The Inter-American Development Bank
40-46 Knutsford Boulevard, 6th Floor
Kingston 5

Dear Mrs. Turner-Jones:

Request for Funding from the Inter-American Development Bank (IDB)

Thank you for meeting with us at your offices on Wednesday, January 29, 2014, thereby affording us the opportunity to explore with you funding possibilities for the capacity building of the staff of the Financial Services Commission (FSC), Jamaica. In particular, we discussed funding for the Toronto Centre and other areas of mutual interest such as insolvency and public education.

As we indicated at the meeting, there is a need for the FSC to obtain technical assistance and capacity building for its staff to ensure that they can appropriately respond to the recent and on-going changes in our financial markets. Our response should facilitate the growth and development of Jamaica's economy while at the same time, preserve the soundness and integrity of the markets and ensure the adherence to international standards and best practices.

Some of the recent market changes that we discussed were the phasing out of the retail repurchase agreements (retail repo) as a business model in Jamaica, the modernization of the legislative framework for collective investment schemes, the imminent role of the FSC as Supervisor of Insolvency and the upcoming Financial Sector Assessment Program (FSAP) review.

With the phasing out of the retail repo, there is a need for us to equip ourselves to regulate alternative products which may span the range of complexity that technology and ingenuity allows. On assuming the role of Supervisor of Insolvency, the FSC will need to build its capacity in order to effectively perform the new function. In light of the upcoming FSAP, there is a need to engage the services of consultants to conduct meaningful and effective self-assessments against the various core principles of international standard setting bodies. With these consultancies, the FSC will be able to determine our present level of compliance with international standards, identify the gaps in our approach and thereafter embark on a structured approach and plan of action to address and eliminate the gaps.

Mrs. Therese Turner-Jones
February 19, 2014

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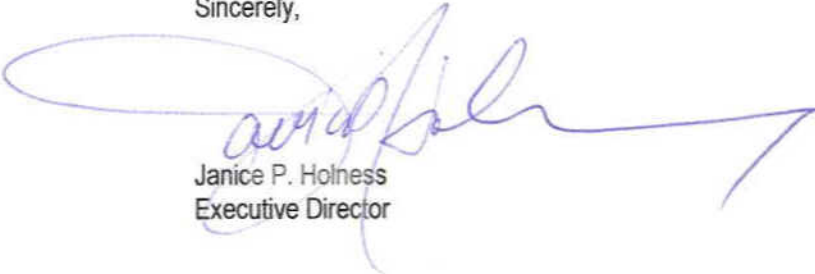
For the above reasons, we would like to engage the services of the Toronto Centre to undertake a Country Program in Jamaica. At the meeting, we shared with you the proposed agenda for the securities component of the program (see attachment). The agenda was tailored to meet the specific needs of the FSC. We intend to adopt a similar approach in relation to the insurance and pensions components. We also shared with you the perceived benefits to be derived by the FSC with the successful execution of those programs. The focus of the programs would be on the development of a practical risk-based approach to supervision and enforcement and this will no doubt allow the FSC to address the challenges in our environment.

The FSC operates on a self-financed basis and based on our assessment, we will need to supplement our income in order to cover the costs of the programs and consultancies that we need. Against this background, the FSC hereby requests the IDB's assistance in obtaining the necessary funds to obtain the desired assistance.

We understand that funding possibilities might be constrained. However, in order to assist in your decisions on the matter we wish to point out that although we indicated to you at the meeting that the projected cost for the Toronto Center was US\$100,000, we have since learnt that this amount represents the cost for only one course program. We intended to confirm with the Toronto Centre, at least two courses (assuming that we combine the insurance and pensions components).

Your sponsorship of the programs would be greatly appreciated. We therefore look forward to your favorable response to our request. Should you require additional information or clarification in relation to this request, please do not hesitate to contact me at your earliest convenience.

Sincerely,



Janice P. Holness
Executive Director



THE PLANNING INSTITUTE OF JAMAICA

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May 29, 2015

Mrs. Therese Turner-Jones
Country Representative
Inter-American Development Bank
40-46 Knutsford Boulevard,
Kingston 5

Dear Mrs. Turner-Jones:

Re: Request for Endorsement - Proposed Electronic System for the Financial Services Commission

The Planning Institute has been asked by the Financial Services Commission (FSC) to endorse the Commission's request for technical assistance under the referenced project. The PIOJ on behalf of the Government, endorses the request as we consider the electronic system an important tool in potentially improving customer service and the overall efficiency of the FSC.

We anticipate meaningful results from the implementation of the system and your favourable consideration of the request would be greatly appreciated.

Yours truly,

Barbara Scott
for Director General

c. Ms. Janice P. Holness, Executive Director, FSC

Jamaica

Financial Services Commission

Compensation Schemes For Non-Deposit –Taking Financial Sector

TERMS OF REFERENCE

Background

After the financial crisis that occurred in the mid-1990s, the Government of Jamaica, (GOJ), made tremendous progress in strengthening the financial regulatory framework in Jamaica. Due to the establishment of the Financial Services Commission (FSC) and the Jamaica Deposit Insurance Corporation (JDIC) ¹, Jamaica's financial system has been relatively stable even after the most recent world financial crisis and this serves as a testament to its soundness, as well as the relative strength of its institutions.

As a continuation of the financial reform programme, in 2008, the FSC, as empowered by the Financial Services Commission Act 2001, sought to establish a compensation scheme for the non-deposit-taking financial sector. With the assistance from the IDB, a diagnostic report ² was completed in 2005 and a consultancy report ³ was completed in 2009. The consultancy identified various alternatives for the development of insurance guarantee funds, investor protection funds and pension benefit guarantee funds and assisted the FSC and the JDIC to make a joint submission to the Ministry of Finance and Planning (MOFP) entitled "Proposal for Establishing Compensation Schemes for the Non-Deposit Taking Financial Sector in Jamaica".

As the GOJ continues its economic and financial reform, it seeks to further strengthen depositor protection and investor compensation across financial institutions. As a result of the foregoing, and given the time that has elapsed since the initial recommendations were made in 2009, this consultancy will facilitate an update to the recommendations and will provide advice on, and guide the implementation of the proposals.

Consultancy Objectives

This consultancy will comprise the prioritization, sequencing and implementation of the needed policy actions. Given the significant developments in the macroeconomic and the regulatory environment, the consultants will be required to achieve the following objectives:

1. Conduct a situational analysis to inform the revision of the 2009 proposals;

¹ The FSC was created pursuant to the Financial Services Commission Act to oversee the regulation of Jamaica's insurance, pension and securities industries. The JDIC formally commenced operations pursuant to the Deposit Insurance Act and operates the Deposit Insurance Scheme to provide stability and safeguard depositors' interest in cases where financial institutions experienced difficulties and had to be closed.

² FSC Discussion Paper: Compensation Fund Plans for the Jamaican Financial Services Sector: Options for Consideration (November 2, 2005).

³ Compensation schemes, Phase 2 for the Securities, Insurance and Pensions Industries Component IV; submitted September 2009 by The Lantern Corporation Limited.

2. Revise the 2009 proposals by way of re-examining and developing recommended policy alternatives for the proper structure of compensation schemes that aim to protect policy holders, investors and pensioners; and
3. Guide the establishment of the compensation schemes and the segregation of the sub-schemes.

Scope of Work

The consultant will be required to do the following:

- a) Review, provide comments and refinement on the recommendations postulated in the 2009 Diagnostic study and the Proposal. This may include, but is not limited to providing a cost-benefit analysis of the choice between the establishment of a compensation fund or the use of indemnity insurance for the securities dealers, taking into account the role of any existing compensation arrangements, the recently implemented trust arrangements for the Retail Repo product and the continuing work to enhance the resolution framework for Jamaica's financial system;
- b) Provide technical advice on the appropriate size of the compensation schemes (including any relevant limits and exclusions) and the maturity period required for the funds to achieve targeted levels;
- c) Comment on the adequacy of proposed contribution rates for member companies of the funds and recommend appropriate changes, if required. The consultant is expected to take into account, among other things, considerations related to (a) above and also the financial impact on scheme members;
- d) Develop and implement the proper structure for Compensation Schemes for the protection of clients of non-deposit taking institutions;
- e) Develop performance indicators for the purpose of measuring the effectiveness of the delivery of the work completed;
- f) Develop and present an implementation plan inclusive of a proposed organization structure, policies and procedures, job descriptions, training of the staff, as well as instructional aids;
- g) Develop and implement a public education programme (whereby the consultant delivers seminars/workshops to the industry and the public and develops a media jingle/poster);
- h) Develop and implement systems for revenue collection, claims pay-out, and recovery (including IT solutions);
- i) Assist with the development of the drafting and passing of the regulatory requirements for the Compensation Schemes; and
- j) Recommend the staff positions that will be needed and the training of staff for the administration of the compensation schemes.

Reporting Requirements

The Consultants shall submit the following:

- a) An **Inception Report** setting out a work plan and timetable for the consultancy. Taking into consideration any proposed changes to the recommendations as outlined in the 2009 Report from the Diagnostic study, as well as providing performance indicators to measure the effectiveness of the work completed. **(Due fifteen (15) days after the commencement date.)**
- b) A **First Interim Report** with the implementation plan and schedule including a written action plan with a summary table of activities to be conducted, responsibility for tasks, timing and benchmarks. **(Due sixty (60) days after acceptance of the Inception Report.)**
- c) A **Second Interim Report**, addressing the feedback on the implementation process, performance indicators on the value added of the programme of training, problems encountered in carrying out the assignment, and relevant information on achievements and challenges anticipated, as well as required action/decisions to be taken by various parties/stakeholders. **(Due thirty (30) days after the acceptance of the First Interim Report.)**
- d) A **Draft Final Report** including action plan and incorporating comments received from the various stakeholders and confirmation that the work plan was effectively executed. **(Due thirty (30) days after the submission and acceptance of the Second Interim Report.)**
- e) A **Final Report** consolidating previous reports and providing details on the revenue collection, claims pay-out, and recovery systems implemented; the training conducted for sustainability, and an evaluation of the industry personnel trained; any possible modifications to the overall public education programme in light of the experience during implementation; and any additional recommendations to strengthen the compensation scheme regime in Jamaica. **(Due fourteen (14) days after acceptance of the Draft Final Report by the FSC.)**

Eight (8) copies of the documents at (a), (b), (c), (d) and (e) shall be submitted to the Executive Director of the FSC. The reports should be submitted in electronic format (by email) as well as hard copy. Reports should be prepared in MS Word or a readily convertible file format and written in English.

Qualifications and Experience

The Consultant is expected to comprise persons with the following qualifications:-

1. The lead consultant must have a postgraduate degree in finance, economics, and/or professional training in actuarial sciences and have at least ten (10) years of experience in financial sector supervision with emphasis in an integrated regulatory regime, including compensation schemes and non-banking industries;
2. The Project Team must comprise persons with an educational background in finance, economics and/or law, and actuarial sciences and with at least three (3) years of experience in financial sector supervision and strong knowledge of

international best practices in insurance, securities and pensions regulation and reform;

3. Evidence of international experience with a strong emphasis on developing financial markets
4. Strong knowledge of international best practices in insurance, securities and pensions regulation and reform.

Supervision/Coordination

The FSC will be in charge of coordinating the consulting work.

Jamaica

Financial Services Commission

TERMS OF REFERENCE

Background

The Financial Services Commission (FSC), an integrated financial service regulator, was established in 2001. The FSC is responsible for supervising and regulating the securities, insurance, and the private pensions industries in keeping with the applicable laws, namely the Financial Services Commission Act 2001, the Insurance Act 2001, the Securities Act 1993 and the Pensions (Superannuation Funds and Retirements Schemes) Act 2004 and the attendant Regulations .

In keeping with the aforementioned legislation, the FSC oversees the registration, solvency and conduct of approximately 614 firms and over 4,800 individuals doing business in the securities, insurance and private pensions industries, which include: Securities Dealers; Investment Advisors; Securities Dealers Representatives; Investment Advisors Representatives; Mutual Funds; Unit Trusts; Insurance Companies; Insurance Brokers; Insurance Agencies; Insurance Managing General Agent; Insurance Sales Representatives; Insurance Loss Adjusters; Insurance Consultants; Pension Funds and Retirement Schemes; Pension Administrators; Pension Investment Managers and Pension Trustees.

The FSC is mandated to promote the public's confidence and understanding of the operations of these firms and individuals. As a result, the FSC engages in a wide range of financial education activities including the School Financial Education Programme. The aim is to have more informed and sophisticated users of these financial services. This will aid in the development and stability of the financial market as well as promote financial inclusion.

Purpose

In light of the above, the FSC requires the services of an Investor Education Survey Consultant ("the Consultant") to develop and roll-out a survey to (i) ascertain the FSC's internal and external customers' satisfaction with the FSC's services and procedures; and (ii) gather information from the FSC's internal and external stakeholders that would be used to guide the development of a proactive investor education programme for the FSC.

Description of the Required Service (Outputs)

Without limiting the generality of the foregoing, the Consultant shall –

- (1) Design survey instrument/s (a) to capture the FSC's internal and external customers' satisfaction levels; and (b) capture information from the FSC's internal and external stakeholders that would be used to guide the development of a proactive investor education programme for the FSC.

- (2) Using the approved survey instrument, conduct the abovementioned surveys and present a written report of the findings to the FSC .

Responsibilities

Financial Services Commission - the responsibilities of the FSC are:

- a. Prepare Terms of Reference;
- b. Liaise with the Consultant to ensure that there is full agreement with each party's role and responsibilities;
- c. Provide the scope of work and supporting documentation for this engagement, as required;
- d. Monitor the performance of the contract;
- e. Facilitate fee payments to the Consultant, as per contract;
- f. Facilitate on-going feedback and ensure that designated FSC staff works closely with the Consultant to facilitate the development and roll-out of the survey;
- g. Ensure that FSC staff are available for consultation, as may be required;
- h. Provide support for the coordination of relevant logistics for the development and roll-out of the survey.

The Consultant - the responsibilities of the consultant are:

- a. Respond to Terms of Reference with a proposal that is fit for purpose. The proposal should include a schedule of timeline/Gantt chart for each stage of the development, testing and roll-out of the survey instrument;
- b. Provide the necessary technical expertise to guide the development, testing and roll-out of the survey instrument;
- c. Provide the necessary briefing at the end of each stage of the development, testing and roll-out of the survey instrument, as required;
- d. Maintain performance standards established by the FSC and the standards of professional consultancies, in keeping with best practices;
- e. Ensure that professionalism, ethics, integrity, and confidentiality of information are maintained at all times in keeping with the core values and Code of Conduct of the FSC
- f. Submit invoice(s) for fees at the agreed rates and supported by agreed deliverables.
- g. Produce outputs that are fit for purpose.

Qualifications, Knowledge and Experience

- a. It is preferred that the Consultant possesses an advanced degree in Research Methodology or Behaviour Change Communication with at least 10 years' experience in survey design and implementation;
- b. The Consultant should be able to demonstrate good business acumen and an understanding of the current trends and developments in survey development and implementation;
- c. The Consultant should have experience in providing similar consultancy services for at least one organisation in the financial services industry, and

- d. The Consultant should be able to provide and demonstrate a built-in quality assurance mechanism that adds unique value to the process of developing and implementing the survey.

Proposal Requirements

The Consultant should present to the FSC a proposal that responds to the ToR, indicating the conditions of service and the fees to be charged within 30 days of receipt of this ToR. Please note that for the purposes of this ToR, the first date of publication of this ToR in a national newspaper will be considered as the date that this ToR was received by the Consultant. Agreement to contract with the Consultant will be based on discussions following the review of that Consultant's proposal, after a selection has been made.

Reporting

The Consultant will report to the Manager for the Office of Communication and International Relations, under the supervision of the Executive Director.

Duration

This consultancy should not exceed twelve (12) months and is expected to commence no later than thirty (30) days after contract award.

Remuneration

- 25% payable on signing the contract
- 25% payable upon approval of the survey instrument/(s)
- 25% payable on the distribution of survey instrument/(s) to the sample population.
- 25% payable on the approval of the final report.

Inter-American Development Bank
VPC/FMP

PROCUREMENT PLAN FOR NON-REIMBURSABLE TECHNICAL COOPERATIONS										
Country: Jamaica				Executing agency: Financial Services Commission (FSC)				Public or private sector: (indicate which applies)		
Project number: JA-T1101				Title of Project: Strengthening the Institutional Capacity of the Financial Services Commission						
Period covered by the plan: 2016 - 2020										
Threshold for ex-post review of procurements:				Goods and services (in US\$):			Consulting services(in US\$):			
Item Nº	Ref. AWP	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Review of procurement (3)	Source of financing and percentage		Estimated date of the procurement notice or start of the contract	Technical review by the PTL (4)	Comments
						IDB/MIF %	Local/other %			
1		Component 1								
		Goods								
		Integrated Regulatory System Software	150,000.00	CB	Ex-ante	150,000.00				
		Non consulting services								
		Service 1 (brief description)								
		Consulting services								
		Business Process Analyst	50,000.00	QBS	Ex-ante	50,000.00				
		Individual consultants								
		Consultant 1 (brief description)								
2		Component 2								
		Consulting services								
		Strengthening Capacity to Establish a Compensation Scheme	50,000.00	QBS	Ex-ante	50,000.00				
3		Component 3								
		Consulting services								
		Customer Satisfaction & Investor Education Survey Consultant	20,000.00	QCBS	Ex-ante	20,000.00				
4		Project Execution Unit								
		Operating expenses								
Total			270,000.00							

(1) Grouping together of similar procurement is recommended, such as computer hardware, publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value of US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and X1".

(2) **Goods and works:** CB: Competitive bidding; PC: Price comparison; DC: Direct contracting.

(2) **Consulting firms:** CQS: Selection Based on the Consultants' Qualifications; QCBS: Quality and cost-based selection; LCS: Least Cost Selection; FBS: Selection under a Fixed Budget; SSS: Single Source Selection; QBS: Quality Based selection.

(2) **Individual consultants:** IICQ: International Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection.

(2) **Country system:** include selection Method

(3) **Ex-ante/ex-post review:** In general, depending on the institutional capacity and level of risk associated with the procurement, ex-post review is the standard modality. Ex-ante review can be specified for critical or complex process.

(4) **Technical review:** The PTL will use this column to define those procurement he/she considers "critical" or "complex" that require ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.