

Royal Government of Bhutan



Public Investment Management Guidelines

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Ministry of Finance

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Glossary and Abbreviations

Adjustment- Formal revisions to a project's scope, budget, schedule, or risk response based on monitoring and evaluation findings or external factors, recorded through authorized documentation.

Annual Portfolio Review- A periodic, system-level review of the public investment portfolio to assess progress, risks, and strategic fit, informing mid-year and annual decisions.

Appraisal- The analytical process (technical, economic, environmental, social, financial, risk) that establishes a project's feasibility, value for money, and alignment with national priorities, culminating in a Project Appraisal Report (PAR).

Asset Register- The official record of public assets created by projects, used to manage operations and maintenance (O&M) and to support Public Asset Management (PAM).

Budget Inclusion- The decision to fund a project within the annual budget after prioritization occurs after entry into the Project Bank and does not automatically follow from it.

Change Request- A formal instrument to propose and authorize modifications to an approved project during implementation (scope, time, cost, risk mitigations).

Cost-Benefit Analysis (CBA)- An economic appraisal methodology that quantifies costs and benefits over a project's life to estimate metrics such as Net Present Value (NPV) and Internal Rate of Return (IRR); performed using standardized national parameters and the eCBA tool (to the extent possible).

DPBP- Department of Planning, Budget and Performance at the Ministry of Finance responsible for PIM Secretariat functions and the PIM Technical Committee (PIMTC).

DMDF- Department of Macro-Fiscal and Development Finance, Ministry of Finance.

DoID (MoIT)- Department of Infrastructure Development, Ministry of Infrastructure and Transport.

DPP- Department of Procurement and Properties, Ministry of Finance.

Economic Infrastructure – Capital assets such as roads, bridges, buildings, water and sewerage, power, gas, and telecommunications.

Environmental Assessment (EA)- The set of studies required under the Environmental Assessment Act, including screening and, where necessary, an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA), leading to Environmental Clearance (EC).

eCBA Tool- Digitised module for conducting Cost-Benefit Analyses using national parameters (e.g., discount rate, shadow prices), with embedded guidance and sensitivity analysis.

Feasibility Study- Technical and sector-specific analyses confirming project viability and informing the PAR and procurement readiness.

Finance Committee (FC) – The internal agency-level body responsible for reviewing, validating, and endorsing Project Concept Notes (PCNs) and PARs prior to submission to the MoF.

FYP (Five-Year Plan)- Bhutan's national development plan that sets strategic priorities guiding project identification and screening.

HoD - Head of Department

Independent Review- Objective quality assurance of appraisal outputs (e.g., PAR, CBA) to reduce bias and strengthen accountability before selection and budgeting.

Implementation- The stage encompassing procurement, contract management, disbursement, and delivery of outputs, underpinned by continuous M&E.

Large Projects- Projects equal to or above Nu. 200 million that undergo full appraisal, independent review, and PIMRC selection.

LZ (Lhengye Zhungtshog)- The Cabinet of the RGoB.

Monitoring and Evaluation (M&E) – A results-based system embedded across the project life cycle to track progress, identify risks, and inform adjustments and lessons learned.

MDA- Ministries, Departments, and Agencies of the RGoB that originate and implement projects and interface with PIMTC/PIMRC at each stage of the cycle.

Medium-Term Expenditure Framework (MTEF)- A multi-year expenditure framework linking project budgets to resource ceilings and fiscal strategy.

Medium-Term Fiscal Framework (MTFF)- The macro-fiscal envelope and rules that anchor investment affordability and sequencing across years.

MoENR- Ministry of Energy and Natural Resources.

Operations & Maintenance (O&M)- Activities and budget required to operate assets sustainably after commissioning; integral to Public Asset Management.

OCASC- Office of Cabinet Affairs and Strategic Coordination, conducts strategic alignment reviews and facilitates Cabinet interfaces.

Public Asset Management (PAM)- Systematic management of public assets, including asset registers and O&M planning, to ensure service continuity and asset value retention.

Project Appraisal Report - The comprehensive appraisal output documenting feasibility, options analysis, CBA (where applicable), environmental and land clearances, implementation arrangements, and M&E.

Project Concept Note - The initial project screening document demonstrating strategic fit, preliminary costs, and preparation roadmap; prerequisite for advancing to appraisal.

Project Completion Report (PCR)- The end-of-project report summarizing deliverables, costs, schedule, variances, initial outcomes, and management/contractor performance.

Public Financial Management (PFM) - Bhutan's overarching framework of laws, rules, and manuals governing budgeting, execution, control, accounting, and audit, within which PIM is anchored.

Public Investment Management (PIM)- The end-to-end system for identifying, appraising, selecting, budgeting, implementing, operating, and evaluating public investment projects to maximize development impact.

PIM Annual Report- A periodic report consolidating portfolio status, decisions, and reforms for transparency and accountability.

PIM Portal - A centralized, web-based information system to list and manage the entire lifecycle of public investment projects. The system will be developed and maintained by DPBP and is expected to be integrated with other financial management systems going forward.

Public Investment Management Review Committee (PIMRC)- The apex committee (chaired by the MoF Secretary) responsible for strategic oversight, selection/budgeting decisions for large projects, and portfolio monitoring.

Public Investment Management Technical Committee (PIMTC)- The technical secretariat providing independent review, methodology stewardship, and Project Bank management support to PIMRC.

Project Bank- A vetted repository of ready-to-implement and strategically aligned projects; entry precedes but does not guarantee budget inclusion.

Project Prioritization- A structured process led by DPBP to rank Project Bank entries for possible budget inclusion based on strategic fit, readiness, and fiscal space.

Public Investment Management Guidelines (PIM Guidelines)- to assist budgetary agencies to appraise and prioritize capital infrastructure investment proposals in a consistent and comprehensive manner through established standardized criteria.

Readiness Checklist- Standardized criteria confirming project implementation readiness (e.g., land and environmental clearances, procurement documents, institutional setup).

Readiness & Strategic Importance Matrix- A dual-axis scoring framework classifying projects (AA to CC) by Strategic Priority and Implementation Readiness to guide selection and sequencing.

Risk Register- A managed log of identified risks, ratings, and mitigations maintained throughout preparation and implementation to reduce delays and cost overruns.

Screening (Strategic Guidance & Screening)- The first PIM step where project ideas are tested against national strategies, fiscal limits, and basic feasibility using the PCN.

Selection & Budgeting- Decision phase in which appraised projects are reviewed by PIMRC (for large projects) and, if cleared and prioritized, advanced to the annual budget.

Small Projects- Projects below Nu. 200 million that follow a simplified readiness and appraisal pathway.

Social Infrastructure- Capital assets such as schools and hospitals that deliver social services and outcomes.

Terms of Reference (ToR)- A formal description of a committee's or assignment's mandate, roles, composition, meeting rules, and review/update provisions (e.g., PIMTC and PIMRC TORs).

Transparency/Materiality/Proportionality (PIM Metrics)- System-level principles and indicators guiding disclosure, portfolio coverage, and fit-for-purpose treatment of projects by size/complexity/risk.

1. Introduction

The Public Investment Management Guidelines (PIM Guidelines) are designed to assist budgetary agencies to appraise and prioritize capital infrastructure¹ investment proposals in a consistent and comprehensive manner through standardized criteria which will guide the entire project cycle from project screening, appraisal, selection/budgeting process, implementation to operations and post-evaluation.

The PIM Guidelines provide an overarching framework based on which public investments will be reviewed and approved. It lays down the framework for preparation, selection, and prioritization of capital investment projects and clearly defines the roles and responsibilities of institutions involved in each stage of the PIM process prior to project implementation. The PIM Guidelines enable the evaluation of different capital investment proposals in a consistent manner and to prioritize competing projects in a strategic planning and budgeting process in the context of national, sectoral, and regional economics.

Accordingly, in keeping with Sections 23, 24, 104, and 187 of the Public Finance Act of Bhutan 2007 and the Public Finance (Amendment) Act of Bhutan 2012, and in support of ongoing public finance reforms initiative to ensure fiscal sustainability through prudent and efficient public investment management, the Ministry of Finance (MoF) hereby adopts and promulgates the *Guidelines for Public Investment Management, 2026 as follows.*

2. Objectives

The objectives of the PIM Guidelines are to:

- i. Establish a clear and standardized framework for the preparation, review and approval of infrastructure projects through various project cycles.
- ii. Strengthen the linkage between the FYP, Key Deliverables and Annual Budget.
- iii. Ensure effective and efficient allocation of resources and maximize value for money from the infrastructure investments.
- iv. Reduce the risk of cost overruns, project delays and budget underutilization through evidence-based planning and prioritization.
- v. Strengthen the coordination function within Ministries, Departments and Agencies (MDAs) for purposes of promoting sound public investment management practices.

¹ Capital infrastructure projects shall mean public investments in physical assets requiring significant capital outlay and intended to deliver essential services and long-term socio-economic benefits (e.g., roads, bridges, schools, hospitals, energy and water systems, etc.) Source: World Bank, PIM Reference Guide, 2020

- vi. Guide the MDAs with the necessary requirements, tools, techniques and templates throughout the infrastructure project life cycle.

3. Scope

The PIM Guidelines set out the fundamental processes and control mechanisms at each stage of the project cycle to safeguard value for money in government projects. These stages include:

- i. The identification of project ideas (Project Concept Note (PCN));
- ii. The pre-investment stage (preparation and appraisal);
- iii. The investment stage (project implementation); and
- iv. The monitoring and ex-post evaluation stage.

Infrastructure projects with a total cost equal to or above Nu. 200 million shall be classified as large projects, requiring comprehensive appraisal and review by the Ministry of Finance (MoF). Projects with a total cost below Nu. 200 million shall be considered small projects and shall follow a simplified appraisal and approval process as prescribed in the PIM Guidelines.

4. Commencement and Application

These Guidelines shall come into effect from 28th January, 2026 corresponding to 10th Day of the 12th Month of the Fire Female Horse Year of the Bhutanese calendar.

These Guidelines shall apply to all capital infrastructure projects undertaken by central agencies.

- i. During FY 2026-27, application shall be limited to the Ministry of Infrastructure and Transport (MoIT) under the pilot phase; and
- ii. From FY 2027-28 onwards, these Guidelines shall apply to all central agencies.
- iii. Any project or program of national importance nominated by the PIM Review Committee (PIMRC).

Notwithstanding the commencement of these Guidelines:

- i. Projects that have already advanced through specific stages of the Public Investment Management (PIM) project cycle prior to the implementation of these Guidelines shall remain valid;

- ii. For non-pilot agencies, projects initiated prior to the FY 2027–28 rollout shall continue to follow existing guidelines, and these Guidelines shall apply prospectively to projects initiated thereafter;
- iii. Capital infrastructure projects exceeding Nu. 200 million included in the 13th Five Year Plan shall be reviewed by the DPBP, without requiring review or approval by the PIMRC. The MDAs however, would be required to prepare PCN, PAR and CBA; and
- iv. New capital infrastructure projects proposed outside the approved 13th Five Year Plan outlay and exceeding Nu. 200 million shall be submitted to the PIMRC for review and approval.

5. Institutional Arrangements:

While all institutions listed below share responsibility for implementing the overall PIM function, the MoF shall have the mandate to ensure efficiency and effectiveness in the allocation and utilization of public resources and shall assume overall responsibility for managing the PIM framework. The gatekeeping role of PIM shall be exercised through the Department of Planning, Budget and Performance (DPBP), which shall coordinate and facilitate the engagement of relevant stakeholders, including through the formulation and issuance of relevant Regulations and the delivery of training programs.

5.1. PIM Review Committee (PIMRC)

Given the cross-cutting nature of PIM, the PIMRC shall be instituted, chaired by the Secretary of the MoF. The committee shall have the responsibility of reviewing and taking decisions on large project submissions from the respective agencies. The TORs that govern the execution of business by PIMRC are detailed in ***Annexure I***.

5.2. PIM Technical Committee (PIMTC)

A technical-level committee called PIMTC to strengthen public investment management in line with the *Public Finance Act of Bhutan 2007 and Public Finance (Amendment) Act of Bhutan 2012* shall be instituted. This technical-level committee will be under the auspices of the PIMRC with senior level representatives from relevant stakeholder agencies. The PIMTC will provide technical and analytical inputs to PIMRC to enable it to formulate important investment decisions. It shall review the large project submissions received from the central agencies prior to submission to the PIMRC. The terms of reference of PIMTC are detailed in ***Annexure II***.

5.3. PIM Secretariats

5.3.1. National PIM Secretariat

In order to facilitate the operation of the committees, DPBP shall serve as the secretariat at the national level. This secretariat shall be responsible for undertaking the following:

- i. Formulate, review, and harmonize policies, laws, regulations, and manuals to strengthen project planning and management across the Government.
- ii. Analyze and appraise all proposed government infrastructure projects and programmes prior to their approval in the national budget.
- iii. Develop and operationalize a monitoring and evaluation framework for government projects and programmes in close consultation with key stakeholders.
- iv. Regulate, coordinate, and provide advisory and technical support, including training and capacity-building, to MDAs in project preparation, appraisal, and management.
- v. Compile and disseminate resolutions, policy actions, and decisions of the PIMRC.
- vi. Develop, maintain, and manage a PIM portal as a central repository of all public investment projects. Also, develop and maintain other related PIM tools for efficient management of the PIM process.
- vii. Conduct a public investment portfolio review on an annual basis and publish summaries of major investment projects by size, category, physical project implementation progress etc.

5.3.2. MDA level PIM Secretariat

The Finance Division/Cluster Finance of each MDA will play the role of the PIM secretariat for the respective MDA. These secretariats shall help the MDAs comply with the requirements of the PIM Guidelines.

5.4. Finance Committee (FC)

The already established FC (as per reference no. DNB/cores/2022-23/120 dated July 29, 2022) at the ministry/agency level shall have the following added responsibilities:

- i. Review and approve project concept notes cleared by the MDA level PIM Secretariat.
- ii. Appraise and validate project proposals to ensure technical, financial, and economic viability.
- iii. Endorse and submit appraised projects to the MoF for approval before finalization and submission of budget proposals for the next FY.
- iv. Ensure compliance with the Public Finance Act, PIM Guidelines, and other relevant guidelines before submission.
- v. Provide feedback to strengthen project design and preparation, as needed.

6. Procedure/Framework for New Project Proposals

Step 1. Requirement to prepare a Project Concept Note (PCN)

- i. The first step in the PIM process shall be the preparation of a PCN. The PCN serves as an initial screening tool to present the project idea in a concise manner, demonstrate its alignment with national priorities, and provide the basis for deciding whether the proposal should proceed to detailed appraisal.
- ii. The concept note shall be prepared in line with the template provided in *PIM Handbook and Procedures*.
- iii. The concept note will:
 - a. Outline the problem, objectives, expected results, and detailed indicative budget over the life of the project;
 - b. Identify stakeholders including beneficiaries, communities, or agencies that may be affected by the envisaged project activities;
 - c. Facilitate early review and guidance from the approving authority (e.g., Finance Committee); and
 - d. Help determine whether the project merits further development into a full Project Appraisal Report (PAR).
- iv. The PCN shall be subject to review by the MDA's FC which can either reject or approve the PCN. If approved, the MDA level PIM Secretariat shall submit copies of PCN to OCASC and DPBP. For large projects (\geq Nu. 200 million), the PCN shall be submitted to the PIMTC for further review. The PIMTC shall assess the proposal for strategic alignment, verify its consistency with the budget and the

Medium-Term Fiscal Framework (MTFF), ensure fiscal sustainability, and may require revisions, reject the proposal, or clear it to proceed. The cleared PCN shall be shared with the OCASC and PIMRC.

Step 2. Project Appraisal Report

- i. In the second stage, upon approval of the PCN by the FC (for small projects) and PIMTC for large projects, a PAR shall be prepared. This stage involves a detailed assessment of the project's technical, financial, economic, social, environmental, and institutional viability to ensure that only well-designed and feasible projects are considered for funding and implementation.
- ii. The objective of this stage is to ensure that the project is thoroughly prepared for consideration and subsequent implementation, while also assessing its viability before committing substantial resources.
- iii. Accordingly, the agencies shall undertake the following tasks:
 - a. Prepare a PAR using the applicable template provided in *PIM Handbook and Procedures*.
 - b. Conduct necessary technical and feasibility studies;
 - c. Carry out climate risk and vulnerability assessments for large projects² where potential climate risks exist or are likely to affect project outcomes, to identify, evaluate, and integrate climate-related considerations into project design and implementation;
 - d. Carry out social and environment reviews;
 - e. Prepare detailed project cost estimates³, including a year-by-year breakdown of capital expenditures and projected recurrent costs for operationalization of the project upon completion;
 - f. Draft procurement documents (e.g., TORs, RFPs, Procurement Plan);
 - g. Prepare any other supporting documents required;
 - h. Define and establish implementation arrangements; and
 - i. Secure clearances such as land clearances from the National Land Commission, environmental and forestry clearances from the Ministry of

² Mandatory after Year 1 from the notification of the PIM Guidelines

³ Mandatory after Year 2 from the notification of the PIM Guidelines

Energy and Natural Resource (MoENR), cultural clearance from Ministry of Home Affairs (MoHA), and social clearances from local communities, where applicable.

- j. Conduct stakeholder consultations and engage with key agencies, local authorities, community representatives, and beneficiaries to gather feedback and ensure that project design and implementation align with stakeholder needs and priorities.
- iv. The PAR for small projects shall be submitted to the DPBP for review and approval. For large projects, the PAR shall undergo review by the PIMTC and require approval from the PIMRC.
- v. Conduct Cost-Benefit Analysis for Large Projects (Equal to or Above Nu. 200 million). The objectives of this CBA are to:
 - a. Assess the economic and financial viability of the project.
 - b. Compare project costs against anticipated social and economic benefits.
 - c. Ensure efficient allocation of scarce public resources to projects with the highest returns.
 - d. Provide evidence-based justification for major investments.
 - e. Strengthen transparency and accountability in the appraisal of large and mega projects.
 - f. Support informed decision-making by policymakers before commitment of funds.

7. Project Screening

7.1. PCN Review

- i. All PCNs shall be prepared using the approved template and submitted with all mandatory attachments to the Finance Division.
- ii. The PCNs shall be reviewed and screened as per the Preliminary Screening Standard Operating Procedure (SOP) attached as per the template provided in the *PIM Handbook and Procedures*.
- iii. Preliminary screening shall be undertaken in a sequential manner covering:
 - a. Strategic alignment and technical review by Policy and Planning Division;

- b. Financial and budgetary review by the Finance Division;
 - c. Institutional review and decision by the Finance Committee; and
 - d. Budget and strategic alignment and compliance review by the DPBP focal (for Small Projects)/ PIM Technical Committee (PIMTC-for Large Projects).
- iv. At each stage of review, PCNs may be:
 - Approved for further processing;
 - Approved with conditions;
 - Returned for revision; and or
 - Rejected with justification.
- v. All reviews shall be documented using standardised checklists and decision forms, and progress shall be tracked.

7.2. Project Appraisal Review

- i. The preliminary project appraisal review by MDAs and screening by the MoF (DPBP Focal/PIMTC) shall be carried out as per the project appraisal review checklist and Standard Operating Regulations (Refer *PIM Handbook and Procedures*).
- ii. This is essential to ensure that only well-prepared and strategically relevant projects are approved for funding. This process helps to:
 - a. Verify that project proposals are complete, technically sound, and based on realistic cost estimates;
 - b. Ensure alignment with sectoral strategies, the national development agenda, and fiscal ceilings;
 - c. Identify gaps or risks at an early stage, allowing proponents to make corrections before detailed preparation;
 - d. Promote consistency and quality across project submissions by applying a standardized appraisal checklist and SOPs; and
 - e. Safeguard limited public resources by filtering out projects that lack readiness, strategic relevance, or financial viability.

8. Project Readiness and Strategic Importance Scoring Matrix

A standardized Project Readiness and Strategic Importance Scoring Matrix will be applied to assess projects in accordance with the PIM Guidelines. This matrix provides a transparent and objective method to evaluate both the strategic relevance and implementation of readiness of proposed investments. It ensures consistency across sectors and supports evidence-based decision-making during project appraisal and prioritization. The detailed scoring framework, including criteria, weights, and rating scales, is provided in the *PIM Handbook and Procedures*.

9. Integration of the Project Preparation and Appraisal Process with the Budget Cycle

The final PAR endorsed by the MDA's FC shall be submitted to DPBP which will be further reviewed and screened for budgetary support. For this, the following processes shall apply:

- i. The MDAs shall ensure that the proposed projects along with the PAR and CBA report (for Large Projects) are included in the annual budget proposal and Annual Work Plan (AWP). However, including the projects in the budget proposal shall not guarantee the approval of the budget.
- ii. For projects equal to or above the threshold (\geq Nu. 200 million), the PIMTC shall review, assess and prioritize the project proposals using the "Project Readiness and Strategic Priority Importance Scoring Matrix" as per *PIM Handbook and Procedures*.
- iii. Based on the PIMTC's assessment, the projects will be referred to the PIMRC in the Ministry for approval and further directives.
- iv. Projects recommended by the PIMRC shall be recorded in the Project Bank and subsequently presented to the Cabinet for directives or endorsement for inclusion in the proposed budget.
- v. Only those projects which are recommended by the Cabinet will be considered for inclusion in the Budget for approval by the Parliament.
- vi. A prioritization framework will be established and applied to decide which projects are included in the budget.
- vii. Projects not recommended at this stage shall remain in the Project Bank and may be reconsidered for funding when additional resources become available or upon further refinement of the project proposal. Projects remaining in Project Bank for 18 months since they were approved will require fresh approval from appropriate authority.

10. Monitoring and Evaluation

- i. Monitoring and evaluation (M&E) is essential for tracking whether projects are meeting their objectives and targets, identifying challenges during implementation, and taking timely corrective actions.
- ii. While the primary responsibility of monthly M&E rests with Project In-charge and the Head of the Agency concerned, the MoF, through implementing entities, shall also routinely monitor projects to provide early warning signals and enable prompt action.
- iii. Implementing entities shall submit bi-annual and annual progress reports as per the project progress report templates as per *PIM Handbook and Procedures* for Annual Public Investment Portfolio review.
- iv. In order to determine the fulfilment/achievement of the objectives of the project, evaluations shall be conducted at the mid-term and/or end of the project. These reports shall provide credible performance information and lessons to inform decision-making and future CBAs in the respective sectors. The evaluation shall focus on the quality, effectiveness, efficiency, relevance, coherence, impact and sustainability of the project.

Table 3. Summary of Project Preparation and Appraisal Steps

Stage	Action	Small Projects (<Nu.200 M)	Large Projects (≥ Nu. 200 M)	Key Documents
Identification, Strategic Guidance & Screening	Project identification	MDA/OCASC identify projects through FYP, Sector Strategies, Annual Budget Process, Stakeholder Engagement	MDA/OCASC identify projects through FYP, Sector Strategies, Annual Budget Process, Stakeholder Engagement	FYP, Sector Strategies, MTEF/MTFF, Annual budgets, Stakeholder reports
	PCN Preparation	Project proponent/MDA prepares PCN Identify stakeholders/ beneficiaries	Project proponent/MDA prepares PCN Identify stakeholders/ beneficiaries	PCN
	PCN Review (MDA level)	MDA PPD and MDA FD review for strategic, budgetary,	MDA PPD and MDA FD review for strategic, budgetary, financial,	PCN review note

		financial, and technical alignment	and technical alignment	
	PCN Clearance	MDA FC reviews and clears, requests revision, or rejects	MDA FC reviews and clears, requests revision, or rejects	PCN clearance memo
	PCN Sharing	Share approved PCN simultaneously with OCASC and DPBP	Share approved PCN first with OCASC, then with PIMTC/DPBP	PCN and transmission memo
	Strategic Review	Not applicable	OCASC reviews PCN for strategic alignment; can request revisions, reject, or clear	Strategic review note and clearance memo
	Budget/Fiscal Review	Not applicable	PIMTC reviews PCN for alignment with budget/MTEF/MTFF; can request revisions, reject, or clear	Budget review note and clearance memo
Appraisal	PAR Preparation	If PCN approved: -Prepare PAR in applicable format -Conduct technical & feasibility studies -Climate assessment (if applicable) -Draft procurement documents -Prepare required documents -Define implementation arrangements -Secure land and environmental clearances -Conduct stakeholder consultations	If cleared by MDA FC, and PIMTC: -Prepare full PAR -Prepare CBA using eCBA tool -Conduct technical & feasibility studies - Draft procurement documents - Prepare EA reports - Define implementation arrangements - Secure land and environmental clearances (EC) -Conduct stakeholder consultations	Small: Simplified PAR, studies, procurement docs, clearances, stakeholder consultation report Large: PAR, CBA, technical/feasibility studies, procurement docs, EA report, EC, relevant Clearances (land, forestry, cultural and social), stakeholder consultation report
	PAR Review (MDA level)	MDA PPD and MDA FD review using simplified readiness checklist	MDA PPD and MDA FD review and clear or request revision	Review note

	PAR Approval	MDA FC reviews and approves PAR	MDA FC reviews and approves PAR	Review note/Approval memo
	PAR Submission	Submit PAR simultaneously to DPBP and OCASC	Submit PAR to PIMTC	Transmission memo
Independent Review	Quality Review	Not applicable	PIMTC conducts quality review of CBA, PAR, and other documents; can request revisions or clear	PIMTC review note
Selection & Budgeting	Project Review	DPBP focal reviews using simplified readiness checklist; can request revisions, reject, or approve	PIMRC reviews PAR including CBA; can request revisions, reject, or clear	Small: Project review note and clearance memo Large: PIMRC clearance memo
	Project Bank Entry	Upon clearance, project entered into Project Bank (does not guarantee budgeting)	If approved by PIMRC, project entered into Project Bank (does not guarantee budgeting)	Project Bank inclusion note
	Budget Inclusion	DPBP conducts project prioritization based on prioritization criteria. If prioritized, introduced in budget and submitted to Cabinet and Parliament	DPBP conducts project prioritization based on prioritization criteria. If prioritized, introduced in budget and submitted to Cabinet and Parliament	Budget inclusion note; notification to stakeholders; Budget
Implementation	Project Execution	Implement upon budget approval per Guidelines; procurement/contract management; physical and financial monitoring	Implement upon budget approval per Guidelines; procurement/contract management; physical and financial monitoring	Implementation reports, M&E reports, Budget and Financial Management reports
Adjustment	M&E and Reviews	<ul style="list-style-type: none"> Monitoring and evaluation (M&E) Mid-year budget review 	<ul style="list-style-type: none"> Monitoring and evaluation (M&E) Mid-year budget review 	M&E reports, Budget reports, Annual portfolio

		<ul style="list-style-type: none"> • Annual portfolio review by PIMRC • Project mid-term review • Project adjustments as needed⁴ 	<ul style="list-style-type: none"> • Annual portfolio review by PIMRC • Project mid-term review • Project adjustments as needed⁸ 	review report, Mid-term review reports, Project adjustment reports
Operation	Asset Handover & O&M	<ul style="list-style-type: none"> • Begin operations upon completion • Handover assets to responsible units • Register assets in relevant registries • Budget O&M costs 	<ul style="list-style-type: none"> • Begin operations upon completion • Handover assets to responsible units • Register assets in relevant registries • Budget O&M costs 	Handover note, Project completion note
Post-Evaluation	Completion Reporting & Audit	<ul style="list-style-type: none"> • Project proponent prepares PCR and shares with OCASC, DPBP-PIMTC, PIMRC, MDA PPD, MDA FD, MDA FC, and stakeholders • Conduct audits per regulations 	<ul style="list-style-type: none"> • Project proponent prepares PCR and shares with OCASC, DPBP-PIMTC, PIMRC, MDA PPD, MDA FD, MDA FC, and stakeholders • Conduct audits per regulations • PIMTC may request external evaluation 	Project Completion Report, Audit and Control reports, Evaluation reports

11. Amendments and Interpretation

- i. The MoF shall be the final authority for the interpretation and amendment of the provisions under these Guidelines.
- ii. The MoF may issue instructions and directions:
 - a. For clarification of any of the provisions of these Guidelines and
 - b. For removal of any difficulty which may arise implementation of any such provisions.
- iii. The MoF shall have the authority to amend by way of addition, variation, or repeal the provisions of these Guidelines.

12. PIM Handbook and Procedures

- i. To make the PIM Guidelines operational and to provide procedural and conceptual details including various formats to be used for PIM, the MoF shall issue a PIM Handbook and Procedures.
- ii. The Handbook will be updated/amended from time to time by DPBP and shall be ratified in the next PIMRC meeting.

Annexure 1. TORs for the PIM Review Committee

1. Background

To enhance the quality, efficiency, and strategic alignment of public investments, the Ministry of Finance has established a PIM framework. Within this framework, the Public Investment Management Review Committee (PIMRC) serves as the apex body responsible for the appraisal, selection, and strategic oversight of large public investment projects.

2. Objectives

The PIMRC shall:

- i. Ensure that proposed large infrastructure (above the threshold) projects are aligned with national development goals, sector strategies, and budgetary and fiscal objectives and rules;
- ii. Promote value for money, efficiency, transparency, and readiness in public investment decisions;
- iii. Provide strategic oversight of the national public investment portfolio;
- iv. Recommend improvements to PIM policies, Regulations, tools, and systems;
- v. Enhance transparency and public accountability in investment decisions.

3. Scope of Responsibilities

A. Strategic Screening and Project Selection

- i. Review and clear large projects (above threshold) for inclusion in the Project Bank and annual budget. Other projects may also be reviewed at the discretion of the PIMRC.
- ii. Ensure alignment with national priorities, the Five-Year Plan, sector strategies, budget ceilings, the MTFF, and other strategic references.
- iii. Recommend revisions, deferment, or rejection of projects as necessary.
- iv. Sequence review steps, beginning with screening, followed by technical appraisal, and culminating in selection for budgeting.

B. Appraisal and Readiness Review

- i. Review PARs, technical, financial, economic, and feasibility studies, CBA, and other relevant assessments.
- ii. Assess project readiness based on procurement preparedness, environmental and land clearances, and institutional capacity.

- iii. Ensure soundness of proposed projects from technical, financial, institutional, and regulatory standpoints.
- iv. Review whether climate resilience, gender equity, social inclusion, and environmental sustainability are adequately addressed.

4. Oversight and Strategic Advice

- i. Monitor the implementation and performance of the public investment portfolio.
- ii. Recommend strategic interventions for projects at risk of delay, underperformance, or cost overruns.
- iii. Review findings from mid-term and completion evaluations and propose policy or institutional responses.
- iv. Recommend for cancellation or restructuring of projects that are non-performing, fiscally risky, or no longer aligned with strategic priorities.
- v. Endorse improvements to PIM systems, appraisal tools, and templates.
- vi. Review and endorse findings from the annual public investment portfolio review and the PIM annual report.

5. Policy and Reform Advice

- i. Provide strategic advice on investment priorities, financing options, fiscal sustainability, and risk management.
- ii. Recommend updates to the PIM policy framework and systems based on evidence from project implementation and evaluations.
- iii. Advise on capacity development strategies to strengthen public investment management institutions.

6. Composition and Decision-Making

Chairperson

- Secretary, Ministry of Finance

Members

Position	Institution
HoD	Department of Planning, Budget and Performance(DPBP), MoF
HoD	Department of MacroFiscal and Development Finance (DMDF), MoF
HoD	Office of the Cabinet Affairs and Strategic Coordination (OCASC)
HoD	Department of Procurement and Properties, MoF

Position	Institution
HoD	Department of Infrastructure and Development, MoIT
Invitees	From other MDAs, as may be deemed required by the Chairperson
External Independent Expert(s) (non-voting)	Appointed by Ministry of Finance, as required

Alternates

- Deputies will be appointed as alternates to each HoD to ensure quorum and continuity of engagement.

Member Secretary

- Head of the PIM Technical Committee (DPBP)

7. Conflict of Interest and Voting Rules

- i. If a project is under review from a member's Ministry, that HoD or alternate shall recuse themselves from deliberation and voting.
- ii. Proponent MDAs may attend meetings as technical contributors but shall not vote or influence decisions on their own projects.
- iii. All recusals and declared conflicts shall be formally documented in the meeting minutes and logged in a conflict register maintained by the Secretariat.
- iv. A quorum is reached with the Chair and at least three voting HoDs or their alternates, none of whom are conflicted with the projects under review.
- v. Decisions are made by consensus or, if needed, by a simple majority of non-recused voting members.

8. Secretariat

The PIM Technical Committee (PIMTC), located in the Department of Planning, Budget and Performance(DPBP), shall serve as the Secretariat to the PIMRC. It shall:

- i. Prepare review notes and technical documentation for all project proposals;
- ii. Record and disseminate meeting outcomes;
- iii. Maintain the conflict register and project decision database;
- iv. Support follow-up actions, annual reviews, and preparation of the PIM Annual Report.

9. Frequency of Meetings

- i. The PIMRC shall meet at least two times a year, including one fixed meeting aligned with the annual budget cycle and an update of the Project Bank.
- ii. Additional meetings may be convened based on project volume, urgency, or request from the Ministry of Finance.
- iii. The Chair shall set the agenda in coordination with the Secretariat.

10. Reporting and Communication

- i. PIMRC decisions and recommendations shall be submitted to the LZ as part of the Budget Presentation.
- ii. Where relevant, decisions will be shared with MDAs and the Cabinet via the Office of the Cabinet Affairs and Strategic Coordination (OCASC).
- iii. Recommended and approved large projects will be published as part of the Annual PIM Report/Budget Report or annual portfolio review for transparency and public accountability.

11. Review and Updates

- i. The PIMRC shall review its composition, mandate, effectiveness, and impact every two years, with analytical support from the PIMTC.
- ii. Recommendations for structural or procedural improvements shall be submitted to the MoF and shall inform future PIM reforms, updates to the PIM policy framework, and institutional capacity strengthening initiatives.

Annexure 2. TORs for the PIM Technical Committee

1. Background

The Royal Government of Bhutan (RGoB) is strengthening its Public Investment Management (PIM) system to enhance the quality, efficiency, and development impact of capital spending. As part of this initiative, the Ministry of Finance has established the Public Investment Management Technical Committee (PIMTC). The PIMTC will serve as the technical secretariat and the quality assurance body for PIM operations and investment decisions, supporting a more strategic, transparent, and value-driven allocation of public resources.

2. Objectives

The PIMTC will:

- i. Serve as the Secretariat for the PIM system and the Public Investment Management Review Committee (PIMRC);
- ii. Function as an independent technical and quality review body for public infrastructure investment projects exceeding threshold;
- iii. Ensure alignment of proposed projects with national development goals, sector strategies, and budgetary and fiscal objectives and rules; and
- iv. Promote efficiency, effectiveness, transparency, value for money, and developmental impact in capital investments.

3. Roles and Responsibilities

A. Strategic Screening and Independent Project Review

- i. Act as the Secretariat to the PIMRC, supporting its technical and organizational functions;
- ii. Prepare concise Review Notes summarizing appraisal findings and recommendations for all projects reviewed by the PIMRC;
- iii. Review a Project Concept Notes (PCNs) for alignment with national priorities, sector strategies, and fiscal frameworks;
- iv. Review Project Appraisal Reports (PARs), Cost-Benefit Analyses (CBAs), and feasibility studies;
- v. Assess technical, economic, financial, environmental, social, and institutional feasibility and quality proposed investments;
- vi. Draft minutes, resolutions, and follow-up actions;
- vii. Coordinate logistics for meetings, portfolio reviews, and evaluations; and

- viii. Submit recommendations to the PIMRC for large projects.

B. Project Bank Management

- i. Maintain and regularly update the Project Bank, classifying projects by size, sector, and readiness;
- ii. Develop and apply a Project Readiness Assessment Tool covering land acquisition, clearances, design, procurement readiness, and fiscal space;
- iii. Ensure that only fully appraised and implementation-ready projects are considered for inclusion in the national budget.

C. Methodology and Standard Setting

- i. Develop and update standard tools and documentation to support high-quality project preparation and appraisal. This includes templates for:
 - a. Project Concept Notes (PCNs)
 - b. Project Appraisal Reports (PARs)
 - c. Cost-Benefit Analyses (CBAs)
 - d. Feasibility studies
 - e. Project Completion Reports (PCRs)
 - f. Monitoring and Evaluation (M&E) reports
 - g. Annual PIM Reports
 - h. Annual Portfolio Review Meeting reports
- ii. Develop and maintain:
 - a. Appraisal and review guidelines aligned with national laws and international good practice;
 - b. Sector-specific screening and appraisal tools; and
 - c. Readiness and prioritization criteria to support transparent and evidence-based project selection.

D. Capacity Building and Knowledge Management

- i. Organize technical training programs for line ministries, local governments, and other implementing agencies; and
- ii. Maintain a repository of model projects, tools, templates, and lessons learned to support continuous improvement.

E. Quality Control and Feedback

- i. Monitor project implementation against appraisal assumptions and commitments; and
- ii. Use findings to improve future project design, appraisal, and monitoring processes.

F. Coordination and Information Systems

- i. Coordinate with relevant ministries, departments, agencies, and oversight bodies to ensure strategic and procedural alignment; and
- ii. Support the design, development, and implementation of a Public Investment Management Information System (PIM-IMS) to strengthen data-driven oversight and transparency.

4. Composition

- i. **Chair:** Division Head, Department of Planning, Budget and Performance(DPBP)
- ii. **Members:** The PIMTC shall have relevant officer(s) from the following agencies:
 - a. Department of Planning, Budget and Performance, MoF
 - b. Department of Macro-Fiscal and Development Finance, MoF
 - c. Ministry of Infrastructure and Transport, MoIT
 - d. Office of Cabinet Affairs and Strategic Coordination
 - e. Relevant focals from the MDAs as deemed necessary.
 - f. External technical experts – either individuals or institutions or firms - may be invited or procured as needed to strengthen the quality of analysis and decision-making.

5. Meetings and Decision-Making

- i. The Committee shall meet semi-annually and as and when required;
- ii. A quorum shall consist of a minimum of four members, including the Chair or their designated representative; and
- iii. All recommendations shall be made by consensus or majority vote, and documented formally.

6. Review and Amendment

- i. The PIMTC shall conduct a biennial review of the PIM system and its own performance, or earlier as required due to institutional, legal, or policy changes;

- ii. External experts may be engaged to conduct independent assessments; and
- iii. Based on the review findings, the PIMTC shall submit recommendations to the Ministry of Finance leadership, including proposed updates to this Terms of Reference.