

# **Public Investment Management (PIM) Handbook and Procedures**

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Ministry of Finance  
Royal Government of Bhutan**

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## 1. Context

Public investment plays a pivotal role in Bhutan's socio-economic development by facilitating infrastructure expansion, enhancing public service delivery, and stimulating economic growth. However, the Ministry of Finance (MoF) faces challenges in managing these investments effectively, particularly regarding efficient allocation, timely execution, and optimising returns on public funds.

Recent efforts by the Royal Government of Bhutan (RGoB) have brought public investment planning closer to international best practices. However, progress has been slow, with a focus on short-term fixes rather than on addressing the root causes of inefficiencies. A lack of a comprehensive, evidence-based reform plan with clear objectives has hindered meaningful progress in public investment restructuring.

To address these challenges, the RGoB, with support from the World Bank Group (WBG), conducted a comprehensive Public Investment Management (PIM) assessment in 2021. The assessment highlighted critical issues, including weak alignment between budgeted activities and national priorities, project delays, cost overruns, poor asset inventory management, and inadequate monitoring and evaluation mechanisms. In the PEFA assessment undertaken in 2023<sup>1</sup> Bhutan scored only "D+" on the Indicator PI-11, noting several gaps.

One of the key recommendations from the assessment was to establish formal PIM Regulations to improve planning, monitoring, and evaluation. The absence of a structured PIMS hinders the systematic assessment, prioritisation, monitoring, and evaluation of public investments across sectors. This gap increases the risk of inefficiencies, leading to cost overruns, and failure to achieve intended outcomes. Therefore, given the RGoB's commitment to fiscal discipline, economic growth, and transparency, instituting a comprehensive PIM as a budgetary tool is crucial for enhancing decision-making and maximising returns on public investments.

Accordingly, with technical support from the World Bank, the MoF has instituted the PIM Guidelines. This framework aims to enhance the efficiency of public spending while ensuring that capital investments are strategically aligned with national priorities, fiscal policies, and the country's broader socio-economic development goals.

## 2. Introduction

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<sup>1</sup>

<https://www.pefa.org/sites/default/files/2023-10/BU-Jun23-PFMPR-Public%20with%20PEFA%20Check.pdf>

This Public Investment Management (PIM) Handbook and Procedures provides practical guidance to agencies on the preparation, appraisal, selection, implementation, and evaluation of public investment projects. It operationalises the provisions of the PIM Guidelines by translating regulatory requirements into clear procedures, standard templates, and good-practice methods that can be applied consistently across sectors and levels of government.

The Handbook focuses on improving the quality of entry for public investment projects by ensuring that projects are well aligned with national development priorities, technically feasible, fiscally affordable, economically justified, and ready for implementation before public funds are committed. By doing so, it contributes directly to enhanced development outcomes, better value for money, and stronger public financial management.

## **2.1. Legal and Policy Framework**

This Handbook is issued in support of the PIM Guidelines and shall be read in conjunction with them. It is anchored in the broader national planning and fiscal policy framework, including the Five-Year Plan, the Medium-Term Fiscal Framework, the Annual Budget, and sectoral policies and strategies. The Handbook does not replace or override any existing laws, rules, regulations, or guidelines; rather, it complements them by providing detailed operational guidance for their effective implementation.

Where any inconsistency arises between this Handbook and the PIM Guidelines, the provisions of the Guideline shall prevail. The MoF may revise and update this Handbook from time to time to reflect changes in policy, institutional arrangements, technical standards, or international good practice.

## **2.2. Scope and Applicability**

This Handbook applies to all public investment projects and programmes as defined in the PIM Guidelines. It covers the full public investment project cycle, from project identification and pre-feasibility to appraisal, selection, budgeting, implementation, and ex-post evaluation.

## **2.3. Users of the Handbook**

This Handbook is primarily intended for use by:

- Ministries, departments, and agencies responsible for developing and implementing public investment projects;
- Planning and finance officers involved in project preparation, appraisal, and budgeting;

- Technical sector specialists engaged in feasibility studies and project design;
- Members of project appraisal, selection, and approval committees; and
- Oversight and review institutions involved in monitoring, audit, and evaluation of public investments.

While the Handbook is written to support technical and professional users, it is also intended to be accessible to senior decision-makers who rely on project appraisal information for prioritisation and funding decisions.

## **2.4. Updating and Continuous Improvement**

Public investment management is a dynamic field that continues to evolve in response to new policy priorities, technology, climate risks, and lessons from implementation experience. The Ministry of Finance will periodically review and update this Handbook, as provisioned in the PRR, to reflect improvements in national systems and international good practice. Users are encouraged to provide feedback based on their practical experience in applying the Handbook, to support continuous learning and system improvement.

### **3. PIM Process Overview**

The Public Investment Management (PIM) process provides a structured framework for identifying, preparing, appraising, selecting, budgeting, implementing, and evaluating public investment projects. The detailed procedures, institutional roles, decision points, and approval requirements for each stage of the PIM cycle are set out in the PIM Guidelines, which shall be referred to for full operational guidance.

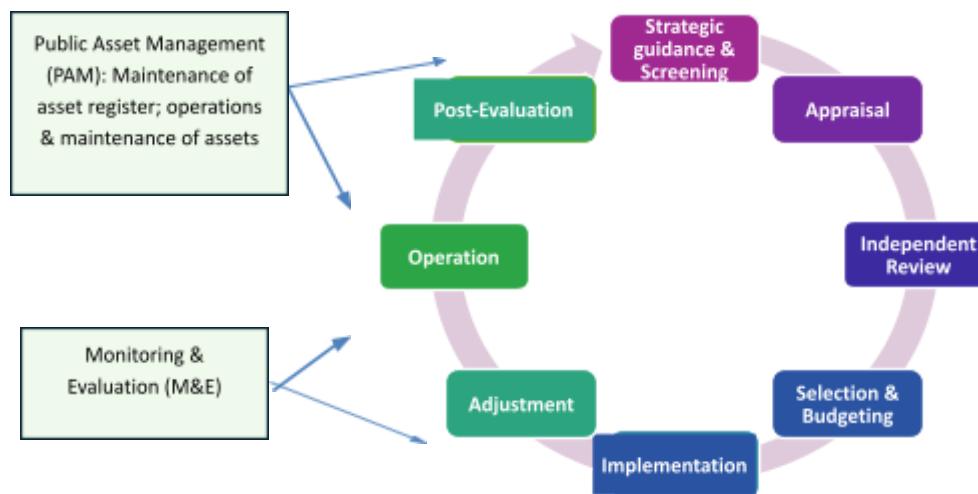
The PIM process follows a stage-gated project cycle, beginning with project identification and concept development, followed by pre-feasibility and feasibility studies, project appraisal and selection, budget integration, project implementation and monitoring, and concluding with project completion and ex-post evaluation. At each stage, projects must meet clearly defined readiness and quality criteria before proceeding to the next stage, thereby strengthening the quality at entry and reducing downstream implementation risks. Economic analysis, including cost-benefit analysis for large projects, plays a central role in informing appraisal and selection decisions.

Only projects that have successfully passed the required appraisal and selection stages are eligible for inclusion in the Project Bank and for subsequent budget financing. Throughout implementation, projects are subject to regular physical and financial monitoring, and upon completion, they are evaluated to assess outcomes, value for money, and lessons for future investments. Users of this Handbook shall consult the PIM Guidelines for detailed step-by-step procedures, roles and responsibilities, and documentation requirements at each stage of the PIM cycle.

## Key PIM steps

Robust project preparation is a key but not exclusive aspect of improving public capital expenditure flows. Figure 1 presents key PIM steps in the project cycle. While PIM frameworks across peer countries may differ in points of emphasis and business process stages, robust frameworks have elements covering all these stages. The eight essential features are: strategic guidance, project appraisal, independent review, project selection, budgeting, implementation, monitoring and evaluation, and project adjustment. These ensure efficient, transparent, and results-oriented public investment, aligning projects with development goals and maximising value for money across the investment lifecycle.

**Figure 1. Key PIM steps**



**Table 1: Major features of the Key PIM Milestones**

Steps	Features	Key documents
<b>Strategic Guidance &amp; Screening</b>	Provides direction through national priorities, sector strategies, and fiscal limits. Project ideas are screened for relevance and coherence using the Project Concept Note (PCN). This stage ensures only strategic, fiscally sustainable proposals advance to detailed preparation.	- National development plan - Medium-term fiscal framework - Sectoral strategies - Pre-feasibility study (ies) - PCN
<b>Appraisal</b>	Conducts technical, economic, environmental, and risk analysis to confirm feasibility and value for money. Yields a comprehensive Project Appraisal Report (PAR). This ensures that proposed projects are evidence-based, affordable, and aligned with national goals.	- PAR - Feasibility study (ies) - Environmental studies/clearance - Economic and risk analyses - Cost-benefit analysis (CBA)

Steps	Features	Key documents
<b>Independent Review</b>	Ensures objectivity and quality of appraisal via internal or external validation. It safeguards against bias and strengthens accountability in investment decisions.	<ul style="list-style-type: none"> <li>- Independent review report</li> <li>- Endorsed appraisal summary</li> </ul>
<b>Selection &amp; Budgeting</b>	Projects meeting technical and regulatory readiness (e.g., land, environmental, procurement) are prioritized, entered into the Ready-to-Implement Project Bank and included in the budget. This ensures that only implementable, priority-aligned projects are funded and monitored.	<ul style="list-style-type: none"> <li>- Readiness checklist</li> <li>- Public investment review committee decision</li> <li>- Project bank entry</li> <li>- Budget submission/approval</li> </ul>
<b>Implementation</b>	Oversees execution including procurement, disbursement, and output delivery. Monitoring and evaluation (M&E) are embedded throughout to track progress and address delays or risks. Timely and effective implementation is key to achieving planned development results.	<ul style="list-style-type: none"> <li>- Procurement plan</li> <li>- Contracts</li> <li>- Financial &amp; budget reports</li> <li>- M&amp;E framework</li> <li>- Progress reports</li> </ul>
<b>Adjustment</b>	Enables revisions to scope, budget, or timelines based on M&E, risks, or external factors. Requires formal documentation and authorization. This flexibility allows for adaptive management while preserving control and transparency.	<ul style="list-style-type: none"> <li>- Change Request Form</li> <li>- Updated Implementation Plan</li> <li>- Revised Budget &amp; Risk Reports</li> </ul>
<b>Operation</b>	Public Asset Management (PAM): maintain asset register, O&M, and monitor asset value and service use. A well-functioning operation ensures sustainability and service continuity of public assets.	<ul style="list-style-type: none"> <li>- O&amp;M Plan</li> <li>- Asset Register</li> <li>- PAM System Reports</li> <li>- Service Performance Logs</li> </ul>
<b>Post Evaluation</b>	Assesses project outcomes, efficiency, and sustainability. Reviews asset functionality and impact to inform policy and future project design. It provides critical feedback loops for institutional learning and accountability.	<ul style="list-style-type: none"> <li>- Project Completion Report</li> <li>- Post-Evaluation Report</li> <li>- Asset Audit</li> <li>- Lessons Learned Summary</li> </ul>

Source: World Bank, PIM Reference Guide, 2020:

## 4. Standard Templates, Scoring and Evaluation

Standard templates are the official instruments for documenting project information and appraisal results across the PIM cycle. They ensure that all projects are prepared in a consistent, structured, and comparable manner, allowing objective screening, appraisal, prioritisation, and funding decisions. The use of standard templates strengthens transparency, data quality, and accountability in public investment decision-making.

Templates are applied progressively as projects advance through the PIM stages, with information from early-stage templates refined and validated at later stages. All submissions are assessed against clearly defined scoring criteria and alignment metrics as prescribed in the PIM Guidelines, which determine whether projects are eligible to proceed to appraisal, selection, and budgeting.

### 4.1. Project Identification Stage

#### Project Concept Note (PCN)

Used to establish the project rationale, objectives, expected results, cost estimate, strategic alignment with the Five-Year Plan and sector strategies, implementation arrangements, risks, and environmental and social considerations.

Section A: Project Identification	
Field	Information
Project Title	[Enter project title]
Proposing Agency/MDA	[Enter MDA name]
Sector Ministry	[Enter sector ministry]
Project Location	[Enter location/dzongkhag]

Section B: Problem Statement & Objectives

B1. Problem Statement

*[Describe the problem or need that this project addresses. Include data and evidence.]*

B2. Project Objectives

*[List the main objectives of the project]*

Section C: Expected Results

C1. Expected Outputs

*[List tangible deliverables: infrastructure, facilities, equipment, etc.]*

## C2. Expected Outcomes

*[Describe medium-term changes: improved services, increased access, etc.]*

## C3. Target Beneficiaries

*[Identify who will benefit: communities, sectors, number of people]*

## Section D: Project Components & Budget

Component	Description	Est. Cost (Nu.)
<i>[Component 1]</i>	<i>[Description]</i>	<i>[Amount]</i>
<i>[Component 2]</i>	<i>[Description]</i>	<i>[Amount]</i>
<i>[Component 3]</i>	<i>[Description]</i>	<i>[Amount]</i>
<b>TOTAL</b>		<i>[Total Budget]</i>

## Section E: Strategic Alignment

### E1. Alignment with Five Year Plan (FYP)

*[Describe how this project aligns with FYP priorities and targets]*

### E2. Alignment with Sector Strategy

*[Describe alignment with sector-specific strategies and plans]*

## Section F: Implementation Arrangements

Field	Details
Lead Implementing Agency	<i>[Enter agency]</i>
Proposed Timeline	<i>[Start - End dates]</i>

### Implementation Modality

- Government execution
- Public-Private Partnership (PPP)
- Build-Operate-Transfer (BOT)
- Joint Venture
- Other

### F1. Implementation Timeline

Milestone	Target Date
<i>[Milestone 1]</i>	<i>[Date]</i>
<i>[Milestone 2]</i>	<i>[Date]</i>
<i>[Milestone 3]</i>	<i>[Date]</i>

### F2. Capacity Assessment

Does the agency have adequate capacity to implement?

- Yes
- No
- Needs additional support

*If support needed, describe: [Specify capacity support requirements]*

## Section G: Risk Assessment

Risk Category	Description	Likelihood	Impact	Mitigation
[Category]	[Description]	[L/M/H]	[L/M/H]	[Mitigation]
[Category]	[Description]	[L/M/H]	[L/M/H]	[Mitigation]

## Section H: Environmental & Social Considerations

### H1. Environmental Sensitivity

- Project site is in/near protected area
- Project may affect water resources
- Project may generate significant emissions
- Project involves land clearing
- No significant environmental concerns

### H2. Land Requirements

Is land acquisition required?

- Yes
- No

Land ownership status:

- Government owned
- Private land to be acquired
- Community land
- Mixed ownership

### H3. Social Impacts

- Displacement of households
- Impact on livelihoods
- Impact on cultural heritage
- Employment generation
- No significant social impacts

## Section I: Next Steps & Requirements

### I1. Required Studies

- Detailed Feasibility Study
- Environmental Impact Assessment (EIA)

- Cost-Benefit Analysis (CBA)
- Technical Design Study
- Social Impact Assessment
- Other:

## 12. Preparation Timeline

Activity	Responsible Agency	Timeline
[Activity]	[Agency]	[Timeline]
[Activity]	[Agency]	[Timeline]

## Certification

Prepared by:	[Name & Designation]
Date:	[Date]
Approved by (Head of Agency):	[Name & Signature]
Date:	[Date]

## 4.2. Project Appraisal and Selection Stage

### Project Appraisal Report (PAR) - Small Projects

Used to confirm the project justification, scope, cost estimates, implementation arrangements, risks, and expected results for small projects below the economic analysis threshold, and to assess strategic alignment, technical feasibility, affordability, and readiness for budgeting.

#### 1. Executive Summary

*[Provide a brief overview of the project, key findings from the appraisal, and recommendations]*

#### 2. Project Background

*[Describe the context, rationale, and history of the project proposal]*

#### 3. Technical Analysis

##### 3.1 Technical Justification

*[Provide basic technical justification for the proposed approach]*

### 3.2 Technical Analysis

*[Describe the technical assessment findings]*

### 4. Financial Analysis

*[Analyze the financial aspects including funding sources, sustainability, and value for money]*

### 5. Preliminary Feasibility (Small Projects)

*[Provide preliminary feasibility assessment for the project]*

### 6. Environmental Analysis

*[Describe environmental impacts and mitigation measures]*

### 7. Social Analysis

*[Describe social impacts, benefits, and safeguards]*

### 8. Risk Analysis

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
[Risk 1]	[L/M/H]	[L/M/H]	[Mitigation measure]
[Risk 2]	[L/M/H]	[L/M/H]	[Mitigation measure]

### 9. Cost Estimates

<b>Category</b>	<b>Amount (Nu.)</b>	<b>% of Total</b>
[Category 1]	[Amount]	[%]
[Category 2]	[Amount]	[%]
<b>TOTAL</b>	<b>[Total]</b>	<b>100%</b>

### 10. Procurement Plan

*[Describe procurement approach, packages, and timeline]*

### 11. Implementation Schedule

<b>Phase/Activity</b>	<b>Start Date</b>	<b>End Date</b>
[Phase 1]	[Date]	[Date]
[Phase 2]	[Date]	[Date]

### 12. Monitoring Framework

*[Describe monitoring and evaluation arrangements]*

### 13. Sustainability Plan

*[Describe how project benefits will be sustained after completion]*

### 14. Stakeholder Consultation

*[Describe stakeholder consultations conducted and key feedback received]*

### Certification

Appraised by:	<i>[Name &amp; Designation]</i>
Date:	<i>[Date]</i>
Reviewed by:	<i>[Name &amp; Designation]</i>
Date:	<i>[Date]</i>

## **Project Appraisal Report (PAR) – Large Projects**

Used to undertake a full appraisal of large projects, including detailed technical feasibility, economic cost-benefit analysis, financial sustainability, fiscal risk, implementation readiness, environmental and social impacts, and risk management, to support evidence-based project selection and budget approval.

### 1. Executive Summary

*[Provide a brief overview of the project, key findings from the appraisal, and recommendations]*

### 2. Project Background

*[Describe the context, rationale, and history of the project proposal]*

### 3. Technical Analysis

#### 3.1 Technical Justification

*[Provide detailed technical justification including design specifications, technology choices, and standards]*

#### 3.2 Technical Analysis

*[Describe the technical assessment findings]*

#### 4. Financial Analysis

*[Analyze the financial aspects including funding sources, sustainability, and payback period]*

#### 5. Economic Analysis (Large Projects)

*[Provide economic analysis including multiplier effects, employment generation, etc.]*

#### 6. Cost-Benefit Analysis (CBA)

CBA Metric	Value
Net Present Value (NPV)	[Nu. XXX]
Benefit-Cost Ratio (BCR)	[X.XX]
Internal Rate of Return (IRR)	[XX%]

*CBA Summary: [Summarize CBA findings and recommendations]*

#### 7. Climate Risk Assessment (Large Projects)

*[Assess climate-related risks and adaptation measures]*

#### 8. Environmental Analysis

*[Describe environmental impacts and mitigation measures]*

#### 9. Social Analysis

*[Describe social impacts, benefits, and safeguards]*

#### 10. Institutional Analysis

*[Assess institutional capacity and arrangements for implementation]*

#### 11. Risk Analysis

Risk	Likelihood	Impact	Mitigation
[Risk 1]	[L/M/H]	[L/M/H]	[Mitigation measure]
[Risk 2]	[L/M/H]	[L/M/H]	[Mitigation measure]

#### 12. Cost Estimates

Category	Amount (Nu.)	% of Total
[Category 1]	[Amount]	[%]
[Category 2]	[Amount]	[%]

<b>TOTAL</b>	<i>[Total]</i>	100%
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### 12.1 Year-wise Budget Breakdown

<b>Year</b>	<b>Amount (Nu.)</b>	<b>Description</b>
<i>[Year 1]</i>	<i>[Amount]</i>	<i>[Description]</i>
<i>[Year 2]</i>	<i>[Amount]</i>	<i>[Description]</i>
<i>[Year 3]</i>	<i>[Amount]</i>	<i>[Description]</i>

### 13. Procurement Plan

*[Describe procurement approach, packages, and timeline]*

### 14. Implementation Schedule

<b>Phase/Activity</b>	<b>Start Date</b>	<b>End Date</b>
<i>[Phase 1]</i>	<i>[Date]</i>	<i>[Date]</i>
<i>[Phase 2]</i>	<i>[Date]</i>	<i>[Date]</i>

### 15. Monitoring Framework

*[Describe monitoring and evaluation arrangements]*

### 16. Sustainability Plan

*[Describe how project benefits will be sustained after completion]*

### 17. Stakeholder Consultation

*[Describe stakeholder consultations conducted and key feedback received]*

### Certification

Appraised by:	<i>[Name &amp; Designation]</i>
Date:	<i>[Date]</i>
Reviewed by:	<i>[Name &amp; Designation]</i>
Date:	<i>[Date]</i>

### 4.3. Project Implementation Stage

#### Multi-Party Review Meeting (MPRM) Report

Used to document the outcomes of multi-stakeholder review meetings conducted at key stages of project implementation to assess overall performance, resolve implementation bottlenecks, validate corrective actions, and strengthen

inter-agency coordination; it is not a routine monitoring tool, but a formal project review and decision-support mechanism.

#### A1. Project Information

Field	Information
Project Name	[Enter project name]
Reporting Period	[e.g., Q1 2024]
Report Date	[Date]

#### A2. Executive Dashboard - Key Performance Indicators

KPI	Target	Achieved	% Complete	Status	Trend
Physical Progress	[%]	[%]	[%]	[G/Y/R]	[↑/→/↓]
Financial Utilization	[%]	[%]	[%]	[G/Y/R]	[↑/→/↓]
Timeline Adherence	[%]	[%]	[%]	[G/Y/R]	[↑/→/↓]
Quality Standards	[%]	[%]	[%]	[G/Y/R]	[↑/→/↓]

Overall Project Health: [Green/Yellow/Red]

#### A3. Outputs & Outcomes

##### Outputs Delivered This Period

[List key deliverables and outputs completed during this reporting period]

##### Outcomes Achieved

[Describe progress towards intended outcomes]

##### Outputs Planned for Next Period

[List planned deliverables for the next reporting period]

#### A4. Key Achievements

[Highlight major achievements and milestones reached]

#### A5. Issues for MPRM Discussion

Issue	Impact	Proposed Solution	Support Needed	MPRM Decision?
[Issue 1]	[H/M/L]	[Solution]	[Support]	[Yes/No]
[Issue 2]	[H/M/L]	[Solution]	[Support]	[Yes/No]

## A6. Requests for MPRM Approval

Request Type	Details	Amount (if any)	Reason
[Type]	[Details]	[Nu. XXX]	[Reason]

### Request Types:

- Budget Revision
- Timeline Extension
- Scope Modification
- Contract Variation
- Technical Assistance
- Escalation to Higher Authority

## A7. Meeting Details

Field	Details
MPRM Date	[Date]
Chairperson	[Name & Designation]
Secretary	[Name]
Meeting Type	[Regular Quarterly / Special Review]
Meeting Mode	[In-Person / Virtual / Hybrid]

## A8. Attendance

Stakeholder	Name	Organization	Present	Key Role
[Stakeholder]	[Name]	[Org]	[Y/N]	[Role]
[Stakeholder]	[Name]	[Org]	[Y/N]	[Role]

## A9. Decisions and Approvals

### A9.1 Decisions Made

Decision ID	Decision	Rationale	Implementation Date	System Update
[D1]	[Decision]	[Rationale]	[Date]	[Budget/Timeline/Scope]

### A9.2 Approvals Given

Type	Approved?	Details
[Type]	[Yes/No]	[Details]

## A10. Action Plan

Action	Owner	Due Date	Success Metric	Tracking
[Action 1]	[Owner]	[Date]	[Metric]	[Auto/Manual]
[Action 2]	[Owner]	[Date]	[Metric]	[Auto/Manual]

#### A11. Admin Notes

*[Additional notes and observations from the review meeting]*

#### Signatures

Chairperson Signature:	[Signature & Date]
Secretary Signature:	[Signature & Date]

### 4.4. Project Completion and Evaluation Stage

#### Project Completion Report (PCR)

Used to assess the project's overall performance at completion, including achievement of objectives, delivery of outputs and outcomes, cost and time performance, sustainability, and key lessons learned to inform future project design and selection.

#### 1. Project Summary

Field	Information
Project Name	[Enter project name]
Implementing Agency	[MDA name]
Planned Start Date	[Date]
Planned End Date	[Date]
Actual Start Date	[Date]
Actual End Date	[Date]
Planned Duration (months)	[X months]
Actual Duration (months)	[X months]

#### 2. Outputs Delivered

Output	Target Qty	Achieved Qty	% Complete	Verification Source
[Output 1]	[Target]	[Achieved]	[%]	[Source]
[Output 2]	[Target]	[Achieved]	[%]	[Source]
[Output 3]	[Target]	[Achieved]	[%]	[Source]

## Output Summary

*[Summarize overall output delivery performance]*

### Major Deliverables

*[List the major deliverables produced by the project]*

## 3. Financial Summary

Financial Metric	Amount (Nu.)
Original Budget	[Amount]
Revised Budget	[Amount]
Total Expenditure	[Amount]
Cost Variance	[Amount]
Cost Variance (%)	[%]
Unexpended Funds	[Amount]
Funding Source	[Source]

### Cost Breakdown by Category

Category	Original (Nu.)	Revised (Nu.)	Actual (Nu.)	Variance	Reason
[Category]	[Amt]	[Amt]	[Amt]	[Var]	[Reason]

## Financial Summary

*[Provide narrative on financial performance and any significant variances]*

## 4. Timeline Performance

Milestone	Original Date	Revised Date	Actual Date	Variance (days)	Reason
[Milestone]	[Date]	[Date]	[Date]	[Days]	[Reason]

### Timeline Performance Summary

*[Summarize timeline performance]*

### Delay Reasons (if any)

*[Explain reasons for any delays]*

## 5. KPI Achievement

Indicator	Baseline	Target	Achieved	% Achieved	Data Source

[KPI 1]	[Base]	[Target]	[Actual]	[%]	[Source]
[KPI 2]	[Base]	[Target]	[Actual]	[%]	[Source]

### Objectives Fully Achieved

[List objectives fully achieved]

### Objectives Partially Achieved

[List objectives partially achieved]

### Objectives Not Achieved

[List objectives not achieved and reasons]

## 6. Outcomes

### Immediate Outcomes

[Describe immediate outcomes observed]

### Expected Long-term Outcomes

[Describe expected long-term outcomes]

### Beneficiaries Reached

[Describe beneficiaries and reach]

### Beneficiary Feedback

[Summarize feedback from beneficiaries]

## 7. Comparison with Original Plan

### Scope Changes

[Describe any scope changes from original plan]

### Quality Assessment

Quality standards:

- Exceeded expectations
- Met expectations
- Partially met
- Not met

Quality Notes: [Additional details]

### Sustainability Assessment

[Assess sustainability of project outcomes]

## 8. Issues and Challenges

### Major Challenges

*[Describe major challenges faced]*

### Risks Materialized

*[List risks that materialized during implementation]*

### Mitigation Measures Taken

*[Describe mitigation measures implemented]*

## 9. Lessons Learned

Category	Lesson	Recommendation
<i>[Planning/ Implementation/etc.]</i>	<i>[Lesson learned]</i>	<i>[Recommendation]</i>
<i>[Category]</i>	<i>[Lesson]</i>	<i>[Recommendation]</i>

### Recommendations for Future Projects

*[Provide recommendations based on lessons learned]*

## 10. Asset Handover

Field	Details
Assets Created	<i>[List assets]</i>
Handover Status	<i>[Completed / In Progress / Pending]</i>
Handover Recipient	<i>[Organization/Entity]</i>

### Operation & Maintenance Plan

*[Describe O&M arrangements post-project]*

## 11. Documentation & Audit

Field	Status/Details
Final Audit Status	<i>[Completed / In Progress / Pending]</i>
Audit Findings	<i>[Summary of findings]</i>

### Attached Documents

- Final project report
- Financial statements
- Audit report

- Asset inventory
- Handover certificates
- Beneficiary survey results
- Photographic evidence

## 12. Overall Assessment

### **Overall Project Rating:**

- Highly Successful - Exceeded all targets
- Successful - Met most targets
- Partially Successful - Met some targets
- Unsuccessful - Did not meet targets

#### Rating Justification

*[Provide justification for the rating]*

#### Certification

Prepared by:	<i>[Name &amp; Designation]</i>
Date:	<i>[Date]</i>
Verified by (Head of Agency):	<i>[Name &amp; Signature]</i>
Date:	<i>[Date]</i>
Approved by (DPBP/MoF):	<i>[Name &amp; Signature]</i>
Date:	<i>[Date]</i>

## 4.5. Scoring, Strategic Alignment and Evaluation Framework

All projects submitted through the PCN and PAR templates shall be assessed using a standardised scoring and evaluation framework as prescribed in the PIM Guidelines. At the PCN stage, projects shall be screened primarily on:

- Strategic alignment with the Five-Year Plan, sector strategies, and national priorities,
- Problem relevance and clarity of objectives,
- Preliminary technical feasibility and readiness,
- Indicative cost and affordability, and
- Environmental, social, and climate risk screening.

Only projects that meet the minimum strategic alignment and readiness thresholds shall be allowed to proceed to full appraisal.

At the PAR stage, projects shall be evaluated using a more detailed weighted scoring system, covering at a minimum:

- Strategic relevance and development impact,
- Economic justification (including CBA results for large projects),
- Financial sustainability and recurrent cost implications,
- Implementation readiness and institutional capacity,
- Risk profile (technical, fiduciary, environmental, social, and climate risks).

Final project selection and entry into the Project Bank shall be based on combined technical scores, economic performance indicators (NPV, IRR, BCR where applicable), and fiscal affordability, as defined in the PIM Guidelines. High economic returns alone shall not be sufficient for selection if strategic alignment, fiscal sustainability, or implementation readiness is weak.

The scoring approach combines two critical dimensions of project quality: Strategic Priority and Implementation Readiness. Each project is assessed using a structured checklist where the strategic dimension includes 11 weighted criteria (e.g., alignment with national plans, economic impact, SDGs, private sector development), while the readiness dimension includes 9 practical, technical, and institutional indicators (e.g., feasibility study, land acquisition, procurement readiness). Each criterion is rated on a scale from 1 (low) to 3 (high) and weighted. This scoring ensures that projects are both important to Bhutan's development goals and realistically implementable.

A simplified scoring method is designed to assess the readiness and strategic value of small public investment projects (below Nu. 200 million) in a streamlined yet rigorous manner. It consolidates key dimensions - such as strategic alignment, economic and social impact, environmental compliance, and implementation readiness—into eight practical criteria. Each criterion is scored on a scale of 1 to 3 (low to high), with weighted importance reflecting the project's potential contribution and execution feasibility. The total maximum score is 50, allowing for straightforward categorization into high (A), medium (B), or low (C) readiness. This approach ensures that limited resources are directed toward projects that are both aligned with national priorities and realistically implementable, while also being manageable for MDAs with constrained capacity.

### **Small projects are classified as:**

- High Readiness (A): 36–50
- Medium Readiness (B): 21–35
- Low Readiness (C): 0–20

For inclusion in the Project Bank, only projects that achieve high or medium readiness based on the simplified scoring matrix will be accepted. In addition to demonstrating alignment with national priorities and implementation readiness, projects must have obtained all required environmental clearances and land acquisition approvals. These prerequisites ensure that only projects with a clear pathway to execution—free from legal, regulatory, or logistical obstacles—are considered for further budgeting and implementation. This approach strengthens the credibility of the Project Bank as a portfolio of viable, strategic investments and helps prioritise the efficient use of public resources.

### Full Scoring Matrix with Rationale, Scoring, and Weights

	No.	Checklist Item	Project Rationale	Low = 1	Medium = 2	High = 3	Weight
Project Strategic Priority	1	Project rationale	Defines problem, Theory of Change (ToC) shows change proposed	No justification or logic	General rationale, unclear ToC	Clear, evidence-based ToC with results logic	7
	2	Project alternatives	Ensures best-value intervention selected	No alternatives considered	Mentioned but not assessed	Alternatives assessed and best option selected	4
	3	Strategic alignment and priority	Ensures alignment with national plans, FYP, sector strategies	Not aligned or prioritized	Partial alignment	Fully aligned and high-priority	10
	4	Contribution to economic growth	Supports sustained growth and productivity	Negligible impact	Moderate impact	Strong, measurable impact	5
	5	Contribution to job creation	Increases employment opportunities	No significant jobs	Some job creation	High direct and indirect job creation	4
	6	Support for SDG achievement	Links to national and global development goals	Not linked	Indirect contribution	Direct SDG contribution	4

	No.	Checklist Item	Project Rationale	Low = 1	Medium = 2	High = 3	Weight
	7	Advancement of sectoral goals	Strengthens implementation of sector priorities	Misaligned with sector plans	Contributes to minor objectives	Directly advances key sector outcomes	5
	8	Promotion of private sector development	Encourages business activity or private investment	No impact or crowding out	Some engagement	Unlocks private finance or PPP	4
	9	Environmental and climate impact	Avoids harm and enhances resilience	Negative, unmitigated	Mitigated or neutral	Positive contribution to climate/environment	6
	10	Stakeholder engagement & community participation	Enhances buy-in, equity, and local ownership	No consultation	Partial/limited engagement	Fully mapped and engaged throughout	5
	11	Financial viability (by size)	Ensures cost-benefit or revenue logic supports value for money	S/M: No check; L/M: No or poor CBA	S/M: Basic check; L/M: Weak CBA	S/M: Strong logic; L/M: Strong CBA	10
Project Implementation Readiness	12	Feasibility study/technical study	Assesses technical viability, risks, and delivery conditions	Not started	Draft/partial study	Completed, quality-assured	7
	13	Results framework	Links inputs to outputs/outcomes for performance monitoring	None	Generic indicators	Full framework with indicators and targets	4
	14	Land acquisition	Avoids legal or timing delays	Not initiated or in dispute	Partially secured	Fully secured/cleared	4

	No.	Checklist Item	Project Rationale	Low = 1	Medium = 2	High = 3	Weight
	15	Environmental study & clearances	Avoids implementation blockage and ensures compliance	Not done or rejected	Screening or partial clearance	Full EIA/approval obtained	4
	16	Implementation plan	Establishes delivery logic and roadmap	Absent	Partial or incomplete	Complete plan with milestones and roles	4
	17	Institutional set-up	Assesses implementing agency's readiness and role	No lead or unclear mandate	Weak or ad hoc team	Functional team or agency designated	4
	18	Monitoring & evaluation setup	Enables adaptive management and accountability	Not defined	Draft or partial system	Full M&E plan with reporting system	3
	19	Procurement readiness	Ensures timely, compliant contracting	No plan or docs	Basic draft plan	Bid documents and schedule ready	3
	20	Risk assessment & mitigation	Helps avoid delays and cost overruns	No risk identification	List of risks without mitigations	Full risk register with mitigation plan	3
		<b>Total</b>					<b>100</b>

#### Simplified Scoring Matrix - Small Projects

No	Checklist Item	Purpose / Rationale	Low = 1	Medium = 2	High = 3	Weight
1	Strategic relevance & alignment	Is it aligned with FYP, sector strategy, or national priorities?	Not aligned	Partially aligned	Fully aligned, high priority	8

No	Checklist Item	Purpose / Rationale	Low = 1	Medium = 2	High = 3	Weight
2	Project justification & logic	Is the problem clear? Is there a logical result?	No justification	General logic	Clear rationale, strong logic	7
3	Economic & social contribution	Does it create jobs, improve services, or support SDGs?	Negligible	Moderate benefit	Strong, measurable impact	6
4	Environmental and land clearances	Are risks addressed and approvals obtained?	None or rejected	Partial	Fully cleared & compliant	6
5	Technical and financial readiness	Are feasibility and cost justified?	Not started	Basic estimates	Feasibility done & value clear	7
6	Implementation and delivery plan	Are roles, timelines, and responsibilities clear?	No plan	Partial	Full delivery roadmap	6
7	Institutional and procurement capacity	Is the agency ready? Can it contract on time?	No team/readiness	Basic team	Ready team & procurement plan	5
8	Risk & M&E setup	Are risks known and is there monitoring?	None	Partial plan	Clear risk and M&E plans	5
	<b>Total Score</b>					<b>50</b>

Projects are then plotted on a 2D scoring matrix based on their total score in each dimension. Strategic Priority is scored out of 70 points and categorised as High (A), Medium (B), or Low (C). Implementation Readiness is scored out of 30 points and likewise categorised from High (A) to Low (C). This yields a nine-cell matrix (AA, AB, AC, BA, etc.). Projects in the top-right quadrant (AA) are both strategically critical and implementation-ready and should be prioritised for budget and execution. Projects like AB and BA can be introduced into the Project Bank with targeted support to address remaining gaps. Projects in the C category, particularly CC, CB, and BC, should generally be dropped or reconsidered unless urgent and fully funded.

Crucially, only projects that have a cleared Project Concept Note (PCN) and have obtained the required environmental clearances and land approvals (from the National Environment Commission and the National Land Commission) may be considered for entry into the Project Bank. This serves as a minimum eligibility filter. Among those eligible, only projects falling in categories AA, AB, BA, and BB are considered acceptable for inclusion in the Project Bank. AC, BC, CB, and CC either

lack critical technical readiness, strategic relevance, or both - and should not be accepted until the deficiencies are addressed. This dual filter scoring approach strengthens project quality, aligns with national priorities, and safeguards public resources.

		Project Strategic Priority		
		Low Readiness <C> (0-10)	Medium Readiness <B> (11-20)	High Readiness <A> (21-30)
Project Implementation Readiness	High Priority <A> (51-70)	AC Strategically important but not ready – fast-track preparation	AB High impact, needs minor work to be ready	AA Ready and important – move to implementation
	Medium Priority <B> (31-50)	BC Justification unclear and not ready	BB Needs careful weighing or support	BA Can proceed if still considered sufficiently strategically priority after review
	Low Priority <C> (0-30)	CC No justification and not ready	CB Not aligned, but partially ready	CA Only if funding/urgency exists. Reconsider/Drop

Once a project is introduced in the Project Bank, its inclusion in the national budget requires a structured and transparent prioritisation process. This process begins during the annual budget formulation cycle and involves reviewing all projects in the Project Bank—particularly those with a high readiness and strategic importance rating (e.g., AA or AB)—against current national development priorities, available fiscal space, and the status of project financing. Only projects that have cleared all necessary appraisals, have secured environmental and land clearances, and demonstrate high implementation readiness can be considered for inclusion.

During budget prioritization projects are re-assessed using criteria that consider: (i) alignment with emerging national priorities, including new flagship programs or responses to unforeseen challenges (e.g., climate events, public health emergencies);

(ii) whether a project already has committed financing from the national budget, external grants, or loans; and (iii) whether the project can be accommodated within the medium-term fiscal framework (MTFF) without jeopardizing macro-fiscal sustainability.

Projects that meet these criteria are recommended for budget inclusion based on their performance in a prioritisation matrix that balances strategic importance and budget feasibility. High-readiness, high-impact projects (rated AA) are fast-tracked, while others may be deferred or restructured based on changing fiscal conditions or policy shifts. This ensures that limited public resources are allocated to projects that yield the greatest public value and are feasible to implement within the budget year.

Finally, selected projects are presented to the Cabinet and Parliament as part of the Annual Budget Bill. The process maintains flexibility to adjust allocations mid-year, if needed, while upholding a commitment to transparency, accountability, and alignment with national goals. To institutionalise this approach, governments often develop a Budget Prioritisation Framework, supported by a Project Selection Committee or embedded within the Medium-Term Expenditure Framework (MTEF) processes, ensuring consistency across budget cycles.

## 5. Cost-Benefit Analysis (CBA)

### 5.1. When is CBA Required?

A cost–benefit analysis (CBA) shall be mandatory for all capital **infrastructure** projects with a total estimated cost equal to or above Nu. 200 million, submitted for inclusion in the Project Bank and the national budget, as defined in the PIM Guidelines. Use of the [eCBA Tool](#) is encouraged, and a simplified financial and economic appraisal consistent with these principles may be applied.

### 5.2. Basic Methodology

All cost–benefit analyses (CBA) shall compare the with-project and without-project scenarios by identifying and valuing all incremental economic costs and benefits over the full economic life of the project, using constant prices of a specified base year and applying economic (shadow) prices to reflect true social value. The analysis shall include all relevant capital costs, operation and maintenance costs, rehabilitation costs, and residual values, and shall capture both market and non-market impacts, including time savings, environmental effects, health impacts, and other social externalities where feasible. Care shall be taken to avoid double-counting of benefits and to ensure that all assumptions are clearly documented and internally consistent. For more details, refer [Social Cost Benefit Analysis and Economic Evaluation](#).

### 5.3. Discount Rates and Key Parameters

The CBA shall apply a real social discount rate (SDR) to convert future economic costs and benefits into present values, reflecting society's preference for current versus future consumption and the opportunity cost of public capital. International practice in developing countries, including guidance from the Asian Development Bank (ADB) and evidence from the [U.S. Federal Reserve on social discounting in developing economies](#), supports using a single benchmark real discount rate, supplemented by [sensitivity](#) testing. In line with [ADB's Guidelines for the Economic Analysis of Projects](#) and prevailing regional practice, the default real SDR for public investment appraisal shall be **9 per cent**, unless revised through formal notification by the Ministry of Finance. ADB uses a discount rate of 9% as the minimum required Economic Internal Rate of Return (EIRR) to accept or reject a project and to choose the least-cost (or most efficient) project option for all investment projects, such as transport, energy, urban development, and agriculture. This rate acts as a rationing rate to ensure efficiency in the use of its resources and as proxy for the opportunity cost of capital in individual developing member countries. But for social sector projects, selected poverty-targeting projects (such as rural roads and rural electrification) and projects that primarily generate environmental benefits (such as pollution control, protection of the ecosystem, flood control, control of deforestation, and disaster risk management), a lower discount rate of 6% can be applied as the minimum required EIRR. When the lower rate is used, a clear rationale should be provided. Given the long-term nature of social and environmental benefits for specific projects—particularly those related to climate change mitigation, adaptation, ecosystem protection, health, and education—sensitivity analysis shall include lower alternative discount rates (e.g. 6 percent) to assess intergenerational welfare impacts, consistent with international social CBA literature. All CBAs shall, at a minimum, report results at the default SDR and demonstrate robustness using ***at least two alternative discount rates, typically plus and minus three percentage points.***

### 5.4. Interpreting Results (NPV, BCR, IRR)

The results of the economic cost-benefit analysis shall be interpreted using the three standard economic decision indicators, namely the Economic Net Present Value (ENPV or NPV), the Economic Internal Rate of Return (EIRR or IRR), and the Benefit-Cost Ratio (BCR). A project shall be considered economically justified if its ENPV is positive at the default social discount rate, indicating that the present value of economic and social benefits exceeds the present value of economic and social costs. Similarly, the EIRR shall be compared directly with the default social discount rate, and the project shall be considered acceptable where the EIRR is greater than or equal to that rate. The BCR represents the ratio of the discounted economic and social benefits to discounted economic and social costs. A BCR value greater than

one indicates that the project's benefits exceed its costs. For projects involving a single investment option, all three indicators should normally lead to consistent conclusions regarding economic viability.

For projects involving mutually exclusive alternatives, priority shall be given to the option with the highest ENPV, subject to fiscal constraints and strategic considerations, as ENPV provides the most reliable measure of absolute economic welfare gains. All CBAs shall include sensitivity analysis on key variables such as capital costs, operation and maintenance costs, demand or benefit levels, implementation delays, shadow pricing assumptions, and discount rates, in order to test the robustness of the appraisal results. In addition, switching values for critical variables shall be reported to identify the threshold levels at which the project's ENPV would fall to zero or the BCR to one. The CBA results, including baseline values and sensitivity outcomes, shall be clearly summarised in the Project Appraisal Report and used as a central input into project selection and budgeting decisions. While positive economic indicators are a necessary condition for approval of large projects, they shall be interpreted alongside strategic alignment, fiscal affordability, implementation capacity, and environmental and social safeguards before final investment decisions are made.

## 5.5. [\*\*PIM-PAM.net\*\*](#) eCBA Tool

To support agencies in conducting robust economic cost-benefit analyses in line with these guidelines, the World Bank has developed an eCBA Tool accessible via an open-access platform at <https://www.gpbp-ecba.app/en>. This user-friendly platform guides project officers through each stage of the appraisal process, from defining the with-project and without-project scenarios to calculating economic indicators (ENPV, EIRR, and BCR), applying shadow prices, and conducting sensitivity analyses. The tool automatically applies the default social discount rate and key parameters specified in these guidelines, ensuring consistency and methodological rigour across all project submissions.

Comprehensive training on the use of the eCBA Tool, including step-by-step demonstrations, worked examples, and best-practice guidance, is available through the Digital Academy at <https://pim-pam.net/digital-academy/>. Agencies are strongly encouraged to consult these learning resources and to seek technical support from DPBP/PIMTC during project preparation. Use of the standardised online tool is recommended for all projects requiring a CBA under the PIM Guidelines to streamline appraisal, review, and approval.

## 6. PIM Competency Framework

The PIM Competency and Training roadmap for Bhutan is designed on a projected pipeline of 20-30 projects per year. Competencies are identified for both the central PIM body and sponsoring agencies.

	Quantity	Level
Ministry of Finance (PIM Unit/Working Group)	5-7 technical staff, 2 executive leaders	Strong familiarity with PIM guidelines Understanding of pre- and post-feasibility project documentation Ability to conduct CBA from a conceptual and applied perspective
Proponent Agencies	20-30 technical staff, 1-2 executive leaders for each sponsoring agency	Familiarity with PIM guidelines, as specific to their sector Ability to prepare, with guidance, a CBA for their sector

Applied competencies to be measured against <https://uq.pressbooks.pub/socialcba>