



# **PIMA and Climate PIMA: Tools to Assess the Link Between PIM, PAM, and PSA**

**PRESENTATION TO PULSAR'S 9<sup>TH</sup> JOINT EDUCATION AND FINANCIAL  
REPORTING COMMUNITIES OF PRACTICE WORKSHOP  
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# Introduction

- PIM, PAM and PSA are distinct PFM processes in the fiscal cycle
  - ▶ Traditional approach versus contemporary approach



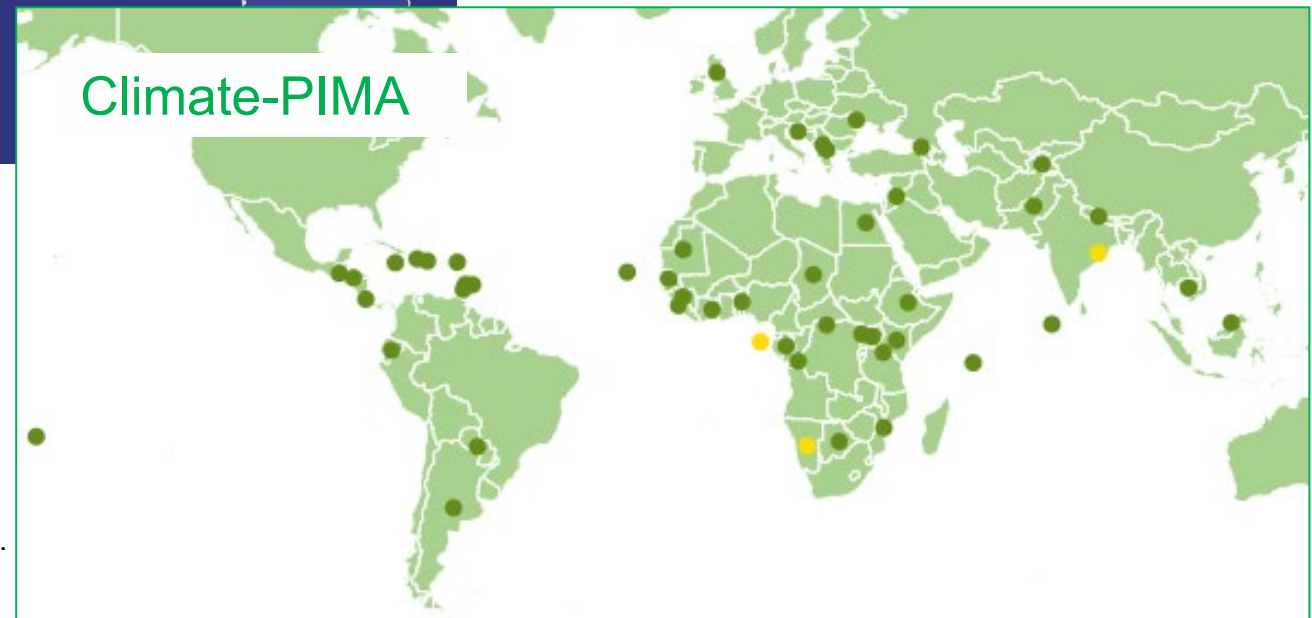
Focus on cash expenditure



Integrated accrual approach

- ▶ PIMA and C-PIMA developed as a tool to assess the PFM processes during the full investment cycle
- ▶ Outcome of PIMA/C-PIMA provides:
  - ◆ an objective measurement of investment performance/asset management of government
  - ◆ advice on reform path

# IMF PIMA and C-PIMA tool has been used across the globe



- Activities completed
- Upcoming PIMA

Note country borders do not necessarily reflect the IMF's official position.



## PIMAs/C-PIMAs performed in PULSAR member countries

	PIMA	PIMA Update	C-PIMA
Albania	Yes (2016)	No	No
Armenia	Yes (2018)	No	No
Azerbaijan	No	No	No
Belarus	No	No	No
Bosnia and Herzegovina	Yes (2018-IBiH and FBiH, 2023-Rep. Srpska and Brcko District)	Yes (2024-IBiH and FBiH)	No
Croatia	Yes (2021)	No	Yes (2021)
Georgia	Yes (2018)	Yes (2022)	Yes (2022)
Kosovo	Yes (2015)	Yes (2023)	Yes (2023)
Moldova	Yes (2019)	No	Yes (2023)
Montenegro	Yes (2021)	No	No
North Macedonia	Yes (2020)	No	Yes (2023)
Serbia	Yes (2016)	No	No
Ukraine	Yes (2016)	No	No

# **The Public Investment Management Assessment (PIMA)**

# The scope to improve public investment management is large

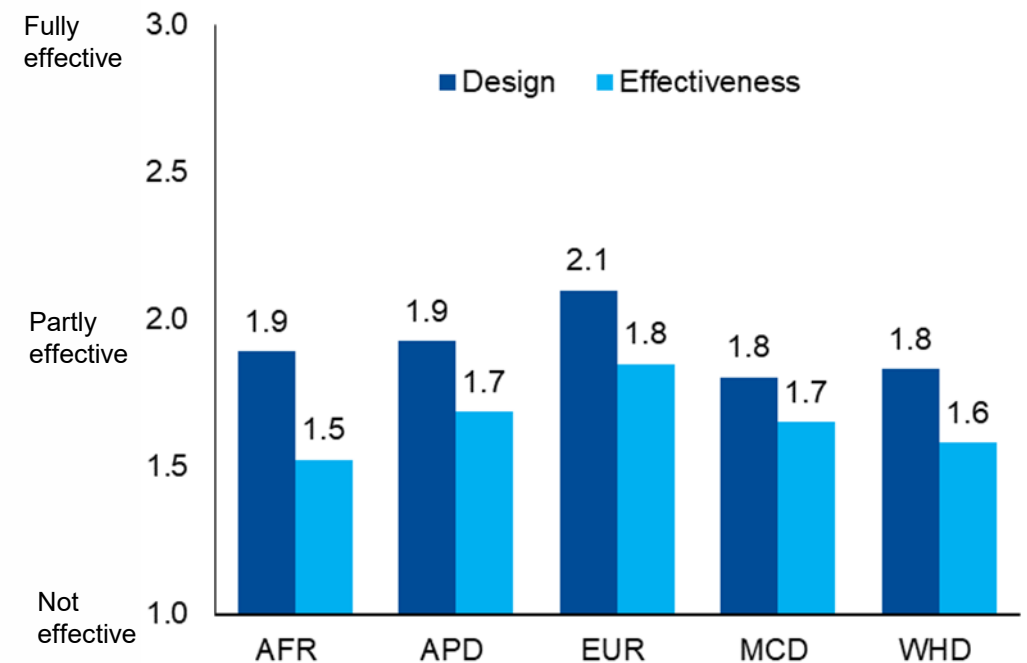
Countries lose over a third of the potential benefits of public investment due to inefficiencies in public investment processes.

Strengthening public investment management (PIM) can promote more predictable, credible, efficient, and productive investment and reduce more than half of these inefficiencies.

Improving public investment efficiency could double the impact of that investment on economic output.

Source: IMF staff estimates

The **design** of public investment management institutions is usually stronger than the **effectiveness**



Source: IMF staff calculations based on IMF PIMA reports to end 2023.

# IMF's PIMA is a comprehensive framework for assessing infrastructure governance

*The standard Public Investment Management Assessment (PIMA) covers 15 institutions across the investment cycle...*



*The Climate-Public Investment Management Assessment (PIMA) adds an assessment of 5 institutions across the investment cycle...*



**CROSS CUTTING ENABLING FACTORS**

- Legal and institutional frameworks
- Staff capacity
- Information systems

# The standard PIMA questionnaire covers 45 sub-questions

Planning	1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?
	2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?
	3. Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?
	4. Project Appraisal: Are project proposals subject to systematic project appraisal?
	5. Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?
Allocation	6. Multiyear Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?
	7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?
	8. Budgeting for Investment: Are investment projects protected during budget implementation?
	9. Maintenance : Are routine maintenance and major improvements receiving adequate funding?
	10. Project Selection: Are there institutions and procedures in place to guide project selection?
Implementation	11. Procurement
	12. Availability of Funding: Is financing for capital spending made available in a timely manner?
	13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio
	14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?
	15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?

**2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?**

<b>2.a.</b>	Does the government prepare national and sectoral strategies for public investment?
<b>2.b</b>	Are the government's national and sectoral strategies or plans for public investment costed?
<b>2.c.</b>	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?

**15 institutions all with sub questions**

Each question rated:

**Not Met.**    **Partly Met.**    **Fully Met.**



# The key outputs of PIMA help countries strengthen public investment management

Detailed assessment report

Comparator charts

Heatmap of findings

Sequenced Recommendations and Action Plan

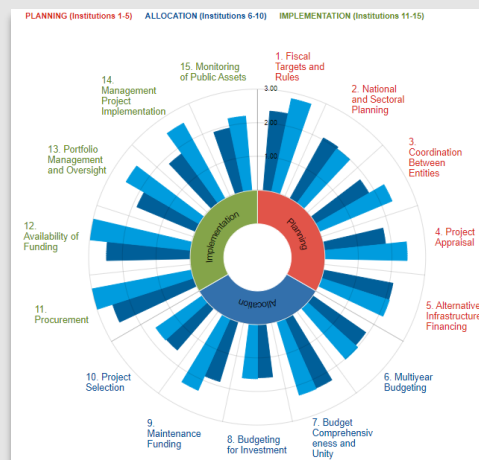
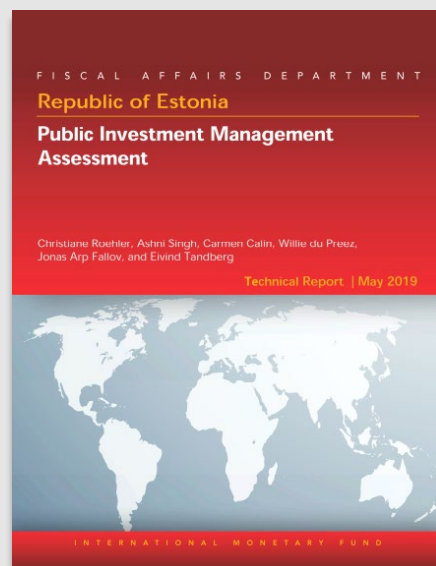


Table 0.1. Estonia: Summary Assessment

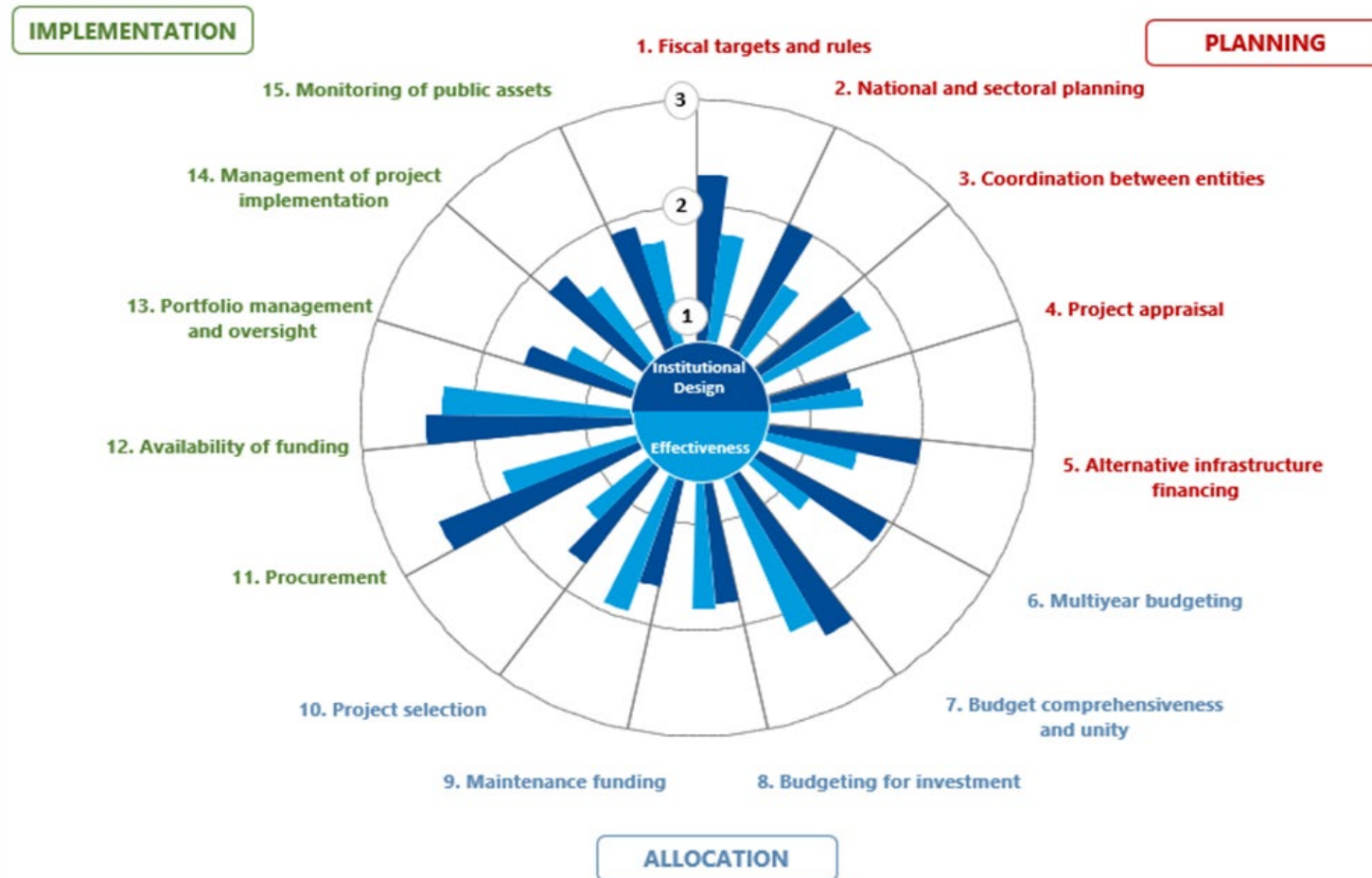
Phase/Institution	Institutional Design	Effectiveness	Reform Priority
A. Planning	1. Fiscal principles or rules	High. Estonia has no explicit general government structural deficit and functional rules that apply.	Low
	2. National and sectoral plans	Medium. National and sectoral plans cover few specific investment projects and are not linked to the MTFF.	High
	3. Coordination between entities	Medium. Information on DNG capital spending and DNG/SOI contingent liabilities is available, but there are no formal discussions or monitoring.	Medium
	4. Project appraisal	Medium. There is some central support, but no standard appraisal methodology. Appraisals are done for EU projects as provided.	High
	5. Alternative infrastructure financing	Low. No published strategy or framework for PPIs, nor is there direct central oversight of SOI investments.	Medium
B. Allocation	6. Multi-year budgeting	Medium. Medium-term budget planning is well developed, but total project costs are not monitored.	Medium
	7. Budget comprehensiveness and unity	Medium. Own investment by EBRs and SOIs is significant but not included in budget documentation.	Medium
	8. Budgeting for investment	Low. There is no formal mechanism to protect funding of ongoing projects.	Medium
	9. Maintenance funding	High. Maintenance funding is costed, planned, monitored, and reported.	Low
	10. Project selection	Low. There is no formal project pipeline across sectors irrespective of funding source; major projects are not reviewed centrally as an independent expert.	High
C. Implementation	11. Procurement	High. Procurement process is open and managed on a comprehensive e-procurement platform.	Low
	12. Availability of funding	High. Cash availability is managed through a TSA.	Low
	13. Portfolio management and oversight	Medium. Project costs and physical progress are monitored on project level, but not for the project portfolio. Only limited ex-post evaluations are conducted for national projects.	High
	14. Project implementation	High. Responsibilities for project implementation and approval, and rules in place for contract adjustments.	Medium
	15. Management of public assets	High. System for asset management rules, and assets are included in financial statements.	Low

Table 0.2. Estonia: Summary of Recommendations

Issue	Text	Seq.	Priority	Timeline
<b>A. Planning Investment</b>				
1.1	Issue 1: Strategic planning is fragmented and not reconciled with fiscal space projections. Strengthen the medium- to long-term (15–20 years) strategic plans, by identifying key investment projects required to implement the strategy, with indicative costing and reconciliation with available fiscal space.	2	High	2020
1.2	Issue 2: Appraisal of projects is not done uniformly and does not support stringent and consistent project selection. Establish 10-year public investment plans to strengthen and consolidate medium-term capital planning to ensure consistent treatment of all investment projects, regardless of potential funding source.	4	High	2019
2	Issue 3: There is no consolidated oversight of key fiscal risks. Adopt a standard methodology for project appraisal to ensure that all major projects are appraised to a similar standard and subject appraisal documents to independent external review as a quality control measure.	5	Medium	2020
<b>B. Allocating Investment</b>				
3	Issue 4: Allocations for capital projects are appropriated on an annual basis with no clear information of the total project costs available to members of Parliament, and there is no consolidated public investment program. Establish a framework for monitoring and reporting of key fiscal risks, including for PPIs and contingent liabilities, and include a consolidated statement of fiscal risks in budget documents.	6,7,8	Medium	2020
4	Issue 5: There is no consolidated project pipeline across sectors, and no comprehensive criteria for selection of budget-funded projects for implementation. Strengthen capital budget planning, appropriation and implementation by introducing additional disclosures on investment projects in the budget process.	10	High	2019
<b>C. Implementing Investment</b>				
5	Issue 6: Projects are monitored on an individual project level, but there is no central oversight and monitoring of the project portfolio, of project progress nor of project expenditures. Establish an electronic, central project oversight system to monitor all major projects centrally, to minimize cost overruns, time overruns and risks that might arise during project implementation.	11	High	2019
<b>Cross-cutting Issues</b>				
<b>IT Systems and Data Management</b>				
7	Issue 7: There is a wealth of available data generated by different information systems, but this is not fully utilized for analysis and central monitoring. Use available data for more extensive disclosure and analysis, e.g., of contingent liabilities, a public sector balance sheet on the statistical basis, portfolio oversight including project cost and time overruns, or procurement patterns.	Cross cutting	Medium	2019

# Key focus areas for improving public investment management – PIMA findings to date

Average PIMA Scores for PULSAR countries  
(2015-2023)

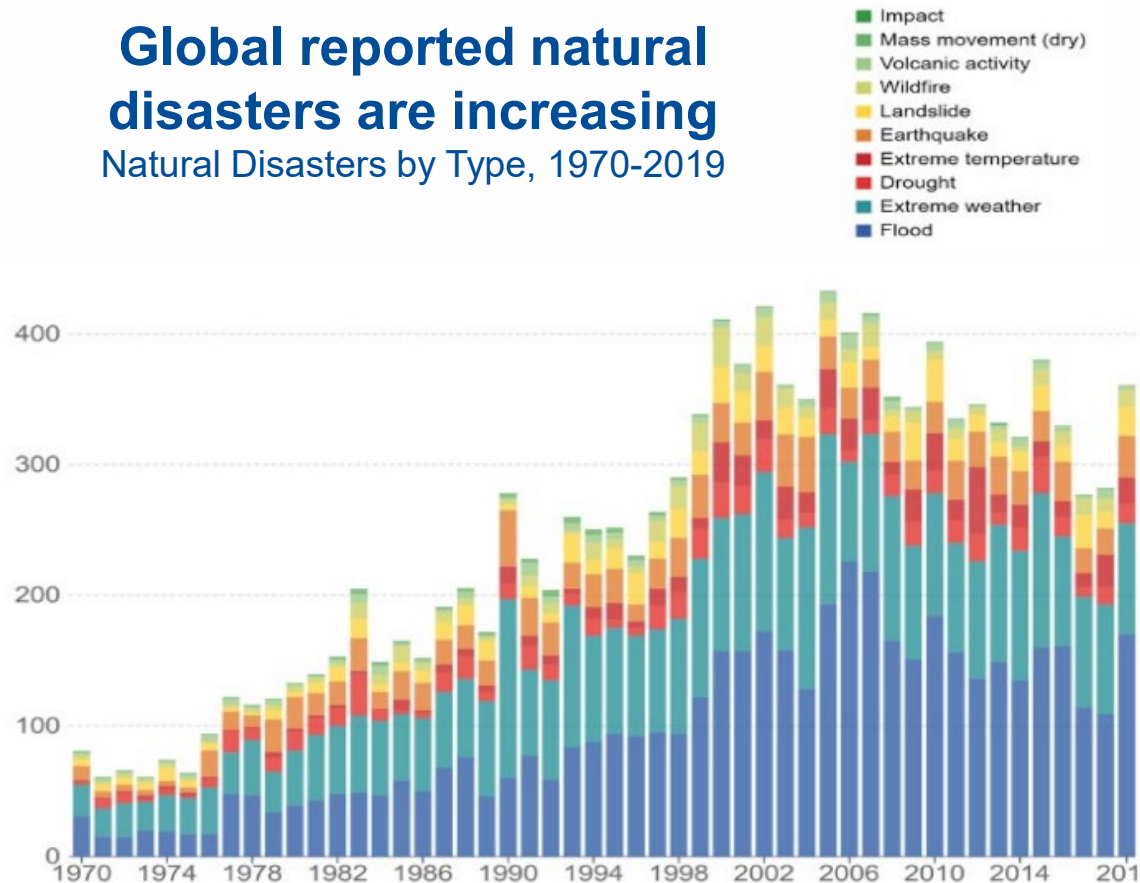


# Climate-PIMA tool

# Public investment is central to managing/responding to climate change

## Global reported natural disasters are increasing

Natural Disasters by Type, 1970-2019



- A shift toward green public investment is needed
  - ▶ to **mitigate** greenhouse gas emissions



- ▶ to build public infrastructure that makes economies more **resilient** to climate change and natural disasters.



# The 15 dimensions of Climate-PIMA

## C1. Climate-aware planning

- 1a. National and sectoral public investment planning
- 1b. Spatial and urban planning and building codes
- 1c. Centralized guidance on planning and costing of strategies

## C2. Coordination between entities

- 2a. Coordination across central government
- 2b. Coordination with subnational government
- 2c. Coordination with and oversight of public corporations

## C3. Project appraisal and selection

- 3a. Project appraisal and climate
- 3b. PPP framework and climate risk allocation
- 3c. Project selection

## C4. Budgeting and portfolio management

- 4a. Budget disclosure of climate related public investment spending
- 4b. Ex post reviews and audits of climate outcomes
- 4c. Asset management and maintenance

## C5. Risk management

- 5a. National disaster risk management strategy
- 5b. Ex ante financing mechanisms to manage climate risks
- 5c. Fiscal risk analysis of climate change



# The Climate-PIMA questionnaire

The C-PIMA questionnaire sets out what

not met,  
partially met and  
fully met

mean for each dimension

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
<b>C1. Climate-aware planning: Is public investment planned from a climate change perspective?</b>				
C.1.a	Are national and sectoral public investment strategies and plans consistent with the government's climate objectives, targets, and expected outcomes?	National and sectoral public investment strategies and plans are not consistent with the government's climate objectives, targets, and expected outcomes.	National public investment strategies and plans are consistent with the government's climate objectives, targets, and expected outcomes with respect to <b>either adaptation or mitigation</b> .	National and sectoral public investment strategies and plans are consistent with the government's climate objectives, targets, and expected outcomes with respect to <b>both adaptation and mitigation</b> .
C.1.b	Do central government and/or sub-national government regulations require that land use, building codes and other planning regulations address climate-related concerns affecting decisions on public investment?	Central government and/or sub-national government regulations do not require that land use, building codes and other planning regulations address climate-related concerns affecting decisions on public investment.	Central government and/or sub-national government regulations require that land-use regulations, building codes and other planning regulations address climate-related risks and impacts in jurisdictions where <b>some</b> general government investment takes place.	Central government and/or sub-national government regulations require that land-use regulations, building codes and other planning regulations address climate-related risks and impacts in jurisdictions where <b>most</b> general government investment takes place.
C.1.c	Is there centralized guidance and support for government agencies on planning public investment in the context of climate change?	There is no centralized guidance or support for government agencies on planning public investment in the context of climate change.	There is centralized guidance for government agencies on planning public investment in the context of climate change with respect to <b>either adaptation or mitigation</b> .	There is centralized guidance <b>and support</b> for government agencies on planning public investment in the context of climate change with respect to <b>both adaptation and mitigation</b> .
<b>C2. Coordination between entities: Is there effective coordination of decision making on climate change-related public investment across the public sector?</b>				
C.2.a	Is decision making on public investment coordinated across central government from a climate-change perspective?	Decision making on public investment is not coordinated across central government from a climate-change perspective.	Decision making on public investment is coordinated across <b>budgetary central government</b> from a climate-change perspective.	Decision making on public investment is coordinated across <b>all central government, including externally financed projects, PPPs and extra-budgetary entities</b> , from a climate-change perspective.

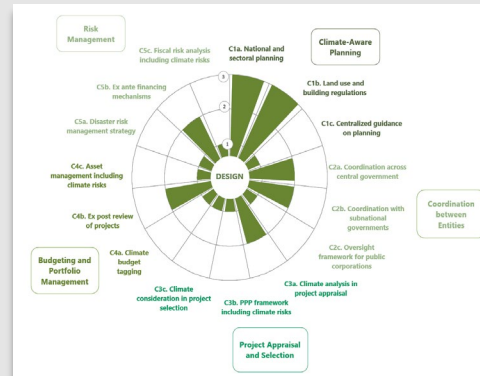
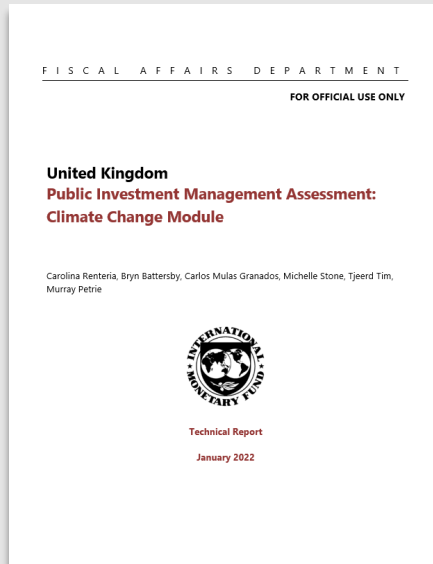
# The key outputs of the Climate-PIMA help countries strengthen public investment management

Detailed assessment report

Results and comparator charts

Heatmap of findings

Sequenced Recommendations and Action Plan



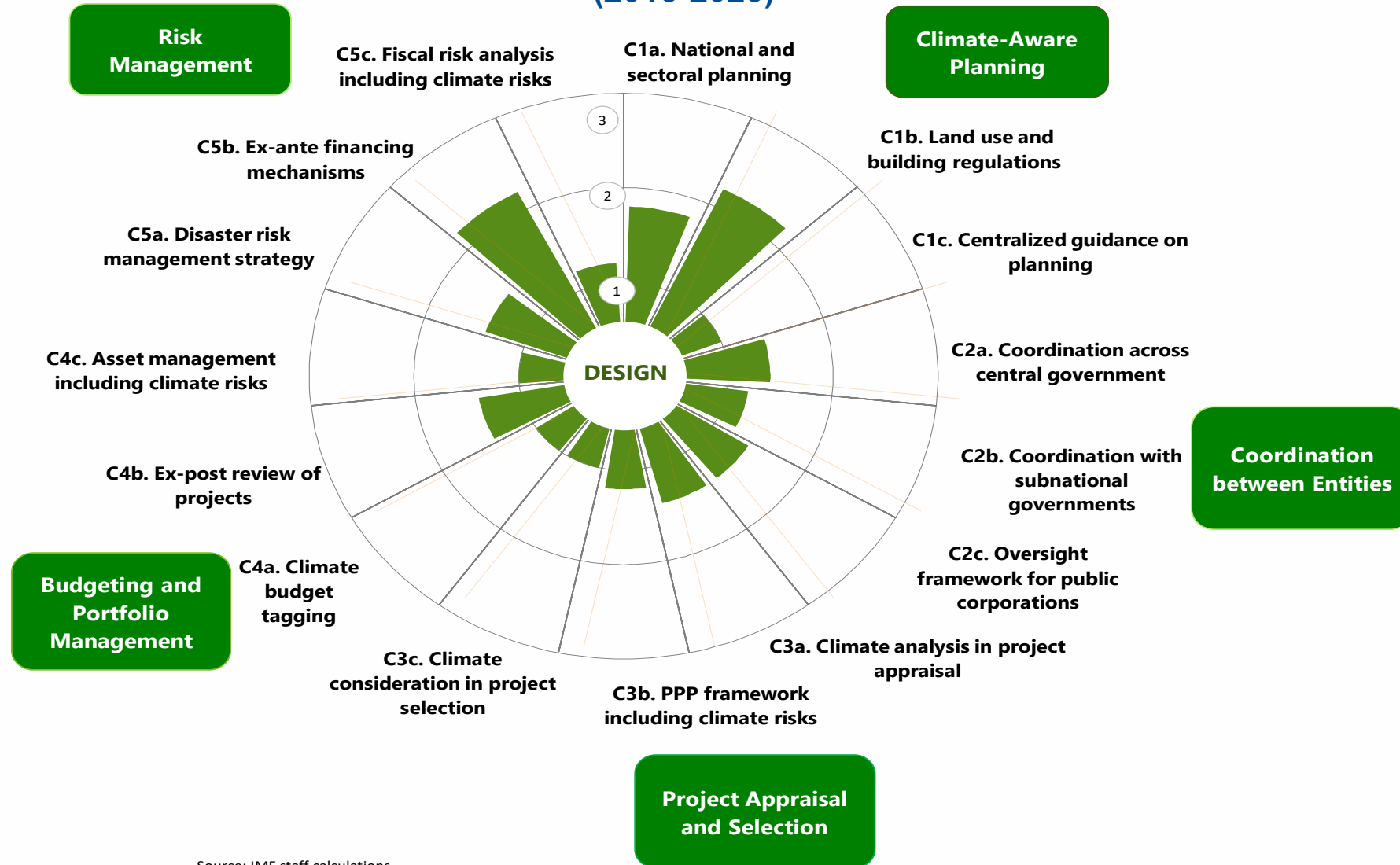
Institution	Assessed Strength	Reform Priority	
C1	Climate aware planning	MEDIUM	High
C2	Coordination between entities	MEDIUM	Medium
C3	Project appraisal and selection	HIGH	Medium
C4	Budgeting and portfolio management	HIGH	Low
C5	Risk management	LOW	High

Action	Timing	Responsible Agency
<b>Climate-aware planning</b>		
Climate aware planning	December 2022	MOF
Coordination between entities	March 2023	MOF
<b>Coordination between entities</b>		
Coordination between entities	December 2022	Environment Department
<b>Project appraisal and selection</b>		
Project appraisal and selection	December 2021	MOF
Budget and portfolio management	December 2023	MOF
<b>Budget and portfolio management</b>		
Budget and portfolio management	June 2022	MOF
<b>Risk Management</b>		
Risk Management	December 2023 (with next NAP)	MOF
<b>Cross-Cutting Issues</b>		
Legal Framework	March 2023	MOF
<b>Information Systems</b>		
Information Systems	June 2022	Statistics Agency
Information Systems	August 2024	Ministry for Development
<b>Capacity Building</b>		
Capacity Building	October 2023	All entities

Note: Stylized examples for the results chart, heatmap and action plan.

# Key focus areas for improving public investment management – C-PIMA findings to date

Average C-PIMA Scores for PULSAR countries  
(2015-2023)



Source: IMF staff calculations.

# **Benefits of PIMA and Climate PIMA**

# Benefits of undertaking a PIMA/Climate-PIMA

## Identifies strengths and weaknesses

- Assess institutional readiness and gaps in public investment management against the backdrop of climate change challenges.

## Road map for reform

- Identifies reform actions and potential capacity development support from the IMF and other organizations.

## Access to global climate financing

- Increase opportunities to access climate funds and financing.

## Peer exchange

- Learn from—and share experiences with—other countries that face similar issues and challenges.



# Example of linkage to climate finance: the IMF Resilience and Sustainability Fund (RSF)

- The new IMF RSF lending facility was created in April 2022 under [the Resilience and Sustainability Trust \(RST\)](#)
  - ▶ RST focuses on longer-term structural challenges— including climate change and pandemic preparedness
- Low-income and vulnerable-middle income countries, including small states, with an active fund program are eligible for RSF financing
- The RSF has streamlined conditionality
  - ▶ may include implementing actions recommended by a **Climate-PIMA**.



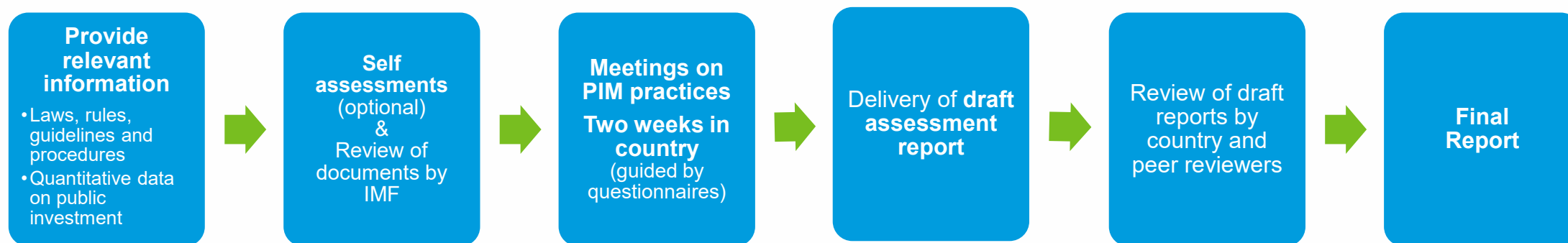
# Fostering connections and learning through PIMA and Climate-PIMA



- Completing the **self-assessments** and **pre-assessment seminars** encourages early country engagement
- **Linkages across teams and agencies** are formed through assessment discussions
  - ▶ Networking and connections
  - ▶ Greater awareness of cross linkages
- **Workshops to test findings and recommendations** bring together staff to see the big picture and engage with the assessment outside of their immediate role
- Assessment teams can deliver **seminars** on PIM topics on request

# **PIMA/ Climate-PIMA Process and Procedures**

# Typical PIMA/C-PIMA process and timelines



## What the IMF team will do to inform the report

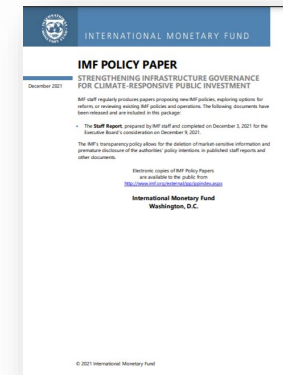
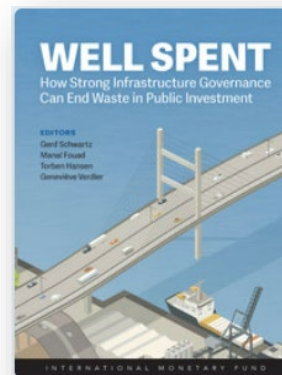
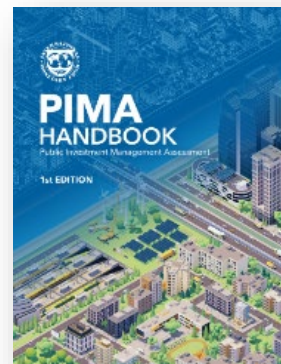
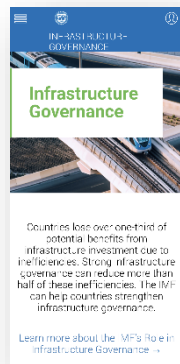
- Analysis of past capital expenditure trends
- Estimate efficiency of public investment relative to peers using international datasets
- Review budgeting and reporting for investment
- Review laws, regulations and procedures governing public investment
- Interviews with stakeholders

## STAKEHOLDERS INCLUDE:

- Ministry of Finance
- Ministries of planning/ development/ infrastructure
- Ministries of education, health, communications, energy, climate change
- State-owned enterprises
- Regulators
- Auditor General Office
- Private sector partners

# Further information

- IMF Public Investment Management website [www.infrastructuregovern.imf.org](http://www.infrastructuregovern.imf.org)
- [PIMA Handbook 2022](#)
- [Well Spent How Strong Infrastructure Governance Can End Waste in Public Investment 2020](#)
- [Public Investment Management Assessment - Review and Update \(2018\)](#)
- [Strengthening Infrastructure Governance for Climate-responsive Public Investment \(2021\)](#)
- [Climate-Sensitive Management of Public Finances—“Green PFM” 2021](#)
- [Green Budgeting: Towards common principles \(2021\)](#)
- [Green budget tagging \(2021\)](#)





**Thank you**

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