# Diagnostic Framework for Assessing Public Investment Management (DF-PIM) - World Bank

## Objective and features

### 1. Objective

DF-PIM aims to identify the core weaknesses in PIM ecosystem of a country in order to focus scarce managerial and technical resources toward addressing these identified weaknesses and to develop institutional remedies that yield the greatest impact.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The framework covers procurement, fiduciary, reporting, and audit functions to the extent relevant to public investment management.

### 4. Application method

Self-assessment and by custodian.

## Methodology

### 5. Methodology

DF-PIM is a tailored instrument with a qualitative approach that offers flexibility in its application. Rather than provide a regular benchmarking exercise with international best practices, the framework defines the following eight key "must-have" features of a well-functioning public investment system:

1. Investment guidance, project development, and preliminary screening
2. Formal project appraisal
3. Independent review of appraisal
4. Project selection and budgeting
5. Project implementation
6. Project adjustment
7. Facility operation
8. Project evaluation.

There are 19 questions distributed across the key features listed above which act as indicators for conducting an objective assessment. Questions are intended to highlight the weaknesses that should be addressed to enhance public sector assets and achieve economic growth. The framework also provides a PIM system performance matrix (typology) that looks at the alignment of incentives to improve project design and selection (features 1 to 4), and credible commitments and long-term investment in administrative capacity to improve project implementation (features 5 to 8). The user guide also presents Desirable Institutional Arrangements and Diagnostic Indicators mapped against each key feature and stages of the PIM cycle.

### 6. Benchmarking system

Narrative evaluation.

### 7. Linkage to PEFA framework

The eight "must-have" features of DF-PIM were considered and included as much as possible in public investment management (PI-11) of the 2016 PEFA Framework.

### 8. Complementarity with PEFA framework

DF-PIM assessments can provide a more detailed analysis of a country's PIM systems.

## Development and use

### 9. Development and coordination

DF-PIM was developed in 2008 to address the lack of an assessment tool in PIM space at that time. Through DF-PIM, WB tried to unbundle the PIM cycle, and based on the learnings from earlier assignments, the eight critical must-have features were incorporated into the framework.

A subnational tool was further developed by WB, with climate change and fiscal framework aspects built into the assessment in addition to the points in DF-PIM. This subnational tool was further revised in 2014 to add a scoring system for measuring effectiveness.

There is a consistent dialogue between WB and IMF to align PIM tools and frameworks in terms of the major issues identified (output gaps, efficiency gaps). The IMF PIMA (B12) was modeled after DF-PIM. Plans to revise DF-PIM were discontinued after PIMA was established and when both WB and IMF started using PIMA.

### 10. Assessment management

The assessment can be requested by the country or can be decided by WB as a part of its engagements such as budget support initiatives and development policy operations (to determine the regulatory changes required). Standard WB quality assurances may be followed in case of a custodian assessment. There is no specific quality assurance arrangements prescribed if the tool is used for self-assessment.

### 11. Uses by the government and members of the PFM community

The tool is used by governments in undertaking periodic self-assessments of public investment efficiency and in designing reforms to improve government systems. Governments can conduct a gap analysis of the actual system relative to the basic system to identify the weak areas in structural aspects of the public investment decision and management process. Donors such as ADB, Japan International Cooperation Agency, Swiss Agency for Cooperation and Development, and EU used PIM assessments in their interventions.

### 12. Sequencing with other tools

The indicators provide objective measures of inefficiency that can also help identify the decision nodes at which existing processes might be failing. This may be confirmed with a more specific assessment like PIMA (B12). In cases where the country requests a public–private partnership (PPP) related assessment, a PIM assessment could be carried out as its findings on public-financed projects can give a better understanding of the ecosystem for PPP projects.

### 13. PFM capacity building

Recommendations based on assessment findings may include capacity-building measures.

### 14. Tracking of changes and frequency of assessments

The tool is not designed to track changes. There is no defined timeframe for updating the assessment. However, governments can undertake self-assessments whenever there are any changes in the institutional framework to design reforms for enhancing the productivity of public investment.

### 15. Resource requirements

Average cost per country would vary between US$50,000 and US$150,000. Cost varies based on size of the country and the number of institutions/agencies to be covered. Assessment time is dependent on data availability, readiness of government counterparts, and size of the country. Usually three to five members per team are engaged, possibly experts in engineering, construction, infrastructure, and fiscal policy.

## Transparency

### 16. Access to methodology

DF-PIM policy paper is *available* for public use.

### 17. Access to assessment results

WB maintains an internal repository. Since the framework is built for self-assessment, all reports are not published on the WB website.

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