

# National University of Sciences and Technology (NUST)

Public Sector Financial Management (BPA 2K23)

Course Outline

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## Course Description

This course introduces students to the principles and practices of Public Financial Management (PFM), with a dual focus: (i) fundamentals of financial management for understanding valuation, capital budgeting, and financial decision-making, and (ii) Public Investment Management (PIM) using the IMF's PIMA framework. The first half of the semester builds familiarity with financial management concepts, while the second half applies these concepts to the design, allocation, and implementation of public investment projects. Students will bridge private-sector financial tools with public-sector governance frameworks to analyze efficiency and infrastructure outcomes.

## Learning Objectives

By the end of the course, students will be able to:

1. Explain the role of financial management in decision-making and public investment.
2. Apply financial tools such as time value of money, valuation of bonds/securities, and capital budgeting.
3. Understand basic risk–return tradeoffs relevant for investment decisions.
4. Understand and apply the PIMA framework to evaluate public investment management systems.
5. Identify governance bottlenecks in planning, allocation, and implementation of public investment.
6. Formulate policy recommendations to improve infrastructure governance in Pakistan.

## Recommended Texts

- James C. Van Horne Stanford University John M. Wachowicz, Jr. The University of Tennessee *Fundamentals of Financial Management*.
- International Monetary Fund (IMF), *Public Investment Management Assessment (PIMA) Handbook*.

## Assessment Structure

Midterm Exam	25%
Final Exam	40%
Quizzes (3)	10%
Assignment	10%
Debate Activity	10%
Class Participation	05%
<b>Total</b>	<b>100%</b>

## Weekly Lesson Plan (16 Weeks)

Week	Topics / Sub-Topics
<b>Part I: Fundamentals of Financial Management (Weeks 1–8)</b>	
1	Introduction: Role of Financial Management in Public and Private Sectors; Public vs. Private Finance
2	Business, Tax, and Financial Environment; Implications for Public Sector
3	Time Value of Money: Discounting and Compounding; Applications in Policy Context
4	Valuation of Long-Term Securities: Bonds and Interest Rates
5	Valuation of Long-Term Securities (continued); Basics of Risk and Return
6	Risk and Return: Tradeoffs, Diversification, and Portfolio Basics (simplified)
7	Capital Budgeting: Estimating Cash Flows; Public-Sector Examples
8	Capital Budgeting Techniques: NPV, IRR, Payback; <b>Midterm Exam (Covers Weeks 1–7)</b>
<b>Part II: Public Investment Management (Weeks 9–16)</b>	
9	Introduction to Public Investment Management; Importance of Infrastructure for Growth
10	Public Investment Trends and Efficiency; Key Findings from PIMAs
11	Institutional Design vs. Effectiveness; How PIMAs Are Used
12	Planning: Fiscal Rules, National and Sectoral Planning, and Coordination (Institutions 1–3)
13	Project Appraisal and Alternative Financing (Institutions 4–5); Role of Data and External Financing
14	Allocation: Multiyear Budgeting, Budget Unity, Project Selection, Maintenance (Institutions 6–10)
15	Implementation: Procurement, Availability of Funding, Project Oversight, Monitoring Assets (Institutions 11–15)
16	Debate Activity: <i>“Does Pakistan’s PIM Framework Ensure Efficient and Accountable Public Investment?”</i> + Course Wrap-up + Final Exam Review